ZIMRE HOLDINGS LIMITED

Security Growth and Profitability

ANNUAL REPORT 2019

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CORPORATE INFORMATION

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PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Building Number 4, Arundel Office Park,
Norfolk Road,
P O Box 453
Mount Pleasant, Harare, Zimbabwe

TRANSFER SECRETARIES
ZB Transfer Secretaries (Private) Limited
21 Natal Road
Avondale, Harare, Zimbabwe

PRINCIPAL BANKERS
NMB Bank Limited
Angwa City Branch
Harare, Zimbabwe

LEGAL ADVISORS
Chinogwenya and Zhangazha Legal Practioners
Chinz Law Chambers
21 Nigel Philip Road
Eastlea, Harare, Zimbabwe

Kantor Immerman Legal Practitioners
Macdonald House, 20 Selous Avenue
Harare, Zimbabwe

ZHL PROFILE, VISION, MISSION AND VALUES

ZimRe Holdings Limited ("ZHL" or "the Company") is a diversified investment holding company with sustainable core competencies in insurance and real estate. ZHL is incorporated and domiciled in Zimbabwe and has operations located in the Southern African region. ZHL is an active growth oriented investor providing strategic leadership and guidance to subsidiary and associate investments to ensure value creation and portfolio optimization.

Established in 1983 as the Zimbabwe Reinsurance Corporation through an Act of Parliament, the Company's principal business was reinsurance. Through vertical integration and a regional expansion strategy, the Company soon grew to become the dominant reinsurer in the domestic market and the first resident reinsurer in many Southern African countries namely Botswana, Malawi, Mozambique and Zambia.

The Company listed on the Zimbabwe Stock Exchange ("ZSE") in 1999 having assumed the mantle of holding company for a broad range of interests in reinsurance, reassurance, insurance, property management and development services and agro-processing both locally and within the region.

Value Proposition

- Leveraging and effectively utilizing its strong balance sheet;
- Generating cash from insurance float to provide optimal returns to shareholders; and
- Growth and diversification of both domestic and regional investment portfolios.

OUR VISION

To be a highly prized diversified investment Group.

OUR MISSION

Using our financial services capabilities, to prudently manage risks and optimize resources.

OUR VALUES

Teamwork
We value the contribution of each member and consistently make sound and collective decisions.

Integrity
We observe transparency and conduct our business in a professional and ethical manner.

Respect
We empower our employees and develop and harness the best talents in the market.

Excellence
Using technological innovations and other tools, we provide services that meet stakeholder expectations.

Commitment
We consistently meet set targets and standards and maximize returns on shareholder funds.

BOARD OF DIRECTORS

Benjamin N Kumalo
Non Executive Chairman

Year of appointment: 1999
Committee: Chairman of Human Resources and Nominations
Expertise: Finance and Administration

Mark Haken
Independent Non Executive

Year of appointment: 2018
Committee: Audit and Risk Management
Expertise: Insurance and Business Administration

Jean Maguranyanga
Independent Non Executive

Year of appointment: 2012
Committee: Audit and Risk Management, Human Resources and Nominations
Expertise: Commercial Law and Banking

Ignatius Mvere
Non Executive

Year of appointment: 2013
Committee: Audit and Risk Management, Finance and Investments and Human Resources and Nominations
Expertise: Finance and Investments

Hamish B W Rudland
Non Executive

Year of appointment: 2015
Committee: Chairman of Finance and Investments
Expertise: Business Management and Transport

Robert C von Seidel
Non Executive

Year of appointment: 2015
Committee: Finance and Investments
Expertise: Corporate Finance and Banking

Edwin Zvandasara
Non Executive

Year of appointment: 2012
Committee: Chairman Audit and Risk Management
Expertise: Accounting and Financial Management

Stanley Kudenga
Group Chief Executive Officer

Year of appointment: 2016
Committees: All as invitee or ex officio
Expertise: Investment Banking and Strategy

ZHL TEAM

From left to right: Phillip Mundangepfupfu, Lovemore Madzinga, Ruvimbo Chidora, Chakanyuka C. Nziradzemhuka, Stanley Kudenga

Stanley Kudenga
Group Chief Executive Officer
CA(Z), MBL (Unisa)

Phillip Mundangepfupfu
Corporate Affairs Manager
BAcc (Hons) (UZ), MBA, ACIS

Lovemore Madzinga
Group Finance Executive
BAcc (Hons) (UZ), FCCA, ACIS, MA Leadership and Management (UZ)

Ruvimbo Chidora
Group Legal Services
LLB Law and Business Studies

Chakanyuka C. Nziradzemhuka
Group Corporate Finance and Strategy Executive
HBS (Finance & Banking) (UZ) MSc Finance and Investment (Nust), Exec MBA (Nust), MIFM (SA Institute of Financial Markets)

Charles Masukume
Head Human Resources
MBA (UZ), BSc – Psych (Hons) (UZ), IMS(UK)

Claudius Chikundura
Head Internal Audit
MBA (UZ), ACCA (UK), FIIFA (Fellow) (SA), BSc – Eco (Hons) (UZ)

Fadzanai Mupandenyama
Head Information Technology
BSc – Comp Sci (UZ), MBA(UZ), CISM

SUBSIDIARY MANAGEMENT TEAMS

ZIMRE HOLDINGS LIMITED

Emeritus Reinsurance

Leo T Huvaya
Managing Director
Emeritus Reinsurance (Private) Limited (Zimbabwe)
Bsc – Eco (Hons) (UZ), ACII

Patience Mashaire Marwiro
Managing Director
Emeritus Reinsurance Company of Botswana (Proprietary) Limited
MBA, BA – Admin, Bsc (Hons), ACII, FIISA

Webster Chigwende
Managing Director
Emeritus Reinsurance Zambia Limited
Msc Strategic Planning, MBA, BCom – Insurance and Risk Management (Hons), ACII (UK)

Christopher Mukwindidza
Managing Director
Emeritus Reinsurance Company Limited (Malawi)
BBS (Hons) –UZ, MBA (UZ), ACII (SA)

Mufaro Chauruka
Managing Director
Emeritus Resseguros, SA (Mozambique)
BBS (Hons) –UZ, MBA (UZ), FIISA

Credsure (Credit & General Insurance) Innovative insurance solutions

Calven Mutyavaviri
Managing Director
Credit Insurance Zimbabwe Limited (Credsure)
MBL (UNISA), BBS (UZ), AIISA, FIISA.

ZIMRE PROPERTY INVESTMENTS LIMITED

Edson Muvingi
Managing Director
Zimre Property Investment Limited
Msc – Infrusctucture (Stuttgart, Germany), MBA (UZ), Bsc (RUP) (UZ), RICS (Mediation), SACSCs, REIZ, EAC(Zim & Namibia)

CHAIRMAN'S STATEMENT

The Group has put in place business strategies that will ensure business continuity including the use of digital platforms to transact and is adapting quickly to manage the uncertainties in the macro-economic environment."

Benjamin N Khumalo
Non-Executive Chairman

During the year under review, the Zimbabwe dollar ("ZWL") was introduced as the sole functional currency of Zimbabwe following the discontinuation of the multi-currency regime in June 2019. Thereafter effective 1st July 2019, the Public Accountants and Auditors Board ("PAAB") announced that the Zimbabwean economy met all the conditions to be classified as a hyperinflationary economy in terms of International Accounting Standard ("IAS") 29, "Financial reporting in hyperinflationary economies". Accordingly, the Group results have been adjusted for the effects of inflation.

Business Environment

Zimbabwe

The macro-economic environment remained challenging and volatile characterised by among other things, a rapidly depreciating local currency which lost about 571% of its value against the United States of America dollar ("US$") in 2019, foreign currency and fuel shortages, severe and incessant power outages which had a negative impact on industry productivity. Rising inflation which peaked at 521% in December 2019, led to significant increases in operating costs and subdued demand in response to the erosion of disposable incomes. Climate change induced weather-related shocks led to lower than expected agricultural output and damage to infrastructure. Consequently, the economy contracted by 7.2% in 2019.

Botswana

At 4% in 2019, growth in the Botswana economy was not strong owing to the muted global demand for diamonds and recurring droughts affecting livestock production and agricultural output. The exchange rate remained relatively stable against the US$ and average inflation was 3% in 2019.

Malawi

Despite growing political uncertainty as a result of disputed elections, the Malawian economy continued to maintain high growth momentum driven by growth in the agricultural sector, a relatively stable exchange rate, return of donor budgetary support and improving power generation. Average inflation was about 9% in 2019. The Malawian economy grew by 4.4% in 2019.

Zambia

The Zambian economy continued to weaken and experienced subdued performance and below average growth rates. Headwinds included weaker demand for copper on the international market, lower commodity prices, low electricity generation, climate related weather shocks including poor average rainfall and high external debt servicing obligations on the fiscus. The Zambian Kwacha ("ZMK") depreciated by about 17% against the US$ in 2019 triggering rising inflation which averaged 10% in the year under review compared to 7% in the previous year. The economy grew by a muted 1.8% in 2019.

Mozambique

Although below historical averages, the growth of the Mozambican economy continued to strengthen on account of improving investor and donor confidence after successful debt restructuring efforts and increasing investment in coal and gas projects. Economic growth was affected by climate change, disputed elections and sporadic insurgent attacks in the central regions and gas rich northern provinces. The Mozambique Metical ("MZN") depreciated by a marginal 4% against the US$ in 2019 and average inflation rose from 3.9% in 2018 to 5.6% in 2019. The economy grew by 2% in 2019.

Delay in Publication of Financial Statements

In view of the need to apply IAS 29 in the preparation of the financial statements for the year ended 31 December 2019, which were due for publication by 31 March 2020, and the subsequent outbreak of the Coronavirus with the resultant national lockdowns and restrictions on movement to mitigate the spread of the virus in most jurisdictions where the Group operates, the publication of the consolidated financial statements was delayed. In addition to the general condonation announced by the Zimbabwe Stock Exchange ("ZSE") for listed companies to publish the financial statements post the 31 March 2020 deadline in view of the unprecedented developments, Zimre Holdings Limited ("ZHL") obtained specific extensions from the ZSE.

Group Performance Summary

Profitability in 2019 was driven by the significant property revaluations following the change in functional currency, the growth in reinsurance business which was more pronounced in the Mozambican operation, and the release of high value rental space and stand sales at ZPI. The growing strength of the Emeritus Reinsurance brand in both the regional and local markets continued to translate to increased business support from cedants for the reinsurance business. 2019 was a testament of Emeritus' prowess evidenced by the credit rating upgrades by GCR from BBB to A-.

The growth momentum for domestic operations was significantly affected by deteriorating disposable incomes and the heightened foreign exchange risk. This affected uptake of conventional insurance products and external reinsurance business support. The Group continued to undertake initiatives that enhance the competitive capital of regional businesses, in order to improve the low retention capacity experienced. Delayed resolution of the foreign currency denominated legacy creditors and other foreign liabilities continues to haunt the reinsurance sector due to the potential adverse impact on liquidity and investment assets.

Statement of Comprehensive Income

Total Income

Inflation adjusted income was up 194% from ZWL189 million in the prior year to ZWL557 million as historical cost income increased by 1895% to ZWL638 million from ZWL32 million in 2018. The strong performance was attributable to improved contribution of the regional businesses of 60% compared to 55% in 2018, commissioning of Sawanga Mall in Victoria Falls (5 000 square metres of lettable retail space) and Nicoz House for student accommodation in Bulawayo (190 bed facility), and upward price review on limited stand sales also contributed to the strong revenue generated.

Claims and expenses

Inflation adjusted claims, commission and operating expenses were at ZWL427 million, 100% up on the inflation adjusted prior year comparative of ZWL213 million. At ZWL204 million on a historical cost basis in 2019 (ZWL28 million in 2018), claims and expenses were off target mainly due to the growth in claims especially from the Malawian operation where there was a high incidence of costly fire claims. Combined costs also surged upwards due to the increase in business acquisition costs in line with growth in business and the increase in operating expenses especially in the domestic market. The latter was driven by exchange rate indexed local prices. The increase in allowance for expected credit losses also contributed to the high costs.

Profit for the year

The Group ended the year with a profit of ZWL106 million on an inflation adjusted basis which was a marked improvement from a loss of ZWL48 million in the prior year. Growth in profitability reflects net monetary gains on restatement of financial information for both the current and prior year. On a historical cost basis, profit for the year of ZWL419 million was posted in 2019 (ZWL3.5 million in 2018) driven by the return to profitability at Zimre Property Investments Limited ("ZPI") and increased contributions from the Group's associates, property and foreign currency revaluations following the change of functional currency.

Total comprehensive income for the year

Inflation adjusted comprehensive income for the year was ZWL292 million, being a 705% improvement on the inflation adjusted prior year loss of ZWL48 million. On a historical cost basis, total comprehensive income for the year was at ZWL633 million (2018: ZWL3 million) and was attributed to the exchange differences on the translation of foreign operations, fair value gains on financial assets, share of comprehensive income from associates and gains on property and equipment revaluations. The gains reflect the hidden values that existed before the change of functional currency where a rate of 1:1 against the US$ was applied before the introduction of the interbank rate in February 2019.

Statement of financial position

Total assets were at ZWL1.1 billion as at 31 December 2019 compared to ZWL0.68 billion on an inflation adjusted basis. On a historical cost basis, the Group's financial position remained sound with total assets of ZWL1.05 billion against the backdrop of the revaluation of investment properties and other non-monetary assets.

On an inflation adjusted basis, shareholders' equity were at ZWL572 million as at 31 December 2019 compared to ZWL352 million in the prior year. In historical cost terms, shareholders' equity were at ZWL527 million (ZWL55 million in 2018) as at 31 December 2019 on the back of the profitability recorded, revaluation of properties, acquisition of additional stake in ZPI and the change of functional currency.

Cash flow

Positive cash flows were generated from operations. Significant improvements in revenue collections were noted in most operations following the strengthening of credit control functions.

The Group has low financial exposure in hard currencies due to the existence of adequate retrocession cover with international reinsurance companies, and the sizeable book of business generated in hard currency in regional operations. In the domestic market, the Group lodged an application with the Reserve Bank of Zimbabwe ("RBZ") for the settlement of legacy debts in line with the pronouncements by the RBZ following the change of the functional currency. The equivalent amounts in ZWL have been paid to the RBZ and the Group awaits determination of the application.

Significant Post Balance Sheet Events and Other Matters

Outbreak of Coronavirus (Covid-19)

The Group's life assurance and short-term insurance businesses are working with the industry to assess the extent of the potential effects of the spread of the virus on life insurance claims, business interruption and related covers, and undertake a review of underwriting policies and practices. While the Group is still to quantify the total impact of the Coronavirus pandemic on all its operations, the Board is very optimistic that operations will be resilient and are expected to significantly recover once the pandemic is under control and normal activity is resumed.

New Capital Requirements

Statutory Instrument ("SI") 59 of 2020, the Insurance (Amendment) Regulations, 2020 gazetted on the 6th of March 2020 reviewed upwards the minimum capital levels of insurance businesses for the protection of policyholders. The domestic reinsurance and reassurance operations recorded capital levels which were above the prescribed minimum capital of ZWL7.5 million for composite reinsurance companies as at 31 December 2019. The Group is assessing the capitalisation levels of its Zimbabwe insurance operations to ensure that they comply with the new minimum thresholds.

In addition, a cocktail of financing measures are being considered to ensure that foreign subsidiaries are competitively capitalised in order to capacitate them for business growth, improved credit ratings and compete effectively in their respective markets.

Group Strategy Review

The Group undertook and crafted a corporate level strategy that focuses on wider diversification of businesses in the portfolio through investing in businesses in high growth sectors leveraging on existing assets. The implementation of the strategy will broaden the composition of the Group's business portfolio.

Update on CFI Holdings Limited ("CFI")

CFI remains impaired and an assessment will be made to reinstate the investment in June 2020. Post year-end, the Crest Poultry Group was removed from judicial management.

CFI was suspended by the ZSE from trading on the 3rd of January 2018, and this prolonged state of suspension continues to prejudice all minority shareholders. ZHL continues to engage the Board of CFI regarding the company's continued state of suspension with hopes of resolving the impasse for the benefit of all shareholders.

Update on Zimbabwe United Passenger Company Limited ("ZUPCO")

The privatisation process of ZUPCO announced by the Government is yet to gain momentum. ZHL continues to explore options to unlock value from this investment where it holds a 49% equity stake. The investment has been accounted for as a contingent asset.

Excellence in Corporate Governance Award ("ECGA")

In 2019, ZHL was awarded the first runner up prize in the Excellence in Corporate Governance Awards, Insurance Business category, organised by the Institute of Chartered Secretaries and Administrators in Zimbabwe ("ICSAZ"). The awards were introduced with the objective of promoting good corporate governance practices in Zimbabwe and recognising efforts of corporate boards in effectively leading their organisations in a sustainable, innovative, and ethical manner.

Directorate

As reported in the 2018 Annual Report, Mr Aadil Adamjee resigned from the Board at the begining of the year. I would once again like to thank him for his service to the Board and wish him success in his future endeavours.

Dividend

In line with the Company's dividend policy and after careful consideration of the Company's level of profitability and reserves, the onset and outbreak of the Coronavirus and associated risks to business growth, the Directors have found it prudent to declare a dividend of ZWL3.1 million which is, however, below the Company's expected dividend policy of two and half times cover. The declaration, albeit under the recommended cover, is a result of the Directors' recognition of the need for frequent dividend distributions particularly in the prevailing domestic economic environment. Details of the dividend will be released in a separate dividend statement to be issued in due course.

Outlook and Strategy

The outbreak of the Coronavirus and its knock-on effect on economic activity, with the International Monetary Fund ("IMF") forecasting a 3% contraction of the world economy and 1.6% for Sub-Saharan Africa, has brought material uncertainty to the future performance of businesses across the globe.

Whilst the Zimbabwean and regional governments are putting measures in place to protect citizens from the pandemic and to provide momentum to economic recovery through various fiscal and monetary stimulus measures, optimum performance of both domestic and regional Group businesses is expected to be significantly curtailed in 2020.

The Group has put in place business strategies that will ensure business continuity and is implementing timely and appropriate responses to manage the uncertainties in the macro-economic environment. It has positioned itself to identify and exploit emerging opportunities in high growth sectors in the post Coronavirus pandemic era in order to deliver profitable growth through leveraging on its sound financial strength, and sizeable regional operations and investments. Cost control, achieving investment income growth, optimizing cash resources, enhancing underwriting capacity and discipline and offering the market non-conventional insurance products, as well as exploiting the inflation hedging capabilities of the property portfolio for growth, remains key in the survival of Group operations.

Notwithstanding the extremely difficult year ahead with significant uncertainties due to the Coronavirus pandemic, the Board remains confident in the continued growth and sustenance of the Group.

Appreciation

I would like to extend my gratitude and appreciation to all staff, shareholders, our business partners and my fellow Board members throughout the Group for their unwavering support and commitment to the vision of the Group.

B. N. Kumalo
CHAIRMAN

28th May 2020

ZHL GROUP CEO's REVIEW OF OPERATIONS

"Commendable performance from ZHL's regional operations most of which are operating in relatively stable economies contributed to the positive overall performance"

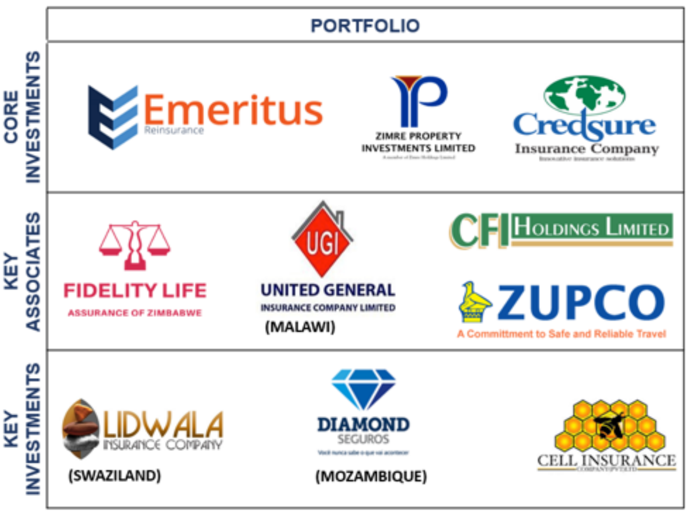
Stanley Kudenga
Group Chief Executive Officer

BUSINESS ENVIRONMENT

Southern African countries in which the Group operates experienced mixed economic performance in 2019 with Mozambique and Malawi gaining strong growth momentum while Zimbabwe and Zambia recorded weakened performance. The performance of the Botswana economy was largely flat. Although the growth potential of the insurance business in these countries was extensive as evidenced by the low insurance penetration ratios, demand was largely below expectations mainly due to the relatively small and developing insurance markets and low disposable incomes. In Zimbabwe, the tight liquidity situation, rising inflation and rapidly depreciating local currency slowed down property sales, and increased pressure on occupancies on leased premises and operating costs.

A complex business environment existed in Zimbabwe where the domestic currency was in free fall against major currencies, foreign direct investment was limited, and re-engagement efforts, although diverse, yielded little to no result. The major challenges that the Group had to deal with during the year included the change of functional currency or legal tender in Zimbabwe where most of its operating assets are located, which triggered challenges in accessing foreign currency from the interbank market to settle foreign currency liabilities resulting in the slow discharge of accumulated legacy retrocession creditors and limited support from external business partners fearing heightened foreign exchange risk. The onset of hyperinflation also exerted pressure on insurance claims and operating costs and erosion of purchasing power resulting in constant salary reviews in the domestic market.

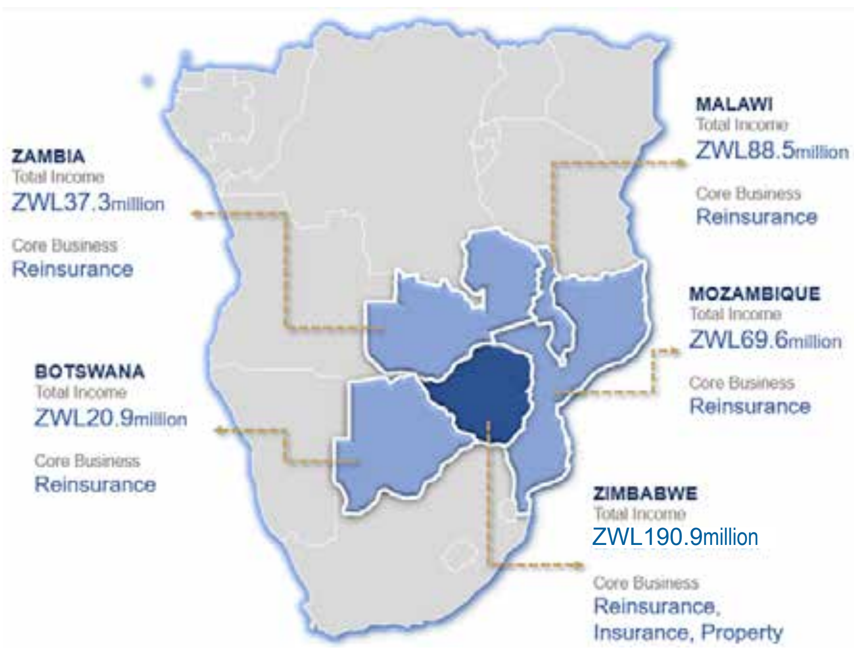
BUSINESS PORTFOLIO



BUSINESS REVIEW

Commendable performance from ZHL's regional operations most of which are operating in relatively stable economies contributed to the positive overall performance of the Group and accounted for about 60% of the total income recorded in 2019. Strong topline performance was achieved in the Mozambique reinsurance business where the operation has a foothold in the country's reinsurance market by virtue of its physical presence and is making inroads in other Portuguese speaking countries on the African continent. The Botswana reinsurance operation also recorded modest growth and could have achieved better results had it not been for its low capital base. The performance of the Zambian based reinsurance operation was subdued mainly due to market-wide structural issues including the harsh economic environment, externalization of risks, internal competition, collection challenges and the closure of some direct insurance companies in that market. Overall, strong revenue performance of the regional operations resulted in the narrowing of losses when compared to the prior year.

The domestic reinsurance and reassurance operations sustained an upward business growth trajectory despite operating in an extremely difficult business environment, thus testifying to the relatively strong financial position and positive impact of mono-rebranding. Credsure continued to score successes and make market share gains owing to the positive impact of its Underwriting Management Agency ("UMA") business acquisition model which emphasises on offering the market innovative specialized products and adoption of a digitalization strategy in response to market needs. In the Zimbabwe market, Credsure was the first to introduce the UMA business acquisition model, where over 80% of the business written was derived from the accredited UMAs. The company will continue to accredit both traditional and capitalized UMAs in 2020 and beyond.



The local property operations Zimbabwe Property Investments Limited ("ZPI") returned to operational profitability owing to portfolio restructuring that resulted in the release of high value space for letting, upward reviews of rentals, increase of tenants on turnover based rentals, new projects, and resumption of inventory property sales. The company has a robust property development project pipeline including the Selbourne Park student accommodation facility in Bulawayo. The Group continues to leverage on the inflation hedging capabilities and other financial benefits from the underlying property portfolio.

MEASURES TO ENHANCE AND SUSTAIN PERFORMANCE

Despite erosion of the balance sheet in US$ terms and depressed performance in US$ terms after adoption of the ZWL, the Group is putting in place measures to grow income in the domestic market and sustain profitability. The Group intends to exploit low insurance penetration to develop innovative products for the various markets and consolidate local market positions. It is also considering a cocktail of financing measures in order to capitalise regional businesses and capacitate them for growth and improve their credit ratings. As the sole resident reinsurer in two regional markets together with its excellent record of responsiveness in meeting the needs of the local markets, the Group's reinsurance operations are well positioned to take advantage of regulations promulgated in most countries on the exhaustion of local market capacity before externalising insurance risks to assist in business growth. The Group is also building an external claims fund to cushion the Zimbabwean and regional reinsurance operations from foreign exchange risk. The strengthening of the credit control functions in all operations continued and growth of investment income will be prioritized.

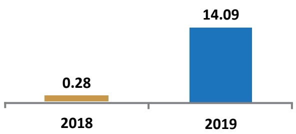
GPW

ZWL496.5mill

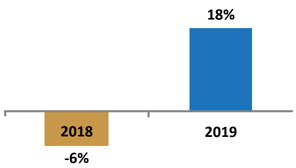
TOTAL INCOME

ZWL569.5mill

EARNINGS PER SHARE (ZWL)



RETURN ON EQUITY



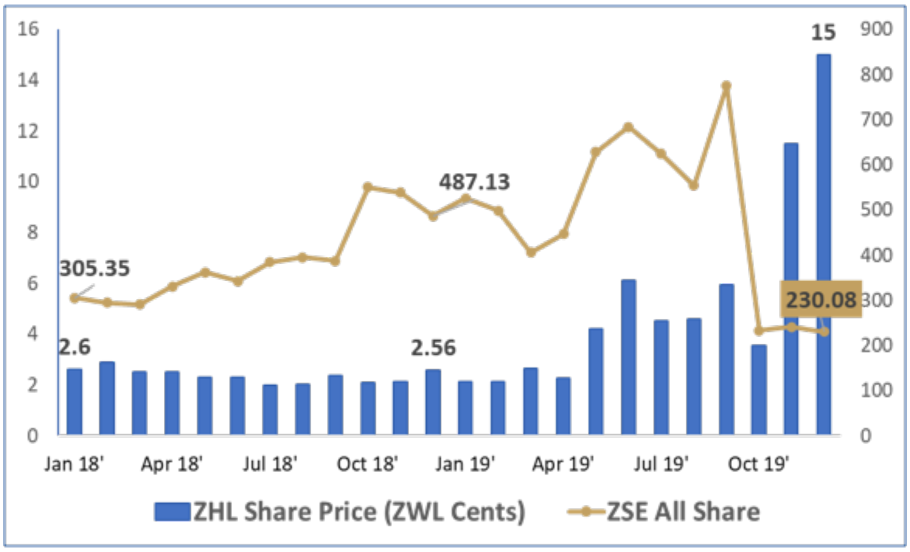
BUSINESS OUTLOOK

In view of the onset of the Coronavirus ("Covid-19") pandemic in the first quarter of 2020, the expected downturns and downward revisions by the IMF of original 2020 growth projections in all the countries in which the Group operates, due to the anticipated acute disruptions to economic activity and trade, slow recovery of economic activity, tightening of global financial conditions and the challenges expected in every market and sector in growing revenues, a number of strategic initiatives are being implemented for survival. Balance sheet and shareholder value preservation will be the anchor of domestic operations whilst the strategic drive for regional operations remains aggressive revenue and bottom line growth. The Group is also investing in digital technologies, to enable customer service on internet-based platforms and enable employees to work in safe environments.

ZHL is expected to benefit from the fiscal and health measures being put in place by governments in the region, to stabilize and set economies on recovery paths and to mitigate the effects of the pandemic on businesses and people. Customer-centric insurance products in the post Covid-19 pandemic era are also anticipated. Significant investment opportunities in the health sector and in businesses that propel import-substitution will be on the radar. Opportunities to acquire lowly priced assets in the local and regional markets also exist in the post Covid-19 pandemic era as some businesses are expected to experience financial distress as revenues plummet.

ZHL is confident of withstanding the challenges anticipated in both the domestic and regional operations in view of its track record of making prudent investment decisions, a strong balance sheet with a sizeable underlying property portfolio, excellent service delivery, underwriting discipline and the experience gained before 2009 in managing the business in complex hyperinflationary environments while creating value for shareholders.

SHARE PRICE PERFORMANCE



CORPORATE GOVERNANCE STATEMENT

Introduction

The ZHL Group recognises that the expectations of shareholders and other stakeholders should extend beyond the financial bottom line, and that the sustainability and credibility of the Group's long-term strategy cannot be assessed without taking into account the interdependencies between the Group and its employees, clients, communities, the environment and other stakeholders, culminating in good corporate governance. To this end the Group attaches great importance to maintaining as far as it can, the principles of good corporate governance based on best global practice. In order to achieve excellence, the Directors recognise the need to conduct the business of the Group with integrity and in accordance with generally accepted corporate governance practices in order to achieve sustainable business prosperity for the shareholders and stakeholders of the Group.

Code of Corporate Governance

The year 2019 saw a significant shift in the governance structures of the Zimbabwean corporate sector through the promulgation of Statutory Instrument ("S.I") 134 of 2019 in which the new Zimbabwe Stock Exchange ("ZSE") Listing Requirements were introduced. In line with section 73 (1) of the new ZSE Listing Requirements, the ZHL Board, having the responsibility of establishing a governance framework for the Group, has chosen to continue to comply with the recommendations of the King Code, as amended, in the primary and relevant national codes, in the secondary. ZHL therefore adopts the National Code on Corporate Governance in Zimbabwe as its secondary code. This will enable the Group to apply a universally applicable code that is respectful of the various jurisdictions within which it operates.

The ZHL Board

The ZHL Board is responsible for setting and aligning its subsidiaries to the Group vision, business objectives and strategic direction, coordinating and supervising the operating entities, and for implementing and overseeing an efficient risk management system. The Board also has the ultimate responsibility for the preparation of interim and annual financial statements of the Group and ZHL as an entity.

The ZHL Board is made up of seven non-executive Directors, among whom is an elected chairperson and one executive Director. On the 18th of March 2020, the Board underwent an evaluation exercise, which assessed its performance and effectiveness, the independence and effectiveness of the chairperson and a general peer review. Being a novel exercise in the Group, the Board elected to have the evaluation conducted by an independent third party, to create a benchmark for such evaluations going forward. In line with the results of the exercise, it is confirmed that the ZHL Board has a satisfactory mix of knowledge, skills, experience and independence to enable it to fully discharge its governance roles and responsibilities.

The Board meets regularly, at least four times a year, with the addition of an annual budget meeting. It also meets on an ad-hoc basis to consider issues requiring urgent attention or decision. During the period under review, the Zimbabwean dollar was re-introduced through the Finance Act (No.2), 2019. To address the impact thereof, two Special Board Meetings were held to revise the 2019 Budget and review the Group Strategy.

The Board has unrestricted access to the advice and services of the Company Secretary who is responsible for the Board and Company's compliance to statutory procedures and regulation. The Company Secretary also maintains an attendance register of Directors for all scheduled meetings during the year through which Directors can assess their participation and attendance. The table below details Directors' attendance at Board and Committee Meetings for the year ended 31st December 2019.

Main Board and Adhoc/Special Board Meetings

7 Meetings | 9 Members | 79% Meeting attendance

	Presence	Percentage
Benjamin N Kumalo *(Chairperson)*	7/7	100%
Aadil Adamjee*	1/1	100%
Mark Haken	6/7	86%
Jean Maguranyanga	7/7	100%
Ignatius Mvere	7/7	100%
Hamish BW Rudland	4/7	57%
Cron von Seidel	6/7	86%
Edwin Zvandasara	5/7	71%
Stanley Kudenga *(Group Chief Executive)*	7/7	100%

**Mr Adamjee resigned from the ZHL Board effective 5 March 2019.*

Board Composition

Previously, shareholder primacy was the dominant principle in Board composition. However, shareholders and other stakeholders have more shared objectives than differences namely, the same basic interest in facilitating sustainable, long-term value creation. In line therewith, and effective January 2020, ZHL and Zimbabwean based subsidiaries will be restructuring their boards and committees in accordance with prevailing principles of good corporate governance and the new ZSE Listing Requirements. The restructuring is meant to amplify the boards' commitment to good governance, shareholder engagement and stewardship.

Stakeholders' Engagement

Engagement is among the prominent principles of good corporate governance. It is the exchange of information between the Group and its stakeholders, primarily the shareholders. ZHL employs a number of platforms to communicate with its stakeholders including but not limited to, Annual General Meetings, ("AGM"s), notices and announcements in the press, interim and annual reports, bi-annual analyst briefings and most recently, trading updates as promulgated in the new ZSE Listing Requirements. The Group also has an interactive and highly active website onto which it cascades operational and financial information. The Group also encourages direct communication through its Company Secretary or its Transfer Secretaries. ZHL believes that proactive engagement between itself and its shareholders and stakeholders cultivates long-term relationships geared towards a mutual goal, being sustainable value creation.

Declaration of Directors' and Employee Interests

In line with the new ZSE Listing Requirements, the Group operates a "closed period" being forty-five (45) days post a Company's financial quarter. During this period, Directors as well as employees may not deal in the shares of the Company. The Company Secretary circulates a memo at the beginning and end of the closed period to inform both Directors and employees of the prohibition to trade in the shares of the Company.

During the year under review no directors acquired any material interests which could cause significant conflict of interest with the Group's objectives. The beneficial interests of the Directors and their families in the shares of ZHL are presented on page 21

In addition to the prohibition to trade during a "closed period", the Directors and employees of the ZHL Group may not deal directly or indirectly in the shares of ZHL or Zimre Property Investments Limited (ZPI) during a period when they are aware of any information, negotiations or details which may affect the share price.

Board Accountability and Delegated Functions

The Board is supported by various Committees in executing its responsibilities. The Committees meet quarterly to review performance and provide guidance to management on both operational and policy issues. The Group Chief Executive Officer and his team attend all Committee meetings as invitees. The Group Chief Executive Officer is, however, an ex officio member of the Finance and Investments Committee.

Each Committee has a minimum of three non-executive directors and acts within written terms of reference under which certain functions of the Board are delegated with clearly defined mandates. The Group from time to time reviews the appropriateness of its Committees and their composition.

Board Committees

Audit and Risk Management Committee

Edwin Zvandasara (Chairperson), Mark Haken, Jean Maguranyanga, Ignatius Mvere

Key Responsibilities

- Initial review of the annual and consolidated financial statements, management and risk reports, dividend proposal, review of half-yearly reports or, where applicable, quarterly financial reports or statements.
- Monitoring of the financial reporting process, the effectiveness of the internal controls and audit systems and legal and compliance issues.
- Monitoring of the audit procedures, including the independence of the external auditor and the services additionally rendered, awarding of the audit contract and determining the focal points of the audit. The Committee chairperson has unrestricted access to the internal and external auditors.
- Monitoring of the general risk situation and special risk developments within the ZHL Group as well as monitoring the effectiveness of the risk management system.

4 Meetings | 4 Members | 75% Meeting attendance

	Presence	Percentage
Edwin Zvandasara	2/4	50%
Mark Haken	3/4	75%
Jean Maguranyanga	4/4	100%
Ignatius Mvere	3/4	75%

Finance and Investments Committee

Hamish BW Rudland (Chairperson), Ignatius Mvere, Cron von Seidel, Stanley Kudenga (ex offcio)

Key Responsibilities

- Formulation, implementation and review of the capital and liquidity planning for the Group and ZHL.
- Providing guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a Group-wide risk management and monitoring system including dynamic stress tests.
- Implementing the Group investment strategy, including monitoring Group-wide investment activities as well as approving investment-related frameworks and guidelines and individual investments within certain thresholds.

4 Meetings | 4 Members | 94% Meeting attendance

	Presence	Percentage
Hamish BW Rudland	4/4	100%
Ignatius Mvere	4/4	100%
Cron von Seidel	3/4	75%
Stanley Kudenga (ex officio)	4/4	100%

Human Resources and Nominations

Benjamin N Kumalo (Chairperson), Jean Maguranyanga, Ignatius Mvere, Hamish BW Rudland

Key Responsibilities

- Undertakes the selection of executive management, concludes, amends, and when necessary terminates executive management contracts.
- Prepares the compensation system for the Group and the overall compensation of the ZHL Board and executive management.
- Prepares the staff development plan as well as the long-term succession planning for executive management and Board.
- Sets concrete objectives for the composition of the Board including the establishment of selection criteria for shareholder representatives in compliance prevailing codes and legislation.
- Selection of suitable candidates for election to the Board.

4 Meetings | 4 Members | 81% Meeting attendance

	Presence	Percentage
Benjamin N Kumalo	4/4	100%
Jean Maguranyanga	3/4	75%
Ignatius Mvere	4/4	100%
Hamish BW Rudland	2/4	50%

Social Performance and Labour Practices

ZHL has always stayed clear of the assumption that the only social responsibility of the business is to use its resources and engage in activities designed to increase its profits. For ZHL, people are the cornerstone of its business, and in that is the responsibility to contribute to the communities within which the Group operates. To this end the Group runs a number of training and development programmes aimed at capacitating communities with insurance and underwriting skills. The Group has also begun to involve its employees in its social responsibility efforts and at the 2019 Group Strategy Session, employees raised funds for a local charity.

The Group's human capital strategy aims at enhancing the Group's competitive advantage by developing and retaining a smart, independent, energic, motivated and innovative multi-generational workforce. The Group achieves this strategy through diverse worker participation methods such as regular Works Council and Worker's Committee meetings, annual employee engagement surveys, trainings on deficient or emerging skills and regular skill exchanges among employees and team building excursions. Accordingly, during the year ended 31 December 2019, the Group had total staff compliment of 136 with approximately 70% thereof holding a first degree or higher. The average age in the Group was 39 years.

BN Kumalo
Chairman
28 May 2020

S Kudenga
Group Chief Executive Officer
28 May 2020

DIRECTORS' REPORT

The Directors present their 22nd Directors' Report together with the Audited Financial Statements of the Group for year ended 31 December 2019.

Changes in Functional Currency

In February 2019, the Reserve Bank of Zimbabwe ("RBZ") announced the redenomination of RTGS and bond note balances to RTGS dollars ("RTGS$ or ZWL") which were added to the existing basket of multi-currencies and became the functional currency of the country.

Effective 9 July 2019, the market was advised by the Public Accountants and Auditors Board ("PAAB") through Pronouncement 1 of 2019, that the Zimbabwean economy met all the conditions to be classified as hyperinflationary. In light of this new development, the 31 December 2019 Financial Statement being presented in this Annual Report, have been inflation adjusted using International Accounting Standard ("IAS") 29, *"Financial reporting in hyperinflationary economies"*.

Share Capital

The Company has 2 000 000 000 authorised ordinary shares of which 1 533 338 937 ordinary shares are in issue.

The Company has 466 661 063 (2018: 466 661 063) unissued shares and has sought in the AGM Notice, authority to place the unissued shares under the control of the Directors until the next AGM. The proposal will enable the Directors to undertake key transactions in the ordinary course of business without compromising members shareholding. The Directors shall notify the ZSE before any such transactions are executed, and comply with any instruction given by the ZSE.

Dividends

The Directors at the 27 May 2020 Board Meeting, declared a ZWL3.1million dividend. A formal dividend announcement will be made to shareholders.

Purchase of Own Shares

At the last AGM, authority was granted for the Company to purchase its own shares up to a maximum of 5% of the number of shares in issue as at 26 June 2019. The authority is due to expire at the conclusion of the next AGM in 2020. The Notice of the AGM proposes that shareholders approve a resolution renewing the authority for the share buyback. During the year ended 31 December 2019, the Company purchased 379 600 ordinary shares amounting to ZWL17 046.

Going Concern

The Directors consider that the Group has adequate resources to continue operating for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the annual financial statements. The Directors are satisfied that the Group is in a sound financial position and has access to facilities and resources which enable it to meet its foreseeable cash requirements.

Directorate

In accordance with Article 75 of the Company's Articles of Association, Messrs Rudland, Zvandasara and Ms Maguranyanga retire as Directors of the Company and all being eligible, they offer themselves for re-election. Shareholders will be requested to consider their re-election at the AGM.

Director's Remuneration

A resolution will be proposed at the AGM to approve the Directors' Remuneration amounting to ZWL893 358 (2018: ZWL92 433) for the year ended 31 December 2019.

Directors' Shareholding

The directors' shareholding as at 31 December 2019 is detailed below:-

	2019		2018	
	Direct	Indirect	Direct	Indirect
B. Kumalo	1 031 315	-	1 031 315	-
H. Rudland	-	614 769 314	-	614 769 314
C von Seidel	-	166 033 426	-	166 033 426

Mr Rudland indirectly holds 614 769 314 (40.09%) shares through Day River Corporation (Private) Limited and Mr von Seidel indirectly holds 157 498 202 (10.27%) shares through Lalibela Limited and 8 535 224 (0.56%) shares through Richard John von Seidel.

Independent Auditor

Shareholders will be requested to approve the remuneration paid to the independent auditors amounting to ZWL50 360 for the financial year ended 31 December 2019 at the AGM.

PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have been the independent accountants for the Group since 2016.

Section 69 (6) of the ZSE Listing Requirements requires issuers to change their audit partners every five years and their audit firm every ten years. In line therewith accordingly, shareholders will be requested to re-appoint PricewaterhouseCoopers Chartered Accountants (Zimbabwe), being willing, as the auditors for the ensuing year.

Annual General Meeting

The 22nd Annual General Meeting of members of the Company will be held virtually on 14th August 2020, Harare at 10:00 hours.

By order of the Board

L Madzinga
Group Company Secretary
28 May 2020

DIRECTORS' RESPONSIBILITY STATEMENT

The following statement, which should be read in conjunction with the Independent Auditor's Report set out on pages 24 to 33 of this 2019 ZHL Annual Report, is made with the view of distinguishing for members, the respective responsibilities of the Company's Board of Directors (the "Board" or the "Directors") and of the Independent Auditor in relation to the financial statements for the year ended 31 December 2019.

In conformity with International Financials Reporting Standards ("IFRS"), Pronouncements of the Public Accountants and Auditors Board and the Companies Act (Chapter 24:03) (as amended by the Companies and Other Business Entities Act (Chapter 24:31), the Directors are required to prepare financial statements of the Company, which give a true and fair view of the Company's assets, liabilities, financial position and profit or loss. The Chairman's statement and the Group Chief Executive Officer's Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

The Group's accounting and internal controls are designed to provide reasonable assurance as to the integrity and reliability of these financial statements and to safeguard, verify and maintain accountability of the Group's assets. Such controls are based on established written policies and procedure and all employees are required to maintain the highest ethical standards in ensuring the Group's business and business practices are conducted in a manner that in all reasonable circumstances, is above reproach. The Directors are of the opinion, based on the information and explanations given by management that the system of internal control is operating in a satisfactory manner and therefore able to provide reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only a reasonable and not absolute assurance against material misstatement or loss.

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate. Notwithstanding the foregoing, the Directors believe that under the prevailing economic and legislative environment, a continuous assessment of the Group's going concern assumption will need to be performed.

The financial statements and the related notes set out on pages 34 to 151, which have been prepared on a going concern basis, in accordance with prevailing accounting principles and law, were approved on 28 May 2020.

DECLARATION BY GROUP FINANCE EXECUTIVE

These financial statements have been prepared under the supervision of the Group Finance Executive, Lovemore Madzinga. Lovemore is a Registered Public Accountant (PAAB No. 04417) and holds a Bachelors' Degree in Accounting from the University of Zimbabwe. He is a Fellow of the Association of Chartered Certified Chartered Accountants ("FCCA") and an Associate of the Chartered Institute of Secretaries and Administrators ("ACIS")

L Madzinga
Group Finance Executive
28 May 2020

Independent auditor's report

To the Shareholders of Zimre Holdings Limited

Our Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion* section of our report, the consolidated and separate financial statements do not present fairly the consolidated and separate financial position of Zimre Holdings Limited (the "Company") and its subsidiaries (together the "Group") as at 31December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

Zimre Holdings Limited's consolidated and separate financial statements, set out on pages 34 to 151, comprise:

- the group and company statements of financial position as at 31 December 2019;
- the group and company statements of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS") FCA. The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money, bond notes and coins would be held at the same value as the US$. As described in note 2.1 of the consolidated financial statements, during the prior financial year, and for the period 1 January 2019 to 22 February 2019, the Group and Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21, 'The effects of changes in foreign exchange rates' ("IAS 21"), these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Group and Company at appropriate exchange rates. However, in order to comply with the legislation as described in note 2.1 to the financial statements, the RTGS transactions and balances in the financial statements for the prior financial year, and the transactions in the current year financial statements from 1 January 2019 to 22 February 2019, are reflected at parity with the US$. The Group and Company, as described in note 2.1, changed their functional currency on 22 February 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.

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In addition, foreign denominated transactions and balances of the financial information for Credit Insurance Zimbabwe Limited, Zimre Property Investments Limited and Emeritus Reinsurance (Private) Limited (the 'Zimbabwean subsidiaries') were translated using the interbank exchange rate which is not considered an appropriate spot rate for translation as required by IAS 21.

Had the consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

As described in note 2.1 to the financial statements, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of IAS 29, 'Financial reporting in hyperinflationary economies' in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019. The misstatements described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

Furthermore, as disclosed in note 2.6, note 3.6 and note 10, the Group and Company performed a valuation of investment property as at 31 December 2019. Valuations rely on observable and sufficiently frequent historical transactional market evidence. Monetary policy changes, specifically Statutory Instrument 142 of 2019, which introduced the Zimbabwe dollar ("ZWL") as the sole legal tender effective 24 June 2019, resulted in a limited period for observable transactional evidence. Unobservable inputs include capitalisation rates and vacancy rates. In addition, the valuation was undertaken in an unstable economic environment which is characterised by rising inflation, liquidity problems, hard currency shortages and frequent monetary policy changes, and presented the limitations explained below.

Market evidence for capitalisation rates in ZWL did not exist at 31 December 2019 for purposes of the valuation of commercial and industrial properties using the income capitalisation method. For residential properties and land, in order to determine the ZWL values of the investment property at 31 December 2019, US$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US$ valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics, as the risks associated with currency trading do not reflect the risks associated with property trading.

There were no further audit procedures that we could have performed to obtain sufficient and appropriate audit evidence regarding the valuation of the investment properties. As a result, we were unable to determine whether any adjustments would be required in respect of the recorded fair value of investment properties.

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 financial statements* section of our report.

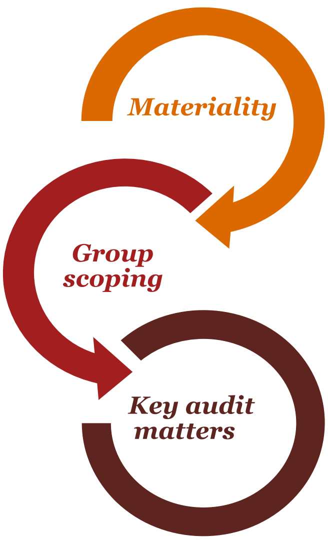
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview



Overall materiality

ZWL4 965 081 which represents 1% of consolidated gross written premium. The inflation adjusted amounts were used in determining materiality.

Group audit scope

We performed a group scoping assessment and determined that three of the Group’s nine components were financially significant and therefore required full scope audits. None of the components were determined to be significant based on significant risks identified at the Group. In order to comply with the Group’s statutory reporting requirements, full scope audits were performed on all nine components.

Key audit matters

Applicable to the consolidated financial statements

- Adequacy of allowance for credit losses on trade and other receivables.
- Valuation of insurance contract liabilities.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	ZWL4 965 081.
How we determined it	1% of consolidated gross written premium. The inflation adjusted amounts were used.
Rationale for the materiality benchmark applied	A benchmark of consolidated gross written premium was selected. In our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances where the earnings are volatile year on year. This benchmark has remained a stable and key driver of the Group's business. We chose 1% based on our professional judgment and after consideration of the range of quantitative materiality thresholds that we typically apply when using total revenue (represented by consolidated gross written premium) to compute materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

The Group has nine reporting components, operating in Zambia, Zimbabwe, Malawi, Mozambique and Botswana. We performed a group scoping assessment and determined that three of the Group's nine components were financially significant and required full scope audits, whilst none of the components were determined to be significant based on significant risks identified at the Group. Due to statutory audit requirements, the Company and all nine of its subsidiaries were subjected to full scope audits.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those operations to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis of our opinion on the consolidated financial statements as a whole. The group engagement team inspected certain component auditors' working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for adverse opinion* section, we determined the matters described below to be key audit matters to be communicated in our report.

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 in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Adequacy of allowance for credit losses on trade and other receivables The Group adopted International Financial Reporting Standard ("IFRS") 9: Financial instruments ("IFRS 9") for the first time in the 2018 reporting period. The insurance receivable balances are also subject to the IFRS 9 impairment requirements based on the voluntary change in accounting policy that was adopted by the entity in 2018. IFRS 9 requires the recognition of expected credit losses ("ECL") on all financial assets within the scope of its impairment model. Management assessed the ECL on trade and other receivables using a simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables.	Our procedures to audit the expected credit losses on trade and other receivables included the following: ● We obtained an understanding of management's process for determining the ECL on trade and other receivables; ● We considered the appropriateness of the accounting policies implemented and evaluated the impairment methodologies applied by management against the requirements of IFRS 9; ● We assessed whether the financial statement disclosures appropriately reflected the Group's exposure to credit risk in accordance with the requirements of IFRS 7: *Financial instruments: disclosures;* ● We assessed the design of management's models, including assessing the appropriateness of the forward looking economic expectations applied by management by comparing them to independent sources; ● On a sample basis, we assessed the accuracy of historical data used by management in determining the loss rates, through recomputation of historical credit loss rates and agreeing the inputs used to calculate historical data to prior year working papers and financial statements;

Key audit matter	How our audit addressed the key audit matter
The application of the standard required management to exercise significant judgment and apply estimates in the determination of the ECL. Significant judgment was required in the determination of loss rates and the use of forward looking economic expectations affecting the ability of the customers to settle the trade and other receivables. As at 31 December 2019, insurance receivables amounted to ZWL177 487 568 for the Group and non insurance receivables amounted to ZWL7 256 780. Management provided an ECL of ZWL32 347 505. We considered the ECL on trade and other receivables to be a matter of most significance to our current year audit due to the following: ● the judgement and estimates applied by management in determining the loss rates and the use of forward looking economic expectations affecting the ability of the customers to settle the trade and other receivables; and ● the significance of the trade and other receivables to the consolidated financial statements. Refer to the following notes to the financial statements for disclosure relating to this matter: ● note 2.10, accounting policy note; ● note 6.2.4, significant accounting judgments and estimates: allowances for credit losses on financial assets measured at amortised cost; ● note 3.3, credit risk; and, ● note 16, trade and other receivables.	● We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts on Zimbabwe; ● On a sample basis, we tested the ageing of the trade and other receivables balances by recalculating the days past due; and ● We tested the mathematical accuracy of the ECL calculation through recomputations.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities As at 31 December 2019 insurance contract liabilities amounted to ZWL 130 052 961, comprising short term insurance contract liabilities amounting to ZWL 123 566 461 (note 21) and life reassurance contract liabilities amounting to ZWL 6 486 500 (note 22.2) We considered the valuation of insurance contract liabilities to be a matter of most significance to our current year audit due to the following: ● the valuation of the Group insurance contract liabilities involves complex calculations, significant judgements, and long and short term estimates and assumptions. The methodology involves judgements about future events, both internal and external to the Group; and the value of the Group insurance contract liabilities is significant to the consolidated financial statements. The main valuation assumptions include mortality, expenses, expense inflation, discount rates and lapses, previous experience in claim patterns, claim settlement patterns, trends in claims frequency . Disclosure is provided in the following notes; ● note 2.17, accounting policy: reinsurance contract liabilities; ● note 6.2.1, significant accounting estimates and judgements: insurance contract liabilities; ● note 5, insurance risk management; ● note 21, short term insurance contract liabilities; and; ● note 22, life reassurance contract assets and liabilities.	We assessed the independence, experience and competence of the statutory actuaries used by management for all the entities. We inspected the actuaries' *curricula vitae* and held discussions with them and management. We utilised our actuarial expertise to evaluate the reasonableness of significant assumptions and estimates and the actuarial computations, and to evaluate the actuarial valuation report obtained from management for adequacy and reasonableness. In doing so, the following procedures were performed: ● We compared the Group's mortality tables against the standard actuarial mortality tables to assess the reasonableness of the assumption. ● We assessed whether the expenses and lapse rate assumptions were based on the Group's internal experience. ● We assessed the reasonableness of the expense inflation by comparing to external sources such as external industry research reports. ● We assessed whether discount rates used reflected the nature of the assets backing the insurance contract liabilities and also whether they reflected the conditions of the market in which these assets are held. ● We compared the actual emerging claims for prior years against the provision for the same period to assess the reasonableness of management's previous provisions. ● We tested data used in the valuation by agreeing a sample of that data to supporting evidences; ● We assessed the valuation basis (including chain ladder methodology, run off analysis on historical loss experience,1/365 method and ⅛ method) through discussion with the statutory actuaries and assessing its appropriateness, given the nature of the business as well as actuarial best practice. ● We assessed the valuation results by rerunning the models, on a sample basis, to consider accurate application of the selected methodology and assumptions. We inspected the actuarial report for 2019 prepared by the statutory actuary and compared it to the prior year signed actuarial report in order to identify any significant changes in assumptions and methodology. ● We compared the mortality, expenses, expense inflation, discount rates and lapses, previous experience in claim patterns, claim settlement patterns and trends in claims frequency to the prior year valuation in order to test whether they were consistently applied by management.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Zimre Holdings Limited 2019 Annual Report"*. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for adverse opinion* section above, the consolidated and separate financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29, as well as the valuation of investment properties. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
  However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Evangelista Ravasingadi
Registered Public Auditor
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor, Registration Number 0391
Institute of Chartered Accountants of Zimbabwe Public Practice Certificate Number 253514

13 August 2020
Harare
Zimbabwe

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

ASSETS	Notes	Inflation Adjusted Group 2019 ZWL	Inflation Adjusted Group 2018 Restated ZWL	Historical Cost Group 2019 ZWL	Historical Cost Group 2018 ZWL
Property and equipment	8	81 845 649	35 925 308	71 588 364	5 279 987
Right of use of assets	9	9 987 870	-	4 420 507	-
Investment properties	10	507 570 140	285 776 307	507 570 140	46 008 667
Intangible assets	11	2 911 762	3 029 647	665 695	465 190
Investment in associates	13	34 673 131	14 072 444	26 042 624	5 352 764
Deferred tax assets	14.1	15 917 838	16 023 856	14 382 180	2 764 128
Inventories	15	18 847 227	20 704 923	2 914 960	2 805 445
Trade and other assets	16	178 646 856	112 001 688	178 646 855	16 603 024
Life reassurance contract asset	22.1	1 433 800	969 592	1 433 800	156 100
Current income tax assets		7 464 716	6 353 156	7 464 716	1 022 781
Deferred acquisition costs	17	12 484 672	13 693 017	11 479 221	2 002 809
Financial assets :					
- at amortised cost	18.1	30 871 601	39 549 397	30 871 601	6 156 876
- at fair value through profit or loss	18.2	24 276 610	39 222 238	24 276 611	6 314 770
- at fair value through other comprehensive income	18.3	78 046 090	32 185 406	78 046 090	5 181 669
Cash and cash equivalents	19	91 440 448	60 826 365	91 440 449	9 792 554
Total assets		**1 096 418 410**	**680 333 344**	**1 051 243 813**	**109 906 764**
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	20	113 365 163	113 365 163	15 326 649	15 326 649
Share premium	20	84 497 249	84 497 249	11 427 034	11 427 034
Treasury shares		(115 725)	(97 905)	(25 932)	(8 886)
Revaluation reserve		106 609 794	87 010 606	46 318 339	14 017 038
Financial assets at fair value through other comprehensive income reserve		39 428 578	6 812 460	57 258 115	1 990 559
Foreign currency translation reserve		101 225 798	(20 737 106)	105 574 319	(8 165 707)
Change in ownership reserve		5 056 365	-	814 869	-
Retained earnings		122 252 022	80 887 778	290 497 467	20 803 807
Total equity attributable to equity holders of the parent		**572 319 244**	**351 738 245**	**527 190 860**	**55 390 494**
Non-controlling interest		162 235 609	91 715 739	179 612 441	18 714 474
Total equity		**734 554 853**	**443 453 984**	**706 803 301**	**74 104 968**
LIABILITIES					
Deferred tax liabilities	14.1	12 798 175	11 385 630	5 393 357	1 697 790
Short term insurance contract liabilities	21	123 566 461	88 079 667	113 548 234	12 056 034
Life reassurance contract liabilities	22.2	6 486 500	12 606 556	6 486 500	2 029 600
Borrowings	23	14 454 883	24 611 761	14 454 883	3 962 351
Lease liabilities	9	5 281 509	-	5 281 509	-
Other provisions	24	12 198 936	5 155 894	12 198 936	874 587
Trade and other payables	25	187 077 093	95 039 852	187 077 093	15 181 434
Total liabilities		**361 863 557**	**236 879 360**	**344 440 512**	**35 801 796**
TOTAL EQUITY AND LIABILITIES		**1 096 418 410**	**680 333 344**	**1 051 243 813**	**109 906 764**

BN Kumalo
Chairman

S Kudenga
Group Chief Executive

GROUP STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2019

Continuing operations	Notes	Inflation Adjusted Group 2019 ZWL	Inflation Adjusted Group 2018 Restated ZWL	Historical Cost Group 2019 ZWL	Historical Cost Group 2018 ZWL
INCOME					
Gross written premium	26	496 508 052	243 940 334	242 963 845	32 280 406
Retrocession premium	27	(163 250 366)	(66 379 788)	(81 216 095)	(8 796 191)
Net premium written		**333 257 686**	**177 560 546**	**161 747 750**	**23 484 215**
Change in unearned premium reserve	28	(13 726 735)	(9 413 089)	(7 377 291)	(1 261 066)
Net premium earned		**319 530 951**	**168 147 457**	**154 370 459**	**22 223 149**
Brokerage commission and fees	29	41 180 880	15 055 091	23 756 214	2 013 178
Total insurance income		**360 711 831**	**183 202 548**	**178 126 673**	**24 236 327**
Rental income from investment property		17 410 307	16 450 733	8 166 093	2 269 361
Fair value adjustments on investment property	10	172 655 944	(56 579 966)	433 304 102	(869 524)
Net property income	30	10 339 582	3 798 463	5 139 035	720 468
Investments income	32	10 864 291	10 164 451	4 775 049	1 445 932
Other income	33	(15 408 342)	32 240 335	8 707 867	4 172 605
Total income		**556 573 613**	**189 276 564**	**638 218 819**	**31 975 169**
EXPENDITURE					
Insurance benefits and claims					
Non-life insurance claims		(172 070 509)	(70 309 094)	(80 365 923)	(8 991 946)
Life reassurance benefits and claims		(4 784 518)	(4 956 982)	(2 018 551)	(648 228)
Movement in life reassurance contract liabilities	22.2	(7 298 136)	14 797 103	(3 179 200)	2 188 865
Claims ceded to reinsurers		51 859 366	19 306 084	23 259 812	2 444 304
		(132 293 797)	(41 162 889)	(62 303 862)	(5 007 005)
Net property operating costs	31	(4 822 814)	(7 086 642)	(1 858 566)	(802 219)
Commission and acquisition expenses		(123 039 173)	(56 607 293)	(61 603 862)	(7 584 026)
Operating and administrative expenses	34	(97 651 864)	(92 668 981)	(49 252 396)	(12 597 006)
Allowance for expected credit losses on receivables	16	(64 142 190)	(13 860 737)	(27 908 132)	(1 929 618)
Finance costs		(5 025 216)	(1 876 524)	(1 355 760)	(110 507)
Total expenses		**(426 975 054)**	**(213 263 066)**	**(204 282 578)**	**(28 030 381)**
Net monetary loss		(15 924)	(25 856 524)	-	-
Profit/(loss) before share of profit of associates accounted for using the equity method		129 582 635	(49 843 026)	433 936 241	3 944 788
Share of profit of associates	13	4 544 261	572 211	3 648 161	48 463
Profit/(loss) before income tax		**134 126 896**	**(49 270 815)**	**437 584 402**	**3 993 251**
Income tax expense/(credit)	14	(28 024 788)	908 986	(18 576 505)	(443 607)
Profit/(loss) for the year		**106 102 108**	**(48 361 829)**	**419 007 897**	**3 549 644**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
Property revaluation surplus	8	23 377 422	691 920	33 785 861	116 922
Share of other comprehensive income of associates accounted for using the equity method	13	16 056 426	(748 787)	17 041 699	5 330
Income tax relating to components of other comprehensive income	14	(2 967 297)	(207 576)	(3 487 719)	(25 477)
		36 466 551	(264 443)	47 339 841	96 775
Items that may be reclassified to profit or loss:					
Exchange gains/(losses)/ on translation of foreign operations		116 344 332	(2 259 227)	111 135 514	(700 677)
Changes in fair value of financial assets at FVOCI	18	34 197 408	2 853 178	57 658 115	459 350
Income tax relating to components of other comprehensive income	14	(1 581 290)	(117 877)	(2 390 558)	(18 978)
		148 960 450	476 074	166 403 071	(260 305)
Other comprehensive income/(loss) for the year net of tax		**185 427 001**	**211 631**	**213 742 912**	**(163 530)**
Total comprehensive income/(loss) for the year		**291 529 109**	**(48 150 198)**	**632 750 809**	**3 386 114**

GROUP STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For The Year Ended 31 December 2019

Continuing operations	Notes	Inflation Adjusted Group 2019 ZWL	Inflation Adjusted Group 2018 Restated ZWL	Historical Cost Group 2019 ZWL	Historical Cost Group 2018 ZWL
Profit/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		41 774 664	(15 698 634)	269 729 090	4 424 810
Non-controlling interests		64 327 444	(32 663 195)	149 278 807	(875 166)
		106 102 108	(48 361 829)	419 007 897	3 549 644
Total comprehensive income/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		215 952 874	(15 815 198)	471 037 972	4 308 191
Non-controlling interests		75 576 235	(32 335 000)	161 712 836	(922 077)
		291 529 109	(48 150 198)	632 750 808	3 386 114
Earnings per share attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings per share (ZWL cents):	35	2.73	(1.02)	17.60	0.29

GROUP STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2019

INFLATION ADJUSTED

Year ended 31 December 2018	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Revaluation reserve ZWL	Mark-to-market reserve ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Foreign currency translation reserve ZWL	Change in ownership reserve ZWL	Retained earnings ZWL	Attributable equity holders of parent ZWL	Non-controlling interest ZWL	Total ZWL
Balance as at 1 January 2018 as previously reported		**15 331 003**	**11 427 034**	**-**	**13 920 328**	**650 181**	**-**	**(7 512 006)**	**-**	**15 882 487**	**49 699 027**	**21 828 246**	**71 527 273**
Change in accounting policy due to adoption of IFRS 9		-	-	-	-	(650 181)	1 550 187	-	-	(282 516)	617 490	(105 985)	511 505
Balance as at 1 January 2018, as restated		**15 331 003**	**11 427 034**	**-**	**13 920 328**	**-**	**1 550 187**	**(7 512 006)**	**-**	**15 599 971**	**50 316 517**	**21 722 261**	**72 038 778**
Restatement of owners equity on application of IAS 29		98 075 070	73 070 215	-	72 538 545	-	2 526 972	(9 821 502)	-	77 285 565	313 674 865	116 160 381	429 835 246
Total comprehensive income for the year		**-**	**-**	**-**	**551 733**	**-**	**2 735 301**	**(3 403 598)**	**-**	**(15 698 634)**	**(15 815 198)**	**(32 335 000)**	**(48 150 198)**
Profit for the year		-	-	-	-	-	-	-	-	(15 698 634)	(15 698 634)	(32 663 195)	(48 361 829)
Other comprehensive income for the year, net of tax		-	-	-	551 733	-	2 735 301	(3 403 598)	-	-	(116 564)	328 195	211 631
Transactions with owners in their capacity as owners		**(40 910)**	**-**	**(97 905)**	**-**	**-**	**-**	**-**	**-**	**3 700 876**	**3 562 061**	**(13 831 903)**	**(10 269 842)**
Dividend declared and paid	37	-	-	-	-	-	-	-	-	(8 133 954)	(8 133 954)	(1 997 073)	(10 131 027)
Share buy-back	**20**	**(40 910)**	**-**	**(97 905)**	**-**	**-**	**-**	**-**	**-**	**-**	**(138 815)**	**-**	**(138 815)**
Change in ownership percentage	**36.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11 834 830**	**11 834 830**	**(11 834 830)**	**-**
Balance as at 31 December 2018		**113 365 163**	**84 497 249**	**(97 905)**	**87 010 606**	**-**	**6 812 460**	**(20 737 106)**	**-**	**80 887 778**	**351 738 245**	**91 715 739**	**443 453 984**
Year ended 31 December 2019													
Balance as at 1 January 2019, as previously reported		**113 365 163**	**84 497 249**	**(97 905)**	**87 010 606**	**-**	**6 812 460**	**(20 737 106)**	**-**	**80 887 778**	**351 738 245**	**91 715 739**	**443 453 984**
Changes on initial application of IFRS 16	2.30	-	-	-	-	-	-	-	-	(410 420)	(410 420)	-	(410 420)
Balance as at 1 January 2019, as restated		**113 365 163**	**84 497 249**	**(97 905)**	**87 010 606**	**-**	**6 812 460**	**(20 737 106)**	**-**	**80 477 358**	**351 327 825**	**91 715 739**	**443 043 564**
Total comprehensive income for the year		**-**	**-**	**-**	**19 599 188**	**-**	**32 616 118**	**121 962 904**	**-**	**41 774 664**	**215 952 874**	**75 576 235**	**291 529 109**
Profit for the year		-	-	-	-	-	-	-	-	41 774 664	41 774 664	64 327 444	106 102 108
Other comprehensive income for the year, net of tax		-	-	-	19 599 188	-	32 616 118	121 962 904	-	-	174 178 210	11 248 791	185 427 001
Transactions with owners in their capacity as owners		**-**	**-**	**(17 820)**	**-**	**-**	**-**	**-**	**5 056 365**	**-**	**5 038 545**	**(5 056 365)**	**(17 820)**
Share buy-back		-	-	(17 820)	-	-	-	-	-	-	(17 820)	-	(17 820)
Change in ownership percentage		-	-	-	-	-	-	-	5 056 365	-	5 056 365	(5 056 365)	-
Balance as at 31 December 2019		**113 365 163**	**84 497 249**	**(115 725)**	**106 609 794**	**-**	**39 428 578**	**101 225 798**	**5 056 365**	**122 252 022**	**572 319 244**	**162 235 609**	**734 554 853**

GROUP STATEMENT OF CHANGES IN EQUITY *(continued)*

For The Year Ended 31 December 2019

HISTORICAL COST

Year ended 31 December 2018	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Revaluation reserve ZWL	Mark-to-market reserve ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Foreign currency translation reserve ZWL	Change in ownership reserve ZWL	Retained earnings ZWL	Attributable equity holders of parent ZWL	Non-controlling interest ZWL	Total ZWL
Balance as at 1 January 2018, as previously reported		**15 331 003**	**11 427 034**	**-**	**13 920 328**	**650 181**	**-**	**(7 512 006)**	**-**	**15 882 487**	**49 699 027**	**21 828 246**	**71 527 273**
Change in accounting policy due to adoption of IFRS 9		-	-	-	-	(650 181)	1 550 187	-	-	(282 516)	617 490	(105 985)	511 505
Balance as at 1 January 2018, as restated		**15 331 003**	**11 427 034**	**-**	**13 920 328**	**-**	**1 550 187**	**(7 512 006)**	**-**	**15 599 971**	**50 316 517**	**21 722 261**	**72 038 778**
Total comprehensive income for the year		-	-	-	96 710	-	440 372	(653 701)	-	4 424 810	4 308 191	(922 077)	3 386 114
Profit for the year		-	-	-	-	-	-	-	-	4 424 810	4 424 810	(875 166)	3 549 644
Other comprehensive income/(loss) for the year, net of tax		-	-	-	96 710	-	440 372	(653 701)	-	-	(116 619)	(46 911)	(163 530)
Transactions with owners in their capacity as owners		**(4 354)**	**-**	**(8 886)**	**-**	**-**	**-**	**-**	**-**	**779 026**	**765 786**	**(2 085 710)**	**(1 319 924)**
Dividend declared and paid	37	-	-	-	-	-	-	-	-	(1 100 000)	(1 100 000)	(206 684)	(1 306 684)
Share buy-back	20	(4 354)	-	(8 886)	-	-	-	-	-	-	(13 240)	-	(13 240)
Change in ownership percentage	36.5	-	-	-	-	-	-	-	-	1 879 026	1 879 026	(1 879 026)	-
Balance as at 31 December 2018		**15 326 649**	**11 427 034**	**(8 886)**	**14 017 038**	**-**	**1 990 559**	**(8 165 707)**	**-**	**20 803 807**	**55 390 494**	**18 714 474**	**74 104 968**
Year ended 31 December 2019													
Balance as at 1 January 2019, as previously reported		**15 326 649**	**11 427 034**	**(8 886)**	**14 017 038**	**-**	**1 990 559**	**(8 165 707)**	**-**	**20 803 807**	**55 390 494**	**18 714 474**	**74 104 968**
Change in accounting policy due to adoption of IFRS 16		-	-	-	-	-	-	-	-	(35 430)	(35 430)	-	(35 430)
Balance as at 1 January 2019, as restated		**15 326 649**	**11 427 034**	**(8 886)**	**14 017 038**	**-**	**1 990 559**	**(8 165 707)**	**-**	**20 768 377**	**55 355 064**	**18 714 474**	**74 069 538**
Total comprehensive income for the year		**-**	**-**	**-**	**32 301 301**	**-**	**55 267 556**	**113 740 025**	**-**	**269 729 091**	**471 037 973**	**161 712 836**	**632 750 809**
Profit for the year		-	-	-	-	-	-	-	-	269 729 091	269 729 091	149 278 807	419 007 898
Other comprehensive income for the year, net of tax		-	-	-	32 301 301	-	55 267 556	113 740 025	-	-	201 308 882	12 434 029	213 742 911
Transactions with owners in their capacity as owners		**-**	**-**	**(17 046)**	**-**	**-**	**-**	**-**	**814 869**	**-**	**797 823**	**(814 869)**	**(17 046)**
Share buy-back	20	-	-	(17 046)	-	-	-	-	-	-	(17 046)	-	(17 046)
Change in ownership percentage	36.5	-	-	-	-	-	-	-	814 869	-	814 869	(814 869)	-
Balance as at 31 December 2019		**15 326 649**	**11 427 034**	**(25 932)**	**46 318 339**	**-**	**57 258 115**	**105 574 318**	**814 869**	**290 497 468**	**527 190 860**	**179 612 441**	**706 803 301**

GROUP STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2019

	Notes	Inflation Adjusted Group 2019 ZWL	Inflation Adjusted Group 2018 Restated ZWL	Historical Cost Group 2019 ZWL	Historical Cost Group 2018 ZWL
Profit/(loss) before income tax		**134 126 896**	**(49 270 815)**	**437 584 402**	**3 993 251**
Adjustments for non-cash items:					
Net monetary loss		15 924	25 856 524	-	-
Depreciation	8	8 125 022	3 196 867	2 374 852	402 273
Lease depreciation charge	9	2 142 865	-	772 721	-
Fair value adjustments on investment property	10	(172 655 944)	56 579 966	(433 304 102)	869 524
Amortisation of intangible assets	11	463 521	188 109	105 617	24 433
Share of profit of associate	13	(4 544 261)	(572 211)	(3 648 161)	(48 463)
Movement in life reassurance contract liabilities	22	7 298 136	(14 797 103)	3 179 200	(2 188 865)
Movement in allowance for credit losses	16	64 142 190	13 860 737	27 908 132	1 929 618
Movement in deferred acquisition costs	17	1 208 345	(2 473 740)	(9 476 412)	(485 767)
Movement in short term insurance contract liabilities	21	49 070 627	16 745 409	23 822 140	3 313 204
Movement in other provisions	24	7 043 042	(2 239 089)	11 324 349	(302 821)
Profit from disposal of property and equipment	33	(274 450)	(300 536)	(117 279)	(12 694)
Loss from disposal of investment property	33	-	(2 204 938)	-	298 202
Profit from disposal of financial assets at fair value through profit or loss	33	(429 382)	(16 480 209)	(361 782)	(2 105 023)
Profit from disposal of financial assets at fair value through other comprehensive income	33	-	30 159	-	(4 046)
Gain from share split of financial asset at fair value through profit or loss	33	-	(1 592 919)	-	(215 431)
Fair value gains on financial assets at fair value through profit or loss	33	35 515 025	(8 039 081)	(3 434 226)	(1 087 229)
Unrealised exchange (gains)/losses	33	8 857 021	(642 189)	8 879 980	(73 963)
Other non-cash movements		-	1 950 230	-	288 504
Gain from disposal of associate		-	(31 860)	-	(5 129)
Adjustments for separately disclosed items:					
Finance costs		5 025 216	1 876 524	1 355 760	110 507
Dividend received	32	(3 037 018)	(3 117 380)	(1 150 412)	(472 709)
Interest received	32	(7 827 273)	(7 047 071)	(3 624 637)	(973 223)
Working capital changes:					
Increase in trade and other receivables		(2 502 978)	(14 989 226)	(134 135 699)	(2 413 724)
Decrease/(increase) in inventory		1 857 696	3 654 889	(109 515)	588 549
Increase in trade and other payables		92 037 241	9 657 028	171 895 659	1 555 077
Cash flows from operations		**225 657 461**	**9 798 075**	**99 840 587**	**2 984 055**
Finance costs		(5 025 216)	(1 876 524)	(1 355 760)	(104 707)
Income tax paid		(2 001 168)	(3 182 317)	(1 016 213)	(410 407)
Net cash flows generated from operating activities		**218 631 077**	**4 739 234**	**97 468 614**	**2 468 941**
Cash flows from investing activities					
Purchase of property and equipment	8	(8 972 332)	(11 379 604)	(4 271 076)	(1 751 597)
Purchase of intangible assets - software	11.1	(109 556)	(232 837)	(109 556)	(41 074)
Acquisition and development of investment property	10	(37 838 443)	(77 517 105)	(11 203 014)	(10 893 181)
Acquisition of subsidiary net of cash acquired	12	(5 180 918)	(8 337 727)	(2 715 932)	(1 125 375)
Proceeds from disposal of investment property		-	10 600 054	-	1 444 298
Purchase of financial assets at amortised cost	18.1	(17 439 635)	(2 019 679)	(8 742 077)	(643 731)
Purchase of financial assets at fair value through profit or loss	18.2	(15 901 281)	(43 816 868)	(2 785 652)	(7 053 914)
Purchase of financial assets at FVOCI	18.3	(5 783 613)	-	(2 518 957)	-
Proceeds from disposal of financial assets at amortised cost	18.1	2 932 757	847 474	2 070 625	692 849
Proceeds from disposal of financial assets through profit or loss	18.2	8 190 920	34 927 345	593 509	5 160 304
Proceeds from disposal of financial assets at FVOCI	18.3	-	1 141 743	-	183 805
Proceeds from disposal of an associate		-	31 855	-	5 129
Dividends received	32	3 037 018	3 117 380	1 150 412	472 709
Interest received	32	7 827 273	7 047 071	3 624 637	973 223
Proceeds from sale of property and equipment		2 029 627	385 293	2 251 354	95 257
Cash used in investing activities		**(67 208 183)**	**(85 205 605)**	**(22 655 727)**	**(12 481 298)**
Cash flows from financing activities					
Dividends paid	37	-	(10 131 027)	-	(1 306 684)
Loan drawdown	23	9 508 532	21 757 251	3 940 000	3 487 122
Loan repayment	23	(5 648 844)	(8 352 427)	(2 248 072)	(1 403 950)
Lease payments	9	(1 624 132)	-	(707 364)	-
Share buy-back	20	(17 820)	(138 815)	(17 046)	(13 240)
Cash generated from financing activities		**2 217 736**	**3 134 982**	**967 518**	**763 248**
Inflation effect on cash		(165 421 768)	(10 858 089)	-	-
Net increase/ (decrease) in cash and cash equivalents		**153 640 630**	**(77 331 389)**	**75 780 405**	**(9 249 109)**
Cash and cash equivalents at the beginning of the year		60 826 365	151 671 905	9 792 554	24 417 087
Effects of exchange rate changes on cash and cash equivalents		42 395 221	(2 656 062)	5 867 490	(5 375 424)
Cash and cash equivalents at the end of the year	19	**91 440 448**	**60 826 365**	**91 440 449**	**9 792 554**

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

ASSETS	Notes	Inflation Adjusted Group 2019 ZWL	Inflation Adjusted Group 2018 Restated ZWL	Historical Cost Group 2019 ZWL	Historical Cost Group 2018 ZWL
Property and equipment	8	1 201 267	1 887 706	162 454	255 285
Right of use of assets	9	6 635 678	-	1 068 316	-
Investment in subsidiaries	12	310 185 192	305 004 274	43 963 360	41 247 428
Investment in associates	13	6 386 995	6 386 995	863 749	863 749
Other receivables and prepayments	16	668 331	8 175 975	668 331	1 316 296
Financial assets :					
- at amortised cost	18.1	46 864	11 471 519	46 864	1 846 864
- at fair value through profit or loss	18.2	4 670 364	17 683 664	4 670 364	2 846 992
- at fair value through other comprehensive income	18.3	12 690 366	9 787 690	12 690 366	1 575 775
Cash and cash equivalents	19	567 929	3 675 827	567 929	591 792
Total assets		**343 052 986**	**364 073 650**	**64 701 733**	**50 544 181**
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	20	113 365 163	113 365 163	15 326 649	15 326 649
Share premium		84 497 249	84 497 249	11 427 034	11 427 034
Treasury shares		(115 725)	(97 905)	(25 932)	(8 886)
Financial assets at fair value through other comprehensive income reserve		3 648 722	762 599	6 763 450	(4 287 759)
Retained earnings		125 074 904	115 290 578	16 712 355	20 101 086
Total equity		**326 470 313**	**313 817 684**	**50 203 556**	**42 558 124**
LIABILITIES					
Deferred tax liabilities	14	2 186 837	960 046	102 341	49 631
Lease liabilities	9	1 108 599	-	1 108 599	-
Other provisions	24	215 027	441 521	215 027	71 083
Trade and other payables	25	13 072 210	48 854 399	13 072 210	7 865 343
Total liabilities		**16 582 673**	**50 255 966**	**14 498 177**	**7 986 057**
TOTAL EQUITY AND LIABILITIES		**343 052 986**	**364 073 650**	**64 701 733**	**50 544 181**

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2019

		Inflation Adjusted		Historical Cost	
Continuing operations	Notes	Group 2019 ZWL	Group 2018 Restated ZWL	Group 2019 ZWL	Group 2018 ZWL
INCOME					
Investments income	32	508 496	2 648 422	144 108	360 878
Other (losses)/income	33	(17 709 371)	36 393 516	1 071 720	2 659 126
Total income		**(17 200 875)**	**39 041 938**	**1 215 828**	**3 020 004**
EXPENDITURE					
Operating and administrative expenses	34	(12 661 975)	(12 975 179)	(4 505 046)	(1 860 253)
Finance costs		(240 846)	-	(106 472)	-
Total expenses		**(12 902 821)**	**(12 975 179)**	**(4 611 518)**	**(1 860 253)**
Net monetary gains/(losses)		**41 154 426**	**(13 130 598)**	**-**	**-**
Profit/(loss) before tax		**11 050 730**	**12 936 161**	**(3 395 690)**	**1 159 751**
Income tax (expense)/credit	14.3	(1 243 344)	-	10 672	-
Profit/(loss) for the year		**9 807 386**	**12 936 161**	**(3 385 018)**	**1 159 751**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss		-	-	-	-
Items that may be reclassified to profit or loss:					
Fair value gains for financial assets at FVOCI	18.3	2 902 676	776 649	11 114 591	125 037
Income tax relating to components of other comprehensive income		(16 553)	(14 050)	(63 382)	(2 262)
Other comprehensive (loss)/income for the year net of tax		**2 886 123**	**762 599**	**11 051 209**	**122 775**
Total comprehensive income for the year		**12 693 509**	**13 698 760**	**7 666 191**	**1 282 526**
Profit/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		9 807 386	12 936 161	(3 385 018)	1 159 751
Non-controlling interests		-	-	-	-
		9 807 386	12 936 161	(3 385 018)	1 159 751
Total comprehensive income/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		12 693 509	13 698 760	7 666 191	1 282 526
Non-controlling interests		-	-	-	-
		12 693 509	13 698 760	7 666 191	1 282 526
Earnings per share from profit of continuing operations attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings per share (ZWL cents):	35	0.64	0.84	(0.22)	0.08

COMPANY STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2019

INFLATION ADJUSTED	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Mark-to -market reserve ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Retained earnings ZWL	Total equity ZWL
Year ended 31 December 2018								
Balance as at 1 January 2018		**15 331 003**	**11 427 034**	**-**	**(39 266 674)**	**-**	**110 488 371**	**97 979 734**
Change in accounting policy due to adoption of IFRS 9		-	-	-	39 266 674	(32 611 938)	-	6 654 736
Balance as at 1 January 2018, as restated		**15 331 003**	**11 427 034**	**-**	**-**	**(32 611 938)**	**110 488 371**	**104 634 470**
Restatement of owners equity on application of IAS 29		98 075 070	73 070 215	-	-	32 611 938	-	203 757 223
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**762 599**	**12 936 161**	**13 698 760**
Profit for the year		-	-	-	-	-	12 936 161	12 936 161
Other comprehensive income for the year, net of tax		-	-	-	-	762 599	-	762 599
Transactions with owners in their capacity as owners		**(40 910)**	**-**	**(97 905)**	**-**	**-**	**(8 133 954)**	**(8 272 769)**
Dividend declared and paid	37	-	-	-	-	-	(8 133 954)	(8 133 954)
Share buyback	20	(40 910)	-	(97 905)	-	-	-	(138 815)
Balance as at 31 December 2018		**113 365 163**	**84 497 249**	**(97 905)**	**-**	**762 599**	**115 290 578**	**313 817 684**
Year ended 31 December 2019								
Balance as at 1 January 2019		**113 365 163**	**84 497 249**	**(97 905)**	**-**	**762 599**	**115 290 578**	**313 817 684**
Change in accounting policy due to adoption of IFRS 16	2.30	-	-	-	-	-	(23 060)	(23 060)
Balance as at 1 January 2019, as restated		**113 365 163**	**84 497 249**	**(97 905)**	**-**	**762 599**	**115 267 518**	**313 794 624**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**2 886 123**	**9 807 386**	**12 693 509**
Profit for the year		-	-	-	-	-	9 807 386	9 807 386
Other comprehensive income for the year, net of tax		-	-	-	-	2 886 123	-	2 886 123
Transactions with owners in their capacity as owners		**-**	**-**	**(17 820)**	**-**	**-**	**-**	**(17 820)**
Dividend declared and paid	37	-	-	-	-	-	-	-
Share buyback	20	-	-	(17 820)	-	-	-	(17 820)
Balance as at 31 December 2019		**113 365 163**	**84 497 249**	**(115 725)**	**-**	**3 648 722**	**125 074 904**	**326 470 313**

COMPANY STATEMENT OF CHANGES IN EQUITY *(continued)*

For The Year Ended 31 December 2019

HISTORICAL COST	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Mark-to -market reserve ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Retained earnings ZWL	Total equity ZWL
Year ended 31 December 2018								
Balance as at 1 January 2018		**15 331 003**	**11 427 034**	**-**	**(5 310 540)**	**-**	**20 041 335**	**41 488 832**
Change in accounting policy due to adoption of IFRS 9		-	-	-	5 310 540	(4 410 534)	-	900 006
Balance as at 1 January 2018, as restated		**15 331 003**	**11 427 034**	**-**	**-**	**(4 410 534)**	**20 041 335**	**42 388 838**
Comprehensive income for the year		**-**	**-**	**-**	**-**	**122 775**	**1 159 751**	**1 282 526**
Profit for the year		-	-	-	-	-	1 159 751	1 159 751
Other comprehensive income for the year, net of tax		-	-	-	-	122 775	-	122 775
Transactions with owners in their capacity as owners		**(4 354)**	**-**	**(8 886)**	**-**	**-**	**(1 100 000)**	**(1 113 240)**
Dividend declared and paid	37	-	-	-	-	-	(1 100 000)	(1 100 000)
Share buyback	20	(4 354)	-	(8 886)	-	-	-	(13 240)
Balance as at 31 December 2018		**15 326 649**	**11 427 034**	**(8 886)**	**-**	**(4 287 759)**	**20 101 086**	**42 558 124**
Year ended 31 December 2018								
Balance as at 1 January 2019		**15 326 649**	**11 427 034**	**(8 886)**	**-**	**(4 287 759)**	**20 101 086**	**42 558 124**
Change in accounting policy due to adoption of IFRS 16	2.30	-	-	-	-	-	(3 713)	(3 713)
Balance as at 1 January 2019, as restated		15 326 649	11 427 034	(8 886)	-	(4 287 759)	20 097 373	42 554 411
Comprehensive income for the year		-	-	-	-	11 051 209	(3 385 018)	7 666 191
Profit for the year		-	-	-	-	-	(3 385 018)	(3 385 018)
Other comprehensive income for the year, net of tax		-	-	-	-	11 051 209	-	11 051 209
Transactions with owners in their capacity as owners		**-**	**-**	**(17 046)**	**-**	**-**	**-**	**(17 046)**
Dividend declared and paid	37	-	-	-	-	-	-	-
Share buyback	20	-	-	(17 046)	-	-	-	(17 046)
Balance as at 31 December 2019		**15 326 649**	**11 427 034**	**(25 932)**	**-**	**6 763 450**	**16 712 355**	**50 203 556**

COMPANY STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2019

	Notes	Inflation Adjusted Group 2019 ZWL	Inflation Adjusted Group 2018 Restated ZWL	Historical Cost Group 2019 ZWL	Historical Cost Group 2018 ZWL
Profit /(loss) before income tax		**11 050 730**	**12 936 161**	**(3 395 690)**	**1 159 751**
Adjustments for non-cash items:					
Depreciation	8	686 439	171 612	92 831	23 208
Lease depreciation charge	9	1 633 057	-	262 915	-
Profit from disposal of financial assets at fair value through profit or loss	33	(395 559)	(14 220 690)	(129 375)	(2 105 023)
Fair value gains on financial assets at fair value through profit or loss	33	16 170 875	(22 172 826)	(1 310 110)	(537 497)
Impairment of property and equipment	8	-	2 889	-	392
Monetary (gains)/losses		(41 154 426)	13 130 598	-	-
Gain from disposal of associate		-	(31 855)	-	(5 129)
Movement in leave pay provision	24	336 829	441 521	143 944	71 083
Adjustments for separately disclosed items:					
Finance costs		240 846	-	106 472	-
Dividend received	32	(497 698)	(2 386 362)	(139 765)	(325 076)
Interest received	32	(10 798)	(262 060)	(4 343)	(35 802)
Working capital changes:					
Decrease/(increase) in trade and other receivables		7 507 644	(2 592 408)	647 965	(561 760)
(Decrease)/increase in trade and other payables		(35 782 188)	(5 975 410)	5 206 867	1 996 907
Cash flows from operations		**(40 214 249)**	**(20 958 830)**	**1 481 711**	**(318 946)**
Finance costs		(240 846)	-	(106 472)	-
Net cash flows (used in)/ generated from operating activities		**(40 455 095)**	**(20 958 830)**	**1 375 239**	**(318 946)**
Cash flows from investing activities					
Purchase of property and equipment	8	-	(2 059 318)	-	(278 493)
Acquisition of subsidiary net of cash acquired	12	(5 180 918)	(8 337 727)	(2 715 932)	(1 125 375)
Purchase of financial assets at fair value through profit or loss	18.2	(4 782 612)	(29 706 477)	(641 506)	(4 782 612)
Purchase of financial assets at amortised cost	18.1	-	(4 969 080)	-	(800 000)
Proceeds from disposal of financial assets through profit or loss	18.2	5 555 863	33 198 110	257 620	5 160 304
Proceeds from disposal of financial assets at amortised cost	18.1	2 464 471	-	1 800 000	-
Proceeds from disposal of an associate		-	31 855	-	5 129
Dividends received	32	497 698	2 386 362	139 765	325 076
Interest received	32	10 798	262 060	4 343	35 802
Cash flows used in investing activities		**(1 434 700)**	**(9 194 215)**	**(1 155 710)**	**(1 460 169)**
Financing activities					
Dividends paid	37	-	(8 133 954)	-	(1 100 000)
Lease payments	9	(463 513)	-	(226 346)	-
Share buy-back	20	(17 820)	(97 905)	(17 046)	(13 240)
Cash used in financing activities		**(481 333)**	**(8 231 859)**	**(243 392)**	**(1 113 240)**
Inflation effect on cash		39 263 231	16 297 195	-	-
Net decrease in cash and cash equivalents		**(3 107 898)**	**(22 087 708)**	**(23 863)**	**(2 892 355)**
Cash and cash equivalents at the beginning of the year		**3 675 827**	**25 763 535**	**591 792**	**3 484 147**
Cash and cash equivalents at the end of the year	19	**567 929**	**3 675 827**	**567 929**	**591 792**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2019

1 GENERAL INFORMATION

The principal activities of Zimre Holdings Limited (the "Company") and its subsidiaries and associates (together "the Group") is the provision of insurance, reinsurance and reassurance and property management and development services. The Group also has an associate that operates in the agro industrial sector.

Zimre Holdings Limited is a public company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange ("ZSE").

The registered office is located at Block D, 2nd Floor, Smatsatsa Office Park, Stand Number 10667, Borrowdale, Harare, Zimbabwe.

The financial statements of the Group for the year ended 31 December 2019 were authorised for issue by a resolution of the Board of Directors on 28 May 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and in the manner required by the Zimbabwe Companies Act [Chapter 24:03] which was subsequently repealed and replaced by the Companies and Other Business Entities Act [Chapter 24:31] effective February 2020, except for non-compliance with International Accounting Standard 21, ("IAS 21"), 'The effects of foreign exchange rates'.

For purposes of fair presentation in accordance with International Accounting Standard ("IAS") 29, 'Financial reporting in hyperinflationary economies', the historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar ("ZWL"). Accordingly the inflation adjusted financial statements represent the primary financial statements of the Group.

The historical cost financial information has been provided by way of supplementary information only.

(a) Inflation indices and adjustments

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued pronouncement 01/2019, which advised that Zimbabwe has met conditions for application of IAS 29 for financial period ending on or after 1 July 2019.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. The financial statements and the corresponding figures for the previous years have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index ("CPI") compiled by the Reserve Bank of Zimbabwe from the figures provided by the Zimbabwe National Statistics Agency. The indices and conversion factors used are as follows:

Dates	Index	Conversion factor
31 December 2019	551.63	1.0000
31 December 2018	88.81	6.21
31 October 2018	74.6	7.4
31 December 2017	61.13	9.02
Averages		
31 December 2019	240.27	2.3
31 December 2018	61.13	9.02
31 December 2017	67.63	8.16

The main procedures applied for the above mentioned restatement are as follows:

• corresponding figures for the previous period are restated in terms of the measuring unit current at the statement of financial position date by applying the change in the index

• monetary assets and liabilities that are carried at amounts current at the statement of financial position date are not restated since they are already stated in terms of the monetary unit current at the statement of financial position date.

• generally non-monetary assets and liabilities that are not carried at amounts current at reporting date are restated by applying the change in the index from the date of the transaction or if applicable from their most recent revaluation as detailed below;

• property, plant and equipment and accumulated depreciation - the original purchase cost of property, plant and equipment is restated from the earlier date of the purchase of each item or the dated of change in currency to the statement of financial position date using the applicable general price index. The depreciation charge for the current period is calculated on the basis of the restated property, plant and equipment. Opening accumulated depreciation is also calculated on the basis of restated property, plant and equipment.

- additions to property and equipment acquired after 1 October 2018 (date of change in functional currency) are restated using the relevant conversion factors from the date of the transaction to the reporting date, or if acquired before 1 October 2018, using the conversion rate from 1 October 2018;

- for disposals, the original date of purchase and the historical cost is determined and the restated balance is deducted from the property, plant and equipment balance.

• non-monetary assets carried at fair value are not restated as they are carried at amounts current at the end of the period;

• investment properties which are carried at fair value are not restated as they are carried at the measuring unit current at the reporting date;

• components of owners' equity are restated by applying the general price level from the beginning of the period or date of contribution, if later;

• statements of profit or loss and comprehensive income items are restated to the measuring unit current at the reporting date by applying a general price index from the date of the underlying transaction or events. The restatement of the statement of comprehensive income items is done on a monthly basis with the exception of items such as depreciation and cost of sales which are calculated separately.

Depreciation is calculated based on the restated carrying amount of the property, plant and equipment. Cost of sales is calculated based on the consumption of restated inventory;

• the effect of inflation on the net monetary position of the entities is included in the statement of profit or loss as a gain or loss arising on the net monetary position;

• items in the statement of cash flows are expressed in terms of the measuring unit current at the reporting date.

• the financial statements of the foreign subsidiaries which do not report in the currencies of hyper-inflationary economies were dealt with in accordance with IAS 21. The items included in statement of 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.

(b) Functional and presentation currency

The financial statements are presented in Zimbabwe dollar ("ZWL") which is both the functional and presentation currency of the Group. Zimbabwe witnessed significant monetary and exchange control policy changes from 2016 through to 2019. These changes resulted in the promulgation of S.I. 33 of 2019 on 22 February 2019 which introduced the RTGS dollar.

The Company resolved to adopt 22 February 2019 as the date of change in functional currency, given that this was when the local currency was legally introduced. IAS 21 requires that the functional currency of an entity be determined based on the underlying circumstances of the entity. The Company's assessment of functional currency indicates that the functional currency may have changed at an earlier date than this, however, this change could not be implemented as it was not practical to do so.

Subsequently, the Zimbabwe dollar was introduced on 24 June 2019 through promulgation of SI 142 of 2019 which removed the multi-currency system, which had been introduced in February 2009, for domestic transactions. In prior years, the functional and presentation currency was the United States of America dollar ("US$"). The change in presentation currency resulted in comparative figures being restated to ZWL. However, the translation to ZWL was effected at a rate of 1:1 which was the official legal exchange rate at the time.

In terms of S.I. 33 of 2019 all assets and liabilities that were, expressed in US$ were deemed, for accounting purposes, on and after the effective date, to be valued in the local currency at par with the US$. As a result, no adjustment has been made to prior year figures, which were previously expressed in US$ and have been determined to have assumed the same values in ZWL. The convertibility of monetary balances as at the end of the prior year into other international currencies at the presumed rate of US$1:ZWL1 was, however, significantly impaired resulting in various exchange rate scenarios being adopted by the market, substantially at variance with the exchange rate maintained at policy level.

As a result of the currency changes announced by the Government, the Board assessed, in accordance with International Accounting Standard 21, 'The effects of changes in foreign exchange rates' and the guidance issued by the Public Accountants and Auditors Board ("PAAB"), whether use of the United States of America dollar as the functional and presentation currency remained appropriate. In the view of the Directors, the ZWL remained the key driver of the factors noted above for the purpose of preparing the 2019 financial statements. The ZWL was determined as the Company's functional and presentation currency for the purpose of accounting and reporting.

Given the change in functional and presentation currency, the financial statements of the Group had to be translated to the ZWL. In the current financial reporting period, up to the date of change in functional currency, the income and expenditure in the statement of profit or loss were translated at a rate of 1:1; items denominated in a currency other than the ZWL in the statement of financial position were translated at spot rate on the date of change in functional currency. Comparative periods were translated at a rate of 1:1 as this was the official legal exchange rate during the period.

The challenge with determining exchange rates within the context of the economy is that there are multiple exchange rates available which may be used for the translation. S.I. 33 of 2019 prescribed the use of an interbank exchange rate for conversion of assets and liabilities. The interbank exchange rate opened trading at 2.5. Therefore, on the date of functional currency conversion, the Group used a rate of 2.5 to translate the balances denominated in foreign currencies in the statement of financial position. Determination of an exchange rate is considered a significant judgement due to its nature and the number of alternative exchange rates that could have been applied.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are generally recognised in the statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(d) Group companies

The results and financial positions of all the Group's subsidiaries and associates that have a functional currency different from the ZWL (none of which is a currency of a hyperinflationary economy) are translated into ZWL as follows:

(i) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average foreign currency exchange rate;

(ii) assets and liabilities for each statement of financial position are translated at the closing foreign currency exchange rate at the date of the statement of financial position; and

(iii) all resulting foreign currency exchange rate differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.1.1 New standards, amendments and interpretations, effective for the first time for 31 December 2019 year end that are relevant to the Group

Number	Effective date	Executive summary
IFRS 16, 'Leases'	1 January 2019	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – Incentives' and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'.
Amendments to IFRS 9 –'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities	1 January 2019	The narrow-scope amendment covers two issues: ● The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. ● How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.
IFRIC 23, 'Uncertainty over income tax treatments	1 January 2019	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

2.1.1 New standards, amendments and interpretations, effective for the first time for 31 December 2019 year end that are relevant to the Group

Number	Effective date	Executive summary
Annual improvements cycle 2015 - 2017	1 January 2019	These amendments include minor changes to: ● IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. ● IFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. ● IAS 12, 'Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. ● IAS 23, ' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The new standards, amendments and interpretation effective for the first time for the 31 December 2019 year-end, except for IFRS 16 did not have a material impact on the financial statements of the Group.

2.1.2 New standards, amendments and interpretations issued but not effective for 31 December 2019 year end that are relevant to the Company and have not been early adopted

Number	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material	1 January 2020	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: ● use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; ● clarify the explanation of the definition of material; and ● incorporate some of the guidance in IAS 1 about immaterial information The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financialinformation about a specific reporting entity".

There are no other standards, amendments and interpretations that are not yet effective that are likely to have a material impact on the Company.

2.2 Principles of consolidation and equity accounting

Group

The consolidated financial statements comprise the financial statements of Zimre Holdings Limited (the "Company") and its subsidiaries and associates.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; or
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the statement of comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 financial instruments either in statement of profit or loss or as a change to the comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Acquisition related costs are expensed as incurred. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All subsidiaries of the Company have 31 December year ends and are consolidated in the financial statements.

Loss of control

If the Group loses control over a subsidiary, it;

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative transaction 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 the statement of comprehensive income; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity. Gains or losses from disposal to non-controlling interests are also recorded in equity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated allowance for impairment.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. If the shareholding is less than 20%, the Group will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost and thereafter the carrying amount is increased or decreased to recognise the investor's share of post-acquisition profits or losses of the investee and the Group's share of movements in other comprehensive income after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the investment, or portion of an investment, meets the criteria to be classified as held for sale, the portion so classified is accounted for in accordance with IFRS 5, 'Non-current assets held for sale and discontinued operations'. Any remaining portion is accounted for using, the equity method until the time of disposal, at which time the retained investment is accounted under IFRS 9, 'Financial instruments', unless the retained interest continues to be an equity accounted entity in accordance with the provisions of the standard.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

When the Group's share of losses in an equity - accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the other entity.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of profit or loss.

Unrealised gains resulting from upstream and downstream transactions between the Group and its associate are eliminated in the Group's financial statements to the extent of the investor's interests in the entity. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting polices of equity accounted investees have been changed where necessary to ensure consistency with the polices adopted by the Group.

The associates, except for CFI Holdings Limited which has a 30 September year end, have 31 December year-ends, and are included in the financial statements based on audited year end financial statements.

2.3 Earnings per share

(i) Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the "Group Executive Committee" which comprises the Group Chief Executive Officer, Group Finance Executive and the Managing Directors of the subsidiaries.

2.5 Property and equipment

Property and equipment is measured at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. The carrying amount is any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment loss recognised after the date of the revaluation. Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus net of tax is credited in other comprehensive income to revaluation reserve included in shareholders' equity.

To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation reserve to retained earnings.

Depreciation is calculated on a straight-line basis to allocate their cost to their residual values over the estimated useful life of the asset as follows:

● Freehold buildings	40 years
● Vehicles	5 years
● Computers and office equipment	5 years
● Furniture and fittings	10 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition is included in profit or loss in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively if appropriate. Changes in the asset's depreciation method, residual value or useful life are treated as a change in accounting estimate in accordance with IAS 8, 'Accounting policies, changes in accounting estimates and errors.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Owner occupied properties comprises property which is owned by the Group and is significantly occupied by group companies, regardless of the leasing of the property being at market related rentals and terms. Significant occupation by group companies is considered as 75% (2018 - 75%) of the space of the property occupied or above. Such owner occupied properties are classified under property and equipment and depreciated in line with the Group accounting policies.

2.6 Investment property

Investment property comprises completed property and property under construction or development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external independent valuer, applying valuation models recommended by the International Valuation Standards Committee.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is re-assessed.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. The difference between the cost-based measurement and fair value is treated as a revaluation adjustment.

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at historical cost. The historical cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as 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 the end of each reporting period. 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 statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 statement of comprehensive income when the asset is derecognised.

The software licences have a finite life of up to 5 years and are amortised over that period. The amortisation costs for the year are included in operating and administrative expenses in the statement of profit or loss.

2.8 Inventory

Inventory comprises property acquired or being constructed for sale in the ordinary course of business, consumables and other stocks. Property classified as inventory is residential property that the Group is developing and intends to sell before or on completion of construction. Cost includes;

- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and less costs to completion and the estimated costs of sale. Net realisable value for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date, and is determined by the Group in light of recent market transactions.

Consumables and other stocks are valued on the basis of weighted average cost and at the lower of cost or estimated net realisable value, inventory is valued at the lower of cost or estimated net realisable value, but is based on the specific identification of the property.

2.9 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds 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 asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified; an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income.

2.10 Trade and other receivables

Premiums receivables relate to reinsurance premiums outstanding from insurance companies and are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, premiums receivable are measured at amortised cost, using the effective interest rate method. See note 2.12 for further information about the Company's accounting for financial assets.

Insurance contracts are issued at market rates even when credit terms are offered. Furthermore, short term insurance contracts are for periods not exceeding one year. Therefore there is no significant financing component in insurance premiums thus their carrying amount is considered to be the same as their fair value.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Company. If collection of the amount is due in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables comprise loans to employees and prepayments.

Other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method less allowance for impairment. See note 3.1 for description of the Company's impairment policy.

2.11 Deferred acquisition costs

Deferred acquisition costs relate to commission incurred to acquire insurance business, deferred over a period in which the related premiums are earned. The deferred portion is calculated by applying the actual commission rate on the unearned premium reserve balance.

2.12 Investment and other financial assets

i) Classification

From 1 January 2018, the Group adopted IFRS 9, 'Financial instruments' and classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when their business model for managing those assets changes.

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. 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.

iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal

and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, 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 other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group has classified investments in quoted equities as financial assets at FVPL because they are held for trading with expected disposal in the short-term. Unquoted equity investments are long-term strategic investments and not expected to be disposed in the short-term, as such have been classified as financial assets at FVOCI.

iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies both the simplified approach and the general approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.3 for further details.

De-recognition of financial assets

A financial asset is de-recognised when the right to receive cash flows from the asset has expired or the Group has transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and have transferred substantially all the risks and rewards of the asset to another party, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset. When the Group has transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

2.13 Financial liabilities

The Group's financial liabilities include trade and other payables, bank borrowings, policyholder liabilities, and investment contracts.

Measurement

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.14 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported, on the statement of financial position when there is 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown within borrowings in the statement of financial position.

2.16 Share capital

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax from the proceeds.

Treasury shares

Where the Company purchases its own shares or a group company purchases the Company's ordinary share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.17 Reinsurance contract liabilities

Reinsurance contract liabilities relate to life reassurance and non-life reinsurance. At the end of the year, a liability adequacy test is carried out by a registered actuary to determine the sufficiency of the insurance contract liabilities.

2.17.1 Life reassurance policy holder liabilities

Life reassurance policy holder liabilities are policyholders' liabilities computed by an independent actuary in accordance with the guidelines issued by the Actuarial Society of Zimbabwe and Actuarial Society of South Africa. Under this method, the policyholders' liabilities are valued using realistic expectations of future experience with prescribed margins for prudence and deferral profit emergence.

2.17.2 Non-life reinsurance contract liabilities

These include the outstanding claims and the incurred but not reported reserve ("IBNR") (disclosed as insurance payable) and the provision for unearned premium.

Outstanding claims

The outstanding claims is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, together with related claims handling costs and reduction for the expected salvage and other recoveries.

Incurred but not reported - ("IBNR")

The provision for incurred but not reported claims ("IBNR") represents all claims incurred before the reporting date but only reported subsequent to year-end.

IBNR is estimated using a rate of 10% (2018 - 10%) of net premium written and actuarially tested for adequacy as at reporting.

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that include a margin for adverse variation. The liability is not discounted for the time value of money. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Unearned premium reserves - ("UPR")

The unearned premium reserve represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised on contracts entered into with maturities beyond the financial year end of the Group and earned premiums is brought to account over the term of the contract in accordance with the pattern of insurance service provided under the contract.

The subsidiaries within the Group use various methods to account for unearned premium reserve which include the 1/8 method, the 1/365 method and the 24th method.

2.18 Retrocession

The Group cedes reinsurance risk in the normal course of business for its reinsurance businesses to retrocessionaires.

Retrocession receivables and payables are disclosed as part of insurance trade receivables and payables respectively. Retrocession income and expenses are disclosed in profit or loss.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, an appropriate timeline, and furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, current market assessments of the time value of money, and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

The Group and Company recognise obligations for retrenchments as a liability and expense when there is a demonstrable commitment to either terminate the employment of an employee or group of employees before normal retirement date as a result of an offer made in order to encourage voluntary redundancy.

2.20 Revenue recognition

The Group derives revenue from the transfer of goods and provision of services over time and at a point in time in the following major product lines:

2.20.1 Insurance premium income

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are net of any taxes or duties levied on premiums.

2.20.2 Rental income

The Group is the lessor on operating lease transactions. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Services and management charges are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

2.20.3 Property services income

Property services income comprises income received from property-related services to other parties. The income is recognised when the related services have been provided. Property services income will be generated, and revenue recognised as indicated, from the following services:

- Project management - over time ;
- Property management - over time;
- Property purchases - at a point in time;
- Property sales - at a point in time; and
- Property valuations - at a point in time.

2.20.4 Sale of inventory property and stands

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

The revenue is measured at the transaction price agreed under the contract. The consideration is due upon signing the sale contract.

Deferred payment terms may be agreed in some cases for periods up to 36 months. In such cases, the transaction price is adjusted for the effects of a significant financing component.

The Group has contracts with customers where the period between signing of the sale contract and payment by the customer exceeds one year. As a consequence, the Group adjusts the transaction prices for the time value of money at the effective interest. rate.

2.21 Deferred income

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

2.22 Other income

2.22.1 Dividend income

Dividend income is recognised when the Group and Company's rights to receive the payment is established, when the investee`s Board of Directors has declared the dividend.

2.22.2 Interest income

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

2.22.3 Fee income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognised as income over the period in which the related services are performed. Actuarial and consultancy fee income is recognised on an accrual basis, based on the values of the services provided and disclosed under other income.

2.22.4 Commission income

Commission income received or receivable under reinsurance contracts for non life insurance contracts is recognised as revenue proportionally over the period of the insurance contract.

2.22.5 Realised gains and losses

Realised gains and losses recorded in statement of comprehensive income on investments include gains and losses on financial assets at FVPL and investment properties. Gains and losses on financial assets are from financial assets at FVPL Gains from financial assets at FVOCI are recognised through other comprehensive income and are not recycled to profit or loss on disposal. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.23 Insurance claims and benefits

2.23.1 Life and health reassurance

Insurance benefits and claims relating to life assurance contracts are recognised in profit or loss based on the estimated liability for compensation owed to the contract holder. Death, disability and severe illness and surrender claims are accounted for when notified. These claims include outstanding claims and claims incurred but not reported ("IBNR"). The IBNR estimate is determined taking into account the likelihood of the claim being valid and the expected severity of the claim. The proportion to be included is estimated separately for each benefit type. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Maturity and income disability are recorded as incurred. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Claims are accounted for as incurred and consist of claims paid, movement in the provision for outstanding claims and relates claims handling expenses. The provision for outstanding claims is based on estimates of the cost of settling all claims incurred but unpaid at the reporting date, whether reported or not.

2.23.2 Non-life insurance

Benefits payable under non-life insurance contracts are accounted for as incurred. Liabilities are held to reflect IBNR claims. The IBNR calculation is performed using the chain ladder approach. This allows for the historical patterns of claims payment in determining the likely future emergence of claims. The IBNR is further modified to reflect current operational conditions or known events.

2.23.3 Retrocession recoveries

Related retrocession recoveries are disclosed separately as assets in the statement of financial position and are included in recoveries from retrocessions in profit or loss.

2.24 Acquisition costs on reinsurance contracts

Acquisition costs on reinsurance and insurance contracts comprises commission and other acquisition costs over the life of the reinsurance and insurance contracts.

Commission

Commission is recognised as an expense in statement of comprehensive income when the premium is received through an intermediary or agent. The period of the commission and the commission rate differ per product depending on the product design structure. Commission is deferred in deferred acquisition costs over the duration of the contract.

Other acquisition costs

Other acquisition costs are expenses incurred to acquire reinsurance and insurance business including staff costs directly associated with obtaining business.

2.25 Employee benefits

Post-employment benefits

The Group operates one defined contribution pension plan, which requires contributions to be made to the fund which is separately administered. The pension plan is funded by payments from employees and the Group. The Group's contribution to the defined contribution pension plan is charged to the statement of profit or loss in the period to which the contributions relate. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Retirement benefits are also provided for the Group's employees through the National Social Security Authority ("NSSA") Scheme. The cost of retirement benefits applicable to the scheme is determined by the systematic recognition of legislated contributions.

Termination benefits

The Group recognises termination benefits when there is a demonstrable commitment to either terminate employment of an employee or group of employees before normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent assets', and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Short term employee benefits

Short term employee benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.26 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged or cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Where the terms of a financial liability are renegotiated and the Company or a subsidiary issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.27 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.28 Current income and deferred taxes

The income tax expense or credit for the year is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax us also recognised in other comprehensive income or directly in equity respectively.

2.28.1 Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to the tax authorities. The tax rates and laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision, where appropriate on the basis of amounts expected to be paid to the tax authorities.

Taxable income for the life reassurance subsidiary is calculated in accordance with the insurance formula as laid down in the Eighth Schedule to the Zimbabwe Income Tax Act (Chapter 23:06).

2.28.2 Deferred tax

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only were there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.28.3 Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except, when the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

2.29 Leases

From 1 January 2019, the Group adopted IFRS 16, 'Leases' (as issued by the IASB in January 2016).

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group and Company assess whether a contract is or contains a lease, at inception of contract. The Group and Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this this rate cannot be readily determined, the Group and Company use its incremental borrowing rate.

The lease liability is presented as a separate line in the statement of financial position. The liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and reducing the carrying amount to reflect the lease payments made. The Group and Company remeasure the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or the lease contract has been modified.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

The Group and Company apply IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses.

The deferred tax implications of IFRS 16 are that lease payments are tax-deductible on a cash basis. However the tax bases of the right-of-use asset and lease liability are zero. The result is a taxable temporary difference in relation to the right-of-use asset and a deductible temporary difference in relation to the lease liability.

2.30 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.31 Change in accounting policy

This note explains the impact of the adoption of IFRS 16 on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted IFRS 16, 'Leases' retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, 'Leases" the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged from 11.25% to 13% depending on jurisdiction.

(i) Practical expedients in applying IFRS 16

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right -of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretations 4, determining whether an arrangement contains a lease.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

As lessor

The Group holds cancellable operating leases with terms that expire after 3 to 5 year lease periods. Future lease payments could not be determined as rental rates are reviewed on an annual basis.

(ii) Measurement of lease liabilities

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Company	Group	Company
	2 019	2019	2 019	2019
	ZWL	ZWL	ZWL	ZWL
Discounted using incremental borrowing rate at the date of initial application	3 097 628	1 239 509	498 675	199 544
Split as:				
Current	1 043 593	545 447	168 004	87 809
Non-current	2 054 035	694 062	330 671	111 735
	3 097 628	1 239 509	498 675	199 544

(iii) Measurement of right-of-use assets

The right-of-use asset was measured at the amount equal to the lease liability, at the date of initial recognition.

(iv) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items on the statement of financial position in 1 January 2019 :

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	COMPANY	GROUP	COMPANY
	1 January *	1 January *	1 January *	1 January *
	2019	2019	2019	2019
	ZWL	ZWL	ZWL	ZWL
Assets				
Right-of-use of assets	2 877 556	1 216 447	494 963	195 831
Liabilities				
Lease liabilities	3 287 976	1 239 509	530 393	199 544
Retained earnings	(410 420)	(23 062)	(35 430)	(3 713)

There was no impact on deferred tax as both the right-of-use asset and the lease liability give rise to permanent tax differences.

3 FINANCIAL RISK MANAGEMENT

Risk Governance Framework

The Group has an Audit and Risk Committee that is part of the Board. Below the Audit and Risk Committee is a Financial Risk Management Committee that comprises senior management of the Group from the departments of Finance, Investments, Audit and Operations. The Financial Risk Management Committee reports to the Audit, Risk and Compliance Committee on a quarterly basis on the risks identified, how they are being managed and the quantification and sensitivities around the risks. Both committees have clear terms of reference that feed into the overall group risk management strategy policy framework. The terms of reference are set, approved and regularly reviewed by the Board. The primary objective of the Group's risk management framework is to protect the shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

3.1 Financial risk factors

The Group is exposed to financial risk through its financial assets and liabilities, insurance and reinsurance assets and liabilities. The most significant financial risks are investment risk, market risk, foreign currency risk, interest rate risk and equity price risk, credit risk and liquidity risk.

3.2 Market risk

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

3.2.1 Foreign exchange risk

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities.

The Group is exposed to foreign exchange risk arising from the holding of monetary assets and liabilities denominated in currencies other than functional currencies of the individual entities.

The Group's primary method of managing foreign exchange risk is to match principal cash outflows to the currency in which the principal cash inflows are denominated. Generally, Group companies are required to maintain bank accounts in US$ to reduce losses from fluctuations in foreign exchange rates. There are no hedging instruments.

The table below shows the balances of monetary assets and liabilities denominated in foreign currency:

	INFLATION ADJUSTED				
	Botswana Pula	Malawian Kwacha	Mozambican Metical	Zambian Kwacha	Other
As at 31 December 2019	ZWL	ZWL	ZWL	ZWL	ZWL
Assets					
Trade and other receivables	23 108 461	72 167 871	36 472 350	20 472 536	-
Financial assets at amortised cost	-	390 454	4 000 760	-	-
Cash and cash equivalents	28 286 794	33 784 263	4 248 228	2 148 164	-
	51 395 255	106 342 588	44 721 338	22 620 700	-
Liabilities					
Borrowings	-	-	8 562 692	-	-
Trade and other payables	37 442 727	53 282 020	45 565 932	14 176 154	-
	37 442 727	53 282 020	54 128 624	14 176 154	-
Net foreign currency exposure	**13 952 528**	**53 060 568**	**(9 407 286)**	**8 444 546**	**-**
As at 31 December 2018					
Assets					
Trade and other receivables	7 728 406	25 767 792	11 330 563	10 941 950	1 649 472
Financial assets at amortised cost	-	93 060	745 165	-	-
Cash and cash equivalents	8 183 955	10 045 036	2 988 991	4 888 403	1 692 622
	15 912 361	35 905 888	15 064 719	15 830 353	3 342 094
Liabilities					
Borrowings	-	-	3 485 789	161 758	-
Trade and other payables	12 658 285	17 491 407	15 275 466	4 896 388	-
	12 658 285	17 491 407	18 761 255	5 058 146	-
Net foreign currency exposure	**3 254 076**	**18 414 481**	**(3 696 536)**	**10 772 207**	**3 342 094**

The table below shows the balances of monetary assets and liabilities denominated in foreign currency:

	HISTORICAL COST				
	Botswana Pula	Malawian Kwacha	Mozambican Metical	Zambian Kwacha	Other
As at 31 December 2019	ZWL	ZWL	ZWL	ZWL	ZWL
Assets					
Trade and other receivables	23 108 461	72 167 871	36 472 350	20 472 536	-
Financial assets at amortised cost	-	390 454	4 000 760	-	-
Cash and cash equivalents	28 286 794	33 784 263	4 248 228	2 148 164	-
	51 395 255	106 342 588	44 721 338	22 620 700	-
Liabilities					
Borrowings	-	-	8 562 692	-	-
Trade and other payables	37 442 727	53 282 020	45 565 932	14 176 154	-
	37 442 727	53 282 020	54 128 624	14 176 154	-
Net foreign currency exposure	**13 952 528**	**53 060 568**	**(9 407 286)**	**8 444 546**	**-**
As at 31 December 2018					
Assets					
Trade and other receivables	1 103 365	4 148 259	1 824 065	1 761 503	265 558
Financial assets at amortised cost	-	14 981	250 266	-	-
Cash and cash equivalents	1 183 194	1 617 112	481 186	786 965	272 505
	2 286 559	5 780 352	2 555 517	2 548 468	538 063
Liabilities					
Borrowings	-	-	561 164	26 041	-
Trade and other payables	270 486	1 984 785	1 339 471	600 621	-
	270 486	1 984 785	1 900 635	626 662	-
Net foreign currency exposure	**2 016 073**	**3 795 567**	**654 882**	**1 921 806**	**538 063**

Foreign exchange risk sensitivity analysis

The following analysis is performed for reasonably possible movements in the foreign exchange rates to ZWL (assumption:+/- 10%) with all other variables held constant, showing the impact on profit/(loss) before income tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. There are no changes from prior year on this assumption.

The sensitivity of 10% represents the directors' assessment of a possible change:

Effect on profit before income tax	Change	Botswana Pula ZWL	Malawian Kwacha ZWL	Mozambican Metical ZWL	Zambian Kwacha ZWL
31 December 2019	10%	1 395 253	5 306 057	(940 729)	844 455
31 December 2019	-10%	(1 395 253)	(5 306 057)	940 729	(844 455)
31 December 2018	10%	325 408	1 841 448	(369 654)	1 077 221
31 December 2018	-10%	(325 408)	(1 841 448)	369 654	(1 077 221)
Effect on equity					
31 December 2019	10%	1 035 975	3 939 747	(698 491)	627 008
31 December 2019	-10%	1 035 975	3 939 747	(698 491)	627 008
31 December 2018	10%	241 615	1 367 275	(274 468)	799 836
31 December 2018	-10%	(241 615)	(1 367 275)	274 468	(799 836)

As shown in the table above, the Group is exposed to changes in ZWL exchange rates against other functional currencies used by the group companies in their respective jurisdictions. The functional currencies in which monetary assets and liabilities are denominted are shown in the sensitivity table above.

Exchange rates

The exchange rates used by the Group to convert foreign denominated amounts to the functional and presentation currency are depicted below:

	31 December 2019		31 December 2018	
	Average	As at	Average	As at
Botswana Pula	1.2161	0.6356	10.1990	10.7006
Malawi Kwacha	36.1747	43.9245	726.8436	773.9812
Mozambican Metical	3.0714	3.6699	60.3685	61.3948
South African Rand	1.6296	0.8334	13.2549	14.3750
Zambian Kwacha	0.6412	0.8396	10.4683	11.9174

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	2019	2018
Amounts recognised in profit or loss	**ZWL**	**ZWL**
Net foreign exchange gain included in other income	5 827 795	1 616 974
Net gains (losses) recognised in other comprehensive income		
Translation of foreign operations	116 344 332	(2 259 227)

3.2.2 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate and currency risk, whether those changes are caused by factors specific to the individual financial instruments to its issuer or factors affecting all financial instruments traded in the market.

The Group is exposed to equity securities price risk.
Equity price risk is the potential loss arising from changes in the market price of equity instruments as a result of fluctuations in the market price. A substantial part of the equity portfolio comprises listed counters. Unquoted counters are subjected to periodic financial analysis and review. The Group's equity price risk policy is to manage such risks by setting and monitoring objectives on investments, diversification of portfolios and setting limits on investment in each sector.

At the reporting date, the total exposure to listed equity securities at fair value through profit or loss was ZWL24 276 610 (2018: ZWL39 222 239).

The following table demonstrates the sensitivity to a reasonably possible change in the market price of shares with all other variables held constant.

		INFLATION ADJUSTED		
	Change in market price %	Change in reported value ZWL	Effect on profit after income tax ZWL	Effect on equity ZWL
As at December 2019				
Increase in market price	10%	2 427 661	1 814 677	1 814 677
Decrease in market price	-10%	(2 427 661)	(1 814 677)	(1 814 677)
As at December 2018				
Increase in market price	10%	3 922 224	2 931 862	2 931 862
Decrease in market price	-10%	(3 922 224)	(2 931 862)	(2 931 862)
		HISTORICAL COST		
As at December 2019	10%	2 427 661	1 814 677	1 814 677
Increase in market price	-10%	(2 427 661)	(1 814 677)	(1 814 677)
Decrease in market price				
As at December 2018				
Increase in market price	10%	631 477	472 029	472 029
Decrease in market price	-10%	(631 477)	(472 029)	(472 029)

3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long- term debt obligations.

The Group manages its cash flow interest rate risk by re-negotiating fixed interest rates whenever there are changes in the market.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for all interest-bearing positions.

Currently, the Group does not undertake any hedging of its short-term loans due to the nature and terms of the loan facilities. On long-term loans, the Group assesses risks and considers hedging where necessary. As at 31 December 2019, there were no hedges in place (2018:ZWLnil).

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. The key assumption to this sensitivity is that the interest rates will increase or decrease by 25%, holding all other variables constant.

		INFLATION ADJUSTED		
	Change in assumption %	Change in reported value ZWL	profit after income tax ZWL	Change in equity ZWL
December 2019				
Increase in interest rate	25%	7 717 900	5 769 130	5 769 130
Decrease in interest rate	-25%	(7 717 900)	(5 769 130)	(5 769 130)
December 2018				
Increase in interest rate	1%	395 494	295 632	295 632
Decrease in interest rate	-1%	(395 494)	(295 632)	(295 632)
		HISTORICAL COST		
December 2019				
Increase in interest rate	25%	7 717 900	5 769 130	5 769 130
Decrease in interest rate	-25%	(7 717 900)	(5 769 130)	(5 769 130)
December 2018				
Increase in interest rate	1%	61 569	46 023	46 023
Decrease in interest rate	-1%	(61 569)	(46 023)	(46 023)

3.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, trade and other receivables and financial assets at amortised cost.

Credit risk analysis

The maximum exposure to credit risk by class of financial asset is set out below:

Group	INFLATION ADJUSTED				
	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Trade and other receivables:					
- reinsurance receivables	70 886 396	45 421 173	19 776 823	41 403 176	177 487 568
- rental receivables	2 284 696	338 357	89 470	59 222	2 771 745
- debtors for inventory sales	4 485 035	-	-	-	4 485 035
Financial assets at amortised cost	30 871 601	-	-	-	30 871 601
Cash and cash equivalents	91 361 193	-	-	-	91 361 193
Total	**199 888 921**	**45 759 530**	**19 866 293**	**41 462 398**	**306 977 142**
As at 31 December 2018					
Trade and other receivables:					
- reinsurance receivables	51 845 846	6 221 631	12 356 736	9 587 533	80 011 746
- rental receivables	5 234 082	2 289 909	1 362 822	469 487	9 356 300
- debtors for inventory sales	5 810 619	-	-	-	5 810 619
Financial assets at amortised cost	39 549 397	-	-	-	39 549 397
Cash and cash equivalents	60 791 897	-	-	-	60 791 897
Total	**163 231 841**	**8 511 540**	**13 719 558**	**10 057 020**	**195 519 959**

Group	HISTORICAL COST				
	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Trade and other receivables:					
- reinsurance receivables	70 886 396	45 421 173	19 776 823	41 403 176	177 487 568
- rental receivables	2 284 696	338 357	89 470	59 222	2 771 745
- debtors for inventory sales	4 485 035	-	-	-	4 485 035
Financial assets at amortised cost	30 871 601	-	-	-	30 871 601
Cash and cash equivalents	91 361 193	-	-	-	91 361 193
Total	**199 888 921**	**45 759 530**	**19 866 293**	**41 462 398**	**306 977 142**
As at 31 December 2018					
Trade and other receivables:					
- reinsurance receivables	7 155 985	1 062 421	2 110 067	1 637 191	11 965 664
- rental receivables	842 664	368 665	219 409	75 585	1 506 323
- debtors for inventory sales	935 484	-	-	-	935 484
Financial assets at amortised cost	6 156 876	-	-	-	6 156 876
Cash and cash equivalents	9 783 947	-	-	-	9 783 947
Total	**24 874 956**	**1 431 086**	**2 329 476**	**1 712 776**	**30 348 294**

Credit risk analysis *(continued)*

The maximum exposure to credit risk by class of financial asset is set out below:

Company	INFLATION ADJUSTED				
	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Other receivables	668 331	-	-	-	668 331
Financial assets at amortised cost	-	-	-	46 864	46 864
Cash and cash equivalents	434 934	-	-	-	434 934
Total	**1 103 265**	**-**	**-**	**46 864**	**1 150 129**
As at 31 December 2018					
Other receivables	8 175 975	-	-	-	8 175 975
Financial assets at amortised cost	-	-	-	11 471 519	11 471 519
Cash and cash equivalents	2 876 595	-	-	-	2 876 595
Total	**11 052 570**	**-**	**-**	**11 471 519**	**22 524 089**

Company	HISTORICAL COST				
	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Other receivables	668 331	-	-	-	668 331
Financial assets at amortised cost	-	-	-	46 864	46 864
Cash and cash equivalents	434 934	-	-	-	434 934
Total	**1 103 265**	**-**	**-**	**46 864**	**1 150 129**
As at 31 December 2018					
Other receivables	1 316 296	-	-	-	1 316 296
Financial assets at amortised cost	-	-	-	1 846 864	1 846 864
Cash and cash equivalents	463 119	-	-	-	463 119
Total	**1 779 415**	**-**	**-**	**1 846 864**	**3 626 279**

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

Cash and cash equivalents

The Group has a credit policy that establishes counterparty trading limits for each banking institution that the Group trades with. These counter party limits are reviewed at least quarterly and submitted to the Group Finance and Investments Committee for approval. In this process the financial results of the banking institutions which are published semi annually, are reviewed together with other qualitative factors that may be noted. The limits determined are proposed to the Group Finance and Investments Committee for approval.

Cash and cash equivalents *(continued)*

The Group only trades with and receives service from banking institutions that meet regulatory requirements. Key considerations in the review of limits and security requirements include:

- compliance with minimum capital requirements set by the central banks in the various jurisdictions in which the Group operates,
- conformance with the minimum rating as set out in the periodic capital adequacy, asset quality, management, earnings liquidity and sensitivity ratings,
- total shareholders' equity,
- total assets,
- ratios such as loan to deposit ratios and non-performing loans ("NPLs"),
- overall profitability and cash generation,
- historical performance and outlook, and
- ability of the bank to provide collateral security.

The Group further considers the following information in determining the trading limits:

- other qualitative factors covered under the rating system;
- qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served.

Approved collateral security instruments are as follows:

- treasury bills; or
- bankers acceptances.

The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings as published by the Global Credit Rating Company:

	INFLATION ADJUSTED		HISTORICAL COST	
Group	**2019**	**2018**	**2019**	**2018**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Credit rating:				
AA+	46 733 088	9 677 060	46 733 088	1 557 442
AA-	605 901	1 377 263	605 901	221 659
A+	383 376	13 846 192	383 376	2 228 429
A	27 974 780	10 341 438	27 974 780	1 664 368
BBB+	8 509 669	410 894	8 509 669	66 130
BBB-	775 912	61 668	775 912	9 925
BB+	2 712 200	10 533 116	2 712 200	1 695 217
BB-	-	3 828 052	-	616 093
B+	3 666 267	10 716 214	3 666 267	1 724 684
	91 361 193	**60 791 897**	**91 361 193**	**9 783 947**
Company				
Credit rating:				
A	-	1 474 959	-	237 462
BB+	567 929	2 200 868	567 929	354 330
	567 929	**3 675 827**	**567 929**	**591 792**

Cash and cash equivalents *(continued)*

Definition of ratings	Description
AA+ AA-	Has very strong financial security characteristics.
A+ A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than banks with higher ratings.
BBB+ BBB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings.
BB+ BB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings.
B+	Possessing substantial risk that obligations will not be paid when due.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for insurance premiums, sales of inventory and from rentals;
- other receivables; and
- debt investments carried at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables for insurance premiums and sales of inventory

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the payment profiles of income over a period of 5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group identifies the inflation rate, interest rates, expected changes in legislation in countries in which it operates and expected changes in the Group policy and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables.

Group	INFLATION ADJUSTED					
Receivables for insurance premiums: As at 31 December 2019	Current ZWL	31 - 60 days ZWL	61 - 120 days ZWL	121 - 180 days ZWL	More than 180 days ZWL	Total ZWL
Default rate (%)	3%	5%	24%	37%	67%	
Gross carrying amount (ZWL)	70 886 396	45 421 173	19 776 823	17 951 973	23 451 203	177 487 568
Credit loss allowance (ZWL)	2 208 017	2 100 341	4 656 327	6 712 242	15 599 275	31 276 202
As at 31 December 2018						
Default rate (%)	6%	6%	9%	10%	70%	
Gross carrying amount (ZWL)	8 966 873	23 065 114	4 938 186	9 905 024	33 136 549	80 011 746
Credit loss allowance (ZWL)	538 012	1 332 535	453 972	998 958	13 449 121	16 772 598

Trade receivables for insurance premiums and sales of inventory *(continued)*

Receivables for insurance premiums:	Group			HISTORICAL COST		
As at 31 December 2019	Current ZWL	31 - 60 days ZWL	61 - 120 days ZWL	121 - 180 days ZWL	More than 180 days ZWL	Total ZWL
Default rate (%)	3%	5%	24%	37%	67%	
Gross carrying amount (ZWL)	70 886 396	45 421 173	19 776 823	17 951 973	23 451 203	177 487 568
Credit loss allowance (ZWL)	2 208 017	2 100 341	4 656 327	6 712 242	15 599 275	31 276 202
As at 31 December 2018						
Default rate (%)	6%	6%	9%	10%	70%	
Gross carrying amount (ZWL)	1 527 861	3 930 053	841 415	1 687 712	3 978 624	11 965 665
Credit loss allowance (ZWL)	84 484	227 050	77 352	170 212	2 801 203	3 360 301

Group Receivables from rentals:	INFLATION ADJUSTED					
As at 31 December 2019	Current ZWL	31 - 60 days ZWL	61 - 120 days ZWL	121 - 180 days ZWL	More than 180 days ZWL	Total ZWL
Default rate (%)	7%	14%	14%	35%	96%	
Gross carrying amount (ZWL)	1 085 890	486 186	240 905	84 229	874 535	2 771 745
Credit loss allowance (ZWL)	72 581	66 416	32 687	29 171	838 091	1 038 946
As at 31 December 2018						
Default rate (%)	8%	19%	36%	55%	95%	
Gross carrying amount (ZWL)	959 361	574 314	455 804	386 462	6 980 360	9 356 301
Credit loss allowance (ZWL)	70 678	110 910	88 034	211 163	6 656 746	7 137 531

Group Receivables from rentals:	HISTORICAL COST					
As at 31 December 2019	Current ZWL	31 - 60 days ZWL	61 - 120 days ZWL	121 - 180 days ZWL	More than 180 days ZWL	Total ZWL
Default rate (%)	10%	23%	45%	11%	96%	
Gross carrying amount (ZWL)	1 085 890	486 186	240 905	84 229	874 535	2 771 745
Credit loss allowance (ZWL)	72 581	66 416	32 687	29 171	838 091	1 038 946
As at 31 December 2018						
Default rate (%)	8%	19%	36%	62%	95%	
Gross carrying amount (ZWL)	154 453	92 462	73 382	62 219	1 123 807	1 506 323
Credit loss allowance (ZWL)	12 356	17 568	26 418	38 474	1 054 295	1 149 111

Trade receivables for sales of inventory

No impairment allowance has been recognised on property sales receivables because the debtors pay a significant deposit upfront, therefore monthly repayments are affordable and title does not pass until the full amount has been settled. There has been no history of default.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

All of the Group's trade receivables and contract assets at amortised cost have not shown signs of deterioration of credit quality, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The credit risk of the investments is considered to have increased significantly if there have been missed contractual payments for a period of greater than 30 days.

Other receivables

Other receivables comprise receivables from disposal of investments in equity instruments, staff loans and sundry receivables.
No impairment allowance has been recognised on equity instruments and sundry receivables as the identified credit loss allowance was immaterial.

The Group uses the simplified approach to determine expected credit loss allowance for staff loans that are short term and the general approach for staff loans exceeding twelve months. For further details on allowance for credit loss on other receivables refer to note 16.

Debt investments at amortised cost

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance was therefore limited to 12 months' expected losses.

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, probability of default is estimated to approximate zero. No impairment allowance has been recognised on these instruments.

The financial assets as at 31 December 2019 were held as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
Group	**2019**	**2018**	**2019**	**2018**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Issued by the Government:				
-Bonds	6 181 128	8 238 265	6 181 128	1 327 324
-Treasury bills	3 505 792	5 426 374	3 505 792	873 622
-Debentures	46 864	291 088	46 864	46 864
Issued by other financial institutions:				
Deposits with financial institutions	18 175 301	6 159 474	18 175 301	990 649
Mortgage loan	2 962 516	8 253 765	2 962 516	1 118 417
Other				
Shareholders loan	-	11 180 431	-	1 800 000
	30 871 601	39 549 397	30 871 601	6 156 876

Company	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Issued by other financial institutions, rated:				
Unrated	46 864	291 106	46 864	46 864

3.4 Liquidity risk

Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors.

It is the Group's policy to ensure that cash resources are available at all times to meet commitments as they arise. Cash outflows arise from the payment of intimated claims falling due, purchase of investments and other operating commitments. Such outflows are adequately matched by inflows from premium income, maturing investments and investment income. Management monitors daily the Group's cumulative liquidity gap and cash and cash equivalents on the basis of actual and expected cash flows. Where gaps appear, action is taken in advance to close or minimise the gaps.

The table below summarises the maturity profile of the Group's financial assets and financial liabilities based on contractual and undiscounted payments on a worst case scenario.

The assets and liabilities disclosed are on a contractual undiscounted basis. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Liquidity gap analysis

Group — INFLATION ADJUSTED

As at 31 December 2019 Assets	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	24 276 610	-	24 276 610
- at amortised cost	-	30 871 601	-	30 871 601
- at fair value through other comprehensive income	-	-	78 046 090	78 046 090
Trade and other receivables (excluding prepayments and statutory receivables)	77 656 127	107 088 221	-	184 744 348
Cash and cash equivalents	91 440 449	-	-	91 440 449
Total assets	**169 096 576**	**162 236 432**	**78 046 090**	**409 379 098**
Liabilities				
Outstanding claims	5 338 654	10 409 972	20 116 725	35 865 351
Lease liabilities	183 597	1 580 987	3 606 570	5 371 154
Borrowings	1 561 701	1 476 531	11 416 651	14 454 883
Trade and other payables (excluding statutory liabilities)	186 175 756	-	-	186 175 756
Total liabilities	**193 259 708**	**13 467 490**	**35 139 946**	**241 867 144**
Liquidity gap	**(24 163 132)**	**148 768 942**	**42 906 144**	**167 511 954**
Cumulative liquidity gap	**(24 163 132)**	**124 605 811**	**167 511 954**	**-**

Liquidity gap analysis *(continued)*

Group — **INFLATION ADJUSTED**

As at 31 December 2018 Assets	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	39 222 238	-	39 222 238
- at amortised cost	-	39 549 397	-	39 549 397
Trade and other receivables (excluding prepayments and statutory receivables)	62 890 547	32 288 119	-	95 178 666
Cash and cash equivalents	60 826 365	-	-	60 826 365
Total assets	**123 716 912**	**111 059 754**	**-**	**234 776 666**
Liabilities				
Outstanding claims	1 792 351	10 346 858	14 625 782	26 764 991
Borrowings	4 012 079	4 138 115	16 461 567	24 611 761
Trade and other payables (excluding statutory liabilities)	88 739 814	-	-	88 739 814
Total liabilities	**94 544 244**	**14 484 973**	**31 087 349**	**140 116 566**
Liquidity gap	**29 172 668**	**96 574 781**	**(31 087 349)**	**94 660 100**
Cumulative liquidity gap	**29 172 668**	**125 747 449**	**94 660 100**	**-**

Liquidity gap analysis *(continued)*

Company

	INFLATION ADJUSTED			
As at 31 December 2019	**On demand to**	**3 months to 1**	**Greater than**	**Total contractual**
Assets	**3 months**	**year**	**1 year**	**cash flows**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Financial assets:				
- at fair value through profit or loss	-	4 670 364	-	4 670 364
- at amortised cost	-	46 864	-	46 864
- at fair value through other comprehensive income	-	-	12 690 366	12 690 366
Trade and other receivables (excluding prepayments and statutory receivables)	668 331	-	-	668 331
Cash and cash equivalents	567 929	-	-	567 929
Total assets	**1 236 260**	**4 717 228**	**12 690 366**	**18 643 854**
Liabilities				
Lease liabilities	51 796	466 160	485 997	1 003 953
Trade and other payables (excluding statutory liabilities)	12 170 872	-	-	12 170 872
Total liabilities	**12 222 668**	**466 160**	**485 997**	**13 174 825**
Liquidity gap	**(10 986 408)**	**4 251 069**	**12 204 369**	**5 469 030**
Cumulative liquidity gap	**(10 986 408)**	**(6 735 339)**	**5 469 030**	**-**
As at 31 December 2018				
Assets				
Financial assets:				
- at fair value through profit or loss	-	17 683 664	-	17 683 664
- at amortised cost	-	11 471 519	-	11 471 519
- at fair value through other comprehensive income	-	-	9 787 690	9 787 690
Trade and other receivables (excluding prepayments and statutory receivables)	8 175 975	-	-	8 175 975
Cash and cash equivalents	3 675 827	-	-	3 675 827
Total assets	**11 851 802**	**29 155 183**	**9 787 690**	**50 794 675**
Liabilities				
Trade and other payables (excluding statutory liabilities)	960 046	-	-	960 046
Total liabilities	**960 046**	**-**	**-**	**960 046**
Liquidity gap	**10 891 756**	**29 155 183**	**9 787 690**	**49 834 629**
Cumulative liquidity gap	**10 891 756**	**40 046 939**	**49 834 629**	**-**

Liquidity gap analysis *(continued)*

Group — **HISTORICAL COST**

As at 31 December 2019 Assets	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	24 276 610	-	24 276 610
- at amortised cost	-	30 871 601	-	30 871 601
- at fair value through other comprehensive income	-	-	78 046 090	78 046 090
Trade and other receivables (excluding prepayments and statutory receivables)	77 656 127	107 088 221	-	184 744 348
Cash and cash equivalents	91 440 449	-	-	91 440 449
Total assets	**169 096 576**	**162 236 432**	**78 046 090**	**409 379 098**
Liabilities				
Outstanding claims	5 338 654	10 409 972	20 116 725	35 865 351
Lease liabilities	183 597	1 580 987	3 606 570	5 371 154
Borrowings	1 561 701	1 476 531	11 416 651	14 454 883
Trade and other payables (excluding statutory liabilities)	186 175 756	-	-	186 175 756
Total liabilities	**193 259 708**	**13 467 490**	**35 139 946**	**241 867 144**
Liquidity gap	**(24 163 132)**	**148 768 942**	**42 906 144**	**167 511 954**
Cumulative liquidity gap	**(24 163 132)**	**124 605 811**	**167 511 954**	**-**

Liquidity gap analysis *(continued)*

Group — **HISTORICAL COST**

As at 31 December 2018 Assets	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	6 314 770	-	6 314 770
- at amortised cost	-	5 181 669	-	5 181 669
- at fair value through other comprehensive income	-	-	-	-
Trade and other receivables (excluding prepayments and statutory receivables)	5 141 319	5 308 143	380 918	10 830 380
Cash and cash equivalents	9 792 554	-	-	9 792 554
Total assets	**14 933 873**	**16 804 582**	**380 918**	**32 119 373**
Liabilities				
Outstanding claims	273 528	1 579 020	1 772 879	3 625 427
Borrowings	645 927	666 207	2 650 217	3 962 351
Trade and other payables (excluding statutory liabilities)	14 060 717	-	-	14 060 717
Total liabilities	**14 980 172**	**2 245 227**	**4 423 096**	**21 648 495**
Liquidity gap	**(46 299)**	**14 559 355**	**(4 042 178)**	**10 470 878**
Cumulative liquidity gap	**(46 299)**	**14 513 056**	**10 470 878**	**-**

Liquidity gap analysis *(continued)*

Company — **HISTORICAL COST**

As at 31 December 2019 Assets	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
- at fair value through profit or loss	-	4 670 364	-	4 670 364
- at amortised cost	-	46 864	-	46 864
- at fair value through other comprehensive income	-	-	12 690 366	12 690 366
Other receivables (excluding prepayments and statutory receivables)	668 331	-	-	668 331
Cash and cash equivalents	567 929	-	-	567 929
Total assets	**1 236 260**	**4 717 228**	**12 690 366**	**18 643 854**
Liabilities				
Lease liability	51 796	466 160	485 997	1 003 953
Trade and other payables (excluding statutory liabilities)	12 170 872	-	-	12 170 872
Total liabilities	**12 222 668**	**466 160**	**485 997**	**13 174 825**
Liquidity gap	**(10 986 408)**	**4 251 068**	**12 204 369**	**5 469 029**
Cumulative liquidity gap	**(10 986 408)**	**(6 735 340)**	**5 469 029**	**-**

Company — **HISTORICAL COST**

As at 31 December 2019 Assets	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	2 846 992	-	2 846 992
- at amortised cost	-	1 846 864	-	1 846 864
- at fair value through other comprehensive income	-	-	1 575 775	1 575 775
Other receivables (excluding prepayments and statutory receivables)	1 316 296	-	-	1 316 296
Cash and cash equivalents	591 792	-	-	591 792
Total assets	**1 908 088**	**4 693 856**	**1 575 775**	**8 177 719**
Liabilities				
Trade and other payables (excluding statutory liabilities)	6 971 101	-	-	6 971 101
Total liabilities	**6 971 101**	**-**	**-**	**6 971 101**
Liquidity gap	**(5 063 013)**	**4 693 856**	**1 575 775**	**1 206 618**
Cumulative liquidity gap	**(5 063 013)**	**(369 157)**	**1 206 618**	**-**

3.5 Investment risk

The Group's investment risk management system operates through a hierarchy of investment limit approvals. Investments in excess of the specified limits require the approval of the Group Finance and Investment Committee. In addition, the Group Finance and Investment Committee makes all decisions regarding property investments and unquoted company share transactions.

3.6 Fair value

The Group measures financial assets such as quoted and unquoted investments and non-financial assets such as investment property at fair value at 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:

- in the principal market for the asset or liability, or
- 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 to 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the 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.

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.

Determination of fair value and fair value hierarchy

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy.

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets and liabilities. The level includes listed equity securities traded on active markets.
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, directly (that is, as prices) or indirectly (that is derived from prices).
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Determination of fair value and fair value hierarchy *(continued)*

The following table shows an analysis of financial instruments recorded at fair value of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	ZWL	ZWL	ZWL	ZWL
As at 31 December 2019				
Financial assets at fair value through profit or loss	24 276 610	-	-	24 276 610
Financial assets at fair value through other comprehensive income	-	-	78 046 090	78 046 090
Total	**24 276 610**	**-**	**78 046 090**	**102 322 700**
As at 31 December 2018				
Financial assets at fair value through profit or loss	39 222 232	-	-	39 222 232
Financial assets at fair value through other comprehensive income	-	-	32 185 496	32 185 496
Total	**39 222 232**	**-**	**32 185 496**	**71 407 728**

Valuation technique for financial assets measured at fair value

Listed equity investments valuation

Level 1 is made up of the Group's investments in equity securities listed on the Zimbabwe Stock Exchange and the Zambian Stock Exchange.

Unlisted equity investments valuation

Valuation technique

Level 3 comprises the Group's investments in unlisted equities. The Group used the relative valuation technique to value unlisted equities. Under this model, various value indicators of publicly traded stocks are used as comparatives for companies in the same industry. The relative valuation approach considers discounted cash flow valuation too intricate to establish, arguing that medium and long-range earnings projections are too intricate to make accurately and that the discount rates used are subjective. Instead, various valuation parameters of publicly traded stocks such as price to book ratios ("PBV"), relative market capitalization can be used as comparatives for companies in the same industry. The PBV so obtained is then applied to the book value of equity to arrive at an implied value.

Valuation process

The Group engaged an independent consultant to assist management to determine the fair values of the unlisted equities at each reporting date. Management provides the independent consultant with prior periods' audited financials statements, approved future projected cash flows and other non financial strategic information and they perform the following:

- determine return on equity using the earnings and equity;
- normalise return on equity for forecast periods;
- calculate the predicted price/book value based on a regression model, by considering other publicly tradable reinsurance businesses within the region's PBV ratios.; and
-apply the regressed price to book ratio to the firm's equity to determine the price.

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

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value is an estimate of 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 following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

Group	2019 Carrying value ZWL	2019 Fair value ZWL	2018 Carrying value ZWL	2018 Fair value ZWL
Financial assets				
Financial assets at amortised cost	30 871 601	30 871 601	39 549 397	39 549 397
Trade and other receivables (excluding prepayments and statutory receivables)	178 646 856	178 646 856	112 001 688	112 001 688
Cash and cash equivalents	91 440 449	91 440 449	60 826 365	60 826 365
	300 958 906	300 958 906	212 377 450	212 377 450

Company	2019 Carrying value ZWL	2019 Fair value ZWL	2018 Carrying value ZWL	2018 Fair value ZWL
Financial assets				
Financial assets at armotised cost	46 864	46 864	11 471 519	11 471 519
Other receivables (excluding prepayments and statutory receivables)	668 331	668 331	8 175 975	8 175 975
Cash and cash equivalents	567 929	567 929	3 675 827	3 675 827
	1 283 124	1 283 124	23 323 321	23 323 321

The carrying amount of trade and other receivables and financial assets at amortised cost closely approximates its fair value as the instruments are short term in nature.

Group	2019 Carrying value ZWL	2019 Fair value ZWL	2018 Carrying value ZWL	2018 Fair value ZWL
Financial liabilities				
Short term insurance contract liabilities	123 566 461	123 566 461	88 079 667	88 079 667
Life reassurance contract liabilities	6 486 500	6 486 500	12 606 556	12 606 556
Borrowings	14 454 883	14 454 883	24 711 761	24 711 761
Lease liabilities	5 281 509	5 281 509	-	-
Trade and other payables (excluding provisions and statutory payables)	187 077 093	187 077 093	95 039 852	95 039 852
	336 866 446	336 866 446	220 437 836	220 437 836

Company	2019 Carrying value ZWL	2019 Fair value ZWL	2018 Carrying value ZWL	2018 Fair value ZWL
Financial liabilities				
Lease liabilities	1 108 599	1 108 599	-	-
Trade and other payables (excluding provisions and statutory payables)	13 072 210	13 072 210	48 854 399	48 854 399
	14 180 809	14 180 809	48 854 399	48 854 399

The carrying amounts of financial liabilities carried at amortised cost closely approximates their fair values.

The impact of discounting is not significant due to the market terms (rates and tenor) available.

4 CAPITAL MANAGEMENT POLICIES

The Group's capital comprises ordinary share capital, share premium, reserves and retained earnings. It is the Group's objective to retain a capital position that supports the development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. Where necessary, capital is redeployed to subsidiaries from the holding company.

The subsidiaries with minimum capital requirements imposed by their regulators were capitalised as follows:

	INFLATION ADJUSTED			
	2019		2018	
	Shareholders' equity	Minimum regulatory capital	Shareholders' equity	Minimum regulatory capital
Emeritus Reinsurance Zimbabwe (Private) Limited	240 576 108	112 500 000	313 817 685	7 500 000
Emeritus Reinsurance Zambia Limited**	14 339 103	23 821 961	10 077 023	1 632 746
Emeritus Reinsurance Company Limited Malawi	55 456 210	34 149 521	16 428 320	689 713
Emeritus Reseggurus SA Mozambique	27 499 453	26 431 066	8 889 193	1 116 397
Emeritus Reinsurance Company Limited Botswana	51 237 416	15 733 273	7 351 994	203 550
Credit Insurance Zimbabwe Limited	32 301 995	37 500 000	27 838 283	2 500 000
	HISTORICAL COST			
Emeritus Reinsurance Zimbabwe (Private) Limited	104 103 984	112 500 000	37 902 110	7 500 000
Emeritus Reinsurance Zambia Limited	14 339 103	23 821 961	1 622 262	1 632 746
Emeritus Reinsurance Company Limited Malawi	55 456 210	34 149 521	2 644 733	689 713
Emeritus Reseggurus SA Mozambique	27 499 453	26 431 066	1 431 038	1 116 397
Emeritus Reinsurance Company Limited Botswana	20 942 856	15 733 273	1 183 570	203 550
Credit Insurance Zimbabwe Limited	31 656 867	37 500 000	4 461 655	2 500 000

There were no changes, however the minimum capital requirements have increased significantly.

** The Group will inject more capital to ensure the company is adequately capitalised through a capital raise at holding company level

5 INSURANCE RISK MANAGEMENT

5.1 Definition of insurance risk

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

The insurance risks that the Group is exposed to that have the greatest impact on the financial position and comprehensive income are covered in more detail in section 5.8.

5.2 Ownership and accountability

The management and staff in all subsidiaries accepting insurance risk are responsible for the day-to-day identification monitoring and treatment of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through certain pre-defined escalation procedures.

Ownership and accountability (continued)

The Group's Internal Audit and Risk Department provides independent oversight on compliance with the Group's risk management policies and procedures and the effectiveness of the Group's insurance risk management processes.

The Risk Committee, in place, is responsible for managing all aspects of insurance risk.

This Committee reports directly or indirectly to board committees (Audit and Risk Management Committee)

The functions of the committee include:

- recommending insurance risk related policies to the Audit and Risk Management Committee for approval and ensure compliance therewith.
- ensuring that insurance risk is appropriately controlled by monitoring insurance risk triggers against agreed limits and/or procedures.
- gaining assurance that material insurance risks are being monitored and that the level of risk taken is in line with the risk appetite statement at all times.
- considering any new insurance risks introduced through new product development or strategic development and how these risks should be managed.
- monitoring, ratifying and/or escalating to Audit and Risk Management Committee and Reinsurance Board all material insurance risk-related breaches. Excesses highlighting the corrective action undertaken to resolve the issue.
- monitoring insurance risk capital requirements as they apply to the management of the Group and its subsidiaries' statements of financial position; and
- approving the reinsurance, underwriting and claim management strategies and oversee the implementation of those strategies.

The statutory actuaries provide oversight on the long-term insurance risks undertaken by the Group in that they are required to:

- report at least annually on the financial soundness of the reassurance division within the Group.
- oversee the setting of assumptions used to provide best estimate liabilities plus compulsory and discretionary margins (as described in the accounting policies) in accordance with the assumption setting policy; and
- report on the actuarial soundness of premium rates in use for new business and on the profitability of the business taking into consideration the reasonable benefit expectations of policyholders and the associated insurance and market risks.

5.3 Risk identification, assessment, measurement and management

Risk management takes place prior to the acceptance of risks through the product development , underwriting , pricing and claims assessment process and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

5.3.1 Risk management through product development, pricing and at the point of sale

The product development and pricing process defines the terms and conditions on which the Group is willing to accept risks. Once a policy has been sold, the Group takes on risk for the duration of the contract and the Group cannot unilaterally change the terms and conditions of the policy except where the policy allows for rate reviews. It is for these reasons that risks need to be carefully assessed and appropriately mitigated before a product is launched and before new policies are accepted onto the Group's statement of financial position. In order to manage these risks, new products need to comply with the Group's minimum risk acceptance criteria.

5.3.1 Risk management through product development, pricing and at the point of sale *(continued)*

The product development and approval process ensures that:

- risks inherent in new products are identified and quantified;
- sensitivity tests are performed to enhance understanding of the risks and appropriateness of mitigating actions;
- pricing is adequate for the risk undertaken;
- product design takes account of various factors including size and timing of fees and charges, appropriate levels of minimum premiums, commission structures and policy terms and conditions;
- the Group makes use of reinsurance or retrocession to reduce its exposures to some insurance risks;
- customer needs and expectations will be met by the product; and
- post implementation reviews are performed to ensure that intended outcomes are realised and to determine if any further action is required.

5.3.2 Risk management post-implementation of products and of in-force policies

The ongoing management of insurance risk, once the risk has been contracted, includes the management of costs, premium adjustments where permitted and appropriate, management strategies and training of cedants to encourage customers to retain their policies, and careful follow up on disability claims , default claim and early death claims.

Further, experience investigations are conducted at least annually on all significant insurance risks to ascertain the extent of deviations from assumptions and their financial impacts. If the investigations indicate that these deviations are likely to persist in future, the assumptions will be adjusted accordingly for the subsequent measurement of policyholder liabilities and assets. Furthermore, any deviations that are likely to persist are also used to inform the product development and pricing of new existing products.

Insurance risks are assessed and reviewed against the Group's risk appetite and risk target. Mitigating action are developed for any risks that fall outside of management's assessment of risk appetite in order to reduce the level of risk to within the approved tolerance limits.

Embedded value sensitivities for insurance risks are also prepared for internal use and reporting to analysts.

5.4 Reporting

Each relevant customer facing unit prepares monthly and quarterly reports that include information on insurance risk. The reports are presented to the relevant customer facing unit executive committees and relevant risk committees for review and discussion. Major insurance risks are incorporated into a report of the internal audit on the Group's overall risk which is submitted to the Group audit committee. Where it is deemed necessary, material insurance risk exposures are escalated to the board.

In respect of insurance risks, the reports contain the results of experience investigations conducted along with other indicators of actual experience. These reports also raise any issues identified and track the effectiveness of any mitigation plans put in place.

5.5 Policyholder behaviour risk

This is the risk of adverse financial impact caused by actual policyholders' behaviour deviating from expected policyholders' behaviour, mainly due to:

- regulatory and legislative changes (including taxation);
- changes in economic conditions;
- sales practices;
- competitor behaviour;
- policy conditions and practices; and
- policyholders' perceptions.

The primary policyholder behaviour risk is persistency risk. This generally arises when policyholders discontinue or reduce contributions, or terminate their policies at a rate that is not in line with expectations. This behaviour results in a loss of future premiums

5.5 Policyholder behaviour risk *(continued)*

that are designed to recoup expenses and commission incurred early in the life of the contract and to provide a profit margin or return on capital. A decrease in persistency generally gives rise to a loss, as the loss of these future charges generally exceeds the charges that the Group applies to the policyholder benefits in these events. However with certain products the general principle does not always apply.

In the measurement of policyholder liabilities and assets, margins as described in the accounting policies are added to the best estimate withdrawal rates. In addition, an allowance is made for the withdrawal risk in the Technical Capital Adequacy Requirement ("TCAR") and Oridnary Capital Adequacy Requirement ("OCAR") calculations, with the TCAR providing a capital requirement underpin of meeting the surrender benefits on all policies where this is onerous.

In the calculation of economic capital requirements, allowance is made for the following risks in respect of policyholder behaviour:
- The risk that the actual level of withdrawals is different from expected; and
- The risk of withdrawal catastrophe to capture a run-on-a-bank type of scenario.

5.6 Underwriting risks

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to uninsurable risks. Underwriting risks are the risks that future demographic or claims incidence experience will exceed the allowance for expected demographic or claims incidence experience, as determined through provisions, pricing, risk measures and value measures. Underwriting risks include, amongst others, mortality and morbidity risks, longevity risks and non-life (short-term insurance) risks.

5.6.1 Mortality and morbidity risk

Mortality risk is the risk of adverse financial impact due to actual mortality (death) claims being higher than anticipated.

Morbidity risk is the risk of adverse financial impact due to policyholder health related (disablement and dread disease) claims being higher than expected.

The Group has the following processes and procedures in place to manage mortality and morbidity risk.

(a) Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claims experience.

Prior to taking on individual risk policies, appropriate underwriting processes are conducted, such as medical tests, which influence pricing on the policy prior to acceptance.

The actual claims, experience or monitored on a monthly basis so that deteriorating experience can be timeously identified. Product pricing and the measurement of the liabilities are changed if the deteriorating experience is expected to continue and cannot be mitigated. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products.

Allowance for HIV related deaths is made in product pricing and in the measurement of policyholder liabilities and assets.

(b) Terms and conditions

The terms and conditions contain exclusions for non-standard and unpredictable risks that may result in severe financial loss (e.g. on life policies, a suicide exclusion applies to the sum assured for death within two years from the date of issue).

terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:
- for institutional risk business, the risk premiums are reviewable annually; and
- for non-Zimbabwean business, similar terms exist.

(c) Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed are in place.

All individual business applications for risk cover are underwritten except for some policies with smaller sums assured where specific allowance for no underwriting has been made in the product design and pricing. For other smaller sums assured, the underwriting process is largely automated. For individual and institutional business, larger sums assured in excess of specified limits are reviewed by experienced underwriters and evaluated against established processes. For institutional risk business, these specified limits are scheme specific based on the size of the scheme , membership, average age, gender distribution , industry and distribution of sums assured. Since applications on institutional business below the specified limits are not medically underwritten, very few lives are medically teste. However, the annually reviewable terms on institutional business enable premiums to keep pace with emerging claims experience.

Specific testing for HIV and other medicals is carried out based on the assessment of the risk.

Part of the underwriting process involves assessing the current health conditions and family medical history of applicants. Terms and conditions are varied accordingly.

Non-standard risk, such as hazardous pursuits and medical conditions, are assessed at underwriting stage.

Financial underwriting is used where necessary to determine insurable interest.

The non-life insurance risks are sensitive to certain assumptions. The table below shows the qualitative sensitivity of certain triggers related to insurance business:

Risk triggers	General effect on insurance market	Effect on the Group
1. Many cedants and competition in the domiciled market	Undercutting premium rates Underwriting bad business	Lower premiums, increase in claims ration, lower profits Increase in claims, increase in bad debts, lower profits
2. Weakening local currency	Underinsurance of cedants	Increase in claim ratios on partial claims, lower profit
3. Lack of foreign currency and strict exchange controls in local markets.	Inability to discharge external claims and retrocessions Substandard construction and risk management practices	Lower premiums and risk spread, increase in claims ration, lower profits Increased fire and engineering risk, increase in claims, lower profits
4. Weak risk practices of cedants and underlying clients	Having insurance as the only	Increase in claims, lower profit effective risk management item

(d) Claims management

For mortality, claims are validated against policy terms and conditions. Early claims within a period of 1 year for non-accidental claims are assessed for non-disclosure of material facts and investigations carried out to deter fraud.

For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions.

(e) Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the management support services and technical expertise offered to reinsurers.

The Group has a centralised reinsurance function that works closely with subsidiaries to optimise and monitor reinsurance at Group level to ensure consistent governance and execution of the Group's reinsurance strategy.

Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. The levels of reinsurance purchased for new business written in 2019 were broadly similar to those in the previous years. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historic reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable.

Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually.

Catastrophe reinsurance is consolidated across subsidiaries and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

5.7 Non-life reinsurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual payments made. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements. The Group purchases reinsurance as part of its risks transfer programme.

Reinsurance ceded is placed on both a proportional and non–proportional basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Risk management is very vital starting from pre-risk acceptance where some large risks or business perceived risky is surveyed and improvement recommendations passed before cover commences. Selected running risks are also surveyed for risk improvement and mitigating chances and severity of losses. Risk management is thus filtered into the whole underwriting process to manage the portfolio. Furthermore, firm claim management policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management.

Underwriting strategy

Concentration of insurance risk and policies mitigating the concentrations within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by class of business and geographical spread.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For The Year Ended 31 December 2019

Underwriting strategy *(continued)*

Types of contracts	
Fire:	provide indemnity for loss or damage to property caused by perils such as fire, lightning, explosion, earthquakes, floods and malicious damage.
Accident:	provide indemnity for third party bodily injury, property damage, professional indemnity, group personal accident and legal expenses.
Motor:	provide indemnity for loss or damage to the insured motor vehicle.
Engineering:	provide indemnity for losses sustained through use of machinery and equipment or erection of buildings or structures.
Marine:	provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.
Agriculture:	provide indemnity for loss of income or crop damage due to damage due hail, floods, pests and fire.
Aviation:	provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.

The concentration of insurance risk before and after reinsurance by territory arising from non-life insurance contracts accepted is summarised below:

31 December 2019:

		Fire	Engineering	Motor	Type of contract Accident	Marine	Agriculture	Aviation	Total
		ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Zimbabwe	Gross	57 420 917	9 261 929	41 575 553	35 498 938	2 216 649	6 615 467	243 055	152 832 508
	Net	46 330 342	7 921 358	39 776 128	28 573 598	1 970 698	6 615 467	243 055	131 430 646
	Earned	42 998 631	5 527 218	37 014 262	24 818 053	2 412 707	5 760 860	221 395	118 753 126
Zambia	Gross	16 867 545	4 873 021	5 308 048	14 960 554	528 589	4 106 062	284 709	46 928 528
	Net	7 203 668	4 594 606	5 017 958	9 853 304	457 428	937 284	263 062	28 327 310
	Earned	6 832 936	4 681 889	5 845 550	9 693 343	437 337	1 495 130	253 258	29 239 443
Malawi	Gross	50 111 184	9 570 013	17 479 358	49 078 094	2 141 881	6 496 066	177 119	135 053 715
	Net	24 006 471	6 603 595	17 367 706	23 772 632	1 057 999	3 723 014	78 064	76 609 481
	Earned	23 601 716	5 474 621	16 759 492	24 903 950	1 274 943	3 567 348	64 505	75 646 575
Mozambique	Gross	47 876 072	19 149 611	9 166 676	17 989 308	9 996 270	994 709	1 668 072	106 840 718
	Net	22 532 858	7 777 962	6 403 015	8 804 679	3 574 212	994 709	253 713	50 341 148
	Earned	21 794 776	7 770 223	7 447 726	9 291 666	3 652 571	936 765	283 783	51 177 510
Botswana	Gross	14 555 148	10 298 770	604 823	4 661 899	200 359	-	-	30 320 999
	Net	9 958 843	2 521 633	278 398	4 140 406	134 735	-	-	17 034 015
	Earned	9 059 277	2 425 680	242 415	3 984 481	122 740	-	-	15 834 593
Total	Gross	186 830 866	53 153 344	74 134 458	122 188 792	15 083 747	18 212 303	2 372 955	471 976 465
	Net	110 032 181	29 419 153	68 843 205	75 144 619	7 195 072	12 270 473	837 895	303 742 598
	Earned	104 287 335	25 879 632	67 309 445	72 691 493	7 900 298	11 760 103	822 940	290 651 246

Underwriting strategy *(continued)*

The concentration of insurance risk before and after reinsurance by territory arising from non-life insurance contracts accepted is summarised below:

31 December 2018:

		Fire ZWL	Engineering ZWL	Motor ZWL	Type of contract Accident ZWL	Marine ZWL	Agriculture ZWL	Aviation ZWL	Total ZWL
Zimbabwe	Gross	35 075 334	4 930 516	20 730 459	26 761 718	782 459	2 821 372	234 174	91 336 032
	Net	29 631 769	4 130 231	15 497 629	22 578 904	568 275	2 668 217	195 598	75 270 623
	Earned	23 592 954	3 336 775	15 898 365	20 816 959	576 712	1 903 356	244 389	66 369 510
Zambia	Gross	7 155 276	2 424 925	6 121 233	6 038 660	277 627	2 137 003	58 538	24 213 262
	Net	4 464 420	1 491 745	5 293 862	4 213 414	29 678	1 441 556	43 760	16 978 435
	Earned	4 084 961	1 348 511	5 318 376	4 106 972	228 357	1 145 062	48 990	16 281 229
Malawi	Gross	18 094 177	3 423 223	6 357 413	16 138 050	2 445 159	2 445 159	-	48 903 181
	Net	8 401 346	2 214 375	5 666 053	8 087 118	682 659	486 204	56 935	25 594 690
	Earned	9 097 688	2 003 996	6 169 190	6 071 623	497 115	358 452	72 682	24 270 746
Mozambique	Gross	21 684 535	2 329 188	6 425 197	2 308 906	1 641 242	13 350	734 319	35 136 737
	Net	6 019 148	442 505	4 763 225	2 308 906	841 993	52 866	195 244	14 623 887
	Earned	6 994 104	397 236	4 763 225	2 778 138	629 677	52 866	182 906	15 798 152
Botswana	Gross	13 877 246	1 128 695	181 311	3 940 994	118 577	134 405	-	19 381 228
	Net	9 530 505	287 155	80 663	2 421 098	29 581	134 405	-	12 483 407
	Earned	8 389 404	200 532	80 453	2 228 760	15 189	134 056	-	11 048 394
Total	Gross	95 886 569	14 236 547	39 815 613	55 188 327	5 265 063	7 551 289	1 027 031	218 970 439
	Net	58 047 188	8 566 012	31 301 432	39 609 439	2 152 185	4 783 249	491 538	144 951 043
	Earned	52 159 112	7 287 049	32 229 608	36 002 452	1 947 050	3 593 793	548 967	133 768 031

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

5.8 Sensitivities

The analysis below is performed for reasonably possible movements in the principal assumption (10% of net premium written) with all other variables held constant, showing the impact on the reported value, profit before income tax and equity of the movement in incurred but not reported ("IBNR") claims. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in the assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The IBNR development has been modelled from past experience. The impact on the profit and equity assumed a change in the actual development holding other variables constant.

5.8 Sensitivities *(continued)*

Assumption	Change in assumption %	Change in reported value ZWL	Profit before income tax ZWL	Change in equity ZWL
	INFLATION ADJUSTED			
December 2019				
Increase in IBNR	10%	1 840 006	(1 375 405)	(1 375 405)
Decrease in IBNR	-10%	(1 840 006)	1 375 405	1 375 405
December 2018				
Increase in IBNR	10%	1 746 587	(1 305 574)	(1 305 574)
Decrease in IBNR	-10%	(1 746 587)	1 305 574	1 305 574
	HISTORICAL COST			
December 2019				
Increase in IBNR	10%	1 839 492	(1 375 020)	(1 375 020)
Decrease in IBNR	-10%	(1 839 492)	1 839 492	1 839 492
December 2018				
Increase in IBNR	10%	19 162	(14 324)	(14 324)
Decrease in IBNR	-10%	(19 162)	14 324	14 324

Exposure relating to catastrophe events

The Group sets out the total aggregate exposure that it is prepared to accept in Zimbabwe and the region to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The Group's policies for mitigating catastrophe risk exposure include the use of both proportional and excess of loss treaty. In the event of major catastrophe the net retained loss is ZWL2 500 000 (2018 : ZWL100 000);which is made up of a gross loss of ZWL375 000 000 (2018: ZWL15 000 000) and retrocession of ZWL372 500 000 (2018: ZWL14 900 000). This is based on the Group's risk appetite as determined by the level of capital. The Group has a retrocession programme in place with various reinsurers to cushion it in the event of a catastrophe.

5.9 Claims development

The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales depending on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund the historical claims ("run off risk"). To manage run off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The reserves created over time proved to be sufficient to fund the actual claims paid. Further, the Group does not participate in any policies with unlimited liability. The Group is liable for all insured events in terms of the contract. All underlying policies have reporting conditions that restrict the timeline within which a claim should reasonably be made. Delays however sometimes occur between the time insurers process claims and recover from reinsurers. Reserves are maintained for this contingency and this forms part of the annual actuarial reviews to assess the adequacy of claim reserves.

5.9 Claims development *(continued)*

The majority of the Group's insurance contracts are classified as short term, meaning that any claim is settled within a year after the loss date.

In terms of IFRS 4, 'Insurance contracts', an insurer need only disclose claims run off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

The tables below indicate the claims development of the Group for the period of 5 years.

Claims development table

Paid claims

Accident year	2013	2014	2015	2016	2017	2018	2019	Total
At end of accident year	2 456 118	1 430 193	1 192 533	1 442 805	1 123 013	1 730 317	6 843 364	-
One year later	2 764 398	1 998 182	1 343 798	1 566 887	1 450 459	1 875 258	-	-
Two years later	3 010 320	2 032 701	1 366 027	1 578 009	2 877 984	-	-	-
Three years later	3 017 266	2 039 356	1 367 754	1 578 494	-	-	-	-
Four years later	3 020 978	2 043 565	1 370 059	-	-	-	-	-
Five years later	3 026 204	2 076 130	-	-	-	-	-	-
Six years later	3 026 204	-	-	-	-	-	-	-
Cumulative claims paid to date	**3 026 204**	**2 076 130**	**1 370 059**	**1 578 494**	**2 877 984**	**1 875 258**	**6 843 364**	**19 647 493**

Incurred claims

Accident year	2013	2014	2015	2016	2017	2018	2019	Total
At end of accident year	2 456 118	1 430 193	1 193 130	1 525 008	1 268 534	2 241 187	9 511 894	
One year later	2 764 398	1 998 182	1 344 395	1 649 089	1 695 569	2 391 048	-	-
Two years later	3 010 320	2 033 638	1 366 624	1 660 212	3 479 807	-	-	-
Three years later	3 017 266	2 040 293	1 368 351	1 660 697	-	-	-	-
Four years later	3 020 978	2 044 502	1 370 656	-	-	-	-	-
Five years later	3 026 551	2 077 067	-	-	-	-	-	-
Six years later	3 030 444	-	-	-	-	-	-	-
Estimate of cumulative claims incurred to date	**3 030 444**	**2 077 067**	**1 370 656**	**1 660 697**	**3 479 807**	**2 391 048**	**9 511 894**	**23 521 613**

5.9 Claims development table *(continued)*

Case estimates

Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
One year later	-	-	597	82 203	145 521	510 870	2 668 531	-
Two years later	-	-	597	82 203	245 110	515 790	-	-
Three years later	-	938	597	82 203	601 823	-	-	-
Four years later	-	938	597	82 203	-	-	-	-
Five years later	-	938	597	-	-	-	-	-
Six years later	347	938	-	-	-	-	-	-
Case estimates Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**

IBNR reserves

Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
One year later	810 803	650 111	351 365	443 920	687 554	455 647	-	-
Two years later	993 051	1 901 232	637 462	552 718	318 463	-	-	-
Three years later	1 205 047	1 321 469	688 248	49 750	-	-	-	-
Four years later	1 242 304	1 326 814	18 754	-	-	-	-	-
Five years later	1 242 304	45 855	-	-	-	-	-	-
Six years later	23 601	-	-	-	-	-	-	-
Cumulative payments to date	**3 026 204**	**2 076 130**	**1 370 059**	**1 578 494**	**2 877 984**	**1 875 258**	**6 843 364**	**19 647 493**
Cumulative incurred claims less payments to date	**4 240**	**938**	**597**	**82 203**	**601 823**	**515 790**	**2 668 531**	**3 874 122**

Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is no sufficient historical information.

The analysis is part of the periodic independent actuarial assessments. Therefore no additional work was done because of this and the insignificant contribution of individual life business to overall gross premium written.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of accounting estimates and judgements which, by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. The uncertainty about the judgements and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

6.1.1 Inflation indices and adjustments

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued pronouncement 01/2019, which advised that Zimbabwe has met conditions for application of IAS 29 for financial periods ending on or after 1 July 2019.

IAS 29 requires that the financial statements of the Group whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. The financial statements and the corresponding figures for the previous years have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index ("CPI") compiled by the Reserve Bank of Zimbabwe from the figures provided by the Zimbabwe National Statistics Agency.

6.1.2 Taxes

The Group is subject to taxes in Botswana, Malawi, Mozambique, Zambia and Zimbabwe. Significant judgement is required in determining the liabilities for taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred tax, the effective tax rate applicable on the temporary differences on investment property depends on the method by which the carrying amount of investment property will be realised. Management has rebutted the presumption that the investment property measured at fair value will be recovered through sale. Management has rebutted the presumption as the objective of its business model is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale. As a result the Group continues to apply the income tax rate of 24.72% (2018: 25.75%) for the purpose of recognising deferred tax for its investment property with the exception of land. The Group will recover the carrying amount of land recognised as investment property through sale and in that respect, the capital gains tax rate is used to determine deferred tax.

The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

6.1.3 Going concern

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

Coronavirus disease (Covid-19)

Introduction

Following the outbreak of the Coronavirus in China in December 2019 and its rapid spread across the world, the World Health Organisation ("WHO") declared it a global pandemic on 11 March 2020. The outbreak presented unprecedented health challenges and disruptions to economic activity which are expected to result in a global economic downturn in 2020. In response to the challenges, and in line with the WHO guidelines, the Government of Zimbabwe through Statutory Instrument ("SI") 76 of 2020, declared Covid-19 a national disaster.

Coronavirus disease (Covid-19)

Introduction *(continued)*

The Government has introduced a number of directives to mitigate the widespread transmission of the virus including a 21 day national lockdown with effect from 30 March 2020 which was further extended to 17 May 2020, with relaxed conditions for some sectors of the economy.

The Government also announced a ZWL18 billion fiscal relief package to support vulnerable businesses and individuals. The full economic costs of the lockdowns are still uncertain but the effects are clearly negative.

Response measures

In response to the outbreak of the pandemic and in compliance with various regional and domestic government directives on the control of the spread of Covid-19, Zimre Holdings Limited has introduced a raft of measures to protect its staff, clients and ultimately the general public. These measures include the recommended standards of hygiene, social distancing and working from home. To ensure business continuity Zimre Holdings Limited introduced the working from home programme which is buttressed by its robust Information Technology systems. Group operations are therefore conducted through digital platforms which has resulted in minimum disruption to business. Zimre Holdings Limited is also revisiting its business strategy to ensure survival in the face of looming economic recessions in most countries where it operates.

Impact assessment

Since Covid-19 is a novel virus, its impact on the Zimbabwean and regional economies where the Group operates, has not yet been fully assessed. Consequently, its implications on Zimre Holdings Limited operations cannot be estimated with any degree of accuracy. Below is a brief analysis of the Group's key areas of operation and a summary of the current and potential implications of Covid-19 on those operations and key aspects of the business.

Insurance and reinsurance

Insurance and reinsurance operations have not recorded any Covid-19 related claims as these are not covered in any of the existing insurance contracts. However, in the face of looming economic downturns and recessions, businesses are expected to go into financial distress more so for African economies where Governments have limited capacity to provide financial bailouts. By extension, the performance of the insurance businesses are expected to be negatively affected because of the derived nature of the demand for insurance. While funeral and health related classes of business will be directly affected, the Group has limited exposure to these classes. The short-term business also has marginal acceptances in marine, aviation and travel related insurance classes and hence the overall impact will be negligible.

Property

Although the lockdown period did not materially affect rental collections for the months of March and April 2020, collections are expected to decline to around 60% as the general economic situation deteriorates as a result of the pandemic. We do not expect any major increases in void levels post the lockdown period.

Liquidity

With regards to liquidity, the key drivers of the business are premium and rental collections, retrocession costs, claims and normal operating expenses. Potential liquidity gaps will be managed through stringent daily cashflow management controls, alignment of costs to revenues and fall back on hard currency denominated claims funds in more stable jurisdictions in which the Group operates. The geographical diversification of the Group's operations will also mitigate against potential risk as the impact and government responses to the virus are not the same across the region.

6.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

6.2.1 Insurance contract liabilities

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that are considered in the estimate of the liability that the Group will ultimately pay for such claims.

(i) Unearned premiums

Unearned premiums represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year. The Group raises a reserve for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium reserve is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. Most of the Group's insurance contracts have an even risk profile. Therefore, the unearned premiums are released evenly over the period of insurance using a time proportion basis. The unearned premiums are first determined on a gross level and thereafter the reinsurance impact is separately recognised based on the relevant reinsurance contract. Deferred acquisition costs and commission revenue is recognised on a basis that is consistent with the related reserve for unearned premiums. At each reporting date an assessment is made of whether the unearned premiums are adequate. A separate provision can be made, based on information available at the reporting date, for any estimated future underwriting losses relating to unexpired risks.

(ii) Outstanding claims

Outstanding claims represent the Group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date (net of salvage recoveries), but that have not yet been fully settled.

Claims provisions are determined based on previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for the specific circumstances, information available from the insured and/or loss adjuster, past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The Group employs personnel experienced in claims handling and rigorously applies standardised policies and procedures to claims assessment.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available. The provision for outstanding claims is initially estimated at a gross level. A separate calculation is performed to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred, under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

(iii) Claims incurred but not reported ("IBNR")

There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The IBNR liability relates to these events. In calculating the estimated cost of unpaid claims (both reported and not reported), the Group's estimation techniques are based on statistical methods including the basic chain-ladder. The basic chain-ladder method assumes that payments for an accident year will develop in the same way as claims have for prior years and an estimate based upon actual accident years claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

(iii) Claims incurred but not reported ("IBNR") *(continued)*

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 5 presents the development of the estimate of ultimate claim cost for claims notified in a given year. This gives an indication of the accuracy of the Group estimation technique for claims payments.

Insurance contract liabilities (policyholders' funds) and actuarial assumptions

The life policyholder funds, under un-matured policies, are computed at the reporting date by the independent actuaries, in accordance with prevailing legislation, guidelines issued by the Actuarial Society of South Africa ("SAP") 104. Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate.

6.2.2 Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the profit or loss The approach mostly used on commercial and industrial properties is the income approach. This method is the yield method which converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term void rate.

Valuation approach

For the Zimbabwean market, the valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence. Limited transaction evidence affects all properties whose fair values are arrived at based on comparable transactions obtained from the market. With regards to commercial and industrial properties, yields obtained from US$ transaction evidence were utilised.

In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and arrears currently applying to the individual properties in the portfolio. The achieved rentals for the property portfolio are generally in line, and in some instances, higher than the rental rates being achieved in the market.

Valuation approach *(continued)*

With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable low density residential suburbs. In analysing the comparable properties, the Main Space Equivalent ("MSE") principle was applied. The total MSE of the comparable was then used to determine the value per square meter of MSE. The objective is to arrive at a common basis of comparison.

After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties.

The yields have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded. Refer to note 10 for the carrying amount of investment property and the estimates and assumptions used to value investment property.

6.2.3 Useful lives and residual values of property and equipment

The Group assesses the useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. No changes to the useful lives and residual values have been considered necessary during the year. Refer to note 8 for the carrying amount of property, vehicles and computer equipment and accounting policy note 2.5 for the useful lives of property, vehicles and equipment.

6.2.4 Allowances for credit losses on financial assets measured at amortised cost

The Group assesses its financial assets at amortised cost for impairment on a monthly basis and recognises credit loss allowances using the expected credit loss model. Key assumptions applied in this calculation are the estimated debt recovery rates within the Group's debtors' book, as well as an estimation or view on current and future market conditions that could affect the debt recovery rates. Refer to note 16 for further details on the allowance and the carrying amount of trade and other receivables.

7 SEGMENT INFORMATION

Description of segments and principal activities

The Group's Executive Committee, consisting of the Group Chief Executive Officer, Group Finance Executive and Managing Directors of subsidiaries, examines the Group's performance both from a product and geographical perspective and has identified reportable segments of its business as detailed below.

Management evaluates segment performance based on operating profit/(loss) consistent with the consolidated financial statements.

Reinsurance

The segment offers short-term reinsurance products and services to general insurance companies locally, regionally and internationally. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of the policyholder's accident. Revenue in this segment is derived primarily from insurance premiums, investment income and fair value gains and losses on financial assets.

Life reassurance

The life reassurance segment offers its services to life assurance companies and medical aid societies locally and regionally. The products are savings, protection products and other long-term contracts (both with and without insurance risk and with and without discretionary participating features. It comprises a wide range of whole life, term assurance, unitised pensions, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from reassurance premium, fees and commission income, investment income and fair value gains and losses on investments.

General insurance

The segment offers short-term insurance products and services directly to policy holders locally. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of the policyholder's accident e.g. motor accident, domestic credit insurance, export credit. Revenue in this segment is derived primarily from insurance premiums, investment income and fair value gains and losses on financial assets.

Property

This segment is engaged in leasing, developing, managing, selling and buying properties. It also offers consultancy services related to property development. It derives its revenue primarily from rentals, sales of properties, investment income and estate agency.

Other and eliminations

This segment comprises the holding company, Stalap, Emeritus SA and consolidation eliminations.

7.1 Information about products and services

	INFLATION ADJUSTED					
2019	**Non-life reinsurance ZWL**	**Life reassurance ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Gross written premium	471 976 465	27 931 996	29 873 558	-	(33 273 967)	496 508 052
Retrocession premium	(168 233 866)	(6 554 011)	(21 736 456)	-	33 273 967	(163 250 366)
Net premium written	303 742 599	21 377 985	8 137 102	-	-	333 257 686
Change in unearned premium reserve	(13 091 354)	-	(635 381)	-	-	(13 726 735)
Net premium earned	**290 651 245**	**21 377 985**	**7 501 721**	**-**	**-**	**319 530 951**
Brokerage commission and fees	40 533 939	5 052 072	5 685 873	-	(10 091 004)	41 180 880
Total insurance income	**331 185 184**	**26 430 057**	**13 187 594**	**-**	**(10 091 004)**	**360 711 831**
Rental income from investment property and income from sale of inventory property	1 209 137	-	123 556	26 417 196	-	27 749 889
Investment income	8 726 237	627 588	218 094	636 924	655 448	10 864 291
Other losses	(17 260 118)	4 566 853	3 102 705	11 526 218	(17 344 000)	(15 408 342)
Total income	**323 860 440**	**31 624 498**	**16 631 949**	**38 580 338**	**(26 779 556)**	**383 917 670**
Claims and expenses	**(352 955 539)**	**(26 653 717)**	**(15 373 433)**	**(20 847 967)**	**(6 119 181)**	**(421 949 838)**
Insurance benefits and claims	(117 072 038)	(13 299 117)	(1 922 641)	-	-	(132 293 797)
Commission and acquisition expenses	(120 259 585)	(6 246 923)	(6 623 668)	-	10 091 004	(123 039 173)
Net property operating costs	-	-	-	(4 822 814)	-	(4 822 814)
Operating and administrative expenses	(115 623 916)	(7 107 676)	(6 827 124)	(16 025 153)	(16 210 185)	(161 794 054)
Operating (loss)/profit	**(29 095 099)**	**4 970 780**	**1 258 516**	**17 732 371**	**(32 898 737)**	**(38 032 168)**
Finance costs	(2 868 407)	-	-	(1 915 963)	(240 846)	(5 025 216)
Fair value adjustment on Investment properties	613 503	-	-	172 042 441	-	172 655 944
Share of profit of associates	-	-	-	-	4 544 261	4 544 261
Profit before income tax	**(31 350 003)**	**4 970 780**	**1 258 516**	**187 858 849**	**(28 595 322)**	**134 142 821**
Income tax expense	(2 388 117)	-	(3 888 631)	(20 493 744)	(1 254 296)	(28 024 788)
Total assets	**831 908 532**	**76 000 334**	**45 809 974**	**525 668 854**	**(382 969 283)**	**1 096 418 411**
Total liabilities	**328 939 787**	**11 304 187**	**13 458 265**	**38 021 458**	**(29 860 140)**	**361 863 557**

7.1 Information about products and services *(continued)*

2019	reinsurance ZWL	Non-life reassurance ZWL	Life insurance ZWL	General Property ZWL	Other and eliminations ZWL	Total ZW
			HISTORICAL COST			
Gross written premium	229 810 473	13 381 669	15 892 634	-	(16 120 931)	242 963 845
Retrocession premium	(80 463 474)	(4 574 542)	(12 299 010)	-	16 120 931	(81 216 095)
Net premium written	149 346 999	8 807 127	3 593 624	-	-	161 747 750
Change in unearned premium reserve	(7 096 686)	-	(280 606)	-	-	(7 377 291)
Net premium earned	**142 250 313**	**8 807 127**	**3 313 019**	**-**	**-**	**154 370 459**
Brokerage commission and fees	20 159 287	4 524 301	2 926 870	-	(3 854 243)	23 756 214
Total insurance income	**162 409 600**	**13 331 429**	**6 239 888**	**-**	**(3 854 243)**	**178 126 673**
Rental income from investment property and net income from sale of inventory property	526 620	-	42 075	12 736 435	-	13 305 128
Investment income	3 899 627	250 182	128 124	206 093	291 023	4 775 049
Other income	(4 789 761)	2 273 996	2 318 733	8 128 110	776 788	8 707 867
Total income	**162 046 086**	**15 855 606**	**8 728 820**	**21 070 638**	**(2 786 432)**	**204 914 717**
Claims and expenses	**(171 988 157)**	**(12 094 624)**	**(7 425 383)**	**(9 384 356)**	**(2 034 296)**	**(202 926 817)**
Insurance benefits and claims	(55 939 808)	(5 713 626)	(650 428)	-	-	(62 303 862)
Commission and acquisition expenses	(59 125 223)	(2 946 290)	(3 386 593)	-	3 854 244	(61 603 862)
Net property operating costs	-	-	-	(1 858 566)	-	(1 858 566)
Operating and administrative expenses	(56 923 126)	(3 434 708)	(3 388 362)	(7 525 790)	(5 888 541)	(77 160 528)
Operating (loss)/profit	**(9 942 072)**	**3 760 982**	**1 303 436**	**11 686 282**	**(4 820 729)**	**1 987 900**
Finance costs	(1 249 288)	-	-	-	(106 473)	(1 355 760)
Fair value adjustment on Investment property	267 201	-	-	433 036 901	-	433 304 102
Share of profit from associates	-	-	-	-	3 648 161	3 648 161
Profit before income tax	(11 559 861)	3 760 982	1 303 436	444 723 182	(643 337)	437 584 403
Income tax expense	8 246 708	290	(78 176)	(26 756 000)	10 672	(18 576 505)
Total assets	**672 833 519**	**25 755 144**	**44 750 024**	**503 209 083**	**(195 303 957)**	**1 051 243 813**
Total liabilities	**349 285 095**	**11 304 185**	**13 093 157**	**36 637 150**	**(65 879 076)**	**344 440 512**

7.1 Information about products and services *(continued)*

INFLATION ADJUSTED

2018	Non-life reinsurance ZWL	Life reassurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	Total ZWL
Gross written premium	218 970 439	29 245 380	22 756 718	-	(27 032 203)	243 940 334
Retrocession premium	(74 019 396)	(3 220 683)	(16 171 912)	-	27 032 203	(66 379 788)
Net premium written	144 951 043	26 024 697	6 584 805	-	-	177 560 546
Change in unearned premium reserve	(11 183 013)	-	1 769 924	-	-	(9 413 089)
Net premium earned	**133 768 030**	**26 024 697**	**8 354 729**	**-**	**-**	**168 147 457**
Brokerage commission and fees	18 402 038	752 806	4 414 351	-	(8 514 103)	15 055 091
Total insurance income	**152 170 068**	**26 777 503**	**12 769 080**	**-**	**(8 514 103)**	**183 202 548**
Rental income from investment property and net Income from sale of inventory property	375 462	-	221 882	19 651 852	-	20 249 196
Investment income	5 003 064	2 254 594	450 368	2 264 710	191 715	10 164 451
Other income	(10 389 700)	995 305	3 659 879	187 499	37 787 352	32 240 335
Total income	**147 158 894**	**30 027 403**	**17 101 210**	**22 104 061**	**29 464 963**	**245 856 531**
Claims and expenses	**(162 939 856)**	**(6 548 522)**	**(13 927 514)**	**(24 656 958)**	**(3 313 692)**	**(211 386 542)**
Insurance benefits and claims	(48 116 613)	9 508 183	(2 554 459)	-	-	(41 162 889)
Commission and acquisition expenses	(51 720 054)	(9 318 448)	(4 082 894)	-	8 514 103	(56 607 293)
Net property operating costs	-	-	-	(7 086 642)	-	(7 086 642)
Operating and administrative expenses	(63 103 189)	(6 738 257)	(7 290 161)	(17 570 316)	(11 827 795)	(106 529 718)
Operating (loss)/profit	**(15 780 962)**	**23 478 881**	**3 173 696**	**(2 552 897)**	**26 151 271**	**34 469 989**
Finance costs	(900 375)	-	-	(976 149)	-	(1 876 524)
Fair value adjustment on Investment property	266 678	-	-	(56 846 644)	-	(56 579 966)
Share of profit from associates	-	-	-	-	572 211	572 211
Profit before income tax	**(16 414 659)**	**23 478 881**	**3 173 696**	**(60 375 690)**	**26 723 482**	**(36 357 653)**
Income tax expense	(1 142 609)	-	(83 203)	2 144 625	(9 827)	908 986
Total assets	**474 620 241**	**93 134 500**	**48 251 601**	**343 103 919**	**(278 776 917)**	**680 333 344**
Total liabilities	**171 765 018**	**17 410 297**	**20 366 600**	**36 790 995**	**(9 453 550)**	**236 879 360**

7.1 Information about products and services *(continued)*

2018	Non-life reinsurance ZWL	Life reassurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	Total ZW
	HISTORICAL COST					
Gross written premium	28 306 261	4 060 146	3 231 765	-	(3 317 767)	32 280 406
Retrocession premium	(9 333 507)	(453 022)	(2 327 428)	-	3 317 767	(8 796 191)
Net premium written	18 972 755	3 607 124	904 337	-	-	23 484 215
Change in unearned premium reserve	(1 512 353)	-	251 287	-	-	(1 261 066)
Net premium earned	**17 460 401**	**3 607 124**	**1 155 624**	**-**	**-**	**22 223 149**
Brokerage commission and fees	2 325 322	105 922	626 903	-	(1 044 969)	2 013 178
Total insurance income	**19 785 723**	**3 713 046**	**1 782 527**	**-**	**(1 044 969)**	**24 236 327**
Rental income from investment property and income from sale of inventory property	46 082	-	30 570	2 913 177	-	2 989 829
Investment income	711 705	320 725	64 067	322 164	27 272	1 445 932
Other income	(1 344 655)	128 814	473 668	24 266	4 890 510	4 172 605
Total income	**19 198 855**	**4 162 585**	**2 350 832**	**3 259 607**	**3 872 814**	**32 844 693**
Claims and expenses	**(18 878 170)**	**(2 945 856)**	**(1 949 141)**	**(3 417 382)**	**(729 326)**	**(27 919 874)**
Insurance benefits and claims	(4 062 783)	(669 433)	(274 789)	-	-	(5 007 005)
Commission and acquisition expenses	(6 689 672)	(1 303 803)	(635 521)	-	1 044 969	(7 584 026)
Net property operating costs	-	-	-	(802 219)	-	(802 219)
Operating and administrative expenses	(8 125 715)	(972 620)	(1 038 831)	(2 615 163)	(1 774 295)	(14 526 624)
Operating (loss)/profit	**320 686**	**1 216 729**	**401 692**	**(157 775)**	**3 143 488**	**4 924 819**
Finance costs	(110 507)	-	-	-	-	(110 507)
Fair value adjustment on Investment property	32 730	-	-	(902 254)	-	(869 524)
Share of profit from associates	-	-	-	-	48 463	48 463
Profit before income tax	**247 909**	**1 216 729**	**401 692**	**(1 060 029)**	**3 191 951**	**6 118 310**
Income tax expense	(119 551)	(332)	(9 691)	(230 631)	(83 402)	(443 607)
Total assets	**71 917 702**	**13 492 667**	**6 072 313**	**54 484 782**	**(36 060 700)**	**109 906 764**
Total liabilities	**27 134 451**	**2 802 980**	**1 610 660**	**5 880 031**	**(1 626 326)**	**35 801 796**

7.2 Geographical information

Information below shows operating results in the countries in which the Group operates

	INFLATION ADJUSTED						
2019	Botswana ZWL	Malawi ZWL	Mozambique ZWL	Zambia ZWL	Zimbabwe ZWL	Eliminations ZWL	Total ZWL
Gross premium	30 320 998	135 053 715	106 840 717	46 928 528	210 638 062	(33 273 967)	496 508 052
Retrocession premium	(13 286 983)	(58 444 235)	(56 499 570)	(18 601 217)	(49 692 328)	33 273 967	(163 250 366)
Net premium written	17 034 015	76 609 480	50 341 147	28 327 310	160 945 734	-	333 257 686
Change in unearned premium provision	(1 199 422)	(962 906)	836 363	912 132	(13 312 902)	-	(13 726 735)
Net premium earned	**15 834 593**	**75 646 574**	**51 177 510**	**29 239 442**	**147 632 832**	**-**	**319 530 951**
Brokerage fees and commission	4 564 790	10 327 930	15 578 332	5 555 755	15 245 076	(10 091 003)	41 180 880
Total insurance revenue	**20 399 383**	**85 974 504**	**66 755 842**	**34 795 198**	**162 877 908**	**(10 091 003)**	**360 711 831**
Rental revenue and net income from sale of inventory property	-	678 407	530 730	-	26 540 752	-	27 749 889
Investment income	498 551	1 888 513	2 357 752	2 489 974	3 482 548	146 951	10 864 291
Other income	665 434	814 042	11 510 333	2 443 375	(31 206 897)	365 371	(15 408 342)
Total income	**21 563 368**	**89 355 467**	**81 154 657**	**39 728 547**	**161 694 312**	**(9 578 681)**	**383 917 670**
Total claims and expenses	**(19 446 317)**	**(82 846 647)**	**(74 176 196)**	**(51 514 112)**	**(186 872 860)**	**(7 093 706)**	**(421 949 838)**
Net benefits and claims	(5 513 849)	(24 659 990)	(17 188 466)	(14 672 050)	(70 259 442)	-	(132 293 797)
Commission and acquisition expenses	(8 440 779)	(27 037 481)	(27 343 970)	(15 184 302)	(55 123 645)	10 091 003	(123 039 173)
Net property operating costs	-	-	-	-	**(4 822 814)**	-	**(4 822 814)**
Operating and administrative expenses	(5 491 688)	(31 149 176)	(29 643 760)	(21 657 760)	(56 666 959)	(17 184 709)	(161 794 054)
Operating profit/ (loss)	**2 117 051**	**6 508 820**	**6 978 461**	**(11 785 565)**	**(25 178 548)**	**(16 672 387)**	**(38 032 168)**

7.2 Geographical information *(continued)*

Information below shows operating results in the countries in which the Group operates

	HISTORICAL COST						
2019	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Gross written premium	30 313 465	58 820 423	46 532 715	20 438 948	102 979 225	(16 120 931)	242 963 845
Retrocession premium	(13 283 682)	(25 454 425)	(24 607 458)	(8 101 454)	(25 890 008)	16 120 931	(81 216 095)
Net premium written	17 029 783	33 365 998	21 925 258	12 337 494	77 089 218	-	161 747 750
Change in unearned premium provision	(1 199 124)	(419 378)	364 264	397 264	(6 520 318)	-	(7 377 291)
Net premium earned	**15 830 659**	**32 946 620**	**22 289 522**	**12 734 758**	**70 568 900**	**-**	**154 370 459**
Brokerage fees and commission	4 563 656	4 498 160	6 784 886	2 419 718	9 344 038	(3 854 244)	23 756 214
Total insurance income	**20 394 315**	**37 444 780**	**29 074 408**	**15 154 476**	**79 912 938**	**(3 854 244)**	**178 126 673**
Rental revenue and net income from sale of inventory property	-	295 469	231 151	-	12 778 509	-	13 305 128
Investment income	498 427	822 511	1 026 880	1 084 467	1 195 848	146 915	4 775 049
Other income	(118 019)	354 543	5 013 136	1 064 172	2 688 968	(294 932)	8 707 867
Total revenue	**20 774 723**	**38 917 303**	**35 345 575**	**17 303 115**	**96 576 262**	**(4 002 261)**	**204 914 717**
Total claims and expenses	**(19 441 486)**	**(36 082 493)**	**(32 306 221)**	**(22 436 124)**	**(89 603 366)**	**(3 057 127)**	**(202 926 817)**
Net benefits and claims	(5 512 480)	(10 740 253)	(7 486 154)	(6 390 170)	(32 174 806)	-	(62 303 862)
Commission and acquisition expenses	(8 438 682)	(11 775 730)	(11 909 216)	(6 613 273)	(26 721 206)	3 854 244	(61 603 862)
Net property operating costs	-	-	-	-	(1 858 566)	-	(1 858 566)
Operating and administrative expenses	(5 490 324)	(13 566 511)	(12 910 852)	(9 432 681)	(28 848 788)	(6 911 372)	(77 160 528)
Operating profit/ (loss)	**1 333 237**	**2 834 810**	**3 039 354**	**(5 133 009)**	**6 972 896**	**(7 059 388)**	**1 987 900**

7.2 Geographical information *(continued)*

Information below shows operating results in the countries in which the Group operates

				INFLATION ADJUSTED				
2018	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**South Africa ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Gross written premium	19 381 227	48 903 180	35 136 737	-	24 213 262	143 338 131	(27 032 203)	243 940 334
Retrocession premium	(6 897 821)	(23 308 489)	(20 512 850)	-	(7 234 826)	(35 458 005)	27 032 203	(66 379 788)
Net premium written	12 483 407	25 594 691	14 623 887	-	16 978 435	107 880 126	-	177 560 546
Change in unearned premium provision	(1 435 012)	(1 323 946)	1 174 266	-	(697 207)	(7 131 190)	-	(9 413 089)
Net premium earned	**11 048 395**	**24 270 745**	**15 798 153**	**-**	**16 281 228**	**100 748 936**	**-**	**168 147 457**
Brokerage fees and commission	2 231 613	2 874 738	6 521 694	-	2 436 573	9 504 576	(8 514 103)	15 055 091
Total insurance income carried forward	**13 280 008**	**27 145 483**	**22 319 847**	**-**	**18 717 801**	**110 253 512**	**(8 514 103)**	**183 202 548**
Rental revenue and net income from sale of inventory property	-	245 894	129 568	-	-	19 873 734	-	20 249 196
Investment income	(25 992)	493 576	859 144	55 366	730 114	10 564 316	(2 512 073)	10 164 451
Other income	263 485	703 294	1 304 919	-	1 522 979	27 051 822	1 393 836	32 240 335
Total revenue	**13 517 501**	**28 588 248**	**24 613 477**	**55 366**	**20 970 895**	**167 743 385**	**(9 632 341)**	**245 856 531**
Total claims and expenses	**(13 014 587)**	**(27 382 727)**	**(29 275 653)**	**(2 346 269)**	**(23 755 632)**	**(112 549 037)**	**(3 062 637)**	**(211 386 542)**
Net benefits and claims	(3 248 320)	(9 014 020)	(5 673 857)	-	(7 866 966)	(15 359 726)	-	(41 162 889)
Commission and acquisition expenses	(5 285 255)	(8 347 131)	(9 221 143)	-	(7 269 103)	(34 998 763)	8 514 102	(56 607 293)
Net Property Operating costs	-	-	-	-	-	(7 086 642)	-	(7 086 642)
Operating and administrative expenses	(4 481 011)	(10 021 576)	(14 380 653)	(2 346 269)	(8 619 563)	(55 103 906)	(11 576 740)	(106 529 718)
Operating profit/(loss)	**502 914**	**1 205 520**	**(4 662 175)**	**(2 290 904)**	**(2 784 737)**	**55 194 348**	**(12 694 978)**	**34 469 989**

7.2 Geographical information *(continued)*

Information below shows operating results in the countries in which the Group operates

				HISTORICAL COST				
	Botswana	Malawi	Mozambique	South Africa	Zambia	Zimbabwe	Eliminations	Total
2018	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross premium	2 378 733	6 002 076	4 312 468	-	2 971 787	19 933 109	(3 317 767)	32 280 406
Retrocession premium	(846 596)	(2 860 741)	(2 517 621)	-	(887 958)	(5 001 041)	3 317 767	(8 796 191)
Net premium written	1 532 137	3 141 335	1 794 846	-	2 083 829	14 932 068	-	23 484 215
Change in unearned premium provision	(176 125)	(162 493)	144 122	-	(85 571)	(981 000)	-	(1 261 066)
Net premium earned	1 356 012	2 978 842	1 938 968	-	1 998 258	13 951 068	-	22 223 149
Brokerage fees and commission	273 894	352 828	800 433	-	299 050	1 331 942	(1 044 969)	2 013 178
Total insurance revenue	1 629 907	3 331 670	2 739 401	-	2 297 308	15 283 010	(1 044 969)	24 236 327
Rental revenue and net income from sale of inventory property	-	30 180	15 902	-	-	2 943 747	-	2 989 829
Investment income	(3 698)	70 211	122 216	7 876	103 862	1 502 814	(357 352)	1 445 932
Other income	34 101	91 022	168 885	-	197 107	3 501 098	180 393	4 172 605
Total income	**1 660 310**	**3 523 084**	**3 046 405**	**7 876**	**2 598 277**	**23 230 669**	**(1 221 928)**	**32 844 693**
Total claims and expenses	**(1 597 331)**	**(3 360 789)**	**(3 593 114)**	**(287 967)**	**(2 915 621)**	**(17 658 519)**	**1 493 466**	**(27 919 874)**
Net benefits and claims	(398 679)	(1 106 326)	(696 374)	-	(965 543)	(4 028 948)	2 188 865	(5 007 005)
Commission and acquisition expenses	(648 680)	(1 024 476)	(1 131 747)	-	(892 165)	(4 931 928)	1 044 969	(7 584 026)
Net property operating costs	-	-	-	-	-	(802 219)	-	(802 219)
Operating and administrative expenses	(549 972)	(1 229 987)	(1 764 993)	(287 967)	(1 057 912)	(7 895 424)	(1 740 368)	(14 526 624)
Operating profit/(loss)	**62 979**	**162 296**	**(546 709)**	**(280 091)**	**(317 344)**	**6 374 369**	**(530 681)**	**4 924 820**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For The Year Ended 31 December 2019

	INFLATION ADJUSTED				
8 PROPERTY AND EQUIPMENT GROUP	**Freehold land and buildings ZWL**	**Motor vehicles ZWL**	**Equipment and computers ZWL**	**Furniture and fittings ZWL**	**Total ZWL**
Year ended 31 December 2018					
Cost or valuation					
As at 1 January 2018	16 943 015	5 941 109	6 737 337	3 309 407	32 930 868
Additions	5 545 388	1 667 386	1 140 524	3 026 306	11 379 603
Revaluation surplus	691 920	-	-	-	691 920
Disposals	-	(1 130 981)	(1 102 556)	(839 056)	(3 072 593)
Foreign exchange movements	4 151 805	2 989 240	413 009	(191 057)	7 362 997
As at 31 December 2018	27 332 128	9 466 754	7 188 314	5 305 600	49 292 796
Accumulated depreciation and impairment					
As at 1 January 2018	(2 186 285)	(2 023 928)	(4 603 102)	(1 653 365)	(10 466 680)
Depreciation	(767 029)	(1 241 125)	(769 907)	(418 805)	(3 196 866)
Disposals	83 580	881 040	1 266 712	756 504	2 987 836
Impairment	-	-	(2 891)	-	(2 891)
Foreign exchange movements	(798 413)	(1 727 495)	(546 215)	383 236	(2 688 887)
As at 31 December 2018	(3 668 147)	(4 111 508)	(4 655 403)	(932 430)	(13 367 488)
	23 663 981	**5 355 246**	**2 532 911**	**4 373 170**	**35 925 308**
Net book amount					
As at 31 December 2018					
Cost	27 332 128	9 466 754	7 188 314	5 305 600	49 292 796
Accumulated depreciation	(3 668 147)	(4 111 508)	(4 655 403)	(932 430)	(13 367 488)
	23 663 981	**5 355 246**	**2 532 911**	**4 373 170**	**35 925 308**
Year ended 31 December 2019					
Cost or valuation					
As at 1 January 2019	27 332 128	9 466 754	7 188 314	5 305 600	49 292 796
Additions	2 321 340	2 282 547	3 334 182	1 034 263	8 972 332
Revaluation surplus	23 306 988	-	-	-	23 306 988
Disposals	(1 920 884)	(219 133)	(286 164)	(71 472)	(2 497 653)
Foreign exchange movements	17 291 752	6 782 309	1 933 046	956 027	26 963 134
As at 31 December 2019	68 331 324	18 312 477	12 169 378	7 224 418	106 037 597
Accumulated depreciation and impairment					
As at 1 January 2019	(3 668 146)	(4 111 508)	(4 655 402)	(932 432)	(13 367 488)
Depreciation	(2 152 890)	(3 034 250)	(1 703 236)	(1 234 646)	(8 125 022)
Disposals	182 351	288 569	224 912	46 644	742 476
Foreign exchange movements	1 413 095	(3 083 796)	(1 318 619)	(452 593)	(3 441 913)
As at 31 December 2019	(4 225 590)	(9 940 985)	(7 452 345)	(2 573 027)	(24 191 947)
	64 105 734	**8 371 492**	**4 717 033**	**4 651 391**	**81 845 650**
Net book amount					
As at 31 December 2019					
Cost	68 331 324	18 312 477	12 169 378	7 224 418	106 037 597
Accumulated depreciation	(4 225 590)	(9 940 985)	(7 452 345)	(2 573 027)	(24 191 947)
	64 105 734	8 371 492	4 717 033	4 651 391	81 845 650

Property and equipment are free from encumbrances.

HISTORICAL COST

8 PROPERTY AND EQUIPMENT *(continued)*	Freehold land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
Year ended 31 December 2018					
Cost or valuation					
As at 1 January 2018	3 342 050	1 374 323	757 949	385 128	5 859 450
Additions	907 907	267 418	168 525	407 747	1 751 597
Revaluation surplus	116 922	-	-	-	116 922
Disposals	-	(180 689)	(158 415)	(123 990)	(463 094)
Foreign exchange movements	(210 685)	(58 137)	(1 520)	74 392	(195 950)
As at 31 December 2018	4 156 194	1 402 915	766 539	743 277	7 068 925
Accumulated depreciation and impairment					
As at 1 January 2018	(357 599)	(624 724)	(552 810)	(246 934)	(1 782 067)
Depreciation	(96 761)	(154 187)	(95 544)	(55 781)	(402 273)
Disposals	10 258	124 857	130 986	114 430	380 531
Impairment	-	-	(2 889)	-	(2 889)
Foreign exchange movements	79 670	26 150	(6 184)	(81 876)	17 760
As at 31 December 2018	(364 432)	(627 904)	(526 441)	(270 161)	(1 788 938)
	3 791 762	**775 011**	**240 098**	**473 116**	**5 279 987**
Net book amount					
As at 31 December 2018					
Cost	4 156 194	1 402 915	766 539	743 277	7 068 925
Accumulated depreciation	(364 432)	(627 904)	(526 441)	(270 161)	(1 788 938)
	3 791 762	**775 011**	**240 098**	**473 116**	**5 279 987**
Year ended 31 December 2019					
Cost or valuation					
As at 1 January 2019	4 156 194	1 402 915	766 539	743 277	7 068 925
Additions	946 792	848 384	1 633 639	842 261	4 271 076
Revaluation surplus	33 785 861	-	-	-	33 785 861
Disposals	(1 920 884)	(219 133)	(284 872)	(56 471)	(2 481 360)
Foreign exchange movements	26 567 217	10 315 415	2 909 394	1 424 691	41 216 717
As at 31 December 2019	63 535 180	12 347 581	5 024 700	2 953 758	83 861 219
Accumulated depreciation and impairment					
As at 1 January 2019	(364 432)	(627 904)	(526 441)	(270 161)	(1 788 938)
Depreciation	(616 383)	(1 132 254)	(383 293)	(242 922)	(2 374 852)
Disposals	116 916	185 019	24 675	20 675	347 285
Foreign exchange movements	120 638	(5 704 997)	(2 122 441)	(749 550)	(8 456 350)
As at 31 December 2019	(743 261)	(7 280 136)	(3 007 500)	(1 241 958)	(12 272 855)
	62 791 919	**5 067 445**	**2 017 200**	**1 711 800**	**71 588 364**
Net book amount					
As at 31 December 2019					
Cost	63 535 180	12 347 581	5 024 700	2 953 758	83 861 219
Accumulated depreciation	(743 261)	(7 280 136)	(3 007 500)	(1 241 958)	(12 272 855)
	62 791 919	**5 067 445**	**2 017 200**	**1 711 800**	**71 588 364**

Property and equipment are free from encumbrances.

8 PROPERTY AND EQUIPMENT *(continued)*

Company	INFLATION ADJUSTED 2019 ZWL Furniture and fittings	INFLATION ADJUSTED 2018 ZWL Furniture and fittings	HISTORICAL COST 2019 ZWL Furniture and fittings	HISTORICAL COST 2018 ZWL Furniture and fittings
Opening net book amount	1 887 706	2 889	255 285	391
Additions	-	2 059 318	-	278 493
Impairment	-	(2 889)	-	(391)
Depreciation	(686 439)	(171 612)	(92 831)	(23 208)
Closing net book amount	1 201 267	1 887 706	162 454	255 285
Cost	2 059 318	2 059 318	278 493	278 493
Accumulated depreciation	(858 051)	(171 612)	(116 039)	(23 208)
Net book amount	**1 201 267**	**1 887 706**	**162 454**	**255 285**

All property and equipment are classified as non-current assets.

Fair value hierarchy

The following table shows an analysis of the fair values of land and buildings recognised in the statement of financial position by level of the fair value hierarchy:

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL	Total gain in the period in other comprehensive income ZWL
31 December 2018					
Freehold land and buildings	-	-	23 663 982	23 663 982	691 920
31 December 2019					
Freehold land and buildings	-	-	64 105 734	64 105 734	23 306 988

Carrying amounts that would have been recognised if land and buildings were stated at cost are as follows:

Group	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL 2019 ZWL	HISTORICAL 2018 ZWL
Cost	8 883 072	3 553 177	2 982 018	1 815 619
Accumulated depreciation	(1 154 799)	(461 913)	(387 662)	(236 031)
Carrying amount	**7 728 273**	**3 091 264**	**2 594 356**	**1 579 589**

8 PROPERTY AND EQUIPMENT *(continued)*

Valuation techniques used to derive level 3 fair values

The table below presents the following for land and buildings:

- 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, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD offices and land - owner occupied	64 105 734	Market comparable	Rate per square metre (ZWL)	108 - 149
Class of property	**Fair value 31 December 2018 ZWL**	**Valuation technique**	**Key unobservable inputs**	**Range (weighted average)**
CBD offices and land - owner occupied	23 663 982	Market comparable	Rate per square metre (ZWL)	31 - 75

The market value was determined by reference to observable prices in an open market. Under the market comparable method, 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).

9 LEASES

This note provides information for leases where the Group is a lessee

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP
		1 January *		1 January *
	2019	2019	2019	2019
(i) Amounts recognised in the statement of financial position				
The statement of financial position shows the following amounts relating to leases.				
Right-of-use assets				
Buildings - office space	9 987 870	2 877 556	4 420 507	494 963
Lease liabilities				
Non-current	1 887 050	2 054 035	1 887 050	330 671
Current	3 394 459	1 043 593	3 394 459	168 004
	5 281 509	3 097 628	5 281 509	498 675
(ii) Amounts recognised in the statement of profit or loss				
The statement of profit or loss shows the following amounts relating to leases:				
Depreciation charge of right-of-use assets				
Buildings - office space	(2 142 865)	-	(772 721)	-
Interest expense (included in finance cost)	(909 278)	-	(397 597)	-
Lease commitments - Group as lessee				
Future minimum rentals payable under the non-cancellable operating lease as at 31 December 2019 are as follows:				
Maturity analysis - contractual undiscounted cash flows				
Less than one year	1 764 584	1 624 132	1 764 584	707 364
One to five years	3 606 570	32 188 458	3 606 570	5 182 200

The Group has tested its right-of-use assets for impairment and has concluded that there is no indication that the right-of-use assets are impaired.

No amounts were included in administrative expenses for low value or short-term leases and variable lease payments not included in lease liabilities.

The total cash outflow for leases in 2019 was ZWL1 624 132 being principal payments of ZWL1 041 231 and interest payments of ZWL582 901.

9 LEASES *(continued)*

	INFLATION ADJUSTED		HISTORICAL COST	
	Company	Company	Company	Company
Company		1 January *		1 January *
This note provides information for leases where the company is lessee.	2019	2019	2019	2019
(i) Amounts recognised in the statement of financial position				
The statement of financial position shows the following amounts relating to leases.				
Right-of-use assets				
Buildings - office space	6 635 678	1 216 447	1 068 315	195 831
Lease liabilities				
Non-current	323 138	694 062	323 138	111 734
Current	785 461	545 447	785 461	87 810
	1 108 599	1 239 509	1 108 599	199 544
(ii) Amounts recognised in the statement of profit or loss				
The statement of profit or loss shows the following amounts relating to leases.				
Depreciation charge of right-of-use assets				
Buildings - office space	(1 633 057)	-	(262 915)	-
Interest expense (Included in finance cost)	**(240 846)**	-	**(106 473)**	-
Lease commitments - Group as lessee				
Future minimum rentals payable under the non-cancellable operating lease as at 31 December 2019 are as follows:				
Maturity analysis - contractual undiscounted cash flows				
Less than one year	621 546	463 513	621 546	226 343
One to five years	485 997	6 879 344	485 997	1 107 544

The Company has tested its right of use assets for impairment and has concluded that there is no indication that the right of use assets are impaired.

No amounts were included in administrative expenses for low value or short term leases and variable lease payments not included in lease liabilities.

The total cash outflow for leases in 2019 was ZWL704 359 being principal payments of ZWL463 513 and interest payments of ZWL240 846.

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under IAS 17, 'Leases'. The assets were presented in property, plant and equipment. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, refer to note 2.28.

9 LEASES *(continued)*

The Group's leasing activities and how these are accounted for

The Group leases office space. Rental contracts are typically made for varying fixed periods ranging 5 to 10 years For leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Until the 2018 financial year, leases of property, were classified as either finance leases or operating leases, see notes 2.29 and 2.31 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option. IFRS16(18) IFRS16(26)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and
- makes adjustments specific to the lease, e.g. term, country, currency and security. IFRS16(38)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs.

The Group carries right-of-use assets at cost. Refer to note 2.29 and 2.31.

The Group had no low value or short-term leases as at reporting date.

10 INVESTMENT PROPERTIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
As at 1 January	285 776 307	280 018 692	46 008 667	37 784 845
Improvements, acquisition, development and capitalised borrowing costs	37 838 443	77 517 105	11 203 014	10 893 181
Improvements to existing properties	1 675 188	16 869 306	634 483	2 715 854
Acquisition and development	36 163 255	60 647 799	9 823 877	8 061 443
Capitalised borrowing costs	-	-	744 654	115 884
Disposals	-	(12 804 992)	-	(1 742 500)
Fair value gain/(loss) recognised in profit or loss	172 655 944	(56 579 966)	433 304 102	(869 524)
Exchange rate movement on foreign operations	11 299 446	(2 374 532)	17 054 357	(57 335)
As at 31 December	**507 570 140**	**285 776 307**	**507 570 140**	**46 008 667**

All investment properties are classified as non-current assets.

Investment properties with a total carrying amount of ZWL64.7 million (2018: ZWL88.2 million) were encumbered as at 31 December 2019.

10.1 Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments are based on agreed rentals from periodic rent reviews that are carried out. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees and sureties for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Within 3 months	3 235 115	4 558 369	593 458	517 878
3 to 6 months	4 036 912	4 791 458	959 730	544 026
6 to 12 months	8 805 588	8 723 760	6 044 212	1 130 805
1 to 5 years	329 414 958	314 319 839	329 414 958	314 319 839
	345 492 573	332 393 426	337 012 358	316 512 548

10.2 Valuation of investment properties

Investment properties are stated at fair value, which is determined based on valuations performed by accredited independent property valuers, as at 31 December 2019. In Zimbabwe, properties were valued by Knight Frank Zimbabwe, an industry specialist in valuing these types of investment properties. In Malawi and Mozambique the valuations were performed by SMN Property Professionals and Zambujo and Associados Consultores respectively. The fair values of the property have been determined using the income approach for developed commercial and industrial properties, and the market approach for residential properties and undeveloped land. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

10.2 Valuation of investment properties

The table below shows the geographical distribution of investment properties held by the Group:

Country in which property is situated	Class of property	Valuation technique	Carrying amount ZWL 2019	Carrying amount ZWL 2018
Zimbabwe	CBD offices,retail,residential and land	Income capitalisation and market comparable	489 210 800	279 329 916
Malawi	Residential property	Market comparable	11 383 173	3 531 291
Mozambique	Residential property	Market comparable	6 976 167	2 915 100
			507 570 140	**285 776 307**

Valuation process

The market value was determined by reference to observable prices in an open market. Where there were no comparable prices, the market value was determined by capitalising achieved rentals using appropriate yield levels. The fair value of investment property is categorised as level 3 because of the significant unobservable inputs which were used.

i) Income approach

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

ii) Market approach

Under the market comparable method, 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) Vacancy rate

The Group determines the vacancy rate which can be 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 flows from the property, assuming a rise to estimated rental value ("ERV") at the next review, but with no further rental growth.

The rental rate yield represents the net income expected in year zero divided by the current property values (historical or trailing income yield). The risk arises when void levels in the portfolio increase. This increase will consequently result in a reduction in net incomes. Where net incomes remain constant, a reduction in the yield rates will result in increased property values.

10.3 Fair value hierarchy

Changes recorded in the statement of profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL172 655 944 (2018:ZWL56 579 966) and are presented in the statement of profit or loss line item "fair value adjustments on investment property".

All gains and losses recorded in statement of profit or loss 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 properties held at the end of the reporting period.

Valuation techniques used to derive level 3 fair values

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

- The fair value measurements at the end of the reporting period;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail*	178 713 000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	149.00 5.00% 3.00%
CBD offices	223 519 340	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	108.00 11.00% 24.00%
Industrial	12 200 000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	40.81 14.00% 25.00%
Land - Residential	20 145 600	Market comparable	Rate per square metre (ZWL)	142.00
Land - Commercial	47 191 200	Market comparable	Rate per square metre (ZWL)	500 - 1 000
Student accommodation	19 950 000	Income capitalisation	Rental per room (ZWL) Capitalisation rate Vacancy rate	800-1200 10.00% n/a
Residential	5 851 000	Market comparable	Comparable transacted properties prices (ZWL)	5000-8000
Total	**507 570 140**			

10.3 Fair value hierarchy *(continued)*

Class of property	Fair value 31 December 2018 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail*	159 300 615	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	74.52 7.00% 0.00%
CBD offices	97 458 800	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	31.05 9.00% 33.00%
Industrial	7 236 644	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	12.42 13.00% 52.00%
Residential and other	21 780 248	Market comparable	Rate per square metre (ZWL) Comparable transacted properties prices (ZWL)	500 - 1 000 5000-8000
Total	**285 776 307**			

Lettable space per square metre

	Lettable space m2		% of portfolio	
	December 2019	December 2018	December 2019	December 2018
Sector				
CBD retail	19 500	11 685	31.80%	25.83%
CBD offices	32 498	26 676	52.99%	58.96%
Industrial	6 881	6 881	11.22%	15.21%
Student accommodation	2 499	-	3.99%	0.00%
Total	**61 378**	**45 242**	**100.00%**	**100.00%**

A new asset class, student accommodation, was introduced during the year after the successful conversion of Nicoz House Bulawayo, Zimbabwe from an office block.

The valuation technique and key unobservable inputs used in determining the fair value measurement of investment property as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below:

Property class	Valuation technique	Key unobservable inputs	Range	Relationship between key unobservable inputs and fair value
CBD offices	Income capitalisation comparison approach	Market rental rates per Capitalisation rate Occupancy rate Void period	ZWL50-ZWL 100 square metre 8% -10% 60% to 80% Average 6 months	The estimated fair value would increase (decrease) if market rent and rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower), voids periods were shorter/(longer).
Retail	Income capitalisation and comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL160 to ZWL 200 7% -10% 80% - 95% Average 2 months	The estimated fair value would increase/(decrease) if market rental rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower), voids periods were shorter/(longer).
Industrial	Income capitalisation and comparison approach	Market rental rates per Capitalisation rate Occupancy rate Void period	ZWL15 to ZWL35 11% - 13% 50% to 80% Average 6 months	The estimated fair value would increase/(decrease) if market rental rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower), voids periods were shorter/(longer).

The valuation technique and key unobservable inputs used in determining the fair value measurement of investment property as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below: *(continued)*

Property class	Valuation technique	Key unobservable inputs	Range	Relationship between key unobservable inputs and fair value
Residential	Comparison approach	Comparable transacted sales evidence	ZWL 100,000.00 - ZWL 250,000.00	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower).
Land -commercial	Comparison approach	Comparable	ZWL40 to ZWL100	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower).
Land - residential	Comparison approach	Comparable	ZWL15 to ZWL40	The estimated fair value would increase/(decrease) achieved transacted sale evidence were higher/(lower).

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

Significant increases/(decreases) in the comparable transacted properties and rental per square metre in isolation would result in a significant higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and prime yield in isolation would result in a significant lower/(higher) fair value measurement.

The annual rental income used in the valuation of the Zimbabwe properties comprising 96% (2018:98%) of the entire portfolio was ZWL36 606 629 and the overall capitalisation rate was 7.6%. Increasing the capitalisation rate by 10% would decrease the fair value to ZWL437 880 942. Reducing the capitalisation rate by 10% would increase the fair value to ZWL535 184 573.

Market prime yields

Sector	**Prime yield**
Retail	7% - 8%
Office	8% - 10%
Industrial	11% - 13%

The impact of the factors listed below on fair value was as follows:

Void periods	2 - 5 years
Total occupancy rate	87%
Total vacancy rate	12.83%

11 INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Software (note 11.1)	887 858	1 005 743	339 893	139 387
Goodwill (note 11.2)	2 023 904	2 023 904	325 803	325 803
	2 911 762	3 029 647	665 696	465 190

11.1 Software

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZW
Cost				
As at 1 January	3 487 121	3 254 284	564 969	523 895
Additions	109 556	232 837	109 556	41 074
As at 31 December	**3 596 677**	**3 487 121**	**674 525**	**564 969**
Accumulated amortisation				
As at 1 January	(2 481 378)	(2 486 013)	(425 582)	(400 214)
Charge for the year	(463 521)	(188 109)	(105 617)	(24 433)
Foreign exchange movements	236 080	192 744	196 567	(935)
Balance as at 31 December	**(2 708 819)**	**(2 481 378)**	**(334 632)**	**(425 582)**
Carrying amount as at 31 December	**887 858**	**1 005 743**	**339 893**	**139 387**

All intangible assets are classified as non-current assets.

Software comprises computer software purchased from various vendors.

No impairment loss was recognised in respect of these assets (2018:ZWLnil).

11.2 Goodwill

As at 1 January	2 023 904	2 023 904	325 803	325 803
Movement for the year	-	-	-	-
As at 31 December	2 023 904	2 023 904	325 803	325 803

Goodwill is classified as a non-current asset.

The goodwill arose from the acquisition of control in Credit Insurance Zimbabwe Limited in 2017. The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

11.2 Goodwill *(continued)*

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The table below sets out the key assumptions in the calculation of the value in use:

Assumption	Approach used to determine values
Earnings before interest, tax, depreciation and amortisation	Expected growth based on the strategic change in the business model, through introduction of Underwriting Management Agencies ("UMAs"). The UMAs are to result in increase in gross premiums.
Annual capital expenditure	These are based on the planned strategic change and are not expected to result in an increase in gross premiums or cost savings.
Long-term growth rate (1%)	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate (19.8%)	Reflect specific risks relating to the insurance industry and Zimbabwe.

Impact of possible changes to the key assumptions

If the earnings before interest, tax, depreciation and amortisation are 50% less than estimated by management (holding all other variables constant) as at 31 December 2019, there will still be no impairment to be recognised as the recoverable amount will still have a headroom of ZWL10 971 837 over the carrying amount.

The long-term growth of 1% is the least estimated over the industry, however, any increase/decrease (holding other variables constant) will not result in an impairment of the goodwill.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of Credit Insurance Zimbabwe Limited to exceed its recoverable amount.

12 INVESTMENT IN SUBSIDIARIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
As at 1 January	305 004 274	296 666 547	41 247 428	40 122 053
Additions	5 180 918	8 337 727	2 715 932	1 125 375
	310 185 192	305 004 274	43 963 360	41 247 428

Investments are all classified as non-current assets.

The reporting date of all subsidiaries is 31 December.

Financial information of subsidiaries that have material non-controlling interests is provided below:

12.1 Summary of non-controlling interest portion

Name of company	Country of incorporation	Nature of business	2019	2018	2019	2018
Zimre Property Investments Limited	Zimbabwe	Property	36%	37%	36%	37%
Emeritus Resegguros, S.A.	Mozambique	Reinsurance	30%	30%	30%	30%
Credit Insurance Zimbabwe Limited	Zimbabwe	General Insurance	9%	15%	9%	15%

12.1 Summary of non-controlling interest portion *(continued)*

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Accumulated material non-controlling interest balances				
Zimre Property Investments Limited	173 846 297	112 723 156	166 332 894	17 886 548
Emeritus Resegguros, S.A.	8 249 836	2 666 758	8 249 836	216 571
Credit Insurance Zimbabwe Limited	3 024 885	4 182 750	2 959 917	658 442
	185 121 018	119 572 664	177 542 647	18 761 561
Profit/ (loss) allocated to material non-controlling interests				
Zimre Property Investments Limited	64 645 739	(27 044 792)	149 005 300	(570 203)
Emeritus Resegguros, S.A.	270 273	(1 772 980)	117 713	(355 421)
Credit Insurance Zimbabwe Limited	(1 103 883)	(376 514)	114 562	57 944
	63 812 129	(29 194 286)	149 237 575	(867 680)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

12.2 Summarised statements of profit or loss

12.2.1 Summarised statement of profit or loss for 2019

	INFLATION ADJUSTED				HISTORICAL COST			
	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL
Gross written premium	-	106 840 717	29 873 558	136 714 274	-	46 532 715	15 892 634	62 425 350
Total income	**41 855 917**	**69 644 324**	**15 391 843**	**126 892 084**	**16 565 777**	**30 332 439**	**7 488 713**	**54 386 929**
Net benefits and claims	-	(17 188 466)	(1 922 641)	(19 111 107)	-	(7 486 154)	(650 428)	(8 136 582)
Commission and acquisition expenses	-	(27 343 970)	(6 623 668)	(33 967 638)	-	(11 909 216)	(3 386 593)	(15 295 809)
Operating and administration expenses	(34 575 275)	(29 643 760)	(6 827 124)	(71 046 159)	(12 220 393)	(12 910 852)	(3 388 362)	(28 519 607)
Total claims and expenses	**(34 575 275)**	**(74 176 196)**	**(15 373 433)**	**(124 124 904)**	**(12 220 393)**	**(32 306 221)**	**(7 425 383)**	**(51 951 998)**
Operating profit/(loss)	**7 280 642**	**(4 531 872)**	**18 410**	**2 767 179**	**4 345 384**	**(1 973 782)**	**63 330**	**2 434 931**
Other gains/(losses)	194 547 574	8 265 244	(7 936 016)	194 876 802	440 377 799	3 599 791	1 240 107	445 217 697
Profit/(loss) before income tax	**201 828 216**	**3 733 372**	**(7 917 606)**	**197 643 981**	**444 723 183**	**1 626 009**	**1 303 437**	**447 652 628**
Income tax expense	(20 493 744)	(2 832 463)	(3 888 631)	(27 214 838)	(26 756 000)	(1 233 633)	(78 176)	(28 067 809)
Profit/(Loss) for the year	**181 334 472**	**900 909**	**(11 806 237)**	**170 429 144**	**417 967 183**	**392 376**	**1 225 261**	**419 584 819**

12.2.2 Summarised statement of profit or loss for 2018

	INFLATION ADJUSTED				HISTORICAL COST			
	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL
Gross premium	-	35 136 737	22 756 718	57 893 454	-	4 312 468	3 231 765	7 544 233
Total income	**34 108 715**	**23 308 558**	**13 441 331**	**70 858 605**	**4 141 632**	**2 812 307**	**1 865 801**	**8 819 740**
Net benefits and claims	-	(5 673 857)	(2 554 459)	(8 228 316)	-	(696 374)	(340 877)	(1 037 251)
Commission and acquisition expenses	-	(9 221 143)	(4 082 894)	(13 304 037)	-	(1 131 747)	(633 263)	(1 765 010)
Operating and administration expenses	(35 968 905)	(14 380 653)	(7 290 161)	(57 639 719)	(4 995 471)	(1 764 993)	(1 038 831)	(7 799 295)
Total claims and expenses	**(35 968 905)**	**(29 275 653)**	**(13 927 514)**	**(79 172 072)**	**(4 995 471)**	**(3 593 114)**	**(2 012 971)**	**(10 601 555)**
Operating loss	**(1 860 190)**	**(5 967 095)**	**(486 183)**	**(8 313 467)**	**(853 839)**	**(780 807)**	**(147 170)**	**(1 781 815)**
Other (losses)/gains	(73 775 719)	57 159	(1 893 993)	(75 612 552)	(338 548)	55 458	466 530	183 440
(Loss)/ profit before income tax	**(75 635 909)**	**(5 909 936)**	**(2 380 176)**	**(83 926 019)**	**(1 192 387)**	**(725 349)**	**319 360**	**(1 598 375)**
Income tax credit/(expense)	2 144 625	-	(83 203)	2 061 422	(230 631)	-	(9 691)	(240 322)
(Loss)/ profit for the year	**(73 491 284)**	**(5 909 936)**	**(2 463 379)**	**(81 864 597)**	**(1 423 018)**	**(725 349)**	**309 669**	**(1 838 697)**
Dividends paid	3 198 845	-	-	3 198 845	515 000	-	-	515 000

12.3 Summarised statements of financial position

	INFLATION ADJUSTED				HISTORICAL COST			
	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL
Property and equipment	7 863 521	19 072 697	31 231 508	58 167 726	1 856 879	19 072 697	30 122 462	51 052 038
Investment properties	489 210 800	6 976 167	-	496 186 967	489 210 800	6 976 167	-	496 186 967
Intangible assets	-	94 340	20 047	114 387	-	94 340	3 139	97 479
Deferred tax assets	-	207 651	-	207 651	-	207 651	-	207 651
Financial assets:								
- at amortised cost	751 184	4 000 760	682 719	5 434 663	751 184	4 000 760	682 719	5 434 663
- at fair value through profit or loss	279 482	11 571 112	2 604 553	14 455 147	279 482	11 571 112	2 604 553	14 455 147
- at fair value through other comprehensive income	-	14 087 013	-	14 087 013	-	14 087 013	-	14 087 013
Trade and other receivables	8 273 751	36 472 350	8 541 399	53 287 500	7 694 552	36 472 350	8 527 980	52 694 882
Inventories	18 357 572	-	-	18 357 572	2 483 641	-	-	2 483 641
Current tax receivable	-	11 530 097	161 493	11 691 590	-	11 530 097	161 493	11 691 590
Deferred acquisition costs	-	1 729 557	199 961	1 929 518	-	1 729 557	117 892	1 847 449
Cash and cash equivalents	932 544	4 248 228	2 529 785	7 710 557	932 544	4 248 228	2 529 785	7 710 557
Total assets	**525 668 854**	**109 989 972**	**45 971 465**	**681 630 291**	**503 209 082**	**109 989 972**	**44 750 023**	**657 949 077**
Total equity	**487 647 396**	**27 499 445**	**32 351 707**	**547 498 548**	**466 571 932**	**27 499 445**	**31 656 866**	**525 728 243**
Liabilities								
Deferred tax liabilities	27 670 484	-	1 068 038	28 738 522	26 286 176	-	839 870	27 126 046
Trade and other payables	4 406 586	45 565 932	8 102 322	58 074 840	4 406 586	45 565 932	8 102 322	58 074 840
Borrowings	5 892 191	8 562 692	-	14 454 883	5 892 191	8 562 692	-	14 454 883
Insurance and other provisions	52 197	28 361 903	4 449 398	32 863 498	52 197	28 361 903	4 150 965	32 565 065
Total liabilities	**38 021 458**	**82 490 527**	**13 619 758**	**134 131 743**	**36 637 150**	**82 490 527**	**13 093 157**	**132 220 834**
Total equity and liabilities	**525 668 854**	**109 989 972**	**45 971 465**	**681 630 291**	**503 209 082**	**109 989 972**	**44 750 023**	**657 949 077**

12.3 Summarised statements of financial position *(continued)*

	INFLATION ADJUSTED				HISTORICAL COST			
	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL
31 December 2018								
Assets								
Property and equipment	6 984 053	5 687 365	11 310 302	23 981 720	962 713	915 587	1 704 273	3 582 573
Investment properties	279 329 916	2 915 100	-	282 245 016	44 970 886	469 291	-	45 440 177
Intangible assets	-	-	26 378	26 378	-	-	3 995	3 995
Deferred tax assets	-	475 387	3 653 833	4 129 220	-	76 531	591 969	668 500
Financial assets:								
- at amortised cost	7 415 540	1 554 578	2 220 510	11 190 628	983 474	250 266	357 500	1 591 240
- at fair value through profit or loss	1 405 616	3 922 923	7 378 403	12 706 942	226 298	631 536	1 187 916	2 045 750
- at fair value through other comprehensive income	-	3 737 843	-	3 737 843	-	601 741	-	601 741
Current income tax	264 274	-	1 003 068	1 267 342	42 547	-	161 493	204 040
Trade and other receivables	25 698 288	11 330 563	15 207 175	52 236 026	5 224 840	1 824 065	872 744	7 921 649
Inventories	20 495 141	-	-	20 495 141	2 771 672	-	-	2 771 672
Deferred acquisition costs	-	885 251	284 460	1 169 711	-	142 513	38 467	180 980
Cash and cash equivalents	1 775 365	2 988 991	8 170 538	12 934 894	285 826	481 186	1 315 449	2 082 461
Total assets	**343 368 193**	**33 498 001**	**49 254 667**	**426 120 861**	**55 468 256**	**5 392 716**	**6 233 806**	**67 094 778**
Total equity	**306 577 198**	**8 889 218**	**27 885 001**	**343 351 417**	**49 588 224**	**1 431 042**	**4 623 146**	**55 642 412**
Liabilities								
Deferred tax liabilities	9 077 741	-	-	9 077 741	1 431 177	-	-	1 431 177
Trade and other payables	6 749 040	10 094 016	7 297 396	24 140 452	1 029 136	1 624 997	998 624	3 652 757
Borrowings	20 964 214	3 485 789	-	24 450 003	3 375 146	561 164	-	3 936 310
Insurance and other provisions	-	11 028 978	14 072 270	25 101 248	44 573	1 775 513	612 036	2 432 122
Total liabilities	**36 790 995**	**24 608 783**	**21 369 666**	**82 769 444**	**5 880 032**	**3 961 674**	**1 610 660**	**11 452 366**
Total equity and liabilities	**343 368 193**	**33 498 001**	**49 254 667**	**426 120 861**	**55 468 256**	**5 392 716**	**6 233 806**	**67 094 778**

12.4 Summarised statements of cash flows

12.4.1 For the year ended 31 December 2019

Cash flows from operating activities	38 613 855	778 788	8 439 799	47 832 442	10 178 196	778 788	2 731 101	13 688 085
Cash flows from investing activities	(38 942 710)	(1 650 450)	(8 696 362)	(49 289 522)	(11 303 869)	(1 650 450)	(2 414 913)	(15 369 232)
Cash flows from financing activities	2 768 837	(610 643)	407 516	2 565 710	1 772 392	(610 643)	297 671	1 459 420
Net increase/(decrease) in cash and cash equivalents	2 439 982	(1 482 305)	150 953	1 108 630	646 719	(1 482 305)	613 859	(221 727)

12.4.2 For the year ended 31 December 2018

Cash flows from operating activities	(6 764 104)	2 290 470	4 138 235	(335 399)	(1 708 060)	309 523	(91 922)	(1 490 459)
Cash flows from investing activities	(61 167 579)	(6 358 472)	(5 262 724)	(72 788 775)	(9 211 462)	(859 253)	(829 874)	(10 900 589)
Cash flows from financing activities	5 670 768	4 315 599	7 331 363	17 317 730	984 983	583 189	800 000	2 368 172
Net (decrease)/increase in cash and cash equivalents	**(62 260 915)**	**247 597**	**6 206 874**	**(55 806 444)**	**(9 934 539)**	**33 459**	**(121 796)**	**(10 022 876)**

13 INVESTMENTS IN ASSOCIATES

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
As at 1 January	14 072 444	15 110 868	5 352 764	5 415 437
Change in accounting policy - IFRS 9	-	(861 848)	-	(116 466)
Share of profits of associates	4 544 261	572 211	3 648 161	48 463
Share of other comprehensive income of associates	16 056 426	(748 787)	17 041 699	5 330
As at 31 December	**34 673 131**	**14 072 444**	**26 042 624**	**5 352 764**

	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Investments in associates at cost:				
CFI Holdings Limited	4 360 081	4 360 081	589 639	589 639
Fidelity Life Assurance Limited	1 113 095	1 113 095	150 530	150 530
United General Insurance Limited	680 294	680 294	92 398	92 398
Special Automobile Underwriters Association of Zimbabwe ("SAUZ")	233 525	233 525	31 182	31 182
As at 31 December	**6 386 995**	**6 386 995**	**863 749**	**863 749**

Investments in associates are all classified as non-current assets.

13.1 Details of the Group's associates are as follows:

Set out below are the associates of the Group as at 31 December. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Published activity	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December 2019	Proportion of ownership interest held as at 31 December 2018
CFI Holdings Limited**	Agro-retail	Zimbabwe	28.00%	28.00%
Fidelity Life Assurance Limited*	Life insurance	Zimbabwe	20.57%	20.57%
United General Insurance Limited	General insurance	Malawi	20.00%	23.00%
Special Automobile Underwriters Association of Zimbabwe ("SAUZ")	General insurance	Zimbabwe	20.00%	20.00%

* The associate is listed on the Zimbabwe Stock Exchange.
** The associate is listed on the Zimbabwe Stock Exchange but is suspended from trading.
The reporting dates of the associates is 31 December, except for CFI Holdings Limited whose reporting date is 30 September. The financial statements taken into account for that associate are for the year ended 30 September 2019. Management has determined that there were no significant transactions to take into account for the period 1 October to 31 December 2019 in respect of the associate.
The investment in CFI remains fully impaired since 2016.

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
The quoted values of the listed associates were as follows:	ZWL	ZWL	ZWL	ZWL
As at 31 December				
Fidelity Life Assurance Limited	1 909 016	11 352 270	1 909 016	1 827 559

*CFI Holdings Limited was suspended from trading on the Zimbabwe Stock Exchange("ZSE") in January 2018 due to non-compliance with the ZSE listing requirements.

13.2 Summarised financial information of associates

	INFLATION ADJUSTED				
As at 31 December 2019	CFI Holdings Limited ZWL	Fidelity Life Assurance Limited ZWL	United General Insurance Limited ZWL	Special Automobile Underwriters Association of Zimbabwe ZWL	Total ZWL
Statements of financial position					
Current assets	244 076 276	228 319 585	71 399 819	9 650 867	553 446 547
Non-current assets	172 958 208	803 108 621	21 255 442	533 778	997 856 049
Current liabilities	(94 622 015)	(851 842 042)	(58 804 455)	(8 638 792)	(1 013 907 304)
Non-current liabilities	(76 703 030)	(22 535 573)	-	(2 095)	(99 240 698)
Net assets	**245 709 439**	**157 050 591**	**33 850 806**	**1 543 758**	**438 154 594**
Statements of comprehensive income					
Revenue	347 184 383	503 646 361	173 448 937	12 446 387	1 036 726 068
Profit for the year	31 059 650	74 105 991	4 303 830	1 238 421	110 707 892
Other comprehensive income for the year	1 868 755	27 491 806	377 542	-	29 738 103
Total comprehensive income for the year	**32 928 405**	**101 597 797**	**4 681 372**	**1 238 421**	**140 445 995**
Reconciliation of carrying amounts					
As at 1 January 2019	134 661 440	54 711 048	16 120 821	2 186 116	207 679 425
Profit for the year	31 059 650	74 105 991	4 303 830	1 238 421	110 707 892
Other comprehensive income for the year	1 868 755	27 491 806	377 542	-	29 738 103
As at 31 December 2019	167 589 845	156 308 845	20 802 193	3 424 537	348 125 420
Group's share in %	28.00%	20.57%	20.00%	20.00%	
Group's effective share in ZWL	-	29 827 785	4 160 439	684 907	34 673 131
As at 31 December 2018					
Statements of financial position					
Current assets	149 786 271	583 753 490	6 440 504	4 398 706	744 378 971
Non-current assets	189 745 950	178 543 836	1 729 345	1 456 013	371 475 144
Current liabilities	(80 922 207)	(602 405 279)	(5 079 696)	(4 331 687)	(692 738 869)
Non-current liabilities	(45 828 980)	(104 439 253)	-	(2 739)	(150 270 972)
Net assets	**212 781 034**	**55 452 794**	**3 090 153**	**1 520 293**	**272 844 274**
Statements of comprehensive income					
Revenue	277 729 483	331 992 219	63 465 194	8 650 245	681 837 141
Profit/(loss) for the year	14 454 917	(3 817 166)	3 994 037	340 368	14 972 156
Other comprehensive income/(loss) for the year	-	141 403	(1 502 798)	-	(1 361 395)
Total comprehensive income/(loss) for the year	**14 454 917**	**(3 675 763)**	**2 491 239**	**340 368**	**13 610 761**
Reconciliation of carrying amounts					
As at 1 January 2018	120 206 523	58 386 811	13 629 582	1 845 748	194 068 664
Profit/ (loss) for the year	14 454 917	(3 817 166)	3 994 037	340 368	14 972 156
Other comprehensive income/(loss) for the year	-	141 403	(1 502 798)	-	(1 361 395)
As at 31 December 2018	134 661 440	54 711 048	16 120 821	2 186 116	207 679 425
Group's share in %	28.00%	20.57%	23.00%	20.00%	
Group's effective share in ZWL	-	9 927 432	3 707 789	437 223	14 072 444

13.2 Summarised financial information of associates *(continued)*

HISTORICAL COST

As at 31 December 2019	CFI Holdings Limited ZWL	Fidelity Life Assurance Limited ZWL	United General Insurance Limited ZWL	Special Automobile Underwriters Association of Zimbabwe ZWL	Total ZWL
Statements of financial position					
Current assets	134 980 271	216 361 616	71 399 819	4 196 029	426 937 735
Non-current assets	173 414 362	797 129 972	21 255 442	232 077	992 031 853
Current liabilities	(94 624 041)	(851 831 857)	(58 804 454)	(3 755 996)	(1 009 016 348)
Non-current liabilities	(68 071 076)	(22 038 849)	-	(911)	(90 110 836)
Net assets	**145 699 516**	**139 620 882**	**33 850 807**	**671 199**	**319 842 404**
Statements of comprehensive income					
Revenue	176 822 323	675 314 644	75 538 721	5 482 727	933 158 415
(Loss)/profit for the year	(12 170 040)	94 249 127	1 459 900	420 084	83 959 071
Other comprehensive income for the year	-	36 444 172	128 067	-	36 572 239
Total comprehensive (loss)/income for the year	**(12 170 040)**	**130 693 299**	**1 587 967**	**420 084**	**120 531 310**
As at 1 January 2019	46 937 338	8 927 585	15 197 222	1 347 484	72 409 629
(Loss)/profit for the year	(12 170 040)	94 249 129	1 459 900	420 084	83 959 073
Other comprehensive income for the year	-	36 444 169	128 066	-	36 572 235
As at 31 December 2019	34 767 298	139 620 883	16 785 188	1 767 568	192 940 937
Group's share in %	28.00%	20.57%	23.00%	20.00%	
Group's effective share in ZWL	-	21 828 517	3 860 593	353 514	26 042 624
As at 31 December 2018					
Statements of financial position					
Current assets	33 041 332	96 295 767	6 440 504	708 131	136 485 734
Non-current assets	41 856 032	26 429 759	1 729 345	234 398	70 249 534
Current liabilities	(17 850 618)	(22 241 850)	(5 079 696)	(697 342)	(45 869 506)
Non-current liabilities	(10 109 408)	(91 556 091)	-	(441)	(101 665 940)
Net assets	**46 937 338**	**8 927 585**	**3 090 153**	**244 746**	**59 199 822**
Statements of comprehensive income					
Revenue	61 264 307	53 448 855	7 788 905	1 061 678	123 563 745
Profit/(loss) for the year	3 188 608	(614 542)	275 755	57 258	2 907 079
Other comprehensive income for the year	-	22 765	-	-	22 765
Total comprehensive income/(loss) for the year	**3 188 608**	**(591 777)**	**275 755**	**57 258**	**2 929 844**
Reconciliation of carrying amounts					
As at 1 January 2018	43 748 730	9 519 362	12 694 970	1 032 242	66 995 304
Profit/(loss) for the year	3 188 608	(614 542)	898 756	315 242	3 788 064
Other comprehensive income for the year	-	22 765	1 603 496	-	1 626 261
As at 31 December 2018	46 937 338	8 927 585	15 197 222	1 347 484	72 409 629
Group's share in %	28.00%	20.57%	23.00%	20.00%	
Group's share in ZWL	-	1 587 906	3 495 361	269 497	5 352 764

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2019	2018	2019	2018
14	**TAXES**	ZWL	ZWL	ZWL	ZWL
14.1	**Deferred tax**				
	The analysis of deferred tax assets and deferred tax liabilities is as follows:				
	Deferred tax asset:				
	Deferred tax assets to be recovered after more than 12 months	-	-	-	-
	Deferred tax assets to be recovered within more than 12 months	15 917 838	16 023 856	14 382 180	2 764 128
		15 917 838	16 023 856	14 382 180	2 764 128
	Deferred tax liabilities:				
	Deferred tax liabilities to be settled after more than 12 months	(12 798 175)	(11 385 630)	(5 393 357)	(1 697 790)
	Deferred tax liabilities to be recovered within more than 12 months	-	-	-	-
		(12 798 175)	(11 385 630)	(5 393 357)	(1 697 790)
	Deferred tax assets, net	**3 119 664**	**4 638 226**	**8 988 823**	**1 066 338**
	The movement on the deferred tax account is as shown below:				
	As at 1 January	4 638 226	572 141	1 066 338	572 141
	(Charged)/credited in profit or loss	(13 593 588)	802 661	13 014 776	(496 760)
	(Charged)/credited in other comprehensive income	(4 548 587)	(325 453)	(5 878 277)	(44 455)
	Foreign exchange movements	16 623 613	3 588 877	785 987	1 035 412
	As at 31 December	**3 119 664**	**4 638 226**	**8 988 824**	**1 066 338**
14.1.2	**Sources of deferred tax asset**				
	Property, plant and equipment	(8 295 219)	(2 681 099)	(7 435 736)	(311 437)
	Investment properties	(28 207 269)	(8 744 408)	(26 825 681)	(1 377 515)
	Intangible assets	(158 132)	(30 120)	(20 787)	(30 120)
	Financial assets at fair value through other comprehensive income	(4 686 362)	(1 135 877)	(3 054 928)	(151 678)
	Trade and other receivables	(5 903 823)	(638 430)	(5 667 670)	(638 430)
	Trade and other payables	12 277 096	1 137 893	11 786 012	1 137 893
	Short-term investments in equity	(28 351)	-	(75 055)	-
	Other receivables and prepayments	(62 731)	(1 516 735)	(76 007)	(61 171)
	Provisions	10 208 917	2 356 060	4 586 478	1 439 283
	Assessed tax losses	27 975 538	15 890 942	35 772 198	1 059 513
	Deferred tax assets	3 119 664	4 638 226	8 988 824	1 066 338
14.2	**Income tax expense**				
	Current income tax	(14 434 200)	106 325	(31 591 281)	53 154
	Deferred tax	(13 593 588)	802 661	13 014 776	(496 760)
	Income tax (expense)/credit	(28 024 788)	908 986	(18 576 505)	(443 606)

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
14.2.1 Tax rate reconciliation				
Profit/(loss) before income tax	134 126 896	(49 270 815)	437 584 402	3 993 251
Tax at Zimre Holdings Limited statutory income tax rate of 25.75% (2018: 25.75%)	34 537 676	(12 687 235)	112 677 984	1 028 262
Tax effect on amounts which are not deductible/(taxable) in calculating taxable income				
Effects of lower tax rate on fair vale adjustment (Profit)/losses taxed at different rate	(44 458 906)	14 569 341	(111 575 806)	869 524
Effect of gains on fair value of financial assets through profit or loss taxed at different rate	8 789 968	(1 989 673)	(849 971)	(878 520)
Share of profits from associates	(1 170 147)	(147 344)	(939 401)	(12 479)
(Gain)/loss from disposal or purchase of subsidiaries and associates	-	(9 775)	-	(1 321)
Gain on disposal of investment property	-	567 771	-	76 787
Effect of life reassurance entity taxed differently	2 839 724	(6 388 412)	(968 452)	(882 872)
Income exempt from tax - dividends	(606 377)	(561 120)	(296 231)	(121 723)
Income exempt from tax - interest	(2 015 523)	(1 814 621)	(933 344)	(250 605)
Non-taxable income	(16 487)	(31 618)	(12 042)	(4 276)
Movements in insurance provisions	(12 635 686)	(4 311 943)	(6 134 201)	(77 976)
Non-deductible expenses	-	-	-	145
Monetary adjustment	4 100	6 658 055	-	-
Permanent differences on adoption of IAS 29	(2 559 953)	6 516 191	-	-
Effect on change in tax rate	(185 529)	-	(42 654)	-
Effect of different tax rate on foreign operations	(10 547 648)	539 369	(9 502 387)	(188 553)
	(28 024 788)	908 986	(18 576 505)	(443 607)

	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
14.3 Deferred tax				
The analysis of deferred tax assets and deferred tax liabilities is as follows:				
Deferred tax assets:				
Deferred tax assets to be utilised within 12 months	65 440	22 738	65 440	2 390
Deferred tax assets to be utilised within more than 12 months	261 760	90 953	261 760	9 562
	327 200	113 691	327 200	11 952
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(628 265)	-	(25 453)	-
Deferred tax liabilities to be settled within more than 12 months	(1 885 772)	(1 073 738)	(404 088)	(61 583)
	(2 514 037)	(1 073 738)	(429 541)	(61 583)
Deferred tax liabilities, net	(2 186 837)	(960 046)	(102 341)	(49 631)
Deferred tax				
Reflected in the statement of financial position as follows:				
Deferred tax asset				
Deferred tax liabilities	(2 186 837)	(960 046)	(102 341)	(49 631)
Deferred tax liabilities net	(2 186 837)	(960 046)	(102 341)	(49 631)
The movement on the deferred tax account is as shown below:				
As at 1 January	(960 046)	-	(49 631)	-
Charged/(credited) in profit or loss	(1 243 344)	-	10 672	-
Charged/(credited) in other comprehensive income	(16 553)	(14 050)	(63 382)	(2 262)
Foreign exchange movements	33 106	(945 996)	-	(47 369)
As at 31 December	**(2 186 837)**	**(960 046)**	**(102 341)**	**(49 631)**

		INFLATION ADJUSTED		HISTORICAL COST	
		Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
14.3.1	**Sources of deferred tax**				
	Property, plant and equipment	(262 531)	(432 300)	(5 737)	11 952
	Right of use of assets	(1 640 340)	-	(264 087)	-
	Financial assets at fair value through other comprehensive income	(564 463)	(464 601)	(113 013)	-
	Investments in listed equity	(46 704)	(176 837)	(46 704)	-
	Lease liabilities	274 046	-	274 046	-
	Provisions	53 155	113 692	53 155	(18 304)
	Assessed tax losses	-	-	-	(43 279)
	Deferred tax liabilities	(2 186 837)	(960 046)	(102 341)	(49 631)
14.4	**Income tax credit/(expense)**				
	Current tax	-	-	-	-
	Deferred tax	(1 243 344)	-	10 672	-
	Income tax (expense)/credit	(1 243 344)	-	10 672	-
14.4.1	**Tax rate reconciliation**				
	Profit/(loss) before income tax	11 050 730	12 936 161	(3 395 690)	1 159 751
	Tax at Zimre Holdings Limited statutory income tax rate of 25.75% (2019: 25.75%)	2 845 563	3 331 062	(874 390)	298 636
	Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
	Effect of gains on fair value of financial assets through profit or loss taxed at different rate	(4 002 292)	(859 501)	(2 335 310)	(138 406)
	Urealised exchange (losses)/gains	2 280 683	(3 366 087)	2 286 595	(542 043)
	Effect of losses on fair value of financial assets through profit or loss	9 145 119	2 070 063	884 313	471 929
	Non-taxable income	(147 424)	(713 587)	(49 150)	(97 202)
	Non-deductible expenses	187 884	56 779	96 630	7 086
	Monetary adjustment	(10 543 265)	3 381 129	-	-
	Permanent differences on adoption of IAS 29	(940 014)	(3 899 858)	-	-
	Effect of change in tax rate	38 402	-	1 984	-
	Income tax credit/(expense) for the year	(1 243 344)	-	10 672	-
15	**INVENTORIES**				
	Property and stands developed for sale	18 357 572	20 495 141	2 483 641	2 771 672
	Consumables	489 655	209 782	431 319	33 773
		18 847 227	20 704 923	2 914 960	2 805 445

All inventory items are classified as current assets.

There was no write-off of inventories during the year ended 31 December 2019 (2018 : ZWLnil).

16 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Insurance receivables	177 487 568	80 011 746	177 487 568	11 965 665
Less: allowance for credit losses	(31 276 202)	(16 772 598)	(31 276 202)	(3 360 301)
Insurance receivables - net	146 211 366	63 239 148	146 211 366	8 605 364
Non insurance receivables				
Rental receivables	2 771 745	9 356 301	5 759 056	1 506 323
Inventory sales receivables	4 485 035	5 810 619	1 497 724	935 484
Less: allowance for credit losses	(1 038 946)	(7 137 531)	(1 038 946)	(1 149 111)
Non insurance trade receivables - net	6 217 834	8 029 389	6 217 834	1 292 696
Total trade receivables - net	152 429 200	71 268 537	152 429 200	9 898 060
Amounts due from related parties	-	6 310 990	-	1 057 887
	152 429 200	77 579 527	152 429 200	10 955 947
Prepaid property development costs	-	5 772 644	-	2 223 399
Other receivables and prepayments*	26 250 012	29 970 870	26 250 011	3 636 409
Less: allowance for credit losses	(32 356)	(1 321 353)	(32 357)	(212 732)
Total trade and other receivables	178 646 856	112 001 688	178 646 855	16 603 024
The reconciliation of the allowance for credit losses for trade and other receivables is as follows:				
As at 1 January	25 231 482	24 527 496	4 722 144	3 316 990
Charge for the year	64 142 190	13 860 737	27 908 132	1 929 618
Change in accounting policy on adoption of IFRS 9	-	2 912 266	-	393 842
Amounts written off	(649 091)	(6 207 906)	(282 771)	(918 306)
Effects of IAS 29	(56 377 076)	(9 861 110)	-	-
As at 31 December	32 347 505	25 231 482	32 347 505	4 722 144
Analysed as follows:				
Reinsurance receivables	31 276 202	16 772 598	31 276 202	3 360 301
Rental receivables	1 038 946	7 137 531	1 038 946	1 149 111
Other receivables	32 356	1 321 353	32 357	212 732
Total	**32 347 505**	**25 231 482**	**32 347 505**	**4 722 144**

	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Other receivables and prepayments*	668 331	8 175 975	668 331	1 316 296

All receivables are classified as current assets.

*Other receivables and prepayments comprise receivables from disposal of investment in equity instruments, staff loans, prepaid licence fees and sundry receivables.

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

Based on credit history of these other receivables, it is expected that these amounts will be received when due.

17 DEFERRED ACQUISITION COSTS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
As at 1 January	13 693 017	11 219 277	2 002 809	1 517 042
Movement for the year	(1 208 345)	2 473 740	9 476 412	485 767
As at 31 December	12 484 672	13 693 017	11 479 221	2 002 809

All deferred acquisition costs are classified as current assets.

18 FINANCIAL ASSETS

18.1 At amortised cost

Financial assets at amortised cost include the following debt investments:

INFLATION ADJUSTED

Group	2019 Current ZWL	2019 Non-current ZWL	2019 Total ZWL	2018 Current ZWL	2018 Non-current ZWL	2018 Total ZWL
Debentures	-	46 864	46 864	-	291 088	291 088
Mortgage loan	-	2 962 516	2 962 516	-	8 253 765	8 253 765
Shareholder loan	-	-	-	-	11 180 431	11 180 431
Bonds and treasury bills	6 181 128	3 505 792	9 686 920	8 238 265	5 426 374	13 664 639
Deposits with financial institutions	18 175 301	-	18 175 301	6 159 474	-	6 159 474
	24 356 429	6 515 172	30 871 601	14 397 739	25 151 658	39 549 397
Company						
Debentures	-	46 864	46 864	-	291 088	291 088
Shareholder's loan	-	-	-	-	11 180 431	11 180 431
	-	46 864	46 864	-	11 471 519	11 471 519

HISTORICAL COST

Group	2019 Current ZWL	2019 Non-current ZWL	2019 Total ZWL	2018 Current ZWL	2018 Non-current ZWL	2018 Total ZWL
Debentures	-	46 864	46 864	-	46 864	46 864
Mortgage loan	-	2 962 516	2 962 516	-	1 118 417	1 118 417
Shareholder's loan	-	-	-	-	1 800 000	1 800 000
Government bonds	6 181 128	3 505 792	9 686 920	1 327 324	873 622	2 200 946
Deposits with financial institutions	18 175 301	-	18 175 301	990 649	-	990 649
	24 356 429	6 515 172	30 871 601	2 317 973	3 838 903	6 156 876
Company						
Debentures-	-	46 864	46 864	-	46 864	46 864
Shareholder's loan	-	-	-	-	1 800 000	1 800 000
	-	46 864	46 864	-	1 846 864	1 846 864

18.1.1 At amortised cost

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Analysis of movements				
As at 1 January	**39 549 397**	**-**	**6 156 876**	**-**
Transfer from available for sale financial assets	-	26 522 655	-	3 586 318
Transfer from held to maturity	-	19 683 523	-	2 661 550
Purchases	17 439 635	2 019 679	8 742 077	643 731
Disposals	(2 932 757)	(847 474)	(2 070 625)	(692 849)
Foreign exchange movement	18 043 273	(260 038)	18 043 273	(41 874)
Effects of IAS 29	(41 227 947)	(7 568 948)	-	-
As at 31 December	**30 871 601**	**39 549 397**	**30 871 601**	**6 156 876**
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
As at 1 January	**11 471 519**	**-**	**1 846 864**	**-**
Transfer from available for sale financial assets	-	7 742 094	-	1 046 864
Purchases	-	4 969 080	-	800 000
Disposals	(2 464 471)	-	(1 800 000)	-
Effects of IAS 29	(8 960 184)	(1 239 655)	-	-
As at 31 December	**46 864**	**11 471 519**	**46 864**	**1 846 864**

The debentures mature in 2023 and accrue interest at a rate of 5%
Bonds and tresury bills mature between 1-2 years and accrue interest of between 5%-15% depending on jurisdiction
Mortgage loans mature in 2025 and accrue interest of 10% per annum
Shareholders loan was repaid in 2018 and was interest free

Cost	8 883 072	3 553 177	2 982 018	1 815 619
Accumulated depreciation	(1 154 799)	(461 913)	(387 662)	(236 031)
Carrying amount	7 728 273	3 091 264	2 594 356	1 579 588

18.2 At fair value through profit or loss

	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
As at 1 January	**39 222 238**	**6 059 734**	**6 314 770**	**975 534**
Transfer from available for sale financial assets	-	235 692	-	37 943
Purchases	15 901 281	43 816 868	2 785 652	7 053 914
Disposals	(7 761 538)	(18 447 136)	(231 728)	(3 055 281)
Fair value (loss)/gain	(35 515 025)	8 039 081	3 434 226	1 087 229
Non-cash additions	-	1 338 195	-	215 431
Effects of IAS 29	455 963	(1 820 197)	-	-
Foreign exchange movement	11 973 691	-	11 973 691	-
As at 31 December	**24 276 610**	**39 222 238**	**24 276 611**	**6 314 770**
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
As at 1 January	**17 683 664**	**3 616 024**	**2 846 992**	**582 164**
Purchases	4 782 612	29 706 477	641 506	4 782 612
Disposals	(5 160 304)	(18 977 420)	(128 244)	(3 055 281)
Fair value (loss)/gain	(16 170 875)	22 050 036	1 310 110	537 497
Effects of IAS 29	3 535 267	(18 711 453)	-	-
As at 31 December	**4 670 364**	**17 683 663**	**4 670 364**	**2 846 992**

All financial assets at fair value through profit or loss are classified as current assets.

At fair value through profit or loss financial assets are equity securities listed either on the Zimbabwe Stock Exchange or on the Zambia Stock Exchange.

*Non cash additions comprise listed equities received from Econet and SeedCo in 2018, the equities were distributed to the Group in a share split arrangement.

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
18.3 At fair value through other comprehensive income				
As at 1 January	32 185 406	-	5 181 669	-
Transfer from available for sale financial assets	-	24 425 214	-	3 932 124
Fair value gains on adoption of IFRS 9	-	5 884 819	-	947 375
Additions	5 783 613	-	2 518 957	-
Disposals	-	(1 141 743)	-	(183 805)
Fair value gains	34 197 408	2 853 178	57 658 115	459 350
Effects of IAS 29	(6 807 686)	(1 448)	-	-
Foreign exchange movement	12 687 349	165 386	12 687 349	26 625
As at 31 December	**78 046 090**	**32 185 406**	**78 046 090**	**5 181 669**

Equity investments at FVOCI comprise the following individual investments:

Unlisted securities				
Cell Insurance Company (Private) Limited	11 289 258	9 292 089	11 289 258	1 495 974
Guardian Reinsurance Brokers Limited	1 394 575	495 676	1 394 575	79 801
PTA Reinsurance Company	49 109 945	18 175 003	49 109 945	2 926 073
Lidwala Insurance Company	14 087 013	3 737 658	14 087 013	601 742
Vanguard Life Assurance Company Limited	2 165 299	484 980	2 165 299	78 079
Financial assets at fair value through other comprehensive income	**78 046 090**	**32 185 406**	**78 046 090**	**5 181 669**

	INFLATION ADJUSTED		HISTORICAL COST	
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
As at 1 January	**9 787 690**	**-**	**1 575 775**	**-**
Transfer from available for sale financial assets	-	3 126 564	-	503 363
Fair value gains on adoption of IFRS 9	-	5 884 478	-	947 375
Fair value gains	2 902 676	776 648	11 114 591	125 037
As at 31 December	**12 690 366**	**9 787 690**	**12 690 366**	**1 575 775**

Equity investments at FVOCI comprise the following individual investments:

Unlisted securities				
Cell Insurance Company (Private) Limited	11 289 258	9 292 089	11 289 258	1 495 974
Guardian Reinsurance Brokers Limited	1 394 575	495 676	1 394 575	79 801
Foreign exchange movement	6 533	(75)	6 533	-
Financial assets at fair value through other comprehensive income	**12 690 366**	**9 787 690**	**12 690 366**	**1 575 775**

All financial assets at fair value through other comprehensive income(FVOCI) are classified as non-current assets.

FVOCI comprises equity securities which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

19 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Cash on hand	79 256	34 467	79 256	8 607
Cash at bank	56 978 369	30 764 780	56 978 369	4 536 076
Term deposits maturing under 3 months	34 382 823	30 027 118	34 382 824	5 247 871
	91 440 448	**60 826 365**	**91 440 449**	**9 792 554**
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Cash at bank	132 995	799 232	132 995	128 673
Term deposits maturing under 3 months	434 934	2 876 595	434 934	463 119
	567 929	**3 675 827**	**567 929**	**591 792**

Term deposits are presented as cash equivalents if they have a maturity of 3 months or less from the date of placement with a financial institution and are repayable within 24 hours notice. Term deposits accrue interest at a rate of between 5% to 10% p.a.

20 SHARE CAPITAL

20.1 Authorised share capital

Authorised share capital as at 31 December 2019 was 2 000 000 000 (2018 : 2 000 000 000) ordinary shares with a nominal value of ZWL0.01 each, ZWL20 000 000 (2018 : ZWL20 000 000).

20.2 Issued share capital and treasury shares

		INFLATION ADJUSTED			HISTORICAL COST		
	Number of shares	Share capital ZWL	Share premium ZWL	Treasury Shares ZWL	Share capital ZWL	Share premium ZWL	Treasury Shares ZWL
As at 1 January 2018	**1 533 100 300**	**113 406 073**	**84 497 249**	**-**	**15 331 003**	**11 427 034**	**-**
Share buy-back	(435 444)	(40 910)	-	(97 905)	(4 354)	-	(8 886)
As at 31 December 2018	**1 532 664 856**	**113 365 163**	**84 497 249**	**(97 905)**	**15 326 649**	**11 427 034**	**(8 886)**
As at 1 January 2019	**1 532 664 856**	**113 365 163**	**84 497 249**	**(97 905)**	**15 326 649**	**11 427 034**	**(8 886)**
Share buy-back	(379 600)	-	-	(17 820)	-	-	(17 046)
As at 31 December 2019	**1 532 285 256**	**113 365 163**	**84 497 249**	**(115 725)**	**15 326 649**	**11 427 034**	**(25 932)**

During the year ended 31 December 2019, the Company purchased 379 600 (2018:435 444) ordinary shares amounting to ZWL 17 046 (2018:13 240).

20.3 Unissued shares

466 899 700 unissued shares (2018: 466 899 700) and 435 400 treasury shares (2018: 435 400) are under the control of the directors subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

20.4 Reserves

Revaluation reserve - relates to revaluation of property and equipment

Financial assets at FVOCI reserve - relates to the fair valuation of financial assets classified as financial assets at FVOCI.

Foreign currency translation reserve - relates to translation of financial statements of foreign operations whose functional and reporting currency is not Zimbabwe dollar.

21 SHORT-TERM INSURANCE CONTRACT LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Gross liabilities				
Outstanding claims	47 820 468	36 664 372	47 820 468	4 966 338
Incurred but not reported claims reserve	24 526 553	23 925 849	24 526 554	2 624 933
Unearned premium reserve	92 408 260	60 066 857	79 050 624	8 923 844
	164 755 281	120 657 078	151 397 645	16 515 115
Recoveries from reinsurance				
Outstanding claims	(11 955 117)	(9 899 380)	(11 955 117)	(1 340 911)
Incurred but not reported claims reserve	(6 133 354)	(6 459 980)	(6 131 638)	(708 732)
Unearned premium reserve	(23 100 349)	(16 218 051)	(19 762 656)	(2 409 438)
	(41 188 820)	(32 577 411)	(37 849 411)	(4 459 081)
Net liabilities				
Outstanding claims	35 865 351	26 764 991	35 865 351	3 625 427
Incurred but not reported claims reserve	18 393 199	17 465 870	18 394 915	1 916 201
Unearned premium reserve	69 307 911	43 848 806	59 287 968	6 514 406
	123 566 461	88 079 667	113 548 234	12 056 034

All short-term insurance contract liabilities are classified as current liabilities.

21.1 Reconciliation of short-term insurance contract liabilities

	INFLATION ADJUSTED			
	Outstanding claims ZWL	Incurred but not reported claims ZWL	Unearned premium ZWL	Total ZWL
Group				
As at 1 January 2018	29 293 052	11 550 259	33 279 547	74 122 858
Additions during the year	6 188 412	1 342 880	19 982 348	27 513 640
Utilised during the year	(5 663 938)	(1 668 382)	(9 413 089)	(16 745 409)
Effects of IAS 29	(3 052 535)	6 241 113	-	3 188 578
As at 31 December 2018	**26 764 991**	**17 465 870**	**43 848 806**	**88 079 667**
As at 1 January 2019	26 764 991	17 465 870	43 848 806	88 079 667
Additions during the year	91 178 953	58 588 460	39 185 840	188 953 253
Utilised during the year	(15 573 553)	(19 770 340)	(13 726 735)	(49 070 628)
Effects of IAS 29	(66 505 040)	(37 890 791)	-	(104 395 831)
As at 31 December 2019	**35 865 351**	**18 393 199**	**69 307 911**	**123 566 461**

	HISTORICAL COST			
	Outstanding claims ZWL	Incurred but not reported claims ZWL	Unearned premium ZWL	Total ZWL
Group				
As at 1 January 2018	4 715 779	1 859 433	5 357 550	11 932 762
Additions during the year	836 939	181 615	2 417 922	3 436 476
Utilised during the year	(1 927 291)	(124 847)	(1 261 066)	(3 313 204)
As at 31 December 2018	**3 625 427**	**1 916 201**	**6 514 406**	**12 056 034**
As at 1 January 2019	3 625 427	1 916 201	6 514 406	12 056 034
Additions during the year	39 671 771	25 491 716	60 150 853	125 314 340
Utilised during the year	(7 431 847)	(9 013 002)	(7 377 291)	(23 822 140)
As at 31 December 2019	**35 865 351**	**18 394 915**	**59 287 968**	**113 548 234**

22 LIFE REASSURANCE CONTRACT ASSETS AND LIABILITIES	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
22.1 Life reassurance contract assets				
As at 1 January	969 592	4 211 607	156 100	569 900
Movement for the year	2 933 074	(2 797 359)	1 277 700	(413 800)
Effects of IAS 29	(2 468 866)	(444 656)	-	-
As at 31 December	**1 433 800**	**969 592**	**1 433 800**	**156 100**
22.2 Life reassurance contract liabilities				
As at 1 January	12 606 556	34 232 811	2 029 600	4 632 265
Movement for the year	10 231 210	(17 594 462)	4 456 900	(2 602 665)
Effects of IAS 29	(16 351 266)	(4 031 793)	-	-
As at 31 December	**6 486 500**	**12 606 556**	**6 486 500**	**2 029 600**
Net movement for the year	**7 298 136**	**(14 797 103)**	**3 179 200**	**(2 188 865)**
Analysed as follows :				
Non-current	6 486 500	12 606 556	6 486 500	2 029 600
Current	-	-	-	-
	6 486 500	12 606 556	6 486 500	2 029 600

The life reassurance contract liabilities relate to policyholder funds. The movement is accounted for through statement of profit or loss

23 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
As at 1 January	24 611 761	12 799 727	3 962 351	1 799 361
Draw downs during the year	9 508 532	21 757 251	3 940 000	3 487 122
Interest for the year	1 915 963	1 049 423	744 654	110 507
Capital repayments	(5 648 844)	(8 352 427)	(2 248 072)	(1 403 950)
Interest repayment	(1 915 963)	(1 049 423)	(744 654)	(104 707)
Effects of IAS 29	(22 817 170)	161 759	-	-
Foreign exchange movement	8 800 604	(1 754 549)	8 800 604	74 018
Balance as at 31 December	**14 454 883**	**24 611 761**	**14 454 883**	**3 962 351**
Non-current	11 416 651	16 461 567	11 416 651	2 650 217
Current	3 038 232	8 150 194	3 038 232	1 312 134
	14 454 883	24 611 761	14 454 883	3 962 351
Maturity analysis:				
1 month to 6 months	1 561 701	4 012 079	1 561 701	645 927
6 month to 1 year	1 476 531	4 138 115	1 476 531	666 207
1 year to 5 years	11 416 651	16 461 567	11 416 651	2 650 217
	14 454 883	24 611 761	14 454 883	3 962 351

Bank borrowings comprise loans from Central Africa Building Society, ZB Bank Limited and African Banking Corporation of Mozambique Limited.

Central Africa Building Society

The loan was ZWL2 355 522 and bore interest at 10% per annum and was secured by a first mortgage bond on Stand 16591, Harare Township.

The loan was paid up during the year.

ZB Bank Limited

The loan of ZWL2 853 959 bears interest at 31.11% (2018: 11.1%) per annum and is secured by first mortgage bonds over stands 353 Bulawayo Township, 771 Salisbury Township and 326 Fort Victoria Township.

The loan is repayable over 3 years.

African Banking Corporation, Maputo

The loan of ZWL8 562 692 bears interest at 20.75% per annum and is secured by acquired asset building 141/8 Marginal Avenue, Maputo.

The loan is repayable over 7 years.

This section sets out an analysis of net debt and the movements in net debt for each of the years presented

Net debt reconciliation	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Cash and cash equivalents	(91 440 449)	(60 826 365)	(91 440 449)	(9 792 554)
Short-term portion of long term loans (note 23.1)	3 038 232	8 150 194	3 038 232	1 312 134
Long term portion (note 23.1)	11 416 651	16 461 567	11 416 651	2 650 217
Net debt and cash equivalents	(76 985 566)	(36 214 604)	(76 985 566)	(5 830 203)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For The Year Ended 31 December 2019

INFLATION ADJUSTED

	Cash and cash equivalents ZWL	Borrowings due within one year ZWL	Borrowings due after one year ZWL	Total ZWL
Year ended 31 December 2018				
Net debt as at 1 January 2018	(180 542 429)	9 200 392	4 104 266	(167 237 771)
Cashflows	(77 331 385)	(8 352 427)	21 757 251	(63 926 561)
Foreign exchange movement	2 656 063	-	(590 215)	2 065 848
Reclassification to current liabilities	-	10 883 201	(10 883 201)	-
Effects of IAS 29	194 391 386	(3 580 972)	2 073 466	192 883 880
Net debt as at 31 December 2018	**(60 826 365)**	**8 150 194**	**16 461 567**	**(36 214 604)**
Year ended 31 December 2019				
Net debt as at 1 January 2019	(60 826 365)	8 150 194	16 461 567	(36 214 604)
Cashflows	153 640 630	(5 648 844)	9 508 532	157 500 318
Foreign exchange movement	42 395 221	-	(14 016 566)	28 378 655
Reclassification to current liabilities	-	536 882	(536 882)	-
Effects of IAS 29	(226 649 936)	-	-	(226 649 936)
Net debt as at 31 December 2019	**(91 440 449)**	**3 038 232**	**11 416 651**	**(76 985 566)**

HISTORICAL COST

Year ended 31 December 2018				
Net debt as at 1 January 2018	(24 417 087)	1 244 288	555 073	(22 617 726)
Cashflows	14 196 941	(1 403 950)	3 487 122	16 280 113
Foreign exchange movement	427 592	-	79 818	507 410
Reclassification to current liabilities	-	1 471 796	(1 471 796)	-
Net debt as at 31 December 2018	**(9 792 554)**	**1 312 134**	**2 650 217**	**(5 830 203)**
Year ended 31 December 2019				
Net debt as at 1 January 2019	(9 792 554)	1 312 134	2 650 217	(5 830 203)
Cashflows	(17 331 897)	(2 248 072)	3 940 000	(15 639 969)
Foreign exchange movement	(64 315 999)	-	8 800 604	(55 515 395)
Reclassification to current liabilities	-	3 974 170	(3 974 170)	-
Net debt as at 31 December 2019	**(91 440 450)**	**3 038 232**	**11 416 651**	**(76 985 567)**

24 OTHER PROVISIONS

Group	INFLATION ADJUSTED Leave pay ZWL	INFLATION ADJUSTED Termination benefits ZWL	INFLATION ADJUSTED Total ZWL	HISTORICAL COST Leave pay ZWL	HISTORICAL COST Termination benefits ZWL	HISTORICAL COST Total ZWL
As at 1 January 2018	2 354 332	4 999 029	7 353 361	379 015	798 393	1 177 408
Movement	(531 621)	(1 707 468)	(2 239 089)	(71 898)	(230 923)	(302 821)
Effects of IAS 29	(12 185)	53 807	41 622	-	-	-
As at 31 December 2018	**1 810 526**	**3 345 368**	**5 155 894**	**307 117**	**567 470**	**874 587**
As at 1 January 2019	1 810 526	3 345 368	5 155 894	307 117	567 470	874 587
Movement	4 228 491	21 798 637	26 027 128	1 839 808	9 484 541	11 324 349
Effects of IAS 29	(3 892 092)	(15 091 994)	(18 984 086)	-	-	-
As at 31 December 2019	**2 146 925**	**10 052 011**	**12 198 936**	**2 146 925**	**10 052 011**	**12 198 936**
Analysed as follows						
Non-current	-	10 052 011	10 052 011	-	10 052 011	10 052 011
Current	2 146 925	-	2 146 925	2 146 925	-	2 146 925
	2 146 925	10 052 011	12 198 936	2 146 925	10 052 011	12 198 936

Company	INFLATION ADJUSTED Leave pay ZWL	HISTORICAL COST Leave pay ZWL
As at 1 January 2018	**704 217**	113 376
Movement	(262 696)	(42 293)
As at 31 December 2018	**441 521**	**71 083**
As at 1 January 2019	**441 521**	**71 083**
Movement	336 829	143 944
Effects of IAS 29	(563 323)	-
As at 31 December 2019	**215 027**	**215 027**
Analysed as follows		
Non-current	-	-
Current	215 027	215 027
	215 027	215 027

- Leave pay provision relates to amounts for contractual days employees are entitled to be absent from work on paid leave that were not utilised as at year-end.
- Termination benefits provision relates to contractual amounts payable to management on termination of employment.

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2019	2018	2019	2018
25 TRADE AND OTHER PAYABLES	ZWL	ZWL	ZWL	ZW
Due to retrocessionaires	132 726 783	60 461 252	132 726 783	9 671 350
Pensions and other employee long-term benefits	901 338	6 957 338	901 338	1 120 717
Deferred revenue from sale of stands	-	499 099	-	67 496
Other payables*	36 017 289	8 814 338	36 017 289	1 374 452
Accruals**	17 431 683	18 307 825	17 431 683	2 947 419
Total trade and other payables	**187 077 093**	**95 039 852**	**187 077 093**	**15 181 434**
	Company	Company	Company	Company
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Other payables*	12 170 872	43 299 949	12 170 872	6 971 101
Accruals**	901 338	5 554 450	901 338	894 242
Total trade and other payables	13 072 210	48 854 399	13 072 210	7 865 343

All trade and other payables are classified as current liabilities

* Other payables are constituted of non-insurance payables from the holding company and property business.

**Included in the accruals are actuarial fees and any other accrued expenses not included in other payables.

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2019	2018	2019	2018
26 GROSS PREMIUM WRITTEN	ZWL	ZWL	ZWL	ZWL
Life reassurance contracts	27 931 996	29 245 380	13 381 669	4 060 146
Non-life reinsurance contracts	468 576 056	214 694 954	229 582 176	28 220 260
	496 508 052	243 940 334	242 963 845	32 280 406
27 RETROCESSION PREMIUM				
Life reassurance contracts	(6 554 011)	(3 220 683)	(4 574 542)	(453 022)
Non-life reinsurance contracts	(156 696 355)	(63 159 105)	(76 641 553)	(8 343 169)
	(163 250 366)	(66 379 788)	(81 216 095)	(8 796 191)
28 UNEARNED PREMIUM PROVISION				
Unearned gross premium	(31 249 471)	(17 547 669)	(16 988 523)	(2 269 464)
Less related retrocession premiums	17 522 736	8 134 580	9 611 232	1 008 398
	(13 726 735)	(9 413 089)	(7 377 291)	(1 261 066)
29 BROKERAGE, COMMISSION AND FEES				
Retrocession commission income	44 357 912	17 165 559	24 759 484	2 280 066
Less charges on retrocession contracts	(3 177 032)	(2 110 468)	(1 003 270)	(266 888)
	41 180 880	15 055 091	23 756 214	2 013 178

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2019	2018	2019	2018
30	NET PROPERTY INCOME	ZWL	ZWL	ZWL	ZW
	Revenue from contracts with customers:				
	Sale of property and stands	12 966 086	11 278 962	5 526 698	1 715 728
	Cost of sales of property and stands	(2 626 504)	(7 480 499)	(387 663)	(995 260)
		10 339 582	3 798 463	5 139 035	720 468
31	NET PROPERTY OPERATING COSTS				
	Operating costs recoveries	11 100 804	3 831 448	2 448 374	582 831
	Property operating costs	(15 923 618)	(10 918 090)	(4 306 940)	(1 385 049)
		(4 822 814)	(7 086 642)	(1 858 566)	(802 218)
32	INVESTMENTS INCOME				
	Dividend income	3 037 019	3 117 380	1 150 412	472 709
	Interest income	7 827 272	7 047 071	3 624 637	973 223
		10 864 291	10 164 451	4 775 049	1 445 932

	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Dividend income	497 698	2 386 362	139 765	325 076
Interest income	10 798	262 060	4 343	35 802
	508 496	2 648 422	144 108	360 878

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2019	2018	2019	2018
33	OTHER (LOSSES)/GAINS	ZWL	ZWL	ZWL	ZWL
	Profit/(loss) from disposal of property and equipment	274 450	300 535	117 279	12 694
	Losses from disposal of investment property	-	(2 204 938)	-	(298 202)
	Gains from disposal of financial assets at fair value through profit or loss	429 382	16 480 209	361 782	2 105 023
	Gains from disposal of financial assets at fair value through OCI	-	30 159	-	4 046
	Gain from share split of financial asset at fair through profit or loss	-	1 592 919	-	215 431
	Realised exchange differences *	14 684 816	974 786	7 997 254	123 416
	Recoveries from debtors previously written off	219 613	624 845	95 649	76 690
	Fair value adjustments on financial assets through profit or loss	(35 515 025)	8 039 081	3 434 226	1 087 229
	Unrealised exchange (losses)/gains	(8 857 021)	642 189	(8 879 980)	73 963
	Retrocession payable waiver	-	3 319 597	-	448 952
	Other gains	13 355 443	2 440 953	5 581 657	323 363
		(15 408 342)	32 240 335	8 707 867	4 172 605

* The greater value arose from sales of stands

	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Gains from disposal of financial assets at fair value through profit or loss	395 559	14 220 690	129 375	2 105 023
Realised exchange losses	(1 950 239)	-	(366 688)	-
Fair value (losses)/gains on financial assets through profit or loss	(16 170 875)	22 050 036	1 310 110	537 497
Other (losses)/gains	16 184	-	(1 077)	16 606
	(17 709 371)	36 393 516	1 071 720	2 659 126

34 OPERATING AND ADMINISTRATION EXPENSES	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Independent auditors' remuneration	(3 766 135)	(2 360 710)	(1 407 383)	(313 676)
Directors' fees (non-executive)	(7 564 746)	(3 244 978)	(3 402 957)	(430 179)
Employee benefit expenses (note 34.1)	(42 868 717)	(45 427 813)	(26 174 704)	(6 001 702)
Depreciation of property, plant and equipment (note 8)	(8 125 022)	(3 196 866)	(2 374 852)	(402 273)
Depreciation of right-of-use-assets (note 9)	(2 142 865)	-	(772 721)	-
Write-off of receivables	(649 091)	(46 184)	(282 771)	(6 246)
Amortisation of intangible assets (note 11)	(463 385)	(188 109)	(126 975)	(24 433)
Consultation fees	(4 842 261)	(4 210 148)	(2 571 809)	(550 889)
Legal fees	(1 235 226)	(817 095)	(580 297)	(169 457)
Fines	-	(4 595)	-	(564)
Rent, premises costs and utilities	(3 418 808)	(3 260 607)	(1 657 917)	(470 453)
Travel and representation	(5 010 920)	(2 591 168)	(2 130 972)	(242 487)
Marketing, advertising and promotion	(8 371 068)	(6 156 663)	(3 768 913)	(864 140)
Other operating expenses	(9 193 620)	(21 164 045)	(4 000 125)	(3 005 377)
	(97 651 864)	(92 668 981)	(49 252 396)	(12 597 006)

	INFLATION ADJUSTED		HISTORICAL COST	
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Independent auditors' remuneration	(241 058)	(327 392)	(50 360)	(44 275)
Directors' fees (non-executive)	(2 121 380)	(658 596)	(893 358)	(92 433)
Employee benefit expenses (note 34.1)	(6 085 643)	(7 816 086)	(2 212 330)	(1 143 044)
Depreciation of property, plant and equipment (note 8)	(686 439)	(171 612)	(92 831)	(23 208)
Depreciation of right-of-use-assets (note 9)	(1 633 057)	-	(262 915)	-
Consultation fees	(731 968)	(1 037 739)	(239 362)	(142 262)
Legal fees	-	(96 563)	-	(13 059)
Rent, premises costs and utilities	-	(314 196)	-	(43 383)
Travel and representation	(92 866)	(28 751)	(41 375)	(3 888)
Marketing, advertising and promotion	(119 275)	(193 715)	(40 193)	(26 384)
Other operating expenses	(950 289)	(2 330 529)	(672 322)	(328 317)
	(12 661 975)	(12 975 179)	(4 505 046)	(1 860 253)

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
34.1 Employee benefit expenses				
Directors' remuneration (executive directors)	(16 170 486)	(7 897 248)	(11 475 791)	(969 260)
Wages and salaries (excluding executive directors)	(15 484 599)	(23 361 444)	(9 083 633)	(3 032 255)
Other staff costs	(8 018 321)	(12 041 966)	(3 431 777)	(1 619 436)
Pension costs (note 34.2)	(2 522 799)	(1 740 200)	(1 730 372)	(324 723)
Social security costs (note 34.2.1)	(672 512)	(386 955)	(453 131)	(56 028)
	(42 868 717)	(45 427 813)	(26 174 704)	(6 001 702)

	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Directors' remuneration (executive directors)	(2 403 859)	-	(813 423)	-
Wages and salaries (excluding executive directors)	(2 101 319)	(3 380 612)	(739 123)	(464 219)
Other staff costs	(1 353 229)	(4 065 377)	(576 581)	(627 727)
Social security costs (note 34.2.1)	(227 236)	(370 097)	(83 203)	(51 098)
	(6 085 643)	(7 816 086)	(2 212 332)	(1 143 044)

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
34.2 Staff pension and life assurance scheme				

Employees are members of the Life Assurance Scheme managed by Fidelity Life Assurance Company Limited. The Group's contributions (employer contributions) to the scheme are charged directly to the statement of profit or loss income during the year in which they are incurred.

The Group Staff Pension Fund, a defined contribution plan, was paid-up in 2016. However, Credit Insurance Zimbabwe Limited and subsidiaries domiciled outside Zimbabwe have separate schemes to which they contribute. These schemes are all defined contribution plans and contributions are directly expensed through the statement of profit or loss during the year in which they are incurred.

Pension fund contributions	(2 522 799)	(1 740 200)	(1 730 372)	(324 723)

34.2.1 National Social Security Authority Scheme

The entities domiciled in Zimbabwe and their employees contribute to the National Social Security Authority Pension Scheme. This is a social security scheme, which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time. Similarly, regional subsidiaries and their staff also contribute to national social security schemes in their respective countries where such schemes are legislated. Company contributions are charged to the statement of profit or loss in the year in which they are incurred.

34.2.1 National Social Security Authority Scheme *(continued)*	INFLATION ADJUSTED Group 2019 ZWL	INFLATION ADJUSTED Group 2018 ZWL	HISTORICAL COST Group 2019 ZWL	HISTORICAL COST Group 2018 ZWL
National Social Security Authority Scheme contributions	(672 512)	(386 955)	(453 131)	(56 028)
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
National Social Security Authority Scheme contributions	(227 236)	(370 097)	(83 203)	(51 098)

35 EARNINGS PER SHARE

Basic and diluted earnings per share	INFLATION ADJUSTED Group 2019 ZWL	INFLATION ADJUSTED Group 2018 ZWL	HISTORICAL COST Group 2019 ZWL	HISTORICAL COST Group 2018 ZWL

35.1 Basic earnings per share

The following reflects the income and ordinary share data used in the computations of basic and diluted earnings/(loss) per share:

	Group 2019 ZWL	Group 2018 ZWL	Group 2019 ZWL	Group 2018 ZWL
Earnings\(loss) attributable to ordinary equity holders of the parent for basic earnings per share	41 774 664	(15 698 634)	269 729 090	4 424 810
Weighted average number of ordinary shares in issue	1 532 903 493	1 533 338 937	1 532 903 493	1 533 338 937
Basic earnings\(loss) per share (ZWL cents)	2.73	(1.02)	17.60	0.29
	Company 2019 ZWL	Company 2018 ZWL	Company 2019 ZWL	Company 2018 ZWL
Earnings attributable to ordinary equity holders of the parent for basic earnings per share	9 807 386	12 936 161	(3 385 018)	1 159 751
Weighted average number of ordinary shares in issue	1 532 903 493	1 533 338 937	1 532 903 493	1 533 338 937
Basic earnings\(loss) per share (ZWL cents)	0.64	0.84	(0.22)	0.08

35.2 Diluted earnings per share

The Group and Company have no arrangements or contracts that could result in dilution therefore, the diluted earnings per share are the same as the basic earnings per share.

36 RELATED PARTY DISCLOSURES

36.1 Principal subsidiaries

The holding company's direct subsidiaries are Emeritus Reinsurance (Private) Limited and Credit Insurance Zimbabwe Limited which are owned 100% (2018: 100%) and 90.65% (2018: 84%) respectively, of the issued share capital. Emeritus Reinsurance (Private) Limited is domiciled in Zimbabwe. In turn Emeritus Reinsurance Zimbabwe (Private) Limited has interests in the subsidiaries listed below:

Subsidiaries of Emeritus Reinsurance Zimbabwe (Private) Limited	Country of incorporation	Activity	% Shareholding 2019	% Shareholding 2018
Zimre Property Investments Limited	Zimbabwe	Properties	64.4%	63.2%
Emeritus Reinsurance Zambia Limited (through Emeritus International)	Zambia	Reinsurance	100%	100%
Emeritus Reinsurance Company Limited (through Emeritus International)	Malawi	Reinsurance	100%	100%
Emeritus Resegguros, SA (owned through Emeritus International)	Mozambique	Reinsurance	70%	70%
Emeritus Reinsurance Company (Proprietary) Limited (through Emeritus International)	Botswana	Reinsurance	91.5%	91.5%
Emeritus Reinsurance Company of South Africa Limited (through Emeritus International)	South Africa	Reinsurance	100%	100%
Emeritus International Reinsurance Company Limited	Botswana	Reinsurance	100%	100%

36.2 Entity with significant influence over the Group

Day River Corporation Limited owns 40.09% of the issued share capital of Zimre Holdings Limited (2018: 40.16%) and the Government of Zimbabwe owning 21.63% (2018: 21.63%)

36.3 Associates

The Group's information on associates is disclosed in note 12.

36.4 Transactions and balances with related parties

The total amount of transactions and balances that have been entered into with related parties are analysed as follows.

36.4.1 Related party transactions

Description	Company owed	Relationship	2019 Transaction amount for the year ZWL	Balance ZWL	2018 Transaction amount for the year ZWL	Balance ZWL
Rentals	Zimre Property Investments Limited	Subsidiary	-	-	53 520	41 267
Dividends			-	-	308 316	-

36.4.2 Compensation of key management personnel of the Group

	INFLATION ADJUSTED Group 2019 ZWL	INFLATION ADJUSTED Group 2018 ZWL	HISTORICAL COST Group 2019 ZWL	HISTORICAL COST Group 2018 ZWL
Short-term employee benefits	(24 463 183)	(7 897 248)	(11 475 791)	(969 260)
Total compensation paid to key management personnel	(24 463 183)	(7 897 248)	(11 475 791)	(969 260)

36.4.3 Other interests of directors in the holding company

	Number of shares 2019	2018
B.N. Kumalo	1 031 315	1 031 315
R.C. Von Seidel (indirectly)	166 033 426	166 033 426
H.B.W. Rudland (indirectly)	614 769 314	614 769 314

36.5 Transactions involving changes in subsidiaries' shareholding

36.5.1 Change in ownership percentage in Zimre Property Investments Limited

Zimre Holdings Limited purchased a further interest in Zimre Property Investments Limited as analysed below:	2019	2018
Additional interest purchased	1.15%	3.37%
Interest after purchase	64.35%	63.20%
Purchase price	ZWL696 053	ZWL1 125 375

36.5.2 Change in ownership percentage in Credit Insurance Zimbabwe

Zimre Holdings Limited purchased a further interest in Credit Insurance Zimbabwe as shown below:

Additional interest purchased	6.00%	-
Interest after purchase	90.65%	-
Purchase price	ZWL2 019 879	-

As a result of the above transactions a change in ownership reserve of ZWL5 056 365 (2018:ZWL11 696 017) was recognised in equity.

37 DIVIDENDS

	INFLATION ADJUSTED Group 2019 ZWL	Group 2018 ZWL	HISTORICAL COST Group 2019 ZWL	Group 2018 ZWL
As at 1 January	-	-	-	-
Dividends declared	-	10 131 027	-	1 306 684
Dividends paid	-	(10 131 027)	-	(1 306 684)

During the year ended 31 December 2019, the board of directors declared and paid a dividend of ZWL nil (2018 : ZWL10 131 027).

	2019 Company ZWL	2018 Company ZWL	2019 Company ZWL	2018 Company ZWL
As at 1 January	-	-	-	-
Dividends declared	-	8 133 954	-	1 100 000
Dividends paid	-	(8 133 954)	-	(1 100 000)

During the year ended 31 December 2019, the board of directors declared and paid a dividend of ZWL nil (2018 : ZWL8 133 954).

38 CONTINGENCIES

38.1 Contingent assets

The Group has had a 49% shareholding in the Zimbabwe United Passenger Company (Private) Limited ("ZUPCO") since 1993. In 2000, the Group expressed intention to exit ZUPCO through disposal of its shareholding to the majority shareholder, Government of Zimbabwe. It was agreed that a valuation of the 49% shareholding be performed for the determination of the consideration. However, neither the valuation nor an agreement of sale was concluded. The investment in ZUPCO was impaired from the Group's financial statements from then. Negotiations are ongoing between the Board and the majority shareholder to determine the value of the investment in ZUPCO.

39 EVENTS AFTER THE REPORTING DATE

39.1 On 27 May 2020, the Directors of the Company declared a dividend of ZWL3.1 million relating to the year ended 31 December 2019.

39.2 Impact of Covid-19 pandemic

In line with the provisions of IAS 10, 'Events after the reporting period', Zimre Holdings Limited has treated the Covid-19 pandemic as an ongoing and non-adjusting event since the knowledge and spread of the pandemic took place post year-end and the issue is still evolving. Although the pandemic and the lockdown period are expected to negatively impact on business growth, insurance claims, investment and property values and returns, this is still an evolving issue whose full financial implications could not be determined as of the date of these financial statements. The Group will continue to monitor developments in each jurisdiction and business operation and take appropriate measures to mitigate any emerging risks.

39.3 Suspension and resumption of trading on the Zimbabwe Stock Exchange

On 28 June 2020, the Zimbabwe Stock Exchange Limited ("ZSE") announced the suspension of trading following a directive from the Government of Zimbabwe. Following the engagements between the ZSE and the Ministry of Finance and Economic Development, the local bourse resumed trading effective 03 August 2020 with the exception of the following three counters in which the Group holds investments either directly or indirectly:

- Old Mutual Zimbabwe;
- PPC Limited and
- SeedCo International Limited

The Group will continue to assess the situation and take appropriate measures to mitigate any emerging risks.

SHAREHOLDERS ANALYSIS

As at 31 December 2019

31-Dec-18			31-Dec-19		
HOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF TOTAL OF ISSUED SHARES		NUMBER OF SHARES	PERCENTAGE OF TOTAL OF ISSUED SHARES
DAY RIVER CORPORATION (PRIVATE) LIMITED	614 769 314	40.09	DAY RIVER CORPORATION (PRIVATE) LIMITED	614 769 314	40.09
GOVERNMENT OF ZIMBABWE	331 728 844	21.63	GOVERNMENT OF ZIMBABWE	331 728 844	21.63
NATIONAL SOCIAL SECURITY AUTHORITY	203 905 526	13.30	NATIONAL SOCIAL SECURITY AUTHORITY	203 905 526	13.30
LALIBELA LIMITED-NNR	157 498 202	10.27	LALIBELA LIMITED-NNR	157 498 202	10.27
NICKDALE ENTERPRISES (PVT) LTD	68 123 292	4.44	NICKDALE ENTERPRISES (PVT) LTD	68 123 292	4.44
NSSA-WORKERS COMPENSATION IF	53 005 462	3.46	NSSA-WORKERS COMPENSATION IF	53 005 462	3.46
LOCAL AUTHORITIES PENSION FUND	34 788 794	2.27	LOCAL AUTHORITIES PENSION FUND	34 788 794	2.27
VON SEIDEL-NNR RICHARD JOHN	8 535 224	0.56	VON SEIDEL-NNR RICHARD JOHN	8 535 224	0.56
MARIOT COMPUTING AND MANAGEMENT SERVICES (PVT) LTD	8 027 011	0.52	MARIOT COMPUTING AND MANAGEMENT SERVICES (PVT) LTD	6 259 711	0.41
TEMBO SOLOMON	4 588 775	0.30	TEMBO SOLOMON	4 588 775	0.30
GURAMATUNHU FAMILY TRUST	3 758 894	0.25	GURAMATUNHU FAMILY TRUST	3 758 894	0.25
OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMITED	3 593 205	0.23	OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMITED	3 593 205	0.23
MEALCRAFT INVESTMENTS P/L	2 596 040	0.17	MEGA MARKET (PVT) LTD	3 204 719	0.21
STANBIC NOMINEES(PVT)LTD-NNR-A/C 140043470002	2 221 855	0.14	MEALCRAFT INVESTMENTS P/L	2 596 040	0.17
SALISBURY GENERAL INVESTMENTS CO P/L	2 183 668	0.14	MUNSTER INVESTMENTS (PVT) LTD	2 285 052	0.15
MUNSTER INVESTMENTS (PVT) LTD	2 078 421	0.14	STANBIC NOMINEES(PVT)LTD-NNR-A/C 140043470002	2 221 855	0.14
ANDERSON ROBERT	1 920 161	0.13	SALISBURY GENERAL INVESTMENTS CO P/L	2 183 668	0.14
REMO INVESTMENT BROKERS (PVT) LTD	1 489 972	0.10	ANDERSON ROBERT	1 920 161	0.13
ALPHA ASSET MANAGEMENT NOMINEES	1 406 523	0.09	REMO INVESTMENT BROKERS (PVT) LTD	1 489 972	0.10
KUMALO BENJAMIN NKOSENTYA	1 031 315	0.07	KUMALO BENJAMIN NKOSENTYA	1 031 315	0.07
TOTAL HOLDING OF TOP SHAREHOLDERS	**1 507 250 498**	**98.30**		**1,507 488 025**	**98.31**
REMAINING HOLDING	**26 088 439**	**1.70**		**25 850 912**	**1.69**
TOTAL ISSUED SHARES	**1 533 338 937**	**100**		**1 533 338 937**	**100**

SHARE MOVEMENTS

Munster investments (PVT) LTD increased its shareholding by purchasing 206 631 shares which positively affected its percentage shareholding by moving from 0.14 to 0.15.
Alpha Asset Management Nominees disposed 1 155 412 shares to remain with 251 111 which made it drop out of the top 20 shareholding list.
Mega Market (PVT) LTD bought 2 444 719 shares which increased its percentage shareholding to 0.21.
Mariot Computing and Management Services (PVT) LTD sold 1 767 300 shares and this reduced its percentage shareholding to 0.41 from 0.52.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting (AGM) of members will be held virtually on the following link https://eagm.creg.co.zw/eagmZim/Login.aspx on the 31st of July 2020 at 10.00 hours, to consider the following business:

ORDINARY BUSINESS

1. **Virtual Meeting**
   To approve the holding of Annual General Meetings (AGM) through virtual/electronic means and/or by way of remote attendance.

2. **Financial Statements**
   To receive, consider and adopt the Financial Statements for the year ended 31 December 2019 together with the Report of the Directors and Auditors thereon.

3. **Corporate Governance Statement**
   To receive, consider and approve the Corporate Governance Statement and guidelines for the period 1 January 2019 to 31 December 2019.

4. **Dividend**
   To confirm the the final dividend for the year ended 31 December 2019 of ZWL 3.1million amounting to ZWL0.002021732 per share declared on 27 May 2020.

5. **Directorate**
   a) To re-elect Mr HWB Rudland who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.

   Mr Rudland is the founder of Pioneer Coaches which over the years has developed into a regional brand. He sits on a number of boards in various key industries namely TSL Limited and Scanlink (Private) Limited to name a few.

   b) To re-elect Mr E Zvandasara who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.

   Mr Zvandasara is the Acting Accountant General in the Ministry of Finance and Economic Development. He holds a Bachelor of Accountancy degree and is a Public Sector Financial Management practitioner with 34 years' experience in Public Sector Accounting.

   c) To re-elect Ms Maguranyanga who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers herself for re-election.

   Ms Maguranyanga is a successful commercial lawyer with over 21 years' experience in the field of banking and working with a diversified portfolio of clients. She is a partner with a local law firm.

6. Directors' Remuneration

To approve the remuneration of the Directors amounting to ZWL 893 358 for the year ended 31 December 2019.

(NOTE In terms of Practice Note 4 issued by the Zimbabwe Stock Exchange on the 17th of January 2020, the ZHL Directors Remuneration Report shall be available for inspection at the Company's registered office during the Annual General Meeting.)

7. Independent Auditor's Fees

To approve the remuneration of the Independent Auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), amounting to ZWL50 360, for the year ended 31 December 2019.

8. Appointment of Independent Auditor

To reappoint PricewaterhouseCoopers Chartered Accountants (Zimbabwe) as the Independent Auditor for the Company for the ensuing year until the conclusion of the next Annual General Meeting.

(NOTE In terms of section 69 of the ZSE Listing Requirements, issuers are required to change their audit partners every five years and their audit firm every ten years. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have served as the Company's Independent Auditor since 2016 and effective 2020 have changed the audit partner.)

SPECIAL BUSINESS

9. General Authority to buy back shares

As an Ordinary Resolution

Subject to the requirements of the Companies and Other Business Entities Act [Chapter 24:31] and Zimbabwe Stock Exchange, the Directors be and are hereby authorised to renew the authority granted on 26 June 2019, to buyback the Company's issued ordinary shares subject to the following terms and conditions:

(i) That the purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% or lower than 5% of the weighted average trading price of the ordinary shares five (5) business days immediately preceding the date of the repurchase of such shares.

(ii) The maximum number of shares that may be acquired shall not exceed 10% (ten percent) of the company's issued ordinary share capital.

(iii) That this authority shall expire on the date of the next Annual General Meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of the resolution.

(iv) That the shares repurchased may be held for treasury purposes or cancelled as may be decided by the Board of Directors from time to time.

10. Placing of authorised unissued shares under the control of the Directors

As an Ordinary Resolution

"The Company be and is hereby authorised to place its authorised unissued ordinary shares, amounting to 466 661 063 ordinary shares under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirements of the Company's Memorandum and Articles of Association and the Zimbabwe Stock Exchange Listing Requirements."

(The proposal will enable the Directors to undertake key transactions which transactions will be in accordance with section 309 (2) of the ZSE Listing Requirements, which requires that the Directors consult the ZSE prior to issuing the shares under their control, and complying with any instruction given by the ZSE regarding such issue.)

11. Adoption and substitution of New Memorandum and Articles of Association of the Company

As a Special Resolution

The Company be and is hereby authorised to adopt and substitute the Memorandum and Articles of Association of the Company with the requirements outlined in the new Companies and Other Business Entities Act [Chapter 24:31] and new ZSE Listing Requirements (Statutory Instrument 134 of 2019).

12. Any other business

To transact all such other business as may be transacted at an Annual General Meeting.

EXPLANATORY NOTE TO THE GENERAL AUTHORITY TO BUY BACK SHARES

The Directors, in considering the effect of the purchase above, have reviewed the Company's budget and cash flow forecast for the period of twelve months after date of notice convening the Annual General Meeting. On the basis of this review, the Directors are satisfied that:

- The Company is in a strong financial position and will, in the ordinary course of business, be able to pay its debts for the period of twelve (12) months after the Annual General Meeting;
- The assets of the Company will be in excess of its liabilities for a period of twelve (12) months after the Annual General Meeting;
- The ordinary capital and reserves of the Company will be adequate for a period of twelve (12) months after the Annual General Meeting, and
- The working capital will be adequate for a period of twelve (12) months after the Annual General Meeting.

Appointment of Proxy

(i) In terms of the Companies and Other Business Entities Act (Chapter 24:31) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, vote a poll and speak in his stead. A proxy need not be a member of the Company.

(ii) Proxy forms must be deposited at the registered office of the Company or at the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare, Zimbabwe) not less than 48 (forty-eight) hours before the time appointed for the holding of the meeting.

By order of the Board

L Madzinga
Group Company Secretary
9 July 2020

PROXY FORM

I/We...
(insert name in block letters)
Of...
(insert address)
Being a member/members of the above Zimre Holdings Limited ("ZHL" or the "Company"), hereby appoint Mr/Mrs/Ms..
....
(insert name in block letters)
Of..
(insert address)
Or failing him/her...
(insert name in block letters)
Of...
(insert name in block letters)
Or failing him/her..
(insert name in block letters)
Of...
(insert address)
Or failing him/her, the CHAIRPERSON of the meeting as my/ our proxy to to attend, speak and vote for me/us on my/ our behalf at the general meeting of the Company as specified above and any adjournments thereof and in accordance with the following instructions:-

	ORDINARY BUSINESS	Number of Votes		
		FOR	AGAINST	ABSTAIN
1.	To approve the holding of Annual General Meetings (AGM) through virtual/electronic means and/or by way of remote attendance.			
2.	To receive, consider and adopt the Financial Statements for the year ended 31 December 2019 together with the Report of the Directors and Auditors thereon.			
3.	To receive, consider and approve the Corporate Governance Statement for the period 1 January 2019 to 31 December 2019.			
4.	To confirm the the final dividend for the year ended 31 December 2019 of ZWL 3.1million amounting to ZWL0.002021732 per share declared on 27 March 2020.			
5(a)	To re-elect Mr Hamish Wilburn Bryan Rudland who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
5(b)	To re-elect Mr Edwin Zvandasara who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
5(c)	To re-elect Ms Jean Maguranyanga who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers herself for re-election.			

ORDINARY BUSINESS		Number of Votes		
		FOR	AGAINST	ABSTAIN
6.	To approve the remuneration of the Directors amounting to ZWL 893 358 for the year ended 31 December 2019.			
7.	To approve the remuneration of the Independent Auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), amounting to ZWL 50 360, for the year ended 31 December 2019.			
8.	To reappoint PricewaterhouseCoopers Chartered Accountants (Zimbabwe) as the Independent Auditor for the Company for the ensuing year until the conclusion of the next Annual General Meeting.			
	SPECIAL BUSINESS			
9.	Subject to the requirements of the Companies and Other Business Entities Act [Chapter 24:31] and Zimbabwe Stock Exchange, the Directors be and are hereby authorised to renew the authority granted on 26 June 2019, to buyback the Company's issued ordinary shares which authority shall expire on the date of the next Annual General Meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of the resolution.			
10.	The Company be and is hereby authorised to place its authorised unissued ordinary shares, amounting to 466 661 063 ordinary shares under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirements of the Company's Memorandum and Articles of Association and the Zimbabwe Stock Exchange Listing Requirements.			
11.	The Company be and is hereby authorised to adopt and substitute the Memorandum and Articles of Association of the Company with the requirements outlined in the new Companies and Other Businesses Entities Act [Chapter 24:31] and new ZSE Listing Requirements (Statutory Instrument 134 of 2019).			

SIGNED this...Day of..2020
Signature of Member/Director..
Name of Member ....
(If for a body Corporate, kindly sign on behalf thereof)

NOTES

(i) *Members are encouraged to lodge their questions with the Company Secretary or Transfer Secretaries by the 22nd of June 2020.*

(ii) *In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, vote a poll and speak in his stead. A proxy need not be a member of the Company.*

(iii) *Proxy forms must be deposited at the registered office of the Company or at the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare, Zimbabwe) not less than 48 (forty-eight) hours before the time appointed for the holding of the meeting.*