FBC REINSURANCE COMPANY LIMITED

SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2021

FBC REINSURANCE COMPANY LIMITED

DIRECTORS:

C Malunga	(Chairman)
K Chiketsani	(Managing Director)
S Chikumbu	*
T Kufazvinei	*
R Matambo	*
J Mushayavanhu	*
M Rukuni	*
A Shumba	(Executive)
D Chihota	(Executive)
J Matsvimbo	(Executive)

* Non-executive director

SECRETARY:

T Mabeza

REGISTERED OFFICE:

4th Floor, FBC Centre
45 Nelson Mandela Ave
Harare
Fax:

CONTACT DETAILS:

P.O. Box 4282
Harare
Telephone: 263 (24) 2772 705/7
263 (24) 2742 568

INDEPENDENT AUDITOR:

KPMG Chartered Accountants Zimbabwe
100 The Chase
Emerald Hill
Harare

ATTORNEYS:

Dube, Manikai & Hwacha Legal Practitioners
Eastgate Building
6th Floor Goldbridge, Southwing
Cnr S. Nujoma/Robert Mugabe Road
P.O. Box CR36 Cranborne
Harare

BANKERS:

FBC Bank Limited
SBM Mauritius

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FOR THE YEAR ENDED 31 DECEMBER 2021

FBC REINSURANCE COMPANY LIMITED

BOARD OF DIRECTORS
31 DECEMBER 2021

CANADA MALUNGA
CHAIRMAN
BA Acc (Hons), CA (Z)

Canada is a Chartered Accountant who has broad experience in various sectors of commerce and industry in Zimbabwe. He is past President of The Institute of Chartered Accountants (Zimbabwe).

SIMON PUTSAI CHIKUMBU
(NON-EXECUTIVE DIRECTOR)
BSc Eng. (Hons), ACII, AIISA, Certified Director (IODSA)

Simon Putsai Chikumbu serves as an Independent Director on the Board of FBC RE. He was elected to the Board in 2016. He is a Chartered Insurer, an Associate of the Insurance Institute of South Africa and a Certified Director of the Institute of Directors (South Africa). He holds a BSC degree in Mechanical Engineering (University of Zimbabwe). He currently serves as the Non- Executive Chairman of Aon Re Africa Pty Ltd, t/a Aon Reinsurance Solutions, where he worked for 25 years. Prior to his current position, he served as CEO & Principal Officer for 13 years. He has also served in the capacity of President of the Insurance Institute of Zimbabwe (IIZ), President and Chairman of the Insurance Institute of South Africa (IISA), Executive Committee member of the African Insurance Organization (AIO) and Chairman of the South Africa Reinsurance Brokers Association (SARBA). Mr. Chikumbu sits on the Boards of other companies in Southern Africa.

KLETO CHIKETSANI
(MANAGING DIRECTOR)
BBS (Hons) UZ, ACIISA

Kleto is an Associate of the Insurance Institute of South Africa. He started his career in 1990 as a trainee underwriter with a local reinsurance company. At the company's inception in 1995, he joined FBC Re as a Senior Underwriter (Treaties) and rose through the ranks to his current position as Managing Director of FBC Reinsurance Limited.

Dr. JOHN MUSHAYAVANHU (NON-EXECUTIVE DIRECTOR)
DBA, AIB(Z), Dip Management, MBA

John is an Associate of the Institute of Bankers in Zimbabwe ("AIBZ"), and holds a Diploma in Management from Henley Management College, United Kingdom, as well as a Masters degree in Business Administration from Brunel University, United Kingdom as well as a Doctorate in Business Administration from Binary University in Malaysia. A career banker, John has over more than two decades in the financial services sector. He previously held senior positions in corporate and retail banking with a local multinational bank. John is the former President of Bankers Association of Zimbabwe ("BAZ"). John joined FBC Bank as an Executive Director in the Corporate Banking Department in October 1997. He became Managing Director in 2004 and was appointed the Group Chief Executive of the FBC Holdings Limited on the 1st of June 2011.

TRYNOS KUFAZVINEI
(NON-EXECUTIVE DIRECTOR)
CA (Z), Bachelor of Accountancy (Hons) - (UZ), Master of Administration (University of Manchester- (UK)

Trynos joined FBC Bank in January 1998 as Head of Finance and Administration and was appointed to the Board as Finance Director in October 2003. He became Company Finance Director upon the establishment of FBC Holdings in 2004 and was appointed Deputy Group Chief Executive in June 2011. He sits on the boards of various companies.

ALICE SHUMBA
EXECUTIVE DIRECTOR – PROPERTY AND CASUALTY OPERATIONS
B.Comm Insurance and Risk Management- NUST, MBA - ESAMI

Alice is the Executive Director for Operations at FBC Reinsurance Limited and is a seasoned reinsurance professional with over 18 years' experience in the industry. She is a holder of a Bachelor of Commerce degree in Insurance and Risk Management from NUST, an MBA from ESAMI and is an Associate of the Chartered Insurance Institute (ACII) UK. Alice has been involved in offering reinsurance training within Zimbabwe and the region through the Organization of Eastern and Southern Africa Insurers (OESAI) and the Insurance Institute of Zimbabwe (IIZ). Training and product development is her passion with a keen interest in emerging risks like cyber insurance, political violence and terrorism as well as weather indexed insurances. She is also a founding committee member for the Women in Insurance Zimbabwe and the FBC Holdings Women's Forum.

RUMBIDZAI MATAMBO
(NON-EXECUTIVE DIRECTOR)
Bachelor of Laws (Honours) LLB (UZ)

Rumbi is a registered legal practitioner and partner at Dube, Manikai & Hwacha Legal Practitioners. She has 17 years' experience in private practice specialising in commercial and property law. Rumbi joined the board in 2018 bringing with her a great deal of experience in rendering legal and corporate governance advice to local, regional and international corporate entities doing business in Zimbabwe. Rumbi is the current Vice President of the Law Society of Zimbabwe.

JOAQUIM MATSVIMBO
EXECUTIVE DIRECTOR - FINANCE AND ADMINISTRATION
BBA (Accounting) - Solusi University, MB (Professional Accounting) - Queensland University of Technology, CPA (Aus)

Joaquim joined then First Banking Corporation in 2003 as a Trainee Accountant, before becoming Assistant Accountant for FBC Bank in 2004, where he rose to Financial Accountant by 2007. Joaquim has experience in accounting within the financial services sector having worked on various projects within the Company. He joined FBC Reinsurance as Finance Manager in June 2010 a position he held until his appointment to his current position.

MARTHA TUMANI RUKUNI
(NON-EXECUTIVE DIRECTOR)
CA (Z), Bachelor of Accountancy (Hons) - (UZ), Masters of Business Administration (Durham University- UK)

Martha holds a Bachelors of Accountancy (Honours) degree from the University of Zimbabwe and a Masters in Business Administration degree from Durham University Business school, United Kingdom. She served her Articles with Deloitte and Touché Chartered Accountants Zimbabwe and qualified as a Chartered Accountant in 1988. Martha held different positions within the Astra Industries Group, HSBC (Private) Limited and National Discount House Company in senior management and directorship positions. She has served as non-executive director for several listed companies in Zimbabwe.

DORCAS CHIHOTA
EXECUTIVE DIRECTOR – LIFE AND HEALTH OPERATIONS
B.Comm Insurance and Risk Management (NUST), Insurance Diploma (IIZ), Advanced Insurance Diploma (CII), EMBA (ESAMI).

Dorcas is the Executive Director for Life and Health Operations at FBC Reinsurance Limited and is a seasoned life reinsurance professional with over 20 years' experience in the industry. She is a holder of a Bachelor of Commerce degree in Insurance and Risk Management from NUST, an EMBA from ESAMI and an Advanced Insurance Diploma (CII) UK. She is currently the second vice president of the Insurance Institute of Zimbabwe (IIZ).

Your directors have pleasure in submitting their report and audited separate financial statements to shareholders of the Company, for the financial year ended 31 December 2021.

ACTIVITIES AND INCORPORATION

FBC Reinsurance Company Limited, a limited liability company incorporated and domiciled in Zimbabwe, provides insurance services and is registered in terms of the Companies and Other Business Entities Act (Chapter 24:31) and the Insurance Act (Chapter 27:04).

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of the Company is 10 000 and 9 000 ordinary shares respectively, with a nominal value of ZWL$100.00 as at 31 December 2021. The details of the authorised and issued share capital are set out in note 11.

RESERVES

The Company's total shareholders' equity attributable to equity holders as at 31 December 2021 was ZWL$ 1 151 663 835.

Further movement in reserves are shown on the statement of changes in equity.

FINANCIAL RESULTS

The separate financial statements and this commentary are stated in Zimbabwe dollar ("ZWL$").

Financial highlights (Inflation adjusted) for the year ended 31 December 2021

Statement of profit or loss and other comprehensive income	**Year ended 31 December 2021 ZWL$**	**Year ended 31 December 2020 ZWL$**
Profit before income tax	726 592 176	311 964 103
Profit for the year	561 123 337	75 945 433
Total comprehensive income for the year	579 210 398	84 302 730
Statement of financial position		
Total equity	1 151 663 835	671 461 964
Total assets	2 485 241 905	1 717 148 809
Share statistics		
Shares in issue - actual number	9 000	9 000

Capital adequacy

The Company's capital and reserves as at 31 December 2021 was ZWL$ 1 151 663 835 which is above the statutory minimum required capital of ZWL$150 000 000. The company acquired a composite license which also allows us to underwrite life business, hence the increase in the minimum required capital.

Profitability

The Company recorded a profit of ZWL$561 123 337 for the year ended 31 December 2021, compared to ZWL$75 945 433 realised in the prior year. The increase was mainly due to the hyperinflationary operating economic environment, low liquidity mainly because of low foreign direct investment, culminating in low productivity, low employment levels and foreign currency shortages.

Statement of financial position

The Company's total assets closed the year 31 December 2021 at ZWL$ 2 485 241 905 up from ZWL$ 1 717 148 809 as at 31 December 2020.

Dividend

The board has taken into account the good performance of the company and the improving macroeconomic environment. We are pleased to advise the shareholder that in 2021 we paid an interim dividend of ZWL$13 901.24 per share.

COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

In the opinion of the Directors, the Company's separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Insurance Act (Chapter 24:07) and in the manner required by the Companies and Other Business Entities Act, (Chapter 24:31) with the exception of IAS 21 The Effects of Changes in Foreign Exchange rates. In the year under review, nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of internal control procedures and systems has occurred.

SUBSEQUENT EVENTS

The Company evaluated its December 31, 2021 separate financial statements for subsequent significant events in line with the requirements of International Financial Reporting Standards and International Accounting Standards. Due to the spread of the COVID19 pandemic, economic uncertainties have arisen which are likely to negatively impact the operations of the Company and subsequently profitability for the year 2022 and beyond in our estimation. For detailed information with regards to the likely impact of these developments please refer to note 25 in the separate financial statements.

GOING CONCERN

The Board has satisfied itself that the Company have adequate resources to continue in operation for the foreseeable future despite the advent of the Covid-19 pandemic. The Company underwrites both short-term property and casualty business and Life and Health, while industry was forced into lockdown our domestic policy wording would not respond to any business interruption claims, while for life business there are limited exposures. The major consideration to going concern is the ability to meet the minimum capital requirements which are set at $150 million, while we currently hold capital of $1.151 billion. The company separate financial statements have accordingly been prepared on a going concern basis. The annual separate financial statements for the year ended 31 December 2021 set out on pages 17 to 74 were approved by the Board of Directors on 31 March 2022.

For detailed information with regards to the likely impact of these developments please refer to going concern under note 2.1.1.4 in the separate financial statements.

INDEPENDENT AUDITOR

The auditors of the Company are KPMG Chartered Accountants Zimbabwe. They hold office until the conclusion of the Annual General Meeting.

By order of the Board

T. K. Mabeza
Company secretary

31 March 2022

FBC REINSURANCE COMPANY LIMITED

THE DIRECTORS' STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2021

The Company's Directors are responsible for the preparation, integrity and objectivity of the inflation adjusted separate financial statements, comprising the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Insurance Act (Chapter 24:07) and in the manner required by the Companies and Other Business Entities Act, (Chapter 24:03) .

To enable the Directors to meet those responsibilities:
The Board sets standards and management implements systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost effective manner, and makes appropriate accounting estimates. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Company Internal Audit Department, which operates independently, appraises, evaluates and, when necessary, recommends improvements in the systems of internal control and accounting practices, based on audits carried out on various functions or aspects of the business.

The Audit Committee, together with the Company Internal Audit Department, play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To their best knowledge and belief, based on the above, the Directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the period under review.

The Directors have reviewed the performance and financial position of the Company to the date of signing of these separate financial statements and the prospects, based on the budgets, and are satisfied that the Company is a going concern and therefore, continue to adopt the going concern assumption in the preparation of these separate financial statements. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these separate financial statements.

It is the responsibility of the independent auditor to report on the separate financial statements. Their report to the shareholders of the Company is set out on page 12 to 16.

Approval of separate financial statements
The Directors' report and the separate financial statements were approved by the Board of Directors and were signed by:

Director

Director

Company Secretary

31 March 2022

Preparer of separate financial statements

These annual separate financial statements have been prepared under the supervision of Joaquim Matsvimbo and have been prepared in in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Insurance Act (Chapter 24:07) and in the manner required by the Companies and Other Business Entities Act, (Chapter 24:03)

Joaquim Matsvimbo CPA (Aus)

THE BOARD

FBC Reinsurance Limited's Board is committed to the principles of openness, integrity and accountability. It recognises the developing nature of corporate governance and assesses its compliance with local and international generally accepted corporate governance practice on an on-going basis through its various committees.

The Board of Directors comprises four executive directors and six non-executive directors. The composition of the Board shows a good mix of skill and experience. The Company derives tremendous benefit from the diverse level of skills and experience of its Board of Directors.

The Board is responsible to the shareholders for setting the direction of the Company through the establishment of strategies, objectives and key policies. The Board monitors the implementation of these policies through a structured approach to reporting and accountability.

OARD ATTENDANCE

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
C Malunga	√	√	√	√
S Chikumbu	√	√	√	√
K Chiketsani*	√	√	√	√
J Mushayavanhu	√	√	√	√
T Kufazvinei	√	√	√	√
R. Matambo	√	√	√	√
M. Rukuni	√	√	√	√
A Shumba*	√	√	√	√
D Chihota*	√	√	√	√
J Matsvimbo*	√	√	√	√

√ Present X Apology
*Executive

AUDIT COMMITTEE

Members
S. Chikumbu (Chairman)
T. Kufazvinei
M. Rukuni

The Committee is chaired by a non-executive director and comprises non-executive directors only.

The Committee meets quarterly as a minimum to:

- Review compliance with statutory regulations;
- Review the effectiveness of internal controls;
- Review and approve the separate financial statements; and
- Review reports of both internal and external auditors' findings, instituting special investigations where necessary.

BOARD COMMITTEES (continued)

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Members
C Malunga (Chairman)
J Mushayavanhu
S Chikumbu

The Committee is chaired by a non-executive director and comprises only non-executive directors. Meetings of the committee are attended by invitation by the Divisional Director of Human Resources responsible for Company human resources.

The Committee's primary objective is to ensure that the right calibre of management is attracted and retained. To achieve this, it ensures that the directors, senior managers and staff are appropriately rewarded for their contributions to the Company's performance.

The Committee is also responsible for the Company's Human Resources Policy issues, terms and conditions of service.

Non-executive directors are remunerated by fees and do not participate in any performance-related incentive schemes.

BOARD RISK AND COMPLIANCE COMMITTEE

Members
R. Matambo (Chairman)
T Kufazvinei
S. Chikumbu

The Committee is constituted at Company level and is responsible for the Company risk management function. It is chaired by a non-executive director. The Committee's primary objective is to maintain oversight of the Company's risk and regulatory compliance processes and procedures and monitor their effectiveness. The Committee keeps under review, developments and prospective changes in the regulatory environment and monitors significant risk and regulatory issues affecting the Company, noting any material compliance/ regulatory breaches and monitoring resolution of any such breaches.

The Company Board Finance and Strategy Committee has written terms of reference. This committee is constituted at Company level and oversees the subsidiary companies. It is chaired by a non-executive director. Meetings of the Committee are attended by invitation, by other senior executives.

The committee meets at least four times a year to review the following amongst other activities:

- The Company's strategy and budget;
- The Company's performance against agreed benchmarks; and
- The adequacy of the Company's management information systems.

BOARD COMMITTEES (continued)

INTERNAL FINANCIAL CONTROLS

The Directors are responsible for the Company's internal control system, which incorporates procedures that have been designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained, and financial information is reliably reported.

The key procedures which the Board considers essential to provide effective control include:

i) Decentralised organisational structure with strong management working within defined limits of responsibility and authority,
ii) An annual budgeting process with quarterly re-forecasts to reflect changing circumstances, and the identification of key risks and opportunities, and
iii) Detailed monthly management accounts with comparisons against budget through a comprehensive variance analysis.

In the year under review nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these internal control procedures and systems has occurred.

GROUP INTERNAL AUDIT

The Group Internal Audit Department examines and evaluates the Company's activities with the aim of assisting management with the effective discharge of their responsibilities. It reviews the reliability and integrity of financial and operating information, the systems of internal control, the efficient management of the Company's resources, the conduct of operations and the means of safeguarding assets.

The Divisional Director of Group Internal Audit reports to the Chairman of the Company Audit Committee.

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Independent Auditors' Report

To the shareholder of FBC Reinsurance Company Limited

Opinion

We have audited the separate inflation adjusted financial statements of FBC Reinsurance Company Limited (the Company) set out on pages 17 to 74, which comprise the inflation adjusted statement of financial position as at 31 December 2021, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, the separate inflation adjusted financial statements present fairly, in all material respects, the separate inflation adjusted financial position of FBC Reinsurance Company Limited as at 31 December 2021, and its separate inflation adjusted financial performance and separate inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act [Chapter 24:31] and the Insurance Act [Chapter 24:07].

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the separate inflation adjusted financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate inflation adjusted financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate inflation adjusted financial statements of the current period. These matters were addressed in the context of our audit of the separate inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Valuation of gross insurance liabilities

Refer to the insurance liabilities accounting policy note 2.13, critical accounting estimates and judgement note 3 and shore term reinsurance contract liabilities note 12 and unearned premium reserve note 13.

Key audit matter	How the matter was addressed in our audit
The Company holds gross insurance liabilities which, on an inflation adjusted basis, comprise of Incurred But Not Reported (IBNR) of ZWL 104 million (note 12), gross outstanding claims of ZWL 331 million (note 12), and unearned premium reserve (UPR) of ZWL 376 million (note 13). The directors engaged an actuarial expert to assess the adequacy of the valuation of the IBNR, outstanding claims and UPR reserve. The determination of the insurance liabilities, is an area that makes use of significant qualitative and quantitative judgments and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as at the end of the reporting period. Because of the inherent susceptibility of the insurance liabilities to estimation uncertainty, we considered the valuation of the insurance liabilities to be a key audit matter.	Our procedures included the following: • Evaluating the appropriateness of the methodology applied and assumptions used by the Company to determine the insurance liabilities using our knowledge and industry experience; • Engaging our own actuarial specialist to interrogate the methodology and assumptions used in the determination of the insurance liabilities by testing the principles and integrity of the data and models used by management and their actuaries; • Re-computing, from date of origination of premium, the allocation of premiums received between current year and future periods based on time allocation, with the amounts for future periods being recognized as UPR; • Assessing the disclosures in the financial statements in terms of IFRS 4, Insurance Contracts (IFRS 4), paying particular attention to the disclosure of the assumptions used and judgements made relating to the insurance liabilities; and • Assessing the disclosures regarding the sensitivity of the IBNR and the related factors that influence the sensitivities in terms of IFRS 4, Insurance .

2. Valuation of property

Refer to Accounting policies - property accounting policy note 2.3, critical accounting estimates and judgements note 3, and property and equipment company note 6.

Key audit matter	How the matter was addressed in our audit
The Company holds properties that are owner occupied that are measured at fair value in accordance with IAS 16 - Property, Plant and Equipment (IAS 16). As at reporting date the company had immovable property amounting to ZWL 31 million, inflation adjusted. In the current year there was a change to	Our procedures included the following: • Evaluating the professional competence and objectivity of the external valuers engaged by the directors to value the properties and specifically evaluating the independence of the external

KPMG

Key audit matter	How the matter was addressed in our audit
the basis of determining the fair value estimate, in that property valuations were performed, by an independent professionally qualified valuer, directly in ZWL currency, compared to prior periods where valuations were in USD and translated to the local currency at the auction (official) rate. The key inputs and assumptions used in the valuations, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity in the local currency. Given the change in basis for determining the fair value (from USD to ZWL valuation), the degree of complexity involved in determining the fair value of the owner occupied properties, the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values in the local property market with significant uncertainty arising from limited transactions activity, the valuation of the Company's owner occupied properties was considered a key audit matter.	valuers by enquiring about their interests and relationship with the Company and validating their membership to professional associations; • Evaluating the appropriateness of the valuation methodologies used by the valuers, specifically in relation to the change in basis, based on our knowledge of the industry and the requirements of IFRS 13 - Fair Value Measurement (IFRS 13); and challenging and interrogating the valuers over the inputs used to value properties including requesting market support in respect of the 2021 values in ZWL; • Consulting with our property valuations specialists with regards to the appropriateness of performing valuations in the local currency; and • Assessing the adequacy of the disclosures in the financial statements in respect of the valuation of owner occupied in accordance with IAS 16 and IFRS 13.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FBC Reinsurance Company Limited Separate Financial Statements for the year ended 31 December 2021" and including the unaudited financial information in the separate inflation adjusted financial statements titled "Unaudited Historical", but does not include the separate inflation adjusted financial statements and our auditors' report thereon.

Our opinion on the separate inflation adjusted financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate inflation adjusted 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. We have nothing to report in this regard.

Responsibilities of the directors for the separate inflation adjusted financial statements

The directors are responsible for the preparation and fair presentation of the separate inflation adjusted financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31] and the Insurance Act [Chapter 24:07], and for such internal control as the directors determine is necessary to enable the preparation of separate inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ responsibilities for the audit of the separate inflation adjusted financial statements

Our objectives are to obtain reasonable assurance about whether the separate inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate inflation adjusted financial statements.

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

- Identify and assess the risks of material misstatement of the separate inflation adjusted 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate inflation adjusted 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate inflation adjusted financial statements, including the disclosures, and whether the separate inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

KPMG

Themba Mudidi
Chartered Accountant (Z)
Registered Auditor
PAAB Practicing Certificate Number 0437

31 March 2022

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O Box 6, Harare
Zimbabwe

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	AUDITED INFLATION ADJUSTED 2021 ZWL$	2020 ZWL$	UNAUDITED HISTORICAL* 2021 ZWL$	2020 ZWL$
ASSETS					
Property and equipment	6	64 040 808	54 487 302	64 040 808	33 898 380
Intangible assets	7	1 550 133	5 188 127	448 000	560 000
Investment in subsidiary	26	109 029 420	133 294 248	109 029 420	82 926 829
Deferred acquisition costs		111 517 569	87 415 205	70 859 676	39 977 985
Loans receivable		59 553	95 724	59 553	59 553
Receivables arising out of reinsurance arrangements	9	262 628 555	205 934 296	262 628 555	128 118 643
Other receivables	9.1	7 093 874	1 003 493	7 093 874	624 307
Reinsurers share of outstanding claims		166 106 924	7 565 010	166 106 924	4 706 447
Quoted equity investments	8	1 099 726 913	597 407 292	1 099 726 913	371 660 627
Cash and cash equivalents	10	663 488 156	624 758 112	663 488 156	388 683 007
Total assets		2 485 241 905	1 717 148 809	2 443 481 879	1 051 215 778
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11.1	50 393 470	50 393 470	900 000	900 000
Share premium	11.2	571 517 043	571 517 043	42 703 332	42 703 332
Non distributable reserves	11.3	2 319 081	2 319 081	37 350	37 350
Revaluation reserve	11.4	59 206 551	41 119 490	54 551 586	29 108 671
Retained earnings		442 125 099	6 112 880	1 071 574 019	422 640 774
Foreign currency translation reserve		26 102 591	-	26 102 591	-
Total equity		1 151 663 835	671 461 964	1 195 868 878	495 390 127
Insurance liabilities:-					
'Short term reinsurance contract liabilities	12	331 065 547	137 527 077	331 065 547	85 560 214
'Unearned premium reserve	13	376 652 241	339 778 365	304 216 485	163 379 572
Payables arising out of reinsurance arrangements	14	89 342 384	93 790 478	89 342 384	58 350 207
Other payables		136 754 135	118 720 391	136 754 128	73 879 584
Provisions	14.1	229 385 926	104 820 506	229 385 926	65 213 653
Deferred tax liabilities	15.3	49 626 799	195 479 516	36 097 493	74 869 983
Current income tax liabilities		120 751 038	55 570 512	120 751 038	34 572 438
Total liabilities		1 333 578 070	1 045 686 845	1 247 613 001	555 825 651
Total equity and liabilities		2 485 241 905	1 717 148 809	2 443 481 879	1 051 215 778

K Chiketsani

T Kufazvinei

DIRECTORS 31 March 2022

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

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

INCOME STATEMENT	Notes	AUDITED INFLATION ADJUSTED 2021 ZWL$	2020 ZWL$	UNAUDITED HISTORICAL* 2021 ZWL$	2020 ZWL$
Gross premium revenue	16	1 974 691 529	1 401 988 880	1 513 362 781	636 814 062
Insurance premium ceded to reinsurers	16	(422 228 706)	(248 565 391)	(316 332 516)	(133 478 932)
Change in unearned premium reserve	13	(36 873 876)	(62 341 225)	(140 836 913)	(144 637 529)
Net insurance premium revenue		1 515 588 947	1 091 082 264	1 056 193 352	358 697 601
Investment income	18	(24 848 960)	13 158 495	(17 608 478)	5 255 706
Net fair value gains on financial assets at fair value through profit or loss	8	774 724 970	439 489 076	774 724 970	273 416 123
Realised gains on quoted investments		198 991 196	88 376 185	204 189 149	58 841 538
Exchange gains		182 542 987	778 270 369	163 403 978	312 157 858
Other operating income		14 543 082	-	11 576 413	-
Loss on disposal of property and equipment		(878 331)	-	(389 760)	-
Net income		2 660 663 891	2 410 376 389	2 192 089 624	1 008 368 826
Insurance claims and loss adjustment expenses	17	(682 787 906)	(502 068 375)	(541 186 851)	(239 730 732)
Insurance claims and loss adjustment Expenses recovered from reinsurers	17	62 853 274	55 890 137	39 380 432	31 177 459
Expenses for the acquisition of insurance contracts	17.1	(338 833 876)	(303 979 315)	(240 960 360)	(98 956 063)
Marketing and administration expenses	19	(615 615 122)	(493 091 907)	(481 071 133)	(205 503 213)
Impairment losses in financial assets		(67 000 000)	(30 909 050)	(67 000 000)	(19 229 221)
Monetary loss		(292 688 085)	(824 253 776)	-	-
Profit before income tax		726 592 176	311 964 103	901 251 712	476 127 056
Income tax expense	15.1	(165 468 839)	(236 018 670)	(151 939 529)	(100 088 172)
Profit for the year		561 123 337	75 945 433	749 312 183	376 038 884
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
- Fair value gains on property and equipment:		22 702 937	10 624 456	33 797 709	27 074 040
- Income tax relating to components of other comprehensive income		(4 615 876)	(2 267 159)	(8 354 794)	(4 110 641)
		18 087 061	8 357 297	25 442 915	22 963 399
Total comprehensive income for the year		579 210 398	84 302 730	774 755 098	399 002 283

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

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

INFLATION ADJUSTED	Share capital ZWL$	Share premium ZWL$	Non-distributable reserves ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	FCTR ZWL$	Total ZWL$
Balance as at 1 January 2020	50 393 470	571 517 043	2 319 081	32 762 193	(69 832 553)	-	587 159 234
Profit for the year	-	-	-	-	75 945 433	-	75 945 433
Other comprehensive income for the year	-	-	-	8 357 297	-	-	8 357 297
Total comprehensive income for the year	**-**	**-**	**-**	**8 357 297**	**75 945 433**	-	**84 302 730**
Transactions with shareholders							
Dividend declared and paid	-	-	-	-	-	**-**	-
Balance as at 31 December 2020	**50 393 470**	**571 517 043**	**2 319 081**	**41 119 490**	**6 112 880**	**-**	**671 461 964**
Balance as at 1 January 2021	50 393 470	571 517 043	2 319 081	41 119 490	6 112 880	**-**	671 461 964
Profit for the year	-	-	-	-	561 123 337	**-**	561 123 337
Other comprehensive income for the year	-	-	-	18 087 061	-	26 102 591	44 189 652
Total comprehensive income for the year	**-**	**-**	**-**	**18 087 061**	**561 123 337**	**26 102 591**	**605 312 989**
Dividend declared and paid	-	-	-	-	(125 111 118)	**-**	(125 111 118)
Balance as at 31 December 2021	**50 393 470**	**571 517 043**	**2 319 081**	**59 206 551**	**442 125 099**	**26 102 591**	**1 151 663 835**

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

UNAUDITED HISTORICAL

	Share capital ZWL$	Share premium ZWL$	Non-distributable reserves ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	FCTR ZWL$	Total ZWL$
Balance as at 1 January 2020	900 000	42 703 332	37 350	6 145 272	46 601 890	-	96 387 844
Profit for the year	-		-	-	376 038 884	-	376 038 884
Other comprehensive income for the year	-	-	-	22 963 399	-	-	22 963 399
Total comprehensive income for the year	**-**	**-**	**-**	**22 963 399**	**376 038 884**	-	**399 002 283**
Transactions with shareholders							
Dividend declared and paid	-	-	-	-	-	**-**	-
Balance as at 31 December 2020	**900 000**	**42 703 332**	**37 350**	**29 108 671**	**422 640 774**	**-**	**495 390 127**
Balance as at 1 January 2021	900 000	42 703 332	37 350	29 108 671	422 640 774	**-**	**495 390 127**
Profit for the year	-	-		-	749 312 183	**-**	749 312 183
Other comprehensive income for the year	-	-	-	25 442 915	-	26 102 591	51 545 506
Total comprehensive income for the year	**-**	**-**	**-**	**25 442 915**	**749 312 183**	**26 102 591**	**800 857 689**
Dividend declared and paid	-	-	-	-	(100 378 939)	**-**	(100 378 939)
Balance as at 31 December 2021	**900 000**	**42 703 332**	**37 350**	**54 551 586**	**1 071 574 019**	**26 102 591**	**1 195 868 878**

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

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FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
CASH FLOWS FROM OPERATING ACTIVITIES		**2021 ZWL$**	**2020 ZWL$**	**2021 ZWL$**	**2020 ZWL$**
Profit or loss		726 592 176	311 964 103	901 251 712	476 127 056
Adjustment for non-cash items					
Depreciation	6	12 644 410	8 498 616	3 555 961	751 813
Amortisation	7	3 637 994	3 630 274	112 000	140 000
Impairment losses in financial assets		67 000 000	30 909 050	67 000 000	19 229 221
Loss on disposal of property and equipment		878 331	-	389 758	-
Net fair value gains on financial assets at fair value through profit or loss		(774 724 970)	(439 489 076)	(774 724 970)	(273 416 123)
Unrealised exchange gains		(182 542 987)	(778 270 369)	(163 403 978)	(312 157 858)
Operating cash flows before working capital changes		(146 515 046)	(862 757 402)	34 180 483	(89 325 891)
Changes in working capital:					
(Increase) in deferred acquisition costs		(24 102 364)	(8 103 969)	(30 881 690)	(34 775 279)
Decrease in loans receivable		-	333 685	-	-
Decrease / (Increase) in receivables arising from reinsurance arrangements		(201 509 912)	106 971 080	(201 509 912)	(99 665 322)
Decrease / (Increase) in other receivables		(6 469 567)	2 818 738	(6 469 567)	(94 217)
Decrease / (Increase) in loss reserves		(161 400 477)	40 577 863	(161 400 477)	1 970 285
(Decrease) / Increase short term reinsurance contract liabilities		245 505 333	(55 702 380)	245 505 333	58 761 775
Increase in unearned premium reserve		36 873 876	62 341 225	140 816 627	144 637 529
Decrease(increase) in payables arising from Reinsurance arrangements		30 992 177	(103 565 341)	30 992 177	30 979 608
Increase in other payables		62 894 839	137 960 372	62 894 839	127 203 494
Increase/(Decreas)e in provisions		164 172 273	-	164 172 273	-
Cash (utilised in) / generated from operations		441 132	(679 126 129)	278 300 086	139 691 982
Income tax paid		(113 367 353)	(81 593 158)	(112 888 214)	(6 279 237)
Net cash (utilised in) / generated from operating activities		(112 926 221)	(760 719 287)	165 411 872	133 412 745
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		544 846	-	492 479	-
Investment in subsidiary	26	-	(133 296 580)	-	(82 926 829)
Purchase of property, plant and equipment	6	(913 156)	(1 305 591)	(782 925)	(495 320)
Purchase of equity investments		(249 865 344)	139 293 757	(182 438 651)	(66 991 049)
Proceeds from disposal of equity investments		368 244 602	-	229 097 335	9 965 505
Net cash generated from/ (utilised) in investing activities		118 010 948	4 691 576	46 368 238	(140 447 693)

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	AUDITED INFLATION ADJUSTED 2021 ZWL$	2020 ZWL$	UNAUDITED HISTORICAL* 2021 ZWL$	2020 ZWL$
CASH FLOWS FROM FINANCING ACTIVITIES					
Rights issue		-	-	-	-
Dividend paid		(125 111 118)	-	(100 378 939)	-
Net generated from/ (utilised) in financing activities		(125 111 118)	-	(100 378 939)	-
Net (decrease) / increase in cash and cash equivalents		(120 026 391)	(756 027 711)	111 401 171	(7 034 948)
Cash and cash equivalents at the beginning of the year	10	624 758 112	483 809 170	388 683 007	83 560 097
Effect of movements in exchange rates on cash and cash equivalents		182 542 987	778 270 369	163 403 978	312 157 858
Effect of inflation on cash and cash equivalents		(23 786 552)	118 706 284	-	-
Cash and cash equivalents at the end of the year		663 488 156	624 758 112	663 488 156	388 683 007

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

1 GENERAL INFORMATION

Country of incorporation and main activities
FBC Reinsurance Company Limited, (the "Company"), is incorporated and domiciled in Zimbabwe. The Company is engaged in short term insurance and life business which include loan and mortgage protection as well as funeral and health business. The Company is also in the process of establishing a subsidiary in Botswana as part of its offshore operations.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate 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

The Company's separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Insurance Act (Chapter 24:07) and in the manner required by the Companies and Other Business Entities Act, (Chapter 24:31) with the exception of IAS 21 The Effects of Changes in Foreign Exchange rates. The separate financial statements have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment property and property and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 3 page 38.

Adoption of the IAS 29 (Financial Reporting in Hyperinflation Economies)
In October 2020, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflation economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2020. These separate financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Standards Committee (IFRIC) 7. (Applying Restated Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018.

The Company adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried in the separate financial statements have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Company's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit or loss for the year ended 31 December 2020 and the comparative period. Comparative amounts in the separate financial statements have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Adoption of the IAS 29 (Financial Reporting in Hyperinflation Economies) (continued)
As noted above, the Company adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures.

The factors used in the periods under review are as follows:

Period	Indices Conversion	Factors at 31 December 2021
CPI as at 30 September 2018	64.06	62.0902
CPI as at 31 December 2018	88.81	44.7866
CPI as at 31 December 2020	2,474.51	1.6074
CPI as at 31 December 2021	3 977.50	1

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

i. All corresponding figures as of and for the year ended 31 December 2020 are restated by applying the change in the index from 31 December 2020 to 31 December 2021.
ii. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.
iii. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2021. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.
iv. Property and equipment that is not current at the statement of financial position date is restated from the date of initial application of hyperinflation conditions or from the transaction date. Depreciation and amortization amounts are based on restated costs. Owner occupied buildings are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not restated. The depreciation amounts are based on the opening restated amounts.
v. Deferred tax is calculated on restated carrying amounts.
vi. Profit or loss items/transactions, except the depreciation and amortization charges explained above, are restated by applying the change in the index from the date of the transaction to 31 December 2021.
vii. The effect of inflation on the net monetary position of the entity is included in the income statement as loss or gain on monetary position.
viii. All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

The inflation adjusted figures form the primary set of separate financial statements and the unadjusted historical figures are supplementary information.

IAS 21 (The Effects of Changes in Foreign Exchange Rates)
The Government promulgated Statutory Instrument ("SI") 33 on 22 February 2020, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB) notes the requirements of SI 33 were contrary of the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so due to the conflict between IAS 21 and local statutory instruments. In respect of the current financial year financial information and as a result of the absence of an observable foreign exchange market, the Company continues to be unable to meet the requirements of IAS 21. Due to the material and the pervasive impact of the technicalities, the Directors would like to advise users to exercise caution in their use of these inflation adjusted separate financial statements

Application of new and revised International Financial Reporting Standards (IFRSs)

2.1.1.2. New and revised IFRS Standards in issue but not yet effective

The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective

- IFRS 17 Insurance Contracts
- Amendments to IAS 1

The directors do not expect that the adoption of the Standards listed above will have a material impact on the separate financial statements of the Company in future periods, except as noted below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The standard will have a material impact to the Company.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1.2. New and revised IFRS Standards in issue but not yet effective (continued)

IAS 1 Presentation of Separate Financial Statements (amendments)

Effective date: 1 January 2023
The amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' separate financial statements significantly. However, these clarifications could result in reclassification of some liabilities from current to non-current, and vice versa. The amendment will be applied retrospectively. The impact on the annual separate financial statements has not yet been fully determined.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1.4 Going concern

.
The Company's forecasts and projections, taking account of COVID-19 pandemic, reasonably possible changes in trading environment and performance, show that the Company should be able to operate within the level of its current financing. After a detailed assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the advent of the pandemic.

The Company's business operations has been and will continue to be affected by the outbreak of the COVID-19 (coronavirus) which in March 2021, the World Health Organization (WHO) declared as a pandemic and the country declared as a national disaster and ordered lockdowns and the closure of borders, non-essential services and businesses among other significant interventions. The ongoing national, regional and global response to the COVID-19 pandemic has and will overall continue to negatively affect the Company's business operations, the country, continental and global economies.
The overall disruption and financial effect on the Company's businesses cannot be determined with certainty due to the nature of the complexity, the unknown duration and severity of the COVID-19 pandemic and dynamic responses continued to be implemented by the country to counteract the material negative impact on the economy. As a result of the still many unknowns relating to the current pace, spread and containment of the COVID-19 pandemic it may result in a material adverse impact on the Company's financial position, operations, financial results and cash flows.

It is however, apparent that the Covid-19 pandemic has adversely impacted commercial activity and contributed to significant declines and volatility in financial markets and the government responses are creating disruption in national, regional and global supply chains and adversely impacting many industries and ultimately the Company's customers.

This may materially affect all our revenues streams, operating costs and liquidity position. The future is dependent on future national and global developments, which are highly uncertain and are impossible to predict.

The Company has taken several steps to further strengthen its financial position and maintain liquidity and flexibility. The Company is undertaking the following initiatives to manage this material uncertainty: suspending unnecessary capital expenditure, concentrating on digital delivery channels, adjusted certain aspects of our operations to protect our employees and customers while still meeting customers' needs for financial services.

As at the end of February 2022, our Company operations were in line with the Budget and had adequate liquidity for operations. The Company is leveraging on its financial position which had adequate cash resources as the end of February 2022 to preserve its financial flexibility in the uncertain environment. The Company currently believes that it has adequate liquidity and business plans to continue operating using e commerce to mitigate some of the risks associated with COVID-19.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1.4 Going concern (continued)

However, the COVID-19 pandemic is complex and rapidly evolving; the Company's plans above may change. At this point we cannot reasonably estimate the duration and severity of this pandemic, which could have a continued material adverse impact on our businesses, results of operations, financial position and cash flows. The Company continues to evaluate the potential short-term and long-term implications on the separate financial statements. The potential impacts include, but not limited to: impairment of receivables arising from reinsurance arrangements, impairment of property and equipment and fair value of financial assets, capacity to meet foreign obligations and expenses.

The Company therefore continues to adopt the going concern basis in preparing its separate financial statements.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the separate financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The business underwritten is predominately in the Zimbabwe dollar. The separate financial statements are presented in the Zimbabwe dollar, ("ZWL$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

2.3 Property and equipment

i) Owned assets

All items of property and equipment are shown at fair value, based on yearly valuations by external independent valuers, less subsequent accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All property and equipment is stated at revalued amounts less accumulated depreciation and impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property and equipment (continued)

i) Owned assets (continued)

ii) Subsequent expenditure

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluations are credited to the revaluation reserve in shareholders' equity.

Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to profit or loss.

iii) Residual value

The depreciable amount of an asset is determined after deducting its residual value. The residual values of all assets are reviewed at each reporting date and any changes are accounted for as a change in an accounting estimate. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation is recognised until the residual value subsequently decreases to an amount below the asset's carrying amount.

iv) Impairment

An 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. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

v) Depreciation

Land is not depreciated. Depreciation is charged to profit or loss on a straight-line basis to allocate the cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset	**Period**
Buildings	50 years
Motor vehicles	5 years
Furniture	10 years
Office equipment	10 years
Computers	5 years

Gains or losses from disposal are determined by comparing proceeds with carrying amount. These are included in other operating income in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets

2.4.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held at amortised cost and at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An impairment assessment is done on all classes and any impairment is charged in the profit and loss.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the end of the reporting year; these are classified as non-current assets. The Company's loans and receivables comprise "insurance and other receivables" and in the statement of financial position. These contracts fall under IFRS 4 hence outside the scope of IFRS 9.

(c) Financial assets at amortised cost

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

Interest on financial assets at amortised cost are calculated using the effective interest method and included in profit or loss as part of investment income.

Financial assets at amortised cost comprise of:

- Cash and cash equivalents
- Trade and other receivables

(d) Financial assets at fair value through other comprehensive income

Debt instruments that are held within a business model whose objective is to both collect contractual cashflows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets (continued)

2.4.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets carried at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of investment income when the Company's right to receive payment is established.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

2.5 Impairment of financial assets

The expected credit loss model under IFRS 9 requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- Financial assets measured at amortised cost; and
- Debt Investments at FVTOCI.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. The Company would consider a downgrade of credit rating as an indicator of significant credit risk.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Impairment of financial assets (continued)

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.6 Trade and other receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.7 Cash and cash equivalents

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

2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets (other than insurance and reinsurance contract assets, deferred tax assets and employee benefit assets) are reviewed at each reporting date to determine whether there is any indication of impairments.. An impairment allowance is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash-generating units"). The impairment test can also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non- financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 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 tax from the proceeds. Where the Company purchases its own equity share capital ("treasury shares"), the consideration paid including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Current and deferred tax

The income tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.11 Insurance payables

Insurance payables are obligations to pay for services that have been acquired in the ordinary course of business from retrocessionaires. Insurance payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Insurance payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest 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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Classification of insurance contracts

Contracts under which the Company accepts significant insurance risk from another party ("the policyholder") by agreeing to compensate the policyholder or other third party beneficiary in the event of loss are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

2.14 Unearned premium provision

Unearned premiums represent the proportion of the premiums written which relate to the period of insurance subsequent to the reporting date. The amount is calculated using the 1/365th basis.

2.15 Deferred acquisition costs ("DAC")

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset ("DAC"). All other costs are recognised as expenses when incurred. The DAC is amortised over the terms of the policies as premium is earned.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measureable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.16.1 Premiums

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude taxes and levies on premiums. Premiums written include adjustments to premiums written in prior accounting periods. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business. An estimate is made at the statement of financial position date to recognise retrospective adjustments to premiums or commissions. The earned portion of premiums received, including unclosed business, is recognised as revenue. Premiums on unclosed business are brought into account, based upon the pattern of booking of renewals and new business. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance service received. A portion of outwards reinsurance premiums are treated as prepayments.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Investment income

2.17.1 Interest income

Interest income and expenses on all interest-bearing financial instruments are recognised within investment income and finance costs respectively in profit or loss using the effective interest rate method.

2.17.2 Dividend income

Dividends are recognised when the right to receive payment is established. Usually this is at the ex-dividend date for equity securities. Dividends are reflected as a component of non-interest income based on the underlying classification of the equity instruments.

2.18 Claims incurred

Claims incurred in respect of general business consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Claims outstanding comprise provision for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedure, inflation, judicial trends, legislative changes and past experience. Anticipated reinsurance recoveries are disclosed separately as assets.

Whilst the Directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the separate financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

2.19 Reinsurance

The Company cedes premium in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premiums ceded and benefits reimbursed are presented in profit or loss and statement of financial position gross of commission earned from the reinsurer. Amounts recoverable under such contracts are recognised in the same year as the related claim.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from the reinsurers' are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Reinsurance (continued)

Reinsurance assets are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the impact of the event on the amounts that the Company will receive from the reinsurer can be measured reliably.

The impairment loss is calculated following the same method used for financial assets held at amortised cost. These processes are described in note 2.23.

2.20 Employee benefits

(a) Pension obligations

Defined contribution plan
The Company has a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees their benefits relating to employee service in the current and prior periods.

(b) National Social Security Authority Pension Fund
The Company and its employees contribute to the National Social Security Authority Scheme (''NSSA''). This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Company's obligations under the scheme are limited to specific contributions as legislated from time to time.

(c) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is evidently committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting year are discounted to their present value.

2.21 Contingencies and commitments

Transactions are classified as contingencies where the Company’s obligations depend on uncertain future events or if a present obligation arises from past events but the amount of the obligation cannot be measured with sufficient reliability. Items are classified as commitments where the Company commits itself to future transactions with external parties.

2.22 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Intangible assets

IAS 38 presents two accounting policy choices in terms of how measurement after initial recognition of an asset can be done. The two choices are:

- Cost model
- Revaluation model

Under the cost model, after initial recognition, an item of intangible asset is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Under the revaluation model, an item of intangible assets may be carried at a revalued amount (based on fair value) less any subsequent amortisation and impairment losses only if fair value can be determined by reference to an active market.

The Company's accounting policy on intangible assets has been to subsequently measure them using the revaluation model. The Company has changed its accounting policy on the subsequent measurement of intangible assets that were previously measured using the revaluation model. The Company has with effect from 31 December 2020 adopted the cost model on this category of assets. This change in accounting policy results in the Company applying the cost model on all its intangible assets.

Reason for change in accounting policy

Further reassessment made on the application of revaluation model on intangible assets in the current year pointed to a technical difficulty in satisfying the requirement of the existence of an active market "as is required by IAS 38 [Intangible Assets] for adoption of the revaluation model for intangible assets. This was due to the following reasons:

- The pricing information of the computer software is not publicly available as contracts are negotiated between individual buyers and sellers. Computer software was considered a packaged deal designed to meet the specific selection of the buyer.
- The computer software is generally partly customized to satisfy the requirements of the users and this to a limited extent made it a unique product.

The above conditions were deemed present for the financial year ended 31 December 2020 resulting in the adoption of revaluation model being considered inappropriate for intangible assets. The Company has accordingly reverted to the historical cost model from the 2020 financial year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Taxes

Significant judgement is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit 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 current and deferred tax assets and liabilities in the period in which such determination is made.

(b) Policyholders claims

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. The Company's estimates for reported and unreported losses and resulting provisions and related reinsurance recoverables are continually reviewed and updated, and adjustments resulting from this review are recognised in profit or loss. The estimates are calculated based on past experience, adjusted for the effect of current developments and likely trends, and are deemed to be an appropriate basis for predicting future events.

(c) Allowance for impairment of insurance receivables

The Company reviews its insurance receivables in respect of outstanding premiums to establish whether an impairment loss should be recognised in profit or loss. Judgement is required by management of the timing and amount of uncertain future cash flows in the determination of the impairment loss. In estimating these cash flows management makes judgements about the debtor's financial position and the likelihood of settlement. These estimates are based on assumptions about a number of factors where actual results may differ, resulting in future changes to the allowance. The allowance for impairment of insurance receivables at year end was ZWL$88 700 204 (2020: ZWL$ 34 884 519) as expressed in note 5.3 page 44.

(d) Property and equipment revaluation

The Company engages an independent valuation specialist every year to determine fair value of property and equipment, with the latest valuation date being 31 December 2021. According to the specialist key inputs and assumptions used in the valuations, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity due to illiquidity in the market. Fair valuation of properties is difficult to ascertain as market comparable sales are not as readily available as a result of depressed economic activity which has resulted in a limited number of open market sales. Furthermore, the hyperinflationary environment has made it increasingly difficult to determine the fair value in local currency. In the current year, there was a change to the basis of determining the estimate in that property valuations were performed directly in ZWL$ currency, compared to prior periods when valuations were in USD and translated to the local currency at the auction (official) rate.

4 INSURANCE RISK MANAGEMENT

4.1. Risk management objectives and policies for mitigating risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, motor, liability, accident, health, credit, crop or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, centralised management of reinsurance, and diversification of insurance risks accepted.

The Company uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk management surveys, claims experience and market information.

4.2. Underwriting strategy

The underwriting strategy is set out in the Company strategy document that sets out the general underwriting guidelines including profitability, rating and loss ratios, etc. Adherence to the underwriting guidelines is measured through monitoring of work by the Departmental Head and by the Company Internal Audit Department.

4.3. Reinsurance strategy

The Company reinsures all business in excess of its underwriting capacity as determined by the statement of financial position size. The Company utilises quota share, surplus, excess of loss and facultative reinsurance programmes with reputable reinsurers.

The treaties are a combination of proportional and non-proportional in order to minimise the net exposure to the Company. The Company also participates in the facultative reinsurance in certain specified circumstances.

4.4. Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that are underwritten by the Company that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

i) The premium must be paid to the insurer before cover commences on direct business and in the case of clients through intermediaries, payment should be made within the stipulated credit period.
ii) The Company shall not be liable under the contract for any claims which are reported beyond the notification period as specified by the notification clause.
iii) Both parties to the contract shall give 30 days' notice of cancellation of the policy.

FBC REINSURANCE COMPANY LIMITED

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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4 INSURANCE RISK MANAGEMENT (continued)

4.4. Terms and conditions of insurance contracts (continued)

Nature of risks covered

The following gives an assessment of the Company's main products and the ways in which it manages the associated risks and the concentrations of these risks:

Products	Commercial	Personal Lines
Fire		
Assets all risks	*	*
House owners	*	*
Fire combined	*	*
Accident		
Money	*	
Glass	*	
Goods in transit	*	*
Theft	*	*
Personal all risks	*	*
Business all risks	*	
Fidelity guarantee	*	
Householders	*	*

Products		
Personal accident and health	**Commercial**	**Personal Lines**
Hospital cash plan		*
Company personal accident	*	
Personal accident	*	*
Motor		
Private motor	*	*
Commercial motor	*	*
Motor cycle	*	*
Trailer	*	*
Motor fleet	*	*
Engineering		
Electronic equipment	*	
Machinery breakdown	*	
Machinery breakdown loss of profits	*	
Contractors all risks	*	

4 INSURANCE RISK MANAGEMENT (continued)

4.4. Terms and conditions of insurance contracts (continued)

Nature of risks covered (continued)

Products		
Personal accident and health	**Commercial**	**Personal Lines**
Erection all risks	*	
Civil engineering completed risks	*	
Plant all risks	*	
Marine		
Marine cargo	*	*
Marine hull	*	*
Liability		
Public liability	*	*
Employers liability	*	
Professional indemnity	*	
Products liability		
Directors and officer liability	*	
Bonds and guarantees		
Court bond	*	
Performance bond	*	
Bid bond	*	
Advance payment bond	*	
Government/ customs bonds	*	

*- Applicable
The commercial division underwrites small to large business from companies. The personal division provides insurance to the general public in their personal capacities.

The following perils are covered under the different types of business:
- **Fire** – fire, storm, explosions, riot, malicious and earthquake
- **Accident** – all risks of accidental loss or damage to property
- **Personal accident and health** – death, permanent disablement, total disablement and medical expenses
- **Motor** – private and commercial (comprehensive, full third party fire and theft, third party)
- **Engineering** – accidental physical loss or damage to machinery on an all risks basis
- **Marine** – loss or damage to cargo in transit or vessel
- **Liability** – legal liability following death or injury to third parties or damage to third party property
- **Bonds and guarantees** – guarantees that contractual obligations will be met in case of default

4 INSURANCE RISK MANAGEMENT (continued)

4.4. Terms and conditions of insurance contracts (continued)

Nature of risks covered (continued)

The return to shareholders arises from the total premiums charged to policyholders, investment income and commission income less the amounts paid to cover claims and the expenses incurred by the Company.

Management of risks

The key risks associated with these products are underwriting risk, competitive risk and claims experience risk (including the variable incidence of natural disasters), as well as fraud risk.

Underwriting risk is the risk that the Company does not charge premiums appropriate for the risk that it accepts. The risk on any policy will vary according to factors such as location, safety measures in place, age of property etc. Calculating a premium commensurate with the risk for these policies is subjective and risky. The risk is managed through pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Company monitors and reacts to changes in the environment in which it operates.

The Company is also exposed to the risk of false or invalid claims from the insured. External control systems and fraud detection measures are in place to improve the Company’s ability to proactively detect fraudulent claims.

Concentrations of insurance risk

Concentrations of risk arise where a particular event or series of events could impact heavily upon the Company’s liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise. This risk is managed through reinsurance and diversification of the Company's portfolio.

5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out by management under the policies approved by the Board of Directors. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest risk and other price risk.

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, i.e. interest rates, exchange rates or equity prices.

Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Regular reports are submitted to the Board of Directors.

5.1.1 Equity price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the statement of financial position as financial assets at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

The portfolio of listed equities which are carried at the reporting date at fair value, has exposure to price risk, being the potential loss in market value resulting from an adverse change in prices. The Company's objective is to earn competitive returns by investing in a diverse portfolio of high quality securities. The Company's holdings are diversified across industries, and concentrations in any one Company or industry are limited by parameters established by management.

Sensitivity analysis
As at 31 December 2021, the Company’s listed equities were recorded at their fair value of ZWL$774 724 970 (2020: ZWL$439 489 076). A hypothetical decline of 10% in stock prices would decrease shareholders equity by ZWL$58 321 296 (2020: ZWL$33 084 738).

5.2 Foreign exchange risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign exchange risk arises mainly from future commercial transactions or recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency. The Company is exposed to a limited extent to the United States Dollar ("USD").

Sensitivity analysis
As at 31 December 2021, the Company’s United States Dollar ("USD") position was an equivalent of ZWL$ 596 015 700 (2020: ZWL$255 227 248). A hypothetical decline of the exchange rate by 10% would decrease shareholder’s equity by ZWL$ 44 868 061 (2020: ZWL$ 25 522 724).

5 FINANCIAL RISK MANAGEMENT (continued)

5.3. Receivables arising out of reinsurance arrangements and other receivables excluding prepayments

Exposures to both insurance companies and other reinsurers are monitored as part of the credit control process. The ageing of insurance debtors is as follows:

	Gross 2021 ZWL$	Impairment 2021 ZWL$	Net 2021 ZWL$	Gross 2020 ZWL$	Impairment 2020 ZWL$	Net 2020 ZWL$
Not past due	101 971 151	-	101 971 151	1 892 834	-	1 892 834
Past due 61 - 90 days	21 895 907	-	21 895 907	3 685 969	-	3 685 969
More than 90 days	227 461 701	(88 700 204)	138 761 497	235 240 012	(34 884 519)	200 355 493
	351 328 759	(88 700 204)	262 628 555	240 818 815	(34 884 519)	205 934 296
Reinsurer's share of outstanding claims			166 106 924			7 565 010
Net trade receivables			428 735 479			213 499 306

5.3.1 The movement in the allowance for impairment in respect of receivables arising out of reinsurance arrangements and other receivables excluding prepayments

	2021 ZWL$	2020 ZWL$
Balance as at 1 January	(34 884 519)	(17 815 372)
Allowance for impairment recognized during the year	(67 000 000)	(30 909 050)
Effect of IAS 29	13 184 315	13 839 903
Balance as at 31 December	(88 700 204)	(34 884 519)

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk

The Company is exposed to daily cash calls mainly from claims arising. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand.

Contractual maturity gap analysis as at 31 December 2021:

	Up to 1 month US$	1 to 3 months US$	Inflation adjusted 3 months to 6 months US$	6 months to 1 year US$	Over 1 year US$	Total US$
Liabilities						
Short term reinsurance contract liabilities	-	-	-	-	331 065 547	331 065 547
Unearned premium reserve	-	376 652 241	-	-	-	376 652 241
Payables arising out of reinsurance arrangements	89 342 384	-	-	-	-	89 342 384
Other payables	-	-	136 754 135	-	-	136 754 135
Provisions	-	-	229 385 926	-	-	229 385 926
Current tax	-	-	120 751 038	-	-	120 751 038
Total liabilities	89 342 384	376 652 241	486 891 099	-	331 065 547	1 283 951 271

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk

Contractual maturity gap analysis as at 31 December 2020:

			Inflation adjusted			
	Up to 1 month US$	**1 to 3 months US$**	**3 months to 6 months US$**	**6 months to 1 year US$**	**Over 1 year US$**	**Total US$**
Assets						
Deferred acquisition costs	-	111 517 569	-	-	-	111 517 569
Loans receivable	-	-	-	-	59 553	59 553
Receivables arising out of reinsurance arrangements	-	262 628 555	-	-	-	262 628 555
Quoted equity investments	-	-	-	-	1 099 726 913	1 099 726 913
Reinsurers share of outstanding claims	-	-	-	-	166 106 924	166 106 924
Other receivables	7 093 874	-	-	-	-	7 093 874
Cash and cash equivalents	663 488 156	-	-	-	-	663 488 156
Total assets	670 542 030	374 146 124	-	-	1 265 893 390	2 310 581 544
Liquidity gap	581 199 646	(2 506 117)	(486 891 099)	-	934 827 843	1 026 630 273
Cumulative liquidity gap	581 199 646	578 693 529	91 802 430	91 802 430	1 026 630 273	-

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk (continued)

Contractual maturity gap analysis as at 31 December 2020

	Inflation adjusted					
	Up to 1 month ZWL$	1 to 3 months ZWL$	3 months to 6 months ZWL$	6 months to 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
Short term reinsurance contract liabilities	-	-	-	-	137 527 077	137 527 077
Unearned premium reserve	-	339 778 365	-	-	-	339 778 365
Payables arising out of reinsurance arrangements	93 790 478	-	-	-	-	93 790 478
Other payables	-	-	118 721 436	-	-	118 721 436
Provisions	-	-	104 820 506	-	-	104 820 506
Current tax	-	-	55 570 512	-	-	55 570 512
Total liabilities	93 790 478	339 778 365	279 112 454	-	137 527 077	850 208 374

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk (continued)

Contractual maturity gap analysis as at 31 December 2020

			Inflation adjusted			
	Up to 1 month ZWL$	**1 to 3 months ZWL$**	**3 months to 6 months ZWL$**	**6 months to 1 year ZWL$**	**Over 1 year ZWL$**	**Total ZWL$**
Assets						
Deferred acquisition costs	-	87 415 205	-	-	-	87 415 205
Loans receivable	-	-	-	-	95 724	95 724
Receivables arising out of reinsurance arrangements	-	205 934 296	-	-	-	205 934 296
Quoted equity investments	-	-	-	-	597 407 292	597 407 292
Reinsurers share of outstanding claims	-	-	-	-	7 565 010	7 565 010
Other receivables	1 003 493	-	-	-	-	1 003 493
Cash and cash equivalents	624 758 112	-	-	-	-	624 758 112
Total assets	625 761 605	293 349 501	-	-	605 068 026	1 524 179 132
Liquidity gap	531 971 127	(46 428 864)	(279 112 454)	-	467 540 949	673 970 758
Cumulative liquidity gap	531 971 127	485 542 263	206 429 809	206 429 809	673 970 758	

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk (continued)

Contractual maturity gap analysis as at 31 December 2021:
Historical

Liabilities	**Up to 1 month ZWL$**	**1 to 3 months ZWL$**	**3 months to 6 months ZWL$**	**6 months to 1 year ZWL$**	**Over 1 year ZWL$**	**Total ZWL$**
Short term reinsurance contract liabilities	-	-	-	-	331 065 547	331 065 547
Unearned premium reserve	-	304 216 485	-	-	-	304 216 485
Payables arising out of reinsurance arrangements	89 342 384	-	-	-	-	89 342 384
Other payables	-	-	136 754 137	-	-	136 754 137
Provisions	-	-	229 385 926	-	-	229 385 926
Current tax	-	-	120 751 038	-	-	120 751 038
Total liabilities	89 342 384	304 216 485	486 891 101	-	331 065 547	1 211 515 517
Assets						
Deferred acquisition costs	-	70 859 676	-	-	-	70 859 676
Loans receivable	-	-	-	-	59 553	59 553
Receivables arising out of reinsurance arrangements	-	262 628 555	-	-	-	262 628 555
Quoted equity investments	-	-	-	-	1 099 726 913	1 099 726 913
Reinsurers share of outstanding claims	-	-	-	-	166 106 924	166 106 924
Other receivables	7 093 874	-	-	-	-	7 093 874
Cash and cash equivalents	663 488 156	-	-	-	-	663 488 156
Total assets	670 582 030	333 488 231	-	-	1 265 893 390	2 269 963 651
Liquidity gap	581 239 646	29 271 746	(486 891 101)	-	934 827 843	1 058 448 134
Cumulative liquidity gap	581 239 646	610 511 392	123 620 291	123 620 291	1 058 448 134	

5.4 FINANCIAL RISK MANAGEMENT (continued)

Contractual maturity gap analysis as at 31 December 2020:

			Inflation adjusted			
Liabilities	**Up to 1 month ZWL$**	**1 to 3 months ZWL$**	**3 months to 6 months ZWL$**	**6 months to 1 year ZWL$**	**Over 1 year ZWL$**	**Total ZWL$**
Short term reinsurance contract liabilities	-	-	-	-	85 560 214	85 560 214
Unearned premium reserve	-	163 399 858	-	-	-	163 399 858
Payables arising out of reinsurance arrangements	58 350 207	-	-	-	-	58 350 207
Other payables	-	-	73 859 298	-	-	73 859 298
Provisions	-	-	65 213 653	-	-	65 213 653
Current tax	-	-	34 572 438	-	-	34 572 438
Total liabilities	58 350 207	163 399 858	173 645 389	-	85 560 214	480 955 668
Assets						
Deferred acquisition costs	-	39 977 985	-	-	-	39 977 985
Loans receivable	-	-	-	-	59 553	59 553
Receivables arising out of reinsurance arrangements	-	128 118 643	-	-	-	128 118 643
Quoted equity investments	-	-	-	-	371 660 627	371 660 627
Reinsurers share of outstanding claims	-	-	-	-	4 706 447	4 706 447
Other receivables	624 307	-	-	-	-	624 307
Cash and cash equivalents	388 683 007	-	-	-	-	388 683 007
Total assets	389 307 314	168 096 628	-	-	376 426 627	933 830 569
Liquidity gap	330 957 107	4 696 770	(173 645 389)	-	290 866 413	452 874 901
Cumulative liquidity gap	330 957 107	335 653 877	162 008 488	162 008 488	452 874 901	

The Company determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile. Maturity mismatches across the time buckets are managed through borrowings.

5 FINANCIAL RISK MANAGEMENT (continued)

5.5 Fair value of financial assets and liabilities

5.5.1 Fair value hierarchy

Fair value measurement "IFRS 13" specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange (''ZSE'').
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-listed equity investments.

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The table below summarises the various assets and liabilities measured at fair value and the level on the fair value hierarchy.

Inflation adjusted	**Level 1 ZWL$**	**Level 2 ZWL$**	**Level 3 ZWL$**	**Total ZWL$**
Year ended 31 December 2021				
Quoted equity investments	1 055 495 196	-	-	1 055 495 196
Suspended shares	-	-	44 231 717	44 231 717
	1 055 495 196	**-**	**44 231 717**	**1 099 726 913**
Year ended 31 December 2020				
Quoted equity investments	568 669 531	-	-	568 669 531
Suspended shares	-	-	41 107 884	41 107 884
	568 669 531	**-**	**41 107 884**	**609 777 415**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily ZSE equity investments classified as trading securities.

The Company had no other assets or liabilities that were carried at fair value, as at 31 December 2021 (2020- ZWL$ nil).

6 PROPERTY AND EQUIPMENT

INFLATION ADJUSTED	Computer equipment ZWL$	Buildings ZWL$	Motor vehicles ZWL$	Equipment furniture and fittings ZWL$	Total ZWL$
Net book amount as at 1 January 2020	3 073 507	25 507 337	18 561 051	3 913 976	51 055 871
Additions	1 305 591	-	-	-	1 305 591
Revaluation	1 139 582	1 821 531	6 787 417	875 926	10 624 456
Disposals	-	-	-	-	-
Depreciation charge	(1 594 213)	(710 067)	(5 574 315)	(620 021)	(8 498 616)
Net book amount as at 31 December 2020	3 924 467	26 618 801	19 774 153	4 169 881	54 487 302
As at 31 December 2020					
Gross carrying amount	12 907 145	29 347 356	37 345 426	6 846 113	86 446 041
Accumulated depreciation	(8 982 678)	(2 728 555)	(17 571 273)	(2 676 232)	(31 958 738)
Net book amount	3 924 467	26 618 801	19 774 153	4 169 881	54 487 302
Net book amount as at 1 January 2021	3 924 467	26 618 801	19 774 153	4 169 881	54 487 302
Additions	913 156	-	-	-	913 156
Revaluation	2 797 929	5 052 182	13 779 636	1 073 189	22 702 936
Disposals	(129 958)	-	(1 288 218)	-	(1 418 176)
Depreciation charge	(2 271 536)	(1 130 983)	(8 253 571)	(988 320)	(12 644 410)
Net book amount as at 31 December 2021	5 234 058	30 540 000	24 012 000	4 254 750	64 040 808
As at 31 December 2021					
Gross carrying amount	16 455 889	34 399 538	49 579 200	7 919 303	108 353 930
Accumulated depreciation	(11 221 831)	(3 859 538)	(25 567 200)	(3 664 553)	(44 313 122)
Net book amount	5 234 058	30 540 000	24 012 000	4 254 750	64 040 808

6 PROPERTY AND EQUIPMENT (continued)

HISTORICAL	Computer equipment ZWL$	Buildings ZWL$	Motor vehicles ZWL$	Equipment furniture and fittings ZWL$	Total ZWL$
Net book amount as at 1 January 2020	426 262	3 537 560	2 574 194	542 818	7 080 834
Additions	495 320	-	-	-	495 320
Revaluation	1 631 902	13 093 641	10 242 809	2 105 687	27 074 039
Disposals	-	-	-	-	-
Depreciation charge	(111 941)	(70 751)	(514 839)	(54 282)	(751 813)
Net book amount as at 31 December 2020	2 441 543	16 560 450	12 302 164	2 594 223	33 898 380
As at 31 December 2020					
Gross carrying amount	2 684 098	16 669 246	13 010 778	2 682 027	35 046 149
Accumulated depreciation	(242 555)	(108 796)	(708 614)	(87 804)	(1 147 769)
Net book amount	2 441 543	16 560 450	12 302 164	2 594 223	33 898 380
Net book amount as at 1 January 2021	2 441 543	16 560 450	12 302 164	2 594 223	33 898 380
Additions	782 925	-	-	-	782 925
Revaluation	2 627 343	14 310 759	14 939 654	1 919 947	33 797 703
Disposals	(80 799)	-	(801 443)	-	(882 242)
Depreciation charge	(536 954)	(331 209)	(2 428 375)	(259 420)	(3 555 958)
Net book amount as at 31 December 2021	5 234 058	30 540 000	24 012 000	4 254 750	64 040 808
As at 31 December 2021					
Gross carrying amount	6 094 366	30 980 005	26 988 700	4 601 974	68 665 045
Accumulated depreciation	(860 308)	(440 005)	(2 976 700)	(347 224)	(4 624 237)
Net book amount	5 234 058	30 540 000	24 012 000	4 254 750	64 040 808

6 PROPERTY AND EQUIPMENT (continued)

If property and equipment was stated on historical cost basis, the amount would be as follows

	Computer equipment ZWL$	Buildings ZWL$	Motor vehicles ZWL$	furniture and fittings ZWL$	Total ZWL$
As at 31 December 2020					
Gross carrying amount	13 148 627	10 998 512	16 491 694	3 743 294	44 382 127
Accumulated depreciation	(2 364 909)	(439 941)	(3 938 130)	(514 656)	(7 254 636)
Net book amount	10 783 718	10 558 571	12 553 564	3 228 638	37 127 491
As at 31 December 2021					
Gross carrying amount	8 180 059	6 842 424	10 259 857	2 328 788	27 611 128
Accumulated depreciation	(1 471 264)	(273 697)	(2 450 000)	(320 179)	(4 515 140)
Net book amount	6 708 795	6 568 727	7 809 857	2 008 609	23 095 988
HISTORICAL					
As at 31 December 2020					
Gross carrying amount	813 925	177 134	267 994	73 338	1 332 391
Accumulated depreciation	(174 134)	(41 588)	(225 966)	(38 970)	(480 658)
Net book amount	639 791	135 546	42 028	34 368	851 733
As at 31 December 2021					
Gross carrying amount	1 596 850	177 134	267 994	73 338	2 115 316
Accumulated depreciation	(374 239)	(45 131)	(258 157)	(44 420)	(721 947)
Net book amount	1 222 611	132 003	9 837	28 918	1 393 369

6 PROPERTY AND EQUIPMENT (Continued)

An independent valuation of the Company's property and equipment was performed by valuers to determine the fair value of property and equipment as at 31 December 2021. The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and is shown in 'revaluation reserves' in shareholders' equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3)

INFLATION ADJUSTED

Fair value measurement at 31 December 2021 using

	Observable Inputs Level 2 ZWL$	Significant Unobservable inputs Level 3 ZWL$	Total ZWL$
Recurring fair value measurement of property and equipment			
- Land and residential properties	-	30 540 000	30 540 000
- Other property and equipment	-	33 500 808	33 500 808
	-	64 040 808	64 040 808

Fair value measurement at 31 December 2020 using

	Observable Inputs Level 2 ZWL$	Significant Unobservable inputs Level 3 ZWL$	Total ZWL$
Recurring fair value measurement of property and equipment			
- Land and residential properties	-	26 618 801	26 618 801
- Other property and equipment	-	27 868 501	27 868 501
	-	54 487 302	54 487 302

6 PROPERTY AND EQUIPMENT (Continued)

HISTORICAL

Fair value measurement at 31 December 2021 using

	Significant Observable Inputs Level 2 ZWL$	Unobservable inputs Level 3 ZWL$	Total ZWL$
Recurring fair value measurement of property and equipment			
Land and residential properties	-	30 540 000	30 540 000
- Other property and equipment	-	33 500 808	33 500 808
	-	64 040 808	64 040 808

Fair value measurement at 31 December 2020 using

	Observable Inputs Level 2 ZWL$	Significant Unobservable inputs Level 3 ZWL$	Total ZWL$
Recurring fair value measurement of property and equipment			
- Land and residential properties	-	16 560 450	16 560 450
- Other property and equipment	-	17 337 930	17 337 930
	-	33 898 380	33 898 380

There were no level 1 assets or transfers between levels 1 and 2 during 2021

Valuation techniques used to derive fair values
The valuation technique for residential property and land is the investments approach as the highest and best use of these properties was for business operations. The following key inputs we used to determine the fair value:

- Rental rates in price per square meter. These were obtained by comparison of rates for similar properties in similar locations.
- Void rates as a percentage. This is the level of unoccupied space and was based on rates published by listed property companies.
- Capitalisation rate. This is what investors expect to earn as a percentage of their investment on an annual basis. The basis of these rates are actual transactions that transpired during the year.

6 PROPERTY AND EQUIPMENT (Continued)

The valuation of other property and equipment was derived using the sales comparison approach. Sales prices of comparable property and equipment of a similar nature was adjusted for differences in key attributes such as property size, age and general condition.

INFLATION ADJUSTED

Property and equipment	Level 3 2021 ZWL$	2020 ZWL$	2021 ZWL$	Level 2 2020 ZWL$
Opening balance	54 487 302	51 055 871	-	-
Depreciation recognised	(12 644 410)	(8 498 616)	-	-
Revaluation gains recognised	22 702 936	10 624 456	-	-
Transfers from/(to) level 2	-	-	-	-
Additions	913 156	1 305 591	-	-
Transfer to investment properties	-	-	-	-
Period adjustments	-	-	-	-
Disposals	(1 418 177)	-	-	-
Closing balance	**64 040 808**	**54 487 302**	**-**	**-**

Historical Property and equipment	Level 3 2021 ZWL$	2020 ZWL$	2021 ZWL$	Level 2 2020 ZWL$
Opening balance	33 898 380	7 080 834	-	-
Depreciation recognised	(3 555 958)	(751 813)	-	-
Revaluation gains recognised	33 797 703	27 074 039	-	-
Transfers from/(to) level 2	-	-	-	-
Additions	782 925	495 320	-	-
Transfer to investment properties	-	-	-	-
Period adjustments	-	-	-	-
Disposals	(882 242)	-	-	-
Closing balance	**64 040 808**	**33 898 380**	**-**	**-**

Valuation processes of the Company
On a yearly basis the Company engages external, independent and qualified valuers to determine the fair value of the Company's property and equipment. In the current year, there was a change to the basis of determining the estimate in that property valuations were performed directly in ZWL$ currency, compared to prior periods when valuations were in USD and translated to the local currency at the auction (official) rate. As at 31 December 2021, the fair values of property and equipment was determined by Bard Real Estate (Private) Limited. There was a limited number of sales in the market for commercial property and therefore the valuations were performed using unobservable inputs. The external valuers determined these inputs based on the size, age and condition of the property and equipment, the state of the local economy and comparable rental rates

6 PROPERTY AND EQUIPMENT (Continued)

Sensitivity analysis on property and equipment fair values
If market prices are to gone up by the following percentages, the property and equipment total values will be as follows:

	Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
25%	80 051 010	68 109 128	80 051 010	42 372 975
50%	96 061 212	81 730 953	96 061 212	50 847 570
100%	176 112 222	149 840 081	176 112 222	93 220 545

7 INTANGIBLE ASSETS

	Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
Opening net book amount as at 1 January	5 188 127	8 818 401	560 000	700 000
Additions	-	-	-	-
Amortisation charge	(3 637 994)	(3 630 274)	(112 000)	(140 000)
Net book amount as at 31 December	1 550 133	5 188 127	448 000	560 000
As at 31 December				
Gross carrying amount	38 860 741	38 860 741	893 546	893 546
Accumulated amortisation	(37 310 608)	(33 672 614)	(445 546)	(333 546)
Net book amount	1 550 133	5 188 127	448 000	560 000

8 QUOTED EQUITY INVESTMENTS	Audited Inflation adjusted 2021 ZWL$	2020 ZWL$	Unaudited Historical 2021 ZWL$	2020 ZWL$
Balance as at 1 January	597 407 292	297 211 970	371 660 627	41 218 961
Net additions	(118 379 258)	193 265 671	(46 658 684)	57 025 543
Additions	249 865 344	224 988 368	182 438 651	66 991 049
Disposals	(368 244 602)	(31 722 697)	(229 097 335)	(9 965 506)
Effect of IAS 29	(154 026 091)	(332 559 425)	-	-
Fair value gains	774 724 970	439 489 076	774 724 970	273 416 123
Balance as at 31 December	1 099 726 913	597 407 292	1 099 726 913	371 660 627

Suspended shares

On 26 June 2021, the Ministry of Finance and Economics Development banned the trading of shares for three counters on the Zimbabwe Stock Exchange ("ZSE") that have dual listing. These dual-listed shares are Old Mutual Limited ("OML"), Seed Co International Limited ('SCIL") and PPC Cement Limited ("PPC").

The shares are functionally suspended from any trading. The restriction on trade has resulted in the absence of the Zimbabwe market price of the shares which presents valuation challenges at year end for companies which hold OML shares, SCIL shares and PPC shares. The Johannesburg Stock Exchange (JSE) has been identified as a proxy, which is the closest market where OML and PPC share are traded in an active and liquid market. Suspended shares have a fair value of ZWL$ 44 231 717.

9 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS	Audited Inflation adjusted 2021 ZWL$	2020 ZWL$	Unaudited Historical 2021 ZWL$	2020 ZWL$
Insurance receivables:				
- Due from insurance companies	350 282 779	229 688 471	350 282 779	142 897 034
- Due from reinsurers	1 045 980	11 126 122	1 045 980	6 921 813
- Less: allowance for impairment of insurance receivables	(88 700 204)	(34 880 297)	(88 700 204)	(21 700 204)
	262 628 555	205 934 296	262 628 555	128 118 643
Current	262 628 555	205 934 296	262 628 555	128 118 643
Non current	-	-	-	-
	262 628 555	205 934 296	262 628 555	128 118 643

		Audited Inflation adjusted		Unaudited Historical	
		2021	2020	2021	2020
9.1	OTHER RECEIVABLES	ZWL$	ZWL$	ZWL$	ZWL$
	Prepayments	6 929 241	715 482	6 929 241	445 129
	Accrued interest	164 633	288 011	164 633	179 178
		7 093 874	1 003 493	7 093 874	624 307
	Current	7 093 874	1 003 493	7 093 874	624 307
	Non current	-	-	-	-
		7 093 874	1 003 493	7 093 874	624 307

All receivables are due within twelve months from the reporting date. We adopted IFRS 9 and applied the simplified approach on the receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The fair values of trade and other receivables are as follows:

	2021 ZWL$	2020 ZWL$
Receivables arising out of reinsurance arrangements	262 628 555	205 934 296
Other receivables	7 093 874	1 003 493
	269 722 429	206 937 789

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
Cash at bank	330 415 566	322 284 820	330 415 566	200 500 697
Money market investments	333 072 590	302 473 292	333 072 590	188 182 310
	663 488 156	624 758 112	663 488 156	388 683 007
Current	663 488 156	624 758 112	663 488 156	388 683 007
Non current	-	-	-	-
	663 488 156	624 758 112	663 488 156	388 683 007

11 SHARE CAPITAL

11.1 Authorised and issued share capital

	Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
Authorised:				
10 000 Ordinary shares with a nominal value of ZWL$ 100	50 393 470	50 393 470	900 000	900 000
Issued and fully paid:				
Ordinary shares with a nominal value of ZWL$ 100	-	-	9 000	9 000

The unissued shares are under the control of the Directors, subject to the provisions of the Zimbabwe Companies Act (Chapter 24:03) and the Articles of Association of the Company.

11.2 Share premium

Share premium comprises additional paid-in capital in excess of the nominal value. This reserve is not available for distribution.

11.3 Non distributable reserves

Non distributable reserves comprises of deemed opening balances, net of deferred tax, arising from the change in functional currency on 1 January 2009.

11.4 Revaluation reserve

Revaluation reserve comprises fair value gains on property and equipment net of deferred tax.

12 INSURANCE LIABILITIES AND RELATED REINSURANCE ASSETS

Short term reinsurance contract liabilities

	Audited Inflation adjusted		Unaudited Historical	
	2021 ZWL$	2020 ZWL$	2021 ZWL$	2020 ZWL$
Gross outstanding claims at the beginning of period	137 527 077	193 231 868	85 560 214	26 798 439
Reinsurers share of technical provisions	(7 565 010)	(48 143 006)	(4 706 447)	(6 676 732)
Net Outstanding claims at the beginning of the year	129 962 067	145 088 862	80 853 767	20 121 707
Change in provisions for claims				
- Incurred but not reported losses "IBNR"	46 649 596	75 640 314	46 649 596	47 057 555
- Outstanding losses	37 455 259	21 980 399	37 455 260	13 674 505
Effect of IAS 29	(49 108 299)	(112 747 508)	-	-
Loss reserve	166 106 924	7 565 010	166 106 924	4 706 447
Gross Outstanding claims at the end of the year	331 065 547	137 527 077	331 065 547	85 560 214
Current	331 065 547	137 527 077	331 065 547	85 560 214
Non current	-	-	-	-
	331 065 547	137 527 077	331 065 547	85 560 214

The Company engages an independent actuary specialist every year to determine the incurred but not reported (IBNR) reserve, with the latest valuation date being 31 December 2021. The technical provision is calculated in line with IPEC requirements as set out in the IPEC Statutory Instrument 95 of 2017.

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market prices or other published information. There is more emphasis on current trends, and where in early years there is insufficient information to make a reliable best estimate of claims development, prudent assumptions are used. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The liabilities are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

12 INSURANCE LIABILITIES AND RELATED REINSURANCE ASSETS (continued)

The impact of many of the items affecting the ultimate costs of the loss are difficult to estimate. The provision estimation difficulties also differ by class of business due to a difference in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which if identified, can be allowed for by modifying the methods. Such reasons include:

- changes in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political and social trends;
- changes in mix of business;
- random fluctuations, including the impact of large losses.

The reserving approaches used in estimating the reserves are 15% of premiums and the Basic Chain Ladder (BCL). The BCL method requires that claims data used for the IBNR calculation be uniform or homogenous in terms of claim emergence and other characteristics. Therefore, before calculating the IBNR reserve the claims data was split in various ways in an effort to Company claims of similar characteristics together. The 15% is arrived at after consideration of past experience. A separate calculation is carried out to estimate the size of reinsurance recoveries. The Company is covered by a variety of reinsurance programmes with sufficiently high retentions for only relatively few, large claims to be recoverable. The Company believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

The balance for IBNR stood at ZWL$104 236 949 (2020: ZWL$57 587 353), an amount of ZWL$46 649 596 was recognised in profit or loss.

	Audited Inflation adjusted		Unaudited Historical	
	2021 ZWL$	2020 ZWL$	2021 ZWL$	2020 ZWL$
Impact of 10% increase in the percentage used to estimate "IBNR"				
Incurred but not reported (IBNR) claims	10 423 695	17 301 351	10 423 695	5 758 735

13 UNEARNED PREMIUM RESERVE	Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
Balance at the beginning of the year	339 778 365	277 443 097	163 379 572	18 742 043
Charge to the statement of profit or loss	36 873 876	62 335 268	140 836 913	144 637 529
Balance at end of year	376 652 241	339 778 365	304 216 485	163 379 572

Unearned premium on facultative business is computed based on outstanding days to policy end date, and the 1/8th method applied to treaty business.

14 PAYABLES ARISING OUT OF REINSURANCE ARRANGEMENT AND OTHER PAYABLES	Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
Insurance payables				
- Due to reinsurers	32 417 528	63 763 320	32 417 528	39 668 532
- Due to insurance companies	56 924 856	30 027 158	56 924 856	18 681 675
	89 342 384	93 790 478	89 342 384	58 350 207
Current	89 342 384	93 790 478	89 342 384	58 350 207
Non-current	-	-	-	-
	89 342 384	93 790 478	89 342 384	58 350 207

14.1 PROVISIONS

Audited Inflation adjusted

	Bonus ZWL$	Leave Pay ZWL$	Long Service ZWL$	Total ZWL$
Balance at I January 2020	51 568 830	6 461 978	-	58 030 808
Provisions made during the year	171 027 888	-	13 191 440	184 219 328
Provisions used during the year	(64 328 471)	-	-	(64 328 471)
Effect of IAS29	(68 075 802)	(5 025 357)	-	(73 101 159)
Balance at 31 December 2020	**90 192 445**	**1 436 621**	13 191 440	**104 820 506**
Balance at I January 2021	90 192 445	1 436 621	13 191 440	104 820 506
Provisions made during the year	190 156 317	3 197 447	55 857 337	249 211 101
Provisions used during the year	(30 460 415)	-	-	(30 460 415)
Effect of IAS29	(57 765 765)	(540 428)	(35 879 073)	(94 185 266)
Balance at 31 December 2021	**192 122 582**	**4 093 640**	**33 169 704**	**229 385 926**

Unaudited Historical

	Bonus ZWL$	Leave Pay ZWL$	Long Service ZWL$	Total ZWL$
Balance at I January 2020	7 151 932	896 193	-	8 048 125
Provisions made during the year	78 139 991	-	8 206 694	86 346 685
Provisions used during the year	(29 181 157)	-	-	(29 181 157)
Balance at 31 December 2020	**56 110 766**	**896 193**	**8 206 694**	**65 213 653**
Balance at I January 2021	56 110 766	896 193	8 206 694	65 213 653
Provisions made during the year	163 946 300	3 197 447	24 963 010	192 106 757
Provisions used during the year	(27 934 484)	-	-	(27 934 484)
Balance at 31 December 2021	**192 122 582**	**4 093 640**	**33 169 704**	**229 385 926**

		Audited Inflation adjusted 2021 ZWL$	2020 ZWL$	Unaudited Historical 2021 ZWL$	2020 ZWL$
15	**INCOME TAX**				
15.1	**Income tax expense**				
	Current income tax expense	315 937 432	110 024 387	199 066 813	37 089 213
	Deferred tax charge	(150 468 593)	125 994 283	(47 127 284)	62 998 959
	Income tax expense	165 468 839	236 018 670	151 939 529	100 088 172
	Reconciliation of income tax expense The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 24.72% as follows:				
	Profit before income tax	726 592 176	311 964 103	901 251 712	476 127 056
	Tax calculated at a tax rate of 24.72%	179 613 585	77 117 525	222 789 423	117 698 608
	Tax effect of:				
	- Income not subject to tax	(1 334 561)	(2 145 173)	(1 334 561)	(1 334 561)
	- Expenses not deductible for tax purposes	9 222 278	14 823 890	9 222 278	9 222 278
	- Income subject to lower tax rates	(22 032 463)	146 497 566	(78 737 611)	(25 498 153)
	Tax charge	165 468 839	236 018 670	151 939 529	100 088 172

15.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity where there is an intention to settle the balances on a net basis.

15 INCOME TAX (continued)

15.2 Deferred tax assets and liabilities (continued)

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 24.72% (2020: 24.72%).

	Audited Inflation adjusted 2021 ZWL$	2020 ZWL$	Unaudited Historical 2021 ZWL$	2020 ZWL$
15.3 The movement on the deferred tax account is as follows:				
Deferred tax liability at beginning of the year	195 479 516	67 221 502	74 869 983	7 760 378
- Statement of comprehensive income charge:	(150 468 593)	125 990 855	(47 127 284)	62 998 959
- Tax charged to other comprehensive income	4 615 876	2 267 159	8 354 794	4 110 646
Deferred tax liabilities at end of the year	49 626 799	195 479 516	36 097 493	74 869 983
The deferred tax (credit) /charge in the statement of comprehensive income comprises the following temporary differences:				
Allowance for loan impairment	16 562 400	7 640 716	16 562 400	4 753 463
Property and equipment allowances	(4 348 075)	2 031 106	(4 348 075)	3 983 069
Unrealised gains on foreign exchange and equities	(36 535 588)	107 449 146	(36 535 588)	66 846 551
Provisions	(133 841 284)	(2 677 456)	(30 499 975)	(17 069 925)
Deferred acquisition costs	7 693 954	13 814 502	7 693 954	8 596 447
Prepayments and other assets	-	-	-	-
Total	(150 468 593)	128 258 014	(47 127 284)	67 109 605

		Audited Inflation adjusted		Unaudited Historical	
		2021 ZWL$	2020 ZWL$	2021 ZWL$	2020 ZWL$
16	**NET INSURANCE PREMIUM REVENUE**				
	Short-term insurance contracts:				
	Net earned premium (note 16.1)	1 515 588 947	1 091 082 264	1 056 193 352	358 697 601
	Incurred losses (note 17)	(619 934 632)	(446 178 238)	(501 806 419)	(208 553 273)
	Net commissions paid (note 17.1)	(338 833 876)	(303 979 315)	(240 960 360)	(98 956 063)
	Technical result	556 820 439	340 924 711	313 426 573	51 188 265
16.1	**Net earned premium**				
	Gross premium written	1 974 691 529	1 401 988 880	1 513 362 781	636 814 062
	Premium ceded to reinsurers and retrocessionaires	(422 228 706)	(248 565 391)	(316 332 516)	(133 478 932)
	Change in unearned premium reserve	(36 873 876)	(62 341 225)	(140 836 913)	(144 637 529)
		1 515 588 947	1 091 082 264	1 056 193 352	358 697 601

		Gross	Reinsurance	Net	2020 (Net)
17.	**Inflation adjusted Incurred losses**				
	Claims Paid	(598 683 051)	62 853 274	(535 829 777)	(348 557 525)
	Change in incurred but not reported losses provision	(46 649 596)	-	(46 649 596)	(75 640 314)
	Change in outstanding losses provision	(37 455 259)	-	(37 455 259)	(21 980 399)
		(682 787 906)	62 853 274	(619 934 632)	(446 178 238)

Historical Incurred losses	**Gross**	**Reinsurance**	**Net**	**2020 (Net)**
Claims Paid	(457 081 996)	39 380 432	(417 701 564)	(147 821 213)
Change in incurred but not reported losses provision	(46 649 596)	-	(46 649 596)	(47 057 555)
Change in outstanding losses provision	(37 455 259)	-	(37 455 259)	(13 674 505)
	(541 186 851)	39 380 432	(501 806 419)	(208 553 273)

	Audited Inflation adjusted		**Unaudited Historical**	
	2021 ZWL$	**2020 ZWL$**	**2021 ZWL$**	**2020 ZWL$**
17.1 Net Commissions Paid				
Commissions Paid	(438 468 520)	(343 197 560)	(331 726 106)	(150 320 705)
Commission received	75 532 279	31 114 273	59 884 055	16 589 371
Change in technical provisions	24 102 365	8 103 972	30 881 691	34 775 271
	(338 833 876)	303 979 315	(240 960 360)	(98 956 063)

18 INVESTMENT INCOME

Investment income is comprised of the following:				
Dividend income	-	11 531 679	-	5 398 708
Interest expense on financial assets at amortised cost	(24 848 960)	1 626 816	(17 608 478)	(143 002)
	(24 848 960)	13 158 495	(17 608 478)	5 255 706

		Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
19	**MARKETING AND ADMINISTRATION EXPENSES**				
	Marketing	2 789 413	1 332 797	2 131 838	359 494
	Premises	737 445	617 553	652 027	229 584
	Computer	3 140 986	7 966 379	2 687 506	2 497 129
	Insurance	3 559 473	1 227 747	3 098 002	296 893
	Travel	2 802 476	2 468 780	2 408 600	912 402
	Security	30 254	-	25 756	-
	Communication	41 255	153 016	32 603	28 310
	Donations	1 077 017	8 723	1 044 740	5 271
	Subscriptions	39 621 567	20 674 143	30 776 115	8 670 918
	Other administration expenses	128 906 083	130 209 600	91 976 896	46 785 456
	Employee benefit expenses (note 19.2)	400 714 283	296 944 355	329 945 893	136 371 683
	Directors' remuneration	10 270 847	12 030 318	8 195 110	5 760 061
	Audit fees:				
	- Current year fees	5 641 620	7 329 604	4 428 086	2 694 199
	Depreciation	12 644 410	8 498 616	3 555 961	751 813
	Amortisation and impairment loss (note 7)	3 637 994	3 630 274	112 000	140 000
		615 615 122	493 091 907	481 071 135	205 503 213

		Audited Inflation adjusted 2021 ZWL$	Audited Inflation adjusted 2020 ZWL$	Unaudited Historical 2021 ZWL$	Unaudited Historical 2020 ZWL$
19.2	**Employee benefit expenses**				
	Wages and salaries	399 621 153	296 001 739	328 953 737	135 971 643
	Social security costs	819 933	159 981	634 380	69 048
	Pension costs – defined contribution plan	273 197	782 635	357 776	330 992
	Other employee benefits expense	-	-	-	-
		400 714 283	296 944 355	329 945 893	136 371 683
	Average number of employees	24	24		

20 RETIREMENT BENEFIT INFORMATION

The Company operates a defined contribution pension fund. The pension fund is administered by the Company and is governed by the Pension and Provident Funds Act as amended by Statutory Instrument 323 of 1991. All permanent employees under the normal retirement age are members of the fund.

In addition, contributions to the National Social Security Authority (''NSSA'') are made in terms of statutory regulations and are charged to income as incurred.

21 RETIREMENT BENEFIT INFORMATION

	2021 ZWL$	2020 ZWL$
Contributions to the pension and social security funds were as follows:		
Pension fund	273 197	782 635
NSSA	819 933	159 635
	1 093 130	942 270

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company is wholly owned by FBC Holdings Limited (the Holding company). The Company carried out business with related Company entities and the holding company, all of which were undertaken at arms' length terms. The Company entities are FBC Bank Limited, FBC Building Society, FBC Securities (Pvt) Limited and FBC Insurance Limited, with FBC Holdings Limited being the common parent company.

The following transactions were carried out with related parties:

Transaction with FBC Insurance Limited
The Company underwrites reinsurance business from FBC Insurance Limited. All the transactions are at arm's length terms. The gross premium written from FBC Insurance Limited during the year ended 31 December 2021 amounted to ZWL$22 814 757 (2020: ZWL$115 080 027).

Other related party transactions
The Company has money market investments with FBC Bank Limited and FBC Building Society where they earned interest of ZWL$343 772 (2020: ZWL$257 922) and ZWL$648 013 (2020: ZWL$2 597 497) respectively. Other related party transactions included management fees and contributions to FBC Holdings Pension Fund, a self-administered post employee benefit fund.

Key management compensation
Key management personnel also satisfy the definition of related parties. Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. No director had material interest in any contract of significance to the Company during the year ended 31 December 2021 (2020: ZWL$ nil).

22 RELATED PARTY TRANSACTIONS (continued)

Key management

Name	Position
John Mushayavanhu	Group Chief Executive
Trynos Kufazvinei	Group Finance Director
Kleto Chiketsani	Managing Director (FBC Reinsurance Company Limited)
Joaquim Matsvimbo	Executive Director Finance and Administration
Tichaona Mabeza	Company Secretary
Alice Shumba	Executive Director Short Term Operations
Dorcas Chihota	Executive Director Life and Health Operations

	Audited Inflation adjusted		Unaudited Historical	
	2021 ZWL$	2020 ZWL$	2021 ZWL$	2020 ZWL$
Salaries and other short term benefits	51 414 944	82 644 381	38 674 828	38 674 828

Key management relates to executive management of the Company.

22.1 Related party balances

Related party liabilities				
Balances owed to FBC Bank	86 074 876	70 296 178	86 074 876	43 732 847
Related party assets				
FBC Insurance Limited: Reinsurance cover	1 047 248	17 680 970	1 047 248	10 999 733
FBC Bank: Cash balances	551 957 601	266 852 905	551 957 601	166 015 245
FBC Building society: Cash balances	1 889 494	204 363 431	1 889 494	127 139 126
	554 894 343	488 897 306	554 894 343	304 154 104

No impairment allowance was raised nor were bad debts written off during the year with regard to related party balances (2020 – ZWL$ nil).

23 CAPITAL COMMITMENTS

There was no capital expenditure authorised but not yet contracted as at 31 December 2021 (2020: ZWL$ nil)

24 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2021 (2020 - ZWL$ nil).

25 SUBSEQUENT EVENTS

The Company's business operations have and will be affected by current outbreak of the COVID-19 (coronavirus) which in March 2021, the World Health Organization (WHO) declared as a pandemic and in the same month the country declared as a national disaster and ordered a 21 days lockdown and the closure of borders, non-essential services and businesses among other significant interventions. The ongoing national, regional and global response to the COVID-19 pandemic has and will overall negatively affect the Company's business operations, the country, continental and global economies. The overall disruption and financial effect on the Company's business cannot be determined with certainty due to the nature of the complexity, the unknown duration and severity of the COVID-19 pandemic and dynamic responses to be implemented by the country to counteract the material negative impact on the economy. As a result of the many unknowns relating to the current pace, spread and containment of the COVID-19 pandemic it may result in a material adverse impact on the Company's financial position, operations, financial results and cash flows. The duration of the business disruption and the related financial effect and impact cannot be reasonably estimated at this time.

It is however, apparent that the Covid-19 pandemic has adversely impacted commercial activity and contributed to significant declines and volatility in financial markets and the government responses are creating disruption in national, regional and global supply chains and adversely impacting many industries and ultimately the Company's customers. This may materially affect all our revenues streams, operating costs and liquidity position. The future is dependent on future national and global developments, which are highly uncertain and are impossible to predict. The response by the regulatory authorities to introduce a stimulus package to ameliorate the impact of the Covid-19 will also determine the financial effect and impact on the Company's operations.

The Company will continue to leverage on its digitalization infrastructure to further make adjustments to comply with the restrictions imposed by the Covid-19 pandemic. The insurance businesses have not been declared essential services and will face business disruptions.

The Company has taken several steps to further strengthen its financial position and maintain liquidity and flexibility. The Company is undertaking the following initiatives to manage this material uncertainty: suspending unnecessary capital expenditure, reviewing operating expenses, concentrating on digital delivery channels, adjusted certain aspects of our operations to protect our employees and customers while still meeting customers' needs for financial services. The Company's e-commerce business and delivery channels have not been affected in terms of delivering service to our customers although the volume of transactions and revenues are expected to be disrupted due the countrywide lockdown which is limiting business activity.

As at the end of April 2021, the Company's operations were in line with the Budget and had adequate liquidity for operations. The Company is leveraging on its financial position which had adequate cash resources as the end of April 2021 to preserve its financial flexibility in the uncertain environment. The Company currently believes that it has adequate liquidity and business plans to continue operating using e commerce to mitigate some of the risks associated with Covid-19.

However, the Covid-19 pandemic is complex and rapidly evolving; the Company's plans above may change. At this point we cannot reasonably estimate the duration and severity of this pandemic, which could have a continued material adverse impact on our businesses, results of operations, financial position and cash flows.

The potential impacts include, but not limited to: impairment of premium receivables, impairment of property and equipment and, fair value of financial assets and other investments, capacity to meet foreign obligations and expenses.

26. INVESTMENT IN SUBSIDIARY

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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. The Company has invested in establishing off-shore operations by registering FBC Reinsurance Botswana PLC, an entity owned 100% by FBC Reinsurance Company Limited which in turn is a wholly owned subsidiary of FBC Holdings Limited. The Company prepared separate financial statements as it is fully consolidated at FBC Holdings Limited. The directors have approved the non-consolidation of FBC Reinsurance Botswana PLC. FBC Reinsurance Botswana PLC is a start-up and still in the process of acquiring the requisite regulatory licences, as such no trading activities have occurred as yet. The investment in the subsidiary is carried at cost of ZWL$ 109 029 420.