FBC REINSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2020

FBC REINSURANCE COMPANY LIMITED

BUSINESS AND COUNTRY OF INCORPORATION:

DIRECTORS:

C Malunga	* (Chairman)	-Appointed 5 May 2020
K Chiketsani	(Managing Director)	
S Chikumbu	*	
T Kufazvinei	*	
R Matambo	*	
J Mushayavanhu	*	
M Rukuni	*	
A Shumba	(Executive)	
J Matsvimbo	(Executive)	

* Non-executive director

SECRETARY:

T Mabeza

REGISTERED OFFICE:

4th Floor, FBC Centre
45 Nelson Mandela Ave
Harare

CONTACT DETAILS:

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

FBC REINSURANCE COMPANY LIMITED

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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 Company Chief Executive in June 2011. He sits on the boards of various companies.

ALICE SHUMBA - EXECUTIVE DIRECTOR - 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)

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

She has worked for Astra Industries Company, HSBC (Private) Limited and National Discount House Company in senior management and directorship positions. She is currently Executive Director of Finesse Advisory Financial Services.

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FBC REINSURANCE COMPANY LIMITED

DIRECTORS' REPORT
31 DECEMBER 2020

Your directors have pleasure in submitting their report and audited financial statements to shareholders of the Company, for the financial year ended 31 December 2020.

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 2020. 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 2020 was ZWL$ 417 731 718.

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

FINANCIAL RESULTS

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

Financial highlights (Inflation adjusted) for the year ended 31 December 2020

	Year ended 31 December 2020 ZWL$	Year ended 31 December 2019 ZWL$
Statement of profit or loss and other comprehensive income		
Profit before income tax	194 079 945	(111 931 272)
Profit for the year	47 247 377	(193 766 594)
Total comprehensive income for the year	52 446 641	(176 407 420)
Statement of financial position		
Total equity	417 731 718	363 518 947
Total assets	1 068 289 436	890 479 726
Share statistics		
Shares in issue - actual number	9 000	9 000

FINANCIAL RESULTS (continued)

Capital adequacy
The Company's capital and reserves as at 31 December 2020 was ZWL$ 417 731 718 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$47 247 377 for the year ended 31 December 2020, compared to a loss of ZWL$193 766 594 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 2020 at ZWL$ 1 068 289 436 up from ZWL$ 890 479 726 as at 31 December 2019.

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 while no dividend had been paid during the year, in 2019 we paid an interim dividend of ZWL$7 094.36 per share.

COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

In the opinion of the Directors, the Company's 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, 2020 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 2021 and beyond in our estimation. For detailed information with regards to the likely impact of these developments please refer to note 25 in the 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 $426 million. The company financial statements have accordingly been prepared on a going concern basis. The annual financial statements for the year ended 31 December 2020 set out on pages 19 to 68 were approved by the Board of Directors on 10 May 2021.

For detailed information with regards to the likely impact of these developments please refer to note 2.1.1.4 in the 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

10 May 2021

FBC REINSURANCE COMPANY LIMITED

THE DIRECTORS' STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2020

The Company's Directors are responsible for the preparation, integrity and objectivity of the inflation adjusted financial statements, comprising the statement of financial position as at 31 December 2020, 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 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 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 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 financial statements.

It is the responsibility of the independent auditor to report on the financial statements. Their report to the shareholders of the Company is set out on page 13 to 18.

FBC REINSURANCE COMPANY LIMITED

THE DIRECTORS' STATEMENT OF RESPONSIBILITY (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Director

Director

Company Secretary

10 May 2021

Preparer of financial statements
These annual financial statements have been prepared under the supervision of Joaquim Matsvimbo and have been audited 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 two executive directors and five 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.

BOARD ATTENDANCE

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

√ Present
X Apology
n/a Not applicable
*- Appointed 5 May 2020, however regulatory approval was confirmed end of 3rd quarter.

AUDIT COMMITTEE

Members
S. Chikumbu (Chairman)
T. Kufazvinei

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 financial statements; and
- Review reports of both internal and external auditors' findings, instituting special investigations where necessary.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Members
J Mushayavanhu (Chairman)
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
S Chikumbu (Chairman)
T Kufazvinei

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.

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

Qualified Opinion

We have audited the inflation adjusted financial statements of FBC Reinsurance Company Limited (the "Company"), set out on pages 19 to 68, which comprise:

- the inflation adjusted statement of financial position as at 31 December 2020;
- the inflation adjusted statement of profit or loss and other comprehensive income for the year then ended;
- the inflation adjusted statement of changes in equity for the year then ended;
- the inflation adjusted statement of cash flows for the year then ended; and
- the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for qualified opinion* section of our report, the inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of FBC Reinsurance Company Limited as at 31 December 2020, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended 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).

Basis for qualified opinion

Non-compliance with International Financial Reporting Standard IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior year and the impact of this non-compliance on the comparative financial information

As described in note 2.1 to the inflation adjusted financial statements, for the 2019 financial year, the Company applied Statutory Instrument (S.I. 33) up to 22 February 2019 and maintained the United States dollar (USD) as its functional currency applying an exchange rate of 1:1 between the USD and the Zimbabwe dollar (ZWL). This was not in compliance with IAS 21 where the functional currency was assessed to have been the ZWL with effect from 1 October 2018 and the market exchange rate was not 1:1. In order to comply with S.I. 33, issued on 22 February 2019, the Company changed its functional currency to the ZWL with effect from 23 February 2019. These departures from IAS 21 resulted in an adverse opinion being issued in respect of the 31 December 2019 inflation adjusted financial statements. Had the Company applied the requirements of IAS 21 many elements of the prior year inflation adjusted financial statements, which are presented as comparative financial information, would have been materially impacted. The financial effects of this departure on the prior year inflation adjusted financial statements has not been determined.

Our opinion on the current year's inflation adjusted financial statements is qualified because of the possible effects of this matter on the comparability of the current year's inflation adjusted financial statements with that of the prior year.

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 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 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 qualified opinion.

Key audit matters

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

Valuation of property and equipment

Refer to the property and equipment accounting policy note 2.3, critical accounting estimates and judgements note 3(d) and the property and equipment note 6.

Key audit matter	How the matter was addressed in our audit
The Company holds property and equipment that is measured at fair value in accordance with IAS 16, *Property Plant and Equipment.* As at reporting date the Company had property and equipment amounting to ZWL33.9 million inflation adjusted. 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 due to illiquidity in the market. Fair valuation of property and equipment 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. The qualified valuers, therefore, determined property values in USD and converted to local currency at the ruling interbank exchange rate as at 31 December 2020. Given the degree of complexity involved in determining the fair value of the property and	Our audit procedures included the following: • Evaluating the professional competence and objectivity of the external valuers engaged by the directors to value the property and equipment and specifically evaluating the independence of the external 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 based on our knowledge of the industry and the requirements of the applicable financial reporting standards, and challenging the inputs used through requesting market evidence relating to such inputs; • Evaluating the appropriateness of the methodology applied for the conversion of the USD valuations to ZWL in line with the requirements of the applicable

Key audit matter	How the matter was addressed in our audit
equipment and the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values, the valuation of the property and equipment was considered a key audit matter.	financial reporting standards; and • Assessing the adequacy of the disclosures in respect of the valuation of property and equipment.

Valuation of suspended shares

Refer to the fair value of financial assets and liabilities note 5.5.1 and quoted equity investments note 8

Key audit matter	How the matter was addressed in our audit
On 26 June 2020, the Ministry of Finance and Economics Development banned the trading of shares for three counters on the Zimbabwe Stock Exchange ("ZSE") that have dual listings. 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 Company holds investments of ZWL25,6 million inflation adjusted in these suspended shares. There was need to ascertain whether the last trading day price is still the appropriate share price as at 31 December 2020. Given the significant judgement and estimation applied by the directors in the valuation of these investments, the valuation of suspended shares was considered a key audit matter.	Our audit procedures included the following: • Evaluating and challenging the appropriateness of the methodologies applied, assumptions and inputs used in the valuation of suspended shares; • Engaging our internal valuation specialists to evaluate the appropriateness of the inputs and assumptions used to value the shares suspended from the ZSE. This was performed by establishing our own independent range of key assumptions and inputs, based on externally available metrics and wider economic and commercial factors using our knowledge and industry experience and comparing to those determined by the directors; and • Evaluating whether the suspended shares are presented in accordance with International Financial Reporting Standard 13, *Fair Value Measurement*, in the financial statements.

Valuation of incurred but not reported claims (IBNR), net outstanding claims and unearned premium reserve.

Refer to the insurance payables accounting policy note 2.11 and unearned premium provision policy note 2.14, critical accounting estimates and judgements policyholder claims note 3(b), short 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 insurance liabilities which, on an inflation adjusted basis, comprise of IBNR of ZWL57,59 million (note 12), net outstanding claims of ZWL27,97	Our audit 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

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million (note 12), and net unearned premium (UPR) of ZWL 211,4 million (note 13). The directors engaged an actuarial expert to assess the valuation of the IBNR, outstanding claims and unearned premium 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 technical reserves to estimation uncertainty, we considered the valuations of the insurance liabilities to be a key audit matter.	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; Assessing the reasonability and accuracy of the liabilities by comparing the prior year claims recognised against the results of current year claims actually reported that related to the prior financial period; Confirming the amounts recoverable from the reinsurers; 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 recognised as UPR; Assessing the disclosures in the financial statements, paying particular attention to the disclosure of the assumptions used and judgements made relating the claims provision; and Assessing the disclosures regarding the sensitivity of the IBNR claims provision and the related factors that influence the sensitivities.

IAS 29 – *Financial Reporting in Hyperinflationary Economies*

Refer to the basis of preparation accounting policy note 2.1

Key audit matter	**How the matter was addressed in our audit**
Zimbabwe was deemed hyperinflationary effective 1 July 2019 in terms of the requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29"). For the year ended 31 December 2020, the country continued experiencing hyperinflationary pressures. In accordance with guidance issued by the Public Accountants and Auditors Board, management utilised the ZWL consumer price indices to prepare inflation adjusted financial statements. For the year ended 31 December 2020, the Company recorded a monetary loss adjustment of ZWL 512 786 970. Given the significance of the quantitative impact of IAS 29, we have assessed hyperinflation accounting to be a key audit matter.	Our audit procedures included the following: Enquiring with management responsible for financial reporting on the considerations taken into account with regards to the application of IAS 29 and tested the IAS 29 model designed and implemented by management to ensure the completeness and accuracy of the key inputs. Re-computing management's IAS 29 calculations, independently verifying indices used and reviewing the proof of the net monetary adjustment. Inspecting the financial statements for compliance with IAS 29.

Other matter
The inflation adjusted financial statements of the Company as at and for the year ended 31 December 2019, were audited by another auditor who expressed an adverse opinion on those inflation adjusted financial statements on 30 June 2020. An adverse opinion was issued in the prior year as a result of non-compliance with the requirements of IAS 21.

Other information
The directors are responsible for the other information. The other information comprises the Board of Directors, Directors' report, the Directors' statement of responsibility, Corporate governance and risk management report and the unaudited financial information in the inflation adjusted financial statements titled "Unaudited Historical", but does not include the inflation adjusted financial statements and our auditors' report thereon.

Our opinion on the 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 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 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.

As described in the *basis for qualified opinion* section above, given the non-compliance with IAS 21 in the prior year the Company's current year's inflation adjusted financial statements may not be comparable with the prior year. We have therefore concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items in the Directors' Report and the unaudited financial information in the inflation adjusted financial statements titled "Unaudited Historical".

Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements
The directors are responsible for the preparation of the inflation adjusted financial statements in accordance with the basis of accounting and the manner required by the Companies and Other Business Entities Act [Chapter 23:31] and Insurance Act [Chapter 24:07], and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 inflation adjusted financial statements
Our objectives are to obtain reasonable assurance about whether the 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 inflation adjusted financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- 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 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures and whether the inflation adjusted financials 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 entity, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current year 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.

Themba Mudidi
Chartered Accountant
Registered Auditor
PAAB Practicing Certificate Number 0437

10 May 2021

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 2020

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
ASSETS	**Notes**	**2020 ZWL$**	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
Property and equipment	6	33 898 380	31 763 608	33 898 380	7 080 834
Intangible assets	7	3 227 708	5 486 184	560 000	700 000
Investment in subsidiary		82 926 829	-	82 926 829	-
Deferred acquisition costs		54 383 935	49 342 272	39 977 985	5 202 707
Loans receivable		59 553	267 146	59 553	59 553
Receivables arising out of reinsurance arrangements	9	128 118 643	213 896 999	128 118 643	47 682 542
Other receivables	9.1	624 307	2 377 907	624 307	530 090
Reinsurers share of outstanding claims		4 706 447	29 950 856	4 706 447	6 676 732
Quoted equity investments	8	371 660 627	184 902 308	371 660 627	41 218 961
Cash and cash equivalents	10	388 683 007	374 838 531	388 683 007	83 560 097
Total assets		1 068 289 436	892 825 811	1 051 215 778	192 711 516
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11.1	31 351 471	31 351 471	900 000	900 000
Share premium	11.2	355 559 949	355 559 949	42 703 332	42 703 332
Non distributable reserves	11.3	1 442 778	1 442 778	37 350	37 350
Revaluation reserve	11.4	25 581 816	20 382 552	29 108 671	6 145 272
Retained earnings		3 795 704	(43 451 673)	422 640 774	46 601 890
Total equity		417 731 718	365 285 077	495 390 127	96 387 844
Liabilities					
Insurance liabilities					
'Short term reinsurance contract liabilities	12	85 560 214	120 213 928	85 560 214	26 798 439
'Unearned premium reserve	13	211 387 534	172 603 644	163 399 858	18 762 329
Payables arising out of reinsurance arrangements	14	58 350 207	122 780 555	58 350 207	27 370 599
Other payables		73 859 298	17 142 392	73 859 298	3 821 332
Provisions	14.1	65 213 653	36 102 282	65 213 653	8 048 125
Deferred tax liabilities	15.3	121 614 373	41 820 021	74 869 983	7 760 378
Current income tax liabilities		34 572 439	16 877 912	34 572 438	3 762 470
Total liabilities		650 557 718	527 540 734	555 825 651	96 323 672
Total equity and liabilities		1 068 289 436	892 825 811	1 051 215 778	192 711 516

K Chiketsani …………………………………… } Directors

T. Kufazvinei ……………………………………

Date: 10 May 2021

*The historic 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 historic financial information.

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*[1]	
INCOME STATEMENT	**Notes**	**2020 ZWL$**	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
Gross premium revenue	16	872 209 083	1 038 079 133	636 814 062	125 088 096
Insurance premium ceded to reinsurers	16	(154 638 168)	(245 505 556)	(133 478 932)	(43 865 255)
Change in unearned premium reserve	13	(38 783 890)	(69 440 673)	(144 637 529)	(16 089 242)
Net insurance premium revenue		678 787 025	723 132 904	358 697 601	65 133 599
Investment income	18	8 186 198	16 952 418	5 255 706	1 078 269
Net fair value gains on financial assets at fair value through profit or loss	8	273 416 123	36 416 436	273 416 123	8 118 058
Realised gains on quoted investments		54 980 829	23 987 867	58 841 538	2 717 641
Exchange gains		484 179 650	236 875 373	312 157 858	52 804 948
Other operating income		-	3 300 765	-	4 473 974
Net income		1 499 549 825	1 040 665 763	1 008 368 826	134 326 489
Insurance claims and loss adjustment expenses	17	(312 348 124)	(241 991 303)	(239 730 732)	(42 467 138)
Insurance claims and loss adjustment ' Expenses recovered from reinsurers	17	34 770 522	-	31 177 459	-
Expenses for the acquisition of insurance contracts	17.1	(189 112 427)	(166 990 742)	(98 956 063)	(12 498 422)
Expenses for marketing and Administration	19	(306 763 660)	(198 970 766)	(205 503 213)	(23 392 477)
Impairment losses in financial assets		(19 229 221)	(8 971 711)	(19 229 221)	(2 000 000)
Monetary loss		(512 786 970)	(535 672 513)	-	-
Profit before income tax		194 079 945	(111 931 272)	476 127 056	53 968 452
Income tax expense	15.1	(146 832 568)	(81 835 322)	(100 088 172)	(11 311 824)
Profit for the year		47 247 377	(193 766 594)	376 038 884	42 656 628
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
- Fair value gains on property, plant, equipment:		6 609 715	20 505 844	27 074 040	7 282 886
- Income tax relating to components of other comprehensive income		(1 410 451)	(3 146 670)	(4 110 641)	(1 170 161)
		5 199 264	17 359 174	22 963 399	6 112 725
Total comprehensive income for the year		52 446 641	(176 407 420)	399 002 283	48 769 353

[1] * The historic 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 historic financial information.

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FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

INFLATION ADJUSTED

	Share capital ZWL$	Share premium ZWL$	Non-distributable reserves ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Balance as at 1 January 2019	30 902 885	185 546 021	1 442 778	3 023 378	207 069 809	427 984 871
Profit for the year	-	-	-	-	(193 766 594)	(193 766 594)
Other comprehensive income	17 359 174	-	17 359 174	-	-	-
Total Comprehensive income for the year	**-**	**-**	**-**	**17 359 174**	**(193 766 594)**	**(176 407 420)**
Transactions with shareholders						
Rights issue	448 586	170 013 928	-	-	-	170 462 514
Dividend declared and paid	-	-	-	-	(56 754 888)	(56 754 888)
Balance as at 31 December 2019	**31 351 471**	**355 559 949**	**1 442 778**	**20 382 552**	**(43 451 673)**	**365 285 077**
Balance as at 1 January 2020	31 351 471	355 559 949	1 442 778	20 382 552	(43 451 673)	365 285 077
Profit for the year	-	-	-	-	47 247 377	47 247 377
Other comprehensive income for the year	-	-	-	5 199 264	-	5 199 264
Total comprehensive income for the year	-	-	**-**	**5 199 264**	**47 247 377**	**52 446 641**
Balance as at 31 December 2020	**31 351 471**	**355 559 949**	**1 442 778**	**25 581 816**	**3 795 704**	**417 731 718**

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

UNAUDITED HISTORICAL

	Share capital ZWL$	Share premium ZWL$	Non-distributable reserves ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Balance as at 1 January 2019	800 000	4 803 332	37 350	32 547	10 160 802	15 834 031
Restated balance as at 1 January 2019	800 000	4 803 332	37 350	32 547	10 160 802	15 834 031
Profit for the year	-	-	-	-	42 656 628	**42 656 628**
Other comprehensive income	**-**	**-**	**-**	**6 112 725**	**-**	**6 112 725**
Total comprehensive income for the year	-	-	-	6 112 725	42 656 628	48 769 353
Transactions with shareholders						
Rights issue	100 000	37 900 000	-	-	-	38 000 000
Dividend declared and paid	-	-	-	-	(6 215 540)	(6 215 540)
Balance as at 31 December 2019	900 000	42 703 332	37 350	6 145 272	46 601 890	96 387 844
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
Balance as at 31 December 2020	900 000	42 703 332	37 350	29 108 671	422 640 774	**495 390 127**

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FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	AUDITED INFLATION ADJUSTED 2020 ZWL$	AUDITED INFLATION ADJUSTED 2019 ZWL$	UNAUDITED HISTORICAL*[2] 2020 ZWL$	UNAUDITED HISTORICAL*[2] 2019 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit or loss		194 079 945	(111 931 272)	476 127 056	53 968 452
Adjustment for non-cash items					
Depreciation		5 287 182	2 252 698	751 813	76 692
Amortisation		2 258 476	905 327	140 000	23 443
Impairment losses in financial assets		19 229 221	8 971 711	19 229 221	2 000 000
Profit on disposal of investment in associate		-	(3 300 764)	-	(4 473 974)
Net fair value gains on financial assets at fair value through profit or loss		(273 416 123)	(36 416 436)	(273 416 123)	(8 118 058)
Unrealised exchange gains		-	-	-	-
Operating cash flows before working capital changes		(52 561 299)	(139 518 736)	222 831 966	43 476 555
Changes in working capital:					
(Increase) in deferred acquisition costs		(5 041 663)	(4 828 334)	(34 775 278)	(4 491 244)
Decrease in loans receivable		207 593	330 038	-	3 168
Decrease/(Increase) in receivables arising from reinsurance arrangements		66 549 135	(32 859 931)	(99 665 322)	(46 974 241)
Decrease/(Increase) in other receivables		1 753 601	1 245 169	(94 217)	(244 288)
Decrease/(Increase) in loss reserves		25 244 409	32 633 889	1 970 285	(348 048)
(Decrease)/Increase short term reinsurance contract liabilities		(34 653 714)	(29 320 744)	58 761 775	17 763 714
Increase in unearned premium reserve		38 783 890	15 749 917	144 637 529	16 089 242
Decrease(increase) in payables arising from reinsurance arrangements		(64 430 348)	7 434 902	30 979 608	24 161 117
Increase in other payables		85 828 277	7 318 925	127 203 494	11 136 860
Cash (utilised in)/generated from operations		61 679 881	(141 814 905)	451 849 840	60 572 835
Income tax paid		(50 754 141)	(26 024 927)	(6 279 237)	(492 913)
Net cash (utilised in) generated from operating activities		10 925 740	(167 839 832)	445 570 603	60 079 922

[2] * The historic 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 historic financial information.

FBC REINSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*[3]	
	Notes	**2020**	**2019**	**2020**	**2019**
CASH FLOWS FROM INVESTING ACTIVITIES		**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Proceeds from disposal of investment in associate		-	2 272 780	-	4 965 113
Investment in subsidiary		(82 926 829)		(82 926 829)	-
Purchase of property, plant and equipment		(812 238)	(3 121 720)	(495 320)	(221 481)
Purchase of equity investments		86 657 803	109 279 601	(57 025 544)	(23 850 023)
Proceeds from disposal of equity investments		-	-	-	-
Net cash generated from/ (utilised) in investing activities		2 918 736	128 430 661	(140 447 693)	(19 106 391)
CASH FLOWS FROM FINANCING ACTIVITIES					
Rights issue		-	170 013 928	-	38 000 000
Dividend paid		-	(56 754 885)	-	(6 215 540)
Net generated from/(utilised) in financing activities	-	113 259 043	-	-	31 784 460
Net (decrease)/increase in cash and cash equivalents		13 844 476	73 849 872	305 122 910	72 757 991
Cash and cash equivalents at the beginning of the year		374 838 531	300 988 659	83 560 097	10 802 106
Effect of movements in exchange rates on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at the end of the year		388 683 007	374 838 531	388 683 007	83 560 097

[3] * The historic 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 historic 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.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The Company's 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 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 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 financial statements are disclosed in note 3 page 38.

Adoption of the IAS 29 (Financial Reporting in Hyperinflation Economies)
In October 2019, 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 2019. These 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 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 2019 and the comparative period. Comparative amounts in the 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of the IAS 29 (Financial Reporting in Hyperinflation Economies) (continued)

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

Period	Indices Conversion	Factors at 31 December 2019
CPI as at 30 September 2018	64.06	38.6286
CPI as at 31 December 2018	88.81	27.8639
CPI as at 31 December 2019	551.63	4.4858
CPI as at 31 December 2020	2,474.51	1

The inflation adjusted figures form the primary set of 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 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for 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 financial statements

2.1.1 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 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

IFRS 17 Insurance Contracts (continued)
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.

IAS 1 Presentation of 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' 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 financial statements has not yet been fully determined.

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 2020, 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.1.1.4 Going concern

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 April 2021, 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 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 Company continues to evaluate the potential short-term and long-term implications on the 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 financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The 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 are stated at revalued amounts less accumulated depreciation and impairment losses.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property and equipment (continued)

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.

2.4 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets (continued)

2.4.1 Classification (continued)

(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).

2.4.2 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 is 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

(1) Financial assets measured at amortised cost; and
(2) 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.

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 include 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.10 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 based on 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 based on 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 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Insurance payables

Insurance payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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 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.

2.13 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 measurable 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16.1 Premiums

Premiums written comprise the premiums on insurance contracts entered 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.

2.17 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.23 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Intangible assets (continued)

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 2019 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(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$21 700 204 (2019: ZWL$ 11 083 347) as expressed in note 5.3 page 45.

(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 2020. 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. The qualified valuers, therefore, determined property values in USD and converted to local currency at the ruling interbank exchange rate as at 31 December 2020.

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 INSURANCE RISK MANAGEMENT (continued)

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.

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	*	*

4 INSURANCE RISK MANAGEMENT (continued)

4.4. Terms and conditions of insurance contracts (continued)

Nature of risks covered (continued)

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

4 INSURANCE RISK MANAGEMENT (continued)

4.4. Terms and conditions of insurance contracts (continued)

Nature of risks covered (continued)

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

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.

5.1 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 2020, the Company’s listed equities were recorded at their fair value of ZWL$371 660 627 (2019: ZWL$184 902 308). A hypothetical decline of 10% in stock prices would decrease shareholders equity by ZWL$37 166 062 (2019: ZWL$18 490 230).

5 FINANCIAL RISK MANAGEMENT (continued)

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 2020, the Company's United States Dollar ("USD") position was an equivalent of ZWL$ 255 227 248 (2019: ZWL$67 097 268). A hypothetical decline of the exchange rate by 10% would decrease shareholders equity by ZWL$ 25 522 724 (2019: ZWL$ 6 709 727).

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 2020 ZWL$	Impairment 2020 ZWL$	Net 2020 ZWL$	Gross 2019 ZWL$	Impairment 2019 ZWL$	Net 2019 ZWL$
Not past due	1 177 575	-	1 177 575	5 282 484	-	5 282 484
Past due 61 - 90 days	2 293 125	-	2 293 125	10 286 729	-	10 286 729
More than 90 days	146 348 147	(21 700 204)	124 647 943	209 411 133	(11 083 347)	198 327 786
	149 818 847	(21 700 204)	128 118 643	224 980 346	(11 083 347)	213 896 999
Reinsurer's share of outstanding claims			4 706 447			29 950 856
Net trade receivables			132 825 090			243 847 855

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

	2020 ZWL$	2019 ZWL$
Balance as at 1 January	(11 083 347)	(13 123 423)
Allowance for impairment recognized during the year	(19 229 221)	(8 971 711)
Effect of IAS 29	8 612 364	11 011 787
Balance as at 31 December	(21 700 204)	(11 083 347)

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 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$
Liabilities						
Short term reinsurance contract liabilities	-	-	-	-	85 560 214	85 560 214
Unearned premium reserve	-	211 387 534	-	-	-	211 387 534
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	-	-	34 572 439	-	-	34 572 439
Total liabilities	58 350 207	211 387 534	173 645 390	-	85 560 214	528 943 345

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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	-	54 383 935	-	-	-	54 383 935
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	182 502 578			376 426 627	948 236 519
Liquidity gap	330 957 107	(28 884 956)	(173 645 390)		290 866 413	419 293 174
Cumulative liquidity gap	330 957 107	302 072 151	128 426 761	128 426 761	419 293 174	-

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk (continued)

Contractual maturity gap analysis as at 31 December 2019

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	-	-	-	-	120 213 928	120 213 928
Unearned premium reserve	-	172 603 644	-	-	-	172 603 644
Payables arising out of reinsurance arrangements	122 780 555	-	-	-	-	122 780 555
Other payables	-	-	17 142 392	-	-	17 142 392
Provisions	-	-	36 102 282	-	-	36 102 282
Current tax	-	-	16 877 912	-	-	16 877 912
Total liabilities	122 780 555	172 603 644	70 122 586	-	120 213 928	485 720 713
Assets						
Deferred acquisition costs	-	49 342 271	-	-	-	49 342 271
Loans receivable	-	-	-	-	267 146	267 146
Receivables arising out of reinsurance arrangements	-	213 896 999	-	-	-	213 896 999
Quoted equity investments	-	-	-	-	184 902 308	184 902 308
Reinsurers share of outstanding claims	-	-	-	-	29 950 856	29 950 856
Other receivables	2 377 907	-	-	-	-	803 767
Cash and cash equivalents	374 838 531	-	-	-	-	374 838 531
Total assets	377 216 438	263 239 270	-	-	215 120 310	855 576 018
Liquidity gap	254 435 883	90 635 626	(70 122 586)	-	94 906 382	369 855 305
Cumulative liquidity gap	254 435 883	345 071 509	274 948 923	274 948 923	369 855 305	-

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk (continued)

Contractual maturity gap analysis as at 31 December 2020: 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	-	-	-	-	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	

5 FINANCIAL RISK MANAGEMENT (continued)

5.4 Liquidity risk (continued)

Contractual maturity gap analysis as at 31 December 2019:

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	-	-	-	-	26 798 439	26 798 439
Unearned premium reserve	-	18 762 329	-	-	-	18 762 329
Payables arising out of reinsurance arrangements	27 370 599	-	-	-	-	27 370 599
Other payables	-	-	3 821 332	-	-	3 821 332
Provisions	-	-	8 048 125	-	-	8 048 125
Current tax	-	-	3 762 470	-	-	3 762 470
Total liabilities	27 370 599	18 762 329	15 631 927	-	26 798 439	88 563 294
Assets						
Deferred acquisition costs	-	5 202 714	-	-	-	5 202 714
Loans receivable	-	-	-	-	59 553	59 553
Receivables arising out of reinsurance arrangements	-	47 682 542	-	-	-	47 682 542
Quoted equity investments	-	-	-	-	41 218 961	41 218 961
Reinsurers share of outstanding claims	-	-	-	-	6 676 732	6 676 732
Other receivables	530 090	-	-	-	-	530 090
Cash and cash equivalents	83 560 097	-	-	-	-	83 560 097
Total assets	84 090 187	52 885 256	-	-	47 955 246	184 930 689
Liquidity gap	56 719 588	34 122 927	(15 631 927)	-	21 156 807	96 367 395
Cumulative liquidity gap	56 719 588	90 842 515	75 210 588	75 210 588	96 367 395	

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 2020				
Quoted equity investments	346 086 480	-	-	346 086 480
Suspended shares	-	25 574 147		25 574 147
	346 086 480	**25 574 147**	**-**	**371 660 627**
Year ended 31 December 2019				
Quoted equity investments	**184 902 308**	**-**	**-**	**184 902 308**

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 2020 (2019- ZWL$ nil).

6 PROPERTY AND EQUIPMENT

INFLATION ADJUSTED	**Computer equipment ZWL$**	**Office Building ZWL$**	**Motor vehicles ZWL$**	**Equipment furniture and fittings ZWL$**	**Total ZWL$**
Net book amount as at 1 January 2019	637 315	5 723 495	4 195 235	778 398	11 334 443
Additions	2 666 886	-	-	454 835	3 121 721
Revaluation	(859 049)	10 282 336	8 751 380	1 385 474	19 560 141
Disposals	-	-	-	-	-
Depreciation charge	(533 011)	(136 848)	(1 399 148)	(183 690)	(2 252 698)
Net book amount as at 31 December 2019	1 912 141	15 868 983	11 547 467	2 435 017	31 763 608
As at 31 December 2019					
Gross carrying amount	6 508 771	17 124 760	19 011 238	3 714 263	46 359 032
Accumulated depreciation	(4 596 630)	(1 255 777)	(7 463 771)	(1 279 246)	(14 595 424)
Net book amount	1 912 14	15 868 983	11 547 467	2 435 017	31 763 608
Net book amount as at 1 January 2020	1 912 141	15 868 983	11 547 467	2 435 017	31 763 608
Additions	812 238	-	-	-	812 238
Revaluation	708 960	1 133 216	4 222 606	544 934	6 609 716
Disposals	-	-	-	-	
Depreciation charge	(991 796)	(441 749)	(3 467 908)	(385 729)	(5 287 182)
Net book amount as at 31 December 2020	2 441 543	16 560 450	12 302 165	2 594 222	33 898 380
As at 31 December 2020					
Gross carrying amount	8 029 969	18 257 976	23 233 844	4 259 197	53 780 986
Accumulated depreciation	(5 588 426)	(1 697 526)	(10 931 679)	(1 664 975)	(19 882 606)
Net book amount	2 441 543	16 560 450	12 302 165	2 594 222	33 898 380

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6 PROPERTY AND EQUIPMENT

HISTORICAL	Computer equipment ZWL$	Equipment Office Building ZWL$	Motor vehicles ZWL$	furniture and fittings ZWL$	Total ZWL$
Net book amount as at 1 January 2019	16 821	148 168	110 915	20 421	296 325
Additions	196 655	24 827	221 481	-	-
Revaluation	238 270	3 398 471	2 499 978	503 002	6 639 721
Disposals	-	-	-	-	-
Depreciation charge	(25 484)	(9 079)	(36 699)	(5 430)	(76 692)
Net book amount as at 31 December 2019	426 262	3 537 560	2 574 194	542 818	7 080 834
As at 31 December 2019					
Gross carrying amount	556 876	3 575 605	2 767 969	576 340	7 476 790
Accumulated depreciation	(130 614)	(38 045)	(193 775)	(33 522)	(395 956)
Net book amount	426 262	3 537 560	2 574 194	542 818	7 080 834
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

6 PROPERTY AND EQUIPMENT

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

HISTORICAL	Computer equipment ZWL$	Equipment Office Building ZWL$	Motor vehicles ZWL$	furniture and fittings ZWL$	Total ZWL$
As at 31 December 2019					
Gross carrying amount	7 367 821	6 842 424	10 259 857	2 328 788	26 798 890
Accumulated depreciation	(693 237)	(136 848)	(1 225 000)	(160 090)	(2 215 175)
Net book amount	6 674 584	6 705 576	9 034 857	2 168 698	24 583 715
As at 31 December 2020					
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 2019					
Gross carrying amount	318 605	177 134	267 994	73 338	837 071
Accumulated depreciation	(130 614)	(38 045)	(193 775)	(33 520)	(395 954)
Net book amount	187 991	139 089	74 219	39 818	441 117
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

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 2020. The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and is shown in 'revaluation reserves' in shareholders' equity.

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		2020	2019	2020	2019
7	INTANGIBLE ASSETS	ZWL$	ZWL$	ZWL$	ZWL$
	Opening net book amount as at 1 January	5 486 184	6 391 511	700 000	723 443
	Additions	-	-	-	-
	Amortisation charge	(2 258 476)	(905 327)	(140 000)	(23 443)
	Net book amount as at 31 December	3 227 708	5 486 184	560 000	700 000
	As at 31 December				
	Gross carrying amount	24 176 572	24 176 572	893 546	893 546
	Accumulated amortisation	(20 948 864)	(18 690 388)	(333 546)	(193 546)
	Net book amount	3 227 708	5 486 184	560 000	700 000
8	**Quoted equity investments**				
	Balance as at 1 January	184 902 308	257 765 595	41 218 961	9 250 880
	Net additions	120 234 958	106 987 760	57 025 543	23 850 023
	Additions	139 970 367	106 987 760	66 991 049	23 850 023
	Disposals	(19 735 409)	-	(9 965 506)	-
	Effect of IAS 29	(206 892 762)	(216 267 483)	-	-
	Fair value gains	273 416 123	36 416 436	273 416 123	8 118 058
	Balance as at 31 December	371 660 627	184 902 308	371 660 627	41 218 961

Suspended shares

On 26 June 2020, 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$ 25 574 147.

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		2020	2019	2020	2019
9	**RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
	Insurance receivables:				
	- Due from insurance companies	142 897 034	196 646 381	142 897 034	43 836 984
	- Due from reinsurers	6 921 813	28 335 091	6 921 813	6 316 541
	- Less: allowance for impairment of insurance receivables	(21 700 204)	(11 084 473)	(21 700 204)	(2 470 983)
		128 118 643	213 896 999	128 118 643	47 682 542
	Current	128 118 643	213 896 999	128 118 643	47 682 542
	Non current	-	-	-	-
		128 118 643	213 896 999	128 118 643	47 682 542
9.1	**OTHER RECEIVABLES**				
	Prepayments	445 129	1 574 140	445 129	350 912
	Accrued interest	179 178	803 767	179 178	179 178
		624 307	2 377 907	624 307	530 090
	Current	624 307	2 377 907	624 307	530 090
	Noncurrent	-	-	-	-
		624 307	2 377 907	624 307	530 090

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.

9 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS (continued)

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

	2020 ZWL$	2019 ZWL$
Trade receivables	128 118 643	47 682 542
Prepayments and other receivables	624 307	530 090
	128 742 950	48 212 632

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

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash at bank	200 500 697	256 836 107	200 500 697	57 254 653
Money market investments	188 182 310	118 002 424	188 182 310	26 305 444
	388 683 007	374 838 531	388 683 007	83 560 097
- Current	388 683 007	374 838 531	388 683 007	83 560 097
- Noncurrent	-	-	-	-
	388 683 007	374 838 531	388 683 007	83 560 097

11 SHARE CAPITAL

11.1 Authorised and issued share capital

	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Authorised:				
10 000 Ordinary shares with a nominal value of ZWL$ 100	31 351 471	31 351 471	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 SHARE CAPITAL (continued)

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 comprise 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*	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Gross outstanding claims at the beginning of period	120 213 928	251 742 552	26 798 439	9 034 725
Reinsurers share of technical provisions	(29 950 856)	(176 341 770)	(6 676 732)	(6 328 684)
Net Outstanding claims at the beginning of the year	90 263 072	75 400 782	20 121 707	2 706 041
Change in provisions for claims				
- Incurred but not reported losses "IBNR"	47 057 555	40 020 431	47 057 555	8 921 471
- Outstanding losses	13 674 505	38 103 732	13 674 505	8 494 195
Effect of IAS 29	(70 141 365)	(63 261 873)	-	-
Loss reserve	4 706 447	29 950 856	4 706 447	6 676 732
Gross Outstanding claims at the end of the year	85 560 214	120 213 928	85 560 214	26 798 439
Current	85 560 214	120 213 928	85 560 214	26 798 439
Noncurrent	-	-	-	-
	85 560 214	120 213 928	85 560 214	26 798 439

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 2020. The technical provision is calculated in line with IPEC requirements as set out in the IPEC Statutory Instrument 95 of 2017.

12 INSURANCE LIABILITIES AND RELATED REINSURANCE ASSETS (continued)

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.

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$57 587 353 (2019: ZWL$10 645 792), an amount of ZWL$47 057 555 was recognised in profit or loss.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Impact of 10% increase in the percentage used to estimate "IBNR"				
Incurred but not reported (IBNR) claims	10 763 563	4 775 595	5 758 735	1 064 579

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		2020	2019	2020	2019
13	**UNEARNED PREMIUM RESERVE**	ZWL$	ZWL$	ZWL$	ZWL$
	Balance at the beginning of the year	172 603 644	103 162 971	18 762 329	2 673 087
	Charge to the statement of profit or loss	38 783 890	69 440 673	144 637 529	16 089 242
	Balance at end of year	211 387 534	172 603 644	163 399 858	18 762 329

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

Insurance payables				
- Due to reinsurers	39 668 532	93 846 728	39 668 532	20 920 586
- Due to insurance companies	18 681 675	28 933 827	18 681 675	6 450 013
	58 350 207	122 780 555	58 350 207	27 370 599
Current	58 350 207	122 780 555	58 350 207	27 370 599
Noncurrent	-	-	-	-
	58 350 207	122 780 555	58 350 207	27 370 599

14.1 PROVISIONS

Audited Inflation adjusted	**Bonus ZWL$**	**Leave Pay ZWL$**	**Long Service ZWL$**	**Total ZWL$**
Balance at I January 2019	-	-	-	-
Provisions made during the year	32 082 139	4 020 143	-	36 102 282
Provisions used during the year	-	-	-	-
Balance at 31 December 2019	**32 082 139**	**4 020 143**	**-**	**36 102 282**
Balance at I January 2020	32 082 139	4 020 143	-	36 102 282
Provisions made during the year	106 400 329	-	8 206 694	114 607 023
Provisions used during the year	(40 020 201)	-	-	(40 020 201)
Effect of IAS29	(42 351 501)	(3 123 950)	-	(45 475 451)
Balance at 31 December 2020	**56 110 766**	**896 193**	**8 206 694**	**65 213 653**

14.1 PROVISIONS (continued)

Unaudited Historical	Bonus ZWL$	Leave Pay ZWL$	Long Service ZWL$	Total ZWL$
Balance at I January 2019	-	-	-	-
Provisions made during the year	7 151 932	896 193	-	8 048 125
Provisions used during the year	-	-	-	-
Balance at 31 December 2019	**7 151 932**	**896 193**	**-**	**8 048 125**
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**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
15 INCOME TAX	**2020 ZWL$**	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
15.1 Income tax expense				
Current income tax expense	68 448 667	27 073 997	37 089 213	4 001 932
Deferred tax charge	78 383 901	54 761 325	62 998 959	7 309 892
Income tax expense	146 832 568	81 835 322	100 088 172	11 311 824

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:

	2020	2019	2020	2019
Profit before income tax	194 079 945	(111 931 270)	476 127 056	53 968 452
Tax calculated at a tax rate of 24.72%	47 976 562	(27 669 410)	117 698 608	13 341 001
Tax effect of:				
- Income not subject to tax	(1 334 561)	(6 176 445)	(1 334 561)	(146 414)
- Expenses not deductible for tax purposes	9 222 278	18 387 369	9 222 278	2 462 819
- Income subject to lower tax rates	90 967 980	97 293 808	(25 498 153)	(4 345 582)
Tax charge	146 832 568	81 835 322	100 088 172	11 311 824

15 INCOME TAX (continued)

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.

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 24.72% (2019: 24.72%).

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
15.3 The movement on the deferred tax account is as follows:				
Deferred tax liability at beginning of the year	41 820 021	(16 087 974)	7 760 378	(719 675)
- Statement of comprehensive income charge:	78 383 901	54 761 325	62 998 959	7 309 892
- Tax charged to other comprehensive income	1 410 451	3 146 670	4 110 646	1 170 161
Deferred tax liabilities at end of the year	121 614 373	41 820 021	74 869 983	7 760 378
The deferred tax (credit) /charge in the statement of comprehensive income comprises the following temporary differences:				
Allowance for loan impairment	4 753 463	525 026	4 753 463	(515 000)
Property and equipment allowance	1 263 597	2 225 148	3 983 069	993 616
Unrealised gains on foreign exchange and equities	66 846 551	58 488 633	66 846 551	13 115 310
Provisions	(1 665 706)	(5 502 513)	(17 069 925)	(1 939 496)
Deferred acquisition costs	8 596 447	5 069 021	8 596 447	1 102 909
Prepayments and other assets	-	(2 897 320)	-	(4 277 286)
Total	79 794 352	57 907 995	67 109 605	8 480 053

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	2020	2019	2020	2019
16 NET INSURANCE PREMIUM REVENUE	ZWL$	ZWL$	ZWL$	ZWL$
Short-term insurance contracts:				
Net earned premium (note 16.1)	678 787 025	723 132 903	358 697 601	65 133 599
Incurred losses (note 17)	(277 577 602)	(241 991 303)	(208 553 273)	(42 467 138)
Net commissions paid (note 17.1)	(189 112 427)	(166 990 742)	(98 956 063)	(12 498 422)
Technical result	212 096 996	314 150 858	51 188 265	10 168 039
16.1 Net earned premium				
Gross premium written	872 209 083	1 038 079 133	636 814 062	125 088 096
Premium ceded to reinsurers and retrocessionaires	(154 638 168)	(245 505 556)	(133 478 932)	(43 865 255)
Change in unearned premium reserve	(38 783 890)	(69 440 673)	(144 637 529)	(16 089 242)
	678 787 025	723 132 904	358 697 601	65 133 599

17. Inflation adjusted

	Incurred losses 2019 (Net)	Gross	Reinsurance	Net
Claims Paid	(251 616 064)	34 770 522	(216 845 542)	(323 519 872)
Change in incurred but not reported losses provision	(47 057 555)	-	(47 057 555)	81 528 569
Change in outstanding losses Provision	-	-	(13 674 505)	(13 674 505)
	(312 348 124)	34 770 522	(277 577 602)	(241 991 303)

Historical

	Incurred losses 2019 (Net)	Gross	Reinsurance	Net
Claims Paid	(178 998 672)	31 177 459	(147 821 213)	(25 051 472)
Change in incurred but not reported losses provision	(47 057 555)	-	(47 057 555)	(17 415 666
Change in outstanding losses provision	(13 674 505)	(13 674 505)		
	(239 730 732)	31 177 459	(208 553 273)	(42 467 138)

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
17.1	**Net Commissions Paid**				
	Commissions Paid	(213 510 987)	(203 847 113)	(150 320 705)	(19 383 254)
	Commission received	19 356 895	15 197 163	16 589 371	2 393 581
	Change in technical provisions	5 041 665	21 659 208	34 775 271	4 491 251
		(189 112 427)	(166 990 742)	(98 956 063)	(12 498 422)
18	**INVESTMENT INCOME**				
	Investment income is comprised of the following:				
	Dividend income	7 174 119	11 341 098	5 398 708	721 627
	Interest income on financial assets at amortised cost	1 012 079	5 611 320	(143 002)	356 642
		8 186 198	16 952 418	5 255 706	1 078 269
19	**MARKETING AND ADMINISTRATION EXPENSES**				
	Marketing	829 163	1 765 438	359 494	174 184
	Premises	384 194	1 924 695	229 584	138 452
	Computer	4 956 065	4 621 570	2 497 129	232 449
	Insurance	763 809	3 754 865	296 893	459 077
	Travel	1 535 884	7 201 037	912 402	729 869
	Security	-	10 109	-	449
	Communication	95 195	134 199	28 310	7 085
	Donations	5 427	775 487	5 271	120 458
	Subscriptions	12 861 853	10 390 979	8 670 918	761 305
	Other administration expenses	81 006 346	43 457 933	46 785 456	5 431 892
	Employee benefit expenses (note 19.2)	184 735 819	111 865 122	136 371 683	14 218 191
	Directors' remuneration	7 484 334	8 864 966	5 760 061	945 331
	Audit fees:				
	- Current year fees	4 559 913	1 046 341	2 694 199	73 600
	Depreciation	5 287 182	2 252 698	751 813	76 692
	Amortisation and impairment loss (note 7)	2 258 476	905 327	140 000	23 443
		306 763 660	198 970 766	205 503 213	23 392 477

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		2020	2019	2020	2019
19	**MARKETING AND ADMINISTRATION EXPENSES**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
19.2	**Employee benefit expenses**				
	Wages and salaries	184 149 396	98 302 425	135 971 643	12 494 232
	Social security costs	99 528	207 670	69 048	26 395
	Pension costs - defined contribution plan	486 895	2 184 162	330 992	48 851
	Other employee benefit expenses	-	11 170 865	-	1 648 713
		184 735 819	111 865 122	136 371 683	14 218 191
	Average number of employees	24	25		

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.

		2020	2019
21	**RETIREMENT BENEFIT INFORMATION**	**ZWL$**	**ZWL$**
	Contributions to the pension and social security funds were as follows:		
	Pension fund	486 895	2 184 162
	NSSA	99 528	207 670
		586 423	2 391 832

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 (associate)
The Company underwrites reinsurance business from its associate company, 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 2020 amounted to ZWL$115 080 027 (2019: ZWL$35 946 346).

22 RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

The Company has money market investments with FBC Bank Limited and FBC Building Society where they earned interest of ZWL$160 459 (2019: ZWL$108 928) and ZWL$1 615 962 (2019: ZWL$152 773) 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 2020 (2019: ZWL$ nil).

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	Head Life and Health division

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Salaries and other short-term benefits	51 414 944	21 989 186	38 674 828	2 794 826

Key management relates to executive management of the Company.

22.1 Related party balances

	AUDITED INFLATION ADJUSTED 2020 ZWL$	AUDITED INFLATION ADJUSTED 2019 ZWL$	UNAUDITED HISTORICAL* 2020 ZWL$	UNAUDITED HISTORICAL* 2019 ZWL$
Related party liabilities				
Balances owed to FBC Bank	43 732 847	14 205 433	43 732 847	3 166 717
Related party assets				
FBC Insurance Limited:				
Reinsurance cover	10 999 733	95 997 488	10 999 733	21 399 828
FBC Bank: Cash balances	166 015 245	252 394 152	166 015 245	56 263 883
FBC Building society: Cash balances	127 139 126	24 935 323	127 139 126	5 558 600
	304 154 104	373 326 963	304 154 104	83 222 311

No impairment allowance was raised nor were bad debts written off during the year with regard to related party balances (2019 – ZWL$ nil).

23 CAPITAL COMMITMENTS

There was no capital expenditure authorised but not yet contracted as at 31 December 2020 (2019: ZWL$ nil).

24 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2020 (2019 - 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 2020, 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.

25 SUBSEQUENT EVENTS (continued)

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.