

**CELL INSURANCE COMPANY
(PRIVATE) LIMITED**

**Consolidated Annual Report
for the Year Ended
31 December, 2022**



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These financial statements are presented in the Zimbabwe dollar ("ZWL\$"). All amounts have been rounded off to the nearest dollar unless otherwise indicated.

CORPORATE INFORMATION

Cell Insurance Company (Private) Limited is a company domiciled and incorporated in Zimbabwe engaged in short term insurance business. This set presents Cell Insurance Company (Private) Limited, subsidiary Nectacare (Private) Limited formerly "CellMed Health (Private) Limited" and associate company Lidwala Insurance Company Limited, together "the Group".



D. Birch
Board Chairman
(Non-Executive Director)



E. Chikwenhere
Non-Executive Director



I. Makuzwa
CEO, Cell Insurance



F. Makoni
Vice Board Chairman
(Non-Executive Director)



M. Mutsau
General Manager - Cell Insurance



V. S. Ramlochun
Non-Executive Director



B. Kahari
Non-Executive Director



K. Maswera
Non-Executive Director
(Appointed March 2022, resigned 30 September, 2022)



N. S. Mutamuko
Non-Executive
(Appointed March 2022, resigned 30 September, 2022)



Y Gumbo
Company Secretary



B Mutaurwa
Public Officer

Head Office

The Honeycomb, 25
Rhodesville Ave,
Rhodesville, Harare

Registered office

Finsure House
86 Kwame Nkrumah Avenue
Harare

Auditors

Ernst & Young
Chartered Accountants
(Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way/ Kwame
Nkrumah Avenue
Harare

Principal bankers

FBC Bank Limited
ZB Bank Limited
Stanbic Bank

Company Lawyers

B W Kahari Legal Practitioners
Danziger and Partners Legal
Practitioners

DIRECTORS' REPORT

The Directors of Cell Insurance Company (Private) Limited, ("the Company"), are pleased to report on the activities of the Company and its subsidiaries and associates ("Group") for the year ended 31 December 2022. These consolidated financial statements comprise the Company and its subsidiaries as well as associate entities (together referred to as the "Group"). The Company has also prepared separate financial statements which are presented separately.

Inflation adjusted financial statements have been issued as the Group's primary financial statements in terms of International Accounting Standard 29 (IAS 29) - Financial Reporting in Hyperinflationary Economies, following the guidance from the Public Accountants and Auditors Board (PAAB) issued through Circular 01/19.

Historical financial statements have been issued as supplementary information only.

CORPORATE GOVERNANCE

The Group is committed to the highest standards of corporate governance as embodied in the Zimbabwe Code of Corporate Governance. In keeping with its commitment to Corporate Governance and safeguarding the interests of stakeholders, the Board takes steps to maintain mechanisms and policies appropriate to the Group to ensure compliance with the Code of Corporate Practices and Conduct as contained in the Zimbabwe Code on Corporate Governance.

RISKS AND UNCERTAINTIES

The potential impact of COVID-19 pandemic and the Russia- Ukraine war on our business

As explained in [note 29 Going concern] and [note 30 Subsequent events] in the financial statements, the Russia- Ukraine war and the COVID-19 outbreak and resulting measures taken by various governments to contain the virus did not materially affect our business performance in the first three months of 2023. In addition to the already known effects of the pandemic and the war, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the longer-term impact on our business will be. The scale and duration of this war and pandemic remains uncertain but is expected to impact our business as explained in note 29 to the financial statements.

The main risks that result from the current uncertain situation regarding Russia- Ukraine war and the COVID-19 pandemic are:

Supply chain

We are pleased to report that the supply chain and demand for our products remains strong despite the potential negative impact of the Covid-19 and the Russia-Ukraine war that were experienced in 2022. There has been notable pressure, however, on our agents and brokers to effectively generate new business and timely remit premiums due to the lockdowns, reduced disposable income, increasing unemployment and the current economic challenges that Zimbabwe is experiencing.

Revenues and profitability

The Group remains financially sound from the solvency and liquidity perspectives continuing to generate positive cash flows from its operations. The Russia-Ukraine war and Covid-19 pandemic did not impact negatively on the major renewal cycles occurring March 2022 and in June 2022 and these cycles accounted for more than 80% of the gross

revenue for 2022. The Group also achieved a cumulative inflation adjusted revenue of approximately ZWL\$19.7 billion against ZWL\$11 billion in the prior year signifying a 79% growth.

The relaxation in travel restrictions across the globe had a direct impact on the travel covers which saw the Group generating an annual revenue of approximately ZWL\$27 225 635 (USD80 000).

Impairments

The Group does not anticipate incurring credit losses due to the Russia-Ukraine war and COVID-19 pandemic.

Financing and liquidity

The Group currently does not have any material bank loans or finance lease arrangements with financial institutions. The greatest risk arising from the lockdown is late remittance of receivables from reinsurers, brokers, agents and claims from medical funders as they take advantage of the prevailing situation. This may result to some extent to cash flow strains on the available resources.

Internal controls

- Ensuring adequate insurance cover for assets
- Activating the various cloud platforms for file back-up and ease of connectivity while working from home or offsite.
- Electronic signing and storage of documents has been enabled to ensure ease of access on secure platforms such as Sign Easy and other cloud based systems.
- Segregation of duties remains in force and system access limits per established authority levels.
- Claims authorizations being conducted as per authority limits.
- A COVID-19 containment policy was crafted to create a safe working environment for both staff and our clients.

Going concern

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of financial statements using the going concern assumption is appropriate. In addition, the Directors have assessed the likely impact of the Russia-Ukraine war and COVID-19 on the operations of the company as described in note 29 to the financial statements for additional information. The associated current uncertainties related to the Russia- Ukraine war and COVID-19 pandemic at this time do not result in material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue operating as a going concern. Note 29 to the financial statements gives users of these financial statements more contextual information.

OUTLOOK

As explained in [note 29 Going concern] and [note 30 Subsequent events] in the financial statements, the Russia-Ukraine war and COVID-19 outbreak and resulting measures taken by the government to contain the virus have not significantly affected our business in the financial year ended 31 December 2022.

As part of our forward looking plans we endeavour to continue empowering our valuable human assets who have relentlessly continued to steer the Group forward through trying tough and trying times. Our plans amongst others are to ensure sustained creation of value to our stakeholders through our growth strategies.

Despite the challenges we are currently facing as a nation and as an insurance and medical services industry we are confident that the Group remains on a strong footing. We intend to continue bettering our services for our clients who have unwaveringly supported us throughout the pandemic.

The Group will limit its investments to necessary replacements of assets until it has clarity as to when government measures will end and business activity will improve. Currently the Group does not intend to reduce its workforce.

BOARD OF DIRECTORS

Mr K Maswera a non-executive director who was appointed in March 2022 resigned on 30 September 2022 resulting in the Board having eight directors, six of whom are non-executive directors. The Chairman is an independent non-executive director, while Mr. M. Mutsau by virtue of his office as the Principal Officer of the Company, was appointed as an ex officio director in 2018. As an ex officio director Mr. M. Mutsau does not carry any voting rights at board meetings. The Board meets to review and ratify, as necessary, all management and Board committee activities. Directors are required to declare their interests at each Board meeting. The Board determines overall policies, plans and strategies and ensures that these are implemented through the Chief Executive Officer and management.

The table below shows the composition of the main Board of Directors and each director's attendance at meetings held during the year:

Main Board of Directors

| Director's name | Total meetings | Total present |
|-----------------------|----------------|---------------|
| *D W Birch (Chairman) | 4 | 100% |
| *N S Mutamuko | 3 | 75% |
| *E Chikwenhere | 1 | 25% |
| I Makuzwa | 4 | 100% |
| *K Maswera | 1 | 25% |
| *B W Kahari | 4 | 100% |
| *F Makoni | 1 | 25% |
| *V S Ramlochun | 2 | 50% |
| M Mutsau | 4 | 100% |

*Non-executive directors

Board Committees

The Board's focus is on superintending over issues affecting the Group and formulating strategies for the Group. All Committees are established in terms of the Group Memorandum and Articles of Association. The Committees are constituted in terms of the requirements of sound corporate governance practices and operate within that framework. The Board has the following standing committees who assist in the discharge of the Board's mandate:

Audit and Compliance Committee

The Committee has three Non – Executive Directors. The terms of reference include:

- Assisting the Board in meeting its responsibilities for the integrity of the Group's financial reporting
- Ensuring effectiveness of internal controls
- Managing compliance and other risks
- Monitoring the effectiveness and objectivity of internal and external auditors.

Finance Risk and Investment Committee

The Committee has two Non- Executive Directors. The terms of reference include:

- Reviewing the accounting systems;
- Assessing the overall risk profiles of the company; and
- Developing sound investment policies.

Remuneration and Appointments Committee

The Committee has two Non- Executive Directors. The terms of reference include:

- Review of the remuneration policy to promote the achievement of the company's strategic objectives;
- Review recruitment and termination policies and practises of the company;
- Review performance and fees of Non – Executive Directors; and
- Monitor succession plans for the Board , Chief Executive and Senior Management.

Strategy Committee

The Committee has three Non- Executive Directors. The terms of reference include:

- Monitoring the implementation of strategies of the Group;
- Determining the scope of business activities; and
- Prioritising the allocation of capital, technical and human resources.

| Director's name | Audit and Compliance Committee (4 meetings) | Finance Risk and Investment Committee (3 meetings) | Remuneration and Appointments Committee (3 meetings) | Strategy Committee (2 meetings) |
|-----------------|---|--|--|---------------------------------|
| *D W Birch | - | - | 2 | 1 |
| *N S Mutamuko | - | 1 | - | - |
| *E Chikwenhere | - | - | - | - |
| I Makuzwa | 4 | 3 | 3 | 2 |
| *K Maswera | - | - | - | - |
| *B W Kahari | 4 | - | 3 | - |
| *P Dhliwayo | - | 3 | - | - |
| *F Makoni | 4 | - | - | - |
| *V S Ramlochun | - | 2 | - | - |
| M Mutsau | 4 | 3 | - | 2 |

*Non-executive director

Dividends

There was no dividend declared for the current year.

Auditors

Members will be asked to fix the remuneration of the auditor for the past audit and to appoint auditors for the ensuing year.

By order of the Board



Y Gumbo
Company Secretary
23 June 2023

DIRECTORS' RESPONSIBILITY STATEMENT

The Group's directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements of Cell Insurance Company (Private) Limited, comprising the consolidated statement of financial position as at 31 December 2022, and the consolidated statements 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 notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and other Business Entities Act [Chapter 24:31] and the Insurance Act (Chapter 24:07) of Zimbabwe. In addition, the directors are responsible for preparing the directors' report.

The directors are responsible for such internal controls as the directors determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective risk management system.

The auditor is responsible for reporting on whether the inflation adjusted financial statements are fairly presented in accordance with the applicable financial reporting framework.

In considering the appropriateness of the going concern basis, the Board has reviewed the Group's ongoing commitments for the next 12 months and beyond. The Board's review included the Group's strategic plans and updated forecasts, capital position, liquidity and credit facilities and investments portfolio. Based on this review no material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern. For at least the next 12 months, from both the dates of the statement of financial position and the approval of the financial statements. It is therefore, concluded that the going concern basis is appropriate for the preparation of the 2022 full-year financial statements and directors will continually assess going concern due to the prevailing economic environment.

Compliance with IFRSs

IFRSs comprise the interpretations adopted by the International Accounting Standards Board (IASB) and the interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC). Complying with IFRSs ensures comparability of the financial information of the Group with other organisations locally and globally.

The Group only achieved partial compliance with International Accounting Standards. Non-compliance was in respect of IAS 29-“Financial Reporting in Hyperinflationary economies” as a result of incorrect CPI bases arising from prior periods and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” as management were not able to meet requirements to correct errors that occurred in the prior year.


The directors affirm that the Group was in compliance with all laws and regulations in all material respects, (with the exception of matters raised above) including the provisions of Statutory Instrument 206 of 2019 (SI206/19) which requires general insurance companies to hold a minimum of 10% in prescribed assets. As at 31 December 2022, the Group had a ratio of 17.17% which was above the industry average of 5.11%. The Group submitted an application to the Insurance and Pensions Commission (IPEC) to get one of its assets conferred with a prescribed asset status, the application is currently under consideration.

Public Accountants and Auditors Board Requirements

The preparation of the financial statements was done under the supervision of Brian Mutauro who is a Registered Public Accountant (RPAcc.Z). Registration number 04932.

Approval of the Group financial statements

The financial statements for the year ended 31 December 2022, as set out on pages **10 to 86**, were approved by the Board of Directors and signed by:



 Director



 Director

23 June 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CELL INSURANCE COMPANY (PRIVATE) LIMITED GROUP

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements Qualified Opinion

We have audited the inflation adjusted consolidated financial statements of Cell Insurance Company (Private) Limited and its subsidiaries (the Group) set out on pages 16 to 90 which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2022, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for effects of the matters discussed in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2022, and the Group's financial performance and Group's cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Impact of prior year modification on current period Non-compliance with IFRSs – International Accounting Standard (IAS) 8: Accounting Policies, Change in Accounting Estimates and Errors

In the prior year, we issued a qualified opinion on the inflation adjusted consolidated financial statements due to non-compliance with IAS 8 and involving two other IFRSs. The matters are continuing as no adjustments have been effected and the details are as follows:

1. Non-compliance with IAS 21 – The Effects of Change in Foreign Exchange Rates

Incorrect date of Change in Functional currency
As explained in note 2.1 to the inflation adjusted consolidated financial statements, the Group changed its functional and reporting currency from United States Dollars (US\$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019. We however concluded that the appropriate date of change in functional currency in terms of IAS 21 was 1 October 2018. Our prior year audit opinion was qualified as this matter, which emanated from 2019, had not been corrected as required in terms of IAS 8.

The following corresponding elements on the inflation adjusted consolidated financial statements remain impacted:

Inflation adjusted consolidated statement of financial position

- Property and equipment, deferred tax asset and retained earnings

Inflation adjusted consolidated Statement of Profit or Loss and Other Comprehensive Income

- Income tax expense

Therefore, our audit opinion on the current period's inflation adjusted consolidated financial statements is modified because of the possible effect of this matter on the comparability of the current period's inflation adjusted consolidated financial statements.

2. Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' inflation adjusted consolidated financial statements which were not in compliance with IFRSs as described above. Had the correct base numbers been used, the accounts stated in the preceding paragraphs would have been materially different.

Consequently, the monetary loss of ZWL139 690 185 (2021: gain of ZWL98 246 092) on the inflation adjusted consolidated statement of profit or loss and other comprehensive income are impacted.

The effects of the above departures from IFRS are material but not pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the inflation adjusted consolidated financial statements of Cell

Insurance Group section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the inflation adjusted consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying inflation adjusted financial statements.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| Claims incurred but not reported | |
| <p>Liabilities for claims incurred but not reported (IBNR) are provisions recognized for the estimated cost of claims that have been incurred prior to year-end but that are only reported to the insurer after year-end.</p> <p>These are stated at a net of ZWL 110 725 669 (2021: ZWL74 650 119 and included in insurance liabilities and provisions under Note 9 to the inflation adjusted consolidated financial statements.</p> <p>We considered this matter to be of significance to our audit as there is an inherent uncertainty concerning subsequent emerging claims that relate to prior year-end and the high level of estimation required in determining the liability.</p> | <p>We performed audit procedures with the support of our internal actuarial experts to assess the adequacy of the reserves which included the following:</p> <ul style="list-style-type: none"> ● Assessing the experience, competence, and independence of the management's actuarial experts through inquiry with the actuarial and the management and by inspecting credentials and related documentation. ● Reviewed the process and controls used by the management experts in the preparation and finalisation of the actuarial valuation to gain comfort on the result. |
| Revenue recognition - Insurance premium and related re-insurance premium | |
| <p>Revenue comprises of insurance premiums and re-insurance premiums. We focused on this area as the process of recognition and measurement of revenue is highly automated and complex. The Group's revenue recognition procedures have some complex considerations, which require the management to exercise judgement and therefore revenue could be subject to misstatement, whether due to fraud or error.</p> <p>This specifically includes judgement over whether insurance premium has been earned, can be recognized and the subsequent value at which to recognize this revenue. Currently the Group is using the 365th method of determining Unearned Premium Reserves (UPR) as guided by the Insurance and Pensions Commission (IPEC) circular 1 of 2014, which ultimately affects the measurement of insurance premium.</p> <p>Although the traditional 365th method is common practise in determining UPRs, the incidents of risks over the duration of the contract may not be uniform in all instances and thus could have a material impact on revenue recognised in different periods.</p> | <ul style="list-style-type: none"> ● Our audit procedures included the following: ● Gaining an understanding of the revenue processes (including the policy on lapsed policies and reversals) and performing related walkthroughs to confirm our understanding of the design of controls related to the significant risks identified. ● Engaging our internal IT professionals in the recalculations of premiums revenue and testing of IT General and Application Controls on several IT systems hosting the revenue transactions. ● We performed revenue cut-off procedures to confirm that all revenue types were accounted for in the correct periods. ● We also involved internal actuarial specialists in the determination of the appropriateness of the methodology used by management in determining the Unearned Premium Reserve (UPR) which is an integral part of revenue. ● Reviewing the inflation adjustment consolidated financial statements on the group's revenue recognition policies and disclosures to ensure that they are in compliance with the relevant International Financial Reporting Standards IFRS 4 (Insurance Contracts). |

Exchange rates

The Group is operating in an economy with an increasing and significant portion of the transactions and balances are denominated in foreign currencies.

As per Statutory Instrument (SI) 118A of 2022- Amendment of Exchange Control Act, the interbank exchange rate, was pronounced as the sole exchange rate to be used in commercial and other transactions. The Statutory Instrument (SI) 118A of 2022 also provided for applicable transactions to be translated at a premium of up to 10% above the prevailing interbank rate published by the Reserve Bank of Zimbabwe. The statutory pronouncements gave the Group the liberty to use any of the three permissible exchange rates which are as follows:

- Auction rate
- Interbank rate
- Interbank rate plus a premium of up to 10%.

We considered this to be an area of significance as we devoted a significant amount of time confirming consistency in the use of exchanges rates. The Reserve Bank of Zimbabwe has been publishing two different exchange rates concurrently on a daily basis which is also couple by the by the fact that the company has multiple accounting systems in which exchange rates are input manually. We had to engage our IT professionals to assist in the validation of the exchange rates used by management in the different reporting systems.

We:

- Evaluated alignment of the exchange rates used by management to the relevant International Financial Reporting Standard, IAS 21 – The Effects of Changes in Foreign Exchange Rates.
- We performed test of detail on transactions with foreign balances, where we reperformed translation of foreign balances to the reporting currency.
- We engaged our IT experts in the validation of exchange rates used by the underwriting system, Footprints and the validation of the methodology used by the vendor to change the incorrect rates that had been used by management.
- We also engaged our IT experts in the confirmation of the completeness of changes made by management in relation to the incorrect rates that had been used.
- Agreed the exchange rates used by management to the prevailing interbank rate as published by the Reserve Bank of Zimbabwe (RBZ) on the RBZ website.
- We recalculated the exchange gains and losses using the applicable exchange rates.
- Reviewed the inflation adjusted consolidated financial statements for disclosures relating to foreign exchange rate risk exposure.

Financial reporting system transition

The Group changed the reporting system from Pastel to Microsoft Dynamics and as a result for the first half of 2022 the company was using both systems. The transition led to significant challenges in the extraction and completeness validation of data within the two systems. We considered this as an area of significance to our audit as there is a high inherent risk concerning the completeness, integrity and accuracy of data migrated from the old to the new system requiring the support from our IT professionals.

- We changed our audit strategy from a data driven approach to traditional audit procedures involving detailed testing and validation of large samples of transactions and balances.
- We enlisted the support of our IT professionals to assess the integrity and completeness of the data. The procedures included direct observation of the management's data extraction methodologies and processes.

Other Information

The directors are responsible for the other information. The other information comprises of historical cost information, the Directors' Responsibility Statement and the Report of the Directors but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for qualified Opinion section above, the Group did not comply with the requirements of IAS 8. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Inflation adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with IFRSs and the requirements of the Companies and Other Business Entities Act (Chapter 24:31); and for such internal controls as the directors determine is necessary to enable the preparation of the inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated 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,

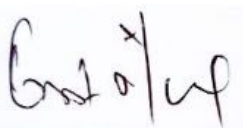
forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practising Certificate Number 132).



ERNST & YOUNG
CHARTERED ACCOUNTANTS(ZIMBABWE) REGISTERED
PUBLIC AUDITORS

Harare

23 June 2023

BRAND NEW

Dial
***737#**
To Insure &
Licence
YOUR VEHICLE



www.cellinsurance.co.zw



— CELL INSURANCE —
Leaders in Alternative Risk Financing

CELL INSURANCE COMPANY (PRIVATE) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 31 December 2022

| | Note | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|------|----------------------------|-----------------------|---------------------------|----------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | 6 | 817 960 802 | 791 126 897 | 817 960 802 | 230 139 393 |
| Insurance and other receivables | 7 | 2 004 322 400 | 2 150 346 191 | 1 961 278 237 | 625 405 069 |
| Inventory | 7.1 | 96 834 520 | 61 656 417 | 53 301 202 | 16 424 267 |
| Current income tax asset | 18.2 | 95 311 096 | 11 785 642 | 95 311 096 | 3 428 452 |
| Reinsurers share of insurance liabilities | 9 | 12 425 469 691 | 6 557 212 600 | 6 330 994 931 | 1 907 497 947 |
| Financial assets at fair value through profit or loss | 10 | 214 399 871 | 305 322 003 | 214 399 871 | 88 818 394 |
| Gold coins | 10.2 | 79 675 244 | - | 79 675 244 | - |
| | | 15 733 973 624 | 9 877 449 750 | 9 552 921 383 | 2 871 713 522 |
| Non Current Assets | | | | | |
| Goodwill | 28 | 23 051 897 | 23 051 897 | 351 670 | 351 670 |
| Property and equipment | 11 | 3 294 817 478 | 1 986 721 700 | 1 858 832 624 | 201 824 247 |
| Investment in associate | 14 | 585 689 727 | 315 221 903 | 585 689 727 | 91 698 282 |
| Financial assets at fair value through profit or loss | 10 | 518 820 600 | 363 486 880 | 518 820 600 | 105 738 600 |
| Deferred tax assets | 18.3 | - | 269 405 | 13 665 090 | 208 282 |
| Investment in net lease receivable | 12.5 | 64 677 510 | 28 484 290 | 64 677 510 | 8 286 100 |
| | | 4 487 057 212 | 2 717 236 075 | 3 042 037 221 | 408 107 181 |
| Total Assets | | 20 221 030 836 | 12 594 685 825 | 12 594 958 604 | 3 279 820 703 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 27.2 | 2 472 314 | 2 472 314 | 11 583 | 11 583 |
| Share premium | 27.3 | 835 104 051 | 835 104 051 | 3 912 551 | 3 912 551 |
| Revaluation reserve | 27.5 | 606 850 721 | 2 566 875 | 1 078 458 055 | 31 575 |
| Foreign currency translation reserve | 27.4 | 332 846 830 | 99 560 623 | 534 065 581 | 79 133 315 |
| Retained earnings | | 1 141 205 667 | 1 619 159 897 | 412 562 543 | 246 935 946 |
| | | 2 918 479 583 | 2 558 863 760 | 2 029 010 313 | 330 024 970 |
| Non-controlling interest | | 33 819 721 | 56 979 968 | (46 085 233) | (4 201 145) |
| Total Equity | | 2 952 299 304 | 2 615 843 728 | 1 982 925 080 | 325 823 825 |

| LIABILITIES | | | | | |
|--------------------------------------|------|-----------------------|-----------------------|-----------------------|----------------------|
| Current Liabilities | | | | | |
| Insurance and other payables | 15 | 2 255 535 583 | 1 875 550 156 | 2 255 535 583 | 596 743 317 |
| Insurance liabilities and provisions | 9 | 13 192 390 513 | 6 901 511 327 | 6 768 877 976 | 2 007 654 699 |
| Deferred acquisition costs ("DAC") | 8 | 65 117 108 | 121 873 429 | 65 117 108 | 35 453 070 |
| Amounts due to cell owners | 16 | 660 087 051 | 787 312 414 | 660 087 051 | 229 029 758 |
| Income tax liabilities | 18.2 | 15 179 588 | - | 15 179 588 | - |
| Lease liability | 12 | 113 698 849 | 52 939 021 | 113 698 849 | 15 400 000 |
| | | 16 302 008 692 | 9 739 186 347 | 9 878 496 155 | 2 884 280 844 |
| Long term Liabilities | | | | | |
| Deferred tax liabilities | 18.3 | 424 319 388 | - | 191 133 917 | - |
| Lease liability | 12 | 305 774 350 | 73 872 870 | 305 774 350 | 21 489 672 |
| Amounts due to cell owners | 16 | 236 629 102 | 165 782 880 | 236 629 102 | 48 226 362 |
| Total Liabilities | | 966 722 840 | 239 655 750 | 733 537 369 | 69 716 034 |
| Total Equity and Liabilities | | 20 221 030 836 | 12 594 685 825 | 12 594 958 604 | 3 279 820 703 |

The notes on pages 19 to 86 are an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 23 June 2023 and signed on its behalf by:


Ishemesu Makuzwa (Chief Executive Officer)


Company Secretary


David Bitch (Chairman)

23 June, 2023

CELL INSURANCE COMPANY (PRIVATE) LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | Note | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|-----------|----------------------------|----------------------|---------------------------|--------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Insurance premium revenue | 17 | 19 689 994 988 | 10 996 688 949 | 11 720 199 417 | 2 399 830 199 |
| Insurance premium ceded to reinsurers | 17 | (18 148 613 432) | (9 907 775 447) | (10 757 915 376) | (2 156 756 146) |
| Net insurance premium revenue | 17 | 1 541 381 556 | 1 088 913 502 | 962 284 041 | 243 074 053 |
| Changes in unearned premium reserve | 9.2.1 | (380 325 216) | (74 738 891) | (187 576 797) | (34 653 187) |
| Net earned premiums | | 1 161 056 340 | 1 014 174 611 | 774 707 244 | 208 420 866 |
| Net commissions | 21 | 820 223 882 | 419 187 995 | 570 003 189 | 97 798 741 |
| Investment income | 19 | 93 007 856 | 206 825 145 | 351 441 793 | 79 036 565 |
| Other income | 20 | 1 789 096 584 | 1 116 590 804 | 1 283 725 740 | 261 232 480 |
| Net income | | 3 863 384 662 | 2 756 778 555 | 2 979 877 966 | 646 488 652 |
| Gross claims (including change in insurance contract liabilities) | 22 | (3 299 464 657) | (5 167 505 146) | (4 764 810 850) | (1 451 738 931) |
| Less: claims ceded to reinsurers (including change in insurance liabilities) | 22 | 2 496 565 056 | 4 749 256 636 | 4 203 521 602 | 1 345 666 216 |
| Net claims | 22 | (802 899 601) | (418 248 510) | (561 289 248) | (106 072 715) |
| Net insurance benefits and claims | | 3 060 485 061 | 2 338 530 045 | 2 418 588 718 | 540 415 937 |
| Operating expenses | 23 | (3 311 513 135) | (1 670 998 576) | (2 404 068 191) | (387 900 584) |
| Finance cost | 12.2 | (52 706 073) | (63 595 000) | (31 304 513) | (14 601 475) |
| Net monetary (loss)/ gain | | (139 690 185) | 98 246 092 | - | - |
| Operating profit | | (443 424 332) | 702 182 561 | (16 783 986) | 137 913 877 |
| Share of profit of associate | 14 | 15 130 746 | 19 679 669 | 15 130 746 | 5 724 830 |
| Profit before income tax | | (428 293 586) | 721 862 230 | (1 653 239) | 143 638 708 |
| Income tax expense | 18.1 | (75 691 622) | 32 383 821 | 125 395 750 | (33 788 979) |
| Profit for the year | | (503 985 208) | 754 246 051 | 123 742 511 | 109 849 729 |
| Profit attributable to: | | | | | |
| Owners of parent | | (480 824 962) | 747 962 832 | 163 798 422 | 112 423 439 |
| Non-controlling interest | | (23 160 246) | 6 283 219 | (40 055 911) | (2 573 710) |
| | | (503 985 208) | 754 246 051 | 123 742 511 | 109 849 729 |
| Other comprehensive income for the year | | | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i> | | | | | |
| Exchange gain/(loss) on translating foreign operations | 27.7 | 232 028 939 | (92 373 899) | 453 138 181 | 15 362 270 |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | | 232 028 939 | (92 373 899) | 453 138 181 | 15 362 270 |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax)</i> | | | | | |
| Revaluation of property and equipment | 27.5 | 604 283 846 | - | 1 078 426 480 | - |
| Equity accounted investee- share of other comprehensive income | 27.6 | 1 257 268 | 544 651 | 1 794 085 | 155 011 |
| Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods | | 605 541 114 | 544 651 | 1 080 220 565 | 155 011 |

| | | | | |
|--|--------------------|--------------------|----------------------|--------------------|
| Other comprehensive income/(loss) for the year, net of tax | 837 570 053 | (91 829 248) | 1 533 358 746 | 15 517 281 |
| Total comprehensive income for the year | 333 584 844 | 662 416 803 | 1 657 101 257 | 125 367 010 |
| Total comprehensive income attributable to: | | | | |
| Owners of parent | 356 745 090 | 656 133 584 | 1 697 157 169 | 127 940 720 |
| Non-controlling interest | (23 160 246) | 6 283 219 | (40 055 912) | (2 573 710) |
| | 333 584 844 | 662 416 803 | 1 657 101 257 | 125 367 010 |

The notes on pages 19 to 86 are an integral part of these financial statements.

CELL INSURANCE COMPANY (PRIVATE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

| Audited Inflation Adjusted | | | | | | | | |
|---|---------------|---------------|--------------------------------------|---------------------|-------------------|---------------|--------------------------|---------------|
| Attributable to Equity Holders of Parent | | | | | | | | |
| | Share capital | Share premium | Foreign Currency translation reserve | Revaluation reserve | Retained earnings | Total | Non-controlling interest | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance as at 1 January 2021 | 2 472 314 | 835 104 051 | 191 389 867 | 2 566 875 | 871 197 065 | 1 902 730 172 | 50 696 749 | 1 953 426 921 |
| Total comprehensive income | - | - | (91 829 244) | - | 747 962 832 | 656 133 588 | 6 283 219 | 662 416 807 |
| Profit for the year | - | - | - | - | 747 962 832 | 747 962 832 | 6 283 219 | 754 246 051 |
| Other comprehensive income | - | - | (91 829 244) | - | - | (91 829 244) | - | (91 829 244) |
| Balances as at 31 December 2021 | 2 472 314 | 835 104 051 | 99 560 623 | 2 566 875 | 1 619 159 897 | 2 558 863 760 | 56 979 968 | 2 615 843 728 |
| Balance as at 1 January 2022 | 2 472 314 | 835 104 051 | 99 560 623 | 2 566 875 | 1 619 159 897 | 2 558 863 760 | 56 979 968 | 2 615 843 728 |
| Transactions with owners of equity (see note) | - | - | - | - | 2 870 732 | 2 870 732 | (2 870 732) | - |
| Changes in ownership interest | | | | | 2 870 732 | 2 870 732 | (2 870 732) | - |
| Total comprehensive income | - | - | 233 286 207 | 604 283 846 | (480 824 962) | 356 745 090 | (20 289 514) | 336 455 576 |
| Profit for the year | - | - | - | - | (480 824 962) | (480 824 962) | (20 289 514) | (501 114 476) |
| Other comprehensive income (note 27.5) | - | - | 233 286 207 | 604 283 846 | - | 837 570 053 | - | 837 570 053 |
| Balances as at 31 December 2022 | 2 472 314 | 835 104 051 | 332 846 830 | 606 850 721 | 1 141 205 667 | 2 918 479 583 | 33 819 721 | 2 952 299 304 |

| Unaudited Inflation Adjusted | | | | | | | | |
|---|---------------|---------------|--------------------------------------|---------------------|-------------------|---------------|--------------------------|---------------|
| Attributable to Equity Holders of Parent | | | | | | | | |
| | Share capital | Share premium | Foreign Currency translation reserve | Revaluation reserve | Retained earnings | Total | Non-controlling interest | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance as at 1 January 2021 | 11 583 | 3 912 551 | 63 616 034 | 31 575 | 134 512 507 | 202 084 250 | (1 627 435) | 200 456 815 |
| Total comprehensive income | - | - | 15 517 281 | - | 112 423 439 | 127 940 720 | (2 573 710) | 125 367 010 |
| Profit for the year | - | - | - | - | 112 423 439 | 112 423 439 | (2 573 710) | 109 849 729 |
| Other comprehensive income | - | - | 15 517 281 | - | - | 15 517 281 | - | 15 517 281 |
| Balances as at 31 December 2021 | 11 583 | 3 912 551 | 79 133 315 | 31 575 | 246 935 946 | 330 024 970 | (4 201 145) | 325 823 825 |
| Balance as at 1 January 2022 | 11 583 | 3 912 551 | 79 133 315 | 31 575 | 246 935 946 | 330 024 970 | (4 201 145) | 325 823 825 |
| Transactions with owners of equity (see note) | - | - | - | - | 1 828 175 | 1 828 175 | (1 828 175) | - |
| Changes in ownership interest | - | - | - | - | 1 828 175 | 1 828 175 | (1 828 175) | - |
| Total comprehensive income | - | - | 454 932 266 | 1 078 426 480 | 163 798 422 | 1 697 157 168 | (40 055 912) | 1 657 101 256 |
| Profit for the year | - | - | - | - | 163 798 422 | 163 798 422 | (40 055 912) | 123 742 510 |
| Other comprehensive income (note 27.5) | - | - | 454 932 266 | 1 078 426 480 | - | 1 533 358 746 | - | 1 533 358 746 |
| Balances as at 31 December 2022 | 11 583 | 3 912 551 | 534 065 581 | 1 078 458 055 | 412 562 543 | 2 029 010 313 | (46 085 233) | 1 982 925 081 |

The notes on pages 19 to 86 are an integral part of these financial statements.

CELL INSURANCE COMPANY (PRIVATE) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

| | Note | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|-------|----------------------------|--------------------|---------------------------|--------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit/(loss) before income tax | | (428 293 586) | 721 862 230 | (1 653 239) | 143 638 708 |
| | | | - | | |
| Adjusted for: | | | | | |
| Net monetary loss /(gain) | | 139 690 185 | (98 246 092) | - | - |
| Unearned premium reserve movement | 9.2.1 | 380 325 216 | 74 738 891 | 187 576 797 | 34 653 187 |
| Foreign currency exchange gains | 20 | (242 483 002) | (176 871 676) | (242 483 002) | (49 184 659) |
| Leave provision | 23 | 236 633 579 | 69 808 333 | 95 023 281 | 15 268 873 |
| Incurred but not yet reported (IBNR) movement | 22 | 36 075 551 | 22 603 230 | 89 009 895 | 12 296 374 |
| Lease rental income | 20 | - | (17 753 740) | - | (3 185 232) |
| Depreciation | 23 | 65 354 802 | 73 859 164 | 64 636 802 | 17 505 796 |
| Interest on derecognition of right of use asset | 20 | (10 162 642) | - | (3 259 038) | - |
| Profit on disposal of property and equipment | 20 | (10 584 885) | (14 722 549) | (5 159 568) | (4 200 908) |
| Financing on derecognition of right of use asset | 12.5 | - | (59 529 937) | - | (13 657 382) |
| Share of profit of associate | 14 | (15 130 746) | (19 679 669) | (15 130 746) | (5 724 830) |
| Unrealised gains on listed equities- Promoter | 19 | 40 429 347 | (121 994 269) | (89 788 739) | (41 164 724) |
| Unrealised gains on unlisted equities- Promoter | 19 | (84 487 499) | (69 965 826) | (224 679 261) | (34 394 297) |
| Finance cost | 12 | 52 706 073 | 63 595 000 | 31 304 513 | 14 601 475 |
| | | 160 072 394 | 447 703 090 | (114 602 305) | 86 452 381 |
| Working capital changes: | | | | | |
| Increase in insurance and other receivables | | 146 023 791 | (826 819 577) | (1 282 830 703) | (385 874 442) |
| Decrease/(increase) in re-insurer's share of insurance liabilities | | (5 868 257 091) | (4 695 821 778) | (4 423 496 984) | (1 570 625 372) |
| Decrease/(Increase in inventory) | | (35 178 103) | (28 780 176) | (36 876 934) | (10 967 318) |
| Increase in deferred acquisition costs | | (56 756 321) | 35 233 456 | 29 664 038 | 19 773 045 |
| (Decrease)/Increase in amounts due to cell owners | | (56 379 141) | 205 620 334 | 619 460 033 | 123 755 652 |
| (Decrease)/Increase in insurance liabilities | | 5 874 478 420 | 4 747 118 739 | 4 484 636 585 | 1 588 422 256 |
| Increase in insurance and other payables | | 143 351 848 | 589 259 223 | 1 509 626 462 | 329 497 882 |
| Cash generated from operations | | 307 355 796 | 473 513 311 | 785 580 192 | 180 434 084 |
| | | | | | |
| Income tax paid | 18.2 | - | (68 011 919) | - | (16 264 693) |
| Net cash generated from operating activities | | 307 355 796 | 405 501 392 | 785 580 192 | 164 169 391 |

| | | | | | |
|---|-------------|-----------------------|-----------------------|-----------------------|----------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from disposal of equipment | 20 | 10 584 885 | 14 722 549 | 5 159 568 | 4 200 908 |
| Purchase of equipment | 11 | (235 521 544) | (331 062 599) | (77 826 000) | (85 368 038) |
| Interest received | 20 | 1 970 562 | - | 1 966 305 | - |
| Purchase of Gold Coins | 10.2 | (63 405 037) | - | (56 974 794) | - |
| Receipts from deferred consideration | 12.5 | - | 16 037 834 | - | 3 185 232 |
| Interest from deferred consideration | 12.5 | - | 38 094 618 | - | 3 555 324 |
| Net cash utilised in investing activities | | (286 371 134) | (262 207 598) | (127 674 921) | (74 426 574) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Finance cost arising from lease | | (52 706 073) | (63 595 000) | (31 304 513) | (14 601 475) |
| Finance lease repayments | | (111 272 554) | (31 961 213) | (27 067 895) | (3 483 357) |
| Net cash utilised in financing activities | 12.3 | (163 978 627) | (95 556 213) | (58 372 408) | (18 084 832) |
| Net increase in cash and cash equivalents | | (142 993 965) | 47 737 581 | 599 532 863 | 71 657 985 |
| Cash and cash equivalents at beginning of year | | 791 126 897 | 689 346 900 | 230 139 393 | 124 757 436 |
| Exchange gain on cash and cash equivalents | | (11 711 454) | 70 878 486 | (11 711 454) | 33 723 972 |
| Effects of inflation on cash and cash equivalents | | 181 539 324 | (16 836 070) | - | - |
| Cash and cash equivalents at end of year | 6 | 817 960 802 | 791 126 897 | 817 960 802 | 230 139 393 |

The notes on pages 19 to 86 are an integral part of these financial statements.

CELL CAPTIVES

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORTING ENTITY

Cell Insurance Company (Private) Limited ("the Company") is a holding company whose primary business interests are in the short-term insurance and health services sectors. The Company is incorporated and domiciled in Zimbabwe and is a limited liability Company. The Company is located at 84-86 Kwame Nkrumah Avenue, 5th and 8th Floor Finsure House, Harare.

The Group financial statements of the Company for the year ended 31 December 2022 comprise the Company and its subsidiary, Nectacare (Private) Limited-a company involved in medical services and an associate namely Lidwala Insurance Company Limited which is involved in short term insurance.

The financial statements of the Company are presented separately from the consolidated financial statements and the separate financial statements have been approved by the directors at the same date as these financial statements.

1 BASIS OF PREPARATION

These Group financial statements for the year 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and other Business Entities Act [Chapter 24:31], and the Insurance Act (Chapter 24:07).

In instances where there is no guidance from a specific IFRS relating to a particular accounting matter, the Group resorted to guidance from the Conceptual Framework for Financial Reporting in formulating its accounting policies.

Full compliance with IFRSs has not been possible in previous reporting periods and current period due to the operating environment. The Group only achieved partial compliance with IFRS, noncompliance was in respect of IAS 29-"Financial Reporting in Hyperinflationary economies" as a result of incorrect CPI bases arising from prior periods and IAS 8 -"Accounting Policies, Changes in Accounting Estimates and Errors" as management were not able to meet requirements to correct errors that occurred in the prior year.

These Group financial statements were authorised for issue by the Board of directors on 23 June 2023.

2(a) FUNCTIONAL CURRENCY

The consolidated financial statements are presented in Zimbabwean Dollars (ZWL\$) which is the Group's functional and presentation currency.

2(b) HYPERINFLATION

These financials have been prepared in line with the provisions of International Accounting Standard (IAS) 29-"Financial Reporting in Hyperinflationary economies". The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement 1/2019). The PAAB in October 2019 confirmed the general consensus that the Zimbabwean economy had met the characteristics of a hyperinflationary economy and prescribed the application of hyperinflation accounting for periods ended on or after 1 July 2019. The directors have applied the guidelines provided by the PAAB and made various assumptions to produce the inflation adjusted financials.

The Group adopted the Zimbabwean consumer price index (CPI) as a general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities carried at cost have been restated to reflect the change in general price index from 1 January 2022 to the end of the reporting period.

The Group used the price index provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website.

Below are the indices and adjustment factors used up to 31 December 2022.

| | Index | Conversion factor |
|-----------|-----------|-------------------|
| 31-Dec-21 | 3,977.46 | 3.4376 |
| 31-Jan-22 | 4,189.97 | 3.2632 |
| 31-Dec-22 | 13,672.91 | 1.0000 |

The procedure for applying IAS 29 as detailed below as follows:

- All monetary assets and liabilities that were carried at amounts that were current as at 31 December 2022 have been restated by applying the change in index from 31 December 2021 to 31 December 2022.
- Components of shareholder's equity were restated by applying the change in the index from the date of the transaction that gave rise to them.
- Opening balances have been restated by applying the change in index from 31 December 2021 to 31 December 2022.
- Property and equipment were restated by applying the change in the index from the date of the transaction that gave rise to them.
- Deferred tax was calculated on restated carrying amounts,
- Profit or loss items or transactions except for depreciation charges were restated by applying the change in the index from the month of the transaction to 31 December 2022.
- The effect of inflation on the net monetary position of the Company is included in the Statement of Profit or Loss and Other Comprehensive Income.
- All items in the Statement of Cash Flows are expressed in terms of the measuring unit current at the reporting date.

A net monetary gain was recognised in the statement of profit or loss.

2.1 USE OF ESTIMATES AND JUDGMENTS

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 accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed.

Management believes that the underlying assumptions are appropriate and that the Group's financial statements, therefore, present the financial position and results fairly.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstance.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

a) Incurred but not yet reported claim reserve (IBNR)

The estimation of the ultimate liability arising from claims incurred but not yet reported at the reporting date under insurance contracts is the Group's most critical accounting estimate.

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The reserve estimates for IBNR are actuarially determined based on the past claims experience using the Chain Ladder method. The Chain Ladder method makes use of run-off triangles of paid losses and incurred losses, representing the sum of paid losses and case reserves. The future periods for which the reserves are held may turn out to be significantly different from the experience to date.

The establishment of the appropriate level of this reserve is an inherently uncertain process involving estimates and judgements made by management and therefore there can be no assurance that ultimate claims expenses will not exceed the IBNR established. The estimate is annually reviewed for adequacy. Refer to note 9 for disclosures relating to the current and prior year IBNR.

b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group 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 income tax assets and liabilities in the period in which such determination is made.

c) Provision for credit losses

The Group reviews its debtors in respect of outstanding premiums to establish whether an impairment loss should be recognised in the statement of comprehensive income. Judgement is required by management of the timing and amount of uncertain 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 a number of factors where actual results may differ, resulting in future changes to the provision.

d) Impairment of assets

Assets are subject to annual impairment reviews. Impairments are measured as the difference between the carrying amount of a particular asset and the current fair value or recoverable amount. Impairment losses are recorded in the income statement in the period in which they occur. The Group's policy in relation to financial

assets is described in note 3.3. The accounting policy for impairment of non-financial assets is disclosed in note 3.8.

(e) Functional currency

Background currency development

Zimbabwe introduced a multi-currency system in 2009 as part of measures to deal with hyperinflation. The United States Dollar gradually became more dominant and adopted as both functional and presentation currency of the Company. In mid-2016 the shortage in foreign currency notes and coins began to be experienced. In order to ease the shortages and to improve exports, the Reserve Bank of Zimbabwe (RBZ) made concerted efforts to encourage use of electronic and mobile platforms and introduced an export incentive scheme which added Bond Notes (surrogate currency only exchangeable in Zimbabwe and pegged at 1:1 to the United States Dollar) as legal tender. In addition, the RBZ introduced other policy measures such as priority listing of foreign payments. Over time the following emerged:

- Continued shortages of foreign currency notes and coins and delays in foreign currency payments;
- Lack of ready exchangeability between Bond Notes, electronic and mobile platforms with other currencies resulting in premiums being reported as being loaded on the local exchange mechanisms in the parallel market as reported in the monetary policy statements issued by the RBZ from time to time;
- Some retailers introduced three tier pricing (different prices for ZWL\$ cash, electronic transfers and mobile money transfers); and
- An informal exchange market emerged as reported in the wider press.
- These conditions continued in the current year and the margins of the of the foreign exchange premiums widened.

On the 1st of October 2018 the RBZ and Ministry of Finance and Economic Development jointly issued new policy measures which had the following significant impact:

- All financial institutions were directed to separate existing bank customer accounts into RTGS FCA for all customer balances originating from local transactions and Nostro FCA for all customer balances from transactions emanating from externally sourced foreign currency (i.e. exports and similar which were within fourteen days of having been credited/received);
- Although, the FCA RTGS and FCA Nostro were still pegged at 1:1, FCA RTGS balances were not to be transferable to FCA Nostro;
 - ▶ The foreign currency allocation system by the RBZ was retained where the Reserve Bank would allocate and avail foreign currency to clients with RTGS FCA balances on a 1:1 basis.

Most of the Group's cash and equivalents were allocated to the RGTS FCA accounts. The above separation and the envisaged challenges in meeting foreign payments from the RTGS FCA inevitably created a more distinct difference between the local currency and foreign currency.

Other policy and economic developments pointed to a possible clear separation of locally generated currency from foreign currency. The following are some of the policies and key economic developments which were considered pertinent to this matter:

- On 24 June 2019 the RBZ announced the discontinuation of the multi-currency regime, which the country was operating in since February 2009 and the country adopted a mono-currency regime implying that the sole legal tender was now the Zimbabwe Dollar (ZWL).
- On 26 March 2020 the RBZ announced in a press statement a myriad of interventions in response to the financial exposures caused by the COVID-19 pandemic and authorised the use of free-funds in paying for goods and services, in terms of Statutory Instrument (SI) 85 of 2020.
- On 23 June 2020 the RBZ abandoned the fixed foreign currency exchange rate and introduced the Foreign Exchange Auction System and significant trading activity were recorded causing significant movements in the exchange rate.
- On 24 July 2020, Statutory Instrument (SI) 185 of 2020 was issued legalising the displaying, quoting or offer of prices for goods and services in both Zimbabwe dollars and foreign currency at the interbank exchange rate.
- On 4 April 2022, the RBZ further liberalised the foreign exchange market by allowing banks to conduct foreign exchange transactions of up US\$1 000 under an arrangement agreed upon. Individuals with free funds and entities holding foreign exchange in their foreign currency accounts (after meeting the statutory surrender requirements) were allowed to sell foreign currency to banks on a willing-buyer willing-seller basis.
- On 9 May 2022, the RBZ further reviewed the willing buyer-willing seller mechanism allowing individuals to purchase up to US\$5 000 per day with a limit of US\$10 000 per week.
- After the implementation of the willing buyer - willing seller arrangement, the dual pricing framework as per Exchange Control (Exclusive Use of Zimbabwe Dollar for Domestic Transactions) (Amendment) Regulations, 2020 (No.3), Statutory Instrument 185 of 2020, the RBZ pronounced that Authorised Dealers and the market that the pricing of goods and services shall be based on the prevailing interbank market rate plus a margin of up to 10%.

f) Going concern

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Refer to note 29.

g) Valuation of land and buildings

The Group engaged professional valuers Knight Frank Real Estate and Capital Valuation Consultancy to value land and buildings at the end of the reporting period. The valuers employed methodologies and professional judgement to determine the fair market values which are used by the Group for reporting purposes.

Executive management at each financial year end determines and communicates the valuation basis and criteria to be followed by external valuation experts. The experts once engaged conduct site inspections of

the properties due for valuations. A draft report based unobservable inputs and valuation adjustments is then inspected by the internal risk department together with Executive management assess the evidence obtained for reasonableness and consistency with the market. The valuations summary are then presented to the Finance and Risk committee for consideration and approval.

The fair value of the land and buildings was determined using the market comparative and investment methods. Through the comparative method, rental rates and capitalisation rates for similar properties sold are assessed and adjusted for appropriately to reflect the type of property, quality, location and risk, the rental value and capitalisation rates of the subject property are then determined.

The valuers have stated in their reports that valuations rely on inputs such as market rentals per square metre, rental yields and recent price per square metre for comparable properties.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New International Financial Reporting Standards and Amendments affecting 2022 Audited financial statements

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations seek to update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 4: Insurance Contracts

Amendments to IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- a. an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- b. an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

These amendments had no impact on the consolidated financial statements as the Group has already been applying the IFRS 9 deferral approach as permitted by the standard.

Amendments to IAS 1— Presentation of Financial Statements

The amendments issued in 2020 seek to clarify the requirements on determining whether a liability is current or non-current and apply to annual reporting periods on or after 1 January 2023. Subsequently the IASB has proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. The Group is unable to determine the impact of these amendments due to the ongoing developments.

2.2 (a) STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

IFRS 17, 'Insurance contracts'. Effective date 1 January 2023

IFRS 17 — Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.

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

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

The core of IFRS 17 is the general model, supplemented by:

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

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

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

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement but are recognised directly on the statement of financial position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses;
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.
- Early application is permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17.

The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2023. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

The Group has not early adopted this standard.

The Group will apply IFRS 17 and IFRS 9 for the first time on 1 January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

Transition work to IFRS 17 and IFRS 9 is still progress and management has provided a preliminary assessment as detailed below. The actual impact of adopting IFRS 17 and IFRS 9 on 1 January 2023 may change due to the following:

- Parallel runs were carried out in the second half of 2022 and dry run results based on the 30 June 2022 figures were submitted to the Insurance and Pensions Commission (IPEC), the new systems and associated controls are still being configured and refined;
- the Group has not finalised the testing and assessment of controls over its new IT systems and changes to its governance framework; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.

Identifying contracts in the scope of IFRS 17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. When identifying contracts in the scope of IFRS 17, management will have to assess whether a set or series of contracts needs to be treated as a single contract. Management does not expect significant changes arising from the treatment of insurance and reinsurance contracts.

Level of aggregation

Under IFRS 17, insurance contracts into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a contract service margins (CSM), against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Group expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period

covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- there exists a practical ability to reassess the risks of a particular policyholder and a price or level of benefits can be set that fully reflects those reassessed risks; or
- there exists a practical ability to reassess the risks of the portfolio that contains the contract and a price or level of benefits can be set that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Most of the Group's treaty reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

Measurement – Overview

Premium Allocation Approach (PAA)

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Group expects that it will apply the PAA to all contracts because the following criteria are expected to be met at inception.

- **Insurance contracts and loss-occurring reinsurance contracts:** The coverage period of each contract in the group is one year or less.

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Group will elect to recognise deferred acquisition cash flows on a time on risk basis in line with unearned premium reserves and will be incorporated in the calculation of Liability for remaining coverage on a net basis.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided.

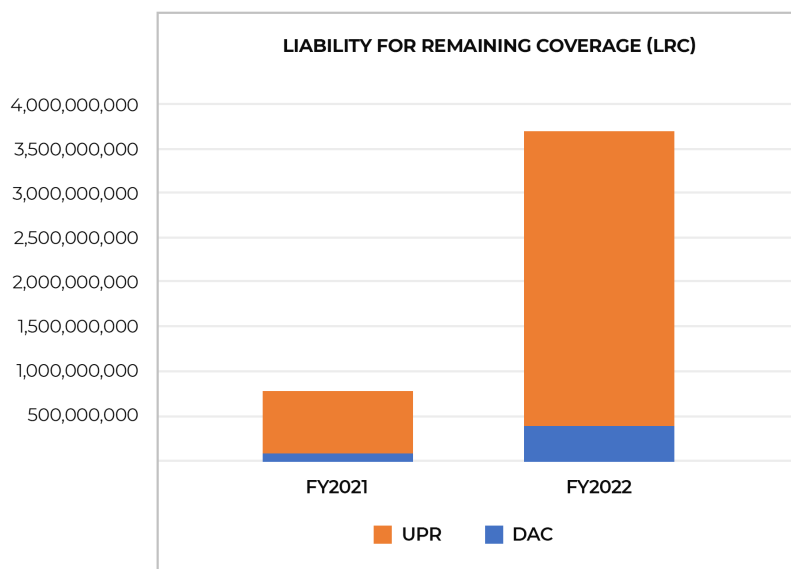
The Group expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Group will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The graph below highlights the Liability for remaining coverage (LRC) as at 31 December 2021 and 31 December 2022.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

Liability for Incurred Claims Methodology

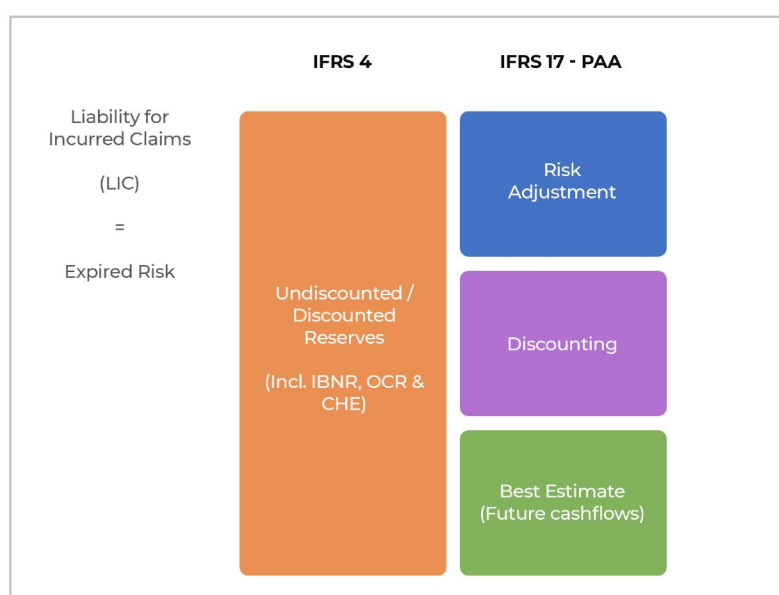
The figure below indicates the differences between the Liability of Incurred Claims under IFRS 4 and the PAA approach under IFRS 17.



If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

Liability for Incurred Claims Methodology

The figure below indicates the differences between the Liability of Incurred Claims under IFRS 4 and the PAA approach under IFRS 17.



Best Estimate Liability

The Best Estimate Liability consisted of IBNR and Outstanding claims. The table below indicates how these were calculated per class.

| Class/Group | IBNR Methodology | OS Claims Methodology |
|-------------------|--------------------|-----------------------|
| (v) Motor | Basic Chain Ladder | Case Estimates |
| (vi) Fire | Basic Chain Ladder | Case Estimates |
| (vii) Engineering | Basic Chain Ladder | Case Estimates |
| (viii) Accident | Basic Chain Ladder | Case Estimates |

Basic Chain Ladder Method

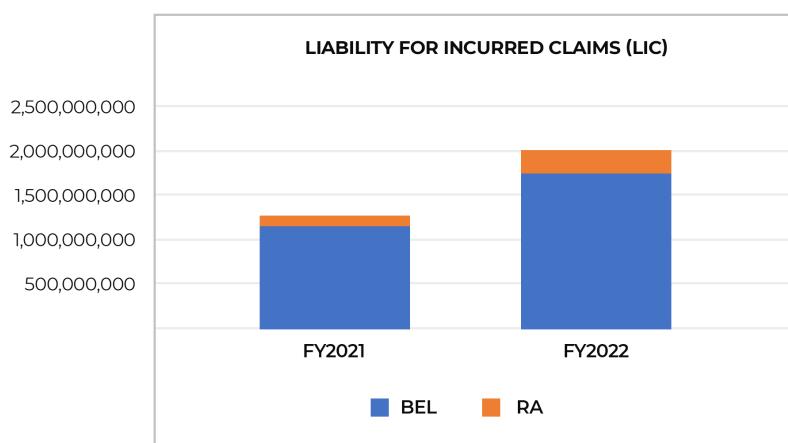
The chain ladder method is one of the most widely used reserving methods

Key assumptions underlying methodology

The chain ladder is based on three assumptions:

- Past/Incurred claim development patterns are indicative of future development patterns.
- The weighted average of past inflation reflects the same inflation that can be expected in the future.
- Unless a tail factor is used, the oldest accident period is fully run-off.

The graph below highlights the liability for incurred claims (LIC) as at 31 December 2021 and 30 June 2022



The Group will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred. The Group will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Impact assessment

Although the PAA is similar to the Group's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for insurance contracts.

IFRS 17 will require the Group to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired. If it is impaired, then the Group will:

- recognise an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- if the asset relates to future renewals, recognise an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group will reverse any impairment losses in profit or loss and increase the carrying amount of the asset to the extent that the impairment conditions have improved. This is applicable to the extent that the related group of insurance contracts is not yet recognised.

Impact assessment

Under IFRS 17, all profits will be recognised in profit or loss over the lifetime of the contracts, and this will primarily be driven by the timing of the recognition in profit or loss of the CSM as services are provided and the risk adjustment for non-financial risk as the related risk expires. The Group expects that, even though the total profit recognised over the lifetime of the contracts will not change, it will emerge more slowly under IFRS 17. This is mainly because, for certain Life contracts, all profits are currently recognised in profit or loss on initial recognition of the contracts. The different timing of profit recognition will result in an increase in liabilities on adoption of IFRS 17 because a portion of profits previously recognised and accumulated in equity under IFRS 4 will be included in the measurement of the liabilities under IFRS 17.

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices. When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Group will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

Discount rates

The discount rates applied to the estimate of cash flows shall: [IFRS 17:36]

- reflect the time value of money (TVM), the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) of those financial instruments whose cash flow characteristics are consistent with those of the insurance contracts; and
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. They will be allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The methodologies that were taken into consideration in determining the risk adjustment are as follows:

Cost of Capital

The risk adjustment is calculated as the discounted value of future capital for non-financial risk at required confidence interval multiplied by the company's internal cost of capital.

A practical approach for a given group of insurance contracts is to determine the capital requirement with the capital model used for pricing purposes. Other capital models, such as the regulatory capital model (e.g. minimum capital test (MCT)) of the Group or an internal model, may be used as long as such model is consistent with the view of the Group regarding compensation.

Furthermore, the capital requirement would be adjusted to reflect the following considerations:

- Removal of the capital component(s) related to risks other than the non-financial risks is scope of the risk adjustment (RA) (such as market risk or general operational risk);
- Diversification if not specifically addressed in the capital model being used; and
- Consideration of risk-sharing mechanisms (e.g. reinsurance and Facility Association) reflected in the estimates of future cash flows.

The cost of capital rate is traditionally designed as the weighted average cost of capital for an entity that considers all sources of capital minus the rate that could be earned on surplus. For the purpose of this exercise, the Cost of Capital rate used was 6%.

The risk adjustments for non-financial risk will be determined using the following techniques.

Liabilities for incurred claims of insurance contracts: a confidence level technique

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

Applying a cost of capital technique, the Group will determine the risk adjustment for non-financial risk by applying a cost of capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity, consistently with the Group's current practice. The required capital will be determined by estimating the probability distribution of the present value of future cash flows from the contracts at each future reporting date and calculating the capital that the Group would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 99.5 percent confidence level. The cost of capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Group assumed a weighted-average cost of capital rate of 6 percent at 30 June 2022.

Contract Service Margin (CSM)

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

The Group will determine the quantity of the benefits provided under each contract as follows.

| Product | Basis for determining quantity of benefits provided |
|--|--|
| Quota share reinsurance | The same basis as the underlying contracts, including expected new underlying contracts within the reinsurance contract boundary |
| Excess of loss and stop loss reinsurance | Expected amount of underlying claims recoverable from reinsurance in each period |

Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

Presentation of the Income Statement - IFRS 4 vs IFRS 17

Changes in Presentation from Current Standard - Profit & Loss account

| Current Presentation | | IFRS 17 Presentation | |
|------------------------------------|--------------|---|--------------|
| Gross written premium | X | Insurance revenue | X |
| Reinsurance cessions | (X) | Insurance service expense | (X) |
| Net written premium | X | Net expenses from reinsurance contracts change in | (X) |
| Unearned premium | X/(X) | Insurance service results | X |
| Net earned premium | X | Investment return | X |
| Claims paid | (X) | Net finance expenses from insurance contracts | (X) |
| Reinsurance recoveries | X | Net finance income from reinsurance contracts | X |
| Net claims paid | (X) | Movement in investment contract liabilities | X/(X) |
| Change in claims reserves / IBNR | X/(X) | Net investment result | X |
| Net claims incurred | (X) | Other income | X |
| Other operating expenses | (X) | Other operations expenses | (X) |
| General and admin expenses | (X) | Other finance costs | (X) |
| Investment income | X | | |
| Profit or loss before tax | X/(X) | Profit or loss before tax | X/(X) |
| Income tax expense | (X) | Income tax expense | (X) |
| Profit or loss for the year | X/(X) | Profit or loss for the year | X/(X) |

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

Insurance service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice of recognising revenue when the related premiums are written.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under IFRS 17. As a result, the Group expects a significant reduction in the total amounts of revenue and expenses from contracts with investment components compared with those recognised under the current practice. The Group will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Group will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

The Group will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.


Disclosure

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contracts.

Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

Presentation of the Balance Sheet - IFRS 4 vs IFRS 17

Changes in Presentation from Current standard - Balance Sheet

| | | |
|--|---|---|
| <div style="background-color: black; color: white; padding: 5px; margin-bottom: 10px;">Assets</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Deferred acquisition costs</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Insurance debtors (Premium receivable)</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Reinsurance contract assets</div> <div style="background-color: black; color: white; padding: 5px; margin-top: 10px;">Liabilities</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Unearned premiums</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Insurance contract liabilities</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Insurance creditors (Premium payable to reinsurers)</div> |  | <div style="background-color: black; color: white; padding: 5px; margin-bottom: 10px;">Assets</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Insurance contract assets</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Reinsurance contract assets</div> <div style="background-color: black; color: white; padding: 5px; margin-top: 10px;">Liabilities</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Insurance contract liabilities</div> <div style="border-bottom: 1px solid black; padding: 5px 0 5px 20px;">Reinsurance contract liabilities</div> |
|--|---|---|

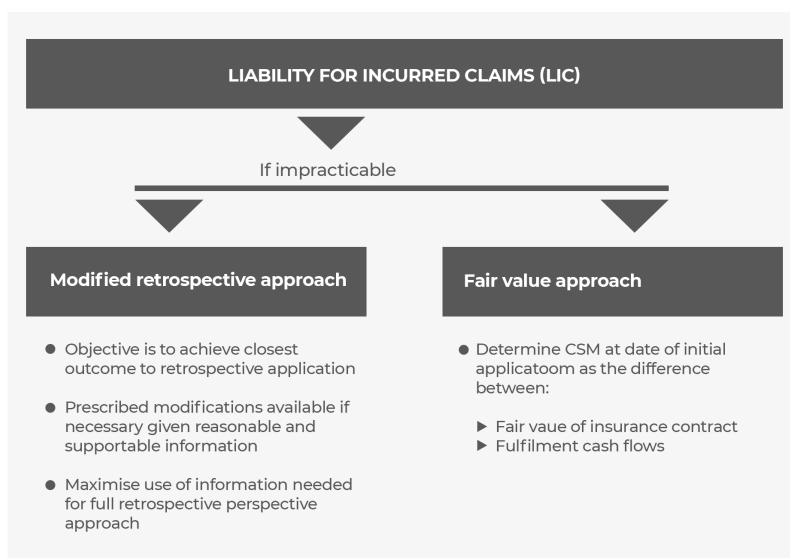
- Groups of insurance and reinsurance contracts in an asset position presented separately from those in a liability position.
- Acquisition cost cash flows premiums receivable and unearned premiums are included in the measurement of insurance contract asset/liability

Transition

Definition of “impracticable” is in IAS 8: “when the entity cannot apply it after making every reasonable effort to do so”.

Impracticability arises if the Group cannot produce objective estimates based on:

- Management’s intent in prior periods,
- Circumstances that existed at the time of the transactions, and
- Information required has not been collected (or has not been collected with sufficient granularity) or is unavailable because of system migrations, data retention requirements or other reasons. Such information includes for certain contracts:
 - ▶ expectations about a contract’s profitability and risks of becoming onerous required for identifying groups of contracts;
 - ▶ information about historical cash flows (including insurance acquisition cash flows and other cash flows incurred before the recognition of the related contracts) and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
 - ▶ information required to allocate fixed and variable overheads to groups of contracts, because the Group’s current accounting policies do not require such information; and
 - ▶ information about certain changes in assumptions and estimates because they were not documented on an ongoing basis.



Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2022 the Group will:

- identify, recognise and measure each group of insurance contracts, reinsurance contracts as if IFRS 17 had always been applied;
- identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognise previously reported balances that would not have existed if IFRS 17 had always been applied (including some deferred acquisition costs, provisions for levies attributable to existing insurance contracts and customer-related intangible assets related to acquired insurance contracts) and
- recognise any resulting net difference in equity. The carrying amount of goodwill from previous business combinations will not be adjusted.

If it is impracticable to apply a full retrospective approach to a group of contracts or to an asset for insurance acquisition cash flows, then the Group will choose between the modified retrospective approach and the fair value approach. However, if the Group cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it will apply the fair value approach.

Irrespective of the transition approach used, the following items will not be applied retrospectively.

- The risk mitigation option in IFRS 17 will be applied prospectively from 1 January 2022. Certain groups of contracts to which the risk mitigation option is applied will be measured under the fair value approach at 1 January 2022.
- The consequential amendments to IFRS 3 introduced by IFRS 17 require the Group to classify contracts acquired as insurance contracts based on the contractual terms and other factors at the date of acquisition.

This requirement will not be applied to business combinations before 1 January 2023, for which the Group classified contracts acquired as insurance contracts based on the conditions at contract inception.

The full retrospective approach requires assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that cannot be made without the use of hindsight.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group will apply modifications only to the extent that it does not have reasonable and supportable information to apply IFRS 17 retrospectively.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023 (Refer to note 5.5.3) Consequently, the Group will apply IFRS 9 for the first time on 1 January 2023.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 includes three principal measurement categories for financial assets – measured at amortised cost, FVOCI and FVTPL – and eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Nevertheless, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The election is made on an instrument-by-instrument basis.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Group currently does not have any embedded derivative contracts.

- Held-to-maturity investments and loans and receivables measured at amortised cost under IAS 39 will generally also be measured at amortised cost under IFRS 9.

Impact assessment

The Group estimates that application of the IFRS 9 impairment requirements at 1 January 2023 will result in additional loss allowances previously not provided under IFRS4. The recognition of additional loss allowances on adoption of IFRS 9 mainly relates to insurance receivables and reinsurance recoverables.

The Group's total equity is impacted by the IFRS 9 impairment requirements only to the extent of any loss allowances on recognised on insurance receivables and reinsurance recoveries.

3.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 BASIS OF CONSOLIDATION

a. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group controls another entity.

The Group also assesses the existence for control on an on-going basis. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

b. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c. Intercompany transactions

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the

date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associate

An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

Subsequent to initial recognition, the Group's financial statements include the associate's share of profit or loss and other comprehensive income (OCI) until the date on which the significant influence or joint control ceases. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each financial reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the asset transferred. Dilution gains and losses arising from investments in associates are recognised in the income statement.

d. Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognised any non-controlling interest in the acquired either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, as its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3.2 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Management has fully prescribed to the provisions of Statutory Instrument 33 (SI33) of 2019 and Statutory Instrument 42 (SI42) of 2019 items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Zimbabwe Dollars (ZWL\$), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest ZWL\$, unless otherwise stated. Refer to 2.1(e)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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.

Foreign exchange gains and losses that relate to cash and cash equivalents are recognised in other income. All other foreign exchange gains and losses are recognised in profit or loss within “other income” or “operating expenses”.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Zimbabwe dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Zimbabwe dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in Other Comprehensive Income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interest (NCI).

3.3 FINANCIAL INSTRUMENTS

3.3.1 Recognition, measurement and de-recognition

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

Financial instruments are initially recognised at fair value plus transaction costs for all financial assets and financial liabilities not carried at fair value through profit or loss.

Financial assets and financial liabilities measured at fair value through profit or losses are initially recognised at fair value and costs are expensed in profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in profit or loss within “other income” 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 other income when the Group’s right to receive payments is established.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

3.3.2 Classification

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss

This category comprises financial assets classified as held for trading. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets in this category are classified as current assets if expected to be settled within twelve months after the reporting date, otherwise they are classified as non-current. This class of financial assets comprises Zimbabwe Stock Exchange listed equities and other non-listed equities held in a commercial property.

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 period. These are classified as non-current assets.

Loans and receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest method. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit or loss.

The Group’s loans and receivables comprise “trade and other receivables” and “cash and cash equivalents” in the statement of financial position.

3.3.3 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events have) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial re-organisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio. This includes adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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 improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

3.3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Such characteristics include for example:

- a. The condition and location of the asset; and
- b. Restrictions, if any, on the sale or use of the asset.

When available, the Group measures fair values of the instrument using price in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other observable market data.

The best evidence of the fair value of the financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The fair value measurement is determined through assessment of potential risks that may impact negatively on the fair value determination of assets and liabilities in the financial statements. Such risks include but not limited to the economic, legal, political and social environment. These risks will be included as key assumptions if their impact is material in determining the recoverable amount. In the reporting period the impact of the above risks has been assessed as immaterial.

3.3.5 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured

at initial recognition, minus principal repayments, minus the cumulative amortisation using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.3.6 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or if not, they are presented as non-current liabilities.

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

3.3.7 Amounts due to cell owners

The amount due to cell owners represents the cell owner's funds in respect of the insurance business conducted in cell structures. The amount is accounted for as a financial liability in the financial statements.

The premiums and claims payments relating to contracts in first party cells have been excluded from the statement of comprehensive income.

The amount due to cell owners is the cash premiums received plus investment income earned from investing those funds, less administration fees and claims incurred as disclosed in note 16. Fees earned from these contracts are recognised in profit or loss.

3.3.8 Trade and other receivables

Trade and other 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 and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method, less allowance for impairment.

3.3.9 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.3.10 Off-setting financial instruments

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.4 INCOME TAXES

The 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 or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly equity, respectively.

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised, using the statement of financial position 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 nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at 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.

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

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3.5 PROPERTY AND EQUIPMENT

Property and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Land and Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed annually to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. A revaluation deficit is offset against an existing surplus on the same asset recognised in the asset revaluation surplus. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Subsequent costs

Subsequent costs are included in the asset's 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised with the carrying amount of the component being written off. Other subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the item of property and equipment. All other repairs and maintenance costs are recognised in profit or loss during the period in which they are incurred.

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.

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.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment for the current and prior period as follows:

| | |
|-------------------------|----------|
| Buildings | 50 years |
| Motor vehicles | 5 years |
| Furniture and fittings | 6 years |
| Office equipment | 6 years |
| Computer equipment | 4 years |
| Leaseholds improvements | 10 years |
| Hospital equipment | 4 years |

Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

Gains or losses on disposal

Gains or losses on disposal are determined by deducting the carrying amount from the net proceeds. Gains or losses are recognised in profit or loss.

3.6 INVESTMENT PROPERTY

Investment property is represented by land and buildings held to earn rental income or for capital appreciation or both. Investment property is initially recognised at cost and subsequently measured at fair value, with fair value gains and losses recognised in profit or loss for the period.

The fair value of the investment property is determined at the reporting date by an independent sworn appraiser based on market evidence of the most recent prices obtained in arm's length transactions of similar properties in the same area.

3.7 LEASE IMPROVEMENTS

Expenditure on lease property is recognised as a separate asset only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. The recognised asset is depreciated over the remaining operating lease term and charged to profit or loss.

3.8 IMPAIRMENT OF NON-FINANCIALS ASSETS

Assets are subject to review for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss 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.

3.9 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.

3.10 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense in profit or loss.

3.11 ACCOUNTING FOR CELL CAPTIVE ARRANGEMENTS

The cell captive arrangement is deemed to meet the definition of a liability as no significant insurance risk is transferred to the Group but is rather retained by the cell owner. The impact of this on the Group's financial statements is that the underwriting and investment results of the insurance contracts underwritten in cell arrangements are not included in the Group's profit for the year. Amounts received from cell shareholders for the cell captive are accounted for as a financial liability. However, the Group's income statement includes management fees earned from administration activities undertaken by the Group on the cells.

A cell captive is a contractual arrangement entered into between the insurer and the cell owner whereby the risk and rewards associated with certain insurance activities accrue to the latter.

Cell captives allow the owner to set up stand-alone captive funds in the registered insurance company which undertakes the professional insurance and financial management of the cell including underwriting, reinsurance, claims management, actuarial and statistical analysis, and investment and accounting services. The terms and conditions of the cell are governed by the insurance policy and investment mandate agreement. Currently, the Group offers first party cells where the risks that are being insured relate to the cell owner's own direct business operations.

3.12 CLASSIFICATION OF INSURANCE CONTRACTS

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

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

3.13 REINSURANCE CONTRACTS HELD

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer ("inwards reinsurance") are included with insurance contracts.

The Group ceded reinsurance 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 Group from its direct obligations to its policyholders.

The benefits to which the Group 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 or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on an on-going basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss.

The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

Premiums ceded and benefits reimbursed are presented in profit or loss. Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance contracts. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from the reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy.

3.14 UNEARNED PREMIUM PROVISION

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

3.15 LIABILITY ADEQUACY TEST

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs ("") assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administrative expenses, as well as investment income from the assets backing such liabilities, are used.

Any deficiency is immediately charged to profit or loss initially by writing off DAC asset and by subsequently establishing a provision for losses arising from liability adequacy tests (the "unexpired risk provision").

3.16 DEFERRED ACQUISITION COSTS ("DAC")

Acquisition costs comprise all direct and indirect costs arising from the conclusion of new or renewing existing insurance contracts. Deferred acquisition costs represent a proportion of acquisition costs incurred which corresponds to the unearned premium provision. DAC is amortised over the terms of the policies as premium earned and are disclosed as current liabilities.

3.17 INCOME

3.17.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group 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 Group'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 Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the estimates on historical results and the specifics of each arrangement.

Premiums

Premiums written comprise the premiums on insurance contracts entered into during the year. Premiums are disclosed gross of commission to intermediaries and exclude taxes and levies based 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 reporting date to recognise retrospective adjustments to premiums or commissions. The earned portion of premiums received, including unclosed business, is recognised as revenue.

Premiums of 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 risk 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.

Re-insurance premiums

Premiums ceded and benefits reimbursed are presented in profit or loss on a gross basis. Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognised as revenue and accounted as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business. Amounts recoverable from the reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy.

3.17.2 Other income

Interest income

Interest income is recognised in profit or loss on the accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for securities. Dividends are reflected as a component of other income.

3.17.3 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 Group'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 and trends. Anticipated reinsurance recoveries are disclosed separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding. Claim provisions for claims outstanding are discounted where there is a particularly long period from incident to claims settlement and where there exists a suitable claim pattern from which to calculate the discount.

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. Adjustment 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 estimate made, are reviewed regularly.

3.18 EMPLOYEE BENEFITS

Defined contribution plans

The Group operates a defined contribution plan for all permanent employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, in this case, a trustee administered fund.

The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are paid to a separately administered fund on a mandatory basis.

Contributions to this fund are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

National Social Security Authority ("NSSA")

The Group and all employees also contribute to the NSSA statutory pension and benefits scheme, which is a defined contribution scheme. This scheme was promulgated under the National Social Security Authority Act (Chapter 17:04). The Group's obligation under the scheme is limited to specific contributions as legislated from time to time.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.19 LEASES

Policy applicable from 1 January 2019

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Company used the definition of a lease under IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

Leases as Lessee (IFRS 16)

The Company recognises a right-of-use-asset and a lease liability at the lease commencement date. The right-of-use asset was initially measured at cost and the lease liability was initially measure at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of 12% for US\$ leases and 234% for ZWL\$ leases from January 2022 to 31 December 2022.

The right-of-use asset was subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

During 2022, the company subsequently remeasured the rights-of- use-a asset and the lease liability due to the change in market interest rates and the lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has reduced to zero.

The Company presents the right-of-use assets that do not meet the definition of investment property in property and equipment and lease liabilities in non-current liabilities in the statement of financial position.

The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Any investment

properties acquired under finance leases are measured subsequently at their fair value.

Extension Options

All Group leases contain extension options exercisable by the Group before the lease expiry period to provide operational flexibility. These options are only exercisable by the Group and not the lessor. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options would result in an estimated lease liability of ZWL88 million.

Low value leases

The Group has three leases that have been considered to be of low value and has elected not to recognise right of use asset and lease liabilities for these leases.

The Group manages the various risks associated with various properties it has leased out as follows:

- Periodic inspections of premises to ensure that the buildings are in good operating order,
- Use of property should be restricted to agreed purposes as per lease conditions
- Ensures that tenant keeps the premises insured against loss or damage by fire or other consequential risks.
- Includes legally enforceable rights and obligations in the lease contracts and these are communicated to lessors

Leases as Lessor (Intermediate Lessor)

During 2022, the Company has subleased the Finsure and Bulawayo office premises that has been part of a rights-of-use-asset on a ratio of 50-50 and 70-30 respectively to Cellmed Health, based on the lease payments to the Head Lessor.

During 2022, the company recognised a Net Investment in Lease Receivable of ZWL\$10 226 779.

3.20 CONTINGENCIES AND COMMITMENTS

Transactions are classified as contingencies where the Group'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 or it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation. Items are classified as commitments where the Group commits itself to future transactions with external parties.

3.21 DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the Group's directors.

3.22 ACCOUNTING FOR GOLD COINS

The Zimbabwean Government introduced gold coins known the "Mosi-oa-Tunya Gold Coins" on 25 July 2022 as part of several policy measures to ease demand for the US dollar, stabilise the Zimbabwe dollar exchange rate and contain resurgent inflation.

The main features of the coins include :

- A buy back option by the Reserve Bank or Agent of the gold coins after a vesting period of 180 days in line with the need to promote a savings culture in the country.
- For the buy-back, the Reserve Bank or its Agents will require the bearer to surrender the original bearer certificate for the specific coin.
- The price of the coins is benchmarked against the prevailing international spot price of gold.
- The coins can be redeemed in ZW\$ or US\$.

Characteristics Of The Mosi-Oa-Tunya Gold Coin

- i. Liquid Asset Status,
- ii. Prescribed Asset Status,
- iii. Can be used as collateral,
- iv. Tradable,
- v. Can be bought-back at the instance of the holder.
- vi. It has indefinite useful life;
- vii. Price is determined by the prevailing international spot price of gold.
- viii. The coins are a store of value which appreciates in line with the international gold price

The Group's motive for the acquisition of the coins is value preservation in line with its capital preservation policy. To come up with a policy management has considered available standards to prescribe the treatment of Gold Coins and currently there are no standards are available to prescribe treatment of

the Gold Coins. In instances where there is no guidance from a specific IFRS relating to a particular accounting matter, the Group resorted to guidance from the Conceptual Framework for Financial Reporting in formulating its accounting policies.

Management has therefore considered treating the Gold Coins as stated below:

Presentation

The gold coins are presented separately in the statement of financial position as current assets.

Initial measurement

The gold coins are initially measured at cost. (see 10.1)

Subsequent measurement

Subsequently, at the end of each reporting period the gold coins are remeasured at fair value to account for movements arising from changes in the fair values and are presented in profit or loss within "other income" in the period in which they arise. (see 10.1)

Gains or losses on disposal

Gains or losses on disposal are determined by deducting the carrying amount from the net proceeds. Gains or losses are recognised in profit or loss under "other income".

Depreciation

No depreciation is applicable for Gold Coins.

3.23 CHANGES IN ACCOUNTING POLICIES

Revaluation of land and building (property and equipment)

Cell Insurance Company is regulated by IPEC (Insurance and Pension Commission) and therefore required to submit annual Insurance Returns to IPEC. The company is operating in an environment that is characterised by high levels of inflation and volatile exchange rates. At the beginning of the current year we elected to change the accounting policy for subsequent measurement of a particular class of PPE (Land and buildings) from cost to revaluation model as we believe that this would give more relevant and reliable information. We have detailed below why we regard this approach as more relevant and reliable.

Relevance

We believe that the change will provide more relevant information about the effects of transactions, other events or conditions on the company's financial position and financial performance. The conclusion has been reached after considering the following issues:

- IPEC through SI 95/2017 requires all admissible assets to be reported at fair value basis for assessing capital and solvency requirements, due to the inflation adjusted carrying values of properties not being reflective of the current market value. Admissible assets being all assets that are considered for the purpose of calculating capital or solvency of an insurer as defined by SI95/2017. All immovable properties (i.e. land and buildings) of Cell Insurance are considered to be admissible assets, hence, for the purpose of IPEC reporting we have been revaluing the assets from 2017. The above directive suggests that the regulator has more confidence in fair values rather than inflation adjusted numbers for the purposes of the insurance capital and solvency positions.
- In addition to the regulator, the other key users of the financial statements, the shareholders, are also interested in the fair values of the land and buildings owned by the group as where the cost model (inflation adjusted under IAS 29) results are used, changes in value are reported not when that value changes, but when an event such as disposal or impairment of the land and buildings occurs. Furthermore, changes in the fair value of land and buildings will reflect changes in expectations in the Zimbabwe market participants, which inflation adjusted results are not able to capture. Shareholders are focused on the longevity and returns of the business, both of which are better evidenced by the revaluation model. Longevity because this is the basis for evaluating solvency and returns because the FV represents the future value to the business of these properties.
- Based on the current year computations there is an over 20% variance between the fair value of property and the inflation adjusted carrying values. This is demonstrated by a 3 Boston Avenue Property with an inflation adjusted carrying value of ZWL197m has a fair value of ZWL240m in current year, difference of ZWL43m (approx. 20%).
- This clearly indicates that the accounting policy that we were applying is less relevant accounting information to the users of the financial statements as the regulator seeks additional information in the form of inflation adjusted results.
- More widely than in Zimbabwe, it is common practice for insurers to use the revaluation model for PPE as these assets often back policyholder liabilities, therefore eliminating a measurement inconsistency between the asset and liability values.

Reliability

In the prior year's we used USD inputs to determine fair values of investment property and owner-occupied land and buildings which we viewed to be inappropriate, and non-compliant with IFRS 13, resulting in a qualification of the audit report on the valuation of investment properties, but not on owner-occupied land and buildings since these were carried at cost less accumulated depreciation and impairment.

On changing the accounting policy, the valuers that we appointed, Knight Frank and Capital Valuations, used

ZWL inputs in the valuation of owner-occupied land and buildings, for both opening and closing balances (the date of initial application of the new policy and the reporting date respectively).

We found the fair value of the properties reliable. Therefore, the current year values are no longer tainted by this historical issue, the IFRS 13 non-compliant valuation approach, and we are satisfied that the fair values are reliable from the date of application of the new policy.

4. INSURANCE RISK MANAGEMENT

4.1 RISK MANAGEMENT OBJECTIVES AND POLICIES FOR MITIGATING RISK

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim.

By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The following summarises the strategies and processes that are embedded in the Group's insurance risks management framework:

Underwriting strategy

The underwriting strategy is set out in the Group strategy document that sets out the general underwriting guidelines including profitability, rating, loss ratios etc. Adherence to the underwriting authorities is measured through monitoring of work by the departmental head.

Cell captive arrangements

The investment mandates agreements protect the Group from losses arising from business conducted in cells.

Risk participation of cell shareholders

The Group participates with several of the cell shareholders in the underwriting risks of their business. The Group carefully evaluates all retention of risks in terms of statistical and underwriting disciplines, as well as specific and limited board mandates for each insurance program.

Reinsurance strategy

The Group reinsures all business in excess of its underwriting capacity as determined by the statement of financial position size. The Group utilises facultative and treaty reinsurance programmes with reputable reinsurers.

Terms and conditions of insurance contracts

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

- a. The premium must be paid to the insurer before cover commences;
- b. The Group shall not be liable under the contract for any claims which are notified after the expiry of three months from the date of loss; and
- c. Both parties to the contract shall give 30 days' notice of cancellation of the policy.

The Underwriting division underwrites small to large business from companies. Personal division provides insurance to the general public in their personal capacities. The following perils are covered under the different types of business:

- Fire – fire, storm, explosions, riot, malicious and earthquake;
- Accident – all risks of accidental loss or damage to property;
- Personal Accident – death, permanent disablement, total disablement and medical expenses;
- Motor – private and commercial (comprehensive full third-party fire and theft, full 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; and
- Bonds and Guarantees – Guarantees that contractual obligations will be met in case of default.

4.2 INSURANCE RISK CONCENTRATION

As at the reporting date, the Group's insurance risk concentration, measured on the basis of the gross premium income contribution of each risk class to the total gross premium, was as follows:

| | 2022 | 2021 |
|------------------------|-------------|-------------|
| Fire | 41.04% | 40.40% |
| Motor | 13.37% | 14.29 |
| Engineering | 35.19% | 36.25% |
| Marine | 0.36% | 0.31% |
| Personal accident | 0.96% | 1.39% |
| Personal liability | 1.52% | 1.73% |
| Miscellaneous accident | 5.55% | 4.83% |
| Bonds and guarantees | 0.36% | 0.14% |
| Travel | 0.21% | 0.07% |
| Farming | 1.44% | 0.59% |
| | 100% | 100% |

The risk on any policy will vary according to many factors such as type of occupation, safety measures in place, age of policyholder etc.

Calculating a premium commensurate with the risk for these policies will be subjective and hence risky. The risk is managed primarily through sensible pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance.

Sensitivities

The Incurred but not Reported provision (IBNR) is sensitive to the assumptions and parameters used in the reserving exercise. It has not possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The calculated IBNR has been determined using a combination of methodologies such as factor based and chain ladder methods as shown in the Actuarial Valuation report. The major assumption is that the calculated IBNR will be borne out of experience with all things held constant. The analysis below shows the impact of a 10% deviation of the IBNR on the claims liability, profit before tax and equity.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---------------------------|----------------------------|-------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Gross IBNR | - | 248 538 292 | - | 104 354 493 |
| Reinsurer's share on IBNR | - | (225 935 062) | - | (92 058 119) |
| Net IBNR | - | 22 603 230 | - | 12 296 374 |

At 31 December 2022, if the emerging IBNR had (increased) /decreased by 10% with all other variables held constant, claims liabilities, profit before income tax and equity for the year would have been affected as shown in the table below:

| Assumption | Change in assumption | Net change in claims liabilities | Change in profit before income tax | Change in equity |
|--|----------------------|----------------------------------|------------------------------------|------------------|
| Inflation adjusted 31 December 2021 | | | | |
| Increase in IBNR | 10% | 3 607 555 | (3 607 555) | (3 607 555) |
| Decrease in IBNR | 10% | (3 607 555) | 3 607 555 | 3 607 555 |
| Inflation adjusted 31 December 2021 | | | | |
| Increase in IBNR | 10% | 2 101 779 | (2 101 779) | (2 101 779) |
| Decrease in IBNR | 10% | (2 101 779) | 2 101 779 | 2 101 779 |
| Historical Cost 31 December 2021 | | | | |
| Increase in IBNR | 10% | 8 900 989 | (8 900 989) | (8 900 989) |
| Decrease in IBNR | 10% | (8 900 989) | 8 900 989 | 8 900 989 |
| Historical Cost 31 December 2021 | | | | |
| Increase in IBNR | 10% | 611 409 | (611 409) | (611 409) |
| Decrease in IBNR | 10% | (611 409) | 611 409 | 611 409 |

Claims development

The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund the historical claims ("run off risk"). To manage run off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The reserves created over time proved to be sufficient to fund the actual claims paid.

Further the Group does not participate on any policies with unlimited liability. The Group is liable for all insured events in terms of the contract. All underlying policies have reporting conditions. The Group's insurance contracts are classified as short term, meaning that any claim is settled within a year after the loss date.

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

The table below indicates the claims development of the Group for the period 2017 to date. The presentation of the claims development is based on the actual date of the event that caused the claim (accident year basis).
Property and casualty claims development table

| Gross Incurred claims | | | | | | | |
|--|-----------------|------------|---------|--------|-------|-------|---------------|
| Accident_Year | Reporting Delay | | | | | | |
| | 0 | 1 | 2 | 3 | 4 | 5 | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2016 | 4 531 760 | 280 150 | 250 | 2800 | | | |
| 2017 | 1 999 729 | 671 959 | 25 065 | 224 | | | |
| 2018 | 5 566 251 | 792 622 | - | 50 172 | | | |
| 2019 | 71 498 951 | 4 999 571 | 620 112 | | | | |
| 2020 | 112 836 352 | 29 587 446 | | | | | |
| 2021 | 1 359 118 017 | | | | | | |
| Current estimate of cumulative claims incurred Net Paid Triangle | 1 359 118 017 | 29 587 446 | 620 112 | 50 172 | | | 1 389 375 747 |

| Reporting Delay | | | | | | | |
|-----------------|-----------------|-------------|-----------|----------|-------|-------|-------|
| Accident_Year | Reporting Delay | | | | | | |
| | 0 | 1 | 2 | 3 | 4 | 5 | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2016 | (4 531 760) | (280 150) | (250) | (2 800) | | | |
| 2017 | (1 999 729) | (671 959) | (25 065) | (224) | | | |
| 2018 | (5 350 055) | (792 622) | - | (39 172) | | | |
| 2019 | (71 479 161) | (4 237 567) | (620 112) | | | | |

| | | | | | | |
|--|---------------|--------------|-----------|----------|--|---------------|
| 2020 | (111 635 569) | (26 190 184) | | | | |
| 2021 | (251 128 911) | | | | | |
| Cumulative payments to date | (251 128 911) | (26 190 184) | (620 112) | (39 172) | | (277 978 379) |
| Net non-life insurance contract outstanding claims provisions as at 31 December, 202 | 1 107 989 106 | 3 397 262 | - | 11 000 | | 1 111 397 368 |

Net Incurred claims

| Accident_Year | Reporting Delay | | | | | | |
|--|-----------------|------------|--------|--------|-------|-------|------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2016 | 1 601 839 | 183 965 | 250 | 2800 | | | |
| 2017 | 1 387 336 | 214 710 | 15 039 | 93 | | | |
| 2018 | 4 373 220 | 594 168 | 0 | 24 000 | | | |
| 2019 | 7 511 374 | 1 728 597 | 38 566 | | | | |
| 2020 | 25 449 025 | 10 940 185 | | | | | |
| 2021 | 87 506 367 | | | | | | |
| Current estimate of cumulative claims incurred Net Paid Triangle | 87 506 367 | 10 940 185 | 38 566 | 24 000 | | | 98 509 118 |

| Accident_Year | Reporting Delay | | | | | | |
|---|-----------------|-------------|----------|----------|-------|-------|--------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2016 | (1 601 839) | (183 965) | (250) | (2 800) | | | |
| 2017 | (1 387 336) | (214 710) | (15 039) | -93 | | | |
| 2018 | (4 157 024) | (594 168) | - | (13 000) | | | |
| 2019 | (7 515 126) | (1 715 334) | (38 566) | | | | |
| 2020 | (25 119 294) | (7 544 770) | | | | | |
| 2021 | (68 383 121) | | | | | | |
| Cumulative payments to date | (68 383 121) | (7 544 770) | (38 566) | (13 000) | | | (75 979 457) |
| Net non-life insurance contract outstanding claims provisions as at 31 December, 2021 | 19 123 247 | 3 395 414 | | 11 000 | | | 22 529 661 |

4.3 PROPERTY & CASUALTY CLAIMS DEVELOPMENT TABLE

| Accident_Year | Reporting Delay (Year of Reporting - Accident Year) | | | | | | TOTAL |
|------------------------------------|---|----------------------|-------------------|----------------|----------|----------|----------------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2017 | 1 999 729 | 671 959 | 25 065 | 224 | - | - | |
| 2018 | 5 566 251 | 792 622 | - | 50 172 | - | - | |
| 2019 | 71 498 951 | 4 999 571 | 620 112 | 534 510 | - | - | |
| 2020 | 112 836 352 | 29 587 446 | 21 746 600 | | - | - | |
| 2021 | 1 327 523 916 | 2 483 691 974 | | | - | - | |
| 2022 | 1 528 093 934 | | | | - | - | |
| Cumulative payments to date | 1 528 093 934 | 2 483 691 974 | 21 746 600 | 534 510 | - | - | 4 034 067 018 |

| Accident_Year | Reporting Delay (Year of Reporting - Accident Year) | | | | | | TOTAL |
|---|---|----------------------|----------------------|----------------|----------|----------|------------------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2017 | (1 999 729) | (671 959) | (25 065) | (224) | - | - | |
| 2018 | (5 350 055) | (792 622) | - | (39 172) | - | - | |
| 2019 | (71 479 161) | (4 237 567) | (620 112) | - | - | - | |
| 2020 | (111 635 569) | (26 190 184) | (21 288 813) | - | - | - | |
| 2021 | (214 922 041) | (98 266 705) | - | - | - | - | |
| 2022 | (1 239 638 936) | - | - | - | - | - | |
| Current estimate of cumulative claims incurred | (1 239 638 936) | (98 266 705) | (21 288 813) | - | - | - | (1 359 194 454) |
| Gross non-life insurance contract outstanding claims provision at 31 December 2022 | 288 454 998 | 2 385 425 269 | 457 787 | 534 510 | - | - | 2 674 872 564 |

| Gross Paid claims | | Reporting Delay (Year of Reporting - Accident Year) | | | | | |
|------------------------------------|----------------------|---|-------------------|----------------|----------|----------|----------------------|
| Accident_Year | 0 | 1 | 2 | 3 | 4 | 5 | TOTAL |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2017 | 1 999 729 | 671 959 | 25 065 | 224 | - | - | |
| 2018 | 5 566 251 | 792 622 | - | 50 172 | - | - | |
| 2019 | 71 498 951 | 4 999 571 | 620 112 | 534 510 | - | - | |
| 2020 | 112 836 352 | 29 587 446 | 21 746 600 | | - | - | |
| 2021 | 1 327 523 916 | 2 483 691 974 | | | - | - | |
| 2022 | 1 528 093 934 | | | | - | - | |
| Cumulative payments to date | 1 528 093 934 | 2 483 691 974 | 21 746 600 | 534 510 | - | - | 4 034 067 018 |

| Gross Incurred | | Reporting Delay (Year of Reporting - Accident Year) | | | | | |
|---|-------------------------|---|----------------------|----------------|----------|----------|-------------------------|
| Accident_Year | 0 | 1 | 2 | 3 | 4 | 5 | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| 2017 | (1 999 729) | (671 959) | (25 065) | (224) | - | - | |
| 2018 | (5 350 055) | (792 622) | - | (39 172) | - | - | |
| 2019 | (71 479 161) | (4 237 567) | (620 112) | - | - | - | |
| 2020 | (111 635 569) | (26 190 184) | (21 288 813) | - | - | - | |
| 2021 | (214 922 041) | (98 266 705) | - | - | - | - | |
| 2022 | (1 239 638 936) | - | - | - | - | - | |
| Current estimate of cumulative claims incurred | (1 239 638 936) | (98 266 705) | (21 288 813) | - | - | - | (1 359 194 454) |
| Gross non-life insurance contract outstanding claims provision at 31 December 2022 | 288 454 998 | 2 385 425 269 | 457 787 | 534 510 | - | - | 2 674 872 564 |

| Net Paid | | Reporting Delay (Year of Reporting - Accident Year) | | | | | |
|---|--------------------|---|----------------|--------------|----------|---------------|--------------------|
| Accident_Year | 0 | 1 | 2 | 3 | 4 | 5 | TOTAL |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2017 | 1 387 336 | 214 710 | 15 039 | 93 | - | 45 504 | |
| 2018 | 4 373 220 | 594 168 | - | 24 000 | | | |
| 2019 | 7 511 374 | 1 728 597 | 38 566 | 54 327 | | | |
| 2020 | 25 449 025 | 10 940 185 | 572 571 | | | | |
| 2021 | 102 908 948 | 33 758 907 | | | | | |
| 2022 | 436 976 412 | | | | | | |
| Current estimate of cumulative claims incurred | 436 976 412 | 33 757 055 | 572 571 | 8 823 | - | 45 504 | 471 360 365 |

| Net Incurred | | | | | | | |
|---|-----------------------|----------------------|-------------------|--------------|----------|---------------|-----------------------|
| Reporting Delay (Year of Reporting - Accident Year) | | | | | | | |
| Accident_Year | 0 | 1 | 2 | 3 | 4 | 5 | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 2017 | (1 387 336) | (214 710) | (15 039) | (93) | - | | |
| 2018 | (4 157 024) | (594 168) | - | (13 000) | | | |
| 2019 | (7 512 126) | (1 715 334) | (38 566) | | | | |
| 2020 | (25 119 294) | (7 544 770) | (425 776) | | | | |
| 2021 | (77 458 484) | (29 962 052) | | | | | |
| 2022 | (357 305 126) | | | | | | |
| Cumulative payments to date | (357 305 126) | (29 962 052) | (425 776) | - | - | - | (387 692 954) |
| Net non-life insurance contract outstanding claims provision at 31 December 2022 | 79 671 286 | 3 795 003 | 146 795 | 8 823 | - | 45 504 | 83 667 411 |

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, valuation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the insurance business, and the operational risks are an inevitable consequence of being in business.

The Group's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effect on the Group's financial performance. The Group'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 Group 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 Board).

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and price risk.

5.1 MARKET RISK

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity securities, all of which are exposed to general and specific market movement 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.

5.1.1 Price risk

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

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

The portfolio of listed equities which are carried at 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 Group's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality securities.

The equity investment portfolio is diversified across industries, and concentrations in any one group or industry are limited by parameters established by the Board.

Sensitivity analysis

At 31 December 2022, the Company's equity investments were recorded at their fair value of ZWL\$ 733 220 471 (2021: ZWL\$194 556 994). A reasonably possible increase or decrease of 10% in equity prices would result in a pre-tax change in shareholder's equity of ZWL\$ 73 322 047 (2021: ZWL\$19 455 699).

5.1.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Other than ensuring optimum money market rates for deposits, the Group does not use financial instruments to manage this risk.

The Group did not have variable interest investments or borrowings at the reporting date.

5.1.3 Foreign exchange risk

The Group 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 from mainly future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|---------------------------|----------------------------|------------------------|---------------------------|------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZAR - ZWL\$ Equivalent | ZAR - ZWL\$ Equivalent | ZAR - ZWL\$ Equivalent | ZAR - ZWL\$ Equivalent |
| Cash and cash equivalents | 13 075 237 | 7 730 668 | 13 075 237 | 2 248 857 |
| | 13 075 237 | 7 730 668 | 13 075 237 | 2 248 857 |

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|---------------------------|----------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | US\$ - ZWL\$ Equivalent | US\$ - ZWL\$ Equivalent | US\$ - ZWL\$ Equivalent | US\$ - ZWL\$ Equivalent |
| Cash and cash equivalents | 142 265 154 | 159 627 459 | 142 265 154 | 48 117 401 |
| | 142 265 154 | 159 627 459 | 142 265 154 | 48 117 401 |

Sensitivity analysis

At 31 December 2022, if the South African Rand ("ZAR") had weakened/(strengthened) by 10% against the ZWL\$ with all other variables held constant, profit for the year would have been ZWL\$1 307 523 (2021: ZWL\$224 886) higher/lower, mainly as a result of foreign exchange gains/losses due to financial instruments denominated in ZAR. The spot rate used in making the above analysis as at 31 December 2022 was ZAR 1: ZWL\$40.32 (2021: ZAR 1: ZWL\$6.831).

At 31 December 2022, if the United States Dollar ("US\$") had weakened/(strengthened) by 10% against the ZWL\$ with all other variables held constant, profit for the year would have been ZWL\$14 328 046 (2021: ZWL\$4 811 740) higher/lower, mainly as a result of foreign exchange gains/losses due to financial instruments denominated in ZAR. The spot rate used in making the above analysis as at 31 December 2022 was 1US\$: ZWL\$ 684.334 (2021:1USD: ZWL\$108.666).

5.2 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge the contract. Credit risk arises from cash and cash equivalents, credit exposures in trade and other receivables and reinsurers' share of insurance liabilities. Only approved financial institutions with sound capital bases are utilised to invest surplus funds. The Group's maximum exposure to credit risk is as follows:

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|----------------------|---------------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Cash and cash equivalents | 817 960 802 | 791 126 897 | 817 960 802 | 230 139 393 |
| Insurance and other receivables (excluding prepayments) | 217 219 545 | 2 137 993 208 | 217 219 545 | 621 943 790 |
| Reinsurers' share of insurance liabilities | 8 835 660 471 | 3 743 090 292 | 2 591 203 303 | 1 907 497 947 |
| | 9 870 840 818 | 6 672 210 398 | 3 626 383 649 | 2 759 581 130 |

The Group limits the levels of credit risk that it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. The levels are subject to annual or more frequent reviews by the Board.

5.2.1 Insurance premium and other receivables

Exposures to both individual and corporate policyholders are monitored as part of the credit control process. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

Cumulative impairment allowance of ZWL\$188 636 was recognised at the reporting date. This entirely relates to amounts due from premium debtors, the harsh economic conditions have seen the Group and the industry generally experiencing significant difficulties in recovering amounts due. The full impairment allowance relates to amounts which arose prior to the current financial reporting period.

The age analysis in respect of insurance premium receivables at the reporting date was as follows:

| Audited Inflation Adjusted | | | | | | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | | | 2021 | | |
| | Gross | Impairment allowance | Net | Gross | Impairment allowance | Net |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Not past due | 60 160 425 | - | 60 160 425 | 411 499 206 | - | 411 499 206 |
| Past due 31 - 90 days | 161 741 671 | - | 161 741 671 | 613 876 027 | - | 613 876 027 |
| Over 90 days | 1 371 182 424 | (188 636) | 1 370 993 788 | 1 273 852 469 | (2 364 923) | 1 271 487 546 |
| | 1 593 084 520 | (188 636) | 1 592 895 884 | 2 299 227 702 | (2 364 923) | 2 296 862 779 |

| Unaudited Historical Cost | | | | | | |
|---------------------------|----------------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| | 2022 | | | 2021 | | |
| | Gross | Impairment allowance | Net | Gross | Impairment allowance | Net |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Not past due | 60 160 425 | - | 60 160 425 | 119 705 420 | - | 119 705 420 |
| Past due 31 - 90 days | 161 741 671 | - | 161 741 671 | 178 576 986 | - | 178 576 986 |
| Over 90 days | 1 371 182 424 | (188 636) | 1 370 993 788 | 370 564 616 | (687 958) | 369 876 658 |
| | 1 593 084 520 | (188 636) | 1 592 895 884 | 668 847 022 | (687 958) | 668 159 064 |

The Group believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customer credit ratings if they are available.

5.2.2 Cash and cash equivalents

Only approved financial institutions considered to have sound capital bases are utilised to invest surplus funds.

5.2.3 Reinsurance

Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount in the event that the claim is paid. However, the Group remains liable to policyholders regardless of whether the reinsurer meets the obligations it has assumed. Consequently, the Group is exposed to credit risk.

The Group monitors the financial condition of reinsurers on an on-going basis and reviews its reinsurance arrangements periodically. When selecting a reinsurer, the Group evaluates the profile of the potential reinsurer based on public information about the reinsurers and other internal investigations.

5.3 LIQUIDITY RISK

This is the risk that cash flows may not be available to pay obligations when due. The Group sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand.

The Group identifies this risk through periodic liquidity gap analysis on the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed by the Finance Executive. The Audit Committee monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Surplus cash held by the Group over and above the balance required for working capital management is invested.

The table below analyses the maturity profile of the Group's liabilities based on the remaining period at 31 December 2022 to the contractual maturity date:

Contractual obligations

| | Audited Inflation adjusted | | | | | |
|---|----------------------------|----------------------|-------------------|--------------------|--------------------|-----------------------|
| | Demand | Up to 1 month | 1 to 6 months | 6 months to 1 year | 1 to 5 years | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 31-Dec-22 | | | | | | |
| Insurance and other payables (excluding statutory payments) | - | 2 235 641 589 | - | - | - | 2 235 641 589 |
| Insurance liabilities and provisions | 9 408 186 362 | 3 784 204 151 | - | - | - | 13 192 390 513 |
| Lease liabilities | - | 821 354 | 5 726 072 | 9 875 211 | 222 111 208 | 238 533 845 |
| Amounts due to cell owners | 660 087 051 | - | - | - | 236 629 102 | 896 716 152 |
| Total contractual obligations | 10 068 273 413 | 6 020 667 094 | 5 726 072 | 9 875 211 | 458 740 310 | 16 563 282 100 |
| 31-Dec-21 | | | | | | |
| Insurance and other payables (excluding statutory payments) | - | 1 982 976 524 | - | - | - | 1 982 976 524 |
| Insurance liabilities and provisions | 2 540 822 263 | 4 360 689 064 | - | - | - | 6 901 511 327 |
| Lease liabilities | - | 3 174 829 | 19 048 972 | 30 715 221 | 109 331 846 | 162 270 868 |
| Amounts due to cell owners | 787 312 414 | - | - | - | 165 782 880 | 953 095 294 |
| Total contractual obligations | 3 328 134 677 | 6 346 840 417 | 19 048 972 | 30 715 221 | 275 114 726 | 9 999 854 013 |
| | Unaudited Historical Cost | | | | | |
| | Demand | Up to 1 month | 1 to 6 months | 6 months to 1 year | 1 to 5 years | Total |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 31-Dec-22 | | | | | | |
| Insurance and other payables (excluding statutory payments) | - | 2 235 641 589 | - | - | - | 2 235 641 589 |
| Insurance liabilities and provisions | 9 408 186 362 | 3 784 204 151 | - | - | - | 13 192 390 513 |
| Lease liabilities | - | 821 354 | 5 726 072 | 9 875 211 | 222 111 208 | 238 533 845 |
| Amounts due to cell owners | 660 087 051 | - | - | - | 236 629 102 | 896 716 152 |
| Total contractual obligations | 10 068 273 413 | 6 020 667 094 | 5 726 072 | 9 875 211 | 458 740 310 | 16 563 282 100 |
| 31-Dec-21 | | | | | | |
| Insurance and other payables (excluding statutory payments) | - | 576 849 323 | - | - | - | 576 849 323 |
| Insurance liabilities and provisions | 739 127 057 | 1 268 527 642 | - | - | - | 2 007 654 699 |
| Lease liabilities | - | 923 560 | 5 541 360 | 8 935 080 | 31 804 714 | 47 204 714 |
| Amounts due to cell owners | 229 029 758 | - | - | - | 48 226 362 | 277 256 120 |
| Total contractual obligations | 968 156 815 | 1 846 300 525 | 5 541 360 | 8 935 080 | 80 031 076 | 2 908 964 856 |

5.4 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital is actively managed by the Group, to ensure that the Group is properly capitalised and funded at all times, having regard to the regulatory needs, prudent management and the needs of all stakeholders. The Group has a business planning process that runs on an annual cycle with regular updates to the forecasts made.

It is through this process, which includes risk and sensitivity analysis of forecasts, that the Group's capital is managed. Specifically, the Group has adopted the maintenance of an appropriate level of liquidity at all times as the key capital management policy. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecast and any strategic initiatives.

Sensitivities

The Group has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through stress tests, scenario analysis and risk assessments from an understanding of principal risks, appropriate risk limits and controls are defined.

Capital adequacy

The Insurance and Pensions Commissions (IPEC) sets and monitors the regulatory capital requirement of Cell Insurance Company (Private) Limited.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|-----------------------------|----------------------------|---------------|---------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Minimum capital requirement | 37 500 000 | 128 909 954 | 37 500 000 | 37 500 000 |
| Equity as at 31 December | 2 8884 536 707 | 2 153 532 951 | 2 255 878 842 | 450 513 696 |

Refer to note 29 for further disclosure on the impact of the regulatory capital surplus on going concern.

5.4.1 Solvency margin

| | Audited Inflation adjusted | | | |
|---|----------------------------|-----------------|------------------|-----------------|
| | Group | | Company | |
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| A Total assets | | 12 594 685 825 | 19 488 543 847 | 12 002 190 123 |
| B Total current liabilities | | (9 739 186 347) | (16 541 098 598) | (9 848 657 173) |
| C Excess of assets over liabilities (A-B) | 3 919 022 140 | 2 855 499 478 | 2 947 445 249 | 2 153 532 950 |
| D Gross premium written | 19 689 994 988 | 10 996 688 949 | 19 689 994 988 | 10 996 688 949 |
| E Premium ceded | (18 148 613 432) | (9 907 775 447) | (18 148 613 432) | (9 907 775 447) |
| F Net premium income (D-E) | 1 541 381 556 | 1 088 913 502 | 1 541 381 556 | 1 088 913 502 |
| G 25% of net premium written | 385 345 389 | 272 228 375 | 385 345 389 | 272 228 375 |
| H Shareholders funds | 2 952 299 304 | 2 615 843 728 | 2 784 759 737 | 2 153 532 951 |
| I Safety margin (H-G) | 2 566 953 915 | 2 343 615 353 | 2 399 414 348 | 1 881 304 576 |
| J Solvency margin% (H/Fx100) | 192% | 240% | 181% | 198% |

| | | Unaudited Historical Cost | | | |
|---|---|---------------------------|-----------------|------------------|-----------------|
| | | Group | | Company | |
| | | 2022 | 2021 | 2022 | 2021 |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| A | Total assets | 12 566 113 926 | 3 279 820 703 | 12 385 561 848 | 3 283 422 202 |
| B | Total current liabilities | (9 863 316 567) | (2 884 280 844) | (10 129 683 005) | (2 832 908 505) |
| C | Excess of assets over liabilities (A-B) | 2 702 797 359 | 395 539 859 | 2 255 878 844 | 450 513 697 |
| D | Gross premium written | 11 720 199 417 | 2 399 830 199 | 11 720 199 417 | 2 399 830 199 |
| E | Premium ceded | (10 757 915 376) | (2 156 756 146) | (10 757 915 376) | (2 156 756 146) |
| F | Net premium income (D-E) | 962 284 041 | 243 074 053 | 962 284 041 | 243 074 053 |
| G | 25% of net premium written | 240 571 010 | 60 768 513 | 240 571 010 | 60 768 513 |
| H | Shareholders funds | 1 982 925 080 | 325 823 825 | 2 255 878 842 | 450 513 697 |
| I | Safety margin (H-G) | 1 742 354 070 | 265 055 312 | 2 015 307 832 | 389 745 184 |
| J | Solvency margin% (H/Fx100) | 206% | 134% | 234% | 185% |

The Group's solvency margin on a global basis and as monitored by its regulator Insurance Pensions Commission (IPEC) represents shareholders' funds as a percentage of net premium income. The minimum regulated solvency ratio is 25%.

5.5 FINANCIAL INSTRUMENTS

5.5.1 Fair value hierarchy

IFRS 7 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 and unobservable inputs reflect the Group'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.
- 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); and
- 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.

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

5.5.1a Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2022.

| | | Audited Inflation adjusted | | | | |
|---|---------|------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------|
| | | Fair value measurement using | | | | |
| | | | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs | |
| Date of valuation | Total | Level 1 | Level 2 | Level 3 | | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | | |
| Assets measured at fair value | | | | | | |
| Listed Equity investments | Note 10 | 31-Dec-22 | 214,399,871 | - | - | 214,399,871 |
| Non- listed equity investments | | | | | | |
| Real estate sector | Note 10 | 31-Dec-22 | 518,820,600 | - | - | 518,820,600 |
| Revalued property, plant and equipment | | | | | | |
| *Land and buildings | Note 11 | 31-Dec-22 | 747,121,993 | - | - | 747,121,993 |

* Revaluation of land and buildings were recognised in Level 3 for the first time due to a change in accounting policy.
There were no transfers between Level 1 and Level 2 during 2022

Fair value measurement hierarchy for assets as at 31 December 2021

| | | Audited Inflation adjusted | | | |
|---|-------------------|------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | | Fair value measurement using | | | |
| | | | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| | Date of valuation | Total | Level 1 | Level 2 | Level 3 |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Assets measured at fair value | | | | | |
| Listed Equity investments | Note 10 | 31-Dec-21 | 305,322,003 | - | 305,322,003 |
| Non- listed equity investments | | | | | |
| Real estate sector | Note 10 | 31-Dec-21 | 363,486,880 | - | 363,486,880 |
| Revalued property, plant and equipment | | | | | |
| Land and buildings | Note 11 | 31-Dec-21 | - | - | - |

There were no transfers between Level 1 and Level 2 during 2021

5.5.1a Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2022

| | | Unaudited Inflation adjusted | | | |
|---|-------------------|------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | | Fair value measurement using | | | |
| | | | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| | Date of valuation | Total | Level 1 | Level 2 | Level 3 |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Assets measured at fair value | | | | | |
| Listed Equity investments | Note 10 | 31-Dec-22 | 518,820,600 | - | 518,820,600 |
| Non- listed equity investments | | | | | |
| Real estate sector | Note 10 | 31-Dec-22 | 214,399,871 | - | 214,399,871 |
| Revalued property, plant and equipment | | | | | |
| * Land and buildings | Note 11 | 31-Dec-22 | 1,341,206,987 | - | 1,341,206,987 |

* Revaluation of land and buildings were recognised in Level 3 for the first time due to a change in accounting policy.

There were no transfers between Level 1 and Level 2 during 2022

Fair value measurement hierarchy for assets as at 31 December 2021

| | | Unaudited Inflation adjusted | | | | |
|---|---------|------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------|
| | | Fair value measurement using | | | | |
| | | | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs | |
| | | Date of valuation | Level 1 | Level 2 | Level 3 | |
| | | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Assets measured at fair value | | | | | | |
| Listed Equity investments | Note 10 | 31-Dec-21 | 105,738,600 | - | - | 105,738,600 |
| Non- listed equity investments | | | | | | |
| Real estate sector | Note 10 | 31-Dec-21 | 88,818,394 | - | - | 88,818,394 |
| Revalued property, plant and equipment | | | | | | |
| *Land and buildings | Note 11 | 31-Dec-21 | - | - | - | - |

There were no transfers between Level 1 and Level 2 during 2021

5.5.2 Financial instruments by category

| | Audited Inflation Adjusted | | | | | |
|---|----------------------------|---|----------------------|-----------------------|---|----------------------|
| | 2022 | | | 2021 | | |
| | Loans and receivables | Financial assets at fair value through profit or loss | Total | Loans and receivables | Financial assets at fair value through profit or loss | Total |
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| As at 31 December | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | 817 960 802 | - | 817 960 802 | 791 126 893 | - | 791 126 893 |
| Insurance and other receivables (excluding prepayments) | 1 860 357 577 | - | 1 860 357 577 | 2 137 993 207 | - | 2 137 993 207 |
| Financial assets at fair value through profit or loss | - | 733 220 471 | 733 220 471 | - | 668 808 884 | 668 808 884 |
| | 2 678 318 378 | 733 220 471 | 3 411 538 849 | 2 929 120 100 | 668 808 884 | 3 597 928 984 |

| | Other financial liabilities at amortised cost | Other financial liabilities at amortised cost |
|--|---|---|
| | ZWL\$ | ZWL\$ |
| Liabilities | | |
| Insurance and other payables(excluding statutory payments) | 2 235 641 589 | 1 982 976 524 |
| Lease liabilities | 177 372 788 | 126 811 891 |
| Amounts due to cell owners | 896 716 152 | 953 095 296 |
| | 3 309 730 529 | 3 062 883 711 |

| | Unaudited Historical Cost | | | | | |
|---|---------------------------|---|----------------------|-----------------------|---|----------------------|
| | 2022 | | | 2021 | | |
| | Loans and receivables | Financial assets at fair value through profit or loss | Total | Loans and receivables | Financial assets at fair value through profit or loss | Total |
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| As at 31 December | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | 817 960 802 | - | 817 960 802 | 230 139 393 | - | 230 139 393 |
| Insurance and other receivables (excluding prepayments) | 1 860 357 577 | - | 1 860 357 577 | 621 943 790 | - | 621 943 790 |
| Financial assets at fair value through profit or loss | - | 733 220 471 | 733 220 471 | - | 194 556 994 | 194 556 994 |
| | 2 678 318 378 | 733 220 471 | 3 411 538 849 | 852 083 183 | 194 556 994 | 1 046 640 177 |

| | Other financial liabilities at amortised cost | Other financial liabilities at amortised cost |
|--|---|---|
| | ZWL\$ | ZWL\$ |
| Liabilities | | |
| Insurance and other payables(excluding statutory payments) | 2 235 641 589 | 576 849 323 |
| Lease liabilities | 177 372 788 | 36 889 672 |
| Amounts due to cell owners | 896 716 152 | 277 256 120 |
| | 3 309 730 529 | 890 995 115 |

Financial Asset through profit and loss comprise Zimbabwe Stock Exchange listed equities and unlisted equities in property. Financial Asset through profit and loss comprise Zimbabwe Stock Exchange listed equities and unlisted equities in property. The unlisted equities held by the company are shares in a property holding company with no other operating activities.

The value of these shares was achieved through determination of the company's share in the fair value of the underlying property. The valuation techniques and inputs used in determining the fair value of the property are as follows:

Valuation techniques and significant unobservable inputs

| Valuation technique | Significant unobservable inputs | Inter-relationship between unobservable inputs and fair value measurement |
|--|--|---|
| The Implicit Investment Method was applied in valuing the property. Market capitalization rates were derived from sales achieved or on the market, of similar properties in the commercial area. | Average rentals per square metre – ZWL\$2894 (ZWL\$394.82) Average investment yield – 10%. | The estimated fair value would increase / (decrease) if: <ul style="list-style-type: none"> Expected market rental growth were higher (lower); Void period were shorter (longer); Occupancy rate was higher (lower); Yield rates were higher (lower). |

5.5.3 IFRS 9 Deferral disclosure

The activities of Cell Insurance (Private) Limited are predominantly connected in short term insurance. In this regard management has assessed the following:

- Cell Insurance has not previously applied the provisions of IFRS 9
- The total carrying amount of insurance liabilities arising from contracts within the scope of IFRS 4 for the year ended December 2022 represents 81% of total liabilities, which is considered significant.

Cell Insurance has assessed that the following financial assets have contractual cashflows that meet the Solely Payments of Principal and Interest (SPPI) test criteria:

- Government bond backing term insurance liabilities.
- Fixed term deposits backing term insurance liabilities.

| | Financial Instruments with Contractual Cashflow that meet the SPPI criteria, excluding those held for trading | | | |
|--|---|-------|-------|----------------------|
| | Armortised cost | FVOCI | FVTPL | TOTAL |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Government Bonds | | | | |
| Opening Amortised Cost | 24 502 922 | - | - | 24 502 922 |
| Additions | 976 844 022 | - | - | 976 844 022 |
| Increase in Fair Value | 33 122 087 | - | - | 33 122 087 |
| Disposals | (552 889 420) | - | - | (552 889 420) |
| Closing Amortised Cost | 481 579 611 | - | - | 481 579 611 |
| Fixed Term Deposits | | | | |
| Opening Amortised Cost | 90 000 | - | - | 90 000 |
| Additions | 49 119 630 | - | - | 49 119 630 |
| Increase in Fair Value | 1 980 934 | - | - | 1 980 934 |
| Disposals | - | - | - | - |
| Closing Amortised Cost | 51 190 564 | - | - | 51 190 564 |
| Total amortised cost financial assets (note 6) | 532 770 175 | - | - | 532 770 175 |
| Insurance accounts receivables and other short term receivables | | | | |
| Opening Amortised Cost | 622 443 112 | - | - | 622 443 112 |
| Additions | 1 737 636 117 | - | - | 1 737 636 117 |
| (Decrease) in Fair Value | (188 636) | - | - | (188 636) |
| Disposals | (622 443 112) | - | - | (622 443 112) |
| Closing Amortised Cost | 1 737 447 481 | - | - | 1 737 447 481 |

Note: The Amounts disclosed for financial assets held at amortised cost include ZWL\$1737 447 481 of short term premium debtors and reinsurance recoverables that are recorded at their IAS39 carrying value.

Credit Risk exposure for assets that pass the SPPI Test

The following table represents that entity's exposure to credit risk on financial assets that meet the SPPI criteria:


| Exposure to Credit Risk | Credit Rating | | | | | | Total |
|---|---------------|----------|----------|----------|-----------|----------------------|----------------------|
| | AAA | AA | A | BBB | Below BBB | Unrated | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| Fixed Term Deposits | - | - | - | - | - | 51 190 564 | 51 190 564 |
| Insurance accounts receivables and other short term receivables | - | - | - | - | - | 1 737 447 481 | 1 737 447 481 |
| TOTAL | - | - | - | - | - | 1 788 638 045 | 1 788 638 045 |

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| 6 Cash and cash equivalents | | | | |
| Cash on hand | 37 537 330 | 45 421 041 | 37 537 330 | 13 213 014 |
| * Bank balances | 219 099 474 | 610 152 921 | 219 099 474 | 177 493 931 |
| * Fixed placements | 561 323 998 | 135 552 935 | 561 323 998 | 39 432 448 |
| | 817 960 802 | 791 126 897 | 817 960 802 | 230 139 393 |
| Current | 817 960 802 | 791 126 897 | 817 960 802 | 230 139 393 |
| * The above balances includes Cell owners' funds, refer to note 16. | | | | |
| Fixed placements comprise Treasury Bills and other fixed term deposits purchased on the secondary market and have varying tenures of between 30 days and 45 days. | | | | |
| 7 Insurance receivables | | | | |
| Insurance debtors | 1 558 602 106 | 1 491 120 059 | 1 558 602 106 | 433 767 917 |
| Gross | 1 558 790 742 | 1 491 768 514 | 1 558 790 742 | 433 956 553 |
| Impairment allowance | (188 636) | (648 455) | (188 636) | (188 636) |
| | 128 106 138 | (1 716 468) | 128 106 138 | (499 322) |
| Due from related parties (note 25.4) | 128 106 137 | - | 128 106 137 | - |
| Impairment provisions | - | (1 716 468) | - | (499 322) |
| Prepayments | 143 964 824 | 12 352 984 | 100 920 660 | 3 461 279 |
| * Other receivables | 173 649 333 | 648 589 616 | 173 649 333 | 188 675 195 |
| | 2 004 322 400 | 2 150 346 191 | 1 961 278 237 | 625 405 069 |
| Current | 2 004 322 400 | 2 150 346 191 | 1 961 278 237 | 625 405 069 |
| *Other receivables mainly comprise reinsurance claims receivables. | | | | |
| *All receivables above are due within twelve months from the reporting date except for a portion of the amounts due from related parties as more fully explained in note 25.4. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The impairment allowance arises mainly from premium debtors | | | | |
| 7.1 Inventories | | | | |
| *Hospital consumables and Pharmacy stocks | 96 834 520 | 61 656 417 | 53 301 202 | 16 424 267 |
| | 96 834 520 | 61 656 417 | 53 301 202 | 16 424 267 |
| * Hospital consumables and Pharmacy stocks are items held for sale in the ordinary course of business (hospital and pharmaceutical) in the form of drugs, materials or supplies to be consumed in the production or rendering of services. | | | | |

| | | | | | |
|----------|---|-----------------------|-----------------------|----------------------|----------------------|
| 8 | Deferred acquisition costs | | | | |
| | At the beginning of the year | (121 873 429) | (86 639 968) | (35 453 070) | (15 680 025) |
| | Acquisition expenses incurred (brokerage commissions) | 342 678 392 | 235 209 237 | 342 678 392 | 68 422 539 |
| | Reinsurance | (285 922 071) | (270 442 698) | (372 342 430) | (88 195 584) |
| | At the end of the year | (65 117 108) | (121 873 429) | (65 117 108) | (35 453 070) |
| 9 | Insurance liabilities and provisions | | | | |
| | Gross outstanding claims | 2 674 872 565 | 3 820 538 227 | 2 674 872 565 | 1 111 397 368 |
| | Incurred but not reported losses ("IBNR") | 1 109 331 586 | 540 150 837 | 1 109 331 586 | 157 130 274 |
| | Unearned premiums | 9 408 186 362 | 2 540 822 263 | 2 984 673 825 | 739 127 057 |
| | | 13 192 390 513 | 6 901 511 327 | 6 768 877 976 | 2 007 654 699 |
| | | | | | |
| | Reinsurers share of insurance liabilities | | | | |
| | Outstanding claims | 2 591 203 303 | 3 743 090 292 | 2 591 203 303 | 1 088 867 707 |
| | Incurred but not reported losses ("IBNR") | 998 605 917 | 465 500 719 | 998 605 917 | 135 414 500 |
| | Unearned premiums | 8 835 660 471 | 2 348 621 589 | 2 741 185 711 | 683 215 740 |
| | | 12 425 469 691 | 6 557 212 600 | 6 330 994 931 | 1 907 497 947 |
| | | | | | |
| | Net | | | | |
| | Outstanding claims | 83 669 262 | 77 447 935 | 83 669 262 | 22 529 661 |
| | Incurred but not reported losses ("IBNR") | 110 725 669 | 74 650 119 | 110 725 669 | 21 715 774 |
| | Unearned premiums | 572 525 891 | 192 200 675 | 243 488 114 | 55 911 317 |
| | | 766 920 822 | 344 298 729 | 437 883 045 | 100 156 752 |
| | | | | | |
| | Current | 766 920 822 | 344 298 729 | 437 883 045 | 100 156 752 |

All the above amounts are current liabilities as they are expected to be settled within the twelve months from the reporting date.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | | |
|--------------|---|-----------------------|---------------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| 9.1 | Reconciliation of insurance liabilities and reinsurance assets | | | | |
| 9.1.1 | Gross outstanding claims | | | | |
| | As at 1 January | 3 820 538 230 | 232 022 946 | 1 111 397 368 | 41 991 308 |
| | Claims expenses incurred during the year | 2 730 283 909 | 4 918 966 854 | 3 812 609 538 | 1 347 384 438 |
| | Claims paid during the year | (3 875 949 576) | (1 330 451 570) | (2 249 134 342) | (277 978 378) |
| | As at 31 December | 2 674 872 564 | 3 820 538 230 | 2 674 872 564 | 1 111 397 368 |
| 9.1.2 | Incurred but not reported reserve (IBNR) | | | | |
| | As at 1 January | 540 150 837 | 291 612 545 | 157 130 274 | 52 775 781 |
| | Increase in provision | 569 180 749 | 248 538 292 | 952 201 312 | 104 354 493 |
| | As at 31 December | 1 109 331 586 | 540 150 837 | 1 109 331 586 | 157 130 274 |
| 9.1.3 | Unearned premium reserve | | | | |
| | As at 1 January | 2 540 822 263 | 1 533 413 345 | 739 127 057 | 277 515 793 |
| | Provision recognised during the year | 6 867 364 099 | 1 007 408 918 | 2 245 546 768 | 461 611 264 |
| | As at 31 December | 9 408 186 362 | 2 540 822 263 | 2 984 673 825 | 739 127 057 |
| | | | | | |
| | Total insurance liabilities and provisions | 13 192 390 512 | 6 901 511 330 | 6 768 877 975 | 2 007 654 699 |

| 9.1.4 Reinsurance assets | | | |  |
|---|-----------------------|----------------------|----------------------|--|
| As at 1 January | 6 557 212 600 | 1 861 389 209 | 1 907 497 947 | 336 872 575 |
| Total reinsurance assets recognised during the year | 8 983 603 940 | 5 681 926 663 | 6 261 491 573 | 1 772 624 293 |
| On claims incurred during the year | 2 496 565 057 | 4 749 256 635 | 4 203 521 602 | 1 345 666 216 |
| On unearned premiums | 6 487 038 884 | 932 670 028 | 2 057 969 971 | 426 958 077 |
| Cash received from reinsurers | (3 115 354 463) | (986 103 272) | (1 838 002 203) | (201 998 921) |
| As at 31 December | 12 425 462 078 | 6 557 212 600 | 6 330 987 317 | 1 907 497 947 |
| Net insurance liabilities and provisions | 766 928 433 | 344 298 730 | 437 890 658 | 100 156 752 |

9.2 ASSUMPTIONS AND SENSITIVES FOR GENERAL INSURANCE

Process used to determine the assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely of 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 variables or other published information. There is more emphasis on current trends, and where in earlier 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 provisions 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 is difficult to estimate. The provision estimation difficulties also differ by class of business due to differences 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; and
- random fluctuations, including the impact of large losses.

Incurred but not yet reported (“IBNR”) provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of reinsurance recoveries. The Company is covered by a variety of excess of loss reinsurance programs with sufficiently high retentions for only relatively few, large claims to be recoverable. The method used by the Company takes historical data, gross IBNR estimates and details of the reinsurance program, to assess the expected size of reinsurance recoveries.

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.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|-------------|---------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| 9.2.1 Analysis of movement in unearned premium reserves | | | | |
| Unearned premium provision at beginning of year | 192 200 675 | 117 461 784 | 55 911 317 | 21 258 130 |
| Net increase during the year | 380 325 216 | 74 738 891 | 187 576 797 | 34 653 187 |
| Unearned premium provision at end of the year | 572 525 891 | 192 200 675 | 243 488 114 | 55 911 317 |

10 FINANCIAL ASSETS AT FAIR VALUE

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|--------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Financial assets at fair value through profit or loss | | | | |
| Balance at the beginning of the year | 668 808 883 | 344 807 403 | 194 556 994 | 62 402 939 |
| Acquisitions | 13 960 037 | 11 304 698 | 13 960 037 | 2 548 452 |
| Disposals | (17 671 776) | (9 175 395) | (9 963 401) | (2 068 438) |
| Fair value gain/(losses) | 68 123 327 | 321 872 177 | 534 666 841 | 131 674 041 |
| Promoter | 38 435 747 | 191 960 094 | 301 466 523 | 75 559 020 |
| Cell captive arrangements | 29 687 580 | 129 912 083 | 233 200 318 | 56 115 021 |
| Balance at the end of the year | 733 220 471 | 668 808 883 | 733 220 471 | 194 556 994 |
| Financial assets at fair value through profit or loss are categorized as follows: | | | | |
| Those designated as such on initial recognition | | | | |
| Current | | | | |
| Promoter (Zimbabwe Stock Exchange Listed Equities) | 137 573 164 | 178 002 513 | 137 573 164 | 51 781 061 |
| Cell captive arrangements (Zimbabwe Stock Exchange Listed Equities) | 76 826 707 | 127 319 490 | 76 826 707 | 37 037 333 |
| | 214 399 871 | 305 322 003 | 214 399 871 | 88 818 394 |
| Non Current | | | | |
| Promoter (Non traded equities) | 282 191 498 | 197 704 000 | 282 191 498 | 57 512 238 |
| Cell captive arrangements (Non traded equities) | 236 629 102 | 165 782 880 | 236 629 102 | 48 226 362 |
| | 518 820 600 | 363 486 880 | 518 820 600 | 105 738 600 |
| | 733 220 471 | 668 808 883 | 733 220 471 | 194 556 994 |

Non- traded equities relate to 25.98% shares in an entity whose sole asset is a commercial property in which Cell Insurance Company (Private) Limited (Promoter) and Cell captive arrangements (see note 3.11) co-own. The property is carried at fair value which is apportioned between Promoter and Cell Captive Arrangements based on proportionate shareholding.

10.1 NON-TRADED EQUITY RECONCILIATION

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|--------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Cost as at 1 January 2022 | 105 738 600 | 68 318 575 | 105 738 600 | 42 503 280 |
| Acquisitions during the year | - | - | - | - |
| Depreciation for the year | - | - | - | - |
| Carrying amount as at 31 December 2022* | 105 738 600 | 68 318 576 | 105 738 600 | 42 503 280 |
| Level 3 revaluation surplus as at 31 December 2022 | 413 082 000 | 295 168 304 | 413 082 000 | 63 053 714 |
| Carrying amount and fair value as at 31 December 2022 | 518 820 600 | 363 486 880 | 518 820 600 | 105 556 994 |

10.2 GOLD COINS

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|------------------------------------|----------------------------|----------|---------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Value at acquisition | 63,405,037 | - | 56,974,794 | - |
| Fair value adjustment | 16,270,207 | - | 22,700,450 | - |
| Market value at 31 December | 79,675,244 | - | 79,675,244 | - |

The Group acquired 56 Mosi-oo-Tunya Gold Coins for investment purposes in August 2022 at an initial value of ZWL56 974 794.

11. PROPERTY AND EQUIPMENT

| YEAR ENDED 31 DECEMBER 2021 | Buildings | Leasehold improvements | Vehicles | Furniture and fittings | Office equipment | Hospital Equipment | Property Under construction | Right of Use asset | Computer equipment | Total |
|---------------------------------------|--------------------|------------------------|--------------------|------------------------|-------------------|--------------------|-----------------------------|--------------------|--------------------|----------------------|
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Opening carrying amount at 1 January | 593 070 469 | 75 099 575 | 134 038 482 | 32 349 723 | 11 630 783 | 124 277 755 | 227 725 332 | 391 902 139 | 70 688 318 | 1 660 782 576 |
| Cost | 637 081 599 | 100 844 222 | 277 392 755 | 81 035 631 | 30 215 589 | 139 089 145 | 227 725 332 | 463 398 458 | 122 899 530 | 2 079 682 261 |
| Accumulated depreciation | (44 011 130) | (25 744 647) | (143 354 273) | (48 685 908) | (18 584 806) | (14 811 390) | - | (71 496 319) | (52 211 212) | (418 899 685) |
| Additions | 1 085 669 | 8 533 836 | 19 894 018 | 13 042 248 | 3 593 718 | 25 751 170 | 239 906 854 | 68 775 904 | 19 255 086 | 399 838 503 |
| Disposals | - | - | (433 601) | (3 438) | - | - | - | - | - | (437 039) |
| Depreciation charge | (71 144) | (1 502 598) | (9 953 721) | (3 283 524) | (1 374 190) | (13 539 744) | - | (37 035 915) | (7 098 328) | (73 859 164) |
| Depreciation on disposal | - | - | 396 035 | 789 | - | - | - | - | - | 396 824 |
| Carrying Amount at 31 December | 594 084 994 | 82 130 813 | 143 941 213 | 42 105 798 | 13 850 311 | 136 489 181 | 467 632 186 | 423 642 128 | 82 845 076 | 1 986 721 700 |
| As at 31 December 2021 | | | | | | | | | | |
| Cost | 638 167 268 | 109 378 058 | 296 853 172 | 94 074 441 | 33 809 307 | 164 840 315 | 467 632 186 | 532 174 362 | 142 154 616 | 2 479 083 725 |
| Accumulated depreciation | (44 082 274) | (27 247 245) | (152 911 959) | (51 968 643) | (19 958 996) | (28 351 134) | - | (108 532 234) | (59 309 540) | (492 362 025) |
| Carrying Amount at 31 December | 594 084 994 | 82 130 813 | 143 941 213 | 42 105 798 | 13 850 311 | 136 489 181 | 467 632 186 | 423 642 128 | 82 845 076 | 1 986 721 700 |

| YEAR ENDED 31 DECEMBER 2022 | Buildings | Leasehold improvements | Vehicles | Furniture and fittings | Office equipment | Hospital Equipment | Property Under construction | Right of Use asset | Computer equipment | Total |
|---|----------------------|------------------------|--------------------|------------------------|-------------------|--------------------|-----------------------------|--------------------|--------------------|----------------------|
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Opening carrying amount at 1 January | 594 084 94 | 82 130 813 | 143 941 213 | 42 105 798 | 13 850 311 | 136 489 181 | 467 632 186 | 423 642 128 | 82 845 076 | 1 986 721 700 |
| Cost | 638 167 268 | 109 378 058 | 296 853 172 | 94 074 441 | 33 809 307 | 164 840 315 | 467 632 186 | 532 174 362 | 142 154 616 | 2 479 083 725 |
| Accumulated depreciation | (44 082 274) | (27 247 245) | (152 911 959) | (51 968 643) | (19 958 996) | (28 351 134) | - | (108 532 234) | (59 309 540) | (492 362 025) |
| Additions | - | 405 990 | 17 455 513 | 2 502 546 | 2 681 650 | 812 111 | 202 662 551 | 390 809 538 | 9 001 183 | 626 331 082 |
| Revaluation surplus | 747 121 993 | - | - | - | - | - | - | - | - | 747 121 993 |
| Disposals | - | - | (470 558) | - | - | - | - | - | - | (470 558) |
| Depreciation charge | - | (1 119 473) | (5 560 313) | (1 527 326) | (1 442 706) | (4 798 133) | - | (46 221 370) | (4 685 481) | (65 354 802) |
| Depreciation on disposal | - | - | 468 063 | - | - | - | - | - | - | 468 063 |
| Carrying amount at 31 December | 1 341 206 987 | 81 417 330 | 155 833 918 | 43 081 018 | 15 089 255 | 132 503 159 | 670 294 737 | 768 230 295 | 87 160 778 | 3 294 817 478 |
| As at 31 December 2022 | | | | | | | | | | |
| Cost* | 594 084 994 | 109 784 048 | 313 838 127 | 96 576 987 | 36 490 957 | 165 652 426 | 670 294 737 | 922 983 900 | 151 155 799 | 3 060 861 974 |
| Revaluation surplus | 747 121 993 | - | - | - | - | - | - | - | - | 747 121 993 |
| Accumulated depreciation* | - | (28 366 717) | (158 004 209) | (53 495 969) | (21 401 702) | (33 149 267) | - | (154 753 604) | (63 995 021) | (513 166 489) |
| Carrying Amount at 31 December * | 1 341 206 987 | 81 417 330 | 155 833 918 | 43 081 018 | 15 089 255 | 132 503 159 | 670 294 737 | 768 230 295 | 87 160 778 | 3 294 817 478 |

| YEAR ENDED 31 DECEMBER 2021 | Buildings | Leasehold improvements | Vehicles | Furniture and fittings | Office equipment | Hospital Equipment | Property Under construction | Right of Use asset | Computer equipment | Total |
|-----------------------------|-------------------|------------------------|-------------------|------------------------|------------------|--------------------|-----------------------------|--------------------|--------------------|--------------------|
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Opening carrying amount | 37 633 138 | 1 461 524 | 10 543 592 | 1 994 606 | 477 470 | 7 509 051 | 38 256 551 | 16 069 560 | 4 022 983 | 117 968 475 |
| Cost | 38 117 122 | 1 671 250 | 11 558 309 | 2 497 265 | 473 894 | 8 793 906 | 38 256 551 | 21 662 845 | 4 755 784 | 127 786 926 |
| Accumulated depreciation | (483 984) | (209 726) | (1 014 717) | (502 659) | 3 576 | (1 284 855) | - | (5 593 285) | (732 801) | (9 818 451) |
| Additions | 222 612 | 2 250 661 | 5 430 252 | 3 310 839 | 1 138 901 | 7 136 408 | 61 148 921 | 16 005 229 | 4 729 444 | 101 373 267 |
| Disposals | - | - | (119 899) | (1 000) | - | - | - | - | - | (120 899) |
| Depreciation charge | (16 051) | (337 122) | (2 444 371) | (792 546) | (380 321) | (3 616 621) | - | (8 266 745) | (1 652 019) | (17 505 796) |
| Depreciation on disposal | - | - | 108 971 | 229 | - | - | - | - | - | 109 200 |
| Carrying Amount | 37 839 699 | 3 375 063 | 13 518 545 | 4 512 128 | 1 236 050 | 11 028 838 | 99 405 472 | 23 808 044 | 7 100 408 | 201 824 247 |
| As at 31 December 2021 | | | | | | | | | | |
| Cost | 38 339 734 | 3 921 911 | 16 868 662 | 5 807 104 | 1 612 795 | 15 930 314 | 99 405 472 | 37 668 074 | 9 485 228 | 229 039 294 |
| Accumulated depreciation | (500 035) | (546 848) | (3 350 117) | (1 294 976) | (376 745) | (4 901 476) | - | (13 860 030) | (2 384 820) | (27 215 047) |
| Carrying Amount | 37 839 699 | 3 375 063 | 13 518 545 | 4 512 128 | 1 236 050 | 11 028 838 | 99 405 472 | 23 808 044 | 7 100 408 | 201 824 247 |

| YEAR ENDED 31 DECEMBER 2022 | Buildings | Leasehold improvements | Vehicles | Furniture and fittings | Office equipment | Hospital Equipment | Property Under construction | Right of Use asset | Computer equipment | Total |
|-----------------------------|----------------------|------------------------|-------------------|------------------------|------------------|--------------------|-----------------------------|--------------------|--------------------|----------------------|
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Opening carrying amount | 37 839 699 | 3 375 063 | 13 518 545 | 4 512 128 | 1 236 050 | 11 028 838 | 99 405 472 | 23 808 044 | 7 100 408 | 201 824 247 |
| Cost | 38 339 734 | 3 921 911 | 16 868 662 | 5 807 104 | 1 612 795 | 15 930 314 | 99 405 472 | 37 668 074 | 9 485 228 | 229 039 294 |
| Accumulated depreciation | (500 035) | (546 848) | (3 350 117) | (1 294 976) | (376 745) | (4 901 476) | - | (13 860 030) | (2 384 820) | (27 215 047) |
| Additions | - | 369 512 | 15 685 256 | 1 436 983 | 1 991 411 | 1 735 369 | 48 772 230 | 340 454 212 | 7 835 239 | 418 280 212 |
| Revaluation surplus | 1 303 367 288 | - | - | - | - | - | - | - | - | 1 303 367 288 |
| Disposals | - | - | (227 637) | - | - | - | - | - | - | (227 637) |
| Depreciation charge | - | (641 595) | (3 415 126) | (1 617 018) | (344 942) | (4 076 610) | - | (51 513 325) | (3 028 187) | (64 636 802) |
| Depreciation on disposal | - | - | 225 317 | - | - | - | - | - | - | 225 316 |
| Carrying amount | 1 341 206 987 | 3 102 980 | 25 786 355 | 4 332 093 | 2 882 519 | 8 687 597 | 148 177 702 | 312 748 931 | 11 907 461 | 1 858 832 624 |
| As at 31 December 2022 | | | | | | | | | | |
| Cost* | 37 839 699 | 4 291 423 | 32 326 281 | 7 244 087 | 3 604 206 | 17 665 684 | 148 177 702 | 378 122 286 | 17 320 467 | 647 091 869 |
| Revaluation surplus | 1 303 367 288 | - | - | - | - | - | - | - | - | 1 303 367 288 |
| Accumulated depreciation* | - | (1 188 443) | (6 539 926) | (2 911 994) | (721 687) | (8 978 087) | - | (65 373 355) | (5 413 007) | (91 626 533) |
| Carrying Amount | 1 341 206 987 | 3 102 980 | 25 786 355 | 4 332 093 | 2 882 519 | 8 687 597 | 148 177 702 | 312 748 931 | 11 907 461 | 1 858 832 624 |

* An amount of ZWL537 826 relating to accumulated depreciation as at the date of revaluation was eliminated against the gross carrying amount of the revalued land and buildings

11.2 COST AS AT 1 JANUARY

Management determined that the land and buildings constituted a separate class of property and equipment based on the nature and characteristics of the land and buildings. The fair value of the land and buildings was determined using the market comparative and investment methods. Through the comparative method, rental rates and capitalisation rates for similar properties sold are assessed and adjusted for appropriately to reflect the type of property, quality, location and risk, the rental value and capitalisation rates of the subject property are determined.

The land and buildings fair values are based on valuations performed by Knight Frank Real Estate and Capital Valuation Consultancy who are independent professional valuers. A net gain from the revaluation of the land and building of ZWL\$1 341 206 986 was recognised in 2022 in Other Comprehensive Income.

Significant unobservable valuation input

| Property | Price per square metre |
|--|------------------------|
| 3 Boston Avenue - Greendale, Harare | ZWL\$46 496.04 |
| Stand 562 Maglas Township - Zvishavane | ZWL\$108 762.62 |
| Stand 432 Bulawayo Township - Bulawayo | ZWL\$338 665.51 |

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|------------|----------------------------|----------|---------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Fair value | 747 121 993 | - | 1 341 206 987 | - |
| | 747 121 993 | - | 1 341 206 987 | - |

Sensitivity analysis

At 31 December 2022, if the estimated price per square metre had increased/(decreased) by 10% with all other variables held constant, the inflation adjusted fair value for the year would have been ZWL\$74 712 199 (2021: Nil) higher/lower, mainly as a result of fluctuations in price per square metre only.

11.3 COST

| | Audited Inflation adjusted | | Unaudited Historical cost | |
|---|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Cost | 638 167 268 | 637 081 599 | 38 339 734 | 38 117 122 |
| Acquisitions during the year | - | 1 085 669 | - | 222 612 |
| Accumulated depreciation | (44 155 361) | (44 082 274) | (537 826) | (500 035) |
| Carrying amount as at 31 December 2022* | 594 011 907 | 594 084 994 | 37 801 908 | 37 839 699 |

12. LEASE LIABILITIES

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|-------------------------------|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Opening balance | 126 811 891 | 84 382 142 | 36 889 672 | 15 271 406 |
| Lease modifications | 527 422 602 | 145 640 327 | 434 437 861 | 25 101 623 |
| Interest | 52 706 073 | 63 595 000 | 31 304 513 | 14 601 475 |
| Lease repayments | (163 978 626) | (95 556 213) | (83 158 847) | (18 084 832) |
| Effects of monetary movements | (123 488 741) | (71 249 365) | - | - |
| | 419 473 199 | 126 811 891 | 419 473 199 | 36 889 672 |
| Current | 113 698 849 | 52 939 021 | 113 698 849 | 15 400 000 |
| Non current | 305 774 350 | 73 872 870 | 305 774 350 | 21 489 672 |
| | 419 473 199 | 126 811 891 | 419 473 199 | 36 889 672 |

12.1 LEASE LIABILITY MATURITY ANALYSIS

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|---|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Lease liabilities included in statement of financial position | | | | |
| Less than one year | 16 422 637 | 22 223 801 | 16 422 637 | 6 464 920 |
| One to five years | 160 950 151 | 97 300 592 | 160 950 151 | 19 549 089 |
| | 177 372 788 | 119 524 393 | 177 372 788 | 26 014 009 |

12.2 AMOUNTS RECOGNISED IN PROFIT OR LOSS

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|---|----------------------------|-------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Amounts recognised in Profit or loss | | | | |
| Interest on lease liabilities | 52 706 073 | 63 595 000 | 31 304 513 | 14 601 475 |
| Depreciation expense right of use asset | 46 221 370 | 37 035 915 | 51 513 325 | 8 266 745 |
| Lease income from sublease | (58 684 884) | (17 753 740) | (42 058 832) | (3 185 232) |
| | 40 242 559 | 82 877 175 | 40 759 006 | 19 682 988 |

12.3 AMOUNTS RECOGNISED IN STATEMENT OF CASHFLOWS

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|---|----------------------------|-------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Amounts recognised in statement of cash flows | | | | |
| Total cash outflow for leases | 99 481 362 | 95 556 213 | 58 372 408 | 18 084 832 |
| | 99 481 362 | 95 556 213 | 58 372 408 | 18 084 832 |

12.4 RIGHTS OF USE ASSETS

Right of use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment. A discounting factor of 12% was used for the period of January 2019 to June 2019, and this was subsequently reviewed to 25% for the period July 2019 to 31 December 2019.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|-------------------------------------|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Right of Use asset | | | | |
| Balance at 1 January | 423 642 128 | 391 902 138 | 23 808 044 | 16 069 560 |
| Modifications to right of use asset | 494 455 561 | 131 580 604 | (6 027 536) | 29 662 610 |
| Depreciation charge for the year | (46 221 370) | (37 035 915) | 14 419 945 | (8 266 745) |
| Derecognition of right of use | (182 872 749) | (62 804 699) | 112 045 741 | (13 657 382) |
| Balance at 31 December | 689 003 570 | 423 642 128 | 144 246 194 | 23 808 044 |

12.5 NET LEASE RECEIVABLE

The Group subleases its Office Premises to Cellmed Heath Fund. The lease receivable from this arrangement is as follows:

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|-------------------------------|----------------------------|-------------------|---------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance at 1 January | 28 484 290 | 37 821 072 | 8 286 100 | 1 369 274 |
| Modifications | 91 657 890 | 59 529 937 | 59 650 448 | 13 657 382 |
| Interest | - | (38 094 618) | - | (3 555 324) |
| Payments | (10 162 642) | (16 037 834) | (3 259 038) | (3 185 232) |
| Effects of monetary movements | (45 302 028) | (14 734 267) | - | - |
| Balance at 31 December | 64 677 510 | 28 484 290 | 64 677 510 | 8 286 100 |



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13. INVESTMENT IN SUBSIDIARY

The Company's interest in its principal subsidiary Nectacare (Private) Limited which is incorporated in Zimbabwe and is unlisted was as follows at the reporting date:

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|--------------------|---------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Ownership interest* | 90.87% | 87.67% | 90.87% | 87.67% |
| Revenue | 1 218 948 236 | 944 725 280 | 886 945 836 | 218 607 624 |
| (Loss)/Profit after tax | (186 883 817) | 124 128 717 | (249 453 519) | (11 475 182) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | (186 883 817) | 124 128 717 | (249 453 519) | (11 475 182) |
| Attributable to non controlling interest | (23 160 246) | 6 283 219 | (40 055 912) | (2 573 710) |
| Attributable to investee's shareholders | (163 723 571) | 117 845 498 | (209 397 607) | (8 901 472) |
| Current assets | 347 989 199 | 454 299 338 | 298 798 300 | 130 776 013 |
| Non-current assets | 347 989 199 | 735 791 396 | 322 719 642 | 52 950 665 |
| Current liabilities | 320 023 019 | (624 356 606) | 320 023 021 | (181 625 794) |
| Non-current liabilities | 476 861 380 | (19 980 407) | 294 487 507 | (5 812 316) |
| Net Assets | 1 492 862 797 | 545 753 721 | 1 236 028 470 | (3 711 432) |
| Attributable to non controlling interest | (3 854 254) | 67 291 436 | (13 201 141) | (457 620) |
| Attributable to investee's shareholders | 1 496 717 050 | 478 462 285 | 20 208 554 | (3 253 812) |
| Group's interest in net assets of investee at beginning of the year | 499 846 300 | 374 710 108 | (16 200 657) | (6 140 365) |
| Total comprehensive income attributable to the group | (163 723 571) | 108 416 244 | (209 397 607) | (10 060 292) |
| Effects of monetary movements | 4 863 845 | 16 719 948 | - | - |
| Carrying amount of interest in investee at end of the year | 340 986 574 | 499 846 300 | (225 598 263) | (16 200 657) |
| Summarised Statement of Cash of Cash flows | | | | |
| Cash flows from operating activities | (476 300 143) | 51 492 365 | (246 791 771) | 40 059 340 |
| Cash flows from investing activities | (18 926 526) | (63 399 894) | (17 223 038) | (17 902 407) |
| Net (decrease)/increase in cash and cash and cash equivalents | (544 704 375) | (58 559 743) | (301 986 633) | 8 300 809 |

During an Extra-ordinary general meeting held on 28 September 2022 by the shareholders of Nectacare (Private) Limited a resolution was passed to convert ZWL\$255 million debt owed to Cell Insurance (Private) Limited (the Parent) to 44 446 Ordinary shares for amounts advanced to settle operating expenditure during for the period 2021 to June 2022. Cell Insurance Company (Private) Limited and one out of two non-controlling interests participated in the rights issue resulting in the increase in Cell Insurance's shareholding to 90.87% from 87.67%, while the non-controlling interests reduced from 12.33% to 9.13%.

A resolution was duly passed authorising the following transactions:

- To adopt a valuation report of the entity Nectacare (Private) Limited prepared by Opus Capital (Private) Limited on 29 July 2022
- Authorise Directors to increase the authorised ordinary share capital of Nectacare (Private) Limited from 200 000 to 1 000 000 with a nominal value of ZWL\$0.01
- Authorise Directors to issue 50 696 Ordinary shares by way of a rights issue in the ratio of 1:2 ordinary shares held at a price of ZWL\$5 745 per share.

Two of the shareholders participated while one shareholder renounced their participation resulting in the following shareholding structure:

| Shareholder | Shareholding pre rights | Shareholding post rights |
|----------------------------------|-------------------------|--------------------------|
| Cell Insurance (Private) Limited | 87.67% | 90.87% |
| Mr. John Linda Sibanda | 9.86% | 6.57% |
| Mr. Isheunesu Makuzwa | 2.47% | 2.56% |
| | 100.00% | 100.00% |

14 INVESTMENT IN ASSOCIATE

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---------------------------------------|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Investment in associate | | | | |
| Percentage ownership | 18.70% | 18.70% | 18.70% | 18.70% |
| Balance at the beginning of the year | 315 221 903 | 384 187 204 | 91 698 282 | 69 529 860 |
| Share of profit of associate | 15 130 746 | 19 679 669 | 15 130 746 | 5 724 830 |
| Other comprehensive income | 1 323 439 | 564 680 | 1 888 119 | 164 265 |
| Effects of exchange rate movements | 254 013 639 | (89 209 650) | 476 972 580 | 16 279 327 |
| Balance at the end of the year | 585 689 727 | 315 221 903 | 585 689 727 | 91 698 282 |

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Ownership interest | 18.70% | 18.70% | 18.70% | 18.70% |
| Revenue | 1 808 621 281 | 6 011 623 695 | 863 152 541 | 834 596 429 |
| Profit after tax | 32 947 294 | 102 219 187 | 32 947 294 | 29 735 636 |
| Other comprehensive income | 93 561 182 | 305 300 279 | 93 561 182 | 88 812 075 |
| Total comprehensive income | 126 508 476 | 407 519 463 | 126 508 476 | 118 547 711 |
| Attributable to investee's shareholders | | - | | - |
| Current assets | 8 184 597 888 | 1 267 925 392 | 8 184 597 888 | 368 840 425 |
| Non-current assets | 1 262 088 431 | 656 612 230 | 1 262 088 431 | 191 008 979 |
| Current liabilities | (6 188 350 747) | (434 674 197) | (6 188 350 747) | (126 447 042) |
| Non-current liabilities | (126 304 945) | (19 980 407) | (126 304 945) | (5 812 315) |
| Net Assets | 3 132 030 627 | 1 469 883 018 | 3 132 030 627 | 427 590 047 |
| Group's interest in net assets of investee at beginning of the year | 315 221 903 | 384 187 204 | 91 698 282 | 69 529 860 |
| Share of profit of associate | 15 130 746 | 19 679 669 | 15 130 746 | 5 724 830 |
| Other comprehensive income | | | | |
| Equity accounted investee- share of other comprehensive income | 1 323 439 | 564 680 | 1 888 119 | 164 265 |
| Effects of exchange rate movements | 254 013 639 | (89 209 650) | 476 972 580 | 16 279 327 |
| Carrying amount of interest in investee at end of the year | 585 689 727 | 315 221 903 | 585 689 727 | 91 698 282 |

Nature and activity of the associate

Lidwala Insurance Company Limited is a general insurance company incorporated and domiciled in the Kingdom of Eswatini. The entity's reporting and functional currency is the Swazi lilangeni (E). The investment in associate is accounted for using the equity method of accounting. The associate has an annual financial reporting period that begins on 1 July and ends 30 June of each year. For purposes of consolidating into the Group, management incorporates the January to June figures and the 1 July to 31 December each year to achieve a complete year and make up for the difference of six months between the Group's year end and the associate.

The Group holds 18.67% in Lidwala and based on the following facts still believe that the Group has power to participate in the financial and operating policy decisions of the associate through the existence of a management contract. The Group has representation on the board of directors and hence is able to influence the policy-making process. The Group and the associate share the same underwriting and accounting software. The Group through its consultant are currently assisting Lidwala through provision of training and adoption of the IFRS 17 accounting standard.

15 INSURANCE AND OTHER PAYABLES

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|------------------------------|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Insurance and other payables | | | | |
| Insurance payables | 1 570 408 444 | 1 233 623 276 | 1 570 408 444 | 410 006 316 |
| *Accruals | 223 478 816 | 102 005 408 | 223 478 816 | 29 673 448 |
| Due to related parties | - | 324 076 996 | - | 94 274 235 |
| Statutory payments | 48 634 535 | 28 491 623 | 48 634 535 | 8 288 234 |
| Sundry creditors | 413 013 788 | 187 352 853 | 413 013 788 | 54 501 084 |
| | 2 255 535 583 | 1 875 550 156 | 2 255 535 583 | 596 743 317 |
| Current | 2 255 535 583 | 1 875 550 156 | 2 255 535 583 | 596 743 317 |

* Accruals comprise audit fee accrual & other material items that are sitting within this balance.

16 AMOUNTS DUE TO CELL OWNERS

This represents funds due to cell owners in terms of captive cell agreements. The movement in funds due to cell owners is as follows:

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|--------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance as at 1 January | 953 095 294 | 688 805 679 | 277 256 120 | 124 659 444 |
| Gross written premiums | 422 890 998 | 823 730 577 | 420 080 646 | 181 691 215 |
| Investment income | 2 220 520 | 5 210 747 | 6 968 650 | 1 211 819 |
| Net gains on financial assets at fair value through profit or loss | 323 598 480 | 192 905 959 | 237 058 669 | 56 116 485 |
| Claims incurred | (475 557 010) | (374 039 282) | (386 800 970) | (83 410 423) |
| Cell liquidations | - | (10 174 568) | - | (2 417 515) |
| Administration fees | - | (88 340 171) | - | (19 559 949) |
| Other income | 1 999 720 | 3 556 726 | 1 598 973 | 856 052 |
| Foreign currency (loss)/gains | (331 531 849) | (192 746 768) | 340 554 065 | 39 564 479 |
| Other expenses | - | (95 813 605) | - | (21 455 487) |
| Balance as at 31 December | 896 716 152 | 953 095 294 | 896 716 152 | 277 256 120 |
| *Current | 660 087 051 | 787 312 414 | 660 087 051 | 229 029 758 |
| *Non Current | 236 629 102 | 165 782 880 | 236 629 102 | 48 226 362 |
| | 896 716 152 | 953 095 294 | 896 716 152 | 277 256 120 |
| Represented by: | | | | |
| ** Cash at bank | 401 238 092 | 573 029 567 | 401 238 092 | 166 694 721 |
| ** Fixed placements | 55 002 619 | 86 963 357 | 55 002 619 | 25 297 704 |
| ***Listed equities | 76 826 707 | 127 319 490 | 76 826 707 | 37 037 333 |
| ***Unlisted equities | 363 648 734 | 165 782 880 | 363 648 734 | 48 226 362 |
| | 896 716 152 | 953 095 294 | 896 716 152 | 277 256 120 |

** Refer to note 6

*** Refer to note 10

17 NET INSURANCE PREMIUM REVENUE

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---------------------------------------|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Gross written premiums | 19 689 994 988 | 10 996 688 949 | 11 720 199 417 | 2 399 830 199 |
| Insurance premium ceded to reinsurers | (18 148 613 432) | (9 907 775 447) | (10 757 915 376) | (2 156 756 146) |
| | 1 541 381 556 | 1 088 913 502 | 962 284 041 | 243 074 053 |

18 INCOME TAX

18.1 INCOME TAX

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|----------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Income tax expense | | | | |
| Current tax expense | - | 63 690 351 | - | 15 515 075 |
| | - | 63 690 351 | - | 15 515 075 |
| Deferred tax expense | | | | |
| Originating from temporary differences | 215 477 338 | (96 074 173) | (62 568 151) | 18 273 904 |
| Current tax credit | (139 785 716) | - | (62 827 600) | - |
| | 75 691 622 | (32 383 821) | (125 395 750) | 33 788 979 |
| Income tax relating to the components of other comprehensive income | | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods | 12 619 909 | 3 164 250 | 23 834 399 | 917 056 |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods | | | | |
| Equity accounted investee | 66 171 | 20 029 | 94 034 | 9 253 |
| Revaluation reserve | 142 838 147 | - | 224 940 808 | - |
| | 155 524 227 | 3 184 279 | 248 869 241 | 926 309 |

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|----------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Reconciliation of income tax expense | | | | - |
| The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 24.72% (2021: 24.72%) | | | | |
| (Loss)/profit | (425 422 854) | 721 862 230 | (1 653 240) | 143 638 708 |
| Income tax (credit)/ expense based on profit for the year | (105 164 529) | 178 444 343 | (408 681) | 36 986 967 |
| | 180 856 152 | (210 828 165) | (124 987 069) | (3 197 988) |
| Effects of expenses not deducted for tax purposes | 85 123 958 | 22 689 426 | 76 003 534 | 1 472 656 |
| Schedule 8 adjustments (ITA) | 16 796 467 | | 13 545 538 | |
| Assessed loss | 90 397 933 | | 67 751 364 | - |
| Non taxable income | 128 323 510 | (233 517 590) | (219 459 905) | (4 670 644) |
| | 75 691 622 | (32 383 821) | (125 395 750) | 33 788 979 |
| Income tax rate reconciliation | % | % | % | % |
| Applicable tax rate | 24.72% | 24.72% | 24.72% | 24.72% |
| Tax effect of expenses that are not deductible for tax purposes | 20.01% | 3.14% | -4597.25% | 1.03% |
| Assessed loss | 21.25% | - | -4098.10% | - |
| Schedule 8 adjustments (ITA) | 3.95% | | -819.33% | |
| Non taxable income | 30.16% | -32.35% | 13274.53% | -5.00% |
| Average effective tax rate | 100.09% | -4.49% | 3784.58% | 23.52% |

Income tax charged based on profit for the year at 24.72% (2021: 24.72%)

18.2 CURRENT INCOME TAX ASSET

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|---------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Current income tax asset | | | | |
| Opening balance | (11 785 642) | (14 801 894) | (3 428 452) | (2 678 834) |
| Current year charge | (137 254 981) | 63 690 351 | (91 882 644) | 15 515 075 |
| Amount paid in current year | - | (68 011 919) | - | (16 264 693) |
| Effects of monetary movements | 53 729 527 | 7 337 820 | - | - |
| Current income tax asset | (95 311 096) | (11 785 642) | (95 311 096) | (3 428 452) |
| Current income tax liability | | | | |
| Opening balance | - | - | - | - |
| Current year charge | 46 857 048 | - | 29 055 044 | - |
| Amount paid in current year | (17 925 661) | - | (13 875 456) | - |
| Effects of monetary movements | (13 751 799) | - | - | - |
| Current income tax (asset)/ liability | 15 179 588 | - | 15 179 588 | - |

Income tax charged based on profit for the year at 24.72% (2021:24.72%)

18.3 DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 24.72% (2021: 24.72%). Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|---------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| The net movement on the deferred tax account is as follows: | | | | |
| Opening deferred tax asset /(liability) | 269 405 | (79 735 915) | (22 337 957) | 19 408 494 |
| Income statement charge | | - | | |
| Arising from temporary differences | (215 477 338) | 96 074 173 | 55 385 253 | (18 273 904) |
| Revaluation reserve | (142 838 147) | - | (200 252 781) | - |
| Arising from capital gains | (66 273 308) | (16 068 853) | (23 928 433) | (926 308) |
| Closing deferred tax (liability)/ asset | (424 319 388) | 269 405 | (191 133 917) | 208 282 |
| Opening deferred tax asset | - | - | 6 482 192 | - |
| Income statement charge | | - | | |
| Arising from temporary differences | - | - | 7 182 898 | - |
| Closing deferred tax asset | - | - | 13 665 090 | - |

Deferred tax asset/(liability) represents the amount of income taxes payable in future years in respect of taxable temporary differences.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|----------------|---------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| The deferred tax asset/(liability) balances included in the statement of financial position are comprised of: | | | | |
| Provisions | 44 449 906 | 44 323 170 | 44 449 906 | 12 893 643 |
| Property and equipment | (451 680 786) | (50 601 242) | (167 446 310) | (19 023 779) |
| Inventory | (7 651 677) | (15 241 467) | - | - |
| Investment in associate | (23 928 433) | (9 197 003) | (23 928 433) | (2 675 415) |
| Lease liability | - | 9 761 247 | - | 2 839 554 |
| Investment in gold coins | (3 254 042) | - | (4 540 090) | - |
| Fair value - land and buildings | (142 838 147) | - | (200 252 781) | - |
| Arising from financial assets at fair value through profit or loss | (23 367 197) | (6 871 853) | (23 367 197) | (1 999 027) |
| Other ((schedule 8 Income Tax Act (Chapter 23:06)) | 183 950 988 | 28 096 553 | 183 950 988 | 8 173 306 |
| Net deferred (liability)/ tax asset | (424 319 388) | 269 405 | (191 133 917) | 208 282 |
| The deferred tax asset balances included in the statement of financial position are comprised of: | | | | |
| Provisions | - | - | 30,417,716 | - |
| Property and equipment | - | - | (16,752,626) | - |
| Net deferred tax asset | - | - | 13,665,090 | - |

Other comprises adjustments for insurance receivables and payables movements in the year that are deductible in the current year and taxable in the following year.

19 INVESTMENT INCOME

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Investment income | | | | |
| Interest income from money market instruments | 48 949 704 | 14 865 050 | 36 973 793 | 3 477 544 |
| Fair value gain on listed equities- Promoter (note 10) | (40 429 347) | 121 994 269 | 89 788 739 | 41 164 724 |
| Fair value gain on unlisted equities- Promoter (note 10) | 84 487 499 | 69 965 826 | 224 679 261 | 34 394 297 |
| | 93 007 856 | 206 825 145 | 351 441 793 | 79 036 565 |

20 OTHER INCOME

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Other income | | | | |
| Administration fees | 750 366 565 | 295 334 272 | 457 804 403 | 66 034 226 |
| Profit on sale of property plant and equipment | 10 584 885 | 14 722 549 | 5 159 568 | 4 200 908 |
| Unrealised foreign currency exchange gains | 242 483 002 | 176 871 676 | 242 483 002 | 49 184 659 |
| Interest received | 1 970 562 | - | 1 966 305 | - |
| Net income from clinic operations | 639 058 582 | 508 581 587 | 455 630 577 | 117 581 128 |
| Lease rental income | 10 162 642 | 17 753 740 | 3 259 038 | 3 185 232 |
| **Other | 134 470 346 | 103 326 980 | 117 422 848 | 21 046 327 |
| | 1 789 096 584 | 1 116 590 804 | 1 283 725 740 | 261 232 480 |

21 NET COMMISSIONS

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Reinsurance commissions | 4 013 426 573 | 2 287 014 428 | 2 262 990 734 | 495 546 545 |
| Brokerage commissions | (3 105 890 956) | (1 738 359 955) | (1 663 323 506) | (377 974 760) |
| Net movement in deferred acquisition costs during the year | (87 311 735) | (129 466 478) | (29 664 039) | (19 773 044) |
| | 820 223 882 | 419 187 995 | 570 003 189 | 97 798 741 |

22 CLAIMS INCURRED NET OF RE-INSURANCE

| | Audited Inflation adjusted | | |
|--|----------------------------|------------------------|--------------------|
| | Gross | Re-insurance | Net |
| | ZWL\$ | ZWL\$ | ZWL\$ |
| Year ended 31 December 2022 | | | |
| Claims paid | 3 875 949 572 | (3 115 346 850) | 760 602 722 |
| Incurring but not yet reported | 569 180 749 | (533 105 198) | 36 075 551 |
| Change in provision for outstanding claims | (1 145 665 663) | 1 151 886 991 | 6 221 328 |
| | 3 299 464 657 | (2 496 565 056) | 802 899 601 |
| Year ended 31 December 2021 | | | |
| Claims paid | 1 330 451 577 | (986 103 276) | 344 348 301 |
| Incurring but not yet reported | 248 538 292 | (225 935 062) | 22 603 230 |
| Change in provision for outstanding claims | 3 588 515 277 | (3 537 218 298) | 51 296 979 |
| | 5 167 505 146 | (4 749 256 636) | 418 248 510 |
| | | | |
| | Unaudited Historical Cost | | |
| | Gross | Re-insurance | Net |
| | ZWL\$ | ZWL\$ | ZWL\$ |
| Year ended 31 December 2022 | | | |
| Claims paid | 2 249 134 342 | (1 837 986 975) | 411 147 367 |
| Incurring but not yet reported | 952,201,312 | (863,191,417) | 89,009,895 |
| Change in provision for outstanding claims | 1 563 475 196 | (1 502 343 210) | 61 131 986 |
| | 4 764 810 850 | (4 203 521 602) | 561 289 248 |
| Year ended 31 December 2021 | | | |
| Claims paid | 277 978 378 | (201 998 921) | 75 979 457 |
| Incurring but not yet reported | 104 354 493 | (92 058 119) | 12 296 374 |
| Change in provision for outstanding claims | 1 069 406 060 | (1 051 609 176) | 17 796 884 |
| | 1 451 738 931 | (1 345 666 216) | 106 072 715 |

23 OPERATING EXPENSES

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Operating expenses | | | | |
| Staff costs | 2 412 768 660 | 884 323 315 | 1 695 132 173 | 208 716 123 |
| Wages and salaries | 1 479 512 163 | 706 426 407 | 1 038 191 989 | 162 270 355 |
| Social security costs | 416 722 796 | 17 932 184 | 318 689 659 | 4 117 322 |
| Leave pay accrual | 236 633 579 | 69 808 333 | 95 023 281 | 15 268 873 |
| Pension costs (defined contribution scheme) | 99 465 284 | 45 841 800 | 74 064 485 | 10 763 412 |
| Other staff costs | 180 434 840 | 44 314 591 | 169 162 760 | 16 296 161 |
| Directors emoluments | 20 784 532 | 13 635 544 | 16 388 461 | 2 971 527 |
| - directors' fees | 20 784 532 | 13 635 544 | 16 388 461 | 2 971 527 |
| Audit fees: | 91,592,615 | 47,858,742 | 71,681,459 | 11,119,061 |
| - current year | 91 592 615 | 47 858 742 | 71 681 459 | 11 119 061 |
| Depreciation on property and equipment | 65 354 802 | 73 859 164 | 64 636 802 | 17 505 796 |
| Marketing expenses | 171 784 722 | 90 541 985 | 125 419 387 | 21 723 539 |
| Rates and electricity expenses | 64 100 068 | 49 910 259 | 52 276 319 | 9 647 906 |
| Motor vehicle expenses | 36 943 381 | 26 845 901 | 23 372 124 | 6 149 050 |
| Insurance expenses | 23 654 050 | 15 210 152 | 18 174 655 | 3 459 364 |
| ** Other administrative expenses | 424 530 305 | 468 813 514 | 336 986 811 | 106 608 218 |
| | 3 311 513 135 | 1 670 998 576 | 2 404 068 191 | 387 900 584 |

** Other administrative expenses includes information technology costs, bank charges and repairs and maintenance costs.

24 RETIREMENT BENEFIT INFORMATION

The Cell Insurance Staff Pension Fund, which is governed by the Pension and Provident Funds Act 1976 as amended by Statutory Instrument 323 of 1991, is a defined contribution plan, administered by ZB Life Assurance Limited. 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.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|-------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Total contributions to these funds were as follows: | | | | |
| NSSA | 416 722 796 | 17 932 184 | 318 689 659 | 4 117 322 |
| Pension fund | 99 465 284 | 45 841 800 | 74 064 485 | 10 763 412 |
| | 516 188 080 | 63 773 984 | 392 754 144 | 14 880 734 |

25 RELATED PARTY DISCLOSURES

Cell Insurance Company (Private) Limited holds a controlling stake in Nectacare (Private) Limited formerly "CellMed (Private) Limited ", and has an 18.7% in an associate, namely Lidwala Insurance Company Limited (Lidwala).

Related party relationships also exist between the Cell Insurance (Private) Limited and its shareholders, who are the following:

| | 2022 | 2021 |
|--|----------------|----------------|
| | % Holding | % Holding |
| ZB Financial Holdings Limited; | 34.49% | 34.49% |
| ZESA Holdings Limited; | 16.50% | 16.50% |
| Zimbabwe Power Company Limited; | 27.78% | 27.78% |
| Baobab Reinsurance Company (Private) Limited; | 11.23% | 11.23% |
| NRZ Corporate Pension Fund; | 4.35% | 4.35% |
| Mr J.L. Sibanda; | 3.85% | 3.85% |
| Matabeleland Zambezi Water Trust and Management | 0.98% | 0.98% |
| | 0.82% | 0.82% |
| | 100.00% | 100.00% |

25.1 INCOME

A number of transactions were entered into with related parties in the normal course of business. The related party transactions and outstanding balances for the year are as follows:

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|----------------------|---------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Insurance premiums received from: | | | | |
| - ZESA Holdings | 163 870 494 | 166 711 834 | 57 121 928 | 33 650 249 |
| - ZB Financial Holdings Limited | 1 331 932 919 | 437 780 782 | 464 284 779 | 88 364 648 |
| - ZESA Enterprises (Private) Limited | 73 275 038 | 45 787 894 | 25 542 191 | 9 242 140 |
| - ZESA Powertel (Private) limited | 63 771 421 | 28 456 649 | 22 229 423 | 5 743 883 |
| - Zimbabwe Electricity Transmission and Distribution Company | 1 641 672 200 | 844 898 610 | 572 253 605 | 170 540 077 |
| - Zimbabwe Power Company Limited | 7 388 166 594 | 1 415 635 729 | 2 575 364 904 | 285 741 535 |
| - NRZ Corporate Pension Fund | 113 618 638 | 121 741 614 | 39 605 151 | 24 573 155 |
| - Fellow subsidiaries | 4 563 633 | 139 008 109 | 1 590 790 | 28 058 341 |
| | 10 780 870 937 | 3 200 021 221 | 3 757 992 771 | 645 914 028 |

25.2 EXPENSES

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Expenses | | | | |
| Claims paid to shareholders and shareholder related entities: | | | | |
| - Zimbabwe Electricity Transmission and Distribution Company | 20 826 853 | 71 594 363 | 15 343 542 | 17 291 225 |
| - ZB Financial Holdings Limited | 2 713 991 | 9 329 611 | 1 694 133 | 1 752 399 |
| - ZESA Enterprises Limited | - | - | - | - |
| - ZESA Financial Holdings Limited | - | - | - | - |
| - Zimbabwe Power Company Limited | - | - | - | - |
| - NRZ Corporate Pension Fund | 1 643 067 | 5 648 204 | 56 500 | 1 594 978 |
| Reinsurance premiums paid to shareholders and shareholder related entities: | | - | | |
| - ZB Reinsurance Company (Private) Limited | 74 899 647 | 257 474 935 | 145 849 923 | 36 715 514 |
| - Baobab Reinsurance Company (Private) Limited | 29 034 969 | 99 810 573 | 58 127 060 | 14 232 828 |
| Medical aid contributions paid to CellMed Health Medical Fund | 4 766 196 | 16 384 268 | 52 670 736 | 4 015 015 |
| Management fees paid to the parent company | 86 053 125 | 5 774 010 | 55 000 133 | 1 206 414 |
| | 219 937 848 | 466 015 964 | 328 742 027 | 76 808 373 |

25.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

For the purposes of IAS 24 - Related Party Disclosures, key management personnel 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 with the Company during the current and prior year.

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---|----------------------------|--------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Key management personnel remuneration | | | | |
| Short term employee benefits | 21 531 918 | 216 313 130 | 15 625 485 | 3 752 942 |
| Post employment benefits (contributions to defined contribution plan) | 168 045 000 | 32 446 969 | 102 170 381 | 30 774 211 |
| | 189 576 918 | 248 760 099 | 117 795 866 | 34 527 153 |

The list of key management in the reporting period was as follows:

- Isheunesu Makuzwa (Chief Executive Officer)
- Maxman Mutsau (General Manager)
- Brian Mutaurya (Finance Executive)
- Innocent Gozho (Health Services Executive)

25.4 YEAR END BALANCES ARISING FROM TRANSACTIONS WITH RELATED PARTIES

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|----------------|---------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Amounts due from/(to) related parties: | | | | |
| CellMed Health Medical Fund | (1 132 160 011) | (324 076 997) | (1 132 160 011) | (94 274 235) |
| | (1 132 160 011) | (324 076 997) | (1 132 160 011) | (94 274 235) |

As at the reporting period CellMed Health Medical Fund owed the Group US\$144 727 606. A total of US\$183 142 arose from loans that were advanced to the Fund in prior years. The amount is payable to the Group in equal monthly instalments over a period of five years with effect from 1 January 2014 and bears interest at an annual rate of 15%. The balance of US\$316 824 arose from outstanding medical claim recoveries.

CellMed owed ZWL\$ 91 362 786 to Cell Insurance and ZWL\$53 364 820 to Nectacare (Pvt) Ltd. The amounts for Cell Insurance arose from cost recoveries from shared services, while amounts owed to Nectacare relate to Claims for medical services extended to CellMed members in the reporting period. All amounts were incurred during the reporting period.

26 CONTINGENT LIABILITIES AND COMMITMENTS

26.1 COMMITMENTS FOR CAPITAL EXPENDITURE

There were no capital commitments at the reporting date (2021: ZWL\$Nil).

26.2 OTHER CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date (2021: ZWL\$Nil)

27 SHARE CAPITAL AND RESERVES

27.1 AUTHORISED

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|-----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| - 99 900 000 ordinary shares of ZWL\$0.01 each | 999 000 | 999 000 | 999 000 | 999 000 |
| - 100 000 preference shares of ZWL\$0.01 each | 1 000 | 1 000 | 1 000 | 1 000 |
| | 1 000 000 | 1 000 000 | 1 000 000 | 1 000 000 |

27.2 ISSUED

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|---------------------------|----------------------------|-----------|---------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance as at 1 January | 2 472 314 | 2 472 314 | 11 583 | 11 583 |
| Balance as at 31 December | 2 472 314 | 2 472 314 | 11 583 | 11 583 |

27.3 SHARE PREMIUM

| | Audited Inflation Adjusted | | Unaudited Historical Cost | |
|--|----------------------------|--------------------|---------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Share premium of ZWL\$1.138357 per share | 835 104 051 | 835 104 051 | 3 912 551 | 3 912 551 |
| | 835 104 051 | 835 104 051 | 3 912 551 | 3 912 551 |

Ordinary Shares

The holders of these shares are entitled to dividends as and when declared and are entitled to one vote per share at general meetings of the Group.

Preference shares

This class of shares is not entitled to dividends nor does it have voting rights.

Share premium

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

27.4 FOREIGN CURRENCY TRANSLATION RESERVE

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|---|----------------------------|-------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance as at 1 January | 99 560 623 | 191 389 867 | 79 133 315 | 63 616 034 |
| Equity accounted investee- foreign currency translation | 255 337 080 | (88 644 969) | 478 860 699 | 16 443 590 |
| Income tax | (22 050 873) | (3 184 275) | (23 928 433) | (926 309) |
| Balance as at 31 December | 332 846 830 | 99 560 623 | 534 065 581 | 79 133 315 |

Foreign currency translation reserve comprises amounts arising from an associate company (Lidwala Insurance Company Limited) due to the effects of changes in functional currency. This reserve is not available for distribution.

27.5 REVALUATION RESERVE

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|-------------------------|----------------------------|------------------|---------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Balance at 31 December | 2 566 875 | 2 566 875 | 31 575 | 31 575 |
| Revaluation of property | 747 121 993 | - | 1 303 367 288 | - |
| Related tax | (142 838 147) | - | (224 940 808) | - |
| | 606 850 721 | 2 566 875 | 1 078 458 055 | 31 575 |

27.6 *EQUITY ACCOUNTED INVESTEE

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|-------------------------------------|----------------------------|----------------|---------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Share of other comprehensive income | 1 323 439 | 564 680 | 1 888 119 | 164 264 |
| Related tax | (66 171) | (20 029) | (94 034) | (9 253) |
| | 1 257 268 | 544 651 | 1 794 085 | 155 011 |

* Other comprehensive income arising from revaluation of land bought on 16 April 2019 for USD 919 706 held for development by associate company.

27.7 EQUITY ACCOUNTED INVESTEE

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|------------------------------|----------------------------|---------------------|---------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Foreign currency translation | 254 013 641 | (89 209 649) | 476 972 580 | 16 279 326 |
| Income tax | (21 984 702) | (3 164 250) | (23 834 399) | (917 056) |
| | 232 028 939 | (92 373 899) | 453 138 181 | 15 362 270 |

Other comprehensive income comprises revaluation of land bought on 16 April 2019 for USD 919 706 held for development by the associate company and land and buildings of the parent company which adopted the revaluation model effective 1 January 2022.

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the net assets value of the foreign associate in the Kingdom of Swaziland.

28 GOODWILL

| | Audited Inflation adjusted | | Unaudited Historical Cost | |
|-----------------------------------|----------------------------|-------------------|---------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Reconciliation of carrying amount | | | | |
| Balance at 1 January | 23 051 897 | 23 051 897 | 351 670 | 351 670 |
| Balance at 31 December | 23 051 897 | 23 051 897 | 351 670 | 351 670 |

29 GOING CONCERN

The Group generated an inflation adjusted total comprehensive income net of tax of ZWL\$333 584 844 (2021: ZWL\$662 416 803) and achieved a net current liability position of ZWL\$ 568 035 068 (2021: net current asset position ZWL\$138 263 403) at year end. The Group had capital positions from an IFRS perspective of ZWL\$ 2 952 299 304 (2021: ZWL\$2 615 843 728).

In order to calculate the Company's statutory capital requirements from an Insurance and Pension Commission (IPEC) solvency capital perspective, the company is required to apply Statutory Instrument 59 of 2019 which became effective on 31 August 2019 and requires certain types of assets to be excluded in performing the statutory capital calculation. Applying these requirements, the company's statutory capital measured on a historical cost basis is ZWL\$ 672 950 760 (2021: ZWL\$450 513 697) against a regulated minimum requirement of ZWL\$37 500 000 (2021: ZWL\$37 500 000).

The Board has assessed the current negative performance of the Nectacare Group and have put in place measures to correct the adverse performance through the 2023 strategic plan which is set to implement corrective measures to grow the top line through a number of initiatives including but not limited to the following:

- Upgrading the Shabani Mine Cottage wing which will enable regrading of the facility from the current grade C to grade B or better.
- Activation of the Shabani Mine ICU and theatre
- Management has also been in engagement with Zimasco and Unki Mine and is at the tail end of concluding a deals to exclusively supply services to the entities.
- Continued containment of costs
- Engagement of Zimasco for the refurbishment of the Impali Unit which was contributing approximately 60% of the hospitals revenue before it was closed for renovations.
- Management has also been in engagement with its sister company Cellmed with regards to offering tailor made services for the Zimplats fund in Ngezi and Chegutu, an initiative which is poised to boost revenue in the area beginning 2023.

In determining the going concern assumptions, the Board has undertaken a rigorous analysis of the forecast outturns and reviewed identified downside risks and mitigating actions. The downside risks include a number of severe but plausible scenarios, incorporating underperformance against the business plan, unexpected cash outflows and customer attrition and unwillingness to award the Company new contracts and extensions to existing arrangements.

Management will therefore conduct a half year strategy performance assessment at the end of the first half of 2023 to reassess performance against projected performance and implement further remedial actions in an effort to correct the adverse performance currently being experienced.

In addition Cell Insurance (the Parent) has pledged to offer the necessary financial support to ensure a sustainable turnaround of the entity.

The Group however, has sufficient assets to enable it to discharge its short -term liabilities in the ordinary course of business. The Group is on an ongoing basis applying measures that ensure inadmissible assets on its statement of financial position are actively reduced, in order to minimise the impact of on its solvency capital.

Based on management's assessment, management is confident of the entity's ability to continue as a going concern and have accordingly prepared the financial statements on a going concern basis. This basis assumes that the entity will realise its assets and settle its liabilities in the ordinary course of business.

30 SUBSEQUENT EVENTS

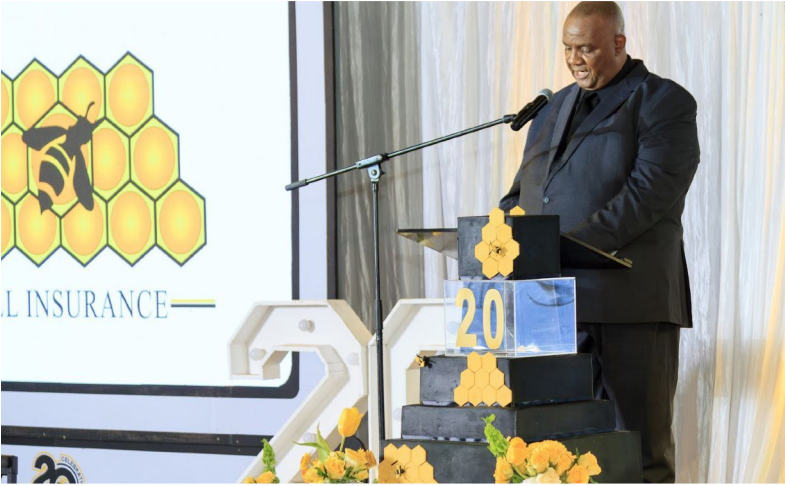
The Government of Zimbabwe gazetted a new Statutory Instrument (SI) 27 of 2023 on 3 March 2023, to operationalise a blended inflation rate. The Reserve Bank Governor, explained the need to recalibrate inflation measures to align to the dual currency system currently operating in Zimbabwe, hence the blending of the ZWL and USD prices.

Potential impact to the Group

Publication of the ZWL inflation rates and CPI has since been abolished with the coming in of the SI hence there is no longer a reliable ZWL based general CPI. The Group's functional currency remains the ZWL and non-availability of ZWL inflation and CPI statistics will result in noncompliance to IAS 29 – Financial Reporting in Hyperinflationary Economies as the inflation index should be specific to the currency, in our case the ZWL.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial positions and the results of operations as of and for the year ended 31 December 2022 have not been adjusted to reflect their impact.

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