MucaRE

Complex Risk. Simply Handled

Annual Report 2022

Contents

About Us

Muca Reinsurance Company (Private) Limited (MucaRe) is a reinsurance company registered in Zimbabwe. Muca Re underwrites business from the Zimbabwean and other markets across the African continent. The company is licensed to offer non-life reinsurance. In addition to providing facultative and treaty business underwriting, Muca Re assists its clients with advisory, training and portfolio analysis.

VISION

To be the first-choice reinsurer in our markets.

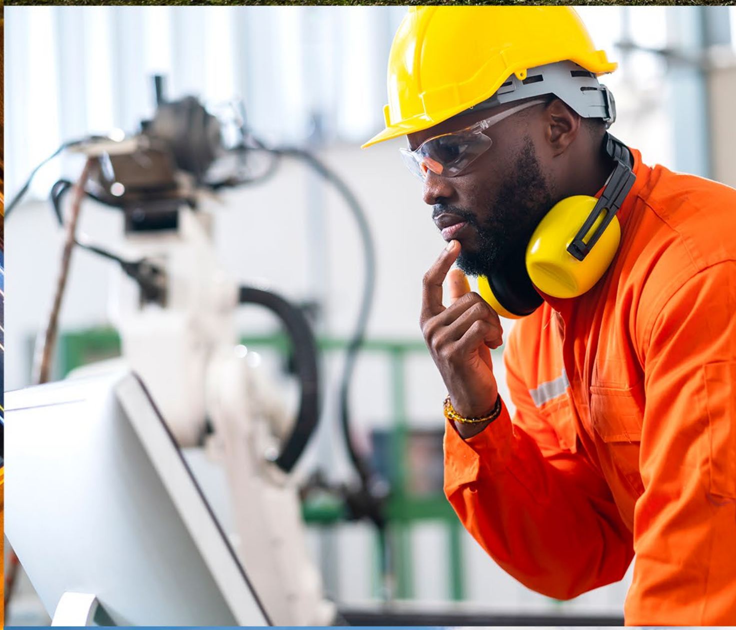
MISSION

To provide excellent service to all our stakeholders and give viable returns to shareholders

VALUES

Creativity
Responsiveness
Innovation
Integrity
Service Excellence





General Information

DIRECTORS

Non-Executive

Christopher Mwaturura	Chairman
Tichawana Nyahuma	Non-Executive Director
Pedzisayi Chindotana	Non-Executive Director
Stanley Mutenga	Non-Executive Director (Advisory)
Cherylynn-Jean Watson	Non-Executive Director

Executive

Silent Shava	Managing Director

BOARD COMMITTEES

Audit Committee

Cherrylyn-Jean Watson	Chairman
Tichawana Nyahuma	Secretary
Stanley Mutenga	Committee Member

Risk Committee

Stanley Mutenga	Chairman
Pedzisayi Chindotana	Secretary
Tichawana Nyahuma	Committee Member

Nominations & Remunerations Committee

Tichawana Nyahuma	Chairman
Cherrylyn-Jean Watson	Secretary
Pedzisayi Chindotana	Committee Member

Investments Committee

Pedzisayi Chindotana	Chairman
Stanley Mutenga	Secretary
Cherrylyn-Jean Watson	Committee Member

SENIOR MANAGEMENT

Douglas Sithole	Operations
Sithulisiwe Chatira	Finance
Valerie Mugadzaweta	Compliance

REGISTERED OFFICE

31 Airport Road, Hatfield
Harare
Zimbabwe

COMPANY SECRETARY

Tichawana Nyahuma

SHARE TRANSFER SECRETARIES

Chiro Consultancy
12 Lanark Avondale
Harare

AUDITORS

Dereflexion Consulting Chartered Accountants
2a Serendip Close
Mount Pleasant
Harare

BANKERS

Ecobank Zimbabwe Limited
2 Piers Road, Sam Levy Village
Borrowdale
Harare

Stanbic Bank Botswana Limited
Stanbic House
Plot 50672, Off Machel Drive
Fairgrounds, Gaborone
Botswana

EXECUTIVE REPORTS

Chairman's Report

PROFIT BEFORE TAX 2022 (ZWL)

INFLATION ADJUSTED	HISTORICAL
125,618,878	36,056,201

INTRODUCTION

On behalf of the Board of Directors, I am delighted to present the 2022 results of Muca Reinsurance Private Limited (Muca Re).

The past year has seen challenges and uncertainty for many business entities as we began to learn to live with the Covid-19 global pandemic and its impact on our day to day lives and businesses. Although 2022 was a year marked by ongoing economic volatility, lingering effects of the pandemic and geopolitical conflict, it was also the year when Muca Re opened its doors for trading, having been licenced by the Insurance and Pensions Commission in December 2021 and given authority to begin trading in February 2022.

The year demonstrated the resilience of our team as well as the foundation to building relationships and strong partnerships with our reinsurance brokers and cedents. Thanks to their support and our own agility in responding, we were able to navigate teething challenges while successfully strengthening the fundamentals of the Company.

Economic Overview

The economy continued to face structural challenges that included: chronic inflation; erratic growth pattern; high levels of informality; a huge competitiveness gap; inadequate infrastructure; weak institutions; challenging business environment; high levels of public indebtedness; high inequalities; high levels of food insecurity; and high levels of poverty. The main drivers of inflation in Zimbabwe were money supply growth, exchange rate, energy and fuel price volatility, closing the year at 243.8%, up from 60.6% in prior year. Although economic activity was sluggish, the Zimbabwean economy remained relatively resilient against a challenging global economic backdrop.

We however remain optimistic that the country has strong foundations for accelerating future economic growth and improving living standards. The economy has excellent human capital, comparable to that of upper-middle-income economies in Sub-Saharan Africa, although some skill shortages are emerging in some sectors. Moreover, Zimbabwe possesses abundant mineral and natural resources that, if well managed, can support the country's development objectives.

Industry Review

Towards the end of 2021, there were significant market developments; key was the adoption of the Zimbabwe Integrated Capital & Risk Programme (ZICARP). We are glad that Muca Re was swift to adopt the risk-based approach to capital when assessing the solvency of reinsurance companies whilst still in infancy stage. Toward the end of 2022, all industry players across the world were preparing for the adoption of IFRS17 reporting standards, effective January 2023. Furthermore, in October 2022, IPEC issued Circular 42 of 2022 wherein the imminence of increased

Minimum Capital Requirements (MCR) was disclosed across the Insurance Industry. These new MCR were generally anticipated by the market as the prevailing levels continued to be eroded by inflation. Owing to careful planning and strategies in place, Muca Re does not foresee challenges in complying with these regulations. The Board has taken keen interest in developments in the regulatory landscape and has oversight of Management's compliance. We welcome these regulatory developments which are progressive and should enhance financial soundness of the market players and accelerate market growth.

FINANCIAL PERFORMANCE

A strong and conservative balance sheet, combined with prudent capital management, delivered an acceptable performance for a company that is in its infancy. The rigorous investment in the Company's core business and ongoing investments will allow Muca Re to continue contributing meaningfully to the industry and the economy at large. Over the past year in operation, we invested in technology to enhance not only our underwriting system but also our information systems, which will lead to increased efficiencies in claims management and overall customer experience. We have strengthened the foundation of the Company and the significant investments made in our business and our employees have contributed to our ability to deliver.

OUTLOOK

The company firmly believes in the future of the Insurance Industry in Zimbabwe and the business will continue to search for ways to digitalise operations, service provision and to enable departments to enhance efficiency and effectiveness. With inflationary pressures across all cost lines, Management will continue to keep a watchful eye on costs and find ways to rationalise them further in 2023.

DIRECTORATE

In 2022, we welcomed Mr Pedzisayi Chindotana and Ms Cherylynn Jean Watson to Muca Re's Board of Directors. We continually look for opportunities to shape a diverse Board to ensure that we have the full benefit of varied talents, knowledge, work and life experiences, which only diversity can bring.

APPRECIATION

I wish to extend my appreciation to all our customers, suppliers, staff, shareholders and strategic partners and my fellow Board members for their unwavering support for the business, especially given the challenging business operating environment.

Christopher Mwaturura
Board Chairman

Financial Highlights
FOR THE YEAR ENDED 31 DECEMBER 2022

	Inflation Adjusted 2022	Historical 2022
COMPANY SUMMARY (ZWL)		
Gross premium	1,368,232,850	1,126,686,572
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding fair value adjustments	31,059,425	45,617,846
Finance costs	1,986,373	1,986,373
Profit before taxation	125,618,878	36,056,201
Profit attributable to shareholders	(717,404,650)	41,127,831
Cash generated from operating activities	115,128,291	14,803,657
Capital expenditure	2,994,338	1,266,494
Cash resources net of short-term borrowings and short-term lease liabilities	13,537,163	13,537,163
Total assets employed	**4,083,089,963**	**1,512,208,537**
ORDINARY SHARE PERFORMANCE		
Number of ordinary shares in issue	2,000	2,000
Weighted average number of shares in issue	2,000	2,000
Basic earnings per ordinary share (ZWL dollars)	(358,702.33)	20,563.92
Ordinary shareholders' equity per ordinary share (ZWL dollars)	2,400,247.30	735,540.35
FINANCIAL STATISTICS		
Retention Ratio%	42%	42%
Claims cover	26%	26%
Return on shareholders equity (%)	-18%	3%

Managing Director's Report

OUR MARKET

75% 25%

Local Regional

OUR CLIENTS

55% 45%

Direct Business Reinsurance Brokers

ECONOMIC REVIEW

Local economy

The local economic environment experienced challenges over the period under review, chief among them being exchange rates, price instability, domination of informal sector and limited investments. Real economic growth was estimated to have slumped to around 3.4% in 2022 from around 8.5% during the preceding year. Inflation is reported to have returned to triple-digit, reaching about 243.8% in December 2022, triggered by a surge in global prices among other factors. Despite the aforementioned, there were opportunities for insurance business, mainly in the construction, energy and mining sectors.

Global economy

The global economy also slowed down during the year 2022. It was however expected to record significant growth following decrease of Covid-19 infections but the global economy paid the price for the Russia – Ukraine conflict, which resulted in tightened monetary policies in most economies. Reinsurance operations are not spared when the global economy is limping as they operate in international markets. As such, Muca Re is not spared from the shocks in the global environment.

INSURANCE MARKET REVIEW

Local insurance market

The local insurance market demonstrated strength despite a turbulent environment. According to the 2022 Insurance and Pensions Commission (IPEC) report, the non-life insurance sector recorded a 57% real growth by gross premium for the year ended 31 December 2022. All classes of business recorded growth with motor and fire classes being the major drivers. The sector experienced relatively good fortunes with a market average loss ratio of 40.4% for the year 2022.

The local non-life reinsurance market recorded real growth of 59% in gross premium during the year 2022. Reinsurers retroceded more premium in 2022 as indicated by an average decreased retention ratio of 61% compared to the 65% recorded in 2021. The average loss ratio for reinsurers was at 56.9%. The average combined ratio was at 111.4% and above international average for the year. The combined ratio for local reinsurers was mainly affected by high operating expenses due to inflation.

Global Reinsurance market

The global reinsurance market experienced mixed fortunes over the year 2022. Gross premium grew by 12.1%, mainly driven by improved pricing on selected lines of business and growth in exposures. On the down side, dedicated capital is reported to have declined by 12% compared to the position in 2021 following the swings in investments. Combined ratio was favourable at 95.7% albeit the investment losses weighed down Return On Equity to around 6.8% from about 11.4% in 2021.

The international market is also coming to terms with fact that climate change is threatening business, most notably, the increase in the number of cyclones and floods. The events are also characterised by increased frequency that is expected to be the new normal. This has increased the number of catastrophic losses recorded by reinsurers. The increase in cases of war, political violence and terrorism was another blow to reinsurance operations in 2022. All these developments increase the cost of claims and hence the cost of reinsurance is expected to go up as reinsurers seek to even their positions.

OVERVIEW OF BUSINESS PERFORMANCE

Muca Reinsurance Company had a good start to their first year of trading, that is 2022. The gross premium written for the year was USD$2.1 million. Premium was generated from various sources and classes of business. The business reported positive earnings and a combined ratio was a 94%.

Our market

Muca Re generated business from both the local market and external markets. This was in line with the business' aim to diversify portfolio by geography. The local market contributed 75% of the premium while 25% was from the external markets.

Our clients

Gross premium was generated from direct cedents and reinsurance brokers. Direct business contributed about 55% of the gross premium while business through reinsurance brokers contributed 45%.

Classes of business

The premium recorded was from various classes of insurance, which include fire, engineering, motor, liabilities, construction, bonds and guarantees. Fire, engineering and construction contributed the bulk of the premiums as these are classes for which most cedents seek reinsurance capacity due to the high exposures involved.

OUTLOOK

The Zimbabwean insurance market is expected to continue on the growth trajectory despite the volatile environment. The growth is largely inflationary but real growth is also expected as there is still some potential in the untapped markets. For the global reinsurance market, experts estimate six years of underwhelming returns and an increase in catastrophic losses on the backdrop of climate change. This is likely to result in a surge in prices on the reinsurance and retrocession markets. Reinsurers are expected to seek new opportunities to diversify the property portfolio, which is the one that is most affected by catastrophic events. The casualty and specialty classes of insurance are likely to become more attractive to reinsurers in this case. On a positive note, premium for the global non-life insurance industry is expected to grow by 2.2% in 2023.

Silent Shava
Managing Director

Report of the Directors

The directors have pleasure in presenting their report, together with the audited financial statements of Muca Reinsurance Company for the year ended 31 December 2022

GOING CONCERN CONSIDERATIONS

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in existence for the foreseeable future.

The directors have assessed the ability of the company to continue operating as a going concern and have concluded that the preparation of these financial statements on a going concern basis is appropriate. However, the directors believe that under the current economic environment a continuous assessment of the ability of the company to continue to operate as a going concern shall continuously be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

CAPITAL

Authorised

The authorised capital of Muca Re remained at 2,000 shares of USD1.00 each.

Reserves

The movement in the reserves of Muca Re are shown on page 30 of these financial statements.

FINANCIAL RESULTS

The results for the year were as follows:

	Inflation Adjusted 2022 ZWL	Historical Cost 2022 ZWL
Profit/(Loss) before taxation	125,618,898	36,056,203
Income tax expense	(843,023,528)	5,071,629
Profit/(Loss) for the year	**(717,404,630)**	**41,127,832**

DIVIDENDS

In view of the Company's need to generate and preserve the available cash, the Board has seen it prudent not to declare a dividend.

DIRECTORATE

In accordance with article 107 of the Company's Articles of Association, the Shareholders shall have the right from time to time in a General Meeting to appoint one or more Directors for a definite or indefinite period, and the provisions of Article 90 - 98 of Table A shall apply to the Directors so appointed.

DIRECTORS' REMUNERATION

Non-executive directors' remuneration is subject to shareholder approval.

AUDITORS

At the forthcoming Annual General Meeting, as part of ordinary business, shareholders will be requested to approve fees for the auditors for the year ended 31 December 2022 and to appoint auditors for the ensuing year.

The current auditors, Messrs Dereflexion Consulting have been the Company's auditors since the year ended 31 December 2021. The Directors shall seek the Shareholders' indulgence for re-appointment of the auditors at the Company's Annual General Meeting (AGM).

By Order Of The Board

Tichawana Nyahuma
Company Secretary

Corporate Governance Report

The Board of Directors ("the Board") is chaired by an independent non-executive director and comprises five Non-Executive Directors (including the Chairman) and one Executive Director.

The Board enjoys a strong mix of skills and experience. It is the primary governance organ. The role of the Board is to determine overall policies, plans and strategies of the Company and to ensure that these are implemented in an ethical and professional manner.

The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans.

Special board meetings may be convened on an adhoc basis when necessary to consider issues requiring urgent attention or decision.

The Company Secretary maintains an attendance register of directors for all scheduled meetings during the year through which directors can assess their devotion of sufficient time to the Company.

The Board has overall responsibility for ensuring the integrity of the Company's accounting and financial reporting systems including the independent audit, and that appropriate systems of control, risk management and compliance with laws are in place.

To ensure effectiveness, Board members have unfettered access to information regarding the Company's operations which is available through Board meetings, Board and Management Committees as well as strategic planning workshops organised by the Company.

The Board appointments are made to ensure a variety of skills and expertise on the Board. A third of the directors are required to retire on a rotational basis each year, along with any directors appointed to the Board during the year.

Executive directors are employed under performance-driven service contracts setting out responsibilities of their particular office.

Attendance of Directors at board and committee meetings during the year ended 31 December 2022.

Directors	Board	Audit & Risk Committee	Human Resources & Remuneration Committee	Investments Committee
Christopher Mwaturura	4/4	-	-	-
Tichawana Nyahuma	4/4	-	-	-
Pedzisayi Chindotana	3/4	-	-	-
Stanley Mutenga	4/4	-	-	-
Cherylynn-Jean Watson	2/4	-	-	-

BOARD ACCOUNTABILITY AND DELEGATED FUNCTIONS

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to assess, review performance and provide guidance to management on both operational and policy issues. Each committee acts within certain written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board may take independent professional advice at the Company's expense where necessary. The Board monitors the effectiveness of controls through reviews by the Audit Committee, the Company's Internal audit function and independent assessments by the independent external auditors.

BOARD COMMITTEES

Audit Committee

The Audit Committee is chaired by a non-executive director and the independent external auditors have unrestricted access to the committee and attend all meetings. It reviews the annual financial statements, the Company's systems and controls and ensures that audit recommendations are considered and where appropriate, implemented.

Nominations and Remuneration Committee

The Human Resources and Remuneration Committee is chaired by a non-executive director and reviews remuneration levels of members of staff throughout the Company.

This Committee comprises three (3) non-executive directors. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives.

The remuneration policy is designed to reward performance, to attract, motivate and retain high calibre individuals who will contribute fully to the success of each of the businesses in which Muca Re operates. The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.

Investments Committee

It is chaired by a non-executive director. The Investments Committee comprises of three (3) non-executive directors.

The Committee reviews the finance policies and strategies used by the Company to achieve its objectives, the performance attained and the risks related thereto. The Committee also reviews and recommends to the board resolutions pertaining to the capital structure of the Company, including resolutions pertaining to dividends and debt issuance levels

FINANCIAL STATEMENTS AND MANAGEMENT REPORTING

A decentralised management structure exists with business unit management attending to the daily activities of individual business units.

Annual budgets and plans are compiled by each business unit and reviewed and agreed by the Board.

The company has a comprehensive management and financial reporting discipline, which include monthly management accounts, physical and financial expenditure controls, planned capital expenditure programmes and detailed operating budgets.

The Company maintains internal controls and systems to support these disciplines, and the results of each operation are approved by the Board. Financial progress is monitored monthly and annual forecasts are reviewed quarterly.

The annual financial statements are prepared on a going concern basis, as the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based on policies which are reasonable and prudent. The independent auditors are responsible for carrying out independent examination of the financial statements in accordance with International Standards on Auditing (ISA) and the directors accept responsibility for the preparation of and information presented in the financial statements.

OTHER CORPORATE GOVERNANCE MEASURES

Worker Participation

Worker participation and employer/employee relations are handled through regular meetings. Regular meetings ensure information dissemination, consultation and resolution of conflict areas timeously and to the benefit of all parties.

Environment

The Company adopts a responsible approach and complies with all regulatory and legislative requirements to ensure the protection and maintenance of the environment in which it operates.

Social Responsibility

The Company contributes to the social well-being of its employees and their dependents within the communities in which the Company's operations are located.

Related Party Transactions

The Company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in the Company's financial statements fairly represents their shareholding in the Company, both beneficial and indirect, interest in share options of the Company and the compensation earned from the Company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

Mr C. Mwaturura
Board Chairman

Mr S. Shava
Managing Director

Directors' Responsibility for Financial Reporting

The Company's directors are responsible for maintaining adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Company's independent external auditors, Dereflexion Consulting, have audited the financial statements and their report appears on pages 20 to 24.

The directors are required by the Companies and Other Business Entities Act [Chapter 24:31] Insurance and Pensions Commission (IPEC) and the relevant Statutory Instruments (SI 33/99 and SI 62/96) to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company at the end of the financial period and the performance and cash flows for the period.

In preparing the accompanying financial statements, International Financial Reporting Standards have been applied, reasonable, and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Company.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and to detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors have assessed the ability of the Company to continue operating as a going concern by reviewing the prospects of the company. These assessments considered the Company's financial performance for the year ended 31 December 2022, the financial position as at 31 December 2022 and the current and medium-term forecasts for the Company. Based on this background, the directors have every reason to believe that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial results were prepared on a going concern basis.

The Company's financial statements have been prepared under the supervision of Ms Chatira and have been audited in terms of section 191 of the Companies and Other Business Entities Act [Chapter 24:31].

The financial statements set out on pages 25 to 57 were approved by the Board of Directors and are signed on their behalf by:

Mr C. Mwaturura
Board Chairman

Mr S. Shava
Managing Director

Board of Directors

Christopher Mwaturura
Board Chairman

Tichawana Nyahuma
Non-Executive Director

Pedzisayi Chindotana
Non-Executive Director

Stanley Mutenga
Non-Executive Director (Advisory)

Cherylynn-Jean Watson
Non-Executive Director

Silent Shava
Managing Director

Senior Management

Silent Shava
Managing Director

Sithulisiwe Chatira
Finance

Douglas Sithole
Operations

Valerie Mugadzaweta
Compliance

AUDITOR'S REPORT & FINANCIAL STATEMENTS

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DEREFLEXION
CONSULTING Your Business Think Tank

Independent Auditor's Report

To the Members of Muca Reinsurance Company (Private) Limited

We have audited the inflation-adjusted financial statements of Muca Reinsurance Company (Private) Limited "Muca Re", and the accompanying inflation-adjusted statement of position of Muca Re (Private) Limited ('the Company') together with the inflation-adjusted financial statements, which comprise the inflation-adjusted statement of financial position as at 31 December 2022, and the inflation-adjusted statement of comprehensive income, changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 25-57.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the accompanying financial statements present fairly, in all material respects, the financial position of Muca Re as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and Insurance Act Chapter 24:07).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our Audit for the period covered the following.
Muca Re's financial statements set out on pages 26-58 comprising the following:
- the statement of financial position as at 31 December 2022
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Independence

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

Our audit approach
Audit scope
- We conducted a full-scope audit of the company's financial statements to meet statutory audit requirements.

Key audit matters identified
- Monetary adjustment
- Technical Reserving
- Revenue recognition
- Fair value measurement

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit procedures addressed the key audit matter</th></tr>
<tr><td>

Monetary adjustment

This relates to the monetary adjustment calculated in the inflation-adjusted financial statements. The monetary adjustment is accounted for in accordance with International Accounting Standard (IAS) 29, Financial Reporting in Hyperinflationary Economies.

The Company had a monetary adjustment gain of ZWL 284,614,566 for the year ended 31 December 2022.
Other than operating expenses, this is the only other movement in the statement of comprehensive income. The monetary adjustment effectively contributes to the year's comprehensive profit/ loss results.

This is the first year of applying to IAS 29. The monetary adjustment results in a quantitatively significant movement in equity as it directly affects the comprehensive profit or loss for the year.
The application of IAS 29 to determine the monetary adjustment is described in Note 3.4 to the financial statements - Hyperinflation in the financial statements.

</td><td>

We performed the following procedures to audit the monetary adjustment:

- Agreed the historical amounts for the significant balances driving the adjustments, assets, liabilities, and expenses.
- Agreed the inflation index used, the Consumer Price Index (CPI), to independent records from the Central Statistical Office.

No material exceptions were noted.

Re-performed the mathematical calculation to determine the inflation-adjusted balances.

No material differences were noted.

Recomputed the monetary adjustment made in line with the guidance in IAS 29 and compared it to the monetary adjustment in the Company's financial statements.

No material differences were noted.

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<tr><td>

Technical provisions

Significant judgements and estimates are involved in arriving at the following figures in the financial statements.

<table>
<tr><th></th><th>Historical ZWL</th><th>Inflation adjustments ZWL</th></tr>
<tr><td>Gross Outstanding claims</td><td>34,089,170</td><td>34,915,236</td></tr>
<tr><td>Provision for Incurred But Not Reported claims (IBNR)</td><td>49,629,121</td><td>55,766,071</td></tr>
<tr><td>Unearned Premium Reserve (UPR)</td><td>119,876,982</td><td>141,172,699</td></tr>
<tr><td>Claims Handling expense reserve</td><td>3,948,424</td><td>4,167,462</td></tr>
</table>

</td><td>

We performed the following procedures to assess the appropriateness of the balances and related income statement adjustments with respect to the technical provisions:

- We evaluated the independence and objectivity of the expert (actuary) in the context of the above and other relevant audit objectives.
- We evaluated the assumptions and consistency of the methods used by the expert, with particular attention paid to specific knowledge of the business and the results of other audit procedures.

No material inconsistencies were noted.

We assessed the consistency of the methods and assumptions used by the directors in determining the accounting journals passed during the year.

No material inconsistencies were noted.

Assessed the reasonableness of methods used to compute the technical reserves as follows:

- On a sample basis, we verified the accuracy and completeness of transactions used to compute the provisions by inspecting relevant supporting documentation.
- We also recalculated the provisions using rates derived from the actuarial valuation. We noted no material aspects in this regard requiring further consideration.

No material differences were noted.

We evaluated the financial statement disclosures against the requirements of IAS 37 Provisions: Contingent Liabilities and Contingent Assets, and IFRS 4: Insurance Contracts.

No material inconsistencies were noted.

</td></tr>
</table>

<table>
<tr>
<td>Revenue recognition

There is a presumed risk of material misstatement due to fraud in revenue recognition.</td>
<td>We performed the following procedures to assess the appropriateness of the related income statement transactions and insurance payables and receivables.

• A comprehensive examination through inspection of policy records, in order to determine the actual earned premium for the coverage period provided.
• We assessed the completeness of the premiums and related retrocessions recorded through policy sequence checks in the system.

No material differences were noted.

We assessed the premium rate methods used in through the following.
• On a sample basis, we verified the accuracy and completeness of individual insurance policies through recomputation of the premium and related amounts. In addition, we inspected relevant supporting documentation.
• We also compared the premiums rates determined by management against industry standards. We noted no material aspects in this regard requiring further consideration.

No material differences were noted.

We evaluated the financial statement disclosures against the IFRS 4: Insurance Contracts requirements, including the related disclosures.

No material inconsistencies were noted.</td>
</tr>
<tr>
<td>Revenue recognition

There is a presumed risk of material misstatement due to fraud in revenue recognition.

Fair value measurement

The Company had intangible assets valued at (Historical) ZWL109,493,424 on 31 December 2022. The asset relates to the FINs Re software system purchased from 18 A Technologies (India). The system was purchased in United States dollars (USD), and the values were converted to ZWL using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate.</td>
<td>We performed the following procedures to assess the appropriateness of the value ascribed to the asset.

• We inspected the relevant third-party supporting documentation to ascertain that the asset was in existence, taking note of details such as date of payment and invoicing.
• We evaluated the accounting entries and determined that these had been done correctly.
• We recomputed the ZWL balance using the official rate of the day as determined by the Reserve Bank of Zimbabwe (RBZ).

No material differences were noted.

We evaluated the financial statement disclosures against the requirements of IFRS 13: Fair Value Measurement, including the related disclosures.

No material inconsistencies were noted.</td>
</tr>
</table>

Other information

The directors are responsible for the other information contained in the financial statements. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

Going Concern Assumption

The Company's financial statements have been prepared using the going concern basis of assumption. Management is responsible for assessing the Company's ability to continue as a going concern, including whether the use of the going concern basis of accounting is appropriate.

Management is also responsible for disclosing in the financial statements a material uncertainty of which management becomes aware related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

As part of our audit, we conclude regarding the appropriateness of management's use of the going concern assumption in the preparation of the financial statements in the context of the applicable financial reporting framework. The use of the going concern basis of accounting has been assessed as appropriate.

The Company's financial statements have been prepared under the supervision of the accountant Ms. Sithulisiwe Chatira and have been audited in terms of section 191 of the Companies and Other Business Entities Act (Chapter 24:31).

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company's to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

Dereflexion

Tatenda C. Muronda
Registered Public Auditor
Partner for and on behalf of
Dereflexion Consulting Chartered Accountants (Zimbabwe)
Public Auditor Registration Number 0575

30 June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Gross written premiums	5	1,368,232,850	1,126,686,572
Premiums ceded to retrocessionaires	6	835,163,468	658,849,754
Net premiums		**533,069,382**	**467,836,818**
Net change in provision for unearned premiums		(141,172,699)	(119,876,982)
Net insurance premium income		391,896,683	347,959,836
Net fee and commission paid	7	(103,910,801)	(95,249,815)
Investment income	8	42,195,463	29,039,411
Total revenue		**330,181,345**	**281,749,432**
Gross claims paid		(24,750,767)	(23,762,251)
Claims ceded to retrocessionaires		408,125	259,907
Gross change in insurance liabilities	9	(39,082,700)	(38,037,595)
Change in insurance liabilities ceded to retrocessionaires	9	22,092,790	21,570,093
Change in incurred but not reported claims		(55,766,071)	(49,629,121)
Net claims		**(97,098,622)**	**(89,598,968)**
Finance costs		(2,882,209)	(2,720,526)
Other operating and administration expenses	10	(273,347,245)	(153,373,736)
Net Monetary gain/ (loss)		168,765,630	-
Total expenses		**(204,562,447)**	**(245,693,229)**
Profit/ (Loss) before tax		**125,618,898**	**36,056,203**
Taxation	11	(843,023,528)	5,071,629
Profit/(Loss) for the year		**(717,404,630)**	**41,127,832**

**The above statement of profit and loss and other income should be read in conjuction with the accompanying notes.*

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Assets			
Property, plant and equipment	12	4,857,162,342	1,418,779,358
Intangible assets	13	109,493,424	109,493,424
Held to maturity financial assets	14	59,196,712	59,196,712
Trade & other receivables	15	726,548,434	726,548,434
Insurance receivables	16	22,500,915	21,830,000
Deferred Tax Asset	17	-	32,817,052
Deferred acquisition costs		38,572,259	29,820,091
Cash and cash equivalents	18	13,668,816	13,668,816
Total assets		**5,827,142,902**	**2,412,153,886**
Equity			
Share capital		4,800,494,593	1,471,080,705
Retained earnings		(717,404,630)	41,127,832
Total equity		**4,083,089,963**	**1,512,208,537**
Liabilities			
Deferred tax Liability	19	815,278,106	-
Technical liabilities	20	236,021,470	207,543,699
Provisions	21	4,916,318	4,564,605
Trade and other liabilities	22	672,124,760	672,124,760
Accruals	23	15,712,286	15,712,286
Total liabilities		**1,744,052,939**	**899,945,349**
Total equity and liabilities		**5,827,142,902**	**2,412,153,886**

**The above statement of financial position should be read in conjuction with the accompanying notes.*

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	INFLATION ADJUSTED 2022 ZWL EQUITY TOTAL
Shareholders' equity at beginning of year	4,800,494,593	-	-	4,800,494,593
Changes in equity arising in the year	-	-		-
Profit/(loss) for the financial year	-	-	(717,404,630)	
Total comprehensive income	-	-	(717,404,630)	(717,404,630)
Shareholders' equity at end of year	**4,800,494,593**	**-**	**(717,404,630)**	**4,083,089,963**

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	HISTORICAL 2022 ZWL EQUITY TOTAL
Shareholders' equity at beginning of year	1,471,080,705	-		1,471,080,705
Changes in equity arising in the year	-	-	-	-
Profit/(loss) for the financial year	-	-	41,127,832	41,127,832
Total comprehensive income	-	-	41,127,832	41,127,832
Shareholders' equity at end of year	**1,471,080,705**	**-**	**41,127,832**	**1,512,208,537**

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Profit/(loss) per I/S		**(717,404,630)**	**41,127,832**
Adjustments for:			
Depreciation		109,987,732	32,356,854
Investment Income			-
Other non-cash items			
Cash from Operations Before WC		**(607,416,897)**	**73,484,686**
Working Capital Changes		722,545,188	(58,681,028)
Net cash from operating activities		**115,128,291**	**14,803,657**
Investing activities			
Disposal of subsidiary			
Acquisition of investment in an associate			
Purchases of assets		(2,994,338)	(1,266,494)
Acquisition of subsidiary			
Net cash used in investing activities		**(2,994,338)**	**(1,266,494)**
Financing activities			
Dividends paid		-	-
Repayments of borrowings		-	-
Proceeds on issue of shares		-	-
New bank loans raised		-	-
Increaset(decrease) in bank overdrafts		-	-
Net cash (used in)/from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**112,133,953**	**13,537,163**
cash and cash equivalents at beginning of year		**195,898**	**195,898**
Effect of foreign exchange rate changes on cash and cash equivalents	-	-	
Cash and cash equivalents at end of year		**112,329,851**	**13,733,061**

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL DISCLOSURES

1.1 Country of Incorporation and Main Activities
MUCA Re was registered in 2021 as a reinsurer residing in Zimbabwe at 31 Airport Road, Hatfield in Harare. The company is licensed to do non-life reinsurance. The principal activities of the company is the in provision of reinsurance security in all classes of general insurance and also offer support services to its clients, who are primarily insurance companies and insurance brokers. These support services include risk management support, training, and portfolio analysis.

1.2 Basis of Preparation
(i) Compliance to relevant regulations
The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The company is presenting its financial statements for the first time and there is no comparative information available. These financial statements for the year ended 31 December 2022 are the first the company has prepared in accordance with IFRS.

1.3 Functional and presentation currency
These financial statements are presented in Zimbabwe Dollars (ZWL) which is the functional and presentation currency of the Company as this is the currency of the primary economic environment in which the Company operate.

As a result of changes announced by the monetary authorities in 2019, the Directors assessed as required by IAS 21 and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether the use of US$ as functional currency remained appropriate, the directors concluded that the use of the company's functional currency became ZWL.

The company complied with all relevant statutory instruments and Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) in the financial statements preparation in historical cost purposes in that all foreign currency transactions during the year were translated using the Reserve Bank of Zimbabwe Auction rate. The Auction rate as at 31 December was USD 1: ZWL 684.3339

All transactions in currencies other than the ZWL post the date of change in functional currency were translated in accordance with IAS 21 at the applicable official interbank rate. The Company translated the statement of financial position at 31 Decemberr at a rate of US$1 to ZWL 684.3339.

1.4 Borrowing powers
The directors may, at their discretion, borrow an amount equal or double the aggregate of shareholders' funds of the Company.

1.5 Preparer of financial statements
These financial statements have been prepared under the supervision of Ms S Chatira and have been audited in terms of section 29(1) of the Companies and Other Business Entities Act (Chapter 24:31).

1.6 Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1.6 Current versus non-current classification (continued)
All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.1 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PPE), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Effective date of adoption
The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for first-time adopters.

2.2 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Effective date of adoption
The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

This standard had no significant impact on the financial statements of the company.

2.3 IFRS 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.

Effective date of adoption
The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022.[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]. Effective January 1, 2021. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2.4 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

This standard had no significant impact on the financial statements of the company.

Effective date of adoption

Effective for annual periods beginning on or after 1 January 2023.

2.5 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Replacement of the term 'significant' with 'material' In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard. Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

2.6 Definition of Accounting Estimates - Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

The above standards had no significant impact on the financial statements of the company.

2.7 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Effective date of adoption

Effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the sellerlessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2.7 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (continued)

Effective date of adoption (continued)
does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS), as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation
The financial statements have been prepared based on statutory records which are maintained on a historical cost basis,except for financial instruments and financial assets that have been measured at fair value and have been adjusted to reflect the effects of the application of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" as more fully described on Note 3.4. Historical cost financial statements are presented in compliance with the requirements of the Companies and Other Business Act (Chapter 24:03).The financial statements are presented in Zimbabwean dollars.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, and in accordance with the guidance provided by IFRS13, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs, other than quoted prices included within level 1, that are observable for the asset or liability directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

3.3 Going concern
The directors have assessed the ability of the Company to continue as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate.

3.4 Hyperinflation
On 11 October 2019, the Public Accountants and Auditors Board (PAAB) announced that the requisite economic factors and characteristics necessary for the application of IAS 29 in Zimbabwe had been met. This pronouncement applies to reporting for financial periods ending on or after 1 July 2019. This is the first year of application of IAS 29.

The financial statements prepared on the historical cost basis have been adjusted to fully comply with IFRS; these adjustments include the restatement of current financial information to comply with IAS 29 which requires that financial statements be prepared and presented in terms of the measuring unit current at the reporting date ,there is no comparative information being restated in the same manner because this is the first year of presenting financial statements . The restatements to cater

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3.4 Hyperinflation (continued)

for the changes in the General Purchasing Power of the Zimbabwean Dollar (ZWL) are based on indices and conversion factors derived from the Consumer Price Index (CPI) compiled by the Central Statistical Office, which are shown below:

Month	2022 Monthly Indices	2022 Conversion Factors
January	4,189.97	3.26
February	4,483.06	3.05
March	4,766.10	2.87
April	5,507.11	2.48
May	6,662.17	2.05
June	8,707.35	1.57
July	10,932.83	1.25
August	12,286.26	1.11
September	12,713.12	1.08
October	13,113.95	1.04
November	13,349.42	1.02
December	13,672.91	1.00

Upon applying the hyperinflation procedures stated above to the financial information of the Company the following monetary (losses)/gains arose: Company ZWL gain(loss)). The monetary (loss)/gain for the Company was derived as the difference between the amounts reported for historical cost purposes and the result from the restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of index-linked items to year end purchasing power. The monetary (loss)/gain has been included in the Statements of profit or loss and other comprehensive income.

3.5 Foreign Curencies

The financial statements of a company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company is expressed in zwl, which is the functional currency of the company, and the presentation currency for the financial statements. In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise except when they relate to items for which gains and losses are recognised in equity.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Company's foreign currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

3.6 Insurance product classification

The Company's products are classified at inception, for accounting purposes, as either insurance contracts or investment contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to make significant additional benefits in any scenario, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3.6 Insurance product classification (continued)

That are contractually based on:

- The performance of a specified pool of contracts or a specified type of contract
- Realised and/or unrealised investment returns on a specified pool of assets held by the issuer
- The profit or loss of the company, fund or other entity that issues the contract
- Investment contracts are contracts that carry financial risk with no significant insurance risk.

3.7 Revenue Recognition

3.7.1 Premiums

3.7.1.1 Gross premiums

For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned premiums are those proportions of the premium which relate to periods of risk after the balance sheet date. Unearned premiums are calculated on the basis of the estimated risk profile of the business written.

Written premiums for non life insurance contracts Premiums are stated gross of commission and exclusive of taxes and duties levied on premiums.

3.7.2 Retrocession Premiums

Contracts entered into by the company with retrocessionaires under which the company is compensated for losses which meet the classification requirement for insurance contracts are classified as retrocession contracts held. Premiums and losses ceded to retrocessionniares are reported as reduction in gross premium and claims incurred.

3.7.3 Fee and commission income

Fee and commission income consists primarily of investment contract fee income, retrocession and profit commissions, asset management fees, policyholder administration fees and other contract fees. Front end fees on investment contracts with no discretionary participating features are recognised as income when investment management services are rendered over the estimated life of the contracts. Reinsurance commissions receivable are deferred in the same way as acquisition costs.

All other fee and commission income is recognised as the services are provided.

3.7.4 Investment returns

Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

3.7.5 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3.7.6 Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.7.7 Rental income
Rental income is recognised on an accruals basis.

3.7.8 Realised gains and losses
The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

3.7.9 Unrealised gains and losses
Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses inrespect of disposals during the year.

3.7.10 Benefits and claims
Gross benefits and claims consists of benefits and claims paid to policyholders, changes in the valuation of the liabilities arising on policyholder contracts and internal and external claims handling expenses, net of salvage and subrogation recoveries. Non-life insurance claims are recognised upon notification. Maturities and annuities are recognised when due. Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

3.8 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

3.8.1 Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The total tax expense includes tax in respect of Zimbabwe life policyholders' returns and the Company has disclosed this separately. The tax charge in respect of policyholders' returns reflects the movement in current and deferred tax.

3.8.2 Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3.8.2 Deferred tax (continued)
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.9 Other intangible assets and insurance intangible assets
Software expenditure
An intangible asset arises from the purchase of software. Acquired intangible assets are measured on initial recognition at cost. The company recognizes an intangible asset if , and only if it is probable that the future economic benefits that are attributable will flow to the entity and the cost of the asset can be measured reliably. The useful lives of intangible assets are assessed to be finite.

The intangible asset is amortised on a straight-line basis over their useful lives (5 years). Amortisation method, useful values and residual values are to be reviewed at each reporting date, and adjusted prospectively, if appropriate.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

3.10 Property, plant and equipment
Items of property and equipment are measured at cost less accumulated depreciation. Cost include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The gains or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

Freehold land is not depreciated.

Vehicles, fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognized in the profit and loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment since this mostly closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation on the assets is calculated on a straight line basis over the useful life of the asset, as follows:

Computer hardware	25%	-	Estimated life 4 years
Vehicles	25%	-	Estimated life 5 years
Fixtures and equipment	30%	-	Estimated life 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
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3.11 Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less any accumulated depreciation . Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

3.12 Impairment of tangible and intangible assets
At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Financial instruments
Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

3.13.1 Financial assets
Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. In general, the Company uses the FVTPL category because the Company's risk management strategy is to manage its investments on the same basis as it's insurance and investment contract liabilities (i.e. at fair value).

3.13.2 Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3.13.2 Effective interest method (continued)
Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL. The Company chooses not to disclose the effective interest rate for debt instruments that are classified as at fair value through profit or loss.

3.13.3 Financial assets at FVTPL
Financial assets classified as at FVTPL are where the financial asset is either held for trading or it is designated as at FVTPL at inception.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a rece
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in income. The net gain or loss recognised in income incorporates any dividend or interest earned on the financial asset.

Fair value is determined in the manner described in this note below.

3.13.4 Held-to-maturity investments
Held-to-maturity investments are those with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity and are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

3.13.5 Available-for-sale financial assets
Available-for-sale financial assets include listed shares and redeemable notes that are traded in an active market and non-derivative financial assets that are either designated in this category or not classified as any other category and are stated at fair value. Fair value is determined in the manner described in this note below. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS
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3.13.6 Loans and receivables
Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.13.7 Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3.13.8 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.13.9 Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.13.10 Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

3.13.11 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3.13.12 Financial guarantee contract liabilities
Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of the expected receivable or liability under the guarantee and the amount initially recognised less, where appropriate, cumulative amortisation.

3.13.13 Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3.13.13 Financial liabilities (continued)
A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of disposal in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Fair value is determined in the manner described below.
The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Net asset value attributable to unit-holders and liabilities for investment contracts without DPF are designated as financial liabilities at FVTPL.

3.13.14 Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

3.15.1.3 Liability adequacy
At each reporting date the Company performs a liability adequacy test on its insurance liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provisions or recognising a provision for unexpired risks. The unexpired risks provision is assessed in aggregate for business classes which are managed together.

3.16 Non-life insurance contract liabilities
Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

NOTES TO THE FINANCIAL STATEMENTS
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3.17 Unearned premium reserve
The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in with the 365th method to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for premium deficiency.

Where such business is reinsured the reinsurers' share is carried forward as deferred income. Deferred acquisition costs and deferred origination costs are amortised systematically over the life of the contracts and tested for impairment at each balance sheet date. Any amount not recoverable is expensed. They are derecognised when the related contracts are settled or disposed of.

3.18 Retrocession
The Company enters into retrocession contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised in the income statement when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance or investment contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

Reinsurance contracts that principally transfer financial risk are accounted for directly through the balance sheet as financial instruments (see note 3.13) and are not included in reinsurance assets or liabilities but designated to be financial instruments at fair value through profit or loss. A deposit asset or liability is recognised based on the consideration paid or received less any explicitly identified premiums or fees to be retained by the ceding company.

3.19 Insurance receivables and payables
Receivables and payables arising under insurance contracts are recognised when due and measured at amortised cost. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted. Insurance payables are recognised when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS
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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Product classification and contract liabilities

The Company's non-life insurance contracts and investment contracts with discretionary participation features are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied IFRS. Contracts classified as investment contracts without discretionary participation features are accounted for under the requirements of IAS 39.

4.1.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2 Valuation of liabilities of non-life insurance contracts

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the balance sheet date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Company uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. The carrying amount for non-life insurance contract liabilities at the balance sheet date is ZWL207,543,698.60

4.3 Fair value of financial instruments using valuation techniques

The directors use their judgement in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. GROSS WRITTEN PREMIUMS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Treaty	117,938,037	91,616,225
Facultative	1,250,294,813	1,035,070,347
	1,368,232,850	**1,126,686,572**

6. RETROCESSIONAIRES' SHARE OF GROSS WRITTEN PREMIUMS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Retrocession - Fac	689,504,103	542,655,295
Retrocession - Treaty	145,659,365	116,194,459
	835,163,468	**658,849,754**

7. FEE AND COMMISSION INCOME

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Commission/fees received	244,858,779	203,132,936
Commission/fees paid	387,341,839	328,202,842
Commission /fees deferred/DAC	38,572,259	29,820,091
	(103,910,801)	**(95,249,815)**

8. INVESTMENT RETURN

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Investment income	**42,195,463**	**29,039,411**
Investments with Ecobank	22,955,172	15,798,017
Investments with Nurture Asset Management	19,240,291	13,241,393
Interest received	-	-
	42,195,463	**29,039,411**

9A. NET CHANGE IN INSURANCE LIABILITIES

The net outstanding loss reserve consist of gross outstanding claims reported in 2022 and the corresponding recoveries from our retrocessionaires on the reported claims

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Gross Outstanding claims	34,915,237	34,089,170
Claims Handling expense provision	4,167,463	3,948,425
Gross Change in Insurance Liabilities	**39,082,700**	**38,037,595**
Outstanding claims recoveries	22,092,790	21,570,093
Net Change in Insurance Liabilities	**16,989,909**	**16,467,502**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9B. IMPAIRMENT ALLOWANCE - PREMIUM DEBTORS

DAYS	0-30 ZWL	31-60 ZWL	61 - 90 ZWL	91-120 ZWL	OVER 120 DAYS ZWL	TOTAL ZWL
Gross Debtors	37,953,713	338,880,436	88,363,878	118,874,203	135,441,077	**719,513,306**
Less premiums not yet due	(37,953,713)	(137,193,627)	-	-	-	**(175,147,340)**
Less fronted policies - credit risk with reinsurer	-	(73,893,980)	(57,200.55)	(67,463,833)	-	**(141,415,014)**
Net Debtors	(0.00)	127,792,828	88,306,677	51,410,370	135,441,077	**402,950,952**
Discount rates based on perfomance of receivables plus elevated 1% credit risk	6%	7%	8%	12%	12%	
Impairment allowance	(0)	8,945,498	7,367,169	6,320,732	16,880,350	**39,513,749**
Adjust for unearned premium reseve	92%	84%	75%	67%	51%	
Debtors in unearned premium reserve	(0)	7,475,005	5,550,607	4,242,683	8,555,794	**25,824,089**
Adjust for Reinsurance	(0)	1,719,251	1,165,627	1,187,951	4,106,781	**8,179,611**
						34,003,700
	0.00	7,226,247	6,201,542	5,132,781	12,773,569	**31,334,138**

9C. RECONCILIATIONS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Opening balance	-	-
Impairment allowances as per computation	39,513,749	39,513,749
Adjustment for unearned premium reserve	(25,824,089)	(25,824,089)
Adjustment for reinsurance	(8,179,611)	(8,179,611)
Closing balance	**5,510,049**	**5,510,049**

10. OTHER OPERATING AND ADMINISTRATION EXPENSES

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Staff costs	42,429,927	30,931,013
Travel	1,553,214	1,132,205
Marketing and public relations	15,115,853	11,019,240
Office costs	21,886,353	15,954,943
Professional fees	28,009,428	20,418,607
Communication costs	2,709,441	1,975,084
Motor vehicle costs	29,478,770	21,489,670
Other costs	13,728,379	10,007,858
Depreciation	109,987,732	32,356,854
Management fees	4,916,472	4,564,585
Exchange gain	(1,978,373)	(1,986,373)
Expected credit loss	5,510,049	5,510,049
	273,347,245	**153,373,736**

NOTES TO THE FINANCIAL STATEMENTS
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11. TAXATION

Below is an analysis of the company's income tax expense which. It also explains significant estimates made in relation to the company's tax position.

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Current tax	(27,745,422)	(27,745,422)
Deferred tax (Note 17)	(815,278,106)	32,817,052
	(843,023,528)	5,071,629
Loss as at 1/1/2023		(41,938,405)
Profit before tax		36,056,203
Reconciliation of income tax expense for the year:	8,913,093	
Notional tax at statutory rates	**24.72%**	
Adjustments relating to:		
Depreciation	32,356,854	
Net Increase in outstanding losses	12,259,170	
Increase in IBNR	49,629,121	
Movement in Unearned premium reserve	119,876,982	
Disallowable tax - IMTT - 2%	2,720,526	
Impairment Allowance	5,510,049	
Deferred acquisition costs	29,820,091	
Interest on money market investments	29,039,411	
Prior year prepayments	2,383,613	
Exchange gains	1,986,373	
Wear and tear allowance	41,002,248	
	-	112,238,764
Actual income tax expense	(843,023,528)	5,071,629

The tax expense represents the sum of the tax currently payable and deferred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Depreciation

Depreciation is recognized in the profit and loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment since this mostly closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation on the assets is calculated on a straight line basis over the useful life of the asset, as follows:

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
	Depreciation Rate	Estimated Useful Life
Asset Catecory		
COMPUTER HARDWARE	25%	4 YEARS
FURNITURE AND FITTINGS	10%	10 YEARS
MOTOR	25%	5 YEARS

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Computer and Equipment		
At cost	13,550,928	5,782,429
Accumulated depreciation	1,640,150	807,674
Net carrying amount	11,910,778	4,974,755
Fixtures and Fittings		
At cost	652,842	307,950
Accumulated depreciation and impairment	21,761	10,265
Net carrying amount	631,080	297,685
Office Equipment		
At cost	1,169,885	526,936
Accumulated depreciation	38,996	21,933
Net carrying amount	1,130,888	505,004
Motor vehicles		
At cost	30,564,411	13,344,506
Accumulated depreciation	3,792,603	1,561,201
Net carrying amount	26,771,809	11,783,305
Investment Property		
At Cost	4,923,711,181	1,432,308,969
Accumulated depreciation -	-	
Net carrying amount	4,923,711,181	1,432,308,969

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12.1 Depreciation (continued)

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Total property, plant and equipment		
At cost	4,969,649,247	1,452,270,790
Accumulated depreciation and impairment	5,493,510	2,401,073
Net carrying amount	4,964,155,737	1,449,869,718
Additions at cost		
Computer and Equipment	712,232	640,008
Fixtures and Fittings	2,282,107	626,486
Investment Property	-	-
Office Equipment	-	-
Motor vehicles	-	-
Total additions	2,994,338	1,266,494
Depreciation for the year		
Computer and Equipment	3,461,923	1,364,884
Fixtures and Fittings	293,495	94,908
Office Equipment	116,988	48,252
Investment property	98,474,224	28,646,179
Motor vehicles	7,641,103	2,202,630
	109,987,732	32,356,854
Carrying amount at end of the period	**4,857,162,342**	**1,418,779,358**

13. OTHER INTANGIBLE ASSETS AND INSURANCE INTANGIBLE ASSETS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Carrying amount at beginning of year	109,493,424	109,493,424
Additions	-	-
Amortisation	-	-
Reclassification	-	-
Carrying amount at end of year	**109,493,424**	**109,493,424**
Cost/Valuation	-	-
Accumulated amortisation	-	-
Carrying amount at end of year	**109,493,424**	**109,493,424**

Intangible assets comprise of right of use of software licences.

Intangible asset relates to FINs Re software system purchased from 18 A technologies (India), which was still under implementation by the end of the year 2022. It is a requirement by the regulator (IPEC) for a Reinsurance company to have a reinsurance system. The total cost of the system is USD160,000.00.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. HELD TO MATURITY FINANCIAL ASSETS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Fair value		
Government bonds		
Investment in government bonds	4,196,712	4,196,712
Short-term money market investments	55,000,000	55,000,000
Total held to maturity at fair value	59,196,712	59,196,712

15. TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Intergroup receivables	3,528,783	3,528,783
Premium receivables (Note 15.1)	714,003,257	714,003,257
Accrued Interest - Short Term invesments	9,016,393	9,016,393
	726,548,433	**726,548,433**

15.1 Premium receivables aging

	ZWL
0-30 Days	37,953,713
31-60 Days	338,880,436
61-90 Days	88,363,878
91-120 Days	118,874,203
121-180 Days	72,984,863
181-270 Days	62,456,214
271-365 Days	-
Impairment	(5,510,049)
Total	714,003,257

16. INSURANCE RECEIVABLES

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Retrocession recoveries	22,500,915	21,830,000
	22,500,915	**21,830,000**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. DEFERRED TAX ASSET

DEFERRED TAX COMPUTATION - HISTORICAL

Assets	Carrying Amount	Tax Base	Temporary Diff	Defrred Asset/ (Liability)
FY 2021				
PPE	3,129,746	2,604,220	(525,526)	(129,910)
	-	-	-	-
FY 2022				
PPE	1,418,779,358	1,407,809,349	(10,970,009)	(2,711,786)
Provisions	4,564,585		4,564,585	1,128,365
Unearned Premium Reserve	119,876,982		119,876,982	29,633,590
Incurred but not reported claims	49,629,121		49,629,121	12,268,319
Deferred Acquisition costs	29,820,091		(29,820,091)	(7,371,526)
				32,817,052

18. CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Ecobank Main	10,597,568	10,597,568.47
Ecobank Nostro	2,797,270	2,797,270
Ecobank card Account	23,416	23,416
Ecobank operational Account	96	96
Cash Control Account	250,466	250,466
	13,668,816	13,668,816

19. DEFERRED TAX LIABILITY

DEFERRED TAX COMPUTATION - HYPERINFLATION

Assets	Carrying Amount	Tax Base	Temporary Diff	Defrred Asset/ (Liability)
FY 2021				
PPE	3,129,746	2,604,220	(525,526)	(129,909.94)
	-	-	-	-
FY 2022				
PPE	4,857,162,342	1,407,809,349	(3,449,352,993)	(852,680,060)
Provisions	4,916,318		4,916,318	1,215,314
Unearned Premium Reserve	121,537,216		121,537,216	30,044,000
Incurred but not reported claims	55,766,071		55,766,071	13,785,373
Deferred Acquisition costs	30,391,676		(30,391,676)	(7,512,822)
				(815,278,106)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. TECHNICAL LIABILITIES

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Gross Outstanding claims	34,915,237	34,089,170
Provision for IBNR claims (IBNR)	55,766,071	49,629,121
Unearned Premium Reserve (UPR)	141,172,699	119,876,982
Claims Handling expense reserve	4,167,463	3,948,425
	236,021,470	207,543,699

21. PROVISIONS

Provisions are made for management fees, calculated as 5% of the net profit for the period.

22. TRADE AND OTHER LIABILITIES

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Other payables		
18A Technologies (software system)	89,616,215	89,616,215
Sundry Creditor Accrued Expenses	6,440,976	6,440,976
ZIMRA PAYE	985,543	985,543
Salary pension contribution	401,565	401,565
Salary items for transfer	308,881	308,881
22.1 Trade payables	459,049,393	459,049,393
Intergroup payables	87,576,763	87,576,763
Provision for taxation (Note 22.1.1)	27,745,422	27,745,422
	672,124,760	672,124,760

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22.1.1 Provision for taxation

	ZWL
Loss as at 1/1/2023	(41,938,405)
Profit before Tax	36,056,203
Add:	
Depreciation	32,356,854
Net Increase in outstanding losses	12,259,170
Increase in IBNR	49,629,121
Movement in Unearned premium reserve	119,876,982
Disallowable tax - IMTT - 2%	2,720,526
Impairment Allowance	5,510,049
Less:	
Recoupment of lease payments	-
Decrease in general provision for doubtful debts	-
Fair value adjustments	-
Interest on money market investments	(29,039,411)
Capital allowances: intangible assets	-
Deferred acquisition costs	(29,820,091)
Prior year prepayments	(2,383,613)
Exchange gains	(1,986,373)
Special initial allowance	-
Wear and tear allowance	(41,002,248)
Recoupment	-
Taxable income/(loss) for the year	112,238,764
Taxation at 24.0%	26,937,303
3% Aids levy on tax of 24%	808,119
Tax payable	**27,745,422**

23. ACCRUALS

	INFLATION ADJUSTED 2022 ZWL	HISTORICAL 2022 ZWL
Rentals	12,317,994	12,317,994
Audit fees	3,394,292	3,394,292
	15,712,286	15,712,286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern and comply with the regulators' capital requirements of the markets in which the company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders , comprising of issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management. Other capital such as subordinated debt, preference shares and borrowings are also considered by the Company.

The Company measures its capital using an economic capital model which is the Company's own assessment of the amount of capital it needs to hold and takes into account both financial and non-financial assumptions. The economic capital is used within the FSA's requirement on Individual Capital Assessment (ICA).

The Company is subject to externally imposed capital requirements in all the countries in which it issues insurance and investment contracts. In most cases the required capital is determined by the application of percentages to premiums, claims, reserves and expenses. The Company fully complied with all externally imposed capital requirements throughout the year.

There were no changes made to the capital base nor to the objectives, policies and processes for managing capital. The table below sets out the capital that is managed by the Company on an IFRS and regulatory basis.

	HISTORICAL 2022 ZWL
Debt (i)	87,576,763
Cash and bank balances	13,668,816
Net debt	101,245,579
Equity (ii)	1,512,208,537

Capital resources on a regulatory basis
(i) Debt is defined as long and short-term borrowings and lease liabilities.
(ii) Equity includes all capital and reserves of the Company that are managed as capital.

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

25. FINANCIAL RISK MANAGEMENT

The Company's risk management is predominantly controlled by the company finance function under policies approved by the Board of Directors. Company finance identifies and evaluates financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments , and investment of excess liquidity.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's future financial performance. The primary objective of the financial risk management function are to establish risk limits and to ensure that risk stays within limits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25.1 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Ultimate responsibility for market risk management rests with the Board of Directors, which has built an appropriate market risk management framework and the market risks are managed through observation of market trends in various factors noted below within approved monetary and exchange control authority parameters.

Market 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. The company's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

25.2 Foreign Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved exchange control policy parameters.

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The company enters into purchase agreements with foreign entities and is subject to risk from fluctuations in exchange rates. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the United States dollar.

The primary currency giving rise to this risk is the Zimbabwe Dollar following the Mid-Term Monetary Policy issued in August 2020.

The company does not hedge any of its trade receivables and trade payables that are denominated in foreign currency. Estimated foreign currency exposures in respect of sales and purchases over the following twelve months are also not hedged. Forward exchange contracts are not available in Zimbabwe to enable the hedging of foreign currency risk. Currency risk is, however, managed by ensuring, as far as possible, that available foreign currency denominated liquid assets are reserved for the payment of foreign currency denominated liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets at the reporting date are as follows:

MONETARY ASSETS

	HISTORICAL 2022 ZWL
US$ - denominted cash and cash equivalents reported in ZWL	4,454

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25.3 Interest rate risk
Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it might invest in long term debt at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by limited use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Interest rate risk also exists in products sold by the Company. The Company manages this risk by adopting close asset/ liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements.

25.4 Price risk
Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer on factors affecting all financial instruments traded in the market. The trading environment has been characterised by liquidity challenges. Costs of inputs and manpower however, assume a rising trend resulting in the need to set competitive selling prices. Potential customer resistance to high prices and the reduction in sales transaction volumes are potential risks. This risk is mitigated by the fact the company agrees prices with clients before hand. Prices are affected mostly by factors such as quality.
The company does not hold any equity security hence it is not affected by fluctuations in equity securities and thus bears no significant exposure to price risk.

25.5 Credit risk
Reinsurance credit risk is the risk of the reinsurance counterparty failing to pay reinsurance recoveries in full to the ceding insurer in a timely manner, or even not paying them at all. In a wide sense it is the part of company's overall credit risk. To mitigate this the company adopted a policy of dealing with only creditworthy counterparts. Credit exposure is controlled by counterparty limits that are reviewed and approved regularly. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

	HISTORICAL 2022 ZWL
Net Trade Receivables	719,513,306
Cash at bank	13,668,816
	733,182,122

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

25.6 Liquidity risk
Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.

The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company is exposed to liquidity risk arising from clients on its insurance and investment contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25.6 Liquidity risk (continued)

Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims, surrenders,withdrawals and maturing liabilities. In practice, most of the Company's assets are marketable securities which could be converted in to cash when required.

26. INSURANCE RISK MANAGEMENT

The Company accepts insurance risk through its insurance contracts and certain investments contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

26.1 Non-life insurance

The Company writes property, liability and motor risks primarily over a twelve month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios.

27. RELATED PARTY DISCLOSURES

27.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	HISTORICAL 2022 ZWL
Short-term benefits	54,991,492
	54,991,492

**31 December 2022 is the company's first year of trading hence no comparative information was included.*

The remuneration of directors and key executives is determined by the Human Resources and Remuneration Committee having regards to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

28. DEFINED CONTRIBUTION PLANS

The employees of the Company are also members of a State-managed retirement benefit plan operated by the National Social Security Authority (NSSA). The Company is required to contribute a specified percentage of basic pay to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

29. GOING CONCERN

The Directors of the Company have reviewed the financial performance of the company and the related national and global economic and political orders on the business. They have also performed an overall assessment of the ability of the Company to continue operating as a going concern by reviewing the prospects of the Company. These assessments considered the Company's financial performance for the period ended 31 December 2022, the financial position as at 31 December 2022 and the current and medium term forecasts for the Company Based on this background, the Directors have every reason to believe that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial results were prepared on a going concern basis.

30. EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting date.

NOTES

NOTES

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