



Old Mutual Investment Group Zimbabwe (Private) Limited
(Registration number 39156/2008)
Financial statements
for the year ended 31 December 2019

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KPMG Chartered
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Registered office:

Mutual Gardens
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Harare
Zimbabwe

Registration no.:

39156/2008

Preparation supervised by:

Tinashe Chingonzo

Statement of Directors' responsibilities

The directors are responsible for the preparation and fair presentation of the financial statements of Old Mutual Investment Group Zimbabwe (Private) Limited, comprising the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zimbabwe (Chapter 24:03), and the Asset Management Act (Chapter 24:26).

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

The directors have reviewed the company's cash flow forecast for the year to 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

The full year financial statements of Old Mutual Investment Group Zimbabwe (Private) Limited, as identified in the first paragraph, were approved by the board of directors on 31 March 2020 and signed by:



Dr K Mandevani
Chairman

06 April 2020



M Mayida
Managing Director

06 April 2020

Directors' report

The directors of Old Mutual Investment Group Zimbabwe (Private) Limited (the Company) have pleasure in submitting their report on the financial statements for the year ended 31 December 2019.

Business activities

Old Mutual Investment Group Zimbabwe (Private) Limited is a registered asset management company whose main business is the management of wholesale investment funds, mostly retirement funds as well as administration and management of unit trusts. There have been no material changes to the nature of the company's business from the prior year.

Financial highlights

The operating results and financial position of the Company are set out in the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes.

The Company recorded a loss before tax of ZWL\$ 32 million inflation adjusted, lower than ZWL72.9 million inflation adjusted for the prior year. Loss after tax was ZWL\$36.3 million compared to profit ZWL\$48.5 million in inflation adjusted terms.

Going concern

The company incurred a net loss for the year ended 31 December 2019 of ZWL\$36.3 million, inflation adjusted, emanating from an exchange loss arising from foreign currency denominated liabilities. As of that date its current liabilities exceeded its current assets by ZWL\$6,669,741, historical basis, and its total assets exceeded its total liabilities by ZWL\$28,408,165, historical basis. This in turn triggered some going concern issues the assessment of which is discussed on note 29.

To add on top of this Zimbabwe has been affected by the COVID-19 disease which has been declared as a global pandemic by the World Health Organisation (WHO) on 11 March 2020. Given that this disease has been declared a global pandemic by the World Health Organisation, the directors have found it prudent to add additional disclosure in the financial statements on the possible impact to the business as detailed in Note 25. The significant doubt associated with current uncertainties related to COVID 19 virus currently does not result in a material uncertainty related to events or conditions that may cast doubt on the entity's ability to continue as a going concern. However, considering the nature of the uncertainties, note 25 discloses that potential areas of short to medium term risk for the business include: (a) Cashflow challenges may force clients to reduce investments thereby affecting net client cashflows, (b) Cash outflows from managed funds may increase as clients seek to cover liquidity needs due to the business lockdown, or a longer lasting economic down-turn, (c) Reduced business activity on the part of our clients may lead to defaults on contractual rental payments in the property business, thereby affecting valuation, and (d) There could be selling pressure on the stock market which may drive the value of listed equities down, negatively impacting on funds under management, asset management fees, brokerage fees, as well as levels of capital held by the business, given the levels of exposure to the ZSE.

Compliance with legislation

These financial statements which have been prepared on an inflation adjusted basis are based on the application of inflation indices on underlying accounting records which were maintained on the Unaudited Historical cost convention (except for fair value measurement where applicable) are in agreement with the underlying books and records, have been properly prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies Act (Chapter 24:03). The company is also regulated by the Asset Management Act (Chapter 24:26) and the Securities Act (Chapter 24:25) of Zimbabwe. IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Compliance with IFRSs

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs). While full compliance with IFRSs has been possible in previous reporting periods, only partial compliance was achieved for 2018, which has had a knock-on effect on the comparative information presented in the 2019 financial statements.

The IFRS Conceptual Framework, provides that in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 "The Effects of Changes in Foreign Exchange rates" (IAS21) requires an entity to apply certain parameters in determining the functional currency of a company, for use in preparing financial statements.

IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribed the manner in which certain balances in the financial statements may be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe.

In our opinion, the requirement to comply with Statutory Instrument 33 of 2019 has created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This resulted in accounting treatment being adopted in the 2018 financial statements and also in the part of the 2019 financial year covered by SI33, which is different from that which would have been adopted if the company had been able to fully comply with IFRSs. In particular the company was compelled to use a functional currency and exchange rates during the relevant period via application of the law, that was different to what would have obtained if the directors had been free to apply the results of their own assessment of economic and market reality on the ground as required by IFRS. As such in 2018, directors and management were unable to produce financial statements which in their view would be true and fair.

For 2019, the emergence of hyperinflation has resulted in the adoption of inflation adjusted accounts prepared in terms of International Accounting Standard 29 (IAS29) "Financial Reporting in Hyperinflationary Economies", as the primary basis of reporting. However, these inflation adjusted financial statements are to a great extent impacted by the inflation driven indexation of certain Unaudited Historical cost amounts in the prior period financial statements. In this regard, the factors carried over from 2018 as described above also impact on the comparative financial information for 2018 contained in the current year inflation-adjusted financial statements prepared under IAS29. Accordingly, the inflation adjusted financial statements represent the principal financial statements of the fund. Unaudited Historical cost financial statements have been presented as supplementary information to the Audited Inflation Adjusted financial statements as per Pronouncement 01/2019 issued by the Public Accountants and Auditors Board on 11 October 2019.

The impact of non-compliance with IAS21 is not considered material for the months of January and February 2019 which also fall under period defined in SI33.

The directors are not aware of other areas of non-compliance with IFRS in the 2019 financial statements. However, the directors would like to draw the attention of users to the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as property valuations, valuation of unlisted investments as well as the carrying value of certain receivables. In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently taken into account in the 2019 financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these.

Holding Company

The Company is a wholly owned subsidiary of Old Mutual Zimbabwe Limited (the Group). The ultimate holding company is Old Mutual Limited, which is incorporated in South Africa and listed on the London, Johannesburg, Malawi, Namibia and Zimbabwe stock exchanges.

Share capital

The Company's authorized share capital is made up of 10 000 ordinary shares with a nominal value of ZWL\$1.00 per share. The issued share capital comprises 10 000 ordinary shares.

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Borrowings

No borrowings were issued or received from third parties.

Dividends

No dividend was declared in the period under review (2018:ZWL\$ 7,5million)

Directors

The directors currently holding office are:

Non-executive directors

- | | |
|------------------|---------------------------|
| •Dr K.Mandevhani | Independent Non Executive |
| •A.C.Mills | Independent Non Executive |
| •Mr B L Nkomo | Independent Non Executive |

Executive director

- M. Mayida

Acting Company Secretary

- O. Chigavazira

Business address: Mutual Gardens
100 The Chase (West)
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Harare, Zimbabwe

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Harare
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Director

06 April 2020



Director

06 April 2020



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Independent Auditors' Report

To the members of Old Mutual Investment Group Zimbabwe (Private) Limited

Adverse Opinion

We have audited the inflation adjusted financial statements of Old Mutual Investment Group Zimbabwe (Private) Limited ("the Company") set out on pages 11 to 47, which comprise the inflation adjusted statement of financial position as at 31 December 2019, and the inflation adjusted statement of comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the inflation adjusted financial statements do not present fairly the inflation adjusted financial position of Old Mutual Investment Group Zimbabwe (Private) Limited as at 31 December 2019, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act (Chapter 24:03) of Zimbabwe and the Asset Management Act (Chapter 24:26).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior and current financial year and inappropriate application of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8)

As described in note 2.13.1 to the inflation adjusted financial statements, for the period 1 January 2019 to 22 February 2019, the Company applied the United States dollar (US\$) as its functional currency. In order to comply with Statutory Instrument 33 (S.I.33), issued on 22 February 2019, the Company changed its functional currency to the Zimbabwe dollar (ZWL) with effect from 23 February 2019. S.I.33 precluded the use of any other currency other than USD as functional currency prior to 22 February 2019 and this impacted on the financial

statements as at 31 December 2018. The inflation adjusted financial statements are presented in Zimbabwe dollar, also referred to as the RTGS dollar in S.I.33.

The directors, based on their interpretation of IAS 21, acknowledged that there was a functional currency change in the prior year from the US\$ to RTGS dollar, with effect from 1 October 2018, and that the exchange rate between the US\$ and RTGS dollar was not 1:1 after 1 October 2018. However, the Company only accounted for the change in functional currency prospectively from 23 February 2019, in compliance with S.1 33. This constitutes a departure from the requirements of IAS21 due to the need to comply with local regulations as enunciated under S.1.33. An adverse opinion was issued in the prior year for the departure from IAS 21. The Company has not restated the inflation adjusted financial statements, as required by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to resolve the matters which resulted in the adverse opinion in the prior year relating to the non-compliance with IAS 21, and therefore the matter continued into 2019.

Due to the matters discussed above, we were unable to obtain sufficient appropriate audit evidence that the closing balances as at 31 December 2018 were free of material misstatement and have been brought forward correctly. We were unable to satisfy ourselves by alternative means concerning the opening balances. Since opening balances have a bearing into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the movements in the statement of comprehensive income, the statement of cash flows and the statement of changes in equity.

Hyperinflation reporting

In addition, as described in note 2.2 to the inflation adjusted financial statements, Zimbabwe became a hyperinflationary economy with effect from 1 July 2019. IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29) has been applied to the 2018 comparatives with effect from 1 January 2018. IAS 29 has also been applied to the incorrect balances due to non-compliance with IAS 21 and IAS 8 as commented on above.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted financial statements.

The impact of uncertainties due to the Covid-19 on our audit

In addition, the Covid-19 pandemic may have an impact on the Company and result in uncertainties for the future financial position and performance of the Company. Uncertainties related to the potential effects of Covid19 are relevant to understanding our audit of the inflation adjusted financial statements. All audits assess and challenge the reasonableness of estimates made by the Company, the related disclosures and the appropriateness of the going concern assumption in the inflation adjusted financial statements. The appropriateness of the going concern assumption depends on assessments of the future economic environment and the Company's prospects and future performance. The Covid-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report the extent of its effects are subject to levels of uncertainty. An audit cannot predict the unknown factors or all possible future implications for the Company and this is particularly the case in relation to Covid-19.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Inflation Adjusted Financial Statements* section of our report. We are independent of the Company in



accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the *Basis for Adverse Opinion* section, we have determined that there are no other key audit matters to be communicated in our report.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibilities, the Directors' Report and the unaudited financial information in the inflation adjusted financial statements titled "Historical", but does not include the inflation adjusted financial statements and our auditors' report thereon.

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

In connection with our audit of the inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, the Company should have accounted for the change in functional currency from US\$ to RTGS in the prior year and should have translated its US\$ transactions and balances to local currency using a rate determined in accordance with IAS 21. We have therefore concluded that the other information is materially misstated for the same reason with respect to the financial information in the inflation adjusted financial statements titled "Historical", affected by the failure to comply with the requirements of IAS 21.

Responsibilities of the directors for the Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03) and the Asset Management Act (Chapter 24:26), and for such internal control as the directors determine is necessary to enable the preparation of the inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditors' Responsibilities for the Audit of the Inflation Adjusted Financial Statements

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

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

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



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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current year 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.

Brian Njikizana
Partner
Registered Auditor
PAAB Practicing Certificate Number 0363

Date: 6 April 2020

For and on behalf of **KPMG Chartered Accountants (Zimbabwe),**
Reporting Auditor
Mutual Gardens
100 The Chase West
Emerald Hill
Harare
Zimbabwe

Statement of Comprehensive Income


for the year ended 31 December 2019

	Notes	Audited Inflation Adjusted 31-Dec-19 ZWL\$	Audited Inflation Adjusted 31-Dec-18 ZWL\$	Unaudited Historical 31-Dec-19 ZWL\$	Unaudited Historical 31-Dec-18 ZWL\$
Revenue					
Fee income	3	86,225,118	127,357,592	30,505,398	15,673,785
Other income	4	1,854,322	2,587,125	502,654	534,204
Total revenue		88,079,440	129,944,718	31,008,052	16,207,989
Expenses					
Operating and administration expenses	5	(66,492,994)	(43,492,047)	(45,140,070)	(5,193,052)
Net monetary adjustment		(53,603,302)	(13,592,468)	-	-
(Loss)/Profit before tax		(32,016,856)	72,860,203	(14,132,018)	11,014,937
Income tax expense	6	(4,264,343)	(24,402,468)	2,402,973	(2,978,492)
(Loss)/Profit after tax for the period		(36,281,199)	48,457,735	(11,729,046)	8,036,445
Other comprehensive income		-	-	-	-
Total comprehensive income		(36,281,199)	48,457,735	(11,729,046)	8,036,445

Statement of financial position

As at 31 December 2019

	Notes	Audited	Audited Inflation	Unaudited	Unaudited
		Inflation	Adjusted	Historical	Historical
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
Assets					
Equipment	7	5,251,021	2,171,446	1,522,963	277,767
Intangible Assets	7.1	3,645,643	5,980,931	420,333	681,133
Right of Use asset (IFRS 16)	11.1	674,227	-	354,802	-
Deferred tax asset	8	6,074,639	2,215,793	5,931,247	109,017
Current tax receivable	21	96,541	-	96,541	-
Investments and securities	10.1	39,091,977	30,573,854	39,091,977	4,864,810
Receivables-fees		2,549,923	9,073,396	2,549,923	1,460,226
Amounts due from group companies	12	4,723,461	7,236,672	4,723,461	1,164,633
Other assets	9	3,287,106	554,286	3,154,090	89,204
Cash and cash equivalents	13	5,094,456	4,760,399	5,094,456	766,114
Total assets		70,488,994	62,566,777	62,939,793	9,412,904
Liabilities					
Provisions	14	2,826,868	6,020,081	2,826,868	968,841
Current tax payable	21	-	1,315,250	-	211,670
Payables	15	29,429,753	16,870,811	29,429,753	2,659,515
Lease Liabilities	11.5	378,373	-	378,373	-
Amounts due to group companies	12	1,896,636	11,481,109	1,896,636	1,847,711
Total liabilities		34,531,630	35,687,251	34,531,630	5,687,737
Net assets		35,957,364	26,879,526	28,408,162	3,725,166
Shareholder's equity					
Share capital	16	14,444	883	10,000	100
Share-based payments reserve	28	11,126,678	11,086,988	1,257,008	1,249,755
Share premium	16	45,305,784	-	38,855,814	-
Non distributable reserve		-	-	363,251	363,251
Retained earnings		(20,489,542)	15,791,655	(9,616,981)	2,112,060
Foreign Translation Reserve		-	-	(2,460,930)	-
Total equity		35,957,364	26,879,526	28,408,162	3,725,166


Director

06 April 2020


Director

06 April 2020

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Statement of changes in equity

for the year ended 31 December 2019

	Audited Inflation Adjusted				Total
	Share Capital	Share premium	Share based payment reserve	Retained earnings	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Shareholder's equity at 1 January 2019	883	-	11,086,989	15,791,657	26,879,530
Total comprehensive income for the year	-	-	-	(36,281,199)	(36,281,199)
Share options exercised	-	-	-	-	-
Capital injection	13 561	45,305,784	-	-	45,319,345
Movement for the year	-	-	39,689	-	39,689
Shareholder's equity at 31 December 2019	14 444	45,305,784	11,126,678	(20,489,542)	35,957,364

	Unaudited Historical				Total	
	Share Capital	Non distributable reserve	Share premium	Share based payment reserve		Retained earnings
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Shareholder's equity at 1 January 2019	100	363 251	-	1,249,755	2,112,064	-
Total comprehensive income for the year	-	-	-	-	(11,729,045)	-
Movement for the year	-	-	-	7,253	-	-
Dividends for the year	-	-	-	-	-	-
Other movements	-	-	-	-	-	(2,460,928)
Capital injection	9 900	-	38,855,814	-	-	-
Shareholder's equity at 31 December 2019	10 000	363 251	38,855,814	1,257,008	(9,616,981)	(2,460,928)
						28,408,166

	Audited Inflation Adjusted				Total
	Share Capital	Share premium	Share based payment reserve	Retained earnings	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Shareholder's equity at 1 January 2018	883	-	10,731,237	13,997,626	24,729,746
Total comprehensive income for the year	-	-	-	48,457,735	48,457,735
Share options exercised	-	-	355,753	-	355,753
Dividends for the year	-	-	-	(46,602,700)	(46,602,700)
Prior year adjustment- IFRS 9	-	-	-	(61,004)	(61,004)
Shareholder's equity at 31 December 2018	883	-	11,086,990	15,791,657	26,879,530

	Unaudited Historical				Total
	Share Capital	Non distributable reserve	Share based payment reserve	Retained earnings	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Shareholder's equity at 1 January 2018	100	363 251	1,215,469	1,585,434	3,164,254
Total comprehensive income for the year	-	-	-	8,036,444	8,036,444
Share options exercised	-	-	34,286	-	34,286
Dividends for the year	-	-	-	(7,500,000)	(7,500,000)
Prior year adjustment- IFRS 9	-	-	-	(9,818)	(9,818)
Shareholder's equity at 31 December 2018	100	363 251	1,249,755	2,112,060	3,725,166

Statement of cash flows

for the year ended 31 December 2019

		Audited Inflation Adjusted 31-Dec-19	Audited Inflation Adjusted 31-Dec-18	Unaudited Historical 31-Dec-19	Unaudited Historical 31-Dec-18
		ZWL\$		ZWL\$	
Cash flows from operating activities	Note				
Profit/(loss)before tax		(32,016,856)	72,860,203	(14,132,018)	11,014,936
Non-cash movements and adjustments to profit before tax	19	(17,487,463)	(6,002,513)	24,824,344	1,128,183
Changes in working capital	20	(6,062,215)	(435,207)	31,849,838	(70,040)
Effect of inflation on operating activities		(108,104,717)	32,850,092	-	-
		(163,671,251)	99,272,575	42,542,164	12,073,079
Taxation paid	21	(13,723,489)	(24,444,732)	(3,727,469)	(2,945,425)
Net cash from operating activities		(177,394,740)	74,827,843	38,814,695	9,127,654
Cash flows from investing activities					
Proceeds on disposal of motor vehicles		207,013	25,754	120,470	4,145
Acquisition of equipment and motor vehicles	7	(4,939,030)	(706,124)	(1,586,982)	(82,939)
Net (purchase)/ sale of investments		(31,019,841)	(18,601,746)	(31,019,841)	(2,993,670)
Effect of inflation on investing activities		219,474,782	(49,490,379)	-	-
Net cash used in investing activities		183,722,924	(68,772,495)	(32,486,353)	(3,072,464)
Cash flows from financing activities					
Dividend paid		(2,000,000)	(5,500,000)	(2,000,000)	(5,500,000)
Net cash used in financing activities		(2,000,000)	(5,500,000)	(2,000,000)	(5,500,000)
Effect of inflation on cash and cash equivalents		(3,994,126)	2,342,788	-	-
Net increase/(decrease) in cash and cash equivalents		334,057	2,898,135	4,328,342	555,191
Cash and cash equivalents as at 1 January	13	4,760,399	1,862,266	766,114	210,923
Cash and cash equivalents as at 31 December	13	5,094,456	4,760,399	5,094,456	766,114

Notes to the financial statements
for the year ended 31 December 2019

1 General information

Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) is a Company domiciled in Zimbabwe. The Company is a wholly owned subsidiary of Old Mutual Zimbabwe Limited (OMZIL). In turn, OMZIL is ultimately a wholly owned subsidiary of Old Mutual Limited (OML). The Company is primarily involved in asset management and unit trusts management services, under the license of the Securities and Exchange Commission of Zimbabwe (SECZ). The Registered address of the Company is Mutual Gardens, 100 The Chase West, Emerald Hill, Harare.

2 Accounting policies

2.1 Statement of compliance

The financial statements are prepared in accordance to International Financial Reporting Standards (IFRSs), with the exception of IAS21 and the requirements of the Zimbabwe Companies Act (Chapter 24:03). The company is regulated by the Asset Management Act (Chapter 24:26) and the Securities Act (Chapter 24:25) of Zimbabwe. IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

2.2 Basis of measurement

The financial statements are prepared from statutory records that are maintained under the Unaudited Historical cost convention and Audited Inflation Adjusted to consider the effects of inflation in accordance with the IAS 29 "Financial Reporting in Hyperinflationary Economies". The Audited Inflation Adjusted financial information represents the principal financial statements of the Company with Unaudited Historical cost financial information being presented as supplementary information.

The conversion factors adopted in the restatement of these financial statements were based on the consumer price index that is issued by the Zimbabwe Statistical Office. The indices and conversion factors used to restate the accompanying financial statements are detailed in the table below:

Date	Indices	Conversion factor
31/12/2019	551.82	1.0000
31/12/2018	88.81	6.2135
31/12/2017	62.50	8.8291

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

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

- i. All corresponding figures as of and for the year ended 31 December 2018 are Audited Inflation Adjusted as follows;
 - a. Monetary assets and liabilities and items that are carried at amounts that were current or were at fair value as at 31 December 2018 are Audited Inflation Adjusted by applying the change in the index from 31 December 2018 to 31 December 2019;
 - b. Non-monetary assets and liabilities that were not carried at amounts current at 31 December 2018 and components of shareholders equity are Audited Inflation Adjusted by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2019 or if the transaction date was before 1 January 2018, they are Audited Inflation Adjusted from 1 January 2018 being the date of initial application of IAS 29. This is because changes in the index in the years preceding 1 January 2018 are considered to have an immaterial effect on carrying values.
- c. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- d. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are Audited Inflation Adjusted by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2019 or if the transaction date was before 1 January 2018, they are Audited Inflation Adjusted from 1 January 2018.
- e. Property, plant and equipment is Audited Inflation Adjusted by applying the change in the index from the date of purchase to 31 December 2019 or if the date of purchase was before 1 January 2018, they are Audited Inflation Adjusted from 1 January 2018. Depreciation amounts are based on Audited Inflation Adjusted costs. Owner occupied buildings are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not Audited Inflation Adjusted. The depreciation amounts are based on the opening revalued amounts. Audited Inflation Adjusted amounts are tested for impairment using valuations done as at 31 December 2019.
- f. Profit or loss items/transactions, except the depreciation and amortisation charges, are Audited Inflation Adjusted by applying the change in the index from the date of the transaction to 31 December 2019 or if applicable from the date of their most recent revaluation to 31 December 2019 or if the transaction date was before 1 January 2018, they are Audited Inflation Adjusted from 1 January 2018. Depreciation and amortisation amounts are based on Audited Inflation Adjusted costs.
- g. Deferred tax is calculated on Audited Inflation Adjusted carrying amounts.

*Notes to the financial statements
for the year ended 31 December 2019*

2 Accounting policies (continued)

2.3 Revenue

Revenue comprises fee income. Revenue is accounted for in accordance with the particular accounting policies as set out below.

2.3.1 Revenue on management service contracts

Revenue comprises fee income for investment management contracts, related performance fees, commission income and interest income. Revenue is accounted for in accordance with the particular accounting policies as set out below;

- **Revenue on investment management service contracts** - Fees charged for investment management services provided in terms of an investment contract are recognised as revenue as the services are provided. Initial fees, which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the anticipated period in which the service will be provided.

- **Deferred acquisition costs in respect of management service contracts** - Costs that are directly attributable to securing an investment management service contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. The costs represent the contractual right to benefit from providing investment management services and is amortised as the related revenue is recognised.

2.3.2 Interest income

Interest income is recognised in the income statement using the effective interest rate method taking into account the expected timing and amount of cash flows. Interest income include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

2.4 Intangible Assets

Intangible assets are measured at cost on recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses.

Intangible assets are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period, useful life and the amortization method are reviewed at least each financial year-end. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. The carrying value of capitalized development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are derecognised either on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition is determined as the difference between the disposal proceeds, if any, and the carrying amount of the asset. The gain or loss is recognised in profit or loss on derecognition.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

2.5 Equipment

Owned assets

Equipment, principally computer equipment, motor vehicles, fixtures and furniture, are recognised at cost less accumulated depreciation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized when it can be measured reliably and will result in probable future economic benefits. Expenditure incurred to replace a separate component of an item of equipment is capitalized to the cost of the item and component replaced is derecognized. All other expenditure is recognized in profit or loss as an expense when incurred.

Derecognition

On derecognition an item of equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period of derecognition.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of equipment that are accounted for separately.

Motor vehicles, computer equipment, fixtures and furniture are depreciated over 5 years using the straight line method.

Residual values, useful lives and depreciation methods are re-assessed annually.

2.6 Taxation

Income tax charge for the year comprises current and deferred tax. Included within the tax charge are charges relating to normal income tax and capital gains tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognized directly in equity. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

Deferred tax liability is not recognised on temporary differences that arise from:

- the initial recognition of goodwill;
- initial recognition of an asset or liability in a transaction that is not a business combination which, at the time of transaction, affects neither the accounting nor taxable profit or loss; and
- temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences can be controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used. Deferred-tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend and are included in the tax charge.

2.7 Employee benefits

Employee benefits are all forms of consideration given by the company in exchange for services rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. An accrual is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by employees and the obligation can be estimated reliably.

Post employment benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer to those benefits and when the company recognises costs for restructuring. If the benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted. Termination benefits for voluntary redundancies are recognised as an expense at the earlier of when the employee accepts the offer; and when a restriction on the company's ability to withdraw the offer takes effect.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods determined using the projected unit credit method. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

*Notes to the financial statements**for the year ended 31 December 2019***2 Accounting policies (continued)****2.8 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under the Company's insurance arrangements, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.9 Financial instruments*Classification and measurement of financial assets and financial liabilities*

Financial instruments are accounted for in terms of IFRS 9, Financial Instruments.

Initial recognition of financial assets

Financial assets and liabilities are initially recognised on the trade date when the company becomes party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value, plus or less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

*Classification***Financial Assets**

On initial recognition, a financial asset is classified as measured at either: amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

A financial asset is measured at fair value through other comprehensive income if it meets the following conditions and

is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment by investment basis.

All other financial assets are classified as measured at fair value through profit or loss. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets;

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The liability is reduced by payment and increased by the interest expense. Foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

Impairment of financial assets

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at fair value through profit or loss.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

Estimates regarding credit risk parameters and the impact of forward-looking information used in the calculation of the ECL loss amount is reviewed at each reporting date and updated if necessary.

The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- **Stage 1:** At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- **Stage 2:** A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument
- **Stage 3:** A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired

Under IFRS 9, impairment loss allowances are measured on either of the following bases:

- **12-month ECLs:** These are ECLs that result from possible default events within the 12 months after the reporting date; and
- **Lifetime ECLs:** These are ECLs that result from all possible default events over the expected life of a financial instrument.

Company's assessment

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to apply the IFRS 9 simplified approach in measuring expected credit losses. This uses a provision matrix when determining the lifetime expected loss allowance for all trade receivables, contract assets and lease receivables.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers quantitative and qualitative information, based on the Company's Unaudited Historical experience, credit assessment and including forward-looking information. The Company's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the credit score, credit rating, probability of default or arrears aging of a financial instrument.
- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

These primary and secondary risk drivers are included by the Company as part of the ongoing credit risk management.

When making a quantitative assessment, the Company uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date.

A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met.

Measurement of expected credit losses (ECL)

ECLs are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

2.10 Impairment of non-financial assets

The carrying amounts of the Company's assets, other than financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the greater of the 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 pre-tax discount rate that reflects current market assessment of the time value of money and of the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss for the period. An impairment loss is reversed to profit or loss if there has been a change in the estimates used to determine the recoverable amount.

An impairment of goodwill is not reversed.

*Notes to the financial statements
for the year ended 31 December 2019*

2 Accounting policies (continued)

2.11 Foreign currency transactions

Transactions in foreign currencies presented under operating and other administration costs are translated to the functional currency at the ruling exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Exchange gains or losses on foreign currency transactions are recognised in the profit or loss.

2.12 Share-based payments

Cash-settled share-based payment transactions with employees

The services received in cash-settled share-based payment transactions with employees and the liability to pay for those services, are recognised at fair value as the employee renders services. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the liability is measured at the fair value of the awards or options, by applying standard option pricing models, taking into account terms and conditions on which the share awards or options were granted, and the extent to which the employees have rendered services to date.

The cash-settled share-based scheme was wound down in 2012 and was replaced by a new equity-settled share-based payment scheme.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

Equity-settled share-based payment transactions

The services received from employees in terms of the Indigenisation and Economic Empowerment Act (Chapter 14:33) transaction entered into in June 2012, are equity-settled and are measured at the fair value of the equity instruments granted. The fair value of those equity instruments was measured at grant date and is not subsequently re-measured.

If the equity instruments granted vest immediately and the employee is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the services received are recognized in full on grant date in profit or loss, with a corresponding increase in equity.

Where the equity instruments do not vest until the employee has completed a specified period of service, or where not unconditionally entitled to these instruments, it is assumed that the service rendered by the employee, as consideration for those equity instruments, will be received in the future, during the vesting period. These services are accounted for in profit or loss as they are rendered during the vesting period, with a corresponding increase in equity.

2.13 *Critical accounting estimates and judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are provisions, determination of the fair value for financial assets and liabilities, impairment charges, foreign currency denominated assets and liabilities and the determination of functional currency.

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount. Impairments are recorded in profit or loss in the period in which they occur.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

2.13.1 Functional currency

For the 2019 financial statements, the Company adopted the Zimbabwe Dollar "ZWL\$" as its functional currency, while in 2018, it adopted the United States Dollar "US\$" as the functional currency in order to comply with Statutory Instrument 33 of February 2019 "SI 33". The Company implemented the accounting treatment prescribed under SI 33 and applied an exchange rate of US\$1:ZWL\$1 for all transactions that occurred pre SI 33. The financial information in the 2018 financial statements are the basis for the comparative financial information presented in 2019.

While SI 33 also prescribed the US\$ as the Company's functional currency for the period up to February 2019, the impact of the differences between applying the Company's interpretation of IAS 21 and the requirements of SI 33 are not considered material. Post SI 33, all foreign denominated balances and transactions in the financial statements were translated into ZWL \$ at the prevailing interbank rate.

2.14 Share Capital

Ordinary share capital is classified as equity if they are non-redeemable by the holder, and if dividends are discretionary. Coupon payments on preference share equity instruments are recognised as distributions within equity.

2.15 New and amended standards adopted by the Company

The Company has adopted the following standards and amendments for the first time in their annual reporting period commencing 1 January 2019:

IFRS 16

-The IASB issued IFRS 16 in January 2016. IFRS 16 replaces IAS 17 'Leases' and its related interpretations for reporting periods beginning on or after 1 January 2019.

The adoption of this standard brings about the following key changes;

The company as a lessee: IFRS 16 introduces a 'right-of-use' model whereby the lessee recognises a right of use asset and an associated financial obligation to make lease payments for all leases with a term of more than 12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

Identification of a lease contract:

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if there is a right to control the use of an identified asset for a period of time in exchange for consideration. The company assesses the following components determine whether the right to control use of an identifiable asset exists;

- Identifiable asset - this can be specified explicitly or implicitly and should be physically distinct or represent a substantial capacity to be so.
- Substantial substitution rights - If the supplier has substantive substitution rights the asset is not identifiable.
- Economic benefits - there should be a right to obtain substantially all of the economic benefits from the asset use throughout the lease period.
- Directing use of the asset - This right is conveyed when the company has the decision making rights which are relevant in the determination of how and for what purpose the asset is used.

Notes to the financial statements
for the year ended 31 December 2019

2 Accounting policies (continued)

Recognition and measurement:

ROU

The company recognises a right of use asset at the lease commencement date. It is initially measured at cost, the costs comprises of;

- Lease liability initial costs
- Lease payments prepaid before commencement date
- Any initial direct costs and
- Estimated dismantling costs

The right of use asset is subsequently depreciated on a straight basis over the lease term.

Lease Liability

This is recognised at commencement date. It is initially measured at the present value of the lease payments that are not paid at that date discounted using the interest rate implicit in the lease and if not readily determinable the incremental borrowing rate.

The lease liability is subsequently measured by making the following adjustments;

- Increasing the carrying amount to reflect interest on the lease liability
- Reducing the carrying amount to reflect the lease payments made and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications made.

Impact on Financial statements	Audited Inflation Adjusted 31-Jan-19	Unaudited Historical 31-Jan-19
ROU	806,110	129,808
Lease liabilities	(806,110)	(129,808)

2.16 Upcoming standards not yet effective

New and revised International Financial Reporting Standards (IFRSs) not yet effective:

a) Amendments to References to Conceptual framework - The major change is the definition of an Asset, i.e., replacing resource with economic right and economic benefits by potential economic benefits, the impact to the company is likely to be minimal as we have a adopted IFRS 16 which is to a larger extent why this change was made.

b) Definition of a Business (Amendments to IFRS 3) - This is not likely to affect the business as it is an investment entity which specifically excluded in this standard.

c) Definition of Material (Amendments to IAS 1 and IAS 8) - This is likely to affect the detail and level of information the company will be required to disclosed i.e. information disclosure requirements will be made clearer and;

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - Likely to be no impact on the business as it is an investment entity as already stated above.

Notes to the financial statements
for the year ended 31 December 2019

2.17 Comparative figures

Where necessary comparative figures are reclassified in line with current year presentation.

Notes to the annual financial statements

for the year ended 31 December 2019

Notes to the income statement

	Audited Inflation Adjusted 31-Dec-19	Audited Inflation Adjusted 31-Dec-18	Unaudited Historical 31-Dec-19	Unaudited Historical 31-Dec-18
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
3 Fee income				
Investment management fees	86,225,118	127,357,592	30,505,398	15,673,785
Total fee income	86,225,118	127,357,592	30,505,398	15,673,785
4 Other income				
Interest on money market investments	711,935	2,245,083	242,850	276,450
Foreign Exchange gain/(Loss)	-	246,766	-	246,766
Sale of PPE	591,622	-	134,548	-
Other income	550,765	95,276	125,256	10,988
	1,854,322	2,587,125	502,654	534,204
5 Operating and administration expenses				
Operating and administration expenses include:				
Statutory audit services	934,188	365,919	934,188	44,234
Direct remuneration	18,331,519	15,826,826	10,614,118	1,917,864
Indirect remuneration	2,638,329	3,306,317	1,361,679	390,834
Rentals for office space	974,111	1,367,290	477,342	165,284
Depreciation of equipment	2,040,371	1,252,936	394,028	111,976
Amortisation costs	2,335,288	2,335,288	260,800	260,800
Shared services expenses	5,067,056	5,096,995	2,009,153	616,214
Directors' fees	715,560	485,634	376,238	59,000
Subsistence and travelling expenses	1,191,048	506,303	567,600	59,316
Marketing expenses	968,580	917,490	283,985	111,765
Telephone	115,756	182,734	45,057	22,677
Vehicle operating costs	1,126,723	583,657	552,452	103,906
Stationery	417,812	418,974	274,506	50,647
Internal audit fees	208,126	946,119	208,126	114,415
Other Administration expenses	7,822,399	9,899,566	5,174,669	1,164,121
Foreign Exchange Loss	19,573,010	-	19,573,010	-
Loss on revaluation of shares	2,033,118	-	2,033,118	-
	66,492,994	43,492,047	45,140,070	5,193,052
6 Income tax expense				
Current tax expense	12,311,698	22,404,619	3,419,258	3,062,376
Deferred tax (credit)/ expense	(8,047,356)	1,997,849	(5,822,231)	(83,884)
	4,264,342	24,402,468	(2,402,973)	2,978,492
Reconciliation of taxation rate on profit before tax				
	%	%	%	%
Standard rate of taxation	26	26	26	26
Adjusted for:				
Net monetary gain or loss	(32)	(1)	0	(1)
Other exempt income	(1)	0	-	0
Management fees	(2)	0	-	0
Other disallowed expenses	(1)	8	(6)	2
Change in tax rate	(3)	-	(3)	-
Effective tax rate	-13	33	17	27

The income tax rate decreased from 25.75% to 24.72% effective 1 January 2020, as a result deferred tax has been calculated at 24.72%.

Notes to the annual financial statements

for the year ended 31 December 2019

7

PPE

Unaudited
Historical

2019	Unaudited Historical			Total ZWL\$
	Motor vehicles ZWL\$	Furniture and Fittings ZWL\$	Computer Equipment ZWL\$	
Cost/Valuation				
Opening balance at 1 January 2019	544,438	93,424	137,705	775,567
Additions during the period	1,356,048	74,343	156,591	1,586,982
Disposals during the period	(191,270)	(1,968)	(10,022)	(203,260)
Closing balance at 31 December 2019	1,709,216	165,799	284,274	2,159,289
Accumulated depreciation				
Accumulated Depreciation at 1 January 2019	367,363	31,346	99,091	497,800
Depreciation and impairment losses for the period	226,226	19,810	29,724	275,759
Accumulated depreciation of disposals	(127,911)	(858)	(8,465)	(137,234)
Accumulated Depreciation at 31 December 2019	465,678	50,298	120,350	636,325
Carrying amount at 31 December 2019	1,243,538	115,501	163,925	1,522,964

2018	Unaudited Historical			Total ZWL\$
	Motor vehicles ZWL\$	Furniture and Fittings ZWL\$	Computer Equipment ZWL\$	
Cost/Valuation				
Opening balance at 1 January 2018	567,438	28,122	123,723	719,283
Additions during the year	-	65,837	17,102	82,939
Disposals during the year	(23,000)	(535)	(3,119)	(26,654)
Closing balance at 31 December 2018	544,438	93,424	137,705	775,568
Accumulated depreciation				
Opening balance at 1 January 2018	302,192	23,289	85,918	411,399
Depreciation and impairment losses for the year	88,171	8,503	15,302	111,976
Accumulated depreciation of disposals	(23,000)	(445)	(2,130)	(25,575)
Closing balance at 31 December 2018	367,363	31,347	99,090	497,800
Carrying amount as at 31 December 2018	177,075	62,077	38,615	277,768

Notes to the annual financial statements

for the year ended 31 December 2019

2019	Motor vehicles ZWL\$	Audited Inflation Adjusted		Total ZWL\$
		Furniture and Fittings ZWL\$	Computer Equipment ZWL\$	
Cost/Valuation				
Opening balance at 1 January 2019	4,807,157	819,271	1,202,371	6,828,799
Additions during the period	4,283,421	182,322	473,286	4,939,030
Disposals during the period	(312,841)	(1,906)	(34,530)	(349,277)
Closing balance at 31 December 2019	8,777,737	999,688	1,641,127	11,418,552
Accumulated depreciation				
Accumulated Depreciation at 1 January 2019	3,511,353	275,393	870,608	4,657,354
Depreciation and impairment losses for the period	1,479,155	135,767	200,706	1,815,628
Accumulated depreciation of disposals	(284,699)	(1,911)	(18,841)	(305,451)
Accumulated Depreciation at 31 December 2019	4,705,809	409,250	1,052,473	6,167,532
Carrying amount at 31 December 2019	4,071,928	590,438	588,654	5,251,021

2018 - Audited Inflation Adjusted	Motor vehicles ZWL\$	Audited Inflation Adjusted		Total ZWL\$
		Furniture and Fittings ZWL\$	Computer Equipment ZWL\$	
Cost/Valuation				
Opening balance at 1 January 2018	5,009,842	248,282	1,092,331	6,350,455
Additions during the year	-	575,695	130,428	706,124
Disposals during the year	(202,685)	(4,706)	(20,388)	(227,779)
Closing balance at 31 December 2018	4,807,157	819,271	1,202,371	6,828,800
Accumulated depreciation				
Opening balance at 1 January 2018	2,668,017	205,616	758,564	3,632,197
Depreciation and impairment losses for the year	1,048,177	73,744	131,014	1,252,936
Accumulated depreciation of disposals	(204,841)	(3,967)	(18,971)	(227,779)
Closing balance at 31 December 2018	3,511,353	275,393	870,607	4,657,354

Notes to the annual financial statements

for the year ended 31 December 2019

Carrying amount as at 31 December 2018

1,295,804	543,878	331,764	2,171,446
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7.1 Intangible Assets - Computer systems

ZWL\$

	Audited Inflation Adjusted	Unaudited Historical
2019		
Opening balance at 1 January 2019	5,980,931	681,133
Amortisation	(2,335,288)	(260,800)
Closing balance at 31 December 2019	3,645,643	420,333
2018		
Opening balance at 1 January 2018	8,316,219	941,933
Amortisation	(2,335,288)	(260,800)
Closing balance at 31 December 2018	5,980,931	681,133

8 Deferred tax asset

ZWL\$

	Audited Inflation Adjusted	Unaudited Historical
2019		
Analysis of deferred tax balance	2 018	2018
Charge for the period		
Temporary differences arising from:		
Foreign Exchange Gain/Loss Unrealised	(118 052)	-
Lease Liability	858 593	5,140,263
Provision for bad debts	88 627	93 534
Leave pay	510 280	52,316
Performance bonus	-	41 032
Provision for Audit Fees	-	443,449
Foreign currency translation reserve	-	130,305
Capital allowances (Investments)	(323 691)	608,341
Capital allowances (PPE)	876 345	(323,691)
Carrying amount as at 31 December	2,215,793	(254,304)
	6,074,639	5,931,247
	109,017	109,017

The business has concluded that there is high probability that there will be future taxable profits against which the recognised deferred tax asset will be utilised refer to going concern note 29.

Notes to the annual financial statements

for the year ended 31 December 2019

9 Other assets

	2019		2018	
	Audited Inflation Adjusted	Unaudited Historical	Audited Inflation Adjusted	Unaudited Historical
Prepayments- Motor vehicles	1,802,592	1,802,592	-	-
Staff debtors	501,461	501,460	554,286	89,204
Prepayments	983,053	850,038	-	-
	3,287,106	3,154,090	554,286	89,204

10 Investments and securities

10.1 Analysis of investments

	2019		2018	
	Audited Inflation Adjusted	Unaudited Historical	Audited Inflation Adjusted	Unaudited Historical
Equity securities	32,369,104	-	32,369,104	2,026,082
RBZ Bonds	-	12,569,452	-	260,520
Unit Trusts Investments	88,590	1,964,208	88,590	2,578,208
Bankers Acceptance	6,634,283	16,020,194	6,634,283	-
Total investments and securities	39,091,977	30,573,854	39,091,977	4,864,810

*Banker's Acceptances have maturity periods of less than one year

10.2 Loss allowance analysis

	12-month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Audited Inflation Adjusted				
Loss allowance on 1 January 2019	14,611			14,611
Net remeasurement of ECL through P&L	58,634			58,634
Balance as at 31 December 2019	73,245			73,245

Notes to the annual financial statements

for the year ended 31 December 2019

11 IFRS 16 - Leases

11.1 Right of use asset

	2019	Audited Inflation Adjusted 2018	2019	Unaudited Historical 2018
Carrying amount at beginning	-	-	-	-
Additions	898,969	-	473,070	-
Depreciation charge for the year	(224,742)	-	(118,268)	-
Carrying amount at end	674,227	-	354,802	-

11.2 Lease Liability - Maturity analysis

	1 year or less	1 - 2 years	2 - 3 years	Over 3 years
Principal	341,049	-	-	-
Interest expense	57,979	-	-	-
Total Future lease payments	399,028	-	-	-

11.3 Lease expenses in Profit or loss

	2019	Audited Inflation Adjusted 2018	2019	Unaudited Historical 2018
Lease interest expense	35,337	-	25,717	-
Depreciation	224,742	-	118,267	-

11.4 Total cashflow related to leases

Cash payment for lease liability	434,774	-	204,275	-
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11.5 Lease liability

	2019	Audited Inflation Adjusted 2018	2019	Unaudited Historical 2018
Carrying amount at start	473,070	-	473,070	-
Net interest paid	(94,697)	-	(94,697)	-
Carrying amount at end	378,373	-	378,373	-

Notes to the annual financial statements

for the year ended 31 December 2019

12	Amounts due from or (to) group companies	Unaudited Historical	
		Amounts due from 31-Dec-19 ZWL\$	Amounts due (to) 31-Dec-19 ZWL\$
		Amounts due from 31-Dec-18 ZWL\$	Amounts due (to) 31-Dec-18 ZWL\$
	Other Group Companies- fellow subsidiaries		
	Old Mutual Zimbabwe Limited	-	(1,710,711)
	Indigenisation Employee Scheme	-	-
	Management Incentive Scheme	-	25,917
	Old Mutual Life Assurance Company Zimbabwe Limited	4,483,320	45,000
	Old Mutual Shared Services (Private) Limited	91,893	1,042,784
	Old Mutual Securities	819	-
	Old Mutual Insurance Company (Private) Limited	-	435
	Old Mutual Custodial Services	-	31,656
	Old Mutual Property	6,280	1,394
	Central Africa Building Society	141,149	-
	Mutual & Federal	141,149	(21,378)
		4,723,461	(1,847,711)
		(1,896,636)	(1,847,711)

	Audited Inflation Adjusted	
	Amounts due from 31-Dec-19 ZWL\$	Amounts due (to) 31-Dec-19 ZWL\$
	Other Group Companies- fellow subsidiaries	
	Old Mutual Zimbabwe Limited	(10,629,833)
	Indigenisation Employee Scheme	-
	Management Incentive Scheme	161,040
	Old Mutual Life Assurance Company Zimbabwe Limited	279,616
	Old Mutual Shared Services (Private) Limited	6,479,540
	Old Mutual Property Investment Corporation	-
	Old Mutual Securities	-
	Old Mutual Insurance Company (Private) Limited	2,703
	Old Mutual Custodial Services	196,701
	City Centre Properties (Private) Limited	8,662
	Old Mutual Property	-
	Central Africa Building Society	(1,577,616)
	Mutual & Federal	108,410
		141,149
		(1,896,633)
		(1,481,109)

The amounts due to or from group companies above are unsecured and are not subject to fixed terms of repayment. Transactions with related parties are disclosed in note 23.

Notes to the annual financial statements

for the year ended 31 December 2019

13	Cash and cash equivalents	Audited Inflation Adjusted		Unaudited Historical	
		2019	2018	2019	2018
	Cash at bank and in hand	5,094,456	4,760,399	5,094,456	766,114
		5,094,456	4,760,399	5,094,456	766,114

Unaudited Historical

14	Provisions:	Staff Bonus		Other Provisions		Audit fees		Provision in leu of leave		Total
		ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
	Balance at 1 January 2018	267,894	43,500	14,383	52,696					378,473
	Utilized during the year	(331,119)	-	(44,198)	-					(375,317)
	Charge for the year	382,145	536,611	44,234	2,695					965,685
	Balance at 31 December 2018	318,920	580,111	14,419	55,391					968,841
	Utilized during the year	(211,468)	-	(421,482)	-					(632,950)
	Charge for the year	1,686,436	(240,244)	934,188	110,597					2,490,977
	Balance at 31 December 2019	1,793,888	339,867	527,125	165,988					2,826,868

Audited Inflation Adjusted

14	Provisions:	Staff Bonus		Other Provisions		Audit fees		Provision in leu of leave		Total
		ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
	Balance at 1 January 2018	2,365,504	384,105	127,002	465,306					3,341,917
	Utilized during the year	(2,919,763)	(1,517,748)	(403,328)	(206,863)					(5,047,702)
	Charge for the year	3,161,248	4,112,959	365,919	85,740					7,725,866
	Balance at 31 December 2018	2,606,989	2,979,316	89,593	344,183					6,020,081
	Utilized during the year	(2,499,537)	-	(496,656)	(288,792)					(3,284,985)
	Charge for the year	1,636,436	(2,639,449)	934,188	110,597					91,772
	Balance at 31 December 2019	1,793,888	339,867	527,125	165,988					2,826,868

Notes to the annual financial statements

for the year ended 31 December 2019

15 Payables

	Audited Inflation Adjusted		Unaudited Historical	
	2019	2018	2019	2018
Value Added Tax Payables	477,024	1,494,728	477,024	240,554
	28,952,729	15,376,083	28,952,729	2,454,961
	29,429,753	16,870,811	29,429,753	2,695,515

16 Share capital and premium

	Audited Inflation Adjusted		Unaudited Historical	
	2019	2018	2019	2018
Authorised share capital	14,442	883	10,000	100
10 000 ordinary shares of US\$1.00 each				
Issued share capital	14,442	883	10,000	100
10 000 ordinary shares of US\$1.00 each				
Share premium	45,305,784	-	38,855,814	-
	45,320,226	883	38,865,814	100

Notes to the annual financial statements

for the year ended 31 December 2019

	Audited Inflation Adjusted		Unaudited Historical	
	2019	2018	2019	2018
	ZWL\$		ZWL\$	
17 Post employment benefits				
The Company provides pension benefits to permanent employees and post-retirement benefits to qualifying employees. Pension benefits have been designed and are administered in accordance with the Pension and Provident Funds Act (Chapter 24:09), and are defined contribution schemes.				
The Old Mutual Staff Pension Fund				
The Fund is a defined contribution plan registered to provide retirement benefits for the Company's full-time employees.				
National Social Security Authority Scheme				
This scheme was promulgated under the National Social Security Authority Act 1989. The Company's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently 7% of pensionable emoluments up to a maximum of \$49 per month per employee.				
Contributions recognised as an expense for the year				
- Old Mutual Staff Pension Fund	658,606	1,248,634	240,569	150,873
- National Social Security Authority Scheme	126,436	270,663	40,886	32,819
	785,042	1,519,297	281,455	183,692
18 Remuneration of key management personnel				
Compensation to key management	7,015,398	8,609,389	3,771,227	1,044,567
Compensation to directors	715,650	485,634	228,637	124,395
Total	7,731,048	9,095,023	3,999,864	1,168,962

Notes to the annual financial statements
for the year ended 31 December 2019

Notes to the statement of cashflows

19 Non-cash movements and adjustments to profit before tax

Depreciation and amortisation
Net fair value losses for the year included in profit before tax
Charges to provisions and post employment benefits obligation
Share-based payments charge
Unrealised exchange (gains)/losses
Profit on disposal
Interest on lease liability
Net Monetary loss

	Audited Inflation Adjusted 31-Dec-19	Audited Inflation Adjusted 31-Dec-18	Unaudited Historical 31-Dec-19	Unaudited Historical 31-Dec-18
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	4,375,658	3,588,223	654,828	372,776
	2,033,118	-	2,033,118	-
	2,490,977	7,988,539	2,490,977	965,685
	167,164	355,753	167,164	44,890
	19,573,010	(246,766)	19,573,010	(246,766)
	(120,470)	(8,403)	(120,470)	(8,403)
	35,337	-	25,718	-
	(46,042,257)	(17,679,859)	-	-
	(17,487,463)	(6,002,513)	24,824,345	1,128,183
	(9,036,684)	(4,596,468)	4,839,600	(739,732)
	2,974,469	4,161,261	27,010,238	669,692
	(6,062,215)	(435,207)	31,849,838	(70,040)
	(1,315,250)	(772,842)	(211,670)	(94,718)
	(12,311,698)	(24,987,140)	(3,419,258)	(3,062,376)
	(96,541)	1,315,250	(96,541)	211,670
	(13,723,489)	(24,444,732)	(3,727,469)	(2,945,424)
	4,532,890	25,993,391	4,532,890	4,183,243
	(28,855,117)	(17,547,614)	(28,855,117)	(2,824,023)
	(6,697,614)	(27,047,523)	(6,697,614)	(4,352,890)
	(31,019,841)	(18,601,746)	(31,019,841)	(2,993,670)

20 Changes in working capital

Debtors and amounts due by group companies
Creditors and amounts due to group companies

21 Taxation paid

Balance at beginning of the year
Current year tax recognised in profit or loss
Balance at end of year

22 Net purchase of investments

Opening balance of investments at cost
Maturities during the year at cost
Closing balance of investments at cost

Notes to the financial statements

for the year ended 31 December 2019

23 Related party disclosures

Loans due from or to subsidiaries and other company companies

All Company's fellow subsidiaries and associates together with loans due from or to them are listed on note 12.

Management fees earned from services offered to group companies

Old Mutual Life Assurance company
Old Mutual Unit Trusts
Old Mutual Zimbabwe
Old Mutual Insurance company
Mutual and Federal
CABS Custodial services

Audited Inflation adjusted ZWL \$		Unaudited Historical ZWL \$	
2019	2018	2019	2018
50,599,903	73,239,108	18,395,565	8,294,453
8,463,532	11,689,949	2,381,531	2,791,933
4,183,625	3,729,578	1,510,334	1,081,037
1,460,651	979,352	527,311	283,870
309,718	133,158	111,812	38,596
38,650	42,844	13,953	12,419

Management expenses incurred

Old Mutual Shared services
CABS Custodial services

5,275,182	6,043,114	2,217,278	730,629
23,446	23,446	-	-

Key management personnel remuneration and other compensation

Key management personnel and their close family members and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the company. The Company's executive and non-executive directors as listed in the directors report and members of the Executive Committee are considered to be key management personnel.

Executive Committee members consist of Marjorie Mayida, Rejoice Gutuza, Givemore Kandutu, Benjamin Sithole, Davies Musoso, Jennifer Zanga and Gilbert Mangwere.

The amount of the compensation paid to key management personnel and directors is listed on note 18.

24 Financial instruments and risk management

24.1 Accounting classifications and fair values

The analysis of assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments: Recognition and Measurement' (IFRS 9) is set out in the following table. For completeness, assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category. The Company has not disclosed the fair values of financial assets and liabilities because their carrying amounts are a reasonable approximation of fair value.

		ZWL \$	ZWL \$	ZWL \$
		Financial assets at amortised cost	Other financial liabilities	Total
At 31 December 2019				
Assets	Note			
Receivables	9	2,549,923	-	2,549,923
Amounts due from company companies	12	4,723,461	-	4,723,461
Cash and cash equivalents	13	5,094,456	-	5,094,456
		12,367,840	-	12,367,840
Liabilities				
Provisions	14	-	(2,826,868)	(2,826,868)
Payables	13	-	(29,429,753)	(29,429,753)
Amounts due to company companies	12	-	(1,896,635)	(1,896,635)
		-	(34,153,256)	(34,153,256)
At 31 December 2018				
Assets	Note			
Other assets	9	89,204	-	89,204
Amounts due from company companies	12	1,164,633	-	1,164,633
Cash and cash equivalents	13	766,114	-	766,114
		2,019,951	-	2,019,951
Liabilities				
Provisions	14	-	(968,841)	(968,841)
Payables	13	-	(2,659,515)	(2,659,515)
Amounts due to company companies	12	-	(1,847,711)	(1,847,711)
		-	(5,476,067)	(5,476,067)

24.2 Capital management

Capital is actively managed to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

The Company has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, that the Company's capital is managed.

The Securities and Exchange Commission of Zimbabwe sets and monitors capital requirements for the Company. The minimum capital required for asset management companies is equivalent of 3 months cover expenses, invested with at least two financial institutions. Shareholder equity amounted to \$28.408million (2018: \$3.725 million). The amount of the surplus available to be distributed as dividends is subject to available distributable reserves within the shareholders equity, maintaining minimum capital requirements as determined by the regulators.

Notes to the financial statements

for the year ended 31 December 2019

24 Financial risk management (continued)

24.3 Financial risk management

The company is exposed to financial risk through its financial assets and financial liabilities. In particular the key financial risk is that the proceeds from its financial assets may not be sufficient to fund its obligations. The most important components of financial risk are market risk, interest rate risk, liquidity risk, equity price risk, currency risk and credit risk

24.3.1 Market risk

Definition

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and liquidity. Investment risk arises from changes in the fair value of investments.

All trading instruments are subject to market risk, that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value, and all changes in market conditions directly affect net trading income.

Funds under management

Funds under management (FUM) represents assets being managed on behalf of investors and these are kept off balance sheet. FUM is the base upon which our business earns its revenue. FUM is influenced by investment markets movements and Net Client Cash Flows (NCCF). We monitor and respond to market movements using our investments process that is supported by a well developed research function.

Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the company's earnings and the value of its assets, liabilities and capital.

The company has due regard to the nature of the liabilities and guarantees given to clients. The interest rate risk of such liabilities is managed by investing in assets of similar duration. Derivative instruments are not used to any material extent to manage the interest rate risk of these long term assets and liabilities.

Interest rate risk represents the price sensitivity of a fixed income security or interest-carrying asset to changes in interest rates. This risk is controlled by careful monitoring of the level of interest-bearing investments.

Sensitivity Analysis

The company earns its income from investment activities on behalf of clients. This investment process is done following a rigorous investment policy which prescribes a balanced allocation of assets/funds across various asset classes. As such any movement in interest rates is not likely to adversely affect the company's earnings. Movement in interest rates by 10% would affect the company's profit or loss and equity in the following way:

	Profit or (loss)	Equity
Increase in interest rates by 10%	663,428	663,428
Decrease in interest rates by 10%	(663,428)	(663,428)

Equity price risk

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices. The primary exposure to equity prices arises from trading activities.

Sensitivity analysis

The company earns its income from investment activities on behalf of clients. This investment process is done following a rigorous investment policy which prescribes a balanced allocation of assets/funds across various asset classes. As such any market movement on the industrial index is not likely to adversely affect the company's earnings. As at 31 December 2019 the company had equity investments of ZWL \$ 32,369,104, movement of the industrial index would affect the company's in the following way:

	Profit or (loss)	Equity
Strengthening of the industrial index by 20%	6,473,821	6,473,821
Weakening of the index by 20%	(6,473,821)	(6,473,821)

Overall credit risk

Below are the assessed balances exposed to overall counterparty credit risk:

	Audited Inflation Adjusted 2019	Unaudited Historical 2019
	ZWL \$	ZWL \$
Receivables	2,549,923	2,549,923
Amounts due from company companies	4,723,461	4,723,461
Cash and cash equivalents	5,094,456	5,094,456
	12,367,840	12,367,840
As at 31 December 2019, the ageing of trade and other receivables that were not impaired was as follows:		
Past due 1- 30 days	1,385,542	588,248
Past due 31- 90 days	420,618	507,634
Past due 91- 120 days	743,763	113,765
	2,549,923	2,549,923

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

Notes to the financial statements

for the year ended 31 December 2019

24 Financial risk management (continued)

24.3.2 Liquidity risk

Definition

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due.

Identification techniques

The risk is identified through gap analysis.

Measurement methods

Liquidity risk is measured using the gap analysis techniques and the term structure of assets and liabilities.

Measurement methods

The risk is measured through assessing the risk of default using a credit risk-rating matrix.

Adequacy and effectiveness of risk management systems

The liquidity risk management and control mechanisms in place are adequate, effective and are adhered to by all staff members.

Liquidity gap analysis

At 31 December 2019

	ZWL \$	ZWL \$	ZWL \$	ZWL \$	ZWL \$
	Up to 1 month	2 to 6 months	Above 6 months	Non-current assets	Total
Assets					
Intangible assets				3,645,643	3,645,643
PPE				5,251,021	5,251,021
Receivables	1,385,542	420,618	743,763	-	2,549,923
Deferred tax asset	-	-	-	5,931,247	5,931,247
Amounts due from group companies	4,723,461	-	-	-	4,723,461
Cash and cash equivalents	5,094,456	-	-	-	5,094,456
Current tax receivable	96,541	-	-	-	96,541
Investments and securities	-	39,091,977	-	-	39,091,977
Right of Use Asset	-	-	-	674,227	674,227
Other assets	1,802,592	1,484,514	-	-	3,287,106
Total assets	13,102,592	40,997,109	743,763	15,502,138	70,345,602
Liabilities					
Provisions	2,826,868	-	-	-	2,826,868
Lease Liability	-	-	378,373	-	-
Payables	227,061	601,827	28,600,865	-	29,429,753
Amounts due to group companies	1,896,636	-	-	-	1,896,636
Total liabilities	4,950,564	601,827	28,979,238	-	34,153,257

At 31 December 2018

	ZWL \$	ZWL \$	ZWL \$	ZWL \$	ZWL \$
	Up to 1 month	2 to 6 months	Above 6 months	Non-current assets	Total
Assets					
Intangible assets				681,133	681,133
PPE				277,766	277,766
Receivables	1,460,226	-	-	-	1,460,226
Deferred tax asset	109,017	-	-	-	109,017
Amounts due from group companies	1,164,633	-	-	-	1,164,633
Cash and cash equivalents	766,114	-	-	-	766,114
Investment and securities	-	4,864,810	-	-	4,864,810
Other assets	-	89,204	-	-	89,204
Total assets	3,499,990	4,954,014	-	958,899	9,412,903
Liabilities					
Provisions		968,841	-	-	968,841
Current tax payable	211,670	-	-	-	211,670
Payables	2,659,515	-	-	-	2,659,515
Amounts due to company companies	1,847,711	-	-	-	1,847,711
Lease Liability	-	-	-	-	-
Total liabilities	4,718,896	968,841	-	-	5,687,737

24.3.3 Foreign currency translation risk

This is the risk that the company's equities, assets, liabilities, or income will change in value as a result of exchange rate changes.

Sensitivity analysis

A reasonably possible weakening (strengthening) of the zimbabwean dollar (ZWL \$) against the USD at 31 December would affect the measurement of the legacy foreign currency denominated liabilities of the company. This analysis assumes that all other variables remain constant, changes in foreign exchange rates of the ZWL \$ would impact profit and equity as below:

	Profit or (loss)	Equity
Exchange rate strengthening by 40%	7,829,204	7,829,204
Exchange rate weakening by 40%	(7,829,204)	(7,829,204)

Notes to the financial statements

for the year ended 31 December 2019

25 **Subsequent events**

Restructuring exercise

A restructuring exercise was done and with effect from 01 January 2020, Old Mutual Investment company was merged with Old Mutual Properties. Financials results for the merged entity showed that for the February YTD, the company had a net profit amount of ZWL\$30,041,124.

Impact of COVID-19

COVID-19 was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020. The first cases in Zimbabwe were diagnosed on the 20 and 21 March with the first fatality being announced on 23 March 2020. On 27 March 2020, the Government of Zimbabwe announced a 21 day lockdown period, commencing on 30 March 2020 during which the public would be expected to stay at home and business activity would be limited only to essential services. The company in Zimbabwe had even prior to the announcement of the lockdown, activated various crisis management actions, including increasing awareness around hygiene, providing sanitary equipment and cleaning aids, limiting non-critical business and personal travel, decongesting the office and enabling staff to work from home. Over ZWL 2 million has been spent on IT hardware to support remote working, as well as on sanitary equipment such as gloves, masks and sanitisers. The company has also insisted on mandatory self-quarantine for staff members who have recently travelled out of the country, as well as those who feel unwell, or may have come into contact with individuals who have been exposed to the virus.

In addition, the use of digital and electronic means of transacting, particularly through internet and mobile platforms is well embedded across the company. In particular, the following services will still be available during the lockdown:

- Online and mobile banking to make payments
- Ability to transact through point of sale networks
- Processing redemptions or disinvestments.

The authorities have also advised that the Real Time Gross Settlement (RTGS) system and the Zimbabwe Stock Exchange (ZSE) remain operational. This will enable us to continue to service our customers during a period where face to face contact has to be limited. Our initial assessment is that our traditional prudent approach to risk and capital management will allow the business to mitigate the difficult environment. The global economy is likely to be negatively impacted by the pandemic and Zimbabwe will not be an exception to this. We are not at this stage able to assess or quantify the impact of any lasting economic downturn caused by the pandemic on the business.

Our current assessment is that the COVID-19 virus will not impact on key accounting judgements, measurements as well as assumptions used in coming up with the fair values of material financial statement items, particularly on credit loss provisioning and other provisions, investment securities and investment properties. This is because these assumptions are sufficiently adjusted for the probability of different business and economic scenarios and factor in both short term and expected long term economic phenomena. Potential areas of short to medium term risk for the business include:

- Cashflow challenges may force clients to reduce investments thereby affecting net client cashflows
- Cash outflows from managed funds may increase as clients seek to cover liquidity needs due to the business lockdown, or a longer lasting economic down-turn
- Reduced business activity on the part of our clients may lead to defaults on contractual rental payments in the property business, thereby affecting valuation
- There could be selling pressure on the stock market which may drive the value of listed equities down, negatively impacting on funds under management, asset management fees brokerage fees, as well as levels of capital held by the business, given the levels of exposure to the ZSE.

26 **Commitments for capital expenditure**

Authorised and not yet contracted

Motor vehicles
Equipment

Total budgeted capital commitments to be funded from internal resources.

27 **Funds under management**

Total Funds Under Management is represented by:

Cash & cash equivalents
Interest Bearing Investments
Listed equity investments
Alternative investments

Funds under management represent assets being managed on behalf of investors and these are kept off balance sheet.

Out of the total FUM figures reported above, the portion managed on behalf of other company companies is as follows:

Old Mutual Zimbabwe Limited (OMZIL)
Frittlewell
Old Mutual Life Assurance Company of Zimbabwe Limited (OMLAC)
Old Mutual Insurance Company (Private) Limited (OMICO)
Three Anchor Investments t/a Cabs Custodial Services (CABSCUS)
Old Mutual Securities (Private) Limited (OMSEC)
Mutual & Federal
Old Mutual Zimbabwe Limited Management Incentive Share Trust

	Unaudited Historical	Unaudited Historical
	2019	2018
	ZWL \$	ZWL \$
Motor vehicles	225,000	35,000
Equipment	152,350	74,400
	377,350	109,400
	2019	
Cash & cash equivalents	326,441,527	84,280,475
Interest Bearing Investments	440,150,605	643,212,600
Listed equity investments	7,793,333,900	2,668,204,085
Alternative investments	669,338,138	102,099,421
	9,229,264,170	3,497,776,581

	2019	2018
Old Mutual Zimbabwe Limited (OMZIL)	158,207,660	281,538,110
Frittlewell	125,025	109,295
Old Mutual Life Assurance Company of Zimbabwe Limited (OMLAC)	4,581,983,691	2,299,193,385
Old Mutual Insurance Company (Private) Limited (OMICO)	109,249,439	48,182,255
Three Anchor Investments t/a Cabs Custodial Services (CABSCUS)	241,118	1,616,220
Old Mutual Securities (Private) Limited (OMSEC)	382,389	465,237
Mutual & Federal	26,794,553	8,851,842
Old Mutual Zimbabwe Limited Management Incentive Share Trust	87,148	1,426,800
	4,877,071,043	2,641,383,144

28 Share based payments

28.1 Indigenisation transactions

In 2012 the Company, through the holding company, Old Mutual Zimbabwe Limited (OMZIL), entered into an indigenisation transaction under the Indigenisation Act (Chapter 14:33). OMZIL donated US\$60 000 000 to qualifying indigenous groups through trusts to acquire OMZIL shares from the main shareholder, Old Mutual Netherlands B.V. The shares were transferred to the various trusts on 1 June 2012. The grants represent a share-based payment transaction as defined in IFRS 2, Share-based payments.

OMZIL indigenisation Employee Share Scheme

This scheme operates for the benefit of all employees of the company. On 1 June 2012, an allocation was made by means of a once-off share award to the participants. The award is not subject to any performance targets but are required to be in the service of Old Mutual during the vesting period.

Participants only take delivery of the shares after the vesting periods of two years (one-third), three years (one-third) and 4 years (one-third) of participation in the scheme. The related expenses are recognised over the respective vesting periods.

OMZIL Management Incentive Scheme

This scheme operates for the benefit of management and its primary purpose is to attract, reward and retain senior and middle management. Awards will be made annually on agreed terms and conditions with a vesting period of three years. Participants receive dividends from the date of the award. Staff joining the Company after the allocation date also participate in the scheme.

Costs associated with Indigenisation transaction

Movements relating to the share awards during the year are as follows:

OMZIL Management Incentive Scheme

	Number of shares	Number of shares
Outstanding at beginning of year	106,147	149,660
Vested during the year	- 106,147	-43,513
Outstanding at end of year	-	106,147

Shares exercised during the year were exercised at an average price of \$12.00 (2018:\$1.09)

A valuation of the shares was conducted by an external valuer and these were valued at \$1.12 per share at grant date of 1 June 2012. The shares granted in 2016 were valued at \$1.00 at grant date and the price was determined by an internal valuer.

28.2 Share-based payment reserve

The equity share-based payment reserve is maintained in the Group from the date of issue of the share awards. On exercise of the share awards, settlement will be made through the special purpose vehicles controlled by Old Mutual Zimbabwe Limited.

The movement of the reserve during the reporting period is included in the statement of changes in equity.

	Unaudited Historical		Audited Inflation Adjusted	
	2019	2018	2019	2018
Opening balance	1,249,755	1,215,470	11,086,989	10,769,064
Share based payment	7,253	44,890	39,689	355,753
Cash settled SBP	-	(10,605)	-	(37,828)
Closing balance	1,257,008	1,249,755	11,126,678	11,086,989

28.3 Cash-settled share-based employee compensation plans

In 2018 the Group granted share awards to all eligible employees as part of the primary listing of Old Mutual Limited on the Johannesburg Stock Exchange (JSE). All permanent employees of the Group on the date of listing of Old Mutual Limited were eligible to participate, provided that they were still permanently employed by the Group on the grant date of 18 September 2018.

All participants received a fixed Rand value offer of R10 000 converted into the local currency after reducing the award by the amount needed to cover the tax liability on the award for each employee in compliance with tax legislation which states that share awards are taxable on grant. The actual number of shares granted to each employee was calculated on the grant date using the price of the Old Mutual Limited share on the JSE.

The BBESP award will be restricted for a period of two years from the grant date. Participants are entitled to receive dividends in respect of the share awards during the restricted period. At the end of the restricted period, the value of the vested share awards will be paid in cash to the participants. The BBESP awards will not be subject to performance conditions, however, the Award is subject to the condition that participants remain employed by the Group during the restricted period.

The fair value of services received in return for the BBESP is measured by reference to the fair value of share entitlements granted over the service period. The fair value is measured using the closing price of the Old Mutual Limited share on the JSE at each reporting date. The cash-settled share based payment liability is maintained in the company and remeasured at each balance sheet date during the period up to exercise of the share options, with changes in fair value recorded in profit or loss. Movements relating to share entitlements and awards during the year are as follows:

	2019 Number of shares	2018 Number of shares
Outstanding at the beginning of the year	10,364	-
Shares granted during the year	3,834	10,364
Forfeited	-1,320	-
Transfer in	1,306	-
Transfer out	-	-
Vested during the year	-592	-
Outstanding at the end of the year	13,592	10,364

Going concern

The company incurred a net loss for the year ended 31 December 2019 of ZWLS36.3 million, inflation adjusted, emanating from an exchange loss arising from foreign currency denominated liabilities. As of that date its current liabilities exceeded its current assets by ZWLS6,669,741, historical basis, and its total assets exceeded its total liabilities by ZWLS28,408,165, historical basis. This in turn triggered some going concern issues. To add on top of this Zimbabwe has been affected by the COVID-19 virus which has been declared as a global pandemic by the World Health Organisation (WHO) on 11 March 2020. An assessment of the effects of COVID-19 on the going concern of the company is discussed on note 25.

Managements plans on how to address the identified going concern issues:

The holding company injected capital into the business in the form of shares with a value of ZWLS 45,319,345, on a inflation adjusted basis, in November 2019. In addition to this it has also provided a letter of financial support in which it has undertaken to provide the company with financial support. These measures will enable the company to realise its assets and settle its liabilities in the ordinary course of business for the next 12 months from the date of approval of the financial statements.

Conclusion

Due to the capital injection from the holding company coupled with the additional measures stated above to improve the company's cashflow position it is highly probable that the company will realise its assets and settle its liabilities in the ordinary course of business for the next 12 months. Accordingly the financial statements having been prepared using the going concern accounting basis.