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OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Company Information
for the year ended 31 December 2020

Contacts

Auditors:
KPMG Chartered Accountants (Zimbabwe)
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Harare
Zimbabwe

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39156/2008

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OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

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OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Statement of Directors' responsibilities
as at 31 December 2020

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 2020, 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 and Other Business Entities Act of Zimbabwe (Chapter 24:31), 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 expressing an opinion 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 May 2021 and signed by:

Dr K Mandevani
Chairman
31 May 2021

M Mayida
Managing Director
31 May 2021

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Directors' report
for the year ended 31 December 2020

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 2020.

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. A restructuring exercise was carried out and Old Mutual Properties was merged into to Old Mutual Investment Group effective 1 January 2020, which has seen the company managing property investments as well.

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 profit before tax of ZWL$128,057,026 inflation adjusted for the year (2019: loss ZWL$155,124,463), and a profit after tax of ZWL$75,013,923 compared to a loss in 2019 of ZWL$174,253,715 million in inflation adjusted terms.

Going concern
The Financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future. The outbreak of the COVID-19 pandemic and the measures adopted by the Government of Zimbabwe to mitigate its spread have impacted the reported results. An assessment of the possible effects of COVID-19 on the going concern of the Company is discussed in detail in Note 29.1.

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 under 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 and Other Business Entities Act (Chapter 24:31). The company is also regulated by the Asset Management Act (Chapter 24:26) and the Securities Act (Chapter 24:25) of Zimbabwe.

Compliance with IFRSs
The financial statements are prepared with the aim of complying with International Financial Reporting Standards (IFRSs). 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).

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the 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.

Compliance with IFRSs (continued)
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 2019, directors and management were unable to produce financial statements which in their view would be true and fair.

The impact of non-compliance with IAS 21 is not considered material for the months of January and February 2020 which also fall under the period defined in SI 33.

The directors are not aware of other areas of non-compliance with IFRS in the 2020 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 2020 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 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.

Borrowings
No borrowings were issued or received from third parties.

Dividends
A dividend of ZWL$7.5m was declared in the period under review (2019: Nil)

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED
Directors' report (continued)
for the year ended 31 December 2020

Directors
The directors currently holding office are:

Non-executive directors

•Dr K.Mandevhani	Independent Non Executive
•Mr B L Nkomo	Independent Non Executive
•Dr C C Jinya	Independent Non Executive
•Mr S Matsekete	Non Executive

Executive director
•M. Mayida

Company Secretary
•H.Nharingo

Business address:	Mutual Gardens 100 The Chase (West) Emerald Hill Harare, Zimbabwe	**Postal address:**	P O Box 70 Harare Zimbabwe

Director	Director
31 May..... 2021	31 May 2021

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Independent Auditor's Report

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

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Qualified opinion

We have audited the inflation adjusted financial statements of Old Mutual Investment Group Zimbabwe (Private) Limited (the Company) set out on pages 10 to 60, which comprise the inflation adjusted statement of financial position as at 31 December 2020, 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, except for the possible effect of the matter described in the *Basis for qualified opinion* section of our report, the inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of Old Mutual Investment Group Zimbabwe (Private) Limited as at 31 December 2020, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for qualified opinion

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

As described in note 2.13.1 to the inflation adjusted financial statements for the 2019 financial year, the Company applied Statutory Instrument number 33 (S.I. 33) up to 22 February 2019 and maintained the United States dollar (USD) as its functional currency, applying an exchange rate of 1:1 between the USD and the Zimbabwe dollar (ZWL$). This was not in compliance with IAS 21 where the functional currency was assessed to have been the ZWL$ with effect from 1 October 2018 and the market exchange rate was not 1:1. In order to comply with SI 33, issued on 22 February 2019, the Company changed its functional currency to the ZWL$ with effect from 23 February 2019. These departures from IAS 21 resulted in an adverse opinion being issued in respect of the 31 December 2019 inflation adjusted financial statements. Had the Company applied the requirements of IAS 21 many elements of the prior year inflation adjusted financial statements, which are presented as comparative financial information, would have been materially impacted. The financial effects of this departure on the prior year inflation adjusted financial statements had not been determined.

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

Carrying value of equipment and intangible assets
As stated above, the Company changed functional currency from USD to ZWL$ on 23 February 2019 instead of 1 October 2018 which was not in compliance with IAS 21. The impact of this non-compliance was that the cost and accumulated depreciation and accumulated amortisation of the equipment (being motor vehicles, furniture and fittings and computer equipment) and intangible assets were converted to ZWL$ applying an incorrect exchange rate. Consequently, depreciation and amortisation provided on the equipment and intangible assets were applied against the incorrect cost resulting in an incorrect carrying value of equipment and intangible assets. The effects of the non-compliance with IAS 21 in the inflation adjusted financial statements have not been determined but would be material to the inflation adjusted financial statements.

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

Key audit matters
Key audit matters are those matters that, in our professional 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. In addition to the matter described in the *Basis for qualified opinion* section we have determined the matters below to be the key audit matters to be communicated in our report.

Revenue recognition
Refer to the summary of significant accounting policies in note 2.3 and note 3 to the financial statements

The key audit matter	***How we addressed the matter in our audit***
Revenue comprises of management fees amounting to ZWL$ 555 889 251, inflation adjusted. The two key components to management fee calculations are the fee rates and the assets under management. The key risks associated with management fees are: - risk that fee rates have not been accurately entered into the reporting system; and • risk that assets under management are not complete and/or accurate.	Our audit procedures included: - We used our Information Technology specialists on our audit to test the design, implementation and operating effectiveness of key controls around revenue recognition, particularly controls over updating of management fee rates, which are applied to values of assets under management to determine the management fee income. • We agreed the fee rates which are used by the system to calculate the fee revenue to the fee rates as per the signed mandates • We re-computed the revenue from asset management fees, by applying the specific fee rates per contract to the

The key audit matter	*How we addressed the matter in our audit*
Due to the work effort required by the audit team, revenue recognition was determined to be key audit matter.	values of assets under management, month by month, and comparing our recalculation with the recorded revenue. • We evaluated the disclosures in the financial statements for compliance with IFRS 15, *Revenue from Contracts with Customers*.

IAS 29 – Financial Reporting in Hyperinflationary Economies
Refer to note 2.2 of the inflation adjusted financial statements

The key audit matter	*How we addressed the matter in our audit*
Zimbabwe was deemed hyperinflationary, effective 1 July 2019, in terms of the requirements of IAS 29, *Financial Reporting in Hyperinflationary Economies* ("IAS 29"). For the year ended 31 December 2020, the country continued experiencing hyperinflationary pressures, with the inflation rate closing at 348.58% per annum as at 31 December 2020. In accordance with guidance issued by the Public Accountants and Auditors Board, the Company utilised the ZWL consumer price indices to prepare inflation adjusted financial statements. For the year ended 31 December 2020, the Company recorded a net monetary loss adjustment of ZWL$ 61 220 009. Given the significance of the quantitative impact of IAS 29, we have assessed the hyperinflation accounting as a key audit matter.	Our audit procedures included the following: • We enquired with management responsible for financial reporting on the considerations they took into account regards application of IAS 29 and tested the IAS 29 model designed and implemented by the fund manager to ensure the completeness and accuracy of the key inputs. • We assessed that management applied the requirements of IAS 29 for restating or not restating transactions and balances. • We recalculated management's IAS 29 workings, using independently verified indices. • We inspected the monetary proof calculation for accuracy in relation to the loss adjustment made to the net monetary position; and • We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with IAS 29, Financial Reporting in Hyperinflationary Economies.

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 "Unaudited Historical", but does not include the inflation adjusted financial statements and our auditors' report thereon.

Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express 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, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

KPMG

Brian Njikizana
Registered Auditor
PAAB Practicing Certificate Number 0363

31 May 2021

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors
Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O Box 6, Harare
Zimbabwe

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Revenue					
Fee income	*3*	555 889 251	386 793 949	323 346 698	30 505 398
Other income	*4*	121 336 502	(802 055)	154 240 551	502 654
Total revenue		**677 225 753**	**385 991 894**	**477 587 249**	**31 008 052**
Expenses					
Operating and administration expenses	*5*	(474 597 832)	(289 042 715)	(284 695 230)	(45 114 353)
Net monetary adjustment		(61 220 009)	(251 958 275)	-	-
Interest on lease liability	*11.3*	(13 350 887)	(115 367)	(2 976 215)	(25 718)
(Loss)/Profit before tax		**128 057 025**	**(155 124 463)**	**189 915 804**	**(14 132 019)**
Income tax expense	*6*	(53 043 103)	(19 129 252)	(26 360 416)	2 402 973
(Loss)/Profit after tax for the period		**75 013 922**	**(174 253 715)**	**163 555 388**	**(11 729 046)**
Other comprehensive income		-	-	-	-
Total comprehensive income		**75 013 922**	**(174 253 715)**	**163 555 388**	**(11 729 046)**

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Statement of financial position
As at 31 December 2020

	Note	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Property and equipment	*7*	56 822 832	36 353 437	20 182 416	1 522 963
Intangible Assets	*7.1*	6 070 828	16 477 963	448 386	420 333
Right of Use asset (IFRS 16)	*11.1*	32 746 616	21 696 893	21 854 086	354 802
Income tax receivable	*21*	2 559 413	433 070	2 559 413	96 541
Deferred tax	*8*	-	27 249 992	3 479 602	5 931 247
Investments and securities	*10.1*	141 376 080	175 361 197	141 376 080	39 091 976
Receivables-fees		72 299 022	12 156 844	72 299 022	2 549 923
Amounts due from group companies	*12*	35 766 053	21 188 792	35 766 053	4 723 461
Other assets	*9*	5 371 698	3 931 214	6 069 608	3 154 091
Cash and cash equivalents	*13*	17 334 091	22 854 440	17 334 091	5 094 456
Total assets		**370 346 633**	**337 703 842**	**321 368 757**	**62 939 793**
Liabilities					
Provisions	*14*	42 982 905	12 659 711	42 982 905	2 826 868
Payables	*15*	50 508 302	124 672 508	50 508 302	29 429 753
Lease Liability	*11.5*	24 480 488	1 697 327	24 480 488	378 373
Deferred Tax Liability	*8*	2 701 653	-	-	-
Amounts due to group companies	*12*	17 978 158	8 508 047	17 978 158	1 896 636
Total liabilities		**138 651 506**	**147 537 593**	**135 949 853**	**34 531 630**
Net assets		**231 695 126**	**190 166 248**	**185 418 904**	**28 408 163**
Shareholder's equity					
Share capital	*16*	64 760	64 760	10 000	10 000
Share-based payments reserve	*28*	48 665 622	48 665 622	1 257 007	1 257 007
Share premium	*16*	238 632 758	238 632 758	38 855 814	38 855 814
Non-Distributable reserve		-	-	363 252	363 252
Retained earnings		(55 668 014)	(97 196 892)	147 352 645	(9 616 981)
Foreign currency translation reserve		-	-	(2 419 814)	(2 460 929)
Total equity		**231 695 126**	**190 166 248**	**185 418 904**	**28 408 163**

Director

31 May 2021

Director

31 May 2021

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OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Statement of changes in equity
for the year ended 31 December 2020

Audited - Inflation Adjusted

	Share Capital ZWL$	Share premium ZWL$	Share based payment reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Shareholder's equity at 1 January 2020	**64 760**	**238 632 758**	**48 665 622**	**(97 196 892)**	**190 166 248**
Total comprehensive income for the year	-	-	-	75 013 923	**75 013 923**
Other comprehensive income					
Dividends for the year	-	-	-	(33 643 965)	**(33 643 965)**
Movement for the year	-	-	-	158 920	**158 920**
Shareholder's equity at 31 December 2020	**64 760**	**238 632 758**	**48 665 622**	**(55 668 014)**	**231 695 126**

Audited - Inflation Adjusted

	Share Capital ZWL$	Share premium ZWL$	Share based payment reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Shareholder's equity at 1 January 2019	**3 959**	-	**48 477 595**	**77 056 823**	**125 538 377**
Total comprehensive income for the year	-	-	-	(174 253 715)	**(174 253 715)**
Share options exercised	-	-	188 027	-	**188 027**
Capital injection	60 801	238 632 758	-	-	**238 693 559**
Shareholder's equity at 31 December 2019	**64 760**	**238 632 758**	**48 665 622**	**(97 196 892)**	**190 166 248**

OLD MUTUAL INVESTMENT GROUP ZIMBABWE (PRIVATE) LIMITED

Statement of changes in equity (continued)
for the year ended 31 December 2020

Unaudited – Historical

	Share Capital ZWL$	Non distributable reserve ZWL$	Share premium ZWL$	Share based payment reserve ZWL$	Retained earnings ZWL$	Foreign currency translation reserve ZWL$	Total ZWL$
Shareholder's equity at 1 January 2020	**10 000**	**363 252**	**38 855 814**	**1 257 007**	**(9 616 981)**	**(2 460 929)**	**28 408 163**
Total comprehensive income for the year	-	-	-	-	163 555 387	-	**163 555 387**
Movement for the year	-	-	-	-	-	41 115	**41 115**
Dividends for the year	-	-	-	-	(7 500 000)	-	**(7 500 000)**
OMP 2019 audit adjustment (Note 30)	-	-	-	-	-	914 239	**914 239**
Shareholder's equity at 31 December 2020	**10 000**	**363 252**	**38 855 814**	**1 257 007**	**147 352 645**	**(2 419 814)**	**185 418 904**

Unaudited – Historical

	Share Capital ZWL$	Non distributable reserve ZWL$	Share premium ZWL$	Share based payment reserve ZWL$	Retained earnings ZWL$	Foreign currency translation reserve ZWL$	Total ZWL$
Shareholder's equity at 1 January 2019	**100**	**363 252**	-	**1 249 754**	**2 112 064**	-	**3 725 170**
Total comprehensive income for the year	-	-	-	-	(11 729 045)	-	**(11 729 045)**
Share options exercised	-	-	-	7 253	-	-	**7 253**
Capital injection	9 900	-	38 855 814	-	-	(2 460 929)	**36 404 785**
Shareholder's equity at 31 December 2019	**10 000**	**363 252**	**38 855 814**	**1 257 007**	**(9 616 981)**	**(2 460 929)**	**28 408 163**

Statement of cash flows
for the year ended 31 December 2020

	Note	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Cash flows from operating activities					
Profit/(loss)before tax		128 057 026	(155 124 463)	189 915 803	(14 132 019)
Non-cash movements and adjustments to profit before tax	*19*	49 388 130	364 362 499	(96 327 493)	93 053 148
Changes in working capital	*20*	(212 206 826)	228 994 882	(29 775 488)	31 849 838
		(34 761 670)	**438 232 918**	**63 812 822**	**110 770 967**
Taxation paid	*21*	(50 649 426)	(17 843 025)	(17 232 863)	(3 727 469)
Net cash from operating activities		**(85 411 096)**	**420 389 893**	**46 579 959**	**107 043 498**
Cash flows from investing activities					
Proceeds on disposal of PPE		645 539	540 412	307 960	120 470
Acquisition of PPE	*7*	(41 782 721)	(26 883 305)	(19 932 896)	(1 586 982)
Net (purchase)/ sale of investments	*22*	169 688 693	(335 486 916)	(4 897 966)	(99 128 229)
Net cash used in investing activities		**128 551 511**	**(361 829 809)**	**(24 522 902)**	**(100 594 741)**
Cash flows from financing activities					
Payment of lease liability	*11.4*	(4 584 812)	(33 382 667)	(2 260 111)	(94 697)
Payment of lease liability interest	*11.4*	(13 350 887)	(115 367)	(2 976 215)	(25 718)
Dividend paid		(33 643 965)	(8 971 721)	(7 500 000)	(2 000 000)
Net cash used in financing activities		**(51 579 664)**	**(42 469 755)**	**(12 736 326)**	**(2 120 415)**
Net increase/(decrease) in cash and cash equivalents		**(8 439 249)**	**16 090 329**	**9 320 731**	**4 328 342**
Cash and cash equivalents as at 1 January		**22 854 440**	**6 764 110**	**5 094 456**	**766 114**
Cash acquired from business combination	*30*	**2 918 901**	**-**	**2 918 901**	**-**
Cash and cash equivalents as at 31 December	*13*	**17 334 092**	**22 854 440**	**17 334 088**	**5 094 456**

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, unit trusts management services and property investments 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 24:31). 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).

2.2 *Basis of measurement*

The financial statements are prepared from statutory records that are maintained under the Unaudited Historical cost convention and 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 Zimbabwean Public Accountants and Auditors Board Pronouncement of July 2019 on the application of International Accounting Standard 29, Financial Reporting in Hyperinflationary Economies, stated that the pronouncement covers the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial periods ended on or after 1 July 2019. As at 31 December 2020 inflation was 348.58%.

The restatement of the historical cost numbers is based on the conversion factors derived from the consumer price index ("CPI") issued by the Zimbabwe Central Statistical Office ("C.S.O"). Notwithstanding the fact that the change in prices of some commodities were directly linked to exchange rate movements, the Company does not support using exchange rate movements as a direct proxy for average price movements in the economy. The Company believes the CPI best represents average price movements in the economy during 2020 and have thus applied it in preparation of these Financial Statements. The indices and conversion factors used to restate the accompanying Financial Statements as at 31 December 2020 are given below.

Date	**Indices**	**Conversion factor**
2020/12/31	2474,51	1,0000
2019/12/31	551,63	4,4858
2018/12/31	88,81	27,8630

2 Accounting policies (continued)

2.2 Basis of measurement (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 2019 are 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 2019 are Inflation Adjusted by applying the change in the index from 31 December 2019 to 31 December 2020;
b. Non-monetary assets and liabilities that were not carried at amounts current at 31 December 2019 and components of shareholder's equity are 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 2020.
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 shareholder's equity are 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 2020
f. Profit or loss items/transactions, except the depreciation and amortisation charges, are Inflation Adjusted by applying the change in the index from the date of the transaction to 31 December 2020. Depreciation and amortisation amounts are based on Inflation Adjusted costs.
g. Deferred tax is calculated on Inflation Adjusted carrying amounts.

In 2019, the Company determined inflation adjusted unrealised fair value gains or losses on the historical asset or liability base for assets and liabilities measured at fair value, with the inflation effects on the opening balance recognised through the net monetary loss line in the statement of profit or loss. To provide reliable and more relevant information about the effects of inflation on the fair value adjustments, management revised the methodology to consider the effects of inflation on the opening balance of assets and liabilities which are measured at fair value. The change has no impact on the value of the assets and net result of the Company.

2.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer.

The company's revenue consists of fee income, performance fees, commission income and development fee income.

Fee income and performance fees

The company enters into management service contracts with clients, which stipulates the performance obligations of both parties, fee rates to be charged, when the fees will be charged amongst other things. Generally, management fees are charged as at the last day of each month by multiplying the fee rate to the cumulative market value as at that date. Performance fees are charged as per agreed cycles set in the contract only if the company exceeds the agreed performance benchmarks.

2 Accounting policies (continued)

2.3 Revenue (continued)

Fee income and performance fees (continued)
As such revenue for management fees is recognised over time at the specified collection dates in the contract as the customer;

a. simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs and
b. the entity has an enforceable right to payment for performance completed as per dates and conditions set in the management service contract.

• **Costs in respect of management service contracts** - Costs that are directly attributable to securing an investment management service contract which would have been incurred either way are expensed. Incremental costs incurred which the company expects to recover in future are capitalised.

Commission income
The company through its property boutique manages buildings on behalf of group companies and third parties. In this relationship the company is an agent who collects rental income on behalf of the principal and in turn collects commission income. Since the customers enjoys the services or goods simultaneously as the entity performs, the revenue is recognised over time and collected on the agreed dates as stipulated in the rental agreement.

Development fee income
The company through its property boutique engages in new buildings project management via sourcing contractors, making sure they are sticking to the building plan and ensuring they adhere to the project timelines. Revenue is recognised over time-based cost-to-cost method. The company calculates its revenue by multiplying the cost to the agreed percentage as stipulated in the contract. Related expenses are recognised in profit or loss when incurred.

2.3.1 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 basis.

2 Accounting policies (continued)

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, 5 years which is the company's policy, 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.

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 of 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 at each reporting date.

2 Accounting policies (continued)

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.

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 Accounting policies (continued)

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.

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 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 Accounting policies (continued)

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
- 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.

2 Accounting policies (continued)

2.9 Financial instruments (continued)

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.

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.

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Financial assets 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.

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.

ECL reflects an entity's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, an entity should also consider observable market information about the credit risk of the financial instrument or similar financial instruments.

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

2 Accounting policies (continued)

2.9 *Financial instruments (continued)*

Impairment of financial assets (continued)
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.

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 considers 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.

2 Accounting policies (continued)

2.9 Financial instruments (continued)

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.

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

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 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 Accounting policies (continued)

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. There was no impaired non-financial asset during the period. Impairment values and procedures for financial assets are disclosed in notes 10.2 and 24.3.2 respectively.

2.13.1 Functional currency

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). 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).

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

For the prior year, 2019, S.I. 33 also applied up to 22 February 2019. The exchange differences that arose on translating foreign currency denominated assets and liabilities on the date of change in the company's functional currency were accounted for through the Currency conversion reserve. The reserve is not available for distribution as profits. In February 2019, the interbank market was introduced, for trading of currencies, for which the starting exchange rate was ZWL $2.5 to USD1. Exchange rate closed the prior year, at 31 December 2019, at ZWL$16.774 to USD1.

On the 26 March 2020, the RBZ, the Central Bank, suspended the managed floating exchange rate system and adopted a fixed exchange rate system at the rate of ZWL25 to USD1 with effect from 27 March 2020. This rate was in use till 23 June 2020. Foreign currency transactions recorded during this period constitute 3% of the total transactions recorded during the year and also 2% of the total foreign currency transactions recorded in the year. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year and use of the prescribed fixed exchange rate during this period does not materially impact accuracy of the financial statements.

2 Accounting policies (continued)

2.13 Critical accounting estimates and judgements (continued)

2.13.1 Functional currency (continued)

Statutory Instrument 142 (S.I. 142) of 2019 was promulgated in June 2019 which effectively established the ZWL as the sole currency for domestic transactions. The RBZ introduced a weekly Reuters based foreign exchange auction, with the first auction held on 23 June 2020, thereby replacing the interbank system. The trades are conducted weekly with the rate from the last auction being the official rate for the week. The auction determined rate has become the official exchange rate used in converting foreign denominated transactions and balances in these financial statements. The closing exchange rate as at 31 December 2020 was 81.79.

The Zimbabwe government gazetted Statutory Instrument 185 (S.I. 185) of 2020 on 24 July 2020. The regulation requires sellers of goods and services to display, quote and offer prices in both the Zimbabwean dollar and foreign currency at the ruling auction exchange rate. Therefore, in accordance with International Accounting Standard("IAS") 21, The Effects of Changes in Foreign Exchange Rates, entities need to assess whether functional currency has changed. The Company's assessment was based on weighting the volume of the local currency business against the foreign currency business. As stated above, foreign currency transactions recorded during the year constitute 3% of the total transactions recorded during the year and also 2% of the total foreign currency transactions recorded in the year. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year. Resultantly, the Company's functional currency remains the ZWL.

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 2020:

IFRS 16 amendment - rent concessions

- On 28 May 2020, the IASB published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- The amendment is effective for annual reporting periods beginning on or after 1 June 2020.
- This had no impact on the financial statements.

2 Accounting policies (continued)

2.15 New and amended standards adopted by the Company (continued)

Definition of Material (Amendments to IAS 1 and IAS 8)

New definition
- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Key changes
- Information requirements are now clearer and targeted due the changing of the phrase, "could influence" to "could reasonably be expected to influence".
- Disclosure of information which is deemed to be obscure is now considered material

Impact on the company
Save for further disaggregation of a few lines in the notes, the impact on the company is minimal as the company has always presented information free of material omissions and misstatements to enable all primary users to make informed decisions.

Conceptual framework amendments

Key changes
The major change is the definition of an Asset, i.e., replacing resource with economic right and economic benefits by potential economic benefits.

Impact on the company
This had no material impact on the company as we have adopted IFRS 16 which is to a larger extent why this change was made.

2.16 Upcoming standards not yet effective

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

a) **IAS 1 amendments on classification**
- This will provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.
- Impact is assessed to be minimal as the amendments only affects presentation of the financial statements.

b) **IAS 16 amendments regarding proceeds before intended use**
- This regards proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- There will be no impact on the company.

2 Accounting policies (continued)

2.16 Upcoming standards not yet effective (continued)

c) **IAS 37 amendments regarding onerous contracts**

- Amends the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- There will be no impact on the company as all contracts entered with new and existing customers are based on market rates.

2.17 Comparative figures

Where necessary comparative figures are reclassified in line with current year presentation. No reclassifications were done during the 2020 reporting period.

2.18 Business combinations - Common control transactions

The company uses the book value method to record common control transactions. During the year, Old Mutual properties merged into the company, the disclosures for this transaction are shown on note 30.

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
3 *Fee income*				
Asset management fees	432 946 242	386 793 949	249 257 444	30 505 398
Commission income	117 943 056	-	71 076 128	-
Development fees	4 999 953	-	3 013 126	-
Total revenue	**555 889 251**	**386 793 949**	**323 346 698**	**30 505 398**

Asset management fee and commission income is recognised over time and collected on the agreed dates as per signed contracts with the customers. Development fees revenue is also recognised over time based on the cost-to-cost method.

In respect of commissions, management has concluded that the company is an agent due to the following reasons;
- the company does not own any of the properties
- the company does not have discretion on the setting of rental prices as these have to be approved by the property owners first to be implemented.

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
4 **Other income**				
Interest on money market investments	1 266 586	3 193 640	344 673	242 850
Foreign Exchange gain/(Loss)	18 560 349	-	24 658 470	-
Profit / Loss on Revaluation of Shares	54 729 414	-	82 457 255	-
Profit / Loss on Sale of Investments	41 455 263	-	41 455 263	134 548
Other income	5 324 890	(3 995 695)	5 324 890	125 256
	121 336 502	**(802 055)**	**154 240 551**	**502 654**

		Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
5	***Operating and administration expenses***				
	Operating and administration expenses include:				
	Statutory audit services	8 906 078	4 190 639	8 906 078	934 188
	Direct remuneration	224 110 743	82 232 657	143 802 467	10 614 118
	Indirect remuneration	41 920 344	11 835 180	26 089 983	1 361 679
	Rentals for office space	18 870 263	4 369 727	16 307 350	477 342
	Depreciation of equipment	33 660 487	9 152 821	3 521 486	394 028
	Amortisation costs	10 407 134	10 475 777	349 350	260 800
	Shared services expenses	51 795 605	22 730 114	30 203 089	2 009 153
	Directors' fees	5 083 856	3 209 904	2 814 322	376 238
	Subsistence and travelling expenses	5 115 422	5 342 878	3 210 122	567 600
	Marketing expenses	4 711 352	4 344 917	3 565 210	283 985
	Telephone	1 644 907	519 265	997 126	45 057
	Vehicle operating costs	16 542 298	5 054 322	10 060 399	552 452
	Stationery	3 445 591	1 874 247	1 731 169	274 506
	Internal audit fees	-	933 623	-	208 126
	Other Administration expenses	48 383 752	25 854 541	33 137 079	5 148 952
	Foreign Exchange Loss	-	87 801 814	-	19 573 010
	Loss on revaluation of shares	-	9 120 289	-	2 033 119
		474 597 832	**289 042 715**	**284 695 230**	**45 114 353**
6	***Income tax expense***				
	Current tax expense	23 091 461	44 163 451	23 091 461	3 419 258
	Deferred tax (credit)/ expense	29 951 642	(25 034 199)	3 268 955	(5 822 231)
		53 043 103	**19 129 252**	**26 360 416**	**(2 402 973)**
	Reconciliation of taxation rate on profit before tax				
		%	%	%	%
	Standard rate of taxation	25	25	25	25
	Adjusted for:				
	Net monetary gain or loss	48	(162)	-	-
	Other exempt income ^	(36)	122	(16)	(8)
	Other disallowed expenses *	5	3	5	3
	Change in tax rate	-	-	-	(3)
	Effective tax rate	**42**	**(12)**	**14**	**17**

^ This includes profit or loss on disposal of PPE and profit and loss on sale of investments.
** This includes disallowed management fees, intermediated transfer tax, share based payments, donations, excess pension contributions and entertainment.*

7 Property and Equipment

Audited - Inflation Adjusted

2020	Motor vehicles ZWL$	Furniture and Fittings ZWL$	Computer Equipment ZWL$	Total ZWL$
Cost				
Opening balance at 1 January 2020	55 355 197	7 330 919	12 964 400	75 650 516
Additions during the period	14 305 376	128 871	6 809 442	21 243 689
Disposals during the period	(333 582)	-	(119 977)	(453 559)
Additions from business combination (Note 30)	15 547 717	1 226 572	3 764 744	20 539 033
Closing balance at 31 December 2020	84 874 708	8 686 362	23 418 608	116 979 678
Accumulated depreciation				
Accumulated Depreciation at 1 January 2020	24 453 022	4 282 518	10 561 539	39 297 079
Depreciation for the period	13 540 010	1 027 213	2 775 013	17 342 236
Accumulated depreciation of disposals	2 936 025	-	581 507	3 517 532
Accumulated Depreciation at 31 December 2020	40 929 057	5 309 731	13 918 059	60 156 847
Carrying amount at 31 December 2020	43 945 652	3 376 632	9 500 549	56 822 832

2019	Motor vehicles ZWL$	Furniture and Fittings ZWL$	Computer Equipment ZWL$	Total ZWL$
Cost				
Opening balance at 1 January 2019	33 430 513	6 271 842	10 625 739	50 328 094
Additions during the year	23 327 544	1 067 625	2 488 138	26 883 307
Disposals during the year	(1 402 860)	(8 548)	(149 476)	(1 560 884)
Closing balance at 31 December 2019	55 355 197	7 330 919	12 964 400	75 650 516
Accumulated depreciation				
Opening balance at 1 January 2019	18 295 500	3 397 241	8 861 943	30 554 685
Depreciation for the period	7 647 226	895 275	1 798 181	10 340 682
Accumulated depreciation of disposals	(1 489 704)	(9 998)	(98 586)	(1 598 288)
Closing balance at 31 December 2019	24 453 022	4 282 518	10 561 538	39 297 079
Carrying amount as at 31 December 2019	30 902 175	3 048 401	2 402 862	36 353 437

7 Property and Equipment (continued)

Unaudited Historical

2020	Motor vehicles ZWL$	Furniture and Fittings ZWL$	Computer Equipment ZWL$	Total ZWL$
Cost				
Opening balance at 1 January 2020	1 709 216	167 339	282 734	2 159 289
Additions during the period	15 946 638	196 225	3 790 033	19 932 896
Disposals during the period	(155 181)	-	(119 918)	(275 099)
Additions from business combination (Note 30)	1 441 583	113 728	349 067	1 904 378
Closing balance at 31 December 2020	18 942 256	477 292	4 301 916	23 721 464
Accumulated depreciation				
Accumulated Depreciation at 1 January 2020	465 678	50 786	119 863	636 327
Depreciation for the period	1 903 673	67 663	541 599	2 512 934
Accumulated depreciation of disposals	(87 500)	-	(14 361)	(101 861)
Additions from business combination (Note 30)	285 220	70 172	136 257	491 648
Accumulated Depreciation at 31 December 2020	2 567 071	188 621	783 358	3 539 048
Carrying amount at 31 December 2020	16 375 185	288 671	3 518 558	20 182 416

2019	Motor vehicles ZWL$	Furniture and Fittings ZWL$	Computer Equipment ZWL$	Total ZWL$
Cost				
Opening balance at 1 January 2019	544 438	93 424	137 705	775 567
Additions during the year	1 356 048	75 883	155 051	1 586 982
Disposals during the year	(191 270)	(1 968)	(10 022)	(203 260)
Closing balance at 31 December 2019	1 709 216	167 339	282 734	2 159 289
Accumulated depreciation				
Opening balance at 1 January 2019	367 363	31 346	99 091	497 800
Depreciation for the period	226 226	19 810	29 725	275 761
Accumulated depreciation of disposals	(127 911)	(370)	(8 953)	(137 234)
Closing balance at 31 December 2019	465 678	50 786	119 863	636 326
Carrying amount as at 31 December 2019	1 243 538	116 553	162 871	1 522 963

7 Property and Equipment (continued)

	Audited Inflation Adjusted 2020 ZWL$	Unaudited Historical 2020 ZWL$
7.1 Intangible Assets - Computer systems		
Opening balance at 1 January 2020	16 477 963	420 333
Amortisation	(10 407 134)	(349 350)
Additions from business combination (Note 30)	-	377 403
Closing balance at 31 December 2020	6 070 829	448 386
2019		
Opening balance at 1 January 2019	26 885 097	775 679
Amortisation	(10 407 134)	(355 346)
Closing balance at 31 December 2019	16 477 963	420 333

8 Deferred tax

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Analysis of deferred tax balance				
Charge for the period				
Temporary differences arising from:				
Foreign Exchange Gain/Loss Unrealised	(6 503 413)	43 630 219	(6 503 413)	5140 265
Lease Liability	6 051 577	419 579	6 051 577	93 534
Provision for bad debts	-	325 084	-	52 316
Leave pay	679 407	41 032	679 407	41 032
Performance bonus	8 569 233	1 989 252	8 569 233	443 449
Provision for Audit Fees	1 212 338	130 305	1 212 338	130 305
Foreign currency translation reserve	598 178	608 341	598 178	608 341
Capital allowances (Investments)	(1 236 828)	(323 691)	(1 236 828)	(323 691)
Capital allowances (PPE)	(12 072 145)	(19 570 130)	(5 890 890)	(254 304)
Carrying amount as at 31 December	(2 701 653)	27 249 992	3 479 602	5 931 247

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.

		Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
9	**Other assets**				
	Dividend Income receivable	223 116	-	223 116	1 802 592
	Staff debtors	1 562 440	2 249 484	1 562 440	501 461
	Prepayments	2 701 532	681 730	3 537 244	850 038
	Trading units	707 277	-	707 277	-
	Workshop tools	177 332	-	39 531	-
		5 371 698	**3 931 214**	**6 069 608**	**3 154 091**
10	**Investments and securities**				
10.1	**Analysis of investments**				
	Equity securities	139 065 860	144 964 979	139 065 860	32 315 972
	Trading units	-	238 339	-	53 131
	Unit Trusts Investments	49 686	397 403	49 686	88 590
	Bankers Acceptance *	2 260 534	29 760 476	2 260 534	6 634 283
	Total investments and securities	141 376 080	175 361 197	141 376 080	39 091 976

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

10.2 Loss allowance analysis

	2020	12-month ECL 2019
Audited Inflation Adjusted		
Loss allowance on 1 January 2020	89 929	31 295
Net remeasurement of ECL through P&L	329 899	58 634
Balance as at 31 December 2020	419 828	89 929

		Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
11	**IFRS 16 - Leases**				
11.1	**Right of use asset**				
	Carrying amount at beginning	21 696 893	-	354 802	-
	Additions from business combination (Note 30)	-	-	1 238 935	-
	Remeasurement	27 367 973	22 705 056	21 268 900	473 070
	Depreciation charge for the year	(16 318 250)	(1 008 163)	(1 008 551)	(118 268)
	Carrying amount at end	32 746 616	21 696 893	21 854 086	354 802

11.2 Lease Liability - Maturity analysis

2020	**1 year or less** ZWL$	**1 - 2 years** ZWL$	**2 - 3 years** ZWL$	**Over 3 years** ZWL$
Lease liability	16 587 071	8 485 037	-	-

2019	**1 year or less** ZWL$	**1 - 2 years** ZWL$	**2 - 3 years** ZWL$	**Over 3 years** ZWL$
Lease liability	399 028	-	-	-

		Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
11.3	**Lease expenses in Profit or loss**				
	Lease interest expense	13 350 887	115 367	2 976 215	25 718
	Depreciation	16 318 250	1 008 163	1 008 551	118 268
11.4	**Total cashflow related to leases**				
	Cash payment for lease liability	(4 584 812)	(33 382 667)	(2 260 111)	(94 697)
	Interest paid	(13 350 887)	(115 367)	(2 976 215)	(25 718)

11 IFRS 16 – Leases (continued)

11.5 Lease liability

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Carrying amount at start	1 697 327	12 374 939	378 373	-
Additions from business combination (Note 30)	-	-	1 372 926	-
Total lease payments	(17 935 699)	(33 498 035)	(5 236 326)	(120 415)
Remeasurement	27 367 973	22 705 056	24 989 300	473 070
Accrued interest	13 350 887	115 367	2 976 215	25 718
Carrying amount at end	24 480 488	1 697 327	24 480 488	378 373

12 Amounts due from or (to) group companies

Audited – Inflation Adjusted

	Amounts due from 31-Dec-20 ZWL$	Amounts due (to) 31-Dec-20 ZWL$	Amounts due from 31-Dec-19 ZWL$	Amounts due (to) 31-Dec-19 ZWL$
Other Group Companies- fellow subsidiaries				
Old Mutual Zimbabwe Limited	-	(12 170 935)	-	-
Indigenisation Employee Scheme	-	(130)	-	(127 421)
Management Incentive Scheme	-	(130)	-	-
Old Mutual Life Assurance Company Zimbabwe Limited	33 362 855	-	20 111 553	-
Old Mutual Shared Services (Private) Limited	-	-	412 219	(1 292 197)
Old Mutual Property Investment Corporation	118 948	-	28 171	-
Old Mutual Securities	165 771	-	3 674	-
Old Mutual Insurance Company (Private) Limited	1 348 763	(499 998)	-	-
Old Mutual Custodial Services	-	(59 907)	-	(11 462)
OMA	-	(3 154 242)	-	-
Central Africa Building Society	-	(2 063 597	-	(7 076 967)
Old Mutual Finance	57 474	-	-	-
Frittlewell	-	(6 634)	-	-
Old Mutual Foundation	-	(22 585)	-	-
Mutual & Federal	712 242	-	633 175	-
	35 766 053	(17 978 158)	21 188 792	(8 508 047)

12 Amounts due from or (to) group companies (continued)

Unaudited - Historical

	Amounts due from 31-Dec-20 ZWL$	Amounts due (to) 31-Dec-20 ZWL$	Amounts due from 31-Dec-19 ZWL$	Amounts due (to) 31-Dec-19 ZWL$
Other Group Companies- fellow subsidiaries				
Old Mutual Zimbabwe Limited	-	(12 170 935)	-	-
Indigenisation Employee Scheme	-	(130)	-	(28 405)
Management Incentive Scheme	-	(130)	-	-
Old Mutual Life Assurance Company Zimbabwe Limited	33 362 855	-	4 483 320	-
Old Mutual Shared Services (Private) Limited	-	-	91 893	(288 060)
Old Mutual Property Investment Corporation	118 948	-	6 280	-
Old Mutual Securities	165 771	-	819	-
Old Mutual Insurance Company (Private) Limited	1 348 763	(499 998)	-	-
Old Mutual Custodial Services	-	-	(59 907)	(2 555)
OMA	-	(3 154 242)	-	-
Central Africa Building Society	-	(2 063 597)	-	(1 577 616)
Old Mutual Finance	57 474	-	-	-
Frittlewell	-	(6 634)	-	-
Old Mutual Foundation	-	(22 585)	-	-
Mutual & Federal	712 242	-	141 149	-
	35 766 053	(17 978 158)	4 723 461	(1 896 636)

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.

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
13 Cash and cash equivalents				
Cash at bank and in hand	17 334 091	22 854 440	17 334 091	5 094 456

14 Provisions:

Audited - Inflation Adjusted

ZWL$	Staff Bonus ZWL$	Other Provisions ZWL$	Audit fees ZWL$	in leu of leave ZWL$	Total
Balance at 1 January 2019	1 430 631	2 602 298	64 682	248 476	4 346 087
Utilized during the year	(21 491 768)	(1 517 749)	(1 890 711)	(959 220)	(25 859 448)
Charge for the year	28 108 272	418 818	4 190 638	1 455 345	34 173 073
Balance at 31 December 2019	8 047 134	1 503 367	2 364 609	744 601	12 659 711
Utilized during the year	(7 643 155)	(2 556 787)	(6 366 407)	(404 700)	(16 971 049)
Charge for the year	34 261 203	1 718 455	8 906 078	2 408 507	47 294 243
Balance at 31 December 2020	34 665 182	665 034	4 904 280	2 748 409	42 982 905

Unaudited - Historical

Balance at 1 January 2019	318 920	580 111	14 419	55 391	968 841
Utilized during the year	(211 468)	(240 244)	(421 482)	-	(873 194)
Charge for the year	1 686 436	-	934 188	110 597	2 731 221
Balance at 31 December 2019	1 793 888	339 867	527 125	165 988	2 826 868
Utilized during the year	(1 389 909)	(57 915)	(4 528 923)	173 913	(5 802 834)
Charge for the year	34 261 203	383 082	8 906 078	2 408 508	45 958 873
Balance at 31 December 2020	34 665 182	665 034	4 904 280	2 748 409	42 982 905

15 Payables

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Value Added Tax	4 525 777	2 139 863	4 525 777	477 024
Licences	25 484 975	74 572 156	25 484 975	16 623 820
Server rental	-	24 555 534	-	5 473 984
Accrued expenses	3 045 186	-	3 045 186	-
Fidelity insurance	953 614	524 596	953 614	339 867
NMI payable	4 676 689	3 704 627	4 676 689	825 845
Control Account balances	718 618	292 169	18 618	65 131
Other payables	11 103 443	17 883 563	11 103 443	5 624 082
	50 508 302	124 672 508	50 508 302	29 429 753

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
16 Share capital and premium				
Authorised share capital				
10 000 ordinary shares of ZWL$ 1.00 each	64 760	64 760	10 000	10 000
Issued share capital				
10 000 ordinary shares of ZWL$ 1.00 each	64 760	64 760	10 000	10 000
Share premium	238 632 758	238 632 758	38 855 814	38 855 814
	238 697 518	238 697 518	38 865 814	38 865 814

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 ZWL$ 20,000 per month per employee.

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
Contributions recognised as an expense for the year				
- Old Mutual Staff Pension Fund	8 346 188	2 954 416	4 684 185	240 569
- National Social Security Authority Scheme	936 708	567 176	542 905	40 886
	9 282 896	3 521 592	5 227 090	281 455

		Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
18	**Remuneration of key management personnel**				
	Short-term benefits	112 473 842	32 484 150	62 263 280	7 241 452
	Other long-term benefits	5 083 856	3 209 904	2 814 322	376 238
	Total	117 557 698	35 694 054	65 077 602	7 617 690
19	**Non-cash movements and adjustments to profit before tax**				
	Depreciation and amortisation	44 067 621	19 628 598	3 870 836	654 828
	Unrealised exchange (gains)/losses	(18 560 349)	87 801 814	(24 658 470)	87 801 814
	Charges to provisions and post employment obligations	2 408 508	1 455 345	2 408 508	2 490 976
	Share-based payments charge	1 495 962	749 873	1 495 961	167 164
	Profit / Loss on Revaluation of Shares	(54 729 414)	-	(82 457 255)	2 033 119
	Profit on disposal	(1 131 680)	(540 413)	(307 961)	(120 470)
	Accrued interest - Money market	1 266 586	3 193 640	344 673	-
	Interest on lease liability	13 350 887	115 367	2 976 215	25 717
	Net Monetary loss	61 220 009	251 958 275	-	-
		49 388 130	**364 362 499**	**(96 327 493)**	**93 053 148**
20	**Changes in working capital**				
	Debtors and amounts due by group companies	(76 159 922)	104 523 913	(103 707 208)	4 839 600
	Creditors and amounts due to group companies	(43 930 862)	(8 514 184)	73 931 720	27 010 238
	Effect of inflation on cash flow items	(92 116 042)	132 985 153	-	-
		(212 206 826)	**228 994 882**	**(29 775 488)**	**31 849 838**
21	***Taxation paid***				
	Balance at beginning of the year	(433 070)	853 158	96 541	(211 670)
	Opening balance from business combination (Note 30)	267 337	-	267 337	-
	Deferred tax net movement	(29 951 645)	25 034 199	2 935 307	-
	Current year tax recognised in profit or loss	(23 091 461)	(44 163 452)	(23 091 461)	(3 419 258)
	Balance at end of year	2 559 413	433 070	2 559 413	(96 541)
		(50 649 426)	**(17 843 025)**	**(17 232 863)**	**(3 727 469)**

	Audited Inflation Adjusted *31-Dec-20* ZWL$	Audited Inflation Audited *31-Dec-19* ZWL$	Unaudited Historical *31-Dec-20* ZWL$	Unaudited Historical *31-Dec-19* ZWL$
22 *Net purchase of investment*				
Balance at beginning of the year	(175 361 197)	20 333 914	(39 091 977)	4 532 890
Net movement in profit or loss	203 673 810	(531 182 037)	(107 182 069)	(142 753 094)
Balance at end of year	141 376 080	175 361 197	141 376 080	39 091 975
	169 688 693	**(335 486 916)**	**(4 897 966)**	**(99 128 229)**

23 *Related party disclosures*

Loans due from or to subsidiaries and other group 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

	Audited Inflation adjusted 2020 ZWL$	2019 ZWL$	Unaudited Historical 2020 ZWL$	2019 ZWL$
Old Mutual Zimbabwe Limited	9 865 909	19 327 233	5 738 749	1 524 287
Old Mutual Life Assurance Company Zimbabwe Limited	190 589 905	230 851 290	110 861 320	18 206 620
Old Mutual Property Investment Corporation	204 492	-	118 948	-
Old Mutual Securities	515 104	176 917	299 623	13 953
Old Mutual Insurance Company (Private) Limited	5 455 862	8 103 776	3 173 537	639 123
OMUT	11 522 914	-	6 702 587	-
Mutual & Federal	1 224 468	1 789 702	712 242	141 149
Management expenses incurred				
Old Mutual Zimbabwe Limited	(37 758 021)	-	(19 657 666)	-
Old Mutual Life Assurance Company Zimbabwe Limited	(9 120 117)	-	(4 748 136)	-
Central Africa Building Society	(3 146 274)	-	(1 638 020)	-
Old Mutual Shared services	-	(38 666 493)	-	(2 009 153)

23 *Related party disclosures (continued)*

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, Bevin Ngara, Davies Musoso, Tinashe Chingonzo, 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. Only financial assets and liabilities are disclosed in the table below. The Company has not disclosed the fair values of financial assets and liabilities because their carrying amounts are a reasonable approximation of fair value.

Audited Inflation adjusted

	Note	Financial Assets at FVTPL ZWL$	Financial Assets at amortised cost ZWL$	Financial Liabilities at amortised cost ZWL$	Total ZWL$
At 31 December 2020					
Assets					
Receivables		-	72 299 022	-	72 299 022
Amounts due from group companies	12	-	35 766 053	-	35 766 053
Cash and cash equivalents	13	-	17 334 091	-	17 334 091
Investments and securities	10	139 065 860	2 310 220	-	141 376 080
		139 065 860	**127 709 386**	-	**266 775 246**
Liabilities					
Licenses	15	-	-	(25 484 975)	(25 484 975)
Other payables	15	-	-	(11 103 443)	(11 103 443)
Amounts due to group companies	12	-	-	(17 978 158)	(17 978 158)
		-	-	**(54 566 576)**	**(54 566 576)**

24 Financial instruments and risk management (continued)

24.1 Accounting classifications and fair values (continued)

Audited Inflation adjusted

	Note	Financial Assets at FVTPL ZWL$	Financial Assets at amortised cost ZWL$	Financial Liabilities at amortised cost ZWL$	Total ZWL$
At 31 December 2019					
Assets					
Receivables		-	12 156 844	-	12 156 844
Amounts due from group companies	12	-	21 188 792	-	21 188 792
Cash and cash equivalents	13	-	22 854 440	-	22 854 440
Investments and securities	10	144 964 979	30 396 218	-	175 361 197
		144 964 979	**86 596 294**	-	**231 561 273**
Liabilities					
Licenses	15	-	-	(74 572 156)	(74 572 156)
Other payables	15	-	-	(17 883 563)	(17 883 563)
Amounts due to group companies	12	-	-	(8 508 047)	(8 508 047)
		-	-	**(100 963 766)**	**(100 963 766)**
Unaudited Historical At 31 December 2020					
Assets					
Receivables		-	72 299 022	-	72 299 022
Amounts due from group companies	12	-	35 766 053	-	35 766 053
Cash and cash equivalents	13	-	17 334 091	-	17 334 091
Investments and securities	10	139 065 860	2 310 220	-	141 376 080
		139 065 860	**127 709 386**	-	**266 775 246**
Liabilities					
Licenses	15	-	-	(25 484 975)	(25 484 975)
Other payables	15	-	-	(11 103 443)	(11 103 443)
Amounts due to group companies	12	-	-	(17 978 158)	(17 978 158)
			-	**(54 566 576)**	**(54 566 576)**

24 Financial instruments and risk management (continued)

24.1 Accounting classifications and fair values (continued)

	Note	Financial Assets at FVTPL ZWL$	Unaudited Historical Financial Assets at amortised cost ZWL$	Unaudited Historical Financial Liabilities at amortised cost ZWL$	Total ZWL$
At 31 December 2019					
Assets					
Receivables		-	2 549 923	-	2 549 923
Amounts due from group companies	12	-	4 723 461	-	4 723 461
Cash and cash equivalents	13	-	5 094 456	-	5 094 456
Investments and securities	10	32 315 972	6 776 004	-	39 091 976
		32 315 972	**19 143 844**	-	**51 459 816**
Liabilities					
Licenses	15	-	-	(16 623 820)	(16 623 820)
Other payables	15	-	-	(5 624 082)	(5 624 082)
Amounts due to group companies	12	-	-	(1 896 636)	(1 896 636)
		-	-	**(24 144 538)**	**(24 144 538)**

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, counterparty risk, settlement risk and position risk. Shareholder equity amounted to ZWL$ 185.419 million (historical unaudited amount) (2019: ZWL$ 24.408 million (historical unaudited amount)). 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.

24 Financial instruments and risk management (continued)

24.3 *Financial risk management (continued)*

The company is exposed to financial risk through its financial assets and financial liabilities. The key financial risk is that the proceeds from its financial assets may not be sufficient to fund its obligations.

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 and measured in terms of IFRS as articulated under accounting policy note 2.9.

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%	226 053	226 053
Decrease in interest rates by 10%	(226 053)	(226 053)

24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

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 and itself. For client funds, the investment process is done following a rigorous investment policy which prescribes a balanced allocation of assets/funds across various asset classes. This ensures that FUM is not heavily weighted or invested in one asset class, in this case equity. As such any movement in equity price will not materially affect the company's income.

However, the company's own equity investments, as shown in note 10.1 are exposed to equity price risk as they are not hedged by any other asset class. Movement in interest rates by 20% would affect the company's profit or loss and equity as follows;

	Profit or (loss)	Equity
Strengthening of the industrial index by 20%	27 813 172	27 813 172
Weakening of the index by 20%	(27 813 172)	(27 813 172)

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 the reporting date would affect the measurement of the net foreign currency denominated assets (liabilities) of the company. The company had a net foreign assets position of USD 500,458. This analysis assumes that all other variables remain constant, changes in foreign exchange rates to the ZWL $ would impact profit and equity as below:

	Profit or (loss)	Equity
Exchange rate strengthening by 20%	8 186 152	8 186 152
Exchange rate weakening by 20%	(8 186 152)	(8 186 152)

24.3.2 *Credit risk*
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and money market investments in banking institutions. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, management also considers other external factors that may influence the credit risk of its customers and counterparties.

For trade receivables most of the company's clients have been on our books for more than 2 years and none of them have had their balances being credit impaired at the reporting date. In monitoring credit risk all external clients are grouped together as most of their affairs are managed by custodians and intercompany transactions separately.

24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

24.3.2 *Credit risk (continued)*

At 31 December 2020, the assessed balances exposed to overall counterparty credit risk are as follows:

	Audited Inflation Adjusted 2020 ZWL$	Audited Inflation Adjusted 2019 ZWL$
Receivables	72 299 022	12 156 844
Amounts due from group companies	35 766 053	21 188 792
Cash and cash equivalents	17 334 091	22 854 440
Unit trusts investments	49 686	397 403
Bankers Acceptance	2 260 534	29 760 476
	127 719 386	**86 357 955**

	Unaudited Historical 2020 ZWL$	Unaudited Historical 2019 ZWL$
Receivables	72 299 022	2 549 923
Amounts due from group companies	35 766 053	4 723 461
Cash and cash equivalents	17 334 091	5 094 456
Unit trusts investments	49 686	88 590
Bankers Acceptance	2 260 534	6 634 283
	127 719 386	**19 090 713**

The risk for intercompany receivables is deemed to be nil as the money is easily recoverable, this is supported by the fact that for the past 5 years all group companies mostly settle their fees in the month of invoice receipt. For external receivables the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Below is the ageing of the external receivables as at 31 December 2020:

	Audited Inflation Adjusted 2020 ZWL$	Unaudited Historical 2020 ZWL$
Past due 1-30 days	31 991 778	31 991 778
Past due 31-90 days	34 781 079	34 781 079
Over 90 days	5 526 165	5 526 165
	72 299 022	**72 299 022**

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24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

24.3.2 *Credit risk (continued)*

For debt assets company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have been approved by the risk department within the set maximum risk exposure. Factors considered when selecting the counterparties and setting exposure limits include but are not limited to capital levels, management quality, earnings quality, non-performing loans amongst other factors. Assessment of these factors is done monthly. The exposure for debt risk as at 31 December 2020 is shown on note 10.1.

The expected credit losses for the trade receivables and debt securities are shown on note 10.2.

24.3.3 *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.

24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

24.3.3 *Liquidity risk (continued)*

Liquidity gap analysis

Audited Inflation Adjusted

At 31 December 2020

	Up to 1 month ZWL $	2 to 6 months ZWL $	Above 6 months ZWL $	Non - current ZWL $	Total ZWL $
Liabilities					
Licenses	-	-	25 484 975	-	25 484 975
Other payables	11 103 443	-	-	-	11 103 443
Amounts due to group companies	17 978 158	-	-	-	17 978 158
Total liabilities	**29 081 601**	**-**	**25 484 975**	**-**	**54 566 576**

24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

24.3.3 *Liquidity risk (continued)*

Liquidity gap analysis (continued)

Audited Inflation Adjusted

At 31 December 2019

	Up to 1 month ZWL $	2 to 6 months ZWL $	Above 6 months ZWL $	Non - current ZWL $	Total ZWL $
Liabilities					
Licenses	-	-	74 572 156	-	74 572 156
Other payables	17 883 563	-	-	-	17 883 563
Amounts due to group companies	8 508 047	-	-	-	8 508 047
Total liabilities	**26 391 610**	**-**	**74 572 156**	**-**	**100 963 766**

24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

24.3.3 *Liquidity risk (continued)*

Liquidity gap analysis (continued)

Unaudited Historical

At 31 December 2020

	Up to 1 month ZWL $	2 to 6 months ZWL $	Above 6 months ZWL $	Non - current ZWL $	Total ZWL $
Liabilities					
Licenses	-	-	25 484 975	-	25 484 975
Other payables	11 103 443	-	-	-	11 103 443
Amounts due to group companies	17 978 158	-	-	-	17 978 158
Total liabilities	**28 991 601**	**-**	**25 484 975**	**-**	**54 566 576**

24 Financial instruments and risk management (continued)

24.3 Financial risk management (continued)

24.3.3 Liquidity risk (continued)

Liquidity gap analysis (continued)

Unaudited Historical
At 31 December 2019

	Up to 1 month ZWL $	2 to 6 months ZWL $	Above 6 months ZWL $	Non - current ZWL $	Total ZWL $
Liabilities					
Licenses	-	-	16 623 820	-	16 623 820
Other payables	5 624 082	-	-	-	5 624 082
Amounts due to group companies	1 896 636	-	-	-	1 896 636
Total liabilities	**7 520 718**	**-**	16 623 820	**-**	**24 144 538**

25 Subsequent events

After year end, the value of the Zimbabwe Stock Exchange (ZSE) all share index had increased by about 57%. This had a significant impact on the Company's profits given the level of Investments in listed equities that it holds. This subsequent increase in ZSE prices resulted in the Company's listed equities increasing by ZWL$ 67.3mil as at 28 February 2021, while profits for that period have been positively impacted by ZWL$ 14.9mil.

26 Commitments for capital expenditure

	Audited Inflation Adjusted 2020 ZWL$	Unaudited Historical 2020 ZWL$
Authorized and not yet contracted		
Motor vehicles	-	35 000
Equipment	-	74 400
Total budgeted capital commitments to be funded from internal resources	**-**	**109 400**

27 Funds under management

	Audited Inflation Adjusted 2020 ZWL$	**Unaudited Historical 2020 ZWL$**
Total Funds Under Management is represented by:		
Cash & cash equivalents	2 351 741 170	326 441 527
Interest Bearing Investments	705 484 237	440 150 605
Listed equity investments	37 694 014 572	7 793 333 900
Alternative investments	5 132 518 640	669 338 138
Property investments	34 193 615 140	-
	80 077 373 759	**9 229 264 170**

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 group companies is as follows;

	Audited Inflation Adjusted 2020 ZWL$	**Unaudited Historical 2020 ZWL$**
Old Mutual Zimbabwe Limited (OMZIL)	870 320 997	158 207 660
Frittlewell	332 107	125 025
Old Mutual Life Assurance Company of Zimbabwe Limited (OMLAC)	7 614 288 919	4 581 983 691
Old Mutual Insurance Company (Private) Limited (OMICO)	643 073 057	109 249 439
Central Building Society	4 482 819 681	241 118
Old Mutual Securities (Private) Limited (OMSEC)	17 455 177	382 389
Mutual & Federal	137 576 670	26 794 553
Old Mutual Zimbabwe Limited Management Incentive Share Trust	6 089	87 148
	13 765 872 697	**4 877 071 023**

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 ZWL$ 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 ZWL$ 12.00 (2018: ZWL$1.09)

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

28 *Share based payments (continued)*

28.2 Share-based payment reserve

Disposals during the year
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.

	Audited Inflation Adjusted		Unaudited Historical	
	2020	**2019**	**2020**	**2019**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Opening balance	48 665 622	48 633 090	1 257 007	1 249 755
Share based payment expense	-	32 532	-	7 252
Cash settled SBP	-	-	-	-
Closing balance	**48 665 622**	**48 665 622**	**1 257 007**	**1 257 007**

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 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.

Broad Based Employee Plan (BBESP) ZWL$	**2020**	**2019**
The balance of the liability at the end of reporting period was as below:		
BBSEP	-	**645 218**

28 *Share based payments (continued)*

The fair value of services received in return for the BBESP was measured by reference to the fair value of share entitlements granted over the service period. The fair value was 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 was maintained in the Group and remeasured at each reporting 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:

	2020 Number of shares	**2019 Number of shares**
Outstanding at the beginning of the year	**13 592**	10 364
Shares granted during the year	-	3 834
Forfeited	-	(1 320)
Transfer in	-	1 306
Transfer out	-	-
Vested during the year	(13 592)	(592)
Outstanding at the end of the year	-	**13 592**

All the outstanding shares vested in September 2020 at the completion of the restricted period and the participants were settled in cash the value of the shares on the vesting date, per the vesting conditions, the share price of the Old Mutual Limited share on the JSE was applied to the total shares held by each participant. The share scheme was wound up upon settlement of the outstanding obligations.

29 *Going concern*

The Financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future. The outbreak of the COVID-19 pandemic and the measures adopted by the Government of Zimbabwe to mitigate its spread did not impact the reported results.

For the year ended 31 December 2020, the company had an inflation adjusted profit after tax of ZWL$75,013,922 (2019: Loss ZWL$174,253,715). The company's inflation adjusted net current assets as at year end are ZWL$231,695,126 (2019: ZWL$190,166,248). Inflation adjusted Cash and cash equivalents as at the date of these financial statements are ZWL$17,334,091.

An assessment of the possible effects of COVID-19 on the going concern of the Company is discussed in detail in Note 29.1.

Inflation adjusted total assets grew marginally from ZWL$337,703,842 in 2019 to ZWL$370,346,633 as the nominal growth in assets on the historical cost and fair value basis of accounting (305%) was exceeded by inflation for the 2020 full year of 521.16%. The inflation adjusted total equity of 2020: ZWL$231,695,126 was higher than the inflation adjusted comparable of ZWL$151,853,626 but still lagged inflation.

29 *Going concern (continued)*

Funds under management (FUM) was up by 768% to ZWL$80.08 billion mainly due to positive investment performance, foreign currency translation gains and new FUM from business combination. The business core pillars and foundations remained in place, as evidenced by growth in total customer numbers and Net Client Cashflows (NCCF) which closed the year in the positive at ZWL$492m.

The financial position of the Company, its cash flows and liquidity position are described above. In addition, notes 2 & 24-26 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Company also has adequate financial resources to continue in operation for the foreseeable future and should profitability be affected the Holding company will inject capital.

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

29.1 Impact of COVID-19 on the business

The measures adopted by the Government of Zimbabwe to help curb the spread of the virus included periods of lockdown meant that some of our staff had to work from home. The business has managed to enable most staff members to work from home whilst also ensuring that necessary safety measures were implemented at the workplace to protect staff that need to be physically present at the workplace as well as customers, this has been done to ensure continuity of business operations. A significant amount had to be spent on IT hardware and sanitary equipment, but some savings were realised in other areas of normal operations

COVID-19 did not have a significant impact on the Company's ability to continue operating as a going concern. Rental yields as well as voids slightly improved during the period under review as sentiments among real estate occupiers and investors improved as the sector recovers from historic economic damage. We managed to record positive net client cashflows during the year.

The Company put in place the following measures amongst others in order to protect margins and reinforce the liquidity and capital adequacy position in the foreseeable future;

- Deferral or cancellation of discretionary costs
- Freezing of non-essential recruitments
- Reducing printing and travel costs
- Diversification of property side income by venturing into the property development space
- Management of client relations to maintain and grow the current portfolio
- Continuing to introduce market relevant products in order to grow business volumes

The Company managed to maintain a strong liquidity and capital position throughout the 31 December 2020 reporting period. The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

30 *Business combination*

On 01 January 2020 Old Mutual Properties (OMP) merged into the Company. Included in the identifiable assets and liabilities acquired at the date of acquisition of OMP are inputs (offices, inventories and customer relationships), business processes and an organised workforce. The Company has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue, hence the acquired set is a business.

The merger is a transaction under common control which was done under a restructuring exercise carried by the holding company, Old Mutual Zimbabwe Ltd. The exercise was meant to harness synergistic benefits by placing group companies under the following clusters, Asset Management, Insurance and Banking. The expected benefits of the merging of OMP into the company were in the following areas marketing, product development and directors' costs amongst other things.

Consideration transferred

The company recognised an intercompany liability to the value of the reserves/net assets of OMP as at 31 December 2020 of ZWL $7,925,274.

Identifiable assets and liabilities assumed

The following table summarizes the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

		Audited Inflation Adjusted 2020 ZWL$	**Unaudited Historical 2020 ZWL$**
Property, Plant and Equipment	***7***	20 539 034	1 412 730
Intangible assets	***7.1***	6 565 572	377 403
Cash and cash equivalents		13 093 786	2 918 901
Right of use asset	***11.1***	32 781 745	1 238 935
Accounts receivables		57 637 286	5 806 726
Other assets		9 471 495	2 972 020
Lease liability	***11.5***	(34 554 028)	(1 372 926)
Provisions		(9 286 275)	(2 244 034)
Other liabilities		(31 455 977)	(3 184 481)
Total identifiable net assets acquired		**64 792 638**	**7 925 274**

All the identifiable assets and liabilities were acquired at their carrying amounts as at 31 December 2020. No goodwill arose from the transaction.

OMP 2019 audit adjustment

Old Mutual Properties audit was completed after the acquisition date. There were a few audit adjustments which were processed then, these are disclosed separately on our statement of changes in equity under the retained earnings line.