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INDEPENDENT AUDITOR'S REPORT

To the members of Fidelity Life Assurance of Zimbabwe Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the consolidated inflation adjusted financial statements of Fidelity Life Assurance of Zimbabwe Limited set out on pages 9 to 94, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the Group's significant accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the consolidated inflation adjusted financial statements do not present fairly, in all material respects, the financial position of Fidelity Life Assurance of Zimbabwe Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Implementation of IFRS 17 Insurance contracts - Group yet to align its accounting, administration and information technology infrastructure with the requirements of IFRS 17

As disclosed in Note 3.3 to these consolidated inflation adjusted financial statements, the Group adopted IFRS 17 - *Insurance Contracts* with effect from 1 January 2023. The Group is still in the process of upgrading its accounting, administration and information technology infrastructure to

align with the requirements of IFRS 17. In preparing these consolidated inflation adjusted financial statements, the Group utilised simplified models in accounting for insurance contracts and these do not track onerous and profitable contracts at policy level. Once the upgrade of the accounting, administration and information technology infrastructure to align with the requirements of IFRS 17 is complete, significant adjustments may have to be made to the amounts recognised in these financial statements with respect to the Group's insurance contracts.

Accordingly, we were not able to determine the adjustments that might be necessary to the following financial statement line items:

- Insurance contract revenue;
- Insurance service expenses;
- Insurance finance expenses for insurance contracts issued;
- Insurance reserve; and
- Insurance contract liabilities.

Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Group did not maintain monthly IFRS 17 financial reports given the ongoing upgrade to its accounting, administration and information technology infrastructure as described above. As a result, in applying IAS 29 – *Financial Reporting in Hyperinflationary Economies*, management used average inflation indices for the year ended 31 December 2023 to restate insurance contract revenue included in the consolidated inflation adjusted statement of profit or loss and other comprehensive income. This constitutes a departure from IAS 29, which requires that all amounts in the statement of profit or loss and other comprehensive income be restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

The financial effects of the non-compliance on these consolidated inflation adjusted financial statements have not been determined.

Valuation of investment property

The opening investment property balances of the Company as at 1 January 2022, recognised in the consolidated inflation adjusted financial statements for the year ended 31 December 2022 were misstated. Management could not provide sufficient appropriate audit evidence to support the valuator's assumptions applied in the valuation of the properties as at 31 December 2021. As a result of the misstatement of the opening balances, the fair value gains on properties recognised in the comparative consolidated inflation adjusted statement of profit or loss and other comprehensive income for the year ended 31 December 2022 are misstated.

The opinion for the year ended 31 December 2022 was modified in respect of this matter, and the misstatement has not been corrected in these consolidated inflation adjusted financial statements in

accordance with the requirements of IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*.

Inclusion of the unaudited financial statements of Vanguard Life Assurance Limited in the consolidated inflation adjusted financial statements of Fidelity Life Assurance of Zimbabwe Limited

The consolidated inflation adjusted financial statements include unaudited financial statements of Vanguard Life Assurance Limited, a significant component of Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries. As a result, we were unable to satisfy ourselves that all necessary adjustments and disclosures have been made to the unaudited financial statements of Vanguard Life Assurance Limited for the year ended 31 December 2023. Accordingly, we were unable to determine the effect of this on the consolidated inflation adjusted financial statements of Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries for the year ended 31 December 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole and we did not provide a separate opinion on these matters. Other than the matters described in the *Basis for Adverse Opinion* section above, we have determined that there are no other key audit matters to communicate in our report.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report', 'Corporate governance', 'Chairman's report', and 'Managing Director's report', which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Fidelity Life Assurance of Zimbabwe Limited audit. We remain solely responsible for our audit opinion.

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

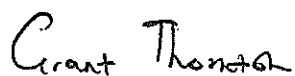
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the Basis for Adverse Opinion, the inflation adjusted financial statements have been properly prepared, in all material respects in accordance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this Independent Auditor's Report is Farai Chibisa.



Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE

3 May 2024