



# VANGUARD LIFE ASSURANCE COMPANY LIMITED

## SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### SUMMARY STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	Audited 31-Dec-20 MK'000	Audited Restated 31-Dec-19 MK'000	Audited 31-Dec-20 MK'000	Audited Restated 31-Dec-19 MK'000
<b>ASSETS</b>				
Property, equipment and intangible assets	852,689	620,587	847,608	616,407
Investment property	2,131,000	2,013,000	1,146,000	1,091,000
Held for trading investments	3,311,777	1,819,570	1,827,948	1,115,405
Investment in subsidiary	-	-	250,432	250,432
Trade and other receivables	1,823,240	1,503,323	1,326,853	905,166
Cash and cash equivalents	5,925,886	5,115,114	3,256,180	3,201,621
<b>Total assets</b>	<b>14,044,592</b>	<b>11,071,594</b>	<b>8,655,021</b>	<b>7,180,031</b>
<b>EQUITY AND LIABILITIES</b>				
Capital and reserves				
Share capital and premium	1,034,935	1,034,935	1,034,935	1,034,935
Revaluation reserves	52,723	37,047	52,723	37,047
Retained earnings	690,982	434,298	(848,898)	(937,238)
<b>Total equity and reserves</b>	<b>1,778,640</b>	<b>1,506,280</b>	<b>238,760</b>	<b>134,744</b>
<b>Liabilities</b>				
Life assurance policyholder liabilities	11,130,785	8,623,126	7,074,844	5,577,880
Deferred tax	402,462	354,564	157,547	132,279
Trade and other payables	732,705	587,624	1,183,870	1,335,128
<b>Total liabilities</b>	<b>12,265,952</b>	<b>9,565,314</b>	<b>8,416,261</b>	<b>7,045,287</b>
<b>Total equity and liabilities</b>	<b>14,044,592</b>	<b>11,071,594</b>	<b>8,655,021</b>	<b>7,180,031</b>

### SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP		COMPANY	
	Audited 31-Dec-20 K'000	Audited Restated 31-Dec-19 K'000	Audited 31-Dec-20 K'000	Audited Restated 31-Dec-19 K'000
Gross premium	4,820,749	4,600,259	3,712,225	3,486,171
Reinsurance cost	(129,196)	(128,553)	(129,196)	(128,553)
Net income	4,691,553	4,471,706	3,583,029	3,357,618
Investment and other income	1,616,582	1,116,114	937,787	587,625
Total revenue	6,308,135	5,587,820	4,520,816	3,945,243
Gross insurance benefits and commissions	(1,894,611)	(1,500,505)	(1,473,779)	(1,215,790)
Reinsurance recoveries	87,651	35,795	87,651	35,795
Operating expenses	(1,546,315)	(1,568,308)	(1,435,767)	(1,511,336)
<b>Net benefits, commissions and operation expenses</b>	<b>(3,353,275)</b>	<b>(3,033,018)</b>	<b>(2,821,895)</b>	<b>(2,691,331)</b>
<b>Profit before change in insurance liabilities</b>	<b>2,954,860</b>	<b>2,554,802</b>	<b>1,698,921</b>	<b>1,253,912</b>
Change in insurance contract liabilities	(2,507,660)	(1,896,878)	(1,496,964)	(1,461,072)
<b>Profit/(Loss) after change in insurance contract liabilities</b>	<b>447,200</b>	<b>657,924</b>	<b>201,957</b>	<b>(207,160)</b>
Finance costs	(35,429)	(32,955)	(35,429)	(32,955)
<b>Profit/(Loss) before tax</b>	<b>411,771</b>	<b>624,969</b>	<b>166,528</b>	<b>(240,115)</b>
Income tax expense	(155,087)	(225,937)	(78,188)	(148,804)
<b>Profit/(Loss) for the year</b>	<b>256,684</b>	<b>399,032</b>	<b>88,340</b>	<b>(388,919)</b>
Other comprehensive income (net)	15,676	11,980	15,676	11,980
<b>Total comprehensive income</b>	<b>272,360</b>	<b>411,012</b>	<b>104,016</b>	<b>(376,939)</b>

### SUMMARY STATEMENTS OF CASH FLOWS

	GROUP		COMPANY	
	Audited 31-Dec-20 K'000	Audited Restated 31-Dec-19 K'000	Audited 31-Dec-20 K'000	Audited Restated 31-Dec-19 K'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	411,771	624,969	166,528	(240,115)
Adjustments for non cash items:	(613,618)	(264,267)	(290,777)	(72,337)
Changes in working capital	2,267,804	1,722,155	868,695	2,314,287
Cash generated from operations	2,065,957	2,082,857	744,446	2,001,835
Income taxes paid	(135,023)	(111,453)	(90,450)	(86,225)
<b>Net cash from operating activities</b>	<b>1,930,934</b>	<b>1,971,404</b>	<b>653,996</b>	<b>1,915,610</b>
<b>Cash flows used in investing activities</b>	<b>(1,275,082)</b>	<b>(1,144,077)</b>	<b>(754,357)</b>	<b>(772,106)</b>
Cash flows from financing activities	154,920	(73,338)	154,920	(72,031)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>810,772</b>	<b>753,989</b>	<b>54,559</b>	<b>1,071,473</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>5,115,114</b>	<b>4,361,125</b>	<b>3,201,621</b>	<b>2,130,148</b>
<b>Cash and cash equivalents at end of year</b>	<b>5,925,886</b>	<b>5,115,114</b>	<b>3,256,180</b>	<b>3,201,621</b>

### SUMMARY STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital and premium MK '000	Revaluation reserve MK '000	Retained earnings MK '000	Total equity MK '000
<b>Balance at 1 January 2019</b>	<b>1,034,935</b>	<b>25,067</b>	<b>152,906</b>	<b>1,212,908</b>
Prior Year adjustments			(117,640)	(117,640)
Profit for the year			399,032	399,032
Other comprehensive income		11,980	-	11,980
<b>Balance at 31 December 2019</b>	<b>1,034,935</b>	<b>37,047</b>	<b>434,298</b>	<b>1,506,280</b>
Profit for the year			256,684	256,684
Other comprehensive income		15,676	-	15,676
<b>Balance at 31 December 2020</b>	<b>1,034,935</b>	<b>52,723</b>	<b>690,982</b>	<b>1,778,640</b>
<b>COMPANY</b>				
<b>Balance at 1 January 2019</b>	<b>1,034,935</b>	<b>25,067</b>	<b>(195,707)</b>	<b>864,295</b>
Prior Year adjustments			(352,612)	(352,612)
Profit for the year			(388,919)	(388,919)
Other comprehensive income		11,980	-	11,980
<b>Balance at 31 December 2019</b>	<b>1,034,935</b>	<b>37,047</b>	<b>(937,238)</b>	<b>134,744</b>
Profit for the year			88,340	88,340
Other comprehensive income		15,676	-	15,676
<b>Balance at 31 December 2020</b>	<b>1,034,935</b>	<b>52,723</b>	<b>(848,898)</b>	<b>238,760</b>

We have the pleasure to publish the audited consolidated and separate financial results of the Company for the year ended 31 December 2020.

#### BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements for the year ended 31 December 2020 in order to meet the requirements of the Financial Services Act, 2010. The directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary statements of the financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The accounting policies applied in the preparation of the consolidated and separate financial statements from which the summary consolidated and separate financial statements were derived, are prepared in terms of International Financial Reporting Standards and are consistent with accounting policies applied in the preparation of the previous consolidated and separate financial statements except as disclosed. The Board is therefore pleased to present results for Vanguard Life Assurance Company Limited for the year ended 31 December 2020.

The summary consolidated and separate financial statements have been derived from the consolidated and separate financial statements which were approved by the Board of Directors on 28 May 2021.

#### PERFORMANCE OVERVIEW

Despite the continued impact of COVID-19, the Group and Company remained resilient and maintained a solid financial position. In terms of topline, gross premium income increased by 6% (Group: 5%) to MK3.7 billion from MK3.5 billion in 2020. The Group and Company recorded total revenue of MK6.3 billion and MK4.5 billion respectively, representing a growth of 13% and 15% respectively. The Group has posted a profit after tax of MK257 million for FY2020 – a decrease of 36% from profit of MK399 million for FY2019.

The Company has recorded profit after tax of MK88 million – an increase of 123% from loss position of MK389 million for FY 2019. The reduction in Group's profit was mainly due to growth in net claims and benefits and changes in insurance liabilities which grew by 26% and 32% respectively.

#### APPRECIATION

We would like to extend our gratitude to Vanguard Life Assurance's various stakeholders, business partners and shareholders for their devotion and commitment. We want to thank staff and Board members for their active support and resilience in implementing cost reduction measures that have enabled the Company to grow increasingly strong.

  
E. Kadango  
Chairman

  
N. Mupfurutsa  
Managing Director

31 May 2021

#### ACTUARY'S CERTIFICATE

I hereby certify that, to the best of my knowledge and belief, that as at 31 December 2020 the value of assets in respect of all classes of Life and Pension business carried out by Vanguard Life Assurance Company Limited exceeds the amount of liabilities.

Louis van As  
FASSA, FIA  
For and on behalf of  
Independent Actuaries & Consultants



### THE INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the members of Vanguard Life Assurance Company Limited

#### Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of Vanguard Life Assurance Company Limited for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements on the basis described in the Basis for Preparation Paragraph

#### Summary consolidated and separate financial statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

#### The audited consolidated and separate financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 28 May 2021. That report also includes communication of other key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period.

#### Directors' responsibility for the summary consolidated and separate financial statements

Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the Financial Services Act, 2010.

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Ersnt & Young  
Chartered Accountants (Malawi)  
Chiwemi Chihana  
Registered Practicing Accountant