



OLDMUTUAL

OLD MUTUAL PENSION SERVICES COMPANY LIMITED

Registration number 14488

SUMMARY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Figures in thousands of Malawi Kwacha)

	31-Dec-19	31-Dec-18	
SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Fee and commission income	2,141,897	1,713,798	
Investment income	86,225	123,335	
Total Income	2,228,122	1,837,133	
Operating expenses	(1,607,596)	(1,281,179)	
Profit before taxation	620,526	555,954	
Taxation	(212,216)	(183,292)	
Profit after tax	408,310	372,662	
SUMMARY STATEMENT OF FINANCIAL POSITION			
ASSETS			
Property and equipment	41,822	24,772	
Deferred tax	3,135	-	
Investment in treasury bills	197,818	-	
Other receivables	194,546	-	
Cash and cash equivalents	1,252,304	771,799	
TOTAL ASSETS	1,689,625	796,571	
EQUITY			
Share capital	250,000	250,000	
Retained earnings	874,929	466,619	
Total equity	1,124,929	716,619	
LIABILITIES			
Non-current liabilities			
Deferred tax	-	1,963	
Total non-current liabilities	-	1,963	
Income tax payable	209,342	19,740	
Other liabilities	355,354	58,249	
Total liabilities	564,354	77,989	
TOTAL EQUITY AND LIABILITIES	1,689,625	796,571	
SUMMARY STATEMENT OF CASH FLOWS			
Cash generated from/(used in) operating activities	654,704	(28,456)	
Interest received	83,231	117,554	
Tax paid	(27,712)	(202,211)	
Net cash generated from/(used in) operations	710,223	(113,113)	
Net cash used in financing activities	(227,718)	(28,126)	
Net movement in cash and cash equivalents	480,505	(141,239)	
Cash and cash equivalents at 1 January	771,799	913,038	
Cash and cash equivalents at 31 December	1,252,304	771,799	
SUMMARY STATEMENT OF CHANGES IN EQUITY 2019			
	Share capital	Retained earnings	Total
At 1 January	250,000	466,619	716,619
Profit for the year	-	408,310	408,310
At 31 December	250,000	874,929	1,124,929
2018			
At 1 January	250,000	95,874	345,874
Adjustment on initial application of IFRS 9 Financial instruments	-	(1,917)	(1,917)
At 1 January as restated	250,000	93,957	343,957
Profit for the year	-	372,662	372,662
At 31 December	250,000	466,619	716,619

BASIS OF PREPARATION

The Directors have prepared the summary audited financial statements 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 financial position, profit or loss and other comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). The summary financial statements have been derived from the Annual Financial Statements, which were approved by the Board on **12 March 2020**, and are available at the Company's registered office.

REVIEW OF THE YEAR

The macro-economic environment for 2019 was generally stable except for the second half of the year following the fragile political environment in the aftermath of the May 2019 general elections. The Malawi Stock Exchange returned a mere 4.38% in 2019 compared to 34.19% in prior year and money market yields were very muted. Head-line inflation averaged 9.4% in 2019 from 9.2% in previous year, anchored by stable Kwacha and fuel prices while food inflation was the major driver for the marginal inflation increase.

Against this background, the business performed well as fee income grew by 25%. As a result, profit before tax increased by 12% from MK556 million in 2018 to MK620 million in 2019 despite a 25% increase in operating expenses.

OUTLOOK

The earlier positive economic prospects for 2020 have already been dampened by the Covid-19 pandemic, which has negatively impacted economies and financial markets across the world. The IMF revised the 2020 Gross Domestic Product (GDP) growth projection for Malawi from the initial 5% to 1% because of the pandemic. The prevailing political situation may magnify the downside risk on economic growth and the resultant investment outcomes.

While it is not presently possible to fully quantify the extent of the adverse impacts arising from these risks, the Board will continue to monitor the events, and to take the necessary precautionary and mitigating measures. The business has taken adequate actions to protect its staff and has implemented appropriate business continuity plans that will allow it to continue to serve and engage all its stakeholders during the Covid-19 pandemic. We are also part of private sector efforts that are supporting our healthcare system by providing some of the necessary health interventions, including medical equipment.

The Board will, therefore, continue to focus on improving the customer experience and introduce new products in order to grow investments for our esteemed clients.

BY ORDER OF THE BOARD

Edith Jiya
Director

Innocentia Ottober
Director

23 April 2020

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF OLD MUTUAL PENSION SERVICES COMPANY LIMITED

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2019, and the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Old Mutual Pension Services Company Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of Old Mutual Pension Services Company Limited, and the basis described on the basis of preparation paragraph.

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 27 March 2020.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible for the preparation of the summary financial statements in accordance with the basis in the basis of preparation paragraph.

Auditor's Responsibility

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

Deloitte.

Chartered Accountants
Christopher Kapenda
Partner
23 April 2020

