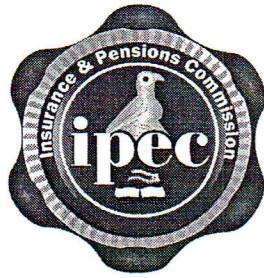


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Circular No. 4 of 2010

TO: ZIMBABWE ASSOCIATION OF PENSION FUNDS (ZAPF)

LIFE OFFICES ASSOCIATION OF ZIMBABWE (LOA)

ZIMBABWE INSURANCE BROKERS ASSOCIATION (ZIBA)

PENSION FUND ADMINISTRATORS

SELF ADMINISTERED PENSION FUNDS

**VALUATION OF PENSION FUND ASSETS FOLLOWING THE INTRODUCTION OF
MULTICURRENCIES**

1. Current pension and provident fund laws provide that financial statements of pension and provident fund asset values be prepared at historical cost. Since however, the period before multicurrencies were introduced was marked by hyper-inflation and repeated currency reforms, preparation of these statements in historic cost may not be practicable.

2. In order to ensure that financial statements of pension and provident funds are prepared in a standard manner for the 2009 financial year, it is proposed that the guidelines issued by the Accounting Practices Board of the Institute of Chartered Accountants on the valuation of listed shares and investment property be applied.
3. For investment property, the guidelines provide that property carried at fair value should be re-measured in the new functional currency as at the date of change from the Zimbabwe dollar. Where investment property was carried at cost, it is necessary to develop a fair value for the property at the date of the opening balance sheet, using this as the deemed cost. Pension and provident funds are urged to engage professional valuers when ascertaining the fair value.
4. Regarding listed shares, the guidelines provide for the application of quoted prices prevailing on the 19th February 2009 for financial assets trading on the Zimbabwe Stock Exchange.
5. Entities are encouraged to adopt these guidelines in order for the pension and provident funds industry to produce standardized financial statements for 2009. Should there be any doubts, entities should closely work with their external auditors who should be able to explain the guidelines in detail to them.



M. S. Mpofu

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS

February 9, 2010