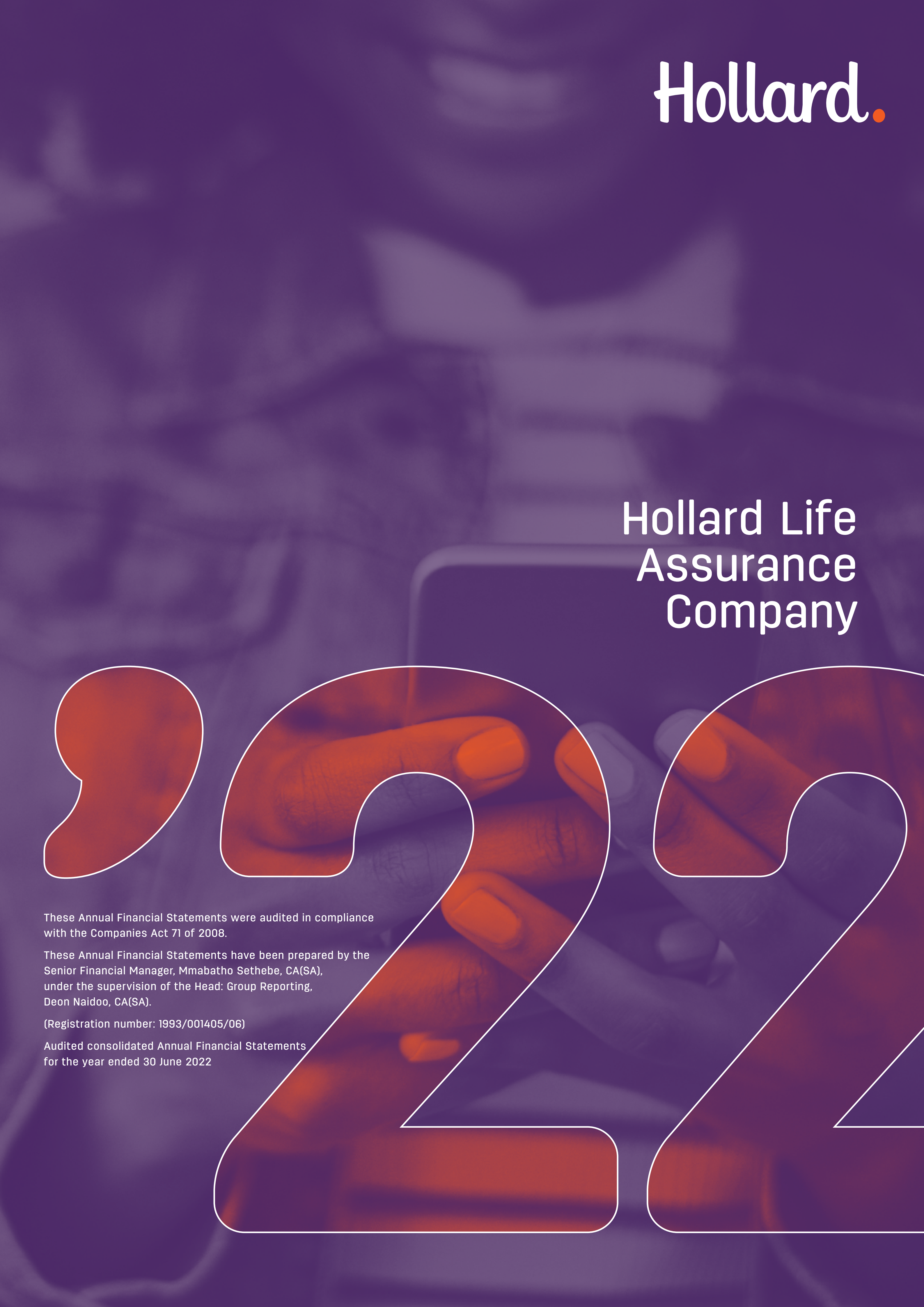

Hollard.

Hollard Life Assurance Company

'22

These Annual Financial Statements were audited in compliance with the Companies Act 71 of 2008.

These Annual Financial Statements have been prepared by the Senior Financial Manager, Mmabatho Sethebe, CA(SA), under the supervision of the Head: Group Reporting, Deon Naidoo, CA(SA).

(Registration number: 1993/001405/06)

Audited consolidated Annual Financial Statements for the year ended 30 June 2022

CONTENTS

GROUP SALIENT FEATURES

for the year ended 30 June 2022

	GROUP				
	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Statement of profit and loss information					
Gross written premiums[(1)]	**7 013 107**	6 855 416	6 941 676	6 729 148	6 497 835
Net written premiums[(2)]	**5 294 713**	5 313 496	5 309 551	5 024 891	4 990 759
Investment income[(3)]	**204 325**	389 891	169 401	261 309	489 522
Net Insurance claims	**3 026 841**	3 746 796	2 777 280	2 009 477	2 022 074
Profit attributable to Equity holders of the parent	**49 003**	306 649	453 326	565 257	694 355
Statement of financial position information					
Insurance liabilities	**30 344 991**	28 449 401	25 216 067	18 317 099	10 933 949
Equity Attributable to equity holders of the parent	**1 097 170**	1 317 456	1 484 357	1 223 673	1 517 841
Total assets	**34 811 203**	32 893 914	30 013 865	21 980 876	14 688 848
Financial assets	**27 069 777**	26 635 288	24 138 893	17 866 468	10 998 545
Cash and cash equivalents	**2 529 562**	2 171 715	3 097 180	2 534 326	2 046 511
Actuarial Information					
Value of in-force business[(4)]	**4 408 266**	5 080 126	5 519 107	5 487 108	5 131 678
Total embedded value	**5 541 070**	6 427 694	7 014 397	6 731 984	6 629 552
Solvency capital requirement[(5)]	**2 707 198**	3 227 076	3 001 562	3 166 305	2 942 693
Solvency capital requirement cover[(5)]	**1,69**	1,39	1,63	1,55	1,58

(1) "Gross premium income" represents the total income arising from insurance contracts only. In accordance with IFRS 9: Financial Instruments: Recognition and Measurement (IFRS 9), all items of income and expenditure in respect of investment contracts are excluded from the income statement and accounted for directly against the liability under these contracts in the statement of financial position Life

(2) "Net written premium income" is gross premium income less reinsurance premium outwards.

(3) "Investment income" includes net investment income and unrealised gains and/or losses on the investment and trading portfolios.

(4) The "value of in-force business" and "total embedded value" information reported above include profits attributable to Hollard Life's holding company joint venture partners.

(5) "Solvency Capital Requirement" from the 2019 year is based on SAM while the prior years were based on interim measures.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

In terms of the Companies Act of South Africa, the Directors are required to maintain adequate accounting records and to prepare annual financial statements that fairly present the financial position at year-end and the results and cash flows for the year of Hollard Life Assurance Company ("Hollard" or the "Company") and its subsidiaries (the "Group").

To enable the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for this system of internal controls and reviews the effectiveness of its operations, primarily through the Group Audit Committee and other risk monitoring committees and functions.

The internal controls include risk-based systems of accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with sound business practices and the Group's written policies and procedures. These controls are implemented by trained and skilled staff, with clearly defined lines of accountability and appropriate segregation of duties. The controls are monitored by management and include a budgeting and reporting system operating within strict deadlines and an appropriate control framework.

As part of the system of internal control, the Group's Internal Audit function conducts inspections, financial and specific audits and co-ordinates audit coverage with the External Auditors.

The External Auditors are responsible for providing an opinion on the Group's and Company's annual financial statements.

The Group's and Company's annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate appropriate disclosures in line with the accounting policies of the Group. The Group's and Company's annual financial statements are based on appropriate accounting policies consistently applied except, as otherwise stated and supported by reasonable and prudent judgements and estimates.

The Board believes that the Group and Company will be going concerns in the year ahead. For this reason the Board continues to adopt the going-concern basis in preparing the annual financial statements.

These annual financial statements, set out on pages pages 5 and 8 to 83, have been approved by the Board of the Group and Company and are signed on its behalf by:

ADH Enthoven
Chairman

28 October 2022

W Lategan
Chief Executive Officer

28 October 2022

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2022

In my capacity as Company Secretary, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of the Company and that such returns are true, correct and up to date.

A Allardyce
Company Secretary

28 October 2022

EMBEDDED VALUE STATEMENT

for the year ended 30 June 2022

The embedded value is determined by adding the discounted value of shareholder profits likely to arise in the future from business in-force as at the valuation date to the value of shareholder funds.

The embedded value has been calculated on a best estimate basis, where the assumptions have been arrived at by removing both compulsory and discretionary margins from the financial soundness basis. The risk discount rate used in the calculation was Risk Free Curve + 4% (2021: Risk Free Curve + 4%).

- Expenses were allowed for based on an expense analysis carried out during the year;
- Expense inflation is derived as the difference between the real yield curve and the nominal yield curve;
- Mortality assumptions were set based on the results of a mortality experience analysis carried out during the year with explicit allowance for HIV/AIDS;
- Withdrawals were set at levels consistent with an experience analysis carried out during the financial year;
- The risk free interest rate curve and the inflation curve supplied by the Prudential Authority were used to determine the policyholder liabilities;
- Income tax was allowed for explicitly at the appropriate rates and capital gains tax was allowed for implicitly in the discount rate (unchanged);
- A discretionary margin of R320 million (2021: R160 million) was held as partial elimination of negative reserves;
- A R6 million discretionary reserve was held in 2021 due to the uncertainty in amount and timing of COVID claims and has now been released; and
- Negative reserves were allowed for on the published reporting basis (unchanged).

		COMPANY	
	Notes	2022 R'000	2021 R'000
Value of in-force business		**4 408 266**	5 080 126
Excess of assets over liabilities		**1 132 804**	1 347 568
Total embedded value		**5 541 070**	6 427 694

The embedded value (EV) includes profits attributable to Hollard Life's holding company joint venture partners. The VIF is gross of tax and EV gross of cost of capital.

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2022

To the shareholder of Hollard Life Assurance Company

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Hollard Life Assurance Company and its subsidiaries ("the Group") set out on pages 12 to 83 which comprise the consolidated and separate statements of financial position as at 30 June 2022, and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 June 2022, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Consolidated financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information includes the Directors' Report as required by the Companies Act of South Africa and Group Salient Features, Directors' responsibility Statement and Approval of the Annual Financial Statements, Certification by Company Secretary, Audit Committee Report and Embedded Value Statement. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 and 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 Group's and 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 auditor's report to the related disclosures in the consolidated and separate 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 or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of The Hollard Life Assurance Company for 30 years.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: Harshal Kana
Partner

6 November 2022

AUDIT COMMITTEE REPORT

for the year ended 30 June 2022

Hollard Group Audit and Compliance Committee Report

The Hollard Group Audit and Compliance Committee ("the Committee") is pleased to present its annual report, for the financial year ended 30 June 2022. This report outlines how the Committee discharged both its statutory and Board-delegated duties.

The 2022 financial year reflects a steady growth in earnings and a solid recovery from the prior year's Covid-19 related losses. The Group remained cautious about the pace of economic recovery across the business as disposable income remains under pressure. The Committee continuously monitors the businesses' performance and the initiatives taken by the business to manage the interests of its policyholders and all its stakeholders.

1. THE COMMITTEE'S COMPOSITION AND TERMS OF REFERENCE

1.1. Composition and meeting attendance

The Committee is composed of three independent non-executive directors, namely, Mr M Bower (Chairman), Ms N Simamane and Ms B Ngonyama. In accordance with the requirements of the Companies Act, individual members of the Committee are appointed annually by the shareholders at the Annual General Meeting for the ensuing financial year. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Group Head of Finance, Heads of Control Functions, External and Internal Auditors attended the scheduled Committee meetings. In addition, the Committee holds closed sessions of members regularly, to deliberate on any matters that may require confidential assessment. This includes closed sessions with the Internal and External Auditors, to determine whether there were any significant issues identified during each audit process. The Committee also conducts annual reviews to consider the effectiveness and performance of the assurance areas of the business, and to ensure interactive collaboration between finance, compliance, internal audit and external audit.

1.2. Terms of Reference

The Committee operates within the framework provided by its Board-approved Terms of Reference and carries out its mandate in compliance with this governing document. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference.

The Committee's key roles and responsibilities are focused on driving an integrated approach to assurance for effective risk mitigation. The Company has adopted the three lines of defence governance model to strengthen the Board's governance. The capability of the first line of defence and the system of internal controls are continually enhanced, in alignment to the Groups' Combined Assurance Framework. The Committee monitors the relationship between assurance providers, including approval of the Group Compliance, Group Internal Audit and External Audit coverage plans for each financial year.

The Committee monitors all material compliance risks and ensures that management performs formal compliance risk assessments. The Compliance Function is focused on achieving compliance with the relevant legislation and regulations that are applicable to the Group. Following a review of the Compliance Function's performance and effectiveness, the Committee found the Compliance Function's performance to be satisfactory.

2. INTERNAL AUDIT

The Committee maintained oversight of the Internal Audit Function for the reporting period and monitored the progress of completion of the approved Internal Audit plan. Upon review of the Internal Auditor's report in assessing the effectiveness of internal financial controls and the implementation of risk management processes, both the internal financial controls and risk management processes were found to be effective. The Committee reviewed and approved the internal audit charter and evaluated the independence, effectiveness and performance of the function both internal and co-sourced in line with its charter. The Committee has found the Internal Audit Function to be independent and competent to perform its duties. The Internal Audit function has direct access to the Committee Chairman and all the Committee members, without limitation.

3. EXTERNAL AUDIT

The Committee has reviewed the quality and effectiveness of the External Audit process and confirms there is a suitable process in place for the Committee to be informed of any irregularities (as described in the Auditing Profession Act, 2005) that may be identified and reported by the External Auditor. The External Audit process reviewed the Company's' compliance with the relevant legislation and regulations, including the audit requirements prescribed by the Prudential Standards.

The Committee has adopted a policy for non-audit services rendered by the External Auditor and pre-approves the contracts for any such services rendered. This policy is regularly reviewed.

4. STATUTORY DUTIES

4.1. Financial Statements and Accounting Policies

The Committee has reviewed the Accounting Policies and Financial Statements for the financial year ended 30 June 2022 and is satisfied that same complies with International Financial Reporting Standards.

4.2. Going Concern

The Committee has undertaken an assessment of the Company's documented status, including key assumptions prepared by Management and is comfortable in recommending to the Board that the Company is a going concern, as reflected in the Annual Financial Statements.

4.3. External Auditor appointment and independence

The Committee has supported the reappointment of Deloitte South Africa as External Auditor for the 2022 financial year and agreed to the engagement letter, terms, audit plan and budgeted external audit fees.

After evaluating the extent of non-audit work the Auditor undertakes for the Group, and compliance with criteria relating to independence and conflicts of interest, the Committee has satisfied itself that Deloitte South Africa is independent of the Company and the broader Group. Guarantees provided by the auditing firm confirm that its claim to independence is supported and demonstrated by its own internal governance processes. At the Annual General Meeting of the Shareholders, it will be recommended that Deloitte South Africa be re-appointed as External Auditor for the 2023 financial year.

4.4. Mandatory Audit firm rotation

In preparation for the audit firm rotation in 2024, the Group has conducted a detailed audit firm review and has appointed PWC as the incoming auditors commencing July 2023. The Committee has approved the terms of engagement in October 2022, ahead of the IFRS 17 implementation, to allow for the appropriate level of engagement with Deloitte ahead of the 2024 transition.

5. CHIEF FINANCIAL OFFICER & THE FINANCE FUNCTION

The Committee is satisfied with the knowledge and experience of the Chief Financial Officer, Mr Dirk Viljoen. The Committee has found the knowledge and experience of the Group's finance function to be appropriate and that the financial reporting procedures are satisfactory.

The Committee has assessed the Annual Financial Statements for the financial year ended 30 June 2022, including the quality of the earnings and has recommended the Annual Financial Statements to the Board for approval.

There is ongoing preparation for the implementation of International Financial Reporting Standards 17 (IFRS 17) within the finance function through the IFRS17 Project, to ensure compliance with the Standards. An Internal Financial Controls project has also been effective in assessing the adequacy of the internal financial controls across the Hollard Group, to identify areas for improvement. The overall progress of each project is assessed by the Committee at each meeting.

6. STATEMENT ON INTERNAL FINANCIAL CONTROLS

The Committee is able to assess the effectiveness of financial and non-financial controls by reviewing the combined assurance reports presented at every meeting. A review of the financial reporting risks, internal audit report and the external audit report was conducted by the Committee in the assessment of the internal financial controls. In the year under review, these mechanisms were assessed by Internal Audit to determine the adequacy of controls. As such, it was confirmed that there were no material breakdown in the design or operational effectiveness of the internal financial control systems and that matters to be addressed were either receiving attention or had already been resolved.

The Committee was able to advise the Board that nothing has come to its attention which would indicate that the internal financial controls do not form an effective basis for preparation of the Annual Financial Statements and were found to be satisfactory.

7. STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

Effectiveness of the internal control systems are monitored by the risk management and internal audit functions, on the basis of which, recommendations are made to Management, the Committee as well as the Risk and IT Committee. The Risk and IT Committee is responsible for the governance of risk management in the Group.

Based on this information, together with discussions held with Management and the Committees, the Board confirms that the risks relating to internal controls and/or risk management shortcomings were highlighted to the Committees during the year under review, with sufficient plans in place to mitigate these risks.

The Committee confirms that to the best of its knowledge it has fulfilled its responsibilities for the 2022 financial year in terms of its ToR, as well as its legal and regulatory responsibilities.

MBower

Mark Bower

Chairman of the Audit and Compliance Committee
28 October 2022

DIRECTORS' REPORT
for the year ended 30 June 2022

The Directors have pleasure in presenting the Directors' report which forms part of the Group's and Company's annual financial statements for the year ended 30 June 2022.

Nature of business

The Company is a registered insurer and underwrites all classes of life insurance business throughout the Republic of South Africa. The activities and details of the interest in subsidiaries, associates and joint venture are listed in notes 8, 9 and 35 on pages 57 and 58 of the annual financial statements.

General review

In the year under review the Group achieved net loss attributable to equity holders of the parent of R49 002 861 (2021: R306 649 051), which arose from the Group's operations as follows:

	GROUP	
	2022 R'000	2021 R'000
Net premium income	**5 270 483**	5 311 895
Investment income and investment gains/(losses)*	**204 325**	389 892
Other operating income	**257 362**	235 967
Total revenue	**5 732 170**	5 937 754
Net Insurance claims	**3 026 841**	3 746 796
Other operating expenses	**2 450 557**	2 648 009
Total expenses	**5 477 398**	6 394 804
Result of operating activities	**254 771**	(457 051)
Share of income/(loss) in associates	**34 386**	11 954
Profit before taxation	**289 157**	(445 097)
Taxation	**(240 155)**	751 746
Profit for the year	**49 003**	306 649
Equity holders of the parent	**49 003**	306 649

** Includes Investment gains/(losses)*

Share capital

There was no change in the authorised and issued ordinary share capital of the Company during the year.

Dividends

Dividends on ordinary shares of R274 737 000 (2021: R470 085 000) were declared by the Company during the year.

Subsidiaries, associates and joint ventures

The Company's aggregate share of the profits of subsidiaries and associates for the year amounted to (R99 127) and R34 386 345 respectively, and 2021: R255 064 and R 11 953 860 respectively.

Going concern

The Directors have assessed the Group's ability to continue as a going concern. As at 30 June 2022 the Group had a strong net asset value and liquidity position. Although the impact of the COVID-19 pandemic has reduced in the current financial year, the uncertainty in the operating environment of the Group remains although to a lesser extent, the Group continues to closely monitor the position going forward.

The Board and its committees received regular reports on the operational, financial, solvency and liquidity related impacts on the Group.

Further to this, the Group has evaluated numerous downside scenarios and stress tests, higher lapse risk; adverse catastrophe experience; market volatility and the enduring impact of COVID-19 on the business.

As a result, the Board believes that the Group is well placed to meet its future capital and liquidity requirements and therefore believes that it is appropriate to adopt the going concern basis.

Subsequent events

During August 2022, Hollard Life Assurance Company was informed by the Competition Commission that it was part of an investigation related to price fixing within the life insurance industry.

At the forefront of our operations are our customers and our firm belief in treating our customers fairly. Hollard subscribes to a code of conduct and abides by all applicable rules and regulations. We are committed to an ethical environment.

Hollard will fully comply with this investigation.

The Board is not aware of any other event since the end of the financial year, not otherwise dealt with in these annual financial statements, that would affect the operations of the Group, or the results of these operations.

Directorate

In terms of the requirements of the Memorandum of Incorporation (MoI), the following directors retired by rotation, made themselves available for re-election and were re-elected at the AGM held on 02 December 2021:

MR Bower
B Ngonyama
R Fihrer

Directors' interest in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

Executive Directors

S Ntombela (Group CEO) (resigned 01 July 2022) and DJ Viljoen (Group CFO) were the only executive directors who held office during the year. WT Lategan was appointed Group CEO on 01 July 2022.

Non-Executive Directors

NG Kohler, ADH Enthoven, B Ngonyama, MR Bower, R Fihrer, S Patel, AS Nkosi, NV Simamane and MS Claasen were in office during the year as Non-Executive Directors.

Auditors

Deloitte & Touche will continue in office in accordance with section 90 of the Companies Act No 71 of 2008.

Company Secretary

A.Allardyce

Business address

Hollard at Arcadia
22 Oxford Road
Parktown
Johannesburg
2193

Postal address

P.O. Box 87419
Houghton
2041

Holding company

The immediate holding company is Hollard Fundco (RF) (Pty) Ltd (100%) and the ultimate holding company is Pickent Investments. Both these companies are incorporated in the Republic of South Africa.

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Assets					
Property and equipment	5	**48 425**	65 323	**48 425**	65 179
Right of use assets	6	**144 572**	188 021	**144 572**	188 021
Intangible assets	7	**100 201**	97 895	**100 201**	97 895
Investment in subsidiaries	8	**–**	–	**47 450**	36 661
Investment in associates	9	**88 361**	69 449	**89 329**	70 523
Financial assets	10	**27 069 777**	26 635 288	**27 069 777**	26 635 288
Reinsurance assets	17	**1 841 709**	952 098	**1 841 709**	952 098
Insurance, loans and other receivables	11	**732 624**	699 866	**729 104**	697 539
Deferred taxation	12	**2 248 493**	1 986 619	**2 248 493**	1 986 619
Current income taxation		**7 479**	27 640	**7 479**	26 841
Cash and cash equivalents	13	**2 529 562**	2 171 715	**2 523 627**	2 143 841
Total assets		**34 811 203**	32 893 914	**34 850 166**	32 900 505
Equity and liabilities					
Attributable to equity holders of the parent		**1 087 764**	1 317 456	**1 104 841**	1 347 568
Share capital and premium	14	**20 000**	20 000	**20 000**	20 000
Foreign currency translation reserve		**22 706**	21 018	**–**	–
Non-Distributable reserve		**19 373**	19 373	**–**	–
Retained earnings		**1 035 091**	1 257 066	**1 112 804**	1 327 568
Total equity		**1 097 170**	1 317 456	**1 132 804**	1 347 568
Borrowings	15	**399 925**	400 064	**399 925**	400 064
Trade and other payables	16	**1 192 965**	1 565 740	**1 196 094**	1 544 111
Insurance liabilities*	17	**30 344 991**	28 449 401	**30 344 991**	28 448 161
Reinsurance liabilities		**267 835**	172 287	**267 835**	172 287
Provisions	18	**100 488**	46 135	**100 488**	45 490
Deferred taxation	12	**1 408 029**	942 832	**1 408 029**	942 825
Total liabilities		**33 714 033**	31 576 458	**33 717 362**	31 552 937
Equity and liabilities		**34 811 203**	32 893 914	**34 850 166**	32 900 505

** Included in insurance liabilities for 2021 is reinsurer's share of insurance liabilities [Group: R798m; Company: R798m] which was shown net. This has been disclosed as gross in 2022 prospectively in accordance with IFRS 4 – Insurance Contracts.*

STATEMENT OF PROFIT AND LOSS
for the year ended 30 June 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Revenue					
Gross written premiums		7 013 107	6 855 416	7 013 107	6 855 416
Reinsurance outwards		(1 718 394)	(1 541 920)	(1 718 394)	(1 541 920)
Net written premiums		5 294 713	5 313 496	5 294 713	5 313 496
Less: Change in unearned premium reserve		(24 231)	(1 601)	(24 231)	(1 601)
Gross amount		(24 231)	(1 601)	(24 231)	(1 601)
Net premium income	19	5 270 483	5 311 895	5 270 483	5 311 895
Investment income		207 490	219 091	213 334	229 048
Interest received	23	149 563	163 021	149 013	162 461
Dividends received	23	57 927	56 069	64 320	66 587
Investment gains/(losses)		(3 165)	170 801	35 700	188 214
Realised gains/(losses) on disposal of investments	20	31 587	68 303	31 587	68 303
Unrealised gains/(losses) on revaluation of investments	21	(34 752)	101 419	4 112	118 833
Profit/(loss) on translation of foreign currency		–	1 079	–	1 079
Other operating income	22	257 362	235 967	237 256	211 780
Total revenue		5 732 170	5 937 754	5 756 771	5 940 938
Expenses					
Gross policyholder benefits and claims Incurred		4 950 403	5 210 042	4 950 403	5 210 042
Claims and loss adjustments expense		13 819	834	13 819	834
Policyholder benefits	27	4 936 584	5 209 208	4 936 584	5 209 208
Reinsurance recoveries		(2 159 923)	(1 982 948)	(2 159 923)	(1 982 948)
Transfer to policyholder liabilities		236 361	519 702	236 361	519 702
Net Insurance claims		3 026 841	3 746 796	3 026 841	3 746 796
Commissions and other acquisitions		462 392	475 430	462 392	475 427
Interest paid		72 708	84 180	72 708	84 180
Marketing and administration expenses		1 915 457	2 088 399	1 894 702	2 063 918
Total expenses		5 477 399	6 394 804	5 456 644	6 370 321
Result of operating activities		254 771	(457 051)	300 128	(429 383)
Share of income/(loss) in associates		34 386	11 954	–	–
Profit before taxation	25	289 157	(445 097)	300 128	(429 383)
Taxation	26	(240 155)	751 746	(240 155)	751 746
Profit for the year		49 003	306 649	59 973	322 362
Profit for the year attributable to:					
Equity holders of the parent		49 003	306 649	59 973	322 362
		49 003	306 649	59 973	322 362

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Profit for the year	49 003	306 649	59 973	322 362
Other comprehensive income	1 688	(3 464)	–	–
Exchange differences on translation of foreign operations	1 688	(3 464)	–	–
Total other comprehensive income	50 691	303 185	59 973	322 362
Total other comprehensive income attributable to:				
Equity holders of the parent	50 691	303 185	59 973	322 362
	50 691	303 185	59 973	322 362

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	EQUITY ATTRIBUTABLE TO OWNERS						
	Issued share capital R'000	Share premuim R'000	Foreign currency translation reserve R'000	Non-distributable reserve R'000	Retained earnings R'000	Total Ordinary Shareholders Equity R'000	Total Equity R'000
GROUP							
Balance at 1 July 2020	20	19 980	24 482	19 373	1 420 502	1 484 357	1 484 357
Net profit/(loss)	–	–	–	–	306 649	306 649	306 649
Other comprehensive income	–	–	(3 464)	–	–	(3 464)	(3 464)
Total comprehensive income	–	–	(3 464)	–	306 649	303 185	303 185
Dividends paid	–	–	–	–	(470 085)	(470 085)	(470 085)
Balance at 30 June 2021	20	19 980	21 018	19 373	1 257 066	1 317 456	1 317 456
Net profit/(loss)	**–**	**–**	**–**	**–**	**49 003**	**49 003**	**49 003**
Other comprehensive income	**–**	**–**	**1 688**	**–**	**–**	**1 688**	**1 688**
Total comprehensive income	**–**	**–**	**1 688**	**–**	**49 003**	**50 691**	**50 691**
Dividends paid	**–**	**–**	**–**	**–**	**(274 737)**	**(274 737)**	**(274 737)**
Disposals	**–**	**–**	**–**	**–**	**3 759**	**3 759**	**3 759**
Balance at 30 June 2022	**20**	**19 980**	**22 706**	**19 373**	**1 035 091**	**1 097 170**	**1 097 170**
COMPANY							
Balance at 1 July 2020	20	19 980	–	–	1 475 290	1 495 290	1 495 290
Net profit/(loss)	–	–	–	–	322 362	322 362	322 362
Total comprehensive income	–	–	–	–	322 362	322 362	322 362
Dividends paid	–	–	–	–	(470 085)	(470 085)	(470 085)
Balance at 30 June 2021	20	19 980	–	–	1 327 568	1 347 568	1 347 568
Net profit/(loss)	**–**	**–**	**–**	**–**	**59 973**	**59 973**	**59 973**
Total comprehensive income	**–**	**–**	**–**	**–**	**59 973**	**59 973**	**59 973**
Dividends paid	**–**	**–**	**–**	**–**	**(274 737)**	**(274 737)**	**(274 737)**
Balance at 30 June 2022	**20**	**19 980**	**–**	**–**	**1 112 804**	**1 132 804**	**1 132 804**

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash flows from operating activities					
Cash receipts from policyholders and other customers		5 327 471	5 320 447	5 326 279	5 319 322
Cash paid to policyholders, suppliers and employees		(3 920 625)	(4 980 732)	(3 882 294)	(4 978 788)
Cash generated from/(utilised by) operations	28	1 406 846	339 715	1 443 985	340 535
Interest paid		(72 708)	(84 180)	(72 708)	(84 180)
Dividends paid	29	(274 737)	(470 085)	(274 737)	(470 085)
Interest received		149 563	163 021	149 013	162 461
Dividends received	30	65 939	38 962	72 333	49 480
Other Income		257 362	235 967	237 256	211 780
Taxation paid	31	(16 671)	5 537	(17 463)	6 313
Net cash outflow/(inflow) from operating activities		1 515 594	227 445	1 537 679	216 356
Cash flows from Investing activities					
Acquisition of listed and unlisted investments		(3 473 463)	(3 356 433)	(3 473 463)	(3 356 435)
Acquisition of subsidiaries		–	(2 554)	–	(2 554)
Acquisition of property and equipment		(193)	(1 321)	(193)	(1 321)
Acquisition of intangible assets		(11 443)	(20 863)	(11 443)	(20 863)
Acquisition of bonds		(1 293 691)	(1 593 783)	(1 293 691)	(1 593 783)
Proceeds on disposal of listed and unlisted investments		1 910 194	2 699 844	1 910 194	2 699 805
Proceeds on disposal of listed investments		422 655	311 266	422 655	311 227
Proceeds on disposal of unlisted investments		1 487 539	2 388 578	1 487 539	2 388 578
Proceeds on disposal of other financial assets		1 709 048	1 186 219	1 709 048	1 186 219
Proceeds on disposal of property and equipment		5 115	(137)	4 969	(137)
Proceeds on right of use assets		–	1 189	–	1 189
(Increase)/decrease in loans to subsidiaries		750		750	(750)
(Increase)/decrease in loans to group companies		(18 272)	(54 098)	(18 272)	(54 098)
Increase/(decrease) in loans		22 553	(10 657)	22 553	(10 657)
Net cash outflow/(inflow) from investing activities		(1 157 608)	(1 152 594)	(1 157 754)	(1 153 385)
Cash flows from financing activities					
Increase/(decrease) in long term borrowings		(139)	(315)	(139)	(315)
Net cash (outflow)/inflow from financing activities		(139)	(315)	(139)	(315)
Cash and cash equivalents					
Net increase/(decrease) in cash and cash equivalents		357 847	(925 464)	379 786	(937 326)
Cash, deposits and similar securities at beginning of year		2 171 715	3 097 180	2 143 841	3 081 187
Cash and cash equivalents at end of year		2 529 562	2 171 715	2 523 627	2 143 841

1. Accounting policies

The principal accounting policies adopted in the preparation of the Group's and Company's annual financial statements are set out below and have been consistently applied to all years presented unless otherwise stated.

1.1 Basis of preparation

These consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these annual financial statements.

These consolidated annual financial statements have been prepared on the historical cost basis, except for investment and owner-occupied property, interest in subsidiaries and associates, the revaluation of investment financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value.

Policyholder liabilities under insurance contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in the Standards of Actuarial Practice (SAP) 104, issued by the Actuarial Society of South Africa.

Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group's and Company's estimates and underlying assumptions are reviewed for reasonability on an ongoing basis. Revisions to accounting estimates are recognised in the statement of comprehensive income in the year in which the estimates are revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements are disclosed in note 2 to these financial statements.

Adoption of new and revised standards

The Group's and Company's accounting policies are consistent with those of the previous financial year except for those instances where new or revised standards and/or interpretations had to be adopted.

Standards, interpretations and amendments to published standards that are not yet effective as at June 2022

The following new standards and amendments to IFRS will have an impact on the Group and Company's future financial statements:

• IFRS 17: Insurance Contracts – original issue that replaces IFRS 4 Insurance Contracts (effective from annual periods beginning on or after 1 January 2023). This standard is expected to have a material impact on the financial statements. A group-wide implementation project is currently in progress.
• Amendments to IAS 1 – Classification of liabilities as current or non-current – 1 January 2023
• Amendments to IAS 1 – Classification of Liabilities as Current or Non-current — Deferral of Effective Date – 1 January 2023
• Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies – 1 January 2023
• Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – 1 January 2023
• Amendments to IAS 8 – Definition of accounting estimates – 1 January 2023

Except for IFRS 17 none of these are expected to have a material impact on the Group financial statements:

1. Accounting policies (continued)

1.2 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company, its subsidiaries, associates and joint ventures.

Investments in subsidiaries

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries are consolidated from the date on which the Group acquires effective control. Consolidation is discontinued from the effective date on which control ceases. Gains and losses on disposal of subsidiaries are accounted for in the statement of comprehensive income.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date in terms of IFRS 3: Business Combinations, irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

The interest of non-controlling shareholders in the acquiree is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. Non-controlling interest in the net assets of consolidated subsidiaries are identifiable separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses attributable to non-controlling shareholders in excess of their interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that they have a binding obligation and are able to make an additional investment to cover the losses.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company classifies its investments in subsidiaries at fair value through profit or loss financial instruments in accordance with IFRS 9: Financial Instruments due to the fact that it continually manages and evaluates these investments on a fair value basis.

Investments in associates

Joint ventures are entities where control is shared equally with a third party. Under the terms of these arrangements, the strategic, financial and operating policy decisions relating to joint venture activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these annual financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position's reserves at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the joint ventures, less any impairment in the value of individual investments. Post-acquisition losses of a joint venture in excess of the Group's interest in that joint venture, which includes any long-term interest that, in substance, form part of the Group's net investments in joint ventures, are not recognised unless the Group has incurred obligations or made payments on behalf of the joint venture. Post-acquisition profits are recognised in the statement of comprehensive income.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment on an annual basis. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is immediately recognised in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company classifies its investments in joint ventures at fair value through profit or loss financial instruments in accordance with IFRS 9 due to the fact that it continually manages and evaluates these investments on a fair value basis.

1. Accounting policies (continued)

1.2 Basis of consolidation (continued)

Interest in joint arrangements

Joint ventures are entities where control is shared equally with a third party. Under the terms of these arrangements, the strategic, financial and operating policy decisions relating to joint venture activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these annual financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position's reserves at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the joint ventures, less any impairment in the value of individual investments. Post-acquisition losses of a joint venture in excess of the Group's interest in that joint venture, which includes any long-term interest that, in substance, form part of the Group's net investments in joint ventures, are not recognised unless the Group has incurred obligations or made payments on behalf of the joint venture. Post-acquisition profits are recognised in the statement of comprehensive income.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment on an annual basis. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is immediately recognised in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company classifies its investments in joint ventures at fair value through profit or loss financial instruments in accordance with IFRS 9 due to the fact that it continually manages and evaluates these investments on a fair value basis.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill arising on the acquisition of the subsidiary is initially recognised at cost as a separate asset. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination for the purpose of impairment testing. Each of these cash-generating units represents the Group's investment by primary reporting segment.

Cash-generating units to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" above.

1.3 Foreign currencies

General

Foreign assets and liabilities are initially recorded at the spot rate and translated into South African Rand at the exchange rates ruling at the statement of financial position date. Foreign investment income or loss is translated into South African Rand at the average exchange rate for the year. Gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Functional and presentation currency

The individual annual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated annual financial statements are presented in South African Rand, which is the Company's functional currency and the Group's presentation currency. All financial information presented in South African Rand has been rounded to the nearest thousand (R'000) except when otherwise indicated.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. At each statement of financial position date, assets and liabilities denominated in currencies different to the functional currency are translated into the functional currency at the ruling rate at that date. Foreign exchange gains or losses are recognised in the statement of comprehensive income. Translation differences on non-monetary items are reported as part of the fair value gain or loss.

1. Accounting policies (continued)

1.3 Foreign currencies (continued)

Group companies

For the purposes of presenting consolidated annual financial statements, the assets and liabilities of the Group's foreign operations are translated from their respective functional currency into the Group's presentation currency at the closing exchange rates ruling at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates ruling at the date of the various transactions are used. All translation differences arising from the translation and consolidation of foreign operations are recognised directly in other comprehensive income as a foreign currency translation gain or loss. Such translation differences are recognised in the statement of comprehensive income in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate at the statement of financial position date.

1.4 Property and equipment

Property and equipment is initially recorded at cost. Costs include all expenditure that is directly attributable to the acquisition of an asset and to bringing it to a working condition for its intended use, including import duties and non-refundable purchase taxes but excluding trade discounts and rebates. Maintenance and repairs expenditure, which neither adds to the value of property and equipment nor significantly prolongs its expected useful life, is recognised directly in the statement of comprehensive income.

Each category of property and equipment is depreciated on the straight-line basis at rates considered appropriate to reduce its cost to net realisable value over its estimated useful life. The rates used to depreciate each category of property and equipment are as follows:

Motor vehicles	20%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
IT equipment	20%
Leasehold improvements	shorter of useful life and lease term

There have been no changes to useful lives from those applied in the previous financial year.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

The assets' useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. These impairment losses are charged directly to the income statement during the financial period in which they are identified.

Gains and losses arising on disposal of property and equipment are determined by comparing the asset's proceeds to its carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to other comprehensive income.

1.5 Intangible assets

Intangible assets are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation method for intangible assets is reviewed annually.

Computer software

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs clearly associated with an identifiable and unique system, which will be controlled by the Hollard Life Assurance Company and has a probable benefit exceeding the cost beyond one year, are recognised as an asset. These costs comprise all directly attributable costs necessary to create, produce and prepare the asset for its intended use, such as costs of material and supplier services used or consumed in generating the intangible asset. Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives is recognised as a capital improvement and capitalised to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their expected useful lives. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Acquired computer software packages and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (three to seven years).

1. Accounting policies (continued)

1.5 Intangible assets (continued)

Acquired rights over books of business

The acquisition of the books of business is recognised as intangible assets due to the fact that:

- It is probable that the expected future economic benefits attributable to the books of business will flow to the entity;
- The costs of the books of business have been measured reliably;
- These books of business are initially recognised at cost;
- These books of business are, subsequent to initial recognition, carried at cost less accumulated amortisation, fair value adjustments and any impairment losses; and
- These books of business are revalued annually using actuarial valuation models.

1.6 Non-derivative financial instruments

Capital management

The Group recognises equity, reserves and non-controlling interest as capital. For internal management purposes, the Group refers to the international basis of solvency for life insurance companies as represented by the Solvency Capital Requirement (SCR).

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern. At the same time, the Group aims to maximise the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes cash and cash equivalents, reserves and retained earnings.

The Actuarial Committee reviews the capital structure on an ongoing basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the Group balances its overall capital structure through the payment of dividends.

Financial assets

Investments

The Group and Company classify its investments in debt and equity securities into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. The classification and measurement is dependent on the IFRS 9 criteria. IFRS 9 applies two criteria to determine how financial assets should be classified and measured, namely:

a. the entity's business model for managing the financial assets; and

b. the contractual cash flow characteristics of the financial asset.

i) Financial assets at fair value through profit or loss

A debt instrument is classified as a financial asset at fair value through profit or loss if so designated, as well as if the debt instrument financial assets were not classified as measured at amortised cost or fair value through other comprehensive income.

Under IAS 39 a financial asset is classified in this category at inception if acquired principally for the purpose of selling in the short term; if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking; or if so designated by management in terms of the Group's and Company's long-term investment strategy.

For the purpose of these financial instruments, short term is defined as any period less than 12 months. Investments which the Group has elected to designate as at fair value through profit or loss are investments held for long term. For the purpose of these financial statements, long term is defined as any period in excess of 12 months.

Under IFRS 9 a debt instrument is classified as a financial asset at fair value through profit or loss if so designated, as well as if the debt instrument financial assets were not classified as measured at amortised cost or fair value through other comprehensive income. Equity instruments by default are classified at fair value through profit or loss, unless the Group decides to designate it as fair value through other comprehensive income.

ii) Financial assets at fair value through other comprehensive income

Under IAS 39 financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as financial assets at fair value through other comprehensive income and are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the statement of financial position date or unless they will be sold to raise operating capital, in which case they are included in current assets. These investments include listed and unlisted shares, units in collective investment schemes, deposits and money market securities.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions (and is not designated as fair value through profit or loss):

a. It is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and

b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Financial assets held in this type of business model are managed to realise cash flows by both collecting contractual cash flows and selling the financial instrument. Both these activities are fundamental to achieving the objective of the business model.

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at fair value through other comprehensive income. In such an instance, changes in the equity instrument's fair value are recorded in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

iii) Financial assets at amortised cost
A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as fair value through profit or loss):

a. it is held within a business model where the objective is achieved by collecting contractual cash flows; and

b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in a "hold-to-collect contractual cash flows business model" are managed to realise cash flows by collecting contractual payments over the life of the instrument.

iv) Held-to-maturity investments
Under IFRS 9 non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and Company have a positive intention and ability to hold to maturity are classified as held-to-maturity investments and are included in non-current assets, except for maturities within 12 months from the statement of financial position date, which are classified as current assets. This category also includes all assets that are not designated either at fair value through profit or loss or fair value through other comprehensive income.

The held to maturity classification is no longer applicable under IFRS 9. Any assets previously classified as held to maturity, provided they satisfy the business model of "hold to collect" and Solely Payments of Principle and Interest test, would now be classified as carried at amortised cost.

v) Loans and receivables/Financial assets at amortised cost
Under IAS 39 loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market that are created by the Company or Group in exchange for providing money, goods or services directly to a debtor, other than those that are originated with the intention to sell immediately or in the short term or are designated at fair value through profit or loss. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the overall impairment review of loans and receivables.

Under IFRS 9 a debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as fair value through profit or loss):

a. it is held within a business model where the objective is achieved by collecting contractual cash flows; and

b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in a 'hold to collect contractual cash flows business model' are managed to realise cash flows by collecting contractual payments over the life of the instrument.

vi) Linked products
Linked products are investment-related products where the risk and reward of the underlying investment portfolio accrues directly to the policyholder. Linked products provide for returns based on the changes in the value of the underlying instruments and market indicators and are initially recorded at cost. These products are revalued at year-end, using discounted cash flow analysis, closing market values and indices values based on the observation dates stated in the underlying investment agreements. Valuations are adjusted for the effects of changes in foreign exchange rates. Actuarial liabilities of these linked products are stated at the same value as the underlying supporting investments.

vii) Forward share purchase agreements
Forward share purchase agreements are recorded at the cost of the initial down payment and revalued at year-end using discounted cash flows, in the same manner used to calculate the actuarial liabilities which these investments support.

viii) Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Recognition and measurement

Financial instrument purchases and disposals are initially measured at fair value and are recognised using trade date accounting. The trade date is the date on which the Group and Company commit to purchase or sell the asset. Subsequent to initial measurement, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are carried at fair value, while financial assets at amortised cost are carried at amortised cost using the effective interest rate method, less any provision for impairment.

The expected credit loss (ECL) model applies to financial assets measured at amortised cost (for example loans and receivables and intercompany loans) and debt investments measured at fair value through the statement of comprehensive income.

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.

Financial instruments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group and/or the Company have also transferred substantially all the risks and rewards of ownership.

Gains or losses

Realised and unrealised gains or losses arising from changes in the fair value of investments classified as at fair value through profit or loss are included in the statement of comprehensive income in the period in which they arise. Unrealised gains or losses arising from changes in the fair value through other comprehensive income investments are recognised in other comprehensive income. When investments classified as fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as net realised gains or losses on non-derivative financial instruments.

Fair value

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

The fair value of investments is based on quoted bid prices for listed instruments and collective investments schemes are valued using the repurchase price. The use of cash flow models is applied for non-active market instruments. Fair values for unlisted investments are estimated using applicable cash flow models or price/earnings ratios refined to reflect the specific circumstances of each investment. Where the fair value of an investment cannot be measured reliably, the investment is carried at cost less any impairment.

Offsetting

Where a legally enforceable right to offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at cost, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense being recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the corresponding interest expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

In accordance with the definition of a financial liability contained in IAS 32: Financial Instruments: Presentation, the Group and Company classify the following statement of financial position items as financial liabilities:

- Borrowings;
- Reinsurance liabilities;
- Trade and other payables;
- Provision for liabilities arising from a contractual relationship with existing Group and Company staff; and
- Long-term liabilities, which commonly take the form of loan funding.

1. Accounting policies (continued)

1.7 Impairment of assets excluding goodwill

The Group and/or the Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired, other than those dealt with in terms of IFRS 9: Financial Instruments. A financial asset or group of financial assets other than those carried at fair value through profit or loss is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group and/or the Company about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as default or delinquency in payments;
- Adverse changes in the payment status of issuers or debtors; or
- Economic conditions that correlate with defaults on assets in the Group and/or the Company.

All impairment losses are recognised in the statement of comprehensive income as soon as they are identified.

If there is objective evidence that an impairment loss has been incurred on premium receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics.

The Group and/or the Company assesses at each statement of financial position date whether there is objective evidence that a financial asset at fair value through other comprehensive income is impaired, including, in the case of equity investments, a significant or prolonged decline in the fair value of the security below its costs. If any such evidence exists, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value of the investment, is removed from other comprehensive income and recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The 'incurred loss model' under IAS 39 was replaced with the 'expected credit loss' (ECL) model under IFRS 9. Application of the ECL model results in credit losses being recognised earlier than under the incurred loss model. As a consequence of the new standard, the Group has revised its impairment methodology for each of these classes of assets.

Calculation of ECL

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.

The Group writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Cut-off periods have been defined given historic information and at the point that the instruments reach these cut-off points they will be considered to be fully written off.

ECL reflects the Group's own expectations of credit losses. The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

Stage 1: PERFORMING – Performing loans are loans which are being serviced according to the contractual terms. In other words interest and capital repayments are being made and there are no arrears.

Stage 2: UNDER PERFORMING – Loans for which interest and capital repayments have been made but are not being serviced on a regular basis. There are some arrears or short payments or missed payments. (i.e. loans potentially in default per the definition in IFRS 9).

Stage 3: NON-PERFORMING – Loans that are non-performing, past maturity or contractual repayment dates and where information indicates a substantial or even full impairment is required.

1. Accounting policies (continued)

1.7 Impairment of assets excluding goodwill (continued)

The Group makes use of estimates of Probability of Default (PD) and Loss Given Default (LGD) to calculate the ECL balance for financial assets at amortised cost.

Depending on the relevant information available, PDs are based on historic default rate curves which are used as a baseline to build a PD. Stage 1 has been allocated 8%, Stage 2 has 60% and Stage 3 has 100%.

In determining the loss given default, 4 levels were identified based on a combination of the level of security held and other mitigating factors such as loans between group companies with strong capitalisation. The levels were as follows:

Level 1 – 1%
Security = above 3 times
Other factors = Group Company and strong capitalisation
Level 2 – 20%
Security 1 ≤ 3 times
Level 3 – 50%
Security 0 < and > 1 times
Level 4 – 97.5%
No Security

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

Non-financial assets that are subject to amortisation are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value with reference to expected cash flows and current market interest rates.

1.9 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.10 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

1.11 Policyholder insurance and investment contracts

The Group has considered the possible impact of the Covid-19 pandemic and the related decline in economic conditions and outlook, as well as on expected policyholder behaviour around lapses, surrenders, and withdrawals. It has reviewed recent claims experience, publicly available models that project infection and mortality rates of Covid-19 and has also observed the outcomes from premium relief options that clients have exercised in the last three months of the financial year.

The Covid-19 pandemic is an event which is unprecedented, and has highly uncertain outcomes. management has considered the potential impact of Covid-19 on the Group and, in the absence of credible experience data, have set aside an explicit provision in addition to the base actuarial assumptions and liability to allow for this additional uncertainty.

1. Accounting policies (continued)

1.11 Policyholder insurance and investment contracts (continued)

Classification of insurance contracts

The Group and/or Company issues contracts which transfer insurance risk or financial risk or, in some cases, both.

Insurance contracts are those contracts under which the Group and/or Company (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. As a general guideline, the Group and Company define a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

Receipts and payments under insurance contracts are accounted for in the statement of comprehensive income in accordance with the requirements of IFRS 4: Insurance Contracts.

The Group and/or Company classifies financial guarantee business as insurance contracts.

Management of insurance and financial risk

As is stated above, the Group and/or Company issues contracts that transfer insurance risk or financial risk, or in some instances both. This section summarises these risks and the way in which the Group and/or Company manages them.

Premiums

Gross premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period and are disclosed gross of commission to intermediaries and exclude Value Added Tax. Premiums written include adjustments to premiums written in prior periods.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern of indemnity received. Reinsurance commissions received are recognised as income over the term of the reinsurance contract.

Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred.

ii) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are accounted for in the statement of financial position in accordance with IFRS 9. The liability recognised in the statement of financial position represents the expected amounts payable to the holders of the investment contracts inclusive of allocated investment income. The provision for outstanding claims comprises the Group's and/or Company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets.

Reinsurance

The Group and/or Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential. Reinsurance arrangements do not relieve the Group and/or Company from its direct obligations to its policyholders. Premiums ceded and claims reimbursed are reflected in the statement of comprehensive income and statement of financial position separately from the gross amounts.

Only those reinsurance contracts which give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognised in the same year as the related claim. Reinsurance contracts that do not transfer significant insurance risk are accounted for as financial assets. Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date.

Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group and/or Company may not recover all amounts due and that there is a reliably measurable impact on the amounts that the Group and/or Company will receive from the reinsurer. Impairment losses are recognised in the statement of comprehensive income.

Standards of Actuarial Practice (SAP) issued by the Actuarial Society of South Africa (ASSA)

The Company is licensed as a long-term insurer in South Africa in accordance with the Long-term Insurance Act (the Act) of 2017, as amended. The Act requires the determination of assets, liabilities and Solvency Capital Requirement (SCR) for statutory purposes in accordance with the SAPs and APNs issued by ASSA and Financial Soundness Standards For Insurers (FSI) issued by the Prudential Authority (PA).

In terms of IFRS 4: Insurance Contracts, defined insurance liabilities are allowed to be measured under existing local practice. The Group and Company have adopted the Standards of Actuarial Practice (SAP) and Advisory Practice Notes (APN) issued by the Actuarial

1. Accounting policies (continued)

1.11 Policyholder insurance and investment contracts (continued)

Society of South Africa (ASSA) to determine the liability in respect of insurance contracts issued in South Africa. The following APNs and SAPs are relevant to the determination of policyholder liabilities:

- APN 103: Report by the Statutory Actuary in the Annual Financial Statements of South African Long-Term Insurers;
- SAP 104: Calculation of the Value of the Assets, Liabilities and Solvency Capital Requirement of Long-Term Insurers;
- APN 105: Minimum Requirements for Deriving Aids Extra Mortality Rates;
- APN 106: Actuaries and Long-Term Insurance in South Africa; and
- APN 110: Allowance for Embedded Investment Derivatives.

Where applicable, the APNs and SAPs are referred to in the accounting policies and notes to the financial statements.

Classification of insurance and investment contracts

The Group and Company issue contracts which transfer insurance risk or financial risk or, in some cases, both. The Group and Company demarcate these contracts in the following two broad categories:

i) Insurance contracts
Insurance contracts are those contracts under which the Group and/or Company (as insurer) accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. As a general guideline, the Group and Company define a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Receipts and payments under insurance contracts are accounted for in the income statement in accordance with the requirements of IFRS 4.

Claims incurred

Claims incurred consist of claims paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred.

ii) Investment contracts
Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are accounted for in the statement of financial position in accordance with IFRS 9. The liability recognised in the statement of financial position represents the expected amounts payable to the holders of the investment contracts inclusive of allocated investment income.

Management of insurance and financial risk

As is stated in sections i) and ii) above, the Group and Company issue contracts that transfer insurance risk or financial risk, or in some instances both. This section summarises these risks and the way in which the Group and Company manage them.

i) Insurance risk
The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risks that the Group and Company face under insurance contracts is the risk that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group and Company have developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

1. Accounting policies (continued)

1.11 Policyholder insurance and investment contracts (continued)

Reinsurance arrangements

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the transfer of its risks. Only reinsurance agreements that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Reinsurance agreements that do not transfer significant insurance risk are accounted for as financial assets. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Policyholder behaviour risk

Insurance risk is affected by the policyholders' right to pay reduced or no future premiums, to terminate the contract completely or to withdraw benefits prior to expiry of the contract term. On the assumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggregated by such behaviour. For example, it is likely that policyholders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those policyholders remaining in good health. This results in an increasing trend of expected mortality as the portfolio of insurance contracts reduces the voluntary terminations.

The Group and Company have factored the impact of policyholder behaviour into the assumptions used to measure these liabilities.

The Solvency Capital Requirement (SCR) as part of the risk management framework

The Group and Company are required to demonstrate solvency to the Prudential Authority. This requires the Group and Company to demonstrate that it has sufficient assets to meet its liabilities and SCR, in the event of substantial deviations from the main risk assumptions affecting the business. Regulatory returns are submitted to the PA quarterly. The SCR is one of two key solvency requirements (with the Minimum Capital Requirement (MCR) being the other) designed to ensure the security of policyholder obligations and to provide triggers for regulatory intervention. The SCR is the primary requirement within the FSIs.

The SCR is designed to ensure that a sufficient minimum level of eligible own funds is held against the key risks to which an insurer is exposed. The SCR captures risks covering existing business over the coming 12 months. It is calibrated to correspond to the Value-at-Risk of an insurer's basic own funds at a confidence level of 99.5% over a one-year period.

Hollard uses the standardised formula for calculating the SCR.

The standardised formula for calculating the SCR is designed for use by insurers in South Africa. The main features of the standardised formula are that it:

- Is a forward-looking, risk-based measure that addresses the key risks faced by insurers;
- Measures risks primarily through the application of stress scenarios to an insurer's assets and liabilities;
- Is proportionate in that it allows for the use of simplified calculations under certain conditions; and
- Makes allowance for the risk-reducing impact of diversification benefits between risks, and also for risk mitigation instruments, changes to policyholder behaviour and future management actions.

The standardised formula requires the calculation of capital requirements for each key risk category, namely market risk, underwriting risk and operational risk. The capital requirements for each risk category are aggregated using a correlation matrix prescribed in the FSIs which allows for diversification benefits between some risk categories in calculating the SCR.

Mortality and morbidity business

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS) or widespread changes in lifestyle such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is the continued improvement in medical science and social conditions that would increase longevity. At present, these risks do not vary significantly in relation to the location of the risk insured by the Group and Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. However, all applications for risk cover in excess of specified limits are reviewed by experienced underwriters and evaluated against established standards. All risk related liabilities in excess of specified monetary or impairment limits are reinsured.

The Group and Company charge for mortality and morbidity risk on the basis of past scheme experience, industry class and average income amongst other factors. They have the right to alter these charges based upon its mortality and/or morbidity experience and hence minimise their exposure to mortality and morbidity risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Group and Company manage these risks by way of regular investigations into mortality and morbidity experience and through their underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Group and Company balance death risk and survival risk across their portfolio. Medical selection is also included in the Group's and Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group and Company have a reinsurance programme in place to limit the extent of risk on any single life insured. The degree of risk retention by the Group and Company is assessed on a scheme and portfolio basis to ensure appropriate cover at all times.

1. Accounting policies (continued)

1.11 Policyholder insurance and investment contracts (continued)

The Head of Actuarial Function (HAF) reports annually on the actuarial soundness of the premium rates in use and the financial soundness of the Group's and Company's business, taking into consideration the reasonable benefit expectations of policyholders. These rates are revised where appropriate in response to changes in mortality and/or morbidity experience.

Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in policyholder behaviour.

The Group and Company use appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An ongoing investigation into the Group's and Company's mortality experience is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Group's and Company's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Group and Company maintain voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the income statement and a provision is raised for losses identified by the liability adequacy tests.

Claims development table

IFRS 4 requires the disclosure of a claims development table in the financial statements. Given the fact that the majority of the Group's and Company's notified policyholder benefits are settled within a period of one year, no such table is provided in these financial statements.

ii) Financial risk:

Financial assets and liabilities are stated at fair value in the statement of financial position. Assets include listed equities, stated at fair value as determined by their market values as at 30 June 2021, and unlisted equities, stated at fair value as determined by either the contractual terms of the investment or by directors' valuation. Policyholder liabilities are valued in accordance with the long-term assumptions set out in the Company's Statement of actuarial values of assets and liabilities.

The Group and Company are exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is the risk that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity risk, currency risk, credit risk and liquidity risk. These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements. The risk that the Group and Company primarily face due to the nature of its investments and liabilities is interest rate risk.

The Group and Company manage their financial risk within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of their obligations under insurance and investment contracts. The principal technique of the Group's and Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to policyholders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group's and Company's ALM is integrated with the management of the financial risks associated with the Group's and Company's other financial assets and liabilities not directly associated with insurance and investment liabilities, most notably borrowings.

Interest rate risk

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and liabilities and on the fair value of fixed maturity investments included in the Group's and Company's investment portfolios. Additionally, relative values of alternative investments and their liquidity could affect values of interest rate linked investments. The ongoing assessment by an investment research team of market expectations within the South African interest rate environment drives the process of asset allocation in this investment category.

1. Accounting policies (continued)

1.11 Policyholder insurance and investment contracts (continued)

Equity risk

Equity investments are made on behalf of policyholders and the shareholder. Listed equities are reflected at market values which are susceptible to market fluctuations. The stock selection and investment analysis process of shareholder assets is supported by a well developed research function utilising professional advisors. The acquisition of policyholder assets is based on the contracts entered into and the preferences expressed by the policyholders. Within these parameters, investments are managed with the aim of maximising policyholders' returns while limiting risk to acceptable levels within the framework of statutory requirements.

Currency risk

The Group and Company have financial assets invested offshore, which are denominated in foreign currencies. These investments were made for the purpose of obtaining a favourable international exposure to foreign currency and are monitored by the Group's and Company's Investment Committee.

Credit risk

The Group and Company have exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Group and Company monitor their exposure to individual counterparties to ensure that no single concentration exceeds predetermined limits. An appropriate level of provision is maintained against doubtful debts.

Key areas of credit risk exposure include:

- Cash and cash equivalents;
- Financial assets and liabilities;
- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid; and
- Amounts due from insurance intermediaries and administrators.

The Group and Company structure the level of credit risk they accept by placing limits on their exposure to a single counterparty or groups of counterparties, as well as to geographical and industry segments. Such risks are subject to ongoing review by the Group's and Company's Investment Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's and Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group and Company remain liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an ongoing basis and includes a review of their financial strength prior to finalisation of any treaty contract. Furthermore, the Group and Company manage its credit exposure through the placement of its reinsurance programmes with a number of local subsidiaries of foreign parent companies to mitigate, as far as possible, the risk of default by any one reinsurer.

Individual business units maintain records of the payment history for significant counterparties with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group and Company. Management information reported to the Group and Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal Audit undertakes regular reviews to assess the degree of compliance with the Group's and Company's credit procedures. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency.

Liquidity risk

The Group and Company are exposed to daily calls on their available cash resources mainly from claims arising from their insurance contract obligations. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover maturities, claims and surrenders at unexpected levels of demand. Furthermore, the Group's and Company's liabilities are backed by appropriate assets and it has significant liquid resources and substantial unutilised banking facilities.

1.12 Revenue

The accounting policy in relation to revenue from insurance contracts is disclosed in note 1.13.

Interest income and finance cost

Interest income and expenditure for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within investment income and finance costs in the statement of comprehensive income using the effective interest method. When a receivable is impaired, the Group and/or Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income for equities is recognised when the right to receive payment is established, which is the last day to trade in respect of quoted shares and when declared in respect of unquoted shares.

Preference share dividends are recognised using the effective interest rate method.

1. Accounting policies (continued)

1.12 Revenue (continued)

Rental income

Rental income from investment properties is recognised in the statement of comprehensive income on a straight-line basis over the term of each lease.

Commission

Commission payments and receipts are shown gross of reinsurance commissions.

Revenue from contracts with customers

The Group's revenue subject to IFRS 15 is attributed to service fee income from risk financed business which is earned over the contract term.

1.13 Revenue recognition and insurance activity expenditure

Premium income

Premiums relating to the insurance business are stated gross and net of outward reinsurance premium and are accounted for by applying the accrual basis when collectability is reasonably assured. On certain books of business, data constraints does not allow for the accrual basis to be applied. In these circumstances, premium is recognised on receipt. Premiums arising from investment contracts are excluded from the income statement in accordance with the requirements of IFRS 9.

Interest income and expenditure

Interest income and expenditure for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance costs in the income statement using the effective interest rate method. When calculating the effective interest rate, the Group and Company estimate the relevant cash flows considering all contractual terms of the financial instruments under consideration.

When a receivable is impaired, the Group and Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original interest rate of the instrument, and continue unwinding the discount as interest income. All interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Dividend income is recognised as at the last day to trade in respect of quoted shares and when declared in respect of unquoted shares. Preference share dividends are recognised using the effective interest rate method.

Rental income

Rental income from investment properties is recognised in the income statement on a straight-line basis over the term of each lease for all arrangements legislated by lease agreement, or when the right to the income accrues to the Group and Company in those situations where no formal lease arrangement exists.

Policyholder benefits

Provision is made for the estimated cost of claims notified but not settled at the end of the financial year using the best information available at the statement of financial position date. Claims payable amounts include related internal and external claims-handling costs. Claims incurred prior to the end of the financial year but not reported until after that date are brought to account in the valuation of actuarial liabilities. Claims are stated net of reinsurance recoveries. Policyholder liabilities, the Group's and Company's liabilities under unmatured policies are computed annually at the statement of financial position date in accordance with the provisions of the Long-Term Insurance Act. The transfers to and from policyholder liabilities under insurance contracts reflected in the income statement are the result of changes in actuarial liabilities and net adjustments to contingency and other reserves.

Commission

Commission payments and receipts are shown gross of reinsurance commissions. Life assurance business commissions are expensed as incurred. Commission in respect of investment contracts is expensed over the life of the contract.

Revenue from contracts with customers

The company's revenue subject to IFRS 15 is attributed to service fee income from investment business which is earned over the investment contract term.

1. Accounting policies (continued)

1.14 Employee benefits

Pension and provident scheme arrangements

The Group and Company operate defined contribution pension and provident funds. Contributions to the funds in respect of present service are charged against income as incurred. Contributions are adjusted periodically to take account of salary increases and any other changing circumstances. The Group and Company have no further obligations once the contributions have been paid.

Profit-sharing and bonus plans

The Group and Company operate several bonus and profit share plans for the benefit of employees. A provision is recognised when the Group and/or Company is contractually obliged to pay the profit share or bonus to its employees or where a past practice has created a constructive obligation to do so.

Leave pay

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. Provision is made for the estimated liability of this leave as a result of services rendered by employees up to the statement of financial position date.

Termination benefits

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or whenever an employee accepts a voluntary redundancy in exchange for these benefits. The Group and Company recognise termination benefits in the statement of comprehensive income when it is demonstrably committed to either terminating the employment of current employees according to a detailed, formal plan without possibility of withdrawal or where it is committed to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Other post-employment obligations

The Group and Company have no obligation for post-retirement medical benefits in respect of pensioners, former employees or current employees.

1.15 Taxation

Income taxation on the profit or loss for the period comprises current and deferred taxation. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case the related income tax is also recognised in other comprehensive income.

Income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Taxation in respect of the South African life insurance operations is determined in accordance with the rates and basis applicable to section 29A of the Income Tax Act at the reporting date.

Current taxation

Current taxation is the expected taxation payable using taxation rates enacted at statement of financial position date, including any prior year adjustments.

The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed. It is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred taxation is provided at current tax rates, on the comprehensive basis, using the statement of financial position liability method in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividend Withholding Tax

The Company is exempt from paying withholding tax on ordinary share dividends received as they are a company resident in the Republic of South Africa. Accordingly, no withholding tax should be deducted from dividends payable by the issuer to the Company.

1. Accounting policies (continued)

1.16 Provisions

Provisions are recognised when the Group and/or Company has a present legal or constructive obligation of uncertain timing or amount as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.17 Borrowings

Borrowings are recognised initially at cost, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

1.18 Operating leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated, any payment required by the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

1.19 Dividend distribution

Dividend distributions to the Group's and/or Company's shareholders are recognised as a liability in the Group's and/or Company's annual financial statements in the period in which the Board of Directors approves the dividend after performing solvency and liquidity tests.

2. Critical accounting estimates and judgements

The Group and Company makes certain estimates and assumptions that affect the reported amounts of assets and liabilities in the annual financial statements.

These estimates and assumptions are continually evaluated based upon past experience and a reasonable expectation of future events and are revised as appropriate.

The Covid-19 pandemic and resultant significant volatility of markets have created uncertainty in the Group's current and expected future operating environment. This uncertainty has an impact on the judgements and estimates used in preparation of the financial statements.

The key estimates and judgements that the Group and Company face in applying their accounting policies are as follows:

2.1. Claims incurred

Liability arising from claims under insurance contracts

The estimation of the ultimate liability arising from policyholder liabilities under insurance contracts is the Group's and Company's most important accounting estimate. There are several sources of uncertainty that are considered when calculating this liability.

Policyholder benefit payments are generally fixed or relatively easy to estimate, thereby limiting the uncertainty as to the expected liability of a particular policy. The reinsurance terms of each policy are also known in advance and the allowance for reinsurance recoveries is readily ascertainable, although the timing of benefit payments must be estimated. The estimate of this timing is based on the probability that a policy will be in force and the probability of a claim arising in the future from the valuation date until the expiry of the term of the policy, modified for past experience.

For each policy, the present value of the expected benefit payment is estimated based on the age of policyholders and mortality tables, modified to reflect the recent claims experience of the Company. The assumptions used are generally best estimate assumptions with compulsory margins and, where appropriate, discretionary margins being provided to cater for uncertainty. The discount rate used to capitalise the policyholder benefit values is also based on current economic conditions but reflects the Group's and Company's asset mix, with an allowance for mismatching risk.

The Group and Company's procedures for determining significant reserving assumptions are outlined in note 1.11 on page 31 of these financial statements.

Estimate of future premiums and benefit payments arising from long-term insurance contracts

The determination of liabilities under long-term insurance contracts is dependent on estimates made by the Group and Company. Estimates are made as to the expected number of deaths for each of the years in which the Group and Company are exposed to risk and are based on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's and Company's own experience. An appropriate provision for future policyholder benefit payments is made on the basis of these estimates.

2. Critical accounting estimates and judgements (continued)

2.1. Claims incurred (continued)

Estimate of future premiums and benefit payments arising from long-term insurance contracts (continued)

Estimates are also made as to the future investment returns arising from assets backing long-term insurance contracts. These estimates are based on current market returns and expectations about future economic and financial developments. Future premium payments due to the Group and Company are valued on the basis of the current premium being paid. Future premiums are projected over the life of each policy on a policy-by-policy basis. The value of the premiums takes into account the possibility that the policy may terminate due to early cancellation through lapsing or surrender. The interest rate used to discount the premiums reflects current economic conditions, the asset mix of the Company, and allows for mismatching risk.

2.2. Valuation of unlisted investments

The Group and Company determine the fair value of their unlisted investments using well-established valuation techniques. These techniques include discounted cash flow analysis, price earnings ratio and net asset value methodologies.

In using discounted cash flow analyses, the discount rate used is based on the build-up method which incorporates a risk-free rate, an equity risk premium, and an unsystematic risk premium.

In using the price earnings valuation technique, the valuation is based on a PE multiple of the current year's normalised earnings. The potential future earnings of the Company, current interest rate cycle, current business environment and management of the Company are considered in determining the earnings factor.

The financial year-end valuations are approved by the Investment Committee.

Goodwill

Goodwill is allocated by the Group and Company to the cash-generating units (CGU) that represent the business operation from which the goodwill was originally generated. When testing for impairment, the recoverable amount is determined by value in use calculations. These calculations apply discounted cash flow techniques to the projected earnings of each CGU.

3. Financial risk management

3.1. Introduction

The Group's and/or Company's principal objectives are to ensure that it will be able to continue as a going concern and to provide value to its shareholders and policyholders through a long-term, sustainable real return on capital as a result of managing its business risks within an appropriate risk framework.

The Board of Directors has overall responsibility for establishing, monitoring and communicating the Group's and Company's risk management framework, including defining what constitutes "appropriate" risk and control policies, and for ensuring that sufficient capital is held to support the taking of risk. In order to discharge some of its responsibility, the Board has established the Group Audit and Compliance Committee, which is responsible for developing and monitoring the Group's and Company's risk management policies. The Committee reports regularly to the Board on its activities.

The Group and Company continually update the vision, strategy, values and business objectives and a robust risk management process is critical to ensuring the sustainability of its business model. The Group's and Company's main activities from a risk taking perspective can be summarised into the following two categories:

i) Providing risk cover to individuals. The Group's and Company's core competencies are to understand the life-related risk needs of individuals and to design sustainable products that provide financial stability to policyholders and their dependants in times of death, disability and/or illness; and

ii) Providing asset management services to individuals. The Group and Company uses their financial skills to provide competitive investment products to an increasingly broad range of customers through a variety of carefully selected outsourced asset managers.

Key elements of risk management in a long-term insurer and asset management provider include:

- maintaining sufficient economic capital and liquidity to withstand the majority of reasonable foreseeable risk events or occurrences;
- understanding the significant risk, economic and non-economic variables in the design of each product;
- strong corporate governance policies and procedures, including relevant and reliable management information and internal control processes;
- ensuring only suitably qualified and trained distribution staff, business partners, intermediaries, brokers and agents are utilised to provide financial advice to customers;
- ensuring significant and relevant skills and services are constantly available to the Group and Company;
- influencing the business environment by being active participants in relevant regulatory and business forums;
- keeping abreast of consumer and technology trends and investing in capital and resources where required; and
- establishing an appropriate risk framework of authority for providing management with the risk parameters that are acceptable to the Board of Directors.

3. Financial risk management (continued)

3.1. Introduction (continued)

The Group's and Company's risk management policies were established to identify and analyse the risks it faces, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in both market conditions and the Group's and Company's activities. The Group and Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees, brokers and partners understand their roles and obligations.

The Group's Audit and Compliance Committee oversees the way management monitors compliance with its established risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company. The Group Audit and Compliance Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to stakeholders in management and to the Group Audit and Compliance Committee.

3.2 Exposure to risk arising from financial instruments

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This section presents information about the Group's and Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Group's and Company's management of capital. Further quantitative disclosures are included throughout these consolidated annual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's and Company's risk management framework. The Board has established the Group Audit and Compliance Committee, which is responsible for developing and monitoring the Group's and Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

3.2.1 Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the Group and Company are exposed to credit risk are:

- amounts due from insurance policyholders;
- amounts due from underwriting agencies and brokers;
- amounts due from outsourced insurance contract intermediaries, administrators and business partners;
- investments and cash equivalents;
- reinsurers' share of insurance liabilities; and
- amounts due from reinsurers and third parties in respect of claims already paid.

The Group's Audit Committee and Risk and Compliance Committee oversee how management monitors compliance with the Group's and Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group and Company. The Audit Committee and Risk Committee are assisted in their oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Risk and Compliance Committee.

Insurance, loans and other receivables

The Group and Company limit the levels of credit risk that it accepts by placing limits on its exposure to a single counterparty or groups of counterparties, products, and to geographical and industry segments. The levels are subject to annual or more frequent reviews. Internal Audit also makes regular reviews to assess the degree of compliance with the Group's and Company's procedures on credit.

The Group's and Company's exposure to credit risk is influenced mainly by the individual characteristics of each intermediary and the portfolios that they administer. A significant amount of the Group's and Company's insurance business is written through and administered by intermediaries, the majority of which have been transacting with the Group and Company for most of their existence. The credit control function forms an integral part of the business relationship to the extent that the intermediaries are closely monitored on many levels, including product profitability and return on capital. Appropriate remedial action is taken wherever the need arises.

The Group and Company provide for impairment in respect of its insurance debtors, loans and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.1 Credit risk (continued)

Investments

The Group and Company have a dedicated Investment Committee that monitors and approves the investment mandates stipulated by the Board. The Group and Company, through the said mandates, limit its exposure to credit risk through diversification and by mainly investing in liquid securities and various counterparties that have a minimum credit rating of A1 from internationally recognised credit rating agencies and A from Moody's, or where such rating is not available, by internal analysis according to strict criteria. Given these high credit rating requirements, management does not expect any counterparty to fail to meet its obligations.

The Group and Company seek to avoid concentration of credit risk to groups of counterparties, asset management houses, business sectors, product types, and geographical segments by diversifying the investment mandate to various asset management houses and enforcing a strict application of mandates. Financial assets are graded and invested according to this framework and the Investment Committee regularly reviews compliance to that effect.

The analysis of credit quality of the Group's and Company's assets is disclosed in note 4 on pages 40 to 53 of the financial statements.

Reinsurance

Reinsurance is used to manage insurance risk. Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount to the insurer in the event that a gross claim is paid. However, the Group and Company remain liable to its policyholders regardless of whether the reinsurer meets the obligations it has assumed. Consequently, the Group and Company are exposed to credit risk.

The Group and Company have exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any contract. This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Group and Company will arise.

The Group and Company monitor the financial condition of reinsurers on an ongoing basis and review reinsurance arrangements periodically. The Group and Company have a Reinsurance and Underwriting Committee that is responsible for setting the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance against those criteria. When selecting a reinsurer the Group and Company consider its security. This is assessed from public rating information and from internal investigations.

3.2.2 Liquidity risk

Liquidity risk is the risk that the Group and/or Company will not be able to meet its financial obligations as they fall due. The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and/or Company's reputation.

The Group and Company are exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. The Investment Committee sets limits on the minimum proportion of maturing funds to be available to meet such calls to cover claims at unexpected levels of demand.

Based on actuarial modelling of historical and future expected trends, the Group and Company have estimated the probable cash outflows associated with general insurance liabilities. The maturity analysis of the gross insurance liabilities is set out in note 4.2 (c) on page 46. The maturity profile of the related insurance and investment assets is expected to be similar to the profile of the liabilities. The Group and Company have taken into account that the unearned premium provision, which will be recognised as earned premium in the future, will not lead to claim cash outflows equal to this provision. This has been taken into account in estimating future cash outflows associated with insurance liabilities.

3.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or the value of its holdings of insurance assets and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the Group's and Company's return on investment.

In particular, the Group and Company are exposed to market risk in those instances where the proceeds from their financial assets are not sufficient to fund their obligations from their insurance and/or investment contracts. This risk is termed the policyholder asset-liability mismatched risk. The Group and Company manage these positions within an asset-liability management (ALM) framework that aims to match assets to the liabilities arising from insurance contracts by nature and term. In accordance with the ALM framework, a separate financial asset profile is maintained for each distinct category of liabilities. For most categories of business, the ALM framework determines an asset class allocation. In certain classes, the specific timing of cash flows is considered to determine the selection of assets within those classes.

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.3 Market risk (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's and Company's ALM framework. The Board has established the Investment Committee, which is responsible for developing and monitoring the Group's and Company's ALM framework. The committee reports regularly to the Board of Directors on its activities.

Financial assets and liabilities that are utilised to support the Group's and Company's capital base are fully exposed to the relevant elements of market risk. In summary, the key components of market risk are:

a) Currency risk

Currency risk is the risk arising from fair value and/or future cash flows of a financial instrument fluctuating from their expected values as a result of changes in exchange rates. This can arise from either a mismatch between currencies of assets or liabilities or supporting capital or the trading currency of the local entity being different to the Group's and Company's reporting currencies.

The Group and Company are exposed to foreign currency risk for transactions that are denominated in a currency other than Rand. This exposure is limited to the operations of the Mozambique foreign subsidiaries, transactions with foreign reinsurers, debt securities and equity investments in foreign companies. These foreign investments were made for the purposes of obtaining favourable international exposure to foreign currency and are monitored by the Investment Committee.

The Group and Company do not take cover on foreign currency transactions and balances as the net exposure is considered minimal. The table in note 4.3(a) on page 49 of these annual financial statements illustrates the Group's split of assets and liabilities by major currency.

b) Interest rate risk

Interest rate risk is the risk arising from fair value and/or future cash flows of a financial instrument fluctuating from their expected values as a result of changes in market interest rates.

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and liabilities and on the fair value of fixed rate investments in the Group's and Company's investment portfolios. The Group's and Company's fixed interest rate investments do not give rise to significant interest rate risk. Furthermore, the majority of interest sensitive investments are short term, therefore the impact is minimal. The Group and Company do not use derivative instruments to manage this risk other than an ongoing assessment by the Investment Committee of market expectations within the South African market to determine an optimal asset allocation in interest sensitive-investments.

Insurance liabilities are not directly sensitive to the level of market interest rates, as they are not discounted and are contractually non-interest bearing. The sensitivity analysis for interest rate illustrates how changes in the fair values or future cash flows of financial instruments will fluctuate because of changes in the market interest rates at the reporting date.

c) Other market price (or equity) risk

Equity risk is the risk arising from the actual fair value and/or the future cash flows from equities fluctuating from their expected values as a result of changes in market prices and/or dividend amounts.

Equity price risk arises from listed, fair value through profit or loss, equity securities held on behalf of the policyholders and the shareholder. The equity selection and investment analysis process is supported by a well developed research function utilising professional advisors. Within these parameters, investments are managed with the aim of maximising policyholders' returns while limiting risks to acceptable levels within the framework of statutory requirements.

The Group and Company are assisted by external asset managers in this regard. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

The Investment Committee actively monitors equity assets, listed and unlisted, owned by the Group and Company, which include some material shareholding in the Group's and Company's strategic partners. Concentrations of specific equity holdings are also monitored.

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.4 Capital management

The Group and Company recognise share capital and premium, non-distributable reserves and retained earnings as capital.

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The minimum required capital must be maintained at all times. The Company submits quarterly and annual returns to the Prudential Authority (PA) in terms of the Insurance Act, and is required at all times to maintain a statutory surplus asset ratio as defined in the Act. The returns submitted during the year showed that the Company met the minimum capital requirements throughout the year. The operating subsidiaries also met their respective solvency requirements.

In addition to the regulatory capital requirements, the Company calculates its economic capital requirement using an internal stochastic model. This model is used in the assessment of strategic business and investment decisions and in the allocation of capital to various initiatives.

The Group and Company recognise equity reserves excluding non-controlling interest. For internal management purposes, the Group and Company refer to its minimum capital levels as its Solvency Capital Requirement (SCR), which is the international standard for measuring the solvency of a life insurance company. In addition to the international basis, management uses the statutory solvency requirements as prescribed by the legislation in the territories in which the Group and Company have operations, to monitor and manage the Group's and Company's capital resources.

The Group's and Company's objectives when managing capital are to:

- comply with the insurance capital requirements required by the regulators of the insurance markets where the Group and Company operate;
- safeguard the Group's and Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and other stakeholders;
- provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value; and
- effectively manage its capital structure and make adjustments to the structure, in light of changes in economic conditions.

The Company submits quarterly and annual returns to the Prudential Authority in accordance with the terms of the Long-term Insurance Act, 2017 (the Act). Under the terms of this Act, the Company is required to, at all times, maintain a statutory surplus asset ratio. The returns submitted during the year showed that the Company exceeded its minimum requirements throughout the year.

4. Risk management

4.1 Credit risk

a) Exposure to credit risk

The carrying amount of financial and insurance assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	CARRYING VALUE IN STATEMENT OF FINANCIAL POSITION		NET CREDIT EXPOSURE	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
GROUP				
Investment in associates	88 361	69 449	–	–
Financial assets at fair value through profit or loss – Listed investments	2 175 215	1 757 169	–	–
Financial assets at fair value through profit or loss – Unlisted investments	14 605 121	13 994 060	805 644	830 417
Financial assets at fair value through profit or loss – Bonds	9 958 811	10 562 066	9 958 811	10 562 066
Financial assets at amortised cost	330 630	321 993	330 630	321 993
Loans and other receivables	431 570	138 767	431 570	138 767
Loans – interest bearing	145 067	136 777	145 067	136 777
Loans – non-interest bearing	1 623	1 155	1 623	1 155
Other loans and receivables	284 880	835	284 880	835
Cash and cash equivalents	2 529 562	2 171 715	2 529 562	2 171 715
Insurance Assets				
Insurance receivables – Premium debtors	301 054	275 825	301 054	275 825
Reinsurance assets	1 841 709	952 098	1 841 709	952 098
Total	**32 262 033**	30 243 142	**16 198 978**	15 252 881
COMPANY				
Other Assets				
Investment in subsidiaries	47 450	35 911	–	–
Loans to subsidiaries	–	750	–	750
Investment in associates	89 329	70 523	–	–
Financial assets at fair value through profit or loss – Listed investments	2 175 215	1 757 169	–	–
Financial assets at fair value through profit or loss – Unlisted investments	14 605 121	13 994 060	805 644	830 417
Financial assets at fair value through profit or loss – Bonds	9 958 811	10 562 066	9 958 811	10 562 066
Financial assets at amortised cost	330 630	321 993	330 630	321 993
Loans and other receivables	428 050	138 767	428 050	138 767
Loans – interest bearing	145 067	136 777	145 067	136 777
Loans – non-interest bearing	1 623	1 155	1 623	1 155
Other loans and receivables	281 360	835	281 360	835
Cash and cash equivalents	2 523 627	2 143 841	2 523 627	2 143 841
Insurance Assets				
Insurance receivables – Premium debtors	301 054	275 825	301 054	275 825
Reinsurance assets	1 841 709	952 098	1 841 709	952 098
Total	**32 300 996**	30 253 003	**16 189 524**	15 225 758

4. Risk management (continued)

4.1 Credit risk (continued)

b) Credit rating

The following table provides information regarding the Group's and Company's aggregated credit exposures. The carrying amount of these financial instruments represents the Group's and Company's maximum exposure to credit risk. The Group and Company do not engage in any activities to enhance the credit quality of these instruments such as obtaining collateral and purchasing credit derivatives or similar instruments.

Concentrations of credit risk are determined on the basis of counterparty credit rating criteria, as risks faced by these groupings are similar in nature. The grouping of assets in such manner highlights the credit quality associated with financial assets and liabilities.

	AA+ R'000	AA- R'000	A+ R'000	A- R'000	BBB+ R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not Rated R'000	Total R'000
GROUP											
2022											
Other Assets											
Financial assets at fair value through profit or loss – Unlisted investments	–	–	–	–	–	–	150 759	151 822	–	503 063	805 644
Financial assets at fair value through profit or loss – Bonds	–	–	–	–	–	–	9 568 336	390 475	–	–	9 958 811
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	330 630	330 630
Loans and other receivables	–	–	–	–	–	–	–	–	–	431 570	431 570
Loans – interest bearing	–	–	–	–	–	–	–	–	–	145 067	145 067
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	1 623	1 623
Other loans and receivables	–	–	–	–	–	–	–	–	–	284 880	284 880
Cash and cash equivalents	–	–	–	–	–	–	470 215	1 174 200	5 934	879 212	2 529 562
Insurance Assets											
Insurance receivables – Premium debtors	–	–	–	7 079	–	–	51 392	23 760	–	218 822	301 054
Reinsurance assets	101 131	262 969	100	–	561 726	–	12 167	582	–	903 034	1 841 709
Total	101 131	262 969	100	7 079	561 726	–	10 252 869	1 740 840	5 934	3 266 329	16 198 978
2021											
Other Assets											
Financial assets at fair value through profit or loss – Unlisted investments	–	–	–	–	–	–	173 948	120 798	–	535 671	830 417
Financial assets at fair value through profit or loss – Bonds	–	–	44 580	–	–	16 082	10 022 839	227 838	–	250 728	10 562 066
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	321 993	321 993
Loans and other receivables	–	–	–	–	–	–	–	–	–	138 767	138 767
Loans – interest bearing	–	–	–	–	–	–	–	–	–	136 777	136 777
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	1 155	1 155
Other loans and receivables	–	–	–	–	–	–	–	–	–	835	835
Cash and cash equivalents	–	–	–	–	–	–	184 466	1 184 884	17 361	785 003	2 171 715
Insurance Assets											
Insurance receivables – Premium debtors	–	–	–	–	–	–	–	–	–	275 825	275 825
Reinsurance assets	–	–	–	–	428 060	–	–	–	–	524 038	952 098
Total	–	–	44 580	–	428 060	16 082	10 381 253	1 533 520	17 361	2 832 025	15 252 880

4. Risk management (continued)

4.1 Credit risk (continued)

	AA+ R'000	AA- R'000	A+ R'000	A- R'000	BBB+ R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not Rated R'000	Total R'000
COMPANY											
2022											
Other Assets											
Financial assets at fair value through profit or loss – Unlisted investments	–	–	–	–	–	–	150 759	151 822	–	503 063	805 644
Financial assets at fair value through profit or loss – Bonds	–	–	–	–	–	–	9 568 336	390 475	–	–	9 958 811
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	330 630	330 630
Loans and other receivables	–	–	–	–	–	–	–	–	–	428 050	428 050
Loans – interest bearing	–	–	–	–	–	–	–	–	–	145 067	145 067
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	1 623	1 623
Other loans and receivables	–	–	–	–	–	–	–	–	–	281 360	281 360
Cash and cash equivalents	–	–	–	–	–	–	470 215	1 174 200	–	879 212	2 523 627
Insurance Assets											
Insurance receivables – Premium debtors	–	–	–	7 079	–	–	51 392	23 760	–	218 822	301 054
Reinsurance assets	101 131	262 969	100	–	561 726	–	12 167	582	–	903 034	1 841 709
Total	**101 131**	**262 969**	**100**	**7 079**	**561 726**	**–**	**10 252 869**	**1 740 840**	**–**	**3 266 329**	**16 198 978**
2021											
Other Assets											
Loans to subsidiaries	–	–	–	–	–	–	–	–	–	750	750
Financial assets at fair value through profit or loss – Unlisted investments	–	–	–	–	–	–	173 948	120 798	–	535 671	830 417
Financial assets at fair value through profit or loss – Bonds	–	–	44 580	–	–	16 082	10 022 839	227 838	–	250 728	10 562 066
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	321 993	321 993
Loans and other receivables	–	–	–	–	–	–	–	–	–	138 767	138 767
Loans – interest bearing	–	–	–	–	–	–	–	–	–	136 777	136 777
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	1 155	1 155
Other loans and receivables	–	–	–	–	–	–	–	–	–	835	835
Cash and cash equivalents	–	–	–	–	–	–	184 466	1 169 033	17 361	772 981	2 143 842
Insurance Assets											–
Insurance receivables – Premium debtors	–	–	–	–	–	–	–	–	–	275 825	275 825
Reinsurance assets	–	–	–	–	428 060	–	–	–	–	524 038	952 098
Total	–	–	44 580	–	428 060	16 082	10 381 253	1 517 669	17 361	2 820 753	15 225 758

Credit ratings are sourced from Bloomberg for S&P, Fitch and Moody's

4. Risk management (continued)

4.1 Credit risk (continued)

c) Financial and insurance assets that are neither past due nor impaired

The analysis of financial instruments that were neither past due nor impaired and/or individually impaired at the reporting date was as follows:

	GROUP				COMPANY			
	Neither past due nor impaired R'000	Past due not impaired R'000	Individually impaired R'000	Net carrying value R'000	Neither past due nor impaired R'000	Past due not impaired R'000	Individually impaired R'000	Net carrying value R'000
2022								
Financial assets at fair value through profit or loss – Listed investments	2 175 215	–	–	2 175 215	2 175 215	–	–	2 175 215
Financial assets at fair value through profit or loss – Unlisted investments	14 610 621	–	(5 500)	14 605 121	14 610 621	–	(5 500)	14 605 121
Financial assets at fair value through profit or loss – Bonds	9 958 811	–	–	9 958 811	9 958 811	–	–	9 958 811
Financial assets at amortised cost	330 630	–	–	330 630	330 630	–	–	330 630
Loans and other receivables	533 982	15 848	(118 259)	431 570	530 462	15 848	(118 259)	428 051
Loans – interest bearing	210 461	–	(65 394)	145 067	210 461	–	(65 394)	145 067
Loans – non-interest bearing	1 623	–	–	1 623	1 623	–	–	1 623
Other loans and receivables	321 898	15 848	(52 865)	284 880	318 378	15 848	(52 865)	281 361
Cash and cash equivalents	2 529 562	–	–	2 529 562	2 529 562	–	–	2 529 562
Total	30 138 820	15 848	(123 759)	30 030 909	30 135 301	15 848	(123 759)	30 027 389
Insurance receivables – Premium debtors	280 193	25 303	(4 442)	301 054	280 193	25 303	(4 442)	301 054
Reinsurance assets	1 733 161	108 548	–	1 841 709	1 733 161	108 548	–	1 841 709
Total	2 013 354	133 851	(4 442)	2 142 763	2 013 354	133 851	(4 442)	2 142 763
2021								
Loans to subsidiaries	–	–	–	–	750	–	–	750
Financial assets at fair value through profit or loss - Unlisted investments	13 944 060	–	–	13 944 060	13 994 060	–	–	13 994 060
Financial assets at fair value through profit or loss - Bonds	10 562 066	–	–	10 562 066	10 562 066	–	–	10 562 066
Financial assets at amortised cost	321 993	–	–	321 993	321 993	–	–	321 993
Total	24 828 119	–	–	24 828 119	24 878 869	–	–	24 878 869
Insurance receivables - Premium debtors	354 512	1 742	(80 429)	275 825	354 512	1 742	(80 429)	275 825
Total	354 512	1 742	(80 429)	275 825	354 512	1 742	(80 429)	275 825

4. Risk management (continued)

4.1 Credit risk (continued)

d) Age analysis of other loans and receivables and premium debtors that are past due but not impaired

	GROUP					COMPANY				
	> 30 days R'000	31 to 60 days R'000	61 to 90 days R'000	More than 90 days R'000	Total past due but not impaired R'000	> 30 days R'000	31 to 60 days R'000	61 to 90 days R'000	More than 90 days R'000	Total past due but not impaired R'000
2022										
Loans and other receivables	**–**	**985**	**733**	**14 129**	**15 848**	**–**	**985**	**733**	**14 129**	**15 848**
Insurance receivables – Premium debtors	**17 075**	**(14 876)**	**41 443**	**(18 339)**	**25 303**	**17 075**	**(14 876)**	**41 443**	**(18 339)**	**25 303**
Reinsurance assets	**125**	**26 524**	**3 067**	**78 832**	**108 548**	**125**	**26 524**	**3 067**	**78 832**	**108 548**
	17 200	**12 633**	**45 244**	**74 622**	**149 699**	**17 200**	**12 633**	**45 244**	**74 622**	**149 699**
2021										
Insurance receivables – Premium debtors	–	(893)	236	2 399	1 742	–	(893)	236	2 399	1 742
Reinsurance assets	–	–	–	–	–	–	–	–	–	–
	–	(893)	236	2 399	1 742	–	(893)	236	2 399	1 742

Movement in the allowance for impairmant in respect of loans and receivables and premium debtors

The Group records impairment allowances for premium debtors in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for premium debtors is as follows:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Balance at the beginning of the year	**80 429**	60 311	**80 429**	60 311
- Collective impairment loss utilised	**3 830**	(5 676)	**3 830**	(5 676)
- Collective impairment loss recognised	**25 238**	25 793	**25 238**	25 793
Balance at the end of the year	**109 496**	80 429	**109 496**	80 429

4. Risk management (continued)

4.1 Credit risk (continued)

e. Reconcilliation of loss allowance relating to loans and receivable subsequently measured at amortised cost

	GROUP			COMPANY		
	Subjected to lifetime ECL			Subjected to lifetime ECL		
		Not credit impaired	Credit impaired		Not credit impaired	Credit impaired
	Total allowance for ECL R'000	Allowance for ECL R'000	Allowance for ECL R'000	Total allowance for ECL R'000	Allowance for ECL R'000	Allowance for ECL R'000
2022						
Balance at the beginning of the year	38 662	(1 708)	40 370	38 662	(1 708)	40 370
Originations, purchases and interest accruals	885	–	885	885	–	885
Repayments and other derecognitions (excl write-offs)	(8 114)	(386)	(7 728)	(8 114)	(386)	(7 728)
Balance at the end of the year	31 432	(2 094)	33 526	31 432	(2 094)	33 526
2021						
Balance at the beginning of the year	184 928	(3 468)	188 396	184 928	(3 468)	188 396
Originations, purchases and interest accruals	7 427	1 761	5 666	7 427	1 761	5 666
Repayments and other derecognitions (excl write-offs)	(184 169)	(1)	(184 168)	(184 169)	(1)	(184 168)
Model changes, interest accrued and write offs	30 476	–	30 476	30 476	–	30 476
Balance at the end of the year	38 662	(1 708)	40 370	38 662	(1 708)	40 370

4. Risk management (continued)

4.2 Liquidity risk

a. Maturity profile on financial liabilities – contractual cash flows liabilities

The following table details the Company's probable cash outflows associated with insurance liabilities and financial liabilities, including interest payments:

	Carrying value in statement of financial position R'000	Total contractual cash flows R'000	On demand R'000	0 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
GROUP							
2022							
Financial assets at fair value through profit or loss	**26 739 147**	**26 739 147**	**16 785 837**	**1 830 175**	**6 309 648**	**1 613 649**	**359 939**
Financial assets at amortised cost	**330 630**	**330 630**	**330 630**	**–**	**–**	**–**	**–**
Reinsurance Assets	**1 841 709**	**1 841 709**	**–**	**1 841 574**	**135**	**–**	**–**
Insurance, loans and other receivables	**732 624**	**732 624**	**5 543**	**515 995**	**3 539**	**195 541**	**12 005**
Cash and cash equivalents	**2 529 562**	**2 529 562**	**1 230 691**	**1 298 871**	**–**	**–**	**–**
Total	**32 173 672**	**32 173 672**	**18 352 700**	**5 486 614**	**6 283 975**	**1 678 437**	**371 945**
2021							
Financial assets at fair value through profit or loss	26 313 295	26 313 294	–	16 101 758	4 421 888	5 356 066	433 582
Financial assets at amortised cost	321 993	321 993	–	321 993	–	–	–
Reinsurance Assets	952 098	952 098	–	932 807	–	–	19 292
Insurance, loans and other receivables	699 866	699 866	–	491 815	49 679	152 671	5 701
Cash and cash equivalents	2 171 715	2 171 715	–	2 171 715	–	–	–
Total	30 458 966	30 458 967	–	20 020 088	4 471 567	5 508 738	458 575
COMPANY							
2022							
Financial assets at fair value through profit or loss	**26 739 147**	**26 739 147**	**16 785 837**	**1 830 175**	**6 309 648**	**1 613 649**	**359 939**
Financial assets at amortised cost	**330 630**	**330 630**	**330 630**	**–**	**–**	**–**	**–**
Reinsurance Assets	**1 841 709**	**1 841 709**	**–**	**1 841 574**	**135**	**–**	**–**
Insurance, loans and other receivables	**729 104**	**729 104**	**5 543**	**512 476**	**3 539**	**195 541**	**12 005**
Cash and cash equivalents	**2 523 627**	**2 523 627**	**1 230 691**	**1 292 936**	**–**	**–**	**–**
Total	**32 164 217**	**32 164 217**	**18 352 700**	**5 477 160**	**6 283 975**	**1 678 437**	**371 945**
2021							
Loans to subsidiaries	750	750	–	750	–	–	–
Financial assets at fair value through profit or loss	26 313 295	26 313 294	–	16 101 758	4 421 888	5 356 066	433 582
Financial assets at amortised cost	321 993	321 993	–	321 993	–	–	–
Reinsurance Assets	952 098	952 098	–	932 807	–	–	19 292
Insurance, loans and other receivables	697 539	697 540	–	489 489	49 679	152 671	5 701
Cash and cash equivalents	2 143 841	2 143 842	–	2 143 842	–	–	–
Total	30 429 516	30 429 518	–	19 990 638	4 471 567	5 508 738	458 575

4. Risk management (continued)

4.2 Liquidity risk (continued)

b. Maturity profile on financial liabilities

The following table details the Group's and Company's probable cash outflows associated with insurance liabilities and financial liabilities, including interest payments:

	Carrying value in statement of financial position R'000	Total contractual cash flows R'000	On demand R'000	0 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
GROUP							
2022							
Non-derivative financial liabilities							
Borrowings	**399 925**	**399 925**	**–**	**–**	**–**	**–**	**399 925**
Lease liability	**343 088**	**343 088**	**–**	**68 769**	**70 102**	**196 644**	**7 573**
Trade and other payables*	**847 801**	**842 437**	**332 155**	**504 788**	**3 802**	**–**	**1 693**
Total	**1 590 814**	**1 585 450**	**332 155**	**573 556**	**73 904**	**196 644**	**409 191**
2021							
Non-derivative financial liabilities							
Borrowings	400 064	400 064	–	64	–	150 000	250 000
Lease liability	468 959	468 959	–	66 677	70 663	222 312	109 307
Trade and other payables*	1 078 101	1 078 101	–	1 078 101	–	–	–
Total	1 947 123	1 947 123	–	1 144 842	70 663	372 312	359 307
COMPANY							
2022							
Non-derivative financial liabilities							
Borrowings	**399 925**	**399 925**	**–**	**–**	**–**	**–**	**399 925**
Lease liability	**343 088**	**343 088**	**–**	**68 769**	**70 102**	**196 644**	**7 573**
Trade and other payables*	**851 130**	**851 130**	**332 155**	**513 481**	**3 802**	**–**	**1 693**
Total	**1 594 144**	**1 594 144**	**332 155**	**582 249**	**73 904**	**196 644**	**409 191**
2021							
Non-derivative financial liabilities							
Borrowings	400 064	400 064	–	64	–	150 000	250 000
Lease liability	468 959	468 959	–	66 677	70 663	222 312	109 307
Trade and other payables*	1 074 392	1 074 392	–	1 074 392	–	–	–
Total	1 943 415	1 943 414	–	1 141 133	70 663	372 312	359 307

** VAT is not included in Trade and other payables.*

4. Risk management (continued)

4.2 Liquidity risk (continued)

c. Maturity profile on financial liabilities – probable contractual cash outflows

The following table details the Group's and Company's probable cash outflows associated with the following table details the Group's and Company's probable contractual cash outflows associated with insurance liabilities:

	Probable cash outflows R'000	Maturity within a year R'000	Maturity between 2 and 5 years R'000	Maturity more than 5 years
GROUP				
2022				
Policyholder liabilities	**28 327 298**	**23 166 182**	**4 395 874**	**765 243**
Claims reported and loss adjustment expenses	**1 375 067**	**1 375 067**	**–**	**–**
Claims incurred but not yet reported	**321 453**	**245 195**	**76 258**	**–**
Unearned premium provision	**320 793**	**297 865**	**–**	**22 928**
Cash back reserve	**380**	**380**	**–**	**–**
Reinsurance liabilities	**267 835**	**267 835**	**–**	**–**
	30 612 826	**25 352 523**	**4 472 131**	**788 171**
2021				
Policyholder liabilities	26 588 231	500 306	26 054 934	32 991
Claims reported and loss adjustment expenses	1 420 921	708 037	712 884	–
Claims incurred but not yet reported	278 874	153 377	125 497	–
Unearned premium provision	161 332	31 219	130 113	–
Cash back reserve	43	43	–	–
Reinsurance liabilities	172 287	155 461	212	16 614
	28 621 688	1 548 443	27 023 640	49 604
COMPANY				
2022				
Policyholder liabilities	**28 327 298**	**23 166 182**	**4 395 874**	**765 243**
Claims reported and loss adjustment expenses	**1 375 067**	**1 375 067**	**–**	**–**
Claims incurred but not yet reported	**321 453**	**245 195**	**76 258**	**–**
Unearned premium provision	**320 793**	**297 865**	**–**	**22 928**
Cash back reserve	**380**	**380**	**–**	**–**
Reinsurance liabilities	**267 835**	**267 835**	**–**	**–**
	30 612 826	**25 352 523**	**4 472 131**	**788 171**
2021				
Policyholder liabilities	26 586 991	499 066	26 054 934	32 991
Claims reported and loss adjustment expenses	1 420 921	708 037	712 884	–
Claims incurred but not yet reported	278 874	153 377	125 497	–
Unearned premium provision	161 332	31 219	130 113	–
Cash back reserve	43	43	–	–
Reinsurance liabilities	172 287	155 461	212	16 614
	28 620 448	1 547 203	27 023 640	49 604

4. Risk management (continued)

4.3 Market risk

a. Sensitivity analysis – Currency risk

The Group's and Company's primary market exposure is to interest rate, equity price and currency risk.

The following exchange rates applied during the year

	2022		2021	
	Average Rate	Reporting date spot rate	Average Rate	Reporting date spot rate
GROUP				
US Dollar	15,36	16,28	15,82	14,29
COMPANY				
US Dollar	15,36	16,28	15,82	14,29

b. Sensitivity analysis – Foreign currency exposure

A 10% strengthening/devaluation in the relevant foreign currencies against the ZAR at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis as for the prior year and only for currencies with material exposure.

	PROFIT/(LOSS)		EQUITY	
	10% increase R'000	10% decrease R'000	10% increase R'000	10% decrease R'000
GROUP				
2022				
US Dollar	4 895	(4 895)	4 895	(4 895)
	4 895	(4 895)	4 895	(4 895)
2021				
US Dollar	4 304	(4 304)	4 304	(4 304)
	4 304	(4 304)	4 304	(4 304)
COMPANY				
2022				
US Dollar	4 895	4 895	4 895	4 895
	4 895	4 895	4 895	4 895
2021				
US Dollar	4 304	4 304	4 304	4 304
	4 304	4 304	4 304	4 304

4. Risk management (continued)

4.3 Market risk (continued)

c. Sensitivity analysis – Interest rate risk

At the reporting date, the interest rate concentration profile of the Group financial instruments subject to interest rate risk was as follows:

	2022			2021		
	Carrying amount R'000	Nominal interest rate %	Effective interest rate %	Carrying amount R'000	Nominal interest rate %	Effective interest rate %
Profile – GROUP						
Fixed rate instruments						
Financial assets						
Bonds						
Due in 2 years	8 115 976	9,74%	5.98%	2 583 432	8,44%	8,09%
Due between 2 years and 5 years	1 482 896	6,91%	6,19%	7 545 052	8,33%	8,31%
Due after 5 years	359 939	8,76%	7,45%	433 582	7,82%	7,81%
	9 958 811			10 562 066		
Variable rate instruments						
Financial assets						
Loans – interest bearing	145 067			167 253		
Cash and cash equivalents	2 529 562			2 171 715		
	2 674 629			2 338 968		
Financial Liabilities						
Borrowings	399 925			400 064		
	399 925			400 064		
Profile – COMPANY						
Fixed rate instruments						
Financial assets						
Bonds						
Due in 2 years	8 115 976	9,74%	5,98%	2 583 432	8,44%	8,09%
Due between 2 years and 5 years*	1 482 896	6,91%	6,19%	7 545 052	8,33%	8,31%
Due after 5 years	359 939	8,76%	7,45%	433 582	7,82%	7,81%
	9 958 811			10 562 066		
Variable rate instruments						
Financial assets						
Loans – interest bearing	145 067			167 253		
Cash and cash equivalents	2 523 627			2 143 841		
	2 668 694			2 311 095		
Financial Liabilities						
Borrowings	399 925			400 064		
	399 925			400 064		

** This maturity bucket includes structured notes with ABSA which mature based on an underlying index and the asset return hinges on the market performance of the underlying index. Nominal and effective rates are not calculated on these instruments and have not been factored into the average rates on the maturity buckets. The value of these instruments amounts to R2 401m and has been included in the relevant maturity bucket for completeness.*

4. Risk management (continued)

4.3 Market risk (continued)

d. Sensitivity analysis – Variable rate exposure

	PROFIT/(LOSS)		EQUITY	
	2% increase R'000	2% decrease R'000	2% increase R'000	2% decrease R'000
GROUP				
2022				
Financial assets				
Loans – interest bearing	**2 901**	**(2 901)**	**2 901**	**(2 901)**
Cash and cash equivalents	**50 473**	**(50 473)**	**50 473**	**(50 473)**
	53 374	**(53 374)**	**53 374**	**(53 374)**
2021				
Financial assets				
Loans – interest bearing	3 345	(3 345)	3 345	(3 345)
Cash and cash equivalents	42 877	(42 877)	42 877	(42 877)
	46 222	(46 222)	46 222	(46 222)
COMPANY				
2022				
Financial assets				
Loans – interest bearing	**2 901**	**(2 901)**	**2 901**	**(2 901)**
Cash and cash equivalents	**50 473**	**(50 473)**	**50 473**	**(50 473)**
	53 374	**(53 374)**	**53 374**	**(53 374)**
2021				
Financial assets				
Loans – interest bearing	3 345	(3 345)	3 345	(3 345)
Cash and cash equivalents	42 877	(42 877)	42 877	(42 877)
	46 222	(46 222)	46 222	(46 222)

Sensitivity analysis for fixed rate instruments of the Group and Company

The Group and Company's fixed rate instruments are not exposed to interest rate risk. Therefore no sensitivity analysis is necessary.

Sensitivity analysis for variable rate instruments of the Group and Company

A change of 200 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis is performed on the same basis for 2020.

4. Risk management (continued)

4.3 Market risk (continued)

e. Sensitivity analysis – Exposure to equity price risk

The Group and Company's exposure to equity price risk at the reporting date was as follows:

	2022			2021		
	Carrying amount R'000	Listed/Not listed R'000	Relevant stock exchange	Carrying amount R'000	Listed/Not listed R'000	Relevant stock exchange
GROUP						
Ordinary shares	**2 175 215**	**Listed**	**JSE**	1 757 169	Listed	JSE
Ordinary shares	**136 832**	**Not listed**	**N/A**	100 933	Not listed	N/A
Preference shares	**330 630**	**Not listed**	**N/A**	286 880	Not listed	N/A
	2 642 678			2 144 983		
COMPANY						
Ordinary shares	**2 175 215**	**Listed**	**JSE**	1 757 169	Listed	JSE
Ordinary shares	**136 832**	**Not listed**	**N/A**	100 933	Not listed	N/A
Preference shares	**330 630**	**Not listed**	**N/A**	286 880	Not listed	N/A
	2 642 678			2 144 983		

Sensitivity analysis

All other variables constant, for listed equity investments, a 200 basis point increase/(decrease) in the relevant stock exchange index over the year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. The analysis is performed on the same basis for 2021.

For unlisted equity investments, a 200 basis point increase/(decrease) in the relevant industry average over the year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. The analysis is performed on the same basis for prior year.

f. Sensitivity analysis – Index exposure

	PROFIT/(LOSS)		EQUITY	
	2% increase R'000	2% decrease R'000	2% increase R'000	2% decrease R'000
GROUP				
2022				
Ordinary shares – Listed – JSE	**43 504**	**(43 504)**	**43 504**	**(43 504)**
Ordinary shares – Not listed	**2 737**	**(2 737)**	**2 737**	**(2 737)**
Preference shares – Not listed	**6 613**	**(6 613)**	**6 613**	**(6 613)**
	52 854	**(52 854)**	**52 854**	**(52 854)**
2021				
Ordinary shares – Listed – JSE	35 143	(35 143)	35 143	(35 143)
Ordinary shares – Not listed	2 019	(2 019)	2 019	(2 019)
Preference shares – Not listed	5 738	(5 738)	5 738	(5 738)
	42 900	(42 900)	42 900	(42 900)
COMPANY				
2022				
Ordinary shares – Listed – JSE	**43 504**	**(43 504)**	**43 504**	**(43 504)**
Ordinary shares – Not listed	**2 737**	**(2 737)**	**2 737**	**(2 737)**
Preference shares – Not listed	**6 613**	**(6 613)**	**6 613**	**(6 613)**
	52 854	**(52 854)**	**52 854**	**(52 854)**
2021				
Ordinary shares – Listed – JSE	35 143	(35 143)	35 143	(35 143)
Ordinary shares – Not listed	2 019	(2 019)	2 019	(2 019)
Preference shares – Not listed	5 738	(5 738)	5 738	(5 738)
	42 900	(42 900)	42 900	(42 900)

4. Risk management (continued)

4.4 Comprehensive income

Financial income and expenditure

The Group and Company generated the following income/incurred the following expenditure in respect of financial instruments during the reporting period, all of which were recognised in profit or loss:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Interest income on unimpaired loans and receivables	27 951	34 439	27 951	34 439
Financial assets at fair value through profit or loss	90 348	107 453	89 799	106 893
Financial assets at amortised cost	31 263	21 129	59 214	21 129
Net gain on financial assets as at fair value through profit and loss*	54 762	226 870	100 019	254 802
Financial income	204 324	389 891	276 983	417 263
Interest expense on financial liabilities measured at amortised cost	(72 708)	(84 180)	(72 708)	(84 180)
Net financial income	131 616	305 711	204 275	333 083
The above financial income and expense items include the following in respect of financial assets/liabilities not at fair value through profit and loss:				
Total interest income	121 611	163 021	149 013	162 461
Total interest expense	(72 708)	(84 180)	(72 708)	(84 180)
Net Interest income	48 903	78 841	76 305	78 281

** Net gains include realised and unrealised gains and losses as well as dividends.*

Impairment losses

The amount of the impairment loss for each class of financial asset during the reporting period was as follows:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Impairment of other loans and receivables				
– Impairment reversed/(recognised)	7 230	(31 189)	7 230	(31 189)
Impairment of premium debtors				
– Impairment reversed/(recognised)	25 238	30 483	835	30 483
Impairment losses	32 468	(706)	8 065	(706)

5. Property and equipment

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cost				
Leasehold improvements	**71 416**	79 994	**71 416**	79 994
Office equipment	**25 764**	26 032	**25 764**	25 656
Office equipment	**8 067**	8 067	**8 067**	8 067
Computer hardware	**9 127**	9 359	**9 127**	9 158
Furniture and fittings	**8 569**	8 607	**8 569**	8 431
Property and equipment – Cost	**97 179**	106 027	**97 179**	105 650
Accumulated depreciation				
Leasehold improvements	**(34 593)**	(29 294)	**(34 593)**	(29 294)
Office equipment	**(14 161)**	(11 409)	**(14 161)**	(11 177)
Office equipment	**(3 826)**	(3 020)	**(3 826)**	(3 020)
Computer hardware	**(6 895)**	(5 645)	**(6 895)**	(5 490)
Furniture and fittings	**(3 440)**	(2 745)	**(3 440)**	(2 667)
Property and equipment – Accumulated depreciation and impairment	**(48 754)**	(40 703)	**(48 754)**	(40 471)
Net carrying amount				
Leasehold improvements	**36 823**	50 700	**36 823**	50 700
Office equipment	**11 602**	14 623	**11 602**	14 478
Office equipment	**4 241**	5 047	**4 241**	5 047
Computer hardware	**2 232**	3 714	**2 232**	3 668
Furniture and fittings	**5 129**	5 862	**5 129**	5 763
Property and equipment – Carrying value	**48 425**	65 323	**48 425**	65 179
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**65 323**	129 760	**65 179**	129 531
Additions	**193**	1 321	**193**	1 321
Office equipment	**–**	245	**–**	245
Computer hardware	**–**	940	**–**	940
Furniture and fittings	**193**	136	**193**	136
Depreciation for the year	**(10 157)**	(21 244)	**(10 157)**	(21 159)
Leasehold improvements	**(7 127)**	(14 637)	**(7 127)**	(14 637)
Motor vehicles	**–**	(18)	**–**	(18)
Office equipment	**(807)**	(803)	**(807)**	(803)
Computer hardware	**(1 435)**	(2 487)	**(1 435)**	(2 431)
Furniture and fittings	**(788)**	(3 299)	**(788)**	(3 271)

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
5. Property and equipment (continued)				
Disposals	**(5 115)**	137	**(4 970)**	137
Leasehold improvements	**(4 930)**	210	**(4 930)**	210
Office equipment	**(145)**	(76)	**–**	(76)
Computer hardware	**–**	2	**–**	2
Furniture and fittings	**(40)**	1	**(40)**	1
Write off	**(1 820)**	(44 652)	**(1 820)**	(44 652)
Leasehold improvements	**(1 820)**	(34 813)	**(1 820)**	(34 813)
Computer hardware	**–**	(1 811)	**–**	(1 811)
Furniture and fittings	**–**	(8 028)	**–**	(8 028)
Balance at the end of the year	**48 425**	65 323	**48 425**	65 178

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
6. Right of use assets				
Cost				
Property	**252 025**	256 192	**252 025**	256 192
Motor vehicles	**13 084**	11 561	**13 084**	11 561
Office equipment	**94**	94	**94**	94
Right of use asset – Cost	**265 203**	267 847	**265 203**	267 847
Accumulated depreciation				
Property	**(113 071)**	(76 049)	**(113 071)**	(76 049)
Motor vehicles	**(7 466)**	(3 682)	**(7 466)**	(3 682)
Office equipment	**(94)**	(94)	**(94)**	(94)
Right of use asset – Accumulated depreciation and impairment	**(120 631)**	(79 826)	**(120 631)**	(79 826)
Net carrying amount				
Property	**138 954**	180 142	**138 954**	180 142
Motor vehicles	**5 618**	7 879	**5 618**	7 879
Right of use assets – Carrying value	**144 572**	188 021	**144 572**	188 021
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**188 021**	219 852	**188 021**	219 852
Additions	**1 523**	12 551	**1 523**	12 551
Property	**–**	4 855	**–**	4 855
Motor vehicles	**1 523**	7 696	**1 523**	7 696
Depreciation for the year	**(40 805)**	(43 193)	**(40 805)**	(43 193)
Property	**(37 021)**	(40 148)	**(37 021)**	(40 148)
Motor vehicles	**(3 784)**	(3 014)	**(3 784)**	(3 014)
Office equipment	**–**	(31)	**–**	(31)
Disposals	**–**	(1 189)	**–**	(1 189)
Motor vehicles	**–**	(1 189)	**–**	(1 189)
Write off	**(4 167)**	–	**(4 167)**	–
Property	**(4 167)**	–	**(4 167)**	–
Balance at the end of the year	**144 572**	188 021	**144 572**	188 021

The above assets have been calculated using varying discount rates and terms as applicable.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
7. Intangible Assets				
Cost				
Computer software	**135 845**	128 214	**135 845**	128 214
Acquired rights over books of business	**3 136**	9 020	**3 136**	9 020
Intangible assets – Cost	**138 982**	137 234	**138 982**	137 234
Accumulated amortisation and impairment				
Computer software	**(37 702)**	(31 210)	**(37 702)**	(31 210)
Acquired rights over books of business	**(1 079)**	(8 128)	**(1 079)**	(8 128)
Intangible assets – Accumulated amortisation and impairment	**(38 781)**	(39 338)	**(38 781)**	(39 338)
Net carrying amount				
Computer software	**98 144**	97 004	**98 144**	97 004
Acquired rights over books of business	**2 057**	891	**2 057**	891
Intangible assets	**100 201**	97 895	**100 201**	97 895
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**97 895**	87 744	**97 895**	87 744
Additions	**11 443**	20 863	**11 443**	20 863
Computer software	**9 995**	20 863	**9 995**	20 863
Acquired rights over books of business	**1 447**	–	**1 447**	–
Amortisation for the year	**(9 137)**	(10 713)	**(9 137)**	(10 713)
Computer software	**(8 855)**	(9 209)	**(8 855)**	(9 209)
Acquired rights over books of business	**(282)**	(1 504)	**(282)**	(1 504)
Disposals – Cost	**(7 331)**	–	**(7 331)**	–
Acquired rights over books of business	**(7 331)**	–	**(7 331)**	–
Disposals – Accumulated Amortisation	**7 331**	–	**7 331**	–
Acquired rights over books of business	**7 331**	–	**7 331**	–
Balance at the end of the year	**100 201**	97 895	**100 201**	97 894

The Group and Company hold acquired rights over books of business and intellectual property. These are carried at cost less accumulated amortisation and impairment where applicable.

	COMPANY 2022 R'000	COMPANY 2021 R'000
8. Investment in Subsidiaries		
Interest in subsidiaries comprises:		
Shares at fair value through profit or loss	**47 450**	35 911
Loans to subsidiaries	**–**	750
Investments in subsidiaries	**47 450**	36 661

	Nature of business	Place of business	Issued share capital R	Proportion held 2022 %	Proportion held 2021 %	2022 Shares R'000	2022 Indebtedness R'000	2021 Shares R'000	2021 Indebtedness R'000
COMPANY									
Carrying value of interest in subsidiary									
Directly held subsidiaries:									
Hollard Life Properties (Pty) Ltd	A	RSA	1	**100**	100	**–**	**–**	–	–
Hollard Wealth Management	C	RSA	–	**–**	–	**–**	**–**	–	–
Finningley (Pty) Ltd	E	RSA	100	**100**	100	**–**	**–**	–	–
Hollard Management Company (Pty) Ltd	B	RSA	100	**100**	100	**–**	**–**	–	–
Hollard Investment Managers	D	RSA	2	**100**	100	**47 450**	**–**	35 911	–
Altrisk Pty (Ltd)	E	RSA	1 075	**100**	100	**–**	**–**	–	–
Richton Employee Benefit Consultants (Pty) Ltd	E	RSA	100	**–**	100	**–**	**–**	–	–
NMG Pooling Administrators (Pty) Ltd	E	RSA	100	**–**	100	**–**	**–**	–	750
						47 450	**–**	**35 911**	**750**

The loan is unsecured and there are no fixed repayment terms

Nature of Business

A Property Holding
B Funeral Administrators
C Investment Consulting
D Investment Holding
E Life Assurance
F Business process outsourcing, training and education

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
9. Investment in associates				
Interest in associates comprises:				
Shares at fair value through profit or loss	–	–	89 329	70 523
Shares at equity accounted carrying value	54 594	54 594	–	–
Group share of post acquisition profits, losses and reserves	33 767	14 856	–	–
Carrying value of associates	88 361	69 449	89 329	70 523
Investment in associates	88 361	69 449	89 329	70 523

Financial position of associates

Analysis of associates at 30 June 2022

	GROUP 2022 R'000	GROUP 2021 R'000
Financial position of associates		
Total assets attributable	558 181	604 164
Total liabilities attributable	97 809	254 995
Financial performance of associates		
Revenue	184 443	105 335
Net profit before taxation	132 917	64 841
Taxation	(11 687)	(19 362)
Net profit after taxation	121 230	45 479
Group share of post acquisition profits	74 077	25 044
Carrying value of associates	88 361	69 450

	Nature of business	Place of business	Issued share capital R	Proportion held 2022 %	Proportion held 2021 %	2022 Shares R'000	2022 Indebtedness R'000	2021 Shares R'000	2021 Indebtedness R'000
Directly held Associates									
Amserve Consultants Private Limited	F	India		49,99	49,99	–	–	–	–
Amsure Insurance Agency Public Limited	E	India		49,99	49,99	–	–	–	–
Ooba Proprietary Limited	E	RSA		25,00	25,00	89 329	–	70 523	–
IFANet Independent Distribution Services (Pty) Ltd	C	RSA		25,62	25,62	–	–	–	–
						89 329	–	70 523	–

10. Financial Assets

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Financial assets at fair value through profit or loss	**26 739 147**	26 313 295	**26 739 147**	26 313 295
Financial assets at amortised cost	**330 630**	321 993	**330 630**	321 993
	27 069 777	26 635 288	**27 069 777**	26 635 288
Financial assets at fair value through profit or loss				
Listed Investments	**2 175 215**	1 757 169	**2 175 215**	1 757 169
Unlisted Investments	**14 605 121**	13 994 060	**14 605 121**	13 994 060
Bonds	**9 958 811**	10 562 066	**9 958 811**	10 562 066
	26 739 147	26 313 295	**26 739 147**	26 313 295

An analysis of the Group and Company's financial assets by market sector and maturity spread is provided below.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Listed Investments				
at market value	**2 175 215**	1 757 169	**2 175 215**	1 757 169
Analysis of spread of listed investments by market sector	**%**	%	**%**	%
Automobiles and parts	**0,04**	0,03	**0,04**	0,03
Banks	**5,42**	2,60	**5,42**	2,60
Basic resources	**7,04**	1,90	**7,04**	1,90
Chemicals	**0,12**	–	**0,12**	–
Construction and materials	**0,06**	0,44	**0,06**	0,44
Consumer services	**4,83**	3,54	**4,83**	3,54
Financial services		27,17	**35,10**	27,17
Food and beverage	**0,37**	0,67	**0,37**	0,67
Healthcare	**2,41**	1,74	**2,41**	1,74
Industrial goods and services	**2,73**	2,27	**2,73**	2,27
Industrial transportation	**–**	0,04	**–**	0,04
Insurance	**23,47**	27,57	**23,47**	27,57
Investment instruments	**–**	0,84	**–**	0,84
Logistics	**–**	0,08	**–**	0,08
Media	**–**	0,90	**–**	0,90
Mining	**–**	3,25	**–**	3,25
Oil and gas	**1,41**	0,71	**1,41**	0,71
Personal and household goods	**3,00**	2,85	**3,00**	2,85
Real estate	**1,38**	3,60	**1,38**	3,60
Retail	**1,05**	1,27	**1,05**	1,27
Technology	**9,66**	7,38	**9,66**	7,38
Travel and leisure	**0,14**	0,03	**0,14**	0,03
Telecomminications	**1,71**	0,79	**1,71**	0,79
Unit trusts	**–**	10,33	**–**	10,33
Corporate debentures	**0,06**	–	**0,06**	–
	100,00	100,00	**100,00**	100,00
Unlisted Investments				
at fair value	**14 605 121**	13 994 060	**14 605 121**	13 994 060
	%	%	**%**	%
Linked policies	**94,48**	–	**94,48**	–
Private equity investments	**–**	0,61	**–**	0,61
Unit trusts	**5,50**	99,14	**5,50**	99,14
Ordinary shares	**0,02**	0,25	**0,02**	0,25
	100,00	100,00	**100,00**	100,00
Total listed and unlisted investments at fair value	**16 780 336**	15 751 229	**16 780 336**	15 751 229
Bonds				
Bonds and other assets at amortised cost by industry	**9 958 811**	10 562 066	**9 958 811**	10 562 066
	%	%	**%**	%
Financial services	**–**	2,37	**–**	2,37
Banks	**97,73**	97,42	**97,73**	97,42
Government	**2,27**	0,05	**2,27**	0,05
Insurance	**–**	0,15	**–**	0,15
	100,00	100,00	**100,00**	100,00

10. Financial Assets (continued)

	Maturity spread R'000	Maturity spread %	Nominal interest rate %	Effective interest rate %
GROUP				
Bonds				
An analysis of debt securities by maturity spread for 2022				
0 – 1 year	**1 835 675**	18,43	**9,74**	5,98
1 – 2 years	**6 280 301**	63,06	**9,74**	5,98
2 – 5 years	**1 482 896**	14,89	**6,91**	6,19
More than 5 years	**359 939**	3,61	**8,76**	7,45
	9 958 811	100		
An analysis of debt securities by maturity spread for 2021				
0 – 1 year	**679 901**	6,44	**8,44**	8,09
1 – 2 years	**1 903 532**	18,02	**8,44**	8,09
2 – 5 years	**7 545 052**	71,44	**8,33**	8,31
More than 5 years	**433 582**	4,11	**7,82**	7,81
	10 562 066	100		
COMPANY				
Bonds				
An analysis of debt securities by maturity spread for 2022				
0 – 1 year	**1 835 675**	18,43	**9,74**	5,98
1 – 2 years	**6 280 301**	63,06	**9,74**	5,98
2 – 5 years	**1 482 896**	14,89	**6,91**	6,19
More than 5 years	**359 939**	3,61	**8,76**	7,45
	9 958 811	100		
An analysis of debt securities by maturity spread for 2021				
0 – 1 year	**679 901**	6,44	**8,44**	8,09
1 – 2 years	**1 903 532**	18,02	**8,44**	8,09
2 – 5 years	**7 545 052**	71,44	**8,33**	8,31
More than 5 years	**433 582**	4,11	**7,82**	7,81
	10 562 066	100		

All bonds reported above are South African in origin.

10.a Categories and classes of financial and insurance assets and liabilities

	Fair value through profit or loss R'000	Loans and receiv-ables R'000	At amortised cost invest-ments R'000	Total financial instru-ments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instru-ments R'000
GROUP								
2022								
Assets								
Investment in associates	88 361	–	–	88 361	–	–	88 361	88 361
Financial assets	26 739 147	–	330 630	27 069 777	–	–	27 069 777	27 069 777
Preference shares and debt instruments	24 563 932	–	330 630	24 894 562	–	–	24 894 562	24 894 562
Equities	2 175 215	–	–	2 175 215	–	–	2 175 215	2 175 215
Linked policies	–	–	–	–	–	–	–	–
Reinsurance assets	–	–	–	–	1 841 709	–	1 841 709	1 841 709
Insurance, loans and other receivables	–	56 875	–	56 875	675 748	–	732 624	732 624
Deferred acquisition costs	–	–	–	–	–	–	–	–
Cash and cash equivalents	–	–	2 529 562	2 529 562	–	–	2 529 562	2 529 562
Non-current assets held for sale	–	–	–	–	–	–	–	–
Total	26 827 509	56 875	2 860 192	29 744 575	2 517 457	–	32 262 032	32 262 032
Liabilities								
Borrowings	–	–	–	–	–	399 925	399 925	399 925
Insurance liabilities	27 334 168	–	–	27 334 168	3 010 823	–	30 344 991	30 344 991
Reinsurance liabilities	–	–	–	–	267 835	–	267 835	267 835
Employee benefits	–	–	–	–	–	100 488	100 488	100 488
Trade and other payables	–	–	–	–	–	1 192 765	1 192 765	1 192 765
Total	27 334 168	–	–	27 334 168	3 278 657	1 693 178	32 306 004	32 306 004
2021								
Assets								
Investment in associates	69 449	–	–	69 449	–	–	69 449	69 449
Financial assets	26 313 295	–	321 993	26 635 288	–	–	26 635 288	26 635 288
Preference shares and debt instruments	24 556 126	–	321 993	24 878 119	–	–	24 878 119	24 878 119
Equities	1 757 169	–	–	1 757 169	–	–	1 757 169	1 757 169
Reinsurance assets	–	–	–	–	952 098	–	952 098	952 098
Insurance, loans and other receivables	–	140 582	–	140 582	278 152	281 132	699 866	699 866
Cash and cash equivalents	–	–	–	–	–	2 171 715	2 171 715	2 171 715
Total	26 382 744	140 582	321 993	26 845 319	1 230 250	2 452 847	30 528 416	30 528 416
Liabilities								
Borrowings	–	400 064	–	400 064	–	–	400 064	400 064
Insurance liabilities	25 852 351	–	–	25 852 351	2 597 050	–	28 449 401	28 449 401
Reinsurance liabilities	–	–	–	–	172 287	–	172 287	172 287
Employee benefits	–	–	–	–	–	46 135	46 135	46 135
Trade and other payables	–	–	–	–	–	1 565 740	1 565 740	1 565 740
Total	25 852 351	400 064	–	26 252 415	2 769 336	1 611 875	30 633 626	30 633 626

10.a Categories and classes of financial and insurance assets and liabilities (continued)

	Fair value through profit or loss R'000	Loans and receivables R'000	At amortised cost investments R'000	Total financial instruments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instruments R'000
COMPANY								
2022								
Assets								
Investment in subsidiaries	47 450	–	–	47 450	–	–	47 450	47 450
Investment in associates	89 329	–	–	89 329	–	–	89 329	89 329
Financial assets	26 739 147	–	330 630	27 069 777	–	–	27 069 777	27 069 777
Preference shares and debt instruments	24 563 932	–	330 630	24 894 562	–	–	24 894 562	24 894 562
Equities	2 175 215	–	–	2 175 215	–	–	2 175 215	2 175 215
Reinsurance assets	–	–	–	–	1 841 709	–	1 841 709	1 841 709
Insurance, loans and other receivables	–	53 356	–	53 356	675 748	–	729 104	729 104
Cash and cash equivalents	–	–	2 523 627	2 523 627	–	–	2 523 627	2 523 627
Non-current assets held for sale	–	–	–	–	–	–	–	–
Total	**26 875 926**	**53 356**	**2 854 257**	**29 783 539**	**2 517 457**	**–**	**32 300 996**	**32 300 996**
Liabilities								
Borrowings	–	–	–	–	–	399 925	399 925	399 925
Insurance liabilities	27 334 168	–	–	27 334 168	3 010 823	–	30 344 991	30 344 991
Reinsurance liabilities	–	–	–	–	267 835	–	267 835	267 835
Employee benefits	–	–	–	–	–	100 488	100 488	100 488
Trade and other payables	–	–	–	–	–	1 196 094	1 196 094	1 196 094
Total	27 334 168	–	–	27 334 168	3 278 657	1 696 508	32 309 333	32 309 333
2021								
Assets								
Investment in subsidiaries	35 911	–	–	35 911	–	–	35 911	35 911
Loans to subsidiaries	–	750	–	750	–	–	750	750
Investment in associates	70 523	–	–	70 523	–	–	70 523	70 523
Loans to Associates	–	–	–	–	–	–	–	–
Financial assets	26 313 295	-	321 993	26 635 288	–	–	26 635 288	26 635 288
Preference shares and debt instruments	24 556 126	–	321 993	24 878 119	–	–	24 878 119	24 878 119
Equities	1 757 169	–	–	1 757 169	–	–	1 757 169	1 757 169
Linked policies	–	–	–	–	–	–	–	–
Reinsurance assets	–	–	–	–	952 098	–	952 098	952 098
Insurance, loans and other receivables	–	140 582	–	140 582	275 825	281 132	697 539	697 539
Deferred acquisition costs								
Cash and cash equivalents								
Non-current assets held for sale	–	–	–	0	–	2 143 841	2 143 841	2 143 841
Total	26 419 728	141 332	321 993	26 883 053	1 227 923	2 424 973	30 535 950	30 535 950
Liabilities								
Borrowings	–	400 064	–	400 064	–	–	400 064	400 064
Insurance liabilities	25 852 351	–	–	25 852 351	2 595 810	–	28 448 161	28 448 161
Reinsurance liabilities	–	–	–	–	172 287	–	172 287	172 287
Employee benefits	–	–	–	–	–	45 490	45 490	45 490
Trade and other payables	–	–	–	–	–	1 544 111	1 544 111	1 544 111
Total	25 852 351	400 064	–	26 252 415	2 768 097	1 589 601	30 610 112	30 610 112

10.b Determination of fair value and fair values hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
GROUP				
2022				
Financial assets carried at fair value through profit or loss				
Interest in associates	**–**	**–**	**88 361**	**88 361**
Listed Investments	**1 686 745**	**–**	**488 471**	**2 175 215**
Listed Ordinary Shares#	**1 685 459**	**–**	**488 471**	**2 173 929**
Listed Debentures	**1 286**	**–**	**–**	**1 286**
Unlisted Investments	**–**	**14 602 262**	**2 859**	**14 605 121**
Unlisted Ordinary shares	**–**	**–**	**2 859**	**2 859**
Hedge Fund Investments	**–**	**59 115**	**–**	**59 115**
Unit Trusts	**–**	**14 235 868**	**–**	**14 235 868**
Pooled funds	**–**	**48 562**	**–**	**48 562**
Annuities	**–**	**258 716**	**–**	**258 716**
Bonds	**–**	**9 958 811**	**–**	**9 958 811**
	1 686 745	**24 561 073**	**579 691**	**26 827 509**
2021				
Financial assets carried at fair value through profit or loss				
Interest in associates	–	–	69 449	69 449
Listed Investments	1 286 832	–	470 337	1 757 169
Listed Ordinary Shares#	1 283 369	–	470 337	1 753 706
Listed Debentures	3 463	–	–	3 463
Unlisted Investments	44 512	13 929 637	19 911	13 994 060
Unlisted Ordinary shares	–	–	2 623	2 623
Unlisted Preference shares*	–	–	17 289	17 289
Hedge Fund Investments	–	67 753	–	67 753
Unit Trusts	–	13 571 756	–	13 571 756
Pooled funds	–	32 750	–	32 750
GIA	–	(27 482)	–	(27 482)
Annuities	44 512	284 859	–	329 372
Bonds	2 935 008	7 627 058	–	10 562 066
	4 266 352	21 556 694	559 697	26 382 743

10.b Determination of fair value and fair values hierarchy (continued)

	Level 1	Level 2	Level 3	Total fair value
COMPANY				
2022				
Financial assets carried at fair value through profit or loss				
Interest in subsidiaries	–	–	47 450	47 450
Interest in associates	–	–	89 329	89 329
Listed Investments	1 686 745	–	488 471	2 175 215
Listed Ordinary Shares#	1 685 459	–	488 471	2 173 929
Listed Debentures	1 286	–	–	1 286
Unlisted Investments	–	14 602 262	2 859	14 605 121
Unlisted Ordinary shares	–	–	2 859	2 859
Hedge Fund Investments	–	59 115	–	59 115
Unit Trusts	–	14 235 868	–	14 235 868
Pooled funds	–	48 562	–	48 562
Annuities	–	258 716	–	258 716
Bonds	–	9 958 811	–	9 958 811
	1 686 745	24 561 073	628 109	26 875 926
2021				
Financial assets carried at fair value through profit or loss				
Interest in subsidiaries	–	–	35 911	35 911
Interest in associates	–	–	70 523	70 523
Listed Investments	1 286 832	–	470 337	1 757 169
Listed Ordinary Shares#	1 283 369	–	470 337	1 753 706
Listed Debentures	3 463	–	–	3 463
Unlisted Investments	44 512	13 929 637	19 911	13 994 060
Unlisted Ordinary shares	–	–	2 623	2 623
Unlisted Preference shares*	–	–	17 289	17 289
Hedge Fund Investments	–	67 753	–	67 753
Unit Trusts	–	13 571 756	–	13 571 756
Pooled funds	–	32 750	–	32 750
GIA	–	(27 482)	–	(27 482)
Annuities	44 512	284 859	–	329 372
Bonds	2 935 008	7 627 058	–	10 562 066
Total	4 266 352	21 556 694	596 682	26 419 728

** These investments do not meet the definition of related parties.*

 # Clientele is thinly traded on the JSE and as a result we believe the listed price is not a true reflection of the value of the investment. We have thus used our judgement and applied the appraisal method to determine a more reasonable value, as shown above.

Quantitative information about fair value measurement

Level 3 listed investments consists of shares held in Clientele. These investments are valued using the appraisal method as at 30 June 2022.

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the Level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices for observable current market transactions of assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

10.b Determination of fair value and fair values hierarchy (continued)

Included in the Level 3 category are financial assets measured using non-market observable inputs. Non-market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. The main asset classes in this category are unlisted equity investments and limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and Company. Therefore, unobservable inputs reflect the Group's and Company's own assumptions about the inputs that market participants would use in pricing the asset and liability. These inputs are developed based on the best information available, which might include the Group's and Company's own data.

The assumption used to value Level 3 investments are based largely on unobservable inputs. Further, judgement was applied in the current period due to uncertainty arising as a result of Covid-19 due to less liquidity and greater volatility in financial markets. This has increased the criticality of estimates, assumptions and judgements in the assessment of the valuation of Level 3 investments. The critical inputs in these valuations relating to projection of future cash flows and discount rates.

The Group and Company determine the fair value of its unlisted investments using well established valuation techniques. These techniques include discounted cash flow analysis, price earnings ratio and net asset value methodologies. Where the underlying investments of an investment holding company are property or listed investments, the company is valued on the net asset value basis which reflects the fair value of the underlying investments.

Companies are valued on a price earnings ratio method or on a discounted cash flow basis. A build-up method was used to construct the discount rate, incorporating all the appropriate risk components as well as a bond yield of 10.55% (R2 030). The following appropriate risk components are incorporated in the discount rates and earnings factors used:

- Risk class exposure of the entity;
- Established history;
- Dependency on management; and
- Impact of owner-managed business.

In applying the price earnings valuation technique, the current profit of the company is multiplied by an earnings factor. The potential future earnings of the company, current interest rate cycle, current business environment and management of the company are considered in determining the earnings factor.

In using discounted cash flow analyses the best estimate of future cash flows of a particular company are used. The current interest rate cycle, risk-free rate and any other relevant economic or business factors are considered in determining the discount rate.

10.b Determination of fair value and fair values hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Balance at the beginning of the year R'000	Total gains/(losses) in profit or loss statement R'000	Purchases R'000	Fair value adjustments R'000	Impairment R'000	Balance at the end of the year R'000	Total gains/(losses) in profit or loss statement R'000
GROUP							
2022							
Financial Assets							
Interest in associates	**69 449**	**18 912**	**–**	**–**	**–**	**88 361**	**–**
Listed Investments	**470 337**	**–**	**–**	**18 134**	**–**	**488 471**	**–**
Listed Ordinary Shares	**470 337**	**–**	**–**	**18 134**	**–**	**488 471**	**–**
Unlisted Investments	**19 911**	**–**	**237**	**(2 514)**	**(14 771)**	**2 859**	**–**
Unlisted Ordinary shares	**2 623**	**–**	**237**	**–**	**–**	**2 859**	**–**
Unlisted Preference shares	**17 289**	**–**	**–**	**(2 514)**	**(14 771)**	**–**	**–**
	559 697	**18 912**	**237**	**15 619**	**(14 771)**	**579 691**	**–**
2021							
Financial Assets at fair value through profit or loss							
Interest in associates	68 789	–	–	660	–	69 449	–
Listed Investments	376 269	–	–	94 067	–	470 337	–
Listed Ordinary Shares	376 269	–	–	94 067	–	470 337	–
Unlisted Investments	25 877	16 636	230	(22 832)	–	19 911	16 636
Unlisted Ordinary shares	2 393	–	230	–	–	2 623	–
Unlisted Preference shares	23 485	16 636	–	(22 832)	–	17 289	16 636
	470 936	17 296	230	71 235	–	559 697	16 636

10.b Determination of fair value and fair values hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value (continued)

	Balance at the beginning of the year R'000	Total gains/ (losses) in profit or loss statement R'000	Purchases R'000	Fair value adjustments R'000	Impairment R'000	Balance at the end of the year R'000	Total gains/ (losses) in profit or loss statement R'000
COMPANY							
2022							
Financial Assets at fair value through profit or loss							
Interest in subsidiaries	**35 911**	**–**	**–**	**11 539**	**–**	**47 450**	**–**
Interest in associates	**70 523**	**–**	**–**	**18 860**	**–**	**89 383**	**–**
Listed Investments	**470 337**	**–**	**–**	**18 134**	**–**	**488 471**	**–**
Listed Ordinary Shares	**470 337**	**–**	**–**	**18 134**	**–**	**488 471**	**–**
Unlisted Investments	**19 911**	**–**	**237**	**(2 514)**	**(14 771)**	**2 859**	**–**
Unlisted Ordinary shares	**2 623**	**–**	**237**	**–**	**–**	**2 859**	**–**
Unlisted Preference shares	**17 289**	**–**	**–**	**(2 514)**	**(14 771)**	**–**	**–**
	596 682	**–**	**237**	**46 018**	**(14 771)**	**628 162**	**–**
2021							
Financial Assets at fair value through profit or loss							
Interest in subsidiaries	15 180	17 414	3 317	–	–	35 911	–
Interest in associates	78 547	–	–	(8 024)	–	70 523	–
Listed Investments	376 269	–	–	94 067	–	470 337	–
Listed Ordinary Shares	376 269	–	–	94 067	–	470 337	–
Unlisted Investments	25 877	16 636	230	(22 832)	–	19 911	16 636
Unlisted Ordinary shares	2 393	–	230	–	–	2 623	–
Unlisted Preference shares	23 485	16 636	–	(22 832)	–	17 289	16 636
Total	495 874	34 050	3 547	63 211	–	596 682	16 636

10.b Determination of fair value and fair values hierarchy (continued)

Sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions

	Carrying amount R'000	2% effect of reasonably possible alternative assumptions (+) R'000	2% effect of reasonably possible alternative assumptions (–) R'000
GROUP			
2022			
Financial Assets at fair value through profit or loss			
Interest in associates	**88 361**	**1 767**	**(1 767)**
Listed Investments	**488 471**	**9 769**	**(9 769)**
Listed Ordinary Shares	**488 471**	**9 769**	**(9 769)**
Unlisted Investments	**2 859**	**57**	**(57)**
Unlisted Ordinary shares	**2 859**	**57**	**(57)**
	579 691	11 594	(11 594)
2021			
Financial Assets at fair value through profit or loss			
Interest in associates	69 449	1 389	(1 389)
Listed Investments	470 337	9 407	(9 407)
Listed Ordinary Shares	470 337	9 407	(9 407)
Unlisted Investments	19 911	398	(398)
Unlisted Ordinary shares	2 623	52	(52)
Unlisted Preference shares	17 289	346	(346)
	559 697	11 494	(11 494)

	Carrying amount R'000	2% effect of reasonably possible alternative assumptions (+) R'000	2% effect of reasonably possible alternative assumptions (–) R'000
COMPANY			
2022			
Financial Assets at fair value through profit or loss			
Interest in subsidiaries	**47 450**	**949**	**(949)**
Interest in associates	**89 329**	**1 787**	**(1 787)**
Listed Investments	**488 471**	**9 769**	**(9 769)**
Listed Ordinary Shares	**488 471**	**9 769**	**(9 769)**
Unlisted Investments	**2 859**	**57**	**(57)**
Unlisted Ordinary shares	**2 859**	**57**	**(57)**
	628 109	**12 562**	**(12 562)**
2021			
Financial Assets at fair value through profit or loss			
Interest in subsidiaries	35 911	718	(718)
Interest in associates	70 523	1 410	(1 410)
Listed Investments	470 337	9 407	(9 407)
Listed Ordinary Shares	470 337	9 407	(9 407)
Unlisted Investments	19 911	398	(398)
Unlisted Ordinary shares	2 623	52	(52)
Unlisted Preference shares	17 289	346	(346)
Total	596 682	11 933	(11 933)

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
11. Insurance, loans and other receivables				
Insurance receivables – Premium debtors	**410 550**	356 254	**410 550**	356 254
Other receivables	**273 342**	283 459	**269 822**	281 132
Impairment provision	**(109 496)**	(80 429)	**(109 496)**	(80 429)
Total insurance and other receivables	**574 396**	559 284	**570 876**	556 957
Loans				
Interest bearing loans	**145 067**	136 777	**145 067**	136 777
Interest bearing loans to staff	**1 305**	1 921	**1 305**	1 921
Interest bearing loans to other	**170 112**	191 682	**170 112**	191 682
Interest bearing impairment provisions	**(26 350)**	(56 826)	**(26 350)**	(56 826)
Interest free loans	**1 623**	1 990	**1 623**	1 990
Interest free loans to other	**468**	835	**468**	835
Interest free loans to ESD	**1 155**	1 155	**1 155**	1 155
Total loans	**146 690**	169 243	**146 690**	169 243
Receivable from group companies	**42 970**	10 001	**42 970**	10 001
Impairment provision	**(31 432)**	(8 186)	**(31 432)**	(8 186)
Loans receivable from group companies	**11 538**	1 815	**11 538**	1 815
Insurance, loans and other receivables	**732 624**	699 866	**729 104**	697 539
The interest rates charged on the secured and unsecured loans comprise:				
Prime	**60 509**	2 314	**60 509**	2 314
Prime plus 2%	**4 885**	–	**4 885**	–
Prime plus 5%	**19 999**	5 662	**19 999**	5 662
Prime plus 6%	**–**	20 553	**–**	20 553
South African Reserve Service (SARS) rate	**1 305**	1 921	**1 305**	1 921
Hollard Investments Money Market Fund rate	**3 320**	3 473	**3 320**	3 473
Johannesburg Inter-Bank Rate (JIBAR)	**–**	89 179	**–**	89 179
Johannesburg Inter-Bank Rate (JIBAR) + 7%	**5 543**	5 536	**5 543**	5 536
Interest-free loans	**51 129**	10 129	**51 129**	10 129
Loans Receivable	**146 690**	138 767	**146 690**	138 767
The repayments terms of secured and unsecured loans comprise:				
Specific date	**158 717**	123 102	**158 717**	123 102
No fixed terms of repayment	**(12 027)**	15 665	**(12 027)**	15 665
Loans Receivable	**146 690**	138 767	**146 690**	138 767
The interest rates charged on loans from Group companies comprise:				
Prime less 3.8%	**42 970**	10 001	**42 970**	10 001
Interest-free loans	**(31 432)**	(8 186)	**(31 432)**	(8 186)
Loans Receivable from Group companies	**11 538**	1 815	**11 538**	1 815

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
12. Deferred taxation				
Deferred income tax assets				
Deferred income tax to be recovered within 12 months	**29 942**	395	**29 942**	395
Deferred income tax to be recovered after 12 months	**2 218 551**	1 986 224	**2 218 551**	1 986 224
Deferred income tax assets	**2 248 493**	1 986 619	**2 248 493**	1 986 619
Balance at the beginning of the year	**1 986 619**	859 735	**1 986 619**	859 715
Movement during the year attributed to:				
Prior year adjustments	**(53 148)**	(36 683)	**(53 148)**	**(36 663)**
Provisions	**29 572**	107	**29 572**	107
Deferred Tax Asset (Assessed Tax Losses in Tax Funds)[1]	**(145 770)**	904 088	**(145 770)**	904 088
Deferred Tax Asset (Unrealised CGT)[2]	**366 895**	-	**366 895**	-
Return Transfers from the Corporate Fund to Tax Funds	**64 326**	259 371	**64 326**	259 371
Balance at the end of the year	**2 248 493**	1 986 619	**2 248 493**	1 986 619
Balance comprises:				
Provisions	**29 942**	395	**29 942**	395
Deferred Tax Asset (Assessed Tax Losses in Tax Funds)[1]	**1 434 643**	1 580 413	**1 434 643**	1 580 413
Deferred Tax Asset (Unrealised CGT)[2]	**360 664**	-	**360 664**	-
Return Transfers from the Corporate Fund to Tax Funds	**423 243**	405 811	**423 243**	405 811
Balance comprises:	**2 248 493**	1 986 619	**2 248 493**	1 986 619
Deferred income tax liabilities				
Deferred income tax to be recovered after 12 months	**1 408 029**	942 832	**1 408 029**	942 825
Deferred income tax liabilities	**1 408 029**	942 832	**1 408 029**	942 825
Balance at the beginning of the year	**942 832**	631 971	**942 825**	631 971
Movement during the year attributed to:				
Prior year adjustments	**(50 314)**	(68 278)	**(50 314)**	(68 285)
Unrealised gain or losses on Assets at fair value through profit/loss	**468 158**	20 302	**468 158**	20 302
Release of "Phase In" Tax for Zeroised Negative Liabilities[3]	**(71 274)**	(66 523)	**(71 274)**	(66 523)
Deferred Tax Liabilities (Disregarded for Transfer Tax)[4]	**50 150**	253 145	**50 150**	253 145
Change in Negative Reserves not taxed[5]	**68 477**	172 214	**68 477**	172 214
Balance at the end of the year	**1 408 029**	942 832	**1 408 029**	942 825
Balance comprises:				
Unrealised gain or losses on Assets at fair value through profit/loss	**565 164**	103 236	**565 164**	103 229
Release of "Phase In" Tax for Zeroised Negative Liabilities[3]	**128 294**	199 568	**128 294**	199 568
Deferred Tax Liabilities (Disregarded for Transfer Tax)[3]	**492 666**	442 516	**492 666**	442 516
Change in Negative Reserves not taxed[2]	**221 905**	197 512	**221 905**	197 512
Deferred income tax – balance	**1 408 029**	942 832	**1 408 029**	942 825

1 A deferred tax asset (DTA) of R1.43bn has been recognised in terms of IAS 12: Income Taxes in respect of investment policies recognised in terms of IFRS 9: Financial Instruments and insurance policies recognised in terms of IFRS 4: Insurance Contracts, allocated to the Individual Policyholder Fund (IPF) and Company Policyholder Fund (CPF) respectively, which give rise to future taxable profits.

2 A DTA of R180m has been recognised in terms of IAS 12 in respect of deferred tax liabilities (DTL) held in regard to financial assets allocated to the IPF and CPF as at 30 June 2022. In respect of this DTA, the unrealised gain arising is expected to utilise the assessed tax loss in the IPF and CPF respectively (reducing the available assessed tax loss in future financial years).

3 A DTL is held in respect of negative reserves that are untaxed as at the reporting period in terms of section 29A(1) of the Income Tax Act, whilst a DTL is held in respect of the phasing in tax due to the zeroization of negative reserves prior to 1 July 2017 in terms of section 29A(15) of the Income Tax Act. Furthermore, a DTL is held in respect of disregarded assets for the IPF and CPF, which are taxable temporary differences arising from the determination of transfer taxes in terms of section 29A(16) read with section 29A(7) of the Income Tax Act.the determination of transfer taxes in terms of section 29A(16) read with section 29A(7) of the Income Tax Act.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
13. Cash and cash equivalents				
Cash on call	**1 664 474**	1 479 090	**1 664 474**	1 479 090
Cash at bank	**540 818**	296 292	**534 884**	268 419
Cash on deposit	**324 270**	396 332	**324 270**	396 332
Cash and cash equivalents	**2 529 562**	2 171 715	**2 523 627**	2 143 841

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
14. Share capital and premium				
Authorised				
100 000 000 Ordinary Shares	**1 000**	1 000	**1 000**	1 000
	1 000	1 000	**1 000**	1 000
Issued and fully paid				
2 000 000 Ordinary Shares	**20**	20	**20**	20
	20	20	**20**	20
Share Premium	**19 980**	19 980	**19 980**	19 980
Issued shared capital	**20 000**	20 000	**20 000**	20 000

The directors are authorised until the forthcoming Annual General Meeting to issue the unissued shares for any purpose and upon such terms and conditions as they deem fit.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
15. Borrowings				
Long-term borrowings				
Long-term funding	**400 000**	400 000	**400 000**	400 000
Long-term interest	**(75)**	64	**(75)**	64
Total	**399 925**	400 064	**399 925**	400 064

The loan bears interest at three month JIBAR +192bps and is serviced quarterly. The loan is repayable in tranches from 30 June 2024.

This loan has been subordinated to, and rank in priority of payment behind, all the concurrent claims in respect of any other indebtedness of the borrower.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
16. Trade and other payables				
Trade payables	**32 523**	44 293	**32 168**	34 530
VAT payable	**1 876**	760	**1 876**	760
Sundry creditors	**815 018**	1 065 741	**818 703**	1 053 875
Lease liability	**343 088**	468 959	**343 088**	468 959
Due to Group company	**260**	(14 013)	**260**	(14 013)
Trade and other payables	**1 192 765**	1 565 740	**1 196 095**	1 544 111

The lease liability relates to IFRS 16 and was calculated using an weighted average incremental borrowing rate. The lease liability is made up of several leases with terms ranging from two to ten years.

Other liabilities

Included in sundry creditors are life assurance premiums amounting to R115 113 947 2021 (R64 406 157) in respect of policies that incepted after the statement of financial position date.

All balances are current.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
17. Insurance liabilities				
Policyholder Liabilities under Investment Contracts				
Balance at the beginning of the year	25 852 351	23 660 062	25 852 351	23 660 062
Contribution received	3 804 727	3 371 351	3 804 727	3 371 351
Maturities	(1 107 326)	(360 721)	(1 107 326)	(360 721)
Withdrawals and surrenders	(2 054 226)	(2 239 819)	(2 054 226)	(2 239 819)
Fair value movements	(876 426)	763 142	(876 426)	763 142
Amounts transferred from Policyholder Liabilities under Insurance Contracts	893 718	–	893 718	–
Other movement for the year	821 350	658 337	821 350	658 337
Balance at the end of the year	27 334 168	25 852 351	27 334 168	25 852 351
Policyholder Liabilities under Insurance Contracts				
Balance at the beginning of the year	735 881	165 872	734 641	163 094
Amounts transferred to Policyholder Liabilities under Investment Contracts	(893 718)	–	(893 718)	–
Movement for the year BS	914 607	–	915 847	–
Movement for the year IS	236 361	570 009	236 361	571 547
Balance at the end of the year	993 130	735 880	993 131	734 641
Total Policyholder liabilities	28 327 299	26 588 232	28 327 300	26 586 992
Gross insurance liabilities	28 327 298	27 387 221	28 327 298	27 385 232
Total reinsurer's share of insurance liabilities	(854 850)	(798 241)	(854 850)	(798 241)
Total net insurance liabilities**	27 472 448	26 588 231	27 472 450	26 586 991
Outstanding Claims	1 696 520	1 699 796	1 696 520	1 699 796
Unearned premuim provision	320 793	161 332	320 793	161 332
Cash back reserve	380	43	380	43
Total Insurance liabilities	30 344 991	28 449 401	30 344 991	28 448 161

*** In the prior period an error was noted due to incorrect signage on the gross and reinsurance split of liabilities. This has been updated for 2022 and the comparative corrected. This has no impact on the total net number presented on the statement of financial position in 2021.*

	GROUP		COMPANY	
R'000	Insurance Contracts	Linked and RA	Insurance Contracts	Linked and RA
Base value	993 130	27 334 168	993 131	27 334 168
Renewal expenses decrease by 10%	872 473	27 333 397	872 474	27 333 397
Withdrawal rates decrease by 10%	917 438	27 334 245	917 439	27 334 245
Mortality rates decrease by 5%	745 980	27 334 176	745 981	27 334 176
Investment returns decrease by 1%	1 019 159	27 334 191	1 019 160	27 334 191
Equity risk premium increases by 1%	953 140	27 333 939	953 141	27 333 939
Shock asset values by 10%*	985 544	24 627 592	985 545	24 627 592

** Asset value shock: Shock equity and property by 10% and alternative investments by 1%.*

- Sensitivities were derived in line with the sensitivities compiled for the EV report.
- Liability sensitivities on linked business are offset by commensurate asset movements resulting in a nil balance sheet impact.
- The COVID-19 pandemic has changed various parts of the South African landscape in unprecedented ways.
- Hollard developed an internal approach to provisioning for the expected claim excesses and have been reviewing provisions at least quarterly.
- The approach entails estimating a pandemic specific loading (PSL) per major line of business, informed by comparing actual claims to expected claims excluding COVID-19 related claims.
- The approach also entails taking a view on the number of months for which excess claims experience will still persist.
- At 30 June 2022, the view taken was that we will experience 6 months of excess claims as a result of COVID-19.

	R'000
Opening COVID-19 Reserve 30 June 2021	635 061
Release during FY2022	474 455
Closing COVID-19 Reserve at 30 June 2022	160 605

- A sensitivity analysis was also performed interrogating the potential impact of excess experience persisting for 3 months and 9 months respectively.

	Base	9 Months	3 Months
COVID-19 Reserve at 30 June 2022	160 605	211 020	110 191

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
17.b Insurance liabilities and reinsurance assets				
Gross				
Policyholder liabilities	28 327 298	26 588 231	28 327 298	26 586 991
Claims reported and loss adjustment expenses	775 890	852 686	775 890	852 686
Provision outstanding maturities	599 177	568 235	599 177	568 235
Claims incurred but not yet reported	321 453	278 874	321 453	278 874
Unearned premium provision	320 793	161 332	320 793	161 332
Cash back reserve	380	43	380	43
Total gross insurance liabilities	30 344 991	28 449 401	30 344 991	28 448 161
Recoverable from reinsurers				
Claims reported and loss adjustment expenses	1 548 543	728 974	1 548 543	728 974
Reinsurance recoveries	293 165	223 125	293 165	223 125
Total reinsurers' share of insurance liabilities	1 841 709	952 098	1 841 709	952 098
Net				
Policyholder liabilities	28 327 298	26 588 231	28 327 298	26 586 991
Claims reported and loss adjustment expenses	(772 653)	123 712	(772 653)	123 712
Provision for outstanding maturities	599 177	568 235	599 177	568 235
Claims incurred but not yet reported	321 453	278 874	321 453	278 874
Unearned Premium Provision	320 793	161 332	320 793	161 332
Cash Back Reserve	380	43	380	43
Reinsurance Recoveries	(293 165)	(223 125)	(293 165)	(223 125)
Total insurance liabilities – net	28 503 283	27 497 302	28 503 283	27 496 062

Movement in insurance liabilities and reinsurance assets

	2022			2021		
	REINSURANCE			REINSURANCE		
	Gross R'000	Recoverable from reinsurers R'000	Net R'000	Gross R'000	Recoverable from reinsurers R'000	Net R'000
Outstanding claims						
GROUP AND COMPANY						
Balance at the beginning of the year	568 235	–	568 235	401 857	–	401 857
Claims paid	(261)	–	(261)	–	–	–
Claims raised	14 693	–	14 693	–	–	–
Movement for the year	16 509	–	16 509	167 343	–	167 343
Balance at the end of the year	599 177	–	599 177	569 201	–	569 201
Claims reported and Loss Adjustment Expenses						
GROUP AND COMPANY						
Balance at the beginning of the year	852 686	728 974	123 712	521 498	440 726	80 772
Claims paid	–	–	–	–	1 270	(1 270)
Claims raised	(1 059)	800	(1 859)	–	(1 395)	1 395
Movement for the year	(75 737)	818 769	(894 506)	331 187	288 373	42 815
Balance at the end of the year	775 890	1 548 543	(772 653)	852 686	728 974	123 712
Claims incurred but not yet reported						
GROUP AND COMPANY						
Balance at the beginning of the year	278 874	–	278 874	259 898	–	259 898
Claims raised	(512)	–	(512)	–	–	–
Movement for the year	43 091	–	43 091	18 977	–	18 976
Balance at the end of the year	321 453	–	321 453	278 874	–	278 873
Unearned Premium Provision						
GROUP AND COMPANY						
Balance at the beginning of the year	161 332	–	161 332	206 880	–	206 880
Movement for the year	159 462	–	159 462	(30 303)	–	(30 302)
Balance at the end of the year	320 793	–	320 793	176 577	–	176 578

	2022			2021		
	REINSURANCE			REINSURANCE		
	Gross R'000	Recoverable from reinsurers R'000	Net R'000	Gross R'000	Recoverable from reinsurers R'000	Net R'000
17.b Insurance liabilities and reinsurance assets						
Cash Back Reserve						
GROUP						
Balance at the beginning of the year	43	–	43	–	–	–
Movement for the year	337	–	337	43	–	43
Balance at the end of the year	380	–	380	43	–	43
Unexpired Risk Reserve						
GROUP AND COMPANY						
Balance at the beginning of the year	–	223 125	(223 125)	–	181 101	(181 101)
Claims raised	–	1 989	(1 989)	–	–	–
Reinsurance recoveries	–	–	–	–	1 761	(1 761)
Movement for the year	–	68 051	(68 051)	–	40 263	(40 263)
Balance at the end of the year	–	293 165	(293 165)	–	223 125	(223 125)
Total						
GROUP AND COMPANY						
Balance at the beginning of the year	1 861 170	952 098	909 071	1 390 134	621 827	768 307
Claims paid	(261)	–	(261)	–	1 270	(1 270)
Claims raised	13 122	2 789	10 333	–	(1 395)	1 395
Reinsurance recoveries	–	–	–	–	1 761	(1 761)
Movement for the year	143 662	886 821	(743 159)	487 248	328 636	158 612
Balance at the end of the year	2 017 693	1 841 708	175 985	1 877 381	952 098	925 282

	Leave Pay R'000	Bonus R'000	Other R'000	Provisions R'000
18. Provisions				
GROUP				
2022				
Balance at the beginning of the year	35 013	10 477	–	45 490
Additional provisions raised during the year	14 233	73 221	–	87 454
Utilised during the year	(11 575)	(20 881)	–	(32 456)
Balance at the end of the year	37 671	37 567	–	100 488
2021				
Balance at the beginning of the year	37 563	136 057	723	174 342
Additional provisions raised during the year	12 203	17 041	–	29 244
Utilised during the year	(14 108)	(142 621)	(723)	(157 452)
Balance at the end of the year	35 658	10 477	–	46 135
COMPANY				
2022				
Balance at the beginning of the year	35 013	10 477	–	45 490
Additional provisions raised during the year	14 233	73 221	–	87 454
Utilised during the year	(11 575)	(20 881)	–	(32 456)
Balance at the end of the year	37 671	37 567	–	100 488
2021				
Balance at the beginning of the year	36 980	136 057	–	173 036
Additional provisions raised during the year	12 141	17 041	–	29 182
Utilised during the year	(14 108)	(142 621)	–	(156 729)
Balance at the end of the year	35 013	10 477	–	45 490

18. Provisions (continued)

Leave pay

In terms of the Group's and Company's policy, employees are entitled to accumulate a maximum of 25 days' leave and the leave pay provision is calculated on that basis. Any leave accumulated over this number is forfeited by the employees concerned. Whilst all employees are encouraged to take their full annual leave, they are entitled to encash a maximum of 5 days' leave (taxed) in a leave cycle. When employees who have leave due to them cease their employment with the Group, all accumulated and accrued leave is paid to them at the current total cost to Company rate as part of their final salary payment, limited to a maximum number of 25 days.

The Group's provision for leave pay amounted to R37 671 000 and R37 671 000 respectively at the statement of financial position date (2021: R35 658 000 and 2021: R35 013 000 respectively).

Incentive scheme

In terms of the Group's and Company's policy, selected employees, at the discretion of the Directors, receive an incentive bonus. This bonus relates to employee, corporate and business unit performance and is subject to approval by the Remuneration Committee.

The Group's and Company's provision for staff incentives amounted to R62 817 000 at the statement of financial position date (2021: R10 477 000 and 2021: R10 477 000 respectively).

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
19. Net premium income				
Recurring premiums	**6 834 229**	6 694 178	**6 834 229**	6 694 178
Reinsurance premiums inwards	**178 878**	161 238	**178 878**	161 238
Gross written premiums	**7 013 107**	6 855 416	**7 013 107**	6 855 416
Reinsurance outwards	**(1 718 394)**	(1 541 920)	**(1 718 394)**	(1 541 920)
Group reinsurance outwards – Non-proportional	**(1 718 394)**	(1 541 920)	**(1 718 394)**	(1 541 920)
Change in unearned premium reserve	**(24 231)**	(1 601)	**(24 231)**	(1 601)
Gross amount	**(24 231)**	(1 601)	**(24 231)**	(1 601)
Net premium income	**5 270 483**	5 311 895	**5 270 483**	5 311 895

Net premium income represents income from insurance contracts only. Items of income and expense in respect of investment contracts are excluded from the income statement and are accounted for directly against the liability under these contracts in the statement of financial position. Refer to note 19 on page 75 for details of the movement in policyholder liabilities under investment contracts.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
20. Realised profits on disposal of investments and other financial assets				
Unlisted investments	**18 200**	25 418	**18 200**	25 418
Listed investments	**13 387**	42 884	**13 387**	42 884
	31 587	68 303	**31 587**	68 303
Net realised profits on fair value through profit or loss	**31 587**	68 303	**31 587**	68 303

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
21. Unrealised losses/profits on revaluation of investments and other financial assets				
Unlisted investments	**(37 255)**	15 827	**1 609**	33 241
Listed investments	**2 503**	85 592	**2 503**	85 592
Net unrealised losses/profits on fair value through profit or loss assets	**(34 752)**	101 419	**4 112**	118 833

22. Other income

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Administration fees received	5 072	15 522	5 072	5 515
Management fees received	43 630	33 223	23 523	19 028
Sundry fees received	18 506	24 511	18 506	24 511
Sundry income received	190 154	162 711	190 154	162 726
Other operating income	**257 362**	**235 967**	**237 256**	**211 780**

23. Dividends and interest

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Interest received				
Interest received – Financial assets at amortised cost	59 214	55 568	59 214	55 568
Interest received on call deposits	43 317	40 648	43 317	40 648
Sundry interest received	15 897	14 920	15 897	14 920
Interest received – Financial assets at fair value through profit or loss	90 348	107 453	89 799	106 893
Interest received on investments	68 809	85 468	68 260	85 260
Interest received from bank	1 798	22 038	1 798	22 038
Sundry interest received	10 848	(405)	10 848	(405)
Interest received on call deposits	8 893	–	8 893	–
Other interest received	–	353	–	–
Total Interest received	**149 563**	**163 021**	**149 013**	**162 461**
Dividends received				
Dividends received – Listed	38 202	32 921	38 202	32 921
– Listed Ordinary Shares	38 202	32 921	38 202	32 921
Dividends received – Unlisted	19 725	23 540	26 119	33 665
– Unlisted Ordinary Shares	–	541	6 393	10 666
– Unlisted Preference shares	15 858	20 342	15 858	20 342
– Unlisted Unit trust	3 868	2 658	3 868	2 658
Total Dividends received	**57 927**	**56 462**	**64 320**	**66 587**
Total interest received and dividend income	**207 491**	**219 483**	**213 334**	**229 048**
Interest paid				
Interest paid – General	60 044	72 368	60 044	72 368
Interest paid – SARS	26	16	26	16
Interest paid from Treaty reserves	12 637	11 796	12 637	11 796
Total Interest paid	**72 708**	**84 180**	**72 708**	**84 180**

	2022			2021		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
24. (a) Profit before taxation						
Profit before taxation is determined after charging:						
Directors and Prescribed Officers emoluments						
Executive Directors						
Director A						
Basic salary	1 573	4 720	6 293	1 516	4 548	6 064
Bonus and performance related payments	454	1 361	1 815	2 989	8 967	11 956
Estimated monetary value of other benefits	32	97	129	38	114	152
Pension/provident fund contributions	178	534	712	172	516	688
	2 237	6 712	8 949	4 715	14 145	18 860
Director B						
Basic salary	970	2 910	3 880	909	2 727	3 636
Bonus and performance related payments	272	815	1 087	1 856	5 568	7 424
Estimated monetary value of other benefits	44	132	176	42	126	168
Pension/provident fund contributions	113	338	451	106	318	424
	1 399	4 195	5 594	2 913	8 739	11 652
Director C						
Basic salary	4 217	–	4 217	3 459	–	3 459
Bonus and performance related payments	192	–	192	4 417	–	4 417
Estimated monetary value of other benefits	170	–	170	162	–	162
Pension/provident fund contributions	448	–	448	400	–	400
	5 027	–	5 027	8 438	–	8 438
Non-Executive Directors						
Director A	338	1 014	1 352	277	831	1 108
Director B	228	684	912	242	727	969
Director C	153	459	612	120	359	479
Director D	209	628	837	175	523	698
Director E	283	850	1 133	247	743	990
Director F	142	426	568	110	330	440
Director G	169	508	677	110	330	440
	1 523	4 569	6 091	1 281	3 843	5 124
Prescribed Officer A						
Basic salary	765	2 294	3 059	737	2 212	2 949
Bonus and performance related payments	223	671	894	1 111	3 331	4 442
Estimated monetary value of other benefits	13	39	52	13	38	51
Pension/provident fund contributions	86	256	342	83	247	330
	1 087	3 260	4 347	1 944	5 828	7 772
Prescribed Officer B						
Basic salary	597	1 793	2 390	580	1 740	2 320
Bonus and performance related payments	160	478	638	793	2 380	3 173
Estimated monetary value of other benefits	84	251	335	80	238	318
Pension/provident fund contributions	75	225	300	73	217	290
	916	2 747	3 663	1 526	4 575	6 101
Prescribed Officer C						
Basic salary	907	2 722	3 629	871	2 615	3 486
Bonus and performance related payments	113	339	452	1 169	3 508	4 677
Estimated monetary value of other benefits	6	19	25	6	18	24
Pension/provident fund contributions	101	305	406	98	292	390
	1 127	3 384	4 511	2 144	6 433	8 577
Directors and Prescribed Officers emoluments	13 316	24 867	38 182	22 961	43 563	66 524

25. (b) Profit before taxation

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Auditors' remuneration				
Audit fees	**7 819**	6 761	**7 777**	6 451
	7 819	6 761	**7 777**	6 451
Depreciation – property and equipment				
Leasehold improvements	**7 127**	14 637	**7 127**	14 637
Motor vehicles	**–**	18	**–**	18
Office equipment	**3 030**	6 589	**3 030**	6 504
	10 157	21 244	**10 157**	21 159
Depreciation – right-of-use assets				
Property	**37 021**	40 148	**37 021**	40 148
Motor vehicles	**3 784**	3 014	**3 784**	3 014
Office equipment	**–**	31	**–**	31
	40 806	43 193	**40 806**	43 193
Expenses for the acquisition of insurance contracts				
Commission	**462 392**	475 430	**462 392**	475 427
Other expenditure				
Staff remuneration	**778 288**	788 604	**778 288**	788 604
Amortisation of intangible assets	**9 089**	10 664	**9 089**	10 664
Write-off of premium debtors	**(5 442)**	9 363	**(5 442)**	9 363
Administration fees paid	**434 484**	424 763	**434 484**	424 763
Professional fees	**176 444**	191 556	**176 444**	191 519
Operating lease rentals – building	**(61 276)**	(46 653)	**(61 276)**	(46 653)
Operating lease rentals – computer	**12 096**	15 223	**12 096**	15 223
Research and development	**5 204**	205	**5 204**	205

26. Taxation

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
South African normal taxation				
Current year	**7 454**	1 261	**7 454**	1 261
Prior year	**365**	47 011	**365**	47 011
Deferred tax expense				
Current year	**200 496**	(784 214)	**200 496**	(784 214)
Prior year	**2 834**	(31 836)	**2 834**	(31 836)
Taxation – Dividend tax (Life)	**27 285**	14 038	27 285	14 038
Taxation – Witholding tax	**1 720**	1 995	1 720	1 995
Taxation	**240 155**	(751 745)	240 155	(751 745)
All taxation is payable in respect of continuing operations				
Tax rate reconciliation:	**%**	%	**%**	%
Tax calculated at standard rate of South African tax on earnings	**28**	28	**28**	28
Adjusted for:				
– Exempt income on dividends not taxable	**(4,39)**	3,12	**(4,39)**	3,12
– Realised gains not taxable	**–**	(0,01)	**–**	(0,01)
– Unrealised gains not taxable	**(150,41)**	0,49	**(150,41)**	0,49
– Withholding taxation and STC	**9,66**	(3,73)	**9,66**	(3,73)
– Other non-taxable income/non-deductible expenses	**4,94**	(1,00)	**4,94**	(1,00)
– Deferred Tax Asset (Assessed Tax Losses in Tax Funds)[1]	**323,42**	211,00	**323,42**	211,00
– Deferred tax liabilities arising from disregarded assets in tax funds[2]	**(125,80)**	(59,00)	**(125,80)**	(59,00)
– Change in Tax Rate[3]	**(6,47)**	–	**(6,47)**	–
– Prior year (over)/under provision	**1,07**	(3,79)	**1,07**	(3,79)
Tax rate reconciliation	**80,02**	175,08	**80,02**	175,08

1 The utilisation of the assessed tax loss in the IPF and CPF, results in an income less expenses (I-E) I-E (i.e. income less expenses) profit for the financial year 2022. Management have projected taxable profit in terms of IAS 12: Income Taxes that will arise in the IPF and CPF in future years, ultimately reducing the assessed tax loss carried forward to zero.

2 A deferred tax liability (DTL) is held in respect of disregarded assets in terms of section 29A(15) of the Income Tax Act (i.e. assets that are excluded from determining transfer tax in the IPF and CPF). As disregarded assets reduce, the IPF and CPF assets are expected to match liabilities in terms of section 29A(7) of the Income Tax Act.

3 As of 1 July 2022 (FY2023), the corporate tax rate as promulgated will change from 28% to 27%. Coinciding with this change, the assessed tax utilisation has been limited whereby, during the financial year commencing on 1 July 2022, any taxable income arising from the IPF and CPF, the assessed tax loss usage will be limited to 80% of such an amount, resulting in a 20% I-E tax due to SARS. This has impacted the deferred tax recognised in the Statement of Financial Position and Statement of Comprehensive Income for the current reporting period.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
27. Policyholder benefits				
Individual and Group	**(4 936 584)**	(5 209 208)	**(4 936 584)**	(5 209 208)
– Death and disability	**(4 861 618)**	(5 127 294)	**(4 861 618)**	(5 127 294)
– Maturity	**(1 527)**	(849)	**(1 527)**	(849)
– Surrenders	**(14 178)**	(16 570)	**(14 178)**	(16 570)
– Annuities	**(1 265)**	(1 442)	**(1 265)**	(1 442)
– Other	**(57 995)**	(63 052)	**(57 995)**	(63 052)
Claims and loss adjustments expense	**(13 819)**	(834)	**(13 819)**	(834)
Gross policyholder benefits and claims incurred	**(4 950 403)**	(5 210 042)	**(4 950 403)**	(5 210 042)
Less: Reinsurance recoveries	**2 159 923**	1 982 948	**2 159 923**	1 982 948
– Death and disability	**2 159 923**	1 982 948	**2 159 923**	1 982 948
Net policyholder benefits	**(2 790 480)**	(3 227 094)	**(2 790 480)**	(3 227 094)

Policyholder benefits represent payments under insurance contracts only. Items of income and expense in respect of investment contracts are excluded from the income statement and accounted for directly against the liability under these contracts in the statement of financial position. Refer to note 17 on page 71 of these Annual Financial Statements for the movement in policyholder liabilities under investment contracts.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
28. Cash generated from Operations				
Profit Before Tax	**289 157**	(445 097)	**300 128**	(429 383)
Adjustments for :				
Depreciation	**50 963**	64 437	**50 963**	64 353
Write off of Property and Equipment	**1 820**	44 652	**1 820**	44 652
Write off of Right of use Asset	**4 167**	–	**4 167**	–
Intangible Asset Amortisation	**9 089**	10 664	**9 089**	10 664
Transfer to Policyholder liabilities under Investment Contracts	**1 481 818**	2 192 289	**1 481 818**	2 192 289
Transfer to Policyholder liabilities under Insurance Contracts	**257 249**	571 547	**258 489**	571 547
Investment Income	**(89 514)**	(125 450)	**(95 907)**	(135 968)
Realised profit/(loss) on assets underlying investment contracts	**(267 276)**	(154 779)	**(267 276)**	(154 779)
Other Income	**(257 362)**	(235 967)	**(237 256)**	(211 780)
Unrealised gains/(losses) on disposal of investments – Listed	**(2 503)**	(85 592)	**(2 503)**	(85 592)
Unrealised gains/(losses) on disposal of investments – Unlisted	**37 255**	(15 827)	**(1 609)**	(33 241)
Unrealised income on investment contracts	**1 149 368**	(521 939)	**1 149 368**	(521 939)
Impairment allowances on Premium Debtors	**33 257**	(49 509)	**33 257**	(49 509)
Increase /(decrease) in Employee Benefits	**54 353**	(128 208)	**54 998**	(127 547)
Net (increase)/decrease in accrued Interest and dividends	**(8 012)**	17 107	**(8 012)**	17 107
Interest Income	**(149 563)**	(163 021)	**(149 013)**	(162 461)
Interest expense	**72 708**	84 180	**72 708**	84 180
Share of profits/(losses) in Associates	**(34 386)**	(11 954)	**–**	–
Asset transfers	**(135 580)**	(575 673)	**(135 580)**	(575 673)
Operating Cash Flows before Working Capital Changes	**2 497 008**	471 860	**2 519 649**	496 921
Working Capital Changes	**(1 090 162)**	(132 145)	**(1 075 664)**	(156 386)
(Increase)/decrease in Insurance Receivables, Loans and Other Receivables	**(70 296)**	107 313	**(66 860)**	108 425
(Increase)/decrease in Reinsurance Assets	**(889 610)**	(330 272)	**(889 610)**	(330 272)
(Decrease)/increase in Reinsurance Liabilities	**95 548**	(47 513)	**95 548**	(47 513)
Increase/(decrease) in Net Outstanding Claims and IBNR	**(3 276)**	516 542	**(3 276)**	516 542
Increase/(decrease) in Unearned Premiums	**159 798**	(45 549)	**159 799**	(45 506)
Increase/(decrease) in Trade and Other Accounts Payable and Employee Benefits	**(382 236)**	(332 667)	**(369 022)**	(358 062)
Cash generated from Operations	**1 406 846**	339 715	**1 445 225**	340 535

29. Dividends paid

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Amount declared in statement of changes in equity	(274 737)	(470 085)	(274 737)	(470 085)
Cash amounts paid	**(274 737)**	**(470 085)**	**(274 737)**	**(470 085)**

30. Dividends received

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Amount due at beginning of year	52 401	35 294	52 401	35 294
Amount received per income statement	57 927	56 069	64 320	66 587
Amount due at end of year	(44 389)	(52 401)	(44 389)	(52 401)
Cash amounts received	**65 939**	**38 962**	**72 333**	**49 480**

31. Taxation paid

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Amount due at beginning of year	1 071 427	325 217	1 070 635	325 202
Amount charged to income statement	(240 155)	751 746	(240 155)	751 746
Amount due at end of year	(847 961)	(1 071 427)	(847 961)	(1 070 635)
Cash amounts paid	**(16 689)**	**5 536**	**(17 481)**	**6 313**
Amounts due at end of year comprised as follows:				
Deferred taxation asset	(2 248 493)	(1 986 619)	(2 248 493)	(1 986 619)
Deferred taxation liability	1 408 029	942 832	1 408 029	942 825
Current income taxation asset	(7 498)	(27 640)	(7 498)	(26 841)
Current income taxation liability	–	–	–	–
	(847 962)	(1 071 427)	(847 962)	(1 070 635)

32. Business combinations

Hollard Management Company (Pty) Ltd

32.1 Summary of business combinations – 2022

The Group had a disposal of two of its subsidiaries during the year respectively. Details are noted below:

32.1.1 Disposal of 100% shareholding in NMG Pooling Administrators (Pty) Ltd:

NMG Pooling Administrators was disposed on 1 July 2021.

32.1.2 Disposal of 100% shareholding in Richton Employee Benefit Consultants (Pty) Ltd:

Richton Employee Benefit Consultants was disposed on 1 July 2021.

32.2 Summary of business combinations – 2021

The Group had a voluntary liquidation and deregistration of two of its subsidiaries during the 2021 financial year.

33. Lease – Low-value items

During the current financial year, the Group incurred lease payments for the following low-value leased assets:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Computers	**12 096**	15 223	**12 096**	15 584
Printers	**209**	429	**209**	359

34. Contingent liabilities

The Group and Company, in the ordinary course of business, enter into transactions which exposes the Group to tax, legal and business risk. Provisions are made for known liabilities which are expected to materialise. Possible obligations and known liabilities, where no reliable estimate can be made or where it is considered improbable that an outflow would result, are noted as a contingent liability. This is in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets. At statement of financial position date there were no material contingent liabilities for the Group.

There are other legal or potential claims against the Group, the outcome of which at present cannot be foreseen or quantified. Therefore, no liability has been recognised for these potential claims in the Annual Financial Statements in accordance with the requirements of IAS 37.

35. Staff pension and provident fund

The Company has both a defined contribution pension fund (Hollard Employees Pension Fund) and a defined contribution provident fund (Hollard Employees Provident Fund). The contribution to these funds by the Company and employees against income for the year was R11 392 971 (2021: R15 384 714) and R22 529 719 (2021: R48 208 252) respectively.

The Company had a total number of staff of 1 133 (2021: 1 001).

Both of these funds are controlled by a Board of Trustees and are governed by the Pension Funds Act of 1956.

36. Related party transactions

Transactions between Group companies

Hollard Life Assurance Company immediate holding company is Hollard Fundco (RF) (Pty) Ltd (100%) and the ultimate holding company is Pickent Investments Limited. Both of these companies are incorporated in the Republic of South Africa.

Related party relationships exist between the Group, fellow subsidiaries, associated companies, joint ventures and the holding company. The Group enters into commercial transactions with a number of these companies on an ongoing basis. All material transactions are concluded at arm's length and are eliminated on consolidation.

Details of subsidiary, associate and joint venture companies are provided in note 8 on page 57 of the Annual Financial Statements.

	COMPANY	
	2022 R'000	2021 R'000
Loans to related parties		
Loans to subsidiaries	**–**	750
Loans to Hollard Holdings (Pty) Ltd	**10 001**	10 001
Loan to The Hollard Insurance Company Limited	**20 076**	7 251
Loan to Hollard Specialist Life Limited	**10 160**	5 064
Loans to Hollard Specialist Insurance Limited	**2 012**	1 661
Loans from related parties		
Loan from Fundco (RF) (Pty) Ltd	**399 925**	400 064
Loans to Directors and prescribed officers		
Details of individual loans to Directors and prescribed officers:		
M Shezi	**1 305**	1 921

No new advance was made during the year (2021: Rnil).

The following repayments were made during the year:
M Shezi R738 503 (2021: R1 697 785)

The loans are given on commercial terms and conditions. The related interest income in 2022 was R122 604 (2021: R251 451).

The loan from Fundco (RF) (Pty) Ltd is interest bearing with a repayment terms of 10 years from the date of advance.

Interest on loans to M Shezi is charged at the SARS rate and as at 30 June 2022, the rate was 8.25%.

36. Related party transactions (continued)

	COMPANY	
	2022 R'000	2021 R'000
Endowment policies		
Endowment policies have been taken up by directors and key management. All policies are issued in the names of the individuals concerned on standard commercial terms. The value of policies in-force at the reporting date is as follows:		
Directors and their family members	**13 417**	11 710
Key management compensation		
Salaries, bonuses and other short-term employee benefits	**30 172**	66 524
Key management refers to Executive Committee members excluding Directors. The remuneration of key management is determined by the Remuneration Committee having regard to both the performance of the individuals concerned and their related market compensation benchmarks.		
Management fees		
Paid by The Hollard Insurance Company Limited	**231 092**	195 596
Paid by Hollard Specialist Insurance Limited	**15 474**	6 563
Paid by Hollard Specialist Life Limited	**20 954**	30 273
Administration fees		
Administration fees are paid to a number of companies in which the Group holds an interest. All fees are paid on standard commercial terms.		
Rent received		
Paid by The Hollard Insurance Company Limited	**30 283**	28 830
Investment Policy with		
The Hollard Insurance Company Limited	**1 289 581**	1 220 764

Refer to notes 8, 9 and 12 of these annual financial statements for details of loans with Group companies and other related parties.

37. Capital expenditure

The Group's and Company's principal expenditure commitment is to its policyholders, the nature and quantum of which is governed by the terms of the specific insurance contracts that are issued to them. The Group and Company expect to incur non-insurance related capital expenditure of R139 956 082 during the financial year ended 30 June 2022 (2021: R109 552 721).

Any unanticipated capital or operating expenditure will be funded from internal sources.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
The following capital expenditure budget has been approved by the Board for the financial year ending 30 June 2023:	**139 956**	109 553	**139 956**	109 553
	139 956	109 553	**139 956**	109 553

38. Change in Accounting Estimates

38.1 Deferred Tax

The assessment into the utilisation of the assessed tax loss in the Individual Policyholder Fund (IPF) and Company Policyholder Fund (CPF) has been completed for the year ending 30 June 2022. During the 2022 financial year, the process for calculating the deferred tax asset in relation to the assessed loss was refined. Non-HIN business has been included for the first time in 2022; there was further a change in the projection period estimate for utilisation of the assessed loss. These changes have been detailed below.

Based on the analysis performed, the major consumer of the assessed tax loss in the IPF and CPF relates to the savings and investment business arising from the Hollard Investments division. Hollard Life Solutions and Hollard Group Risk also consume the assessed loss. The recognition and measurement of the deferred tax has been limited based on uncertainties in cash flows (i.e. automatic premium increases, maturity profile of the contracts, changes to interest rates etc.). This has resulted in a deferred tax asset balance of R1.435bn in relation to the assessed loss.

38.1.1 Recognition of deferred tax assets (DTA) in the 2022 financial year in relation to probable future taxable profits arising from non-investment (non-HIN) policies

Deferred tax assets related to non-HIN policies were not recognised in previous financial years due to an excess 'E' ("I-E") position and concern regarding the estimates projected in the initial recognition period. In the 2022 financial year, the deferred tax asset was recognised based on more reliable estimates being available, because of changes to measurement inputs and techniques. This is therefore a change in accounting estimate with a prospective application. The amount recognised in 2022 was approximately R481m.

38.1.2 Recognition of deferred tax assets (DTA) in the 2022 financial year in relation to probable future taxable profits arising from an extended forecast period for investment (HIN) and non-HIN policies

In previous financial years, the recognition of the deferred tax asset was approached with caution and prudency. In assessing the projected taxable profit management applied a haircut of 50% to the HIN New Business I-E, resulting in a reduction on projected taxable profit, and further limited the period of recognition given the economic outlook, the impact of covid claims and that the IPF had not been fully evaluated at the reporting date (30 June 2021). The deferred tax asset recognised is based on the probable future taxable profit expected to utilise the assessed loss in the IPF/CPF based on the assets backing tax liabilities, including any budgeted and forecasted investment new business. The change in the projected taxable profit is reflective of a change in accounting estimate and will be applied prospectively.

39. Subsequent events

During August 2022, Hollard Life Assurance Company was informed by the Competition Commission that it was part of an investigation related to price fixing within the life insurance industry.

At the forefront of our operations are our customers and our firm belief in treating our customers fairly. Hollard subscribes to a code of conduct and abides by all applicable rules and regulations. We are committed to an ethical environment.

Hollard will fully comply with this investigation.

The Board is not aware of any other event since the end of the financial year, not otherwise dealt with in these annual financial statements, that would affect the operations of the Group, or the results of these operations.

40. Going concern

The Directors have assessed the Group's ability to continue as a going concern. As at 30 June 2022 had a strong net asset value and liquidity position. Although the impact of the COVID-19 pandemic has reduced in the current financial year, the uncertainty in the operating environment of the Group remains although to a lesser extent, the Group continues to closely monitor the position going forward.

The Board and its committees received regular reports on the operational, financial, solvency and liquidity related impacts on the Group.

Further to this, the Group has evaluated numerous downside scenarios and stress tests, higher lapse risk; adverse catastrophe experience; market volatility and the enduring impact of COVID-19 on the business.

As a result, the Board believes that the Group is well placed to meet its future capital and liquidity requirements and therefore believes that it is appropriate to adopt the going concern basis.

DIRECTORATE AND ADMINISTRATION
for the year ended 30 June 2022

To the date of this report the directors of the Company are as follows:

Non-Executive Chairman	ADH Enthoven
Group Chief Executive Officer	S Ntombela (resigned as CEO – 01 July 2022)
Group Chief Financial Officer	DJ Viljoen
Executive Director	B Ruele
Lead Independent Non-Executive Director	B Ngonyama
Non-Executive Director	NG Kohler
Independent Non-Executive Director	MR Bower
Independent Non-Executive Director	NV Simamane
Independent Non-Executive Director	R Fihrer
Independent Non-Executive Director	S Patel
Independent Non-Executive Director	AS Nkosi
Independent Non-Executive Director	MS Claassen

Company Secretary
A Allaradyce

Public Officer
U Murphy

Compliance Officer
M Patel

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Website
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Nature of business
The Company transacts as a long-term assurance business.

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Waterfall City
Waterfall
Docex 10
Johannesburg

Registration number
1993/001405/06

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