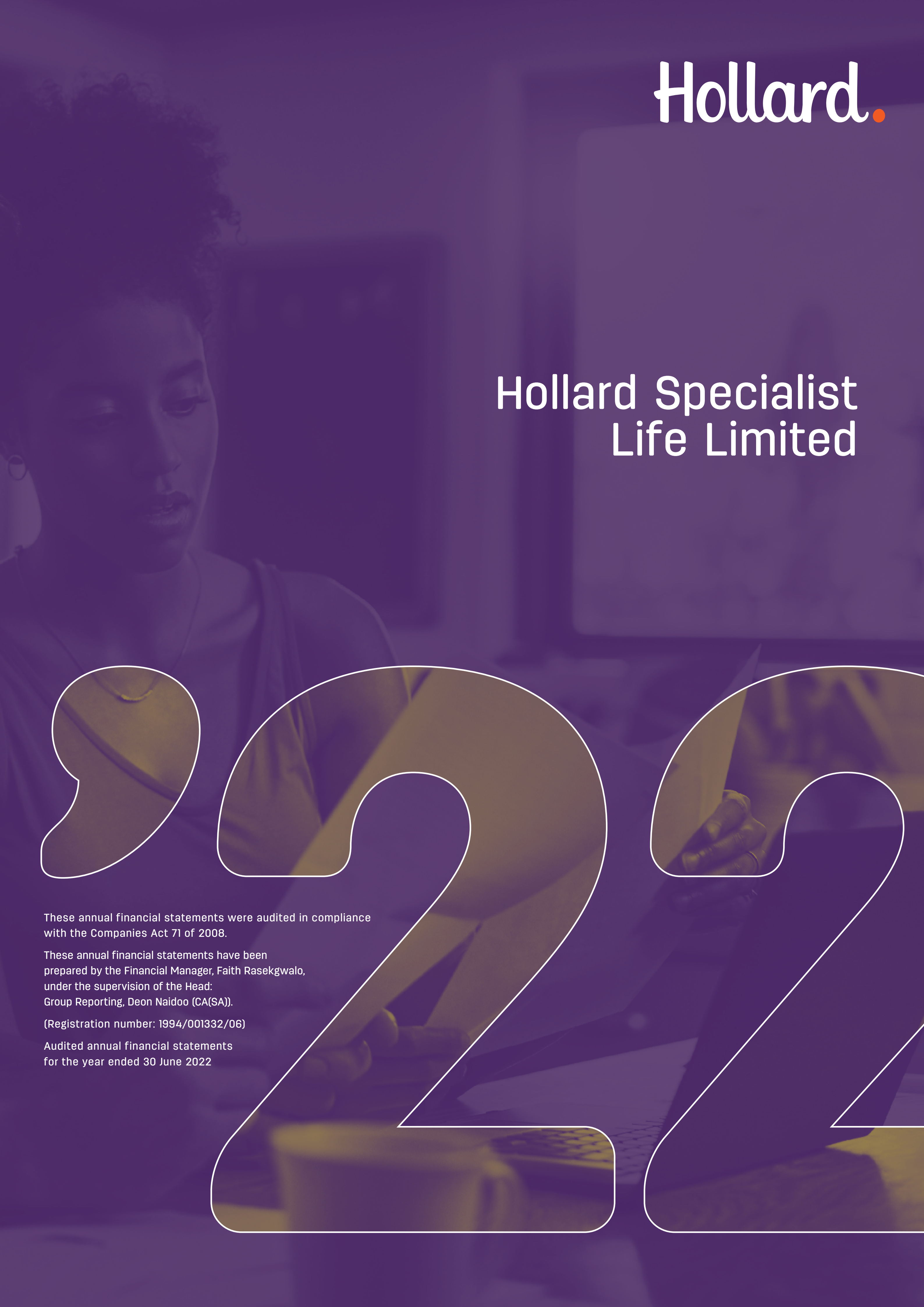

Hollard Specialist Life Limited

'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 Financial Manager, Faith Rasekgwalo, under the supervision of the Head: Group Reporting, Deon Naidoo (CA(SA)).

(Registration number: 1994/001332/06)

Audited annual financial statements for the year ended 30 June 2022

CONTENTS

GROUP SALIENT FEATURES
for the year ended 30 June 2022

	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]	**681 067**	700 536	737 178	728 262	975 698
Net written premiums[2]	**678 344**	697 516	733 175	721 100	735 083
Investment income[3]	**50 665**	87 885	66 520	68 337	92 135
Net Insurance claims	**238 723**	412 637	163 857	102 020	331 526
Profit attributable to equity holders of the parent	**155 337**	60 628	187 546	232 924	576 831
Statement of financial position information					
Insurance liabilities	**155 635**	172 959	145 116	23 925	285 615
Equity attributable to equity holders of the parent	**881 827**	920 919	885 024	755 809	596 735
Total assets	**1 314 574**	1 403 595	1 404 259	1 239 723	1 338 302
Financial assets	**574 197**	655 566	585 518	612 921	759 015
Cash and cash equivalents	**362 195**	389 953	400 164	432 479	337 851
Actuarial Information					
Value of in-force business[4]	**428 012**	485 875	545 762	503 624	548 674
Total embedded value	**1 330 462**	1 427 695	1 488 395	1 336 942	1 266 154
Actuarial Information					
Solvency capital requirement[4]	**590 525**	670 695	591 309	529 657	482 602
Solvency capital requirement cover[4]	**1,98**	2,14	2,10	2,13	1,87

(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.

(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) "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 Specialist Life Limited ("Hollard" or the "Company").

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 Company's 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 Company'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 Company'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 Company's annual financial statements.

The 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 Company. The 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 Company will be a going concern 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 5 and 12 to 51, have been approved by the Board of the 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 R14 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).

	2022 R'000	2021 R'000
Value of in-force business	**428 012**	485 875
Excess of assets over liabilities	**902 450**	941 820
Total embedded value	**1 330 462**	1 427 695

The embedded value (EV) includes profits attributable to Hollard Specialist Life Limitied's cell captive 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 Shareholders of Hollard Specialist Life Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hollard Specialist Life Limited ("the company") set out on pages 12 to 51, which comprise the 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 financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2022, and their financial performance and 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 Financial Statements section of our report. We are independent of the Company 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 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.

Emphasis of Matter

We draw your attention to the fact that the company restated prior year commissions and other acquisition costs by R31.6m, Insurance, loans and other receivables by R4.2m (2020: R1.6m), Cash and Cash Equivalents by R35.6m (2020: R13,0m) and Trade and other payables by R18.5m (2020: R6.8m). The current tax expense impact of this restatement is R8.9 million. Please refer to note 35 for further details. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hollard Specialist Life Limited audited annual financial statements for the year ended 30 June 2022" which includes the Directors' report and the Certification by the Company Secretary as required by the Companies Act of South Africa and the Directors' responsibility statement and approval of annual financial statements, Embedded value statement and the Audit and compliance committee report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Hollard Specialist Life Limited for 18 years.

DocuSigned by:
Deloitte & Touche
21BB6D97D7C644F...

Deloitte & Touche
Registered Auditor
Per: Harshal Kana
Partner

31 October 2022
5 Magwa Crescent
Waterfall City
2090

AUDIT AND COMPLIANCE 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 and 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 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 Group's 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 lieu of 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. Other than the restatement in note 35, it was confirmed that there were no material breakdowns 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 Committee 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

MR 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 Company's annual financial statements for the year ended 30 June 2022.

Nature of business
The Company is a registered life insurer and transacts in all classes of life assurance business throughout the Republic of South Africa.

General review
In the year under review the Company achieved net profit attributable to equity holders of the parent of R155 337 000 (2021: R60 628 000), which arose from the Company's operations as follows:

	2022 R'000	2021 R'000
Net premium income	663 852	684 575
Investment income and investment gains/(losses)	50 666	87 885
Other operating income	11 596	13 683
Total revenue	726 114	786 143
Net Insurance claims	238 723	412 637
Other operating expenses	268 404	289 000
Total expenses	507 127	701 636
Result of operating activities	218 987	84 507
Profit before taxation	218 987	84 507
Taxation	(55 465)	(22 516)
Profit for the year	163 522	61 991
Non-controlling interests	(8 185)	(1 363)
Equity holders of the parent	155 337	60 628

Share capital
There were 4 Class-A preference shares issued during the year. There were no other changes in the authorised and issued ordinary share capital of the Company during the year.

Dividends
Dividends on ordinary shares of R206 924 000 (2021: R49 644 000) were declared by the Company during the year.

Going concern
The Board believes that the Company will continue to be a going concern in the next financial year. For this reason, the Board has adopted the going concern basis in preparing the annual financial statements.

Also refer to the going concern note on page 49 of these financial statements for further details.

Subsequent events
During August 2022, Hollard Specialist Life Limited 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 Company, or the results of these operations.

Directorate
In terms of the requirements of the Memorandum of Incorporation, the following Directors retired by rotation, made themselves available for re-election and were re-elected at the Annual General Meeting 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) and DJ Viljoen (Group CFO) were the only executive directors who held office during the year.

Non-Executive Directors
NG Kohler, ADH Enthoven, B Ngonyama, MR Bower, R Fihrer, S Patel, AS Nkosi and NV Simamane 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 Limited. Both these companies are incorporated in the Republic of South Africa.

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2022

	Notes	2022 R'000	Restated 2021 R'000	Restated 2020 R'000
Assets				
Investment properties	4	**6 041**	6 041	6 041
Deferred taxation	16	**4 283**	8 745	–
Right of use assets	5	**–**	50	116
Intangible assets	6	**100**	1 714	5 172
Financial assets	7	**574 197**	655 566	585 518
Insurance assets	14	**72 267**	–	71 692
Reinsurance assets		**118 894**	127 459	129 379
Insurance, loans and other receivables*	10	**18 327**	41 335	37 050
Current income taxation*		**2 635**	7 547	22 011
Cash and cash equivalents*	11	**362 195**	389 953	400 164
Total assets		**1 158 939**	1 238 410	1 257 143
Equity and liabilities				
Attributable to equity holders of the parent		**881 827**	920 919	890 142
Share capital and premium	12	**94 687**	94 687	94 687
Retained earnings*		**787 140**	826 232	795 455
Non-controlling interest		**20 623**	20 901	39 332
Total equity		**902 450**	941 820	929 474
Deferred taxation	16	**154 607**	144 627	149 302
Insurance liabilities	14	**–**	7 774	–
Reinsurance liabilities		**–**	2 812	–
Provisions	15	**6 011**	2 844	2 521
Trade and other payables*	13	**95 871**	138 532	175 846
Total liabilities		**256 489**	296 590	327 669
Equity and liabilities		**1 158 939**	1 238 410	1 257 143

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

STATEMENT OF PROFIT AND LOSS

for the year ended 30 June 2022

	Notes	2022 R'000	Restated 2021 R'000
Revenue			
Gross written premiums		**681 067**	700 536
Reinsurance outwards		**(2 723)**	(3 020)
Net written premiums		**678 344**	697 516
Less: Change in unearned premium reserve		**(14 492)**	(12 941)
Net premium income	17	**663 852**	684 575
Investment income		**42 548**	44 443
Interest received	18	**36 713**	38 977
Dividends received	18	**5 600**	4 778
Rental income		**235**	688
Investment gains/(losses)		**8 118**	43 442
Realised gains/(losses) on disposal of investments	19	**6 993**	14 020
Unrealised gains/(losses) on revaluation of investments	20	**1 125**	29 422
Other income	21	**11 596**	13 683
Total revenue		**726 114**	786 143
Expenses			
Gross policyholder benefits and claims incurred	22	**320 162**	362 025
Reinsurance recoveries	22	**(21 288)**	(24 477)
Transfer to/(from) policyholder liabilities		**(60 151)**	75 089
Net Insurance claims		**238 723**	412 637
Change in investment contract liabilities		**3 498**	10 831
Commissions and other acquisitions*		**61 535**	59 355
Interest paid		**226**	45
Marketing and administration expenses		**203 145**	218 768
Total expenses		**507 127**	701 636
Profit before taxation*	23	**218 987**	84 506
Taxation*	24	**55 465**	22 516
Profit for the year*		**163 522**	61 991
Profit for the year attributable to:			
Equity holders of the parent		**155 337**	60 628
Non-controlling interests		**8 185**	1 363
		163 522	61 991

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	2022 R'000	Restated 2021 R'000
Profit for the year*	**163 522**	61 991
Total other comprehensive income*	**163 522**	61 991
Total other comprehensive income attributable to:		
Equity holders of the parent*	**155 337**	60 628
Non-controlling interest	**8 185**	1 363
	163 522	61 991

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Equity Attributable to Owners					
	Issued share capital R'000	Share premium R'000	Retained earnings R'000	Total Ordinary Shareholders Equity R'000	Non-controlling interest R'000	Total Equity R'000
Balance at 1 July 2020	**21**	**94 666**	**808 614**	**903 302**	**39 332**	**942 633**
Restatement*			(13 159)	(13 159)		(13 159)
Restated balance at the beginning of the year at 1 July 2020	**21**	**94 666**	**795 455**	**890 142**	**39 332**	**929 474**
Net profit/(loss)*	–	–	60 628	60 628	1 363	61 991
Total comprehensive income*	**–**	**–**	**60 628**	**60 628**	**1 363**	**61 991**
Dividends paid	–	–	(29 850)	(29 850)	(19 794)	(49 644)
Restated Balance at 30 June 2021*	**21**	**94 666**	**826 232**	**920 919**	**20 901**	**941 820**
Net profit/(loss)	–	–	155 337	155 337	8 185	163 522
Total comprehensive income	**–**	**–**	**155 337**	**155 337**	**8 185**	**163 522**
Dividends paid	–	–	(194 429)	(194 429)	(12 495)	(206 924)
Capital movement	–	–	–	–	4 032	4 032
Balance at 30 June 2022	**21**	**94 666**	**787 140**	**881 827**	**20 623**	**902 450**

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2022

	Notes	2022 R'000	Restated 2021 R'000
Cash flows from operating activities			
Cash receipts from policyholders and other customers		**713 892**	699 095
Cash paid to policyholders, suppliers and employees*		**(639 929)**	(669 430)
Cash generated from/(utilised by) operations*	25	**73 963**	29 665
Interest paid		**(226)**	45
Dividends paid	26	**(206 924)**	(49 644)
Interest received		**36 713**	38 977
Dividends received	27	**5 600**	4 778
Rental received		**235**	688
Other Income	21	**11 596**	13 683
Taxation paid*	28	**(36 111)**	(21 472)
Net cash outflow/(inflow) from operating activities		**(115 154)**	16 719
Cash flows from Investing activities			
Acquisition of listed and unlisted investments		**(1 600)**	(75 707)
Acquisition of bonds		**(10 000)**	–
Proceeds on disposal of listed and unlisted investments		**93 588**	48 778
Proceeds on maturity of bonds		**1 375**	–
Net cash outflow/(inflow) from investing activities		**83 363**	(26 929)
Cash flows from financing activities			
Non-controlling interest capital contribution		**4 032**	–
Net cash (outflow)/inflow from financing activities		**4 032**	–
Cash and cash equivalents			
Net increase/(decrease) in cash and cash equivalents		**(27 758)**	(10 210)
Cash, deposits and similar securities at beginning of year*		**389 953**	400 164
Cash and cash equivalents at end of year*		**362 195**	389 953

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

1. Summary of significant accounting policies

1.1 Basis of preparation

These separate 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 separate annual financial statements have been prepared on the historical cost basis, except for investment and owner-occupied property, 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 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 Company's accounting policies are consistent with those of the previous financial year. No new or revised standards and/or interpretations were adopted.

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

The following amendment to IFRS will have an impact on the 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 the above are expected to have a significant impact on the Company

1.2 Property and equipment

Property and equipment comprises leased properties, which are held for use in the supply of services or for administrative purposes, computer equipment, office equipment, furniture and fittings and motor vehicles. These assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Hollard Specialist Life Limited and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Depreciation on property, plant and equipment is calculated using the straight-line method after allocating their cost to their residual values over their estimated useful lives. The assets residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. The expected useful lives are as follows:

Motor vehicles	20%
Leased - property	Shorter of useful life and lease term

1. Summary of significant accounting policies (continued)

1.2 Property and equipment (continued)

Depreciation commences when the assets are ready for their intended use.

There has been no change to the useful lives from those applied in the previous financial year. The residual values and useful lives are reassessed on an annual basis.

Where the carrying amount of the asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Property and equipment are derecognised on disposal or when future economic benefits are not expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Where the residual value is greater than or equal to the carrying value, no depreciation is provided for.

1.3 Intangible assets

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 Specialist Life Limited 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 useful lives, between three to five years. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Amortisation of intangibles

Amortisation of intangibles is charged to the statement of comprehensive income. The expected useful lives are as follows:

- Computer software development 3-5 years

Amortisation commences from the date the software is applied to day-to-day business processing. As the software is proprietary and specific to the Hollard Specialist Life Limited's operations, no residual value is estimated.

1.4 Investment properties

Investment property is property held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequently the investment properties are measured at fair value, with adjustments recognised in the statement of comprehensive income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Hollard Specialist Life Limited as an owner-occupied property becomes an investment property, the Hollard Specialist Life Limited accounts for such property in accordance with the policy stated under property and equipment up to the end of change in use. When the Hollard Specialist Life Limited completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of comprehensive income.

1.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Hollard Specialist Life Limited as lessor

Operating leases
Rental income is recognised in the statement of comprehensive income over the term of the relevant lease on the straight-line basis. Assets leased under operating leases are included under the appropriate category of assets in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets.

1. Summary of significant accounting policies (continued)

1.5 Leases |(continued)

The Hollard Specialist Life Limited as lessee

Right of use assets

Leased assets that meet certain criteria in terms of IFRS 16, are recognised as right of use assets with a corresponding liability in the statement of financial position. These assets are amortised over the term of the lease while the liability is reduced as lease payments are made. Finance costs are charged to the statement of comprehensive income over the term of the lease.

Lease costs for low-value assets and short-term leases are recognised in the statement of comprehensive income over the lease term on a systematic basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

1.6 Acquisition costs associated with insurance contracts

Acquisition costs for insurance contracts represent commission payments and other costs that relate to the securing of new contracts and the renewing of existing contracts.

1.7 Operating and administrative expenditure

Operating expenses include administration expenditure, marketing and development expenditure, indirect taxes and levies other than life insurance taxes as well as all other non-commission related expenditure, and are expensed as incurred.

1.8 Impairment of tangible and intangible assets

At the end of each reporting period, the Hollard Specialist Life Limited assesses if there is any indication that such assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Hollard Specialist Life Limited estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, in which case the impairment loss is taken to profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

1.9 Financial assets

Financial assets are recognised in the Hollard Specialist Life Limited's statement of financial position when the Hollard Specialist Life Limited becomes party to the contractual provisions of the instrument.

The Company classifies its investments in debt and equity securities into the following categories: financial assets as at fair value through profit or loss 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.

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 company decides to designate it as fair value through other comprehensive income.

Financial assets are initially recorded at fair value plus, in the case of financial assets not fair valued through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. In general, financial assets are classified as at fair value through profit and loss, as the Hollard Specialist Life Limited's strategy is to manage financial investments acquired to cover its insurance and investment contract liabilities. In addition shareholders' capital is invested under a formal capital management strategy that actively measures the performance on a fair value basis.

Financial instrument purchases and disposals are initially measured at cost and are recognised using trade date accounting. The trade date is the date on which the Company commits 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.

1. Summary of significant accounting policies (continued)

1.9 Financial assets (continued)

Financial assets at fair value through profit and loss have two sub categories namely financial assets held for trading and those designated at fair value through profit and loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit and loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets or liabilities are part of a Hollard Specialist Life Limited of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at fair value through profit or loss, including derivative assets, are subsequently measured at fair value. Fair value adjustments and realised gain and losses are recognised in the statement of comprehensive income.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are expensed when incurred. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

1.10 Impairment of financial assets

The Hollard Specialist Life Limited assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

The Hollard Specialist Life Limited first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics which are collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each statement of financial position date.

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. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

For assets carried at cost, if there is objective evidence that an impairment loss on an unquoted equity investment that is not carried at fair value, because its fair value can not be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return of a similar asset.

For financial assets and loans carried at amortised cost, the amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment loss and the loss is recorded in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Hollard Specialist Life Limited may measure impairment on the basis of an instrument's fair value using an observable market price.

Under IFRS 9 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.

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.

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 other 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 ofrecasts of forward-looking economic conditions.

1. Summary of significant accounting policies (continued)

1.10 Impairment of financial assets (continued)

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 Company 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 Company'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.

The Company 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 Company 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.

1.11 Derecognition of financial assets

A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired,
- the Hollard Specialist Life Limited retains the right to receive cash flows from the asset, but assumed an obligation to pay them in full without material delay to a third party, or
- the Hollard Specialist Life Limited has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Hollard Specialist Life Limited has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Hollard Specialist Life Limited's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Hollard Specialist Life Limited could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including cash-settled option or similar provision) on the transferred asset, the extent of the Hollard Specialist Life Limited's continuing involvement is the amount of the transferred asset that the Hollard Specialist Life Limited may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Hollard Specialist Life Limited's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.12 Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration paid plus incremental cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of comprehensive income.

1. Summary of significant accounting policies (continued)

1.13 Reinsurance contracts

The Hollard Specialist Life Limited cedes insurance risk in the normal course of business. Reinsurance contracts are contracts entered into by the Hollard Specialist Life Limited with reinsurers under which the Hollard Specialist Life Limited is compensated for the entire or a portion of losses arising on one or more of the insurance contracts issued by the Hollard Specialist Life Limited.

Reinsurance assets represent balances due from reinsurance companies. These assets consist of short-term balances due from reinsurers (classified within loans and receivables) as well as longer-term receivables (classified as reinsurance assets) that are dependent on the present value of the expected claims and benefits arising, net of expected premiums payable under the related reinsurance contracts. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Hollard Specialist Life Limited may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Hollard Specialist Life Limited will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of comprehensive income.

Reinsurance arrangements do not relieve the Hollard Specialist Life Limited from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise balances with bankers, highly liquid short-term funds on deposit, repurchase agreements and funds in money market funds, and cash on hand, but do not include money market securities held for investment.

1.15 Share capital

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

1.16 Classification of contracts

Insurance contracts are those contracts where the Hollard Specialist Life Limited (the insurer) has accepted 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 the policyholder. As a general guideline, the Hollard Specialist Life Limited determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant 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, security price, commodity price, foreign exchange rate, a credit rating or credit index or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant.

1.17 Income recognition

Revenue

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.

Insurance contracts

Premiums and annuity considerations on insurance contracts are recognised when due in terms of the contract, other than group schemes. Premium receivable in respect of group schemes that is due after the year end date is ignored. However, where the operating ratios exceed 100%, a deficiency reserve would be established to offset any expected losses up until the next renewal date. Premium income on insurance contracts is shown gross of reinsurance. Premiums are shown before deduction of commission. Premium income received in advance is included in trade and other payables. Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities.

Reinsurance contracts

Reinsurance premiums are recognised when due for payment in accordance with the terms of each reinsurance contract.

Investment contracts

Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities.

1. Summary of significant accounting policies (continued)

1.17 Income recognition (continued)

Investment income

Investment return comprises interest, dividends and realised and unrealised gains or losses. Dividend income from investments is recognised when the Hollard Specialist Life Limited's rights to receive payment have been established.

Interest income is recognised using the effective interest method by reference to the principal debt outstanding and the interest rate. Other investment returns are accounted for on an accrual basis.

Policy fee income

The Hollard Specialist Life Limited recognises policy fees on investment management contracts on an accrual basis when the service is rendered. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Hollard Specialist Life Limited actively manages the considerations received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the contract.

1.18 Benefits and claims recognition

Gross benefits and claims consist of benefits and claims accrued to policyholders, which include changes in the gross valuation of insurance and investment contract liabilities. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims.

Insurance contracts

Claims on insurance contracts, which include death, disability, maturity, surrender and annuity payments, are charged to income when notified of a claim based on the estimated liability for compensation owed to policyholders. They also include allowance for claims that arise from death and disability events that have occurred up to the statement of financial position date even if they have not been reported to the Hollard Specialist Life Limited. Unpaid disability claims are estimated using the input of assessors for individual cases reported to the Hollard Specialist Life Limited and statistical analysis for the claims incurred but not reported. Outstanding claims are recognised in insurance and other payables. Reinsurance recoveries are accounted for in the same period as the related claim.

Investment contracts

Claims incurred are recorded as deductions from investment contract liabilities.

Reinsurance contracts

Contracts entered into with reinsurers, under which the Hollard Specialist Life Limited is compensated for losses on one or more contracts, and which meet the classification requirements for insurance contracts, are classified as reinsurance contracts held.

Premiums payable on assumed reinsurance are recognised when due. Reinsurance recoveries are accounted for in the same period as the related claim.

The benefits to which the Hollard Specialist Life Limited is entitled under their reinsurance contracts held are recognised as reinsurance assets, consisting of long-term balances due from reinsurers that are dependent on the expected claims and benefits. Reinsurance liabilities are primarily premiums payable and are recognised as an expense when due. Reinsurance assets are assessed for impairment on an annual basis, reducing the carrying amount of the reinsurance asset to its recoverable amount through the statement of comprehensive income.

1.19 Policyholder insurance and investment contracts

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 1998, 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 Company have adopted the Standards of Actuarial Practice (SAP) and Advisory Practice Notes (APN) issued by the Actuarial 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 Capital Adequacy 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 Company issues contracts which transfer insurance risk or financial risk or, in some cases, both. The Company demarcate these contracts in the following two broad categories:

1. Summary of significant accounting policies (continued)

1.19 Policyholder insurance and investment contracts (continued)

i) Insurance contracts

Insurance contracts are those contracts under which the 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 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 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 Company manages 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 Company faces 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 Company has 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.

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 Company has 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 Company is required to demonstrate solvency to the Prudential Authority. This requires the 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.

1. Summary of significant accounting policies (continued)

1.19 Policyholder insurance and investment contracts (continued)

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 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 Company charges 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 Company manages 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 Company balances death risk and survival risk across their portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has a reinsurance programme in place to limit the extent of risk on any single life insured. The degree of risk retention by the Company is assessed on a scheme and portfolio basis to ensure appropriate cover at all times.

The Head of Actuarial Function (HAF) reports annually on the actuarial soundness of the premium rates in use and the financial soundness of the 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 Company uses 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 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 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 Company maintains 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.

1. Summary of significant accounting policies (continued)

1.19 Policyholder insurance and investment contracts (continued)

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 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 2022, 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 on page 42 of these financial statements.

The Company is 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 Company primarily face due to the nature of its investments and liabilities is interest rate risk.

The Company manages its 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 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 Company's ALM is integrated with the management of the financial risks associated with the 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 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.

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 Company has 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 Company's Investment Committee.

Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company monitors its 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 Company structures the level of credit risk they accept by placing limits on their exposure to a single counterparty or groups of counterparty, as well as to geographical and industry segments. Such risks are subject to ongoing review by the Company's Investment Committee.

1. Summary of significant accounting policies (continued)

1.19 Policyholder insurance and investment contracts (continued)

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains 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 Company manages 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 Company. Management information reported to the 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 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 Company is 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 Company's liabilities are backed by appropriate assets and it has significant liquid resources and substantial unutilised banking facilities.

1.20 Financial liabilities

Financial liabilities comprise policyholders' liabilities under investment contracts

Financial liabilities are initially measured at fair value, net of transaction costs that are directly attributable to the raising of the funds. The measurement of policyholder liabilities under investment contracts is described in note 1.19 to the accounting policies.

Policyholder contracts that do not transfer significant insurance risk are classified in the financial statements as financial liabilities held at fair value through profit or loss, with changes in fair value being accounted for in the statement of comprehensive income. The premiums and benefit payments relating to these investment contracts have been excluded from the statement of comprehensive income and accounted for directly as a liability. Fees earned from these contracts are disclosed separately through profit and loss. These liabilities have been designated as financial liabilities held at fair value through income by management at inception.

Financial liabilities are initially recognised at fair value. Thereafter, financial liabilities are measured at amortised cost using the effective interest rate method, except for financial liabilities at fair value through profit and loss, which are measured at fair value.

Fair value is measured by taking into consideration the time value of money, credit risk, commodity and equity prices, volatility and servicing costs.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.21 Provisions

Provisions are recognised when the Hollard Specialist Life Limited has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Hollard Specialist Life Limited expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain and the amount can be measured reliably. The expense relating to any provision is presented in the statement of comprehensive income. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rates that reflect current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Leave pay provision

Leave pay provision is calculated based on the outstanding number of days' leave due to employees, applied to the total cost of their employment.

Employee bonus provision

Within the Hollard Specialist Life Limited there are various formulas to calculate bonuses payable to employees. Provisions are raised based on the estimates of the total amount due.

1. Summary of significant accounting policies (continued)

1.22 Taxation

Income taxation on the profit or loss for the period comprises current and deferred taxation. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Income tax is recognised in the income statement 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.

Current taxation

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 tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Hollard Specialist Life Limited intends to settle its current tax assets and liabilities on a net basis.

Dividends tax

Dividends tax is levied on non-exempt shareholders. The Company is responsible for the collection of the dividends tax and payment of the amounts collected to the South African Revenue Service (SARS). As this tax is levied on the shareholders and not the company, it does not form part of the tax expense recognised in profit or loss or in other comprehensive income. Dividends are reflected gross of tax.

1.23 Employee retirement benefits

The policy of the Hollard Specialist Life Limited is to provide retirement benefits for its employees. The contributions paid by the Hollard Specialist Life Limited to fund obligations for the payment of retirement benefits are charged to the statement of comprehensive income in the year to which they relate. The Hollard Specialist Life Limited's employees are members of a defined contribution plan, which is governed by the Pension Funds Act 24 of 1956.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Hollard Specialist Life Limited pays contributions to privately administered pension insurance plans on a mandatory basis. The Hollard Specialist Life Limited has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.24 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and where there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.25 Dividend distribution

Dividend distribution to the Hollard Specialist Life Limited's shareholders is recognised as a liability in the Hollard Specialist Life Limited's financial statements in the period in which the dividends are approved by the Hollard Specialist Life Limited's board of directors.

1. Summary of significant accounting policies (continued)

1.26 Events after statement of financial position date

The financial statements are adjusted to reflect events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue, only if those events provide evidence of conditions that existed at the end of the reporting period. Events that are indicative of conditions that arose after the reporting period are disclosed, with no adjustment to the financial statements.

1.27 Transactions with related parties

Transactions with related parties are subject to terms and conditions that are no less favourable than those arranged with third parties.

1.28 Key assumptions in applying accounting policies

Key assumptions are those used to derive estimates, which require management judgement. Refer to note 2.

The Hollard Specialist Life Limited's management decides on assumptions that can materially affect the reported amounts of assets and liabilities within the next financial year. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant assets and liabilities, which typically require such assumptions, are the following:

- Policyholders' liabilities under insurance contracts are derived from estimates of the net present value of future claims and benefits under existing contracts, offset by probable future premiums to be received (net of expected service costs). The key assumptions have been detailed in note 14 of the notes.
- The Hollard Specialist Life Limited holds a number of financial assets that are designated at fair value through profit/loss. These are valued at quoted market prices as far as possible. However, if such prices are unavailable, fair value is based either on internal valuations or management's best estimates of realisable amounts.
- Impairment tests are conducted on all assets included in the statement of financial position. In determining the value in use, various estimates are used by management including deriving future cash flows and applicable discount rates. These estimates are most applicable to the impairment tests on reinsurance assets, intangible assets and receivables. Further details are contained in note 1.10 and 1.12 of the accounting policies.

2. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the year in which the estimate is 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. In terms of IAS 8, (Accounting policies, changes in accounting estimates and errors), changes in accounting estimates do not necessitate a prior period adjustment.

2.1 Critical accounting estimates and judgements in applying accounting policies

The Hollard Specialist Life Limited makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 The ultimate liability arising from claims under insurance contracts

The estimation of the ultimate liability arising from claims under insurance contracts is the Hollard Specialist Life Limited's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Hollard Specialist Life Limited will ultimately pay for such claims.

Claim amounts are generally fixed or relatively easy to estimate. There is therefore limited uncertainty as to the expected claim amount on a particular policy. The reinsurance terms are also known in advance and the allowance for reinsurance recoveries is readily determinable. However it is necessary to estimate the timing of the claim payments. This is based on the probability that a policy will be in force and the probability of a claim arising in the future. For each policy the present value of the expected claims is estimated based on age and calendar-year based standard tables modified to reflect the recent claims experience of the Hollard Specialist Life Limited and incorporating an allowance for trends.

The assumptions used are generally best estimate assumptions with compulsory margins and in certain instances discretionary margins have been included for additional prudence. The discount rate used to capitalise the claim values is also based on current economic conditions but reflects the Hollard Specialist Life Limited's asset mix with an allowance for mismatching risk.

2. Accounting estimates and judgements (continued)

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

The determination of the liabilities under long-term insurance contracts are dependent on estimates made by the Hollard Specialist Life Limited. Estimates are made as to the expected number of deaths for each of the years in which the Hollard Specialist Life Limited is exposed to risk. The Hollard Specialist Life Limited bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Hollard Specialist Life Limited's own experience.

Where future premiums are payable they have also been valued based on the current premium being paid. Future premiums are projected over the lifetime 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 Hollard Specialist Life Limited and allows for mismatching risk.

Margins in premium rates to recoup up-front commission costs which have been capitalised as negative reserves have been recognised in full.

2.4 Fair value of investment contracts

The Hollard Specialist Life Limited issues investment contracts that are designated at fair value through profit or loss.

The liability held under these contracts is based on the account balance which represents the accumulated value of the allocated premiums less charges at the interest rate credited to the policies based on the investment performance of the underlying assets. The liability is set equal to a minimum of the surrender value payable on each policy. In most cases the liability held exceeds the minimum surrender value.

3. Risk management

3.1 Credit risk

a) Exposure to credit risk

The carrying amount of financial and insurance assets represents 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	Restated 2021 R'000	**2022 R'000**	Restated 2021 R'000
Other Assets				
Financial assets at fair value through profit or loss – Listed investments	**–**	14 646	**–**	14 646
Financial assets at fair value through profit or loss – Unlisted investments	**500 492**	579 730	**500 492**	579 730
Financial assets at fair value through profit or loss – Bonds	**10 006**	1 356	**10 006**	1 356
Financial assets at amortised cost	**63 699**	59 834	**63 699**	59 834
Loans and other receivables	**15 180**	15 951	**15 180**	15 951
Cash and cash equivalents*	**362 195**	389 953	**362 195**	389 953
Insurance Assets				
Insurance receivables – Premium debtors*	**3 147**	25 384	**3 147**	25 384
Reinsurance assets	**114 919**	127 459	**114 919**	127 459
Total	**1 069 638**	1 214 313	**1 069 638**	1 214 313

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

3. Risk management (continued)

3.1 Credit risk (continued)

b) Credit rating

The following table provides information regarding the Company's aggregated credit exposures. The carrying amount of these financial instruments represents the Company's maximum exposure to credit risk. The Company does 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.

	BB+ R'000	BB R'000	B R'000	Not Rated R'000	Total R'000
2022					
Other Assets					
Financial assets at fair value through profit or loss – Unlisted investments	**11 651**	**14 913**	**–**	**473 928**	**500 492**
Financial assets at fair value through profit or loss – Bonds	**–**	**10 006**	**–**	**–**	**10 006**
Financial assets at amortised cost	**–**	**–**	**–**	**63 699**	**63 699**
Loans and other receivables	**–**	**–**	**–**	**15 180**	**15 180**
Cash and cash equivalents	**7 126**	**85 285**	**–**	**269 785**	**362 195**
Insurance Assets					
Insurance receivables – Premium debtors	**–**	**–**	**–**	**3 147**	**3 147**
Reinsurance assets	**–**	**–**	**–**	**114 919**	**114 919**
Total	**18 777**	**110 204**	**–**	**940 657**	**1 069 638**
Restated 2021					
Other Assets					
Financial assets at fair value through profit or loss – Listed investments	–	14 646	–	–	14 646
Financial assets at fair value through profit or loss – Unlisted investments	25 690	–	–	554 040	579 730
Financial assets at fair value through profit or loss – Bonds	–	–	1 356	–	1 356
Financial assets at amortised cost	–	–	–	59 834	59 834
Loans and other receivables	–	–	–	15 951	15 951
Cash and cash equivalents*	–	300 840	–	89 113	389 953
Insurance Assets					
Insurance receivables – Premium debtors*	–	–	–	25 383	25 383
Reinsurance assets	–	–	–	127 459	127 459
Total	25 690	315 486	1 356	883 269	1 225 801

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

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

3. Risk management (continued)

3.1 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:

	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 – Unlisted investments	**500 492**	**–**	**–**	**500 492**
Financial assets at fair value through profit or loss – Bonds	**10 006**	**–**	**–**	**10 006**
Financial assets at amortised cost	**63 699**	**–**	**–**	**63 699**
Loans and other receivables	**15 180**	**–**	**–**	**15 180**
Cash and cash equivalents	**362 195**	**–**	**–**	**362 195**
Total	**951 572**	**–**	**–**	**951 572**
Insurance receivables – Premium debtors	**5 976**	**–**	**(2 829)**	**3 147**
Reinsurance assets	**114 919**	**–**	**–**	**114 919**
Total	**120 895**	**–**	**(2 829)**	**118 066**
Restated 2021				
Financial assets at fair value through profit or loss – Listed investments	14 646	–	–	14 646
Financial assets at fair value through profit or loss – Unlisted investments	579 730	–	–	579 730
Financial assets at fair value through profit or loss – Bonds	1 356	–	–	1 356
Financial assets at amortised cost	59 834	–	–	59 834
Loans and other receivables	15 952	–	–	15 952
Cash and cash equivalents*	389 953	–	–	389 953
Total	1 061 470	–	–	1 061 470
Insurance receivables – Premium debtors*	51 135	–	(25 752)	25 383
Reinsurance assets	127 459	–	–	127 459
Total	178 595	–	(25 752)	152 843

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

3. Risk management (continued)

3.2 Liquidity risk

a) Maturity profile on financial and insurance assets – contractual cash flows assets

The following tables detail the Company's contractual maturities of financial assets, including interest payments. This has been determined based on the contractual maturities of dated instruments, and classified as open ended where the asset has no fixed maturity date. The carrying amount represents the probable cash flows as it is net of impairments.

	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
2022							
Financial assets at fair value through profit or loss	510 498	510 498	500 492	–	–	–	10 006
Financial assets at amortised cost	63 699	63 699	–	–	–	–	63 699
Reinsurance Assets	114 919	114 919	–	4 229	–	110 690	–
Insurance, loans and other receivables	18 327	18 327	–	18 327	–	–	–
Cash and cash equivalents	362 195	362 195	362 195	–	–	–	–
Total	1 069 638	1 069 638	862 687	22 556	–	110 690	73 705
Restated 2021							
Financial assets at fair value through profit or loss	595 732	595 732	579 730	16 002	–	–	–
Financial assets at amortised cost	59 834	59 834	–	–	59 834	–	–
Reinsurance Assets	127 459	127 459	–	3 612	–	123 847	–
Insurance, loans and other receivables*	41 335	41 335	–	26 753	6 957	7 625	–
Cash and cash equivalents*	389 953	389 953	–	389 953	–	–	–
Total	1 214 313	1 214 313	579 730	436 320	66 791	131 472	–

b) 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
2022							
Non-derivative financial liabilities							
Trade and other payables	95 871	95 871	–	95 871	–	–	–
Total	95 871	95 871	–	95 871	–	–	–
2021							
Non-derivative financial liabilities							
Trade and other payables*	138 136	138 136	–	138 136	–	–	–
Lease liability	396	396	–	396	–	–	–
Total	138 532	138 532	–	138 532	–	–	–

** VAT is not included in Trade and other payables; and Lease liability has been separately disclosed.*

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

3. Risk management (continued)

3.2 Liquidity risk (continued)

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

The following table details the Company's probable cash outflows associated with the following table details the 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 R'000
2022				
Policyholder liabilities	**(123 786)**	**32 651**	**186 665**	**(343 103)**
Claims reported and loss adjustment expenses	**31 807**	**31 807**	**–**	**–**
Claims incurred but not yet reported	**18 013**	**18 013**	**–**	**–**
Unearned premuim provision	**1 699**	**1 699**	**–**	**–**
Reinsurance liabilities	**(3 975)**	**(3 975)**	**–**	**–**
	(76 242)	**80 195**	**186 665**	**(343 103)**
2021				
Policyholder liabilities	(60 725)	(48 820)	–	(11 905)
Claims reported and loss adjustment expenses	26 705	26 705	–	–
Claims incurred but not yet reported	39 816	39 816	–	–
Unearned premuim provision	1 978	1 978	–	–
Reinsurance liabilities	2 812	2 812	–	–
	10 585	22 490	–	(11 905)

3.3 Market risk

a) Sensitivity analysis – Interest rate risk

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

	2022	Restated 2021
	Carrying amount R'000	Carrying amount R'000
Profile		
Cash and cash equivalents*	**362 195**	389 953
	362 195	389 953

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

3. Risk management (continued)

3.3 Market risk (continued)

b) Sensitivity analysis – Variable rate exposure

A change of 200 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or 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 as for the prior year.

	Profit/(loss)		Equity	
	2% increase R'000	2% decrease R'000	2% increase R'000	2% decrease R'000
2022				
Cash and cash equivalents	**7 244**	**(7 244)**	**7 244**	**(7 244)**
	7 244	**(7 244)**	**7 244**	**(7 244)**
Restated 2021				
Cash and cash equivalents*	7 799	(7 799)	7 799	(7 799)
	7 799	(7 799)	7 799	(7 799)

c) Sensitivity analysis – Exposure to equity price risk

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

	2022			2021		
	Carryng amount R'000	Listed/Not listed R'000	Relevant stock exchange R'000	Carryng amount R'000	Listed/Not listed R'000	Relevant stock exchange R'000
Preference shares	**–**	**Listed**	**JSE**	14 646	Listed	JSE
Preference shares	**63 699**	**Not listed**	**N/A**	59 834	Not listed	N/A
	63 699			74 480		

d) Sensitivity analysis – Index exposure

All other variables constant, for listed equity investments, a 500 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.

	Profit/(loss)		Equity	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
2022				
Preference shares – Not listed	**3 185**	**(3 185)**	**3 185**	**(3 185)**
	3 185	**(3 185)**	**3 185**	**(3 185)**
2021				
Preference shares – Listed – JSE	732	(732)	732	(732)
Preference shares – Not listed	2 992	(2 992)	2 992	(2 992)
	3 724	(3 724)	3 724	(3 724)

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

3. Risk management (continued)

3.4 Comprehensive income

a) Financial income and expenditure

The 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:

	2022 R'000	2021 R'000
Financial assets at fair value through profit or loss	**23 045**	25 619
Financial assets at amortised cost	**13 668**	13 358
Net gain on financial assets as at fair value through profit and loss	**13 718**	48 220
Financial income	**50 431**	87 197
Interest expense on financial liabilities measured at amortised cost	**(226)**	(45)
Net financial income	**50 205**	87 152
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	**23 045**	25 619
Total interest expense	**(226)**	(45)
Net Interest income	**22 819**	25 574

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

b) Impairment losses

The amount of the impairment loss for each class of financial asset during the reporting period was as follows:		
Impairment of premium debtors	**–**	(30 002)
– Impairment reversed/(recognised)	**–**	(30 002)
Impairment losses	**–**	(30 002)

4. Investment Properties

	2022 R'000	2021 R'000
Investment Property – land and buildings – Cost	**5 600**	5 600
Investment Property – land and buildings – Revaluation	**441**	441
Fair value on Investment properties	**6 041**	6 041
Reconciliation of movement on fair value amount:		
Balance at the beginning of the year	**6 041**	6 041
Balance at the end of the year	**6 041**	6 041

Investment property consists of Erf 35326 and 35327 situated in Bellvillle, Cape Town. The cost of the property is R5.6 million (2021: R5.6 million) and a market value of R6.0 million (2021: R6.0 million). All valuations were performed by independent valuators.

Investment property is valued every three years by an independent expert property valuator and internally for the years between.

5. Right of use assets

	2022 R'000	2021 R'000
Cost		
Property	–	70
Motor vehicles	247	247
Right of use asset – Cost	247	317
Accumulated depreciation		
Property	–	(20)
Motor vehicles	(247)	(247)
Right of use asset – Accumulated depreciation and impairment	(247)	(267)
Net carrying amount		
Property	–	50
Right of use assets – Carrying value	–	50
Reconciliation of movement on net carrying amount:		
Balance at the beginning of the year	50	116
Depreciation for the year	–	(66)
Property	–	(10)
Motor vehicles	–	(56)
Disposals	(50)	–
Property	(50)	–
Balance at the end of the year	–	50

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

6. Intangible assets

	2022 R'000	2021 R'000
Cost		
Computer software	12 516	12 516
Acquired rights over books of business	100	100
Intangible assets – Cost	12 616	12 616
Accumulated amortisation and impairment		
Computer software	(12 516)	(10 902)
Intangible assets – Accumulated amortisation and impairment	(12 516)	(10 902)
Net carrying amount		
Computer software	–	1 614
Acquired rights over books of business	100	100
Intangible assets	100	1 714
Reconciliation of movement on net carrying amount:		
Balance at the beginning of the year	1 714	5 172
Acquisitions	–	100
Acquired rights over books of business	–	100
Amortisation for the year	(1 614)	(3 558)
Computer software	(1 614)	(3 558)
Balance at the end of the year	100	1 714

	2022 R'000	2021 R'000
7. Financial assets		
Financial assets at fair value through profit or loss	**510 498**	595 732
Financial assets at amortised cost	**63 699**	59 834
	574 197	655 566
Financial assets at fair value through profit or loss		
Listed Investments	**–**	14 646
Unlisted Investments	**500 492**	579 730
Bonds	**10 006**	1 356
	510 498	595 732
An analysis of the Company's financial assets by market sector and maturity spread is provided below		
Listed Investments		
at market value	**–**	14 646
Analysis of spread of listed investments by market sector	**%**	%
Banks	**–**	100,00
	–	100,00
Unlisted Investments		
at fair value	**500 492**	579 730
	%	%
Unit trusts	**100,00**	100,00
	100,00	100,00
Bonds		
Bonds	**10 006**	1 356
	%	%
Banks	**100,00**	100,00
	100,00	100,00
Total listed investments, unlisted investments and bonds at fair value	**510 498**	595 732

	Maturity spread R'000	Maturity spread %	Nominal interest rate %	Effective interest rate %
Bonds				
An analysis of debt securities by maturity spread for 2022				
More than 5 years	**10 006**	**100,00**	**7,19%**	**7,21%**
	10 006	**100,00**		
An analysis of debt securities by maturity spread for 2021				
0 – 1 year	1 356	100,00	3,00%	5,75%
	1 356	100,00		

All bonds reported above are South African in origin.

8. 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
2022								
Assets								
Financial assets	**510 498**	**–**	**63 699**	**574 197**	**–**	**–**	**574 197**	**574 197**
Preference shares and debt instruments	**510 498**	**–**	**63 699**	**574 197**	**–**	**–**	**574 197**	**574 197**
Insurance asset	**–**	**–**	**–**	**–**	**227 902**	**–**	**227 902**	**227 902**
Reinsurance assets	**–**	**–**	**–**	**–**	**118 894**	**–**	**118 894**	**118 894**
Insurance, loans and other receivables	**–**	**275**	**–**	**275**	**18 052**	**–**	**18 327**	**18 327**
Cash and cash equivalents	**–**	**–**	**362 195**	**362 195**	**–**	**–**	**362 195**	**362 195**
Total	**510 498**	**275**	**425 894**	**936 667**	**364 848**	**–**	**1 301 515**	**1 301 515**
Liabilities								
Insurance liabilities	**–**	**–**	**–**	**–**	**155 635**	**–**	**155 635**	**155 635**
Employee benefits	**–**	**–**	**–**	**–**	**–**	**6 011**	**6 011**	**6 011**
Trade and other payables	**–**	**–**	**–**	**–**	**–**	**95 871**	**95 871**	**95 871**
Total	**–**	**–**	**–**	**–**	**155 635**	**101 882**	**257 517**	**257 517**
Restated 2021								
Assets								
Financial assets	595 732	–	59 834	655 566	–	–	655 566	655 566
Preference shares and debt instruments	595 732	–	59 834	655 566	–	–	655 566	655 566
Insurance asset	–	–	–	–	165 185		165 185	165 185
Reinsurance assets	–	–	–	–	127 459	–	127 459	127 459
Insurance, loans and other receivables*	–	29 960	–	29 960	11 296	79	41 335	41 335
Cash and cash equivalents*	–	–	389 953	389 953	–	–	389 953	389 953
Total	595 732	29 960	449 787	1 075 480	303 940	79	1 379 498	1 379 498
Liabilities								
Insurance liabilities	–	–	–	–	172 959	–	172 959	172 959
Reinsurance liabilities	–	–	–	–	2 812	–	2 812	2 812
Employee benefits	–	–	–	–	–	2 844	2 844	2 844
Trade and other payables*	–	–	–	–	–	138 532	138 532	138 532
Total	–	–	–	–	175 771	141 376	317 147	317 147

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

9. 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
2022				
Financial assets carried at fair value through profit or loss				
Unlisted Investments	**–**	**500 492**	**–**	**500 492**
Bonds	**–**	**10 006**	**–**	**10 006**
	–	**510 498**	**–**	**510 498**
2021				
Financial assets carried at fair value through profit or loss				
Listed Investments	14 646	–	–	14 646
Unlisted Investments	–	579 730	–	579 730
Bonds	–	1 356	–	1 356
	14 646	581 085	–	595 732

Quantitative information about fair value measurement

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 Company's own models whereby the majority of assumptions are market observable.

The 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 10.555% (R2030). 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.

	2022 R'000	Restated 2021 R'000
10. Insurance, loans and other receivables		
Insurance receivables – Premium debtors	**3 147**	25 384
Other receivables	**15 180**	15 951
Total insurance and other receivables*	**18 327**	41 335

All receivables are classified as current as all economic benefits are expected to occur within one year.
These receivables include all prepayments, insurance and other receivables and dividends receivable.

	2022 R'000	Restated 2021 R'000
11. Cash and cash equivalents		
Cash on call	**301 794**	274 355
Cash at bank	**41 844**	93 561
Cash on deposit	**18 557**	22 037
Cash and cash equivalents*	**362 195**	389 953

	2022 R'000	2021 R'000
12. Share capital and premium		
Authorised		
3 000 000 Ordinary Shares	**30**	30
1 070 Preference Shares*	**–**	–
	30	30
Issued and fully paid		
2 125 000 Ordinary Shares	**21**	21
12 Preference Shares*	**–**	–
	21	21
Share Premium	**94 666**	94 666
Issued shared capital	**94 687**	94 687

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 but subject to the provisions of the Companies Act of 2008 and the Company's memorandum of incorporation.

** Denotes amouunts of less than R'000*

	2022 R'000	Restated 2021 R'000
13. Trade and other payables		
Trade payables	**4 606**	3 045
Sundry creditors	**80 827**	129 833
Lease liability	**–**	396
Due to group company	**10 438**	5 258
Trade and other payables*	**95 871**	138 532

All trade and other payables are current liabilities. The carrying amounts approximate the fair value given the demand feature of the financial instruments.

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

	2022 R'000	2021 R'000
14. Insurance assets and liabilities		
Policyholder Liabilities under Investment Contracts		
Balance at the beginning of the year	**104 460**	98 669
Contribution received	**2 382**	2 784
Maturities	**(5 131)**	145
Withdrawals and surrenders	**–**	329
Fair value movements	**–**	(10 052)
Amounts transferred to/from the income statement	**3 498**	(10 831)
Other movement for the year	**(1 093)**	23 416
Balance at the end of the year	**104 116**	104 460
Policyholder Assets under Insurance Contracts		
Balance at the beginning of the year	**(165 185)**	(216 808)
Amounts transferred to/from the income statement	**(60 151)**	(75 089)
Movement for the year	**(2 566)**	126 712
Balance at the end of the year	**(227 902)**	(165 185)
	(123 786)	(60 725)
The movement in the policyholder assets and liabilities balance for the purpose of the statement of cash flows is reported as follows:		
Increase in policyholders liabilites under investment contracts	**3 498**	5 791
(decrease)/Increase in policyholders assets under insurance contracts	**(60 151)**	51 623
(Decrease)/increase in policyholders liabilites under investment and insurance contracts	**(56 653)**	57 414
Insurance (assets)/liabilities		
Policyholder Liabilities under Investment Contracts	**104 116**	104 460
Policyholder Liabilities under Insurance Contracts	**(227 902)**	(165 185)
Outstanding claims	**49 820**	66 521
Unearned premium provision	**1 699**	1 978
Total insurance (assets)/liabilities	**(72 267)**	7 774

Sensitivity analysis – Policyholder (Asset)/Liabilities

	2022		2021	
R'000	Insurance Contracts	Linked and RA	Insurance Contracts	Linked and RA
Base value	**(227 902)**	**104 116**	(165 185)	104 779
Renewal expenses decrease by 10%	**(248 650)**	**104 116**	(180 919)	104 779
Withdrawal rates decrease by 10%	**(268 546)**	**104 248**	(210 633)	104 911
Mortality rates decrease by 5%	**(251 063)**	**104 116**	(189 845)	104 779
Investment returns decrease by 1%	**(259 249)**	**104 116**	(200 114)	104 779
Equity risk premium increases by 1%	**(227 902)**	**104 116**	(165 185)	104 779
Shock asset values by 10%	**(235 047)**	**101 503**	(168 461)	102 238

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

Pandemic Reserve

- 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	80 999
Release during FY2022	63 969
Closing COVID-19 Reserve at 30 June 2022	17 030

14. Insurance assets and liabilities continued

Pandemic Reserve continued

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

R'000	Base	9 Months	3 Months
COVID-19 Reserve at 30 June 2022	17 030	20 848	13 212

15. Provisions

	Leave Pay R'000	Bonus R'000	Provisions R'000
2022			
Balance at the beginning of the year	2 844	–	2 844
Additional provisions raised during the year	1 037	3 653	4 690
Utilised during the year	(1 041)	(482)	(1 523)
Balance at the end of the year	2 840	3 171	6 011
2021			
Balance at the beginning of the year	2 522	–	2 522
Additional provisions raised during the year	1 281	–	1 281
Utilised during the year	(959)	–	(959)
Balance at the end of the year	2 844	–	2 844

Leave pay

In terms of the Hollard Specialist Life Limited's policy, employees are entitled to 20 or 25 days leave, dependent on grade, per annum. Employees must take 15 days per annum, roll-over must be taken within 12 months.

Bonus

In terms of the Hollard Specialist Life Limited's policy, selected employees at the discretion of the remuneration committee receive an incentive bonus. The incentive bonus is based on employee, company performance and other relevant criteria and it is approved by the remuneration committee.

16. Deferred taxation

	2022 R'000	2021 R'000
Deferred income tax assets		
Deferred income tax to be recovered within 12 months	427	1 214
Deferred income tax to be recovered after 12 months	3 856	7 531
Deferred income tax assets	4 283	8 745
Balance at the beginning of the year	8 745	–
Movement during the year attributed to:		
Prior year adjustments	(119)	310
Capital gains tax	(982)	144 627
Provisions	(787)	903
Return transfer from the Corporate Fund to Tax Funds	(2 575)	6 784
Balance at the end of the year	4 283	8 745
Balance comprises:		
Capital gains tax	3 043	748
Provisions	427	1 213
Return transfer from the Corporate Fund to Tax Funds	813	6 784
Balance comprises:	4 283	8 745
Deferred income tax liabilities		
Deferred income tax to be recovered within 12 months	–	144 627
Deferred income tax to be recovered after 12 months	154 607	–
Deferred income tax liabilities	154 607	144 627
Balance at the beginning of the year	144 627	149 302
Movement during the year attributed to:		
Prior year adjustments	(682)	(5 913)
Unrealised gain or losses on Assets at fair value through profit/loss	1 478	(1 103)
Release of "phase in" tax for zerorised negative liabilities	(18 590)	1 518
Change in negative reserves not taxed*	27 774	822
Balance at the end of the year	154 607	144 627

	2022 R'000	2021 R'000
16. Deferred taxation (continued)		
Balance comprises:		
Release of "phase in" tax for zerorised negative liabilities	**33 462**	52 051
Unrealised gain or losses on assets at fair value through profit/loss	**3 647**	2 171
Change in negative reserves not taxed*	**117 499**	90 405
Deferred income tax – balance	**154 607**	144 627

No deferred tas asset has been raised for losses in the policyholder funds, as these losses are not likely to be utilised in the foreseeable future.

* *A deferred tax liability is held in respect of negative reserves that are untaxed as at the reporting period in terms of section 29(1), and a further DTL is held in respect of the phasing in tax due to the zeroisation of negative reserves prior to 01 July 2017 in terms of section 29A(15) of the Income Tax Act.*

	2022 R'000	2021 R'000
17. Net premium income		
Recurring premiums	**635 241**	657 292
Reinsurance premiums inwards	**45 826**	43 244
Gross written premiums	**681 067**	700 536
Reinsurance outwards	**(2 723)**	(3 020)
Group reinsurance outwards – Non-proportional	**(1 020)**	(1 785)
Group reinsurance outwards – Proportional	**(1 703)**	(1 235)
Change in unearned premium reserve	**(14 492)**	(12 941)
Net premium income	**663 852**	684 575

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. Please refer to note 14 on page 42 for details of the movement in policyholder liabilities under investment contracts.

	2022 R'000	2021 R'000
18. Dividends and interest		
Interest received		
Interest received – Financial assets at amortised cost	**13 668**	13 358
Interest received on call deposits	**12 835**	12 380
Sundry interest received	**833**	978
Interest received – Financial assets at fair value through profit or loss	**23 045**	25 619
Interest received on investments	**20 146**	22 146
Interest received from bank	**2 145**	1 654
Sundry interest received	**78**	(7)
Interest received on call deposits	**676**	1 826
Total Interest received	**36 713**	38 977
Dividends received		
Dividends received – Listed	**585**	1 321
Dividends received – Unlisted	**5 015**	3 457
Total Dividends received	**5 600**	4 778
Total interest received and dividend income	**42 313**	43 755
Interest paid		
Interest paid – General	**226**	45
Total Interest paid	**226**	45

19. Realised profits/(losses) on disposal of investments and other financial assets

	2022 R'000	2021 R'000
Unlisted investments	7 215	14 020
Listed investments	(222)	–
Net realised (losses)/profits on fair value through profit or loss	**6 993**	14 020

20. Unrealised profits/(losses) on revaluation of investments and other financial assets

	2022 R'000	2021 R'000
Unlisted investments	(4 229)	29 422
Listed investments	5 354	–
Net unrealised profits/(losses) on fair value through profit or loss assets	**1 125**	29 422

21. Other income

	2022 R'000	2021 R'000
Administration fees received	985	943
Management fees received	10 610	12 717
Sundry income received	2	23
Other operating income	**11 596**	13 683

22. Policyholder benefits

	2022 R'000	2021 R'000
Individual and group	**36 748**	39 097
– Death and disability	23 245	28 408
– Maturity	226	84
– Other	13 277	10 605
Claims and loss adjustments expense	**283 414**	322 928
Gross policyholder benefits and claims Incurred	**320 162**	362 025
Less: Reinsurance Recoveries	(21 288)	(24 477)
Net policyholder benefits	**298 874**	337 548

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. Please refer to note 14 on page 42 of these financial statements for the movement in policyholder liabilities under investment contracts.

	2022			2021		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
23. 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	–	–	–	1 814	1 814	3 628
Bonus and performance related payments	–	–	–	2 310	2 310	4 620
Estimated monetary value of other benefits	–	–	–	80	80	160
Pension/provident fund contributions	–	–	–	208	208	416
	–	–	–	4 412	4 412	8 824
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	524	699
Director E	283	850	1 133	247	742	989
Director F	142	426	568	110	330	440
Director G	169	508	677	141	423	564
	1 523	4 568	6 091	1 312	3 936	5 248
Prescribed Officers						
Prescribed officer A						
Basic salary	765	2 294	3 059	737	2 211	2 948
Bonus and performance related payments	223	671	894	1 111	3 333	4 444
Estimated monetary value of other benefits	13	39	52	13	39	52
Pension/provident fund contributions	86	256	342	83	249	332
	1 087	3 260	4 347	1 944	5 832	7 776
Prescribed officer B						
Basic salary	597	1 793	2 390	580	1 740	2 320
Bonus and performance related payments	160	478	638	793	2 379	3 172
Estimated monetary value of other benefits	84	251	335	80	240	320
Pension/provident fund contributions	75	225	300	73	219	292
	916	2 747	3 663	1 526	4 578	6 104
Prescribed officer C						
Basic salary	907	2 722	3 629	871	2 613	3 484
Bonus and performance related payments	113	339	452	1 169	3 507	4 676
Estimated monetary value of other benefits	6	19	25	6	18	24
Pension/provident fund contributions	101	305	406	98	294	392
	1 127	3 385	4 512	2 144	6 432	8 576
Directors and Prescribed Officers emoluments	8 289	24 867	33 156	18 966	48 074	67 040

	2022 R'000	Restated 2021 R'000
23. Profit before taxation (continued)		
Auditors remuneration		
Audit fees	**3 515**	3 945
	3 515	3 945
Depreciation – right of use assets		
Property	**–**	10
Motor vehicles	**–**	56
	–	66
Expenses for the acquisition of insurance contracts		
Commission*	**61 535**	59 355
Other expenditure		
Staff remuneration	**51 261**	50 380
Amortisation of intangible assets	**1 614**	3 559
Write-off of premium debtors	**(12 413)**	(2 300)
Administration fees paid	**102 434**	78 056
Professional fees	**6 292**	2 493
Operating lease rentals – building	**3 792**	3 499
Operating lease rentals – computer	**586**	635

	2022 R'000	Restated 2021 R'000
24. Taxation		
South African normal taxation		
Current year*	**43 018**	35 936
Prior year	**(1 996)**	–
Deferred tax expense		
Current year	**15 005**	(13 420)
All taxation is payable in respect of continuing operations	**(562)**	–
Tax rate reconciliation:	**%**	%
Tax calculated at standard rate of South African tax on earnings	**28**	28
Adjusted for:		
– Normal taxation - prior year	**–**	–
– Exempt income on dividends not taxable	**(0,57)**	(0.01)
– Capital gains tax	**-**	(0.02)
– Realised gains not taxable	**(0,01)**	–
– Unrealised gains not taxable	**(0,93)**	–
– Other	**(0,60)**	–
– Other non-taxable income/non-deductable expenses	**1,03**	0.32
– Change in tax rate	**(0,68)**	–
– Prior year (over)/underprovision	**(0,91)**	–
Tax rate reconciliation	**25,33**	28.29

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

	2022 R'000	Restated 2021 R'000
25. Reconciliation of profit before taxation to cash generated from operation		
Profit Before Tax*	**218 987**	84 507
Adjustments for:		
Depreciation	**–**	66
Intangible Asset Amortisation	**1 614**	3 559
Transfer to Policyholder liabilities under Insurance Contracts	**(60 151)**	51 623
Transfer to Policyholder liabilities under Investment Contracts	**3 498**	5 791
Investment Income	**(42 313)**	(43 755)
Rental Income	**(235)**	(688)
Other Income	**(11 596)**	(13 683)
Loss/(profit) on disposal of Investments	**(6 993)**	(14 020)
Unrealised (loss)/gain on revaluation of Listed Investments	**(5 354)**	–
Unrealised (loss)/gain on revaluation of Unlisted Investments	**4 229**	(29 422)
Increase/(decrease) in Employee Benefits	**3 167**	321
Interest expense	**226**	45
Operating Cash Flows before Working Capital Changes	**105 079**	44 344
Working Capital Changes	**(31 116)**	(14 679)
(Increase)/decrease in Insurance Receivables, Loans and Other Receivables*	**23 008**	(4 286)
(Increase)/decrease in Reinsurance Assets	**12 540**	(1 154)
(Decrease)/increase in Reinsurance Liabilities	**(6 787)**	5 886
Increase/(decrease) in Net Outstanding Claims and IBNR	**(16 701)**	30 178
Increase/(decrease) in Unearned Premiums	**(279)**	(8 126)
Increase/(decrease) in Trade and Other Accounts Payable and Employee Benefits*	**(42 897)**	(37 177)
Cash generated from Operations	**73 963**	29 665

	2022 R'000	2021 R'000
26. Dividends paid		
Amount declared in statement of changes in equity	**(194 429)**	(29 850)
Amount declared to non-controlling interest	**(12 495)**	(19 794)
Cash amounts Paid	**(206 924)**	(49 644)

	2022 R'000	2021 R'000
27. Dividends received		
Amount received per income statement	**5 600**	4 778
Cash amounts received	**5 600**	4 778

	2022 R'000	Restated 2021 R'000
28. Taxation paid		
Amount due at beginning of year	**(128 335)**	(127 291)
Amount charged to income statement*	**(55 465)**	(22 516)
Amount due at end of year	**147 689**	128 335
Cash amounts Paid	**(36 111)**	(21 472)
Amounts due at end of year comprised as follows:		
Deferred taxation asset	**(4 283)**	(8 745)
Deferred taxation liability	**154 607**	144 627
Current income taxation asset	**(2 635)**	(7 547)
	147 689	128 335

** Refer to note 35 for the details on the restatement. The comparative information has been restated as a result of a prior period error.*

29. Lease – Low value items

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

	2022 R'000	2021 R'000
Computers	**586**	635

30. Contingent liabilities

The Company, in the ordinary course of business enters into transactions which exposes the company 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 Company.

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

31. Staff pension and provident fund

The Company has a defined contribution pension fund, the Hollard Employees Pension Fund. The Company and employees' contributions to the fund charged against income for the year were R72 988 (2021: R142 144).

The Company also has a defined contribution provident fund, the Hollard Employees Provident Fund. The Company and employees' contribution to the fund charged against income for the year were R1 185 961 (2021: R1 406 530).

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

The Company had a total number of staff of 121 (2021: 92).

32. Going concern

The directors have assessed the Company's ability to continue as a going concern. As at 30 June 2022, the Company had a strong net asset value and liquidity position.

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

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

33. Subsequent events

During August 2022, Hollard Specialist Life Limited 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 Company, or the results of these operations.

34. Related party transactions

Transactions between Group companies

Hollard Specialist Life Limited's 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 Company, fellow subsidiaries, associated companies, joint ventures and the holding company. The Company 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 where applicable.

	2022 R'000	Restated 2021 R'000
Loans from related parties		
Hollard Life Assurance Company Limited	**(10 160)**	(5 064)
Hollard Specialist Insurance Limited	**(14)**	(3)
The Hollard Insurance Company Limited	**(264)**	(191)
	(10 438)	(5 258)
Management fees paid		
Hollard Life Assurance Company Limited	**20 954**	30 273
Investment in unlisted preference shares*		
Yellowwoods Trust	**63 334**	59 542

** The related party disclosure has been restated to include the investment in the unlisted preferences shares of the Yellowwoods trust.*

35. Restatement of comparative financial year

During the current financial year, a prior period error was identified that related to the 2021 and 2020 financial years. This prior period error relates to the following:

- The incorrect system reversal of commission expense and other acquisition costs to cash and cash equivalents. This resulted in commission expense being understated and overstatement of cash and cash equivalents.
- The impact of the above has also resulted to the net understatement of the commission receivables and payables which were incorrectly mapped as part of this flow of transactions.
- Overall overstatement of retained earnings and profits for 2021 and 2020 financial years.

The cause of this prior period error emanated from the lack of commission related balances reconciliation and review process. Reconciliation and review of commission related balances internal controls have been developed and strengthened to avoid future occurrence of similar errors. The system configuration has also been corrected.

The overall impact in the financial statements has been disclosed in the note below:

35.1 Restated comparative information in the statement of profit or loss and other comprehensive income

	2021		
	As previously reported	Restatement	Restated
Statement of Comprehensive Income			
Commissions and other acquisition costs	**27 743**	**31 612**	**59 355**
Net impact	**27 743**	**31 612**	**59 355**
Profit before taxation	**116 119**	**(31 612)**	**84 507**
Income tax expense	**31 368**	**(8 852)**	**22 516**
Profit for the year	**84 751**	**(22 760)**	**61 991**

35. Restatement of comparative financial year (continued)

35.2 Restated comparative information in the statement of financial position

	2021			2020		
	As previously reported	**Restatement**	**Restated**	As previously reported	Restatement	Restated
Statement of financial position						
Assets						
Insurance, loans and other receivables	**37 085**	**4 250**	**41 335**	35 493	1 557	37 050
Cash and cash equivalents	**425 560**	**(35 607)**	**389 953**	413 209	(13 045)	400 164
Current Income taxation	**–**	**–**	**7 547**	16 893	5 118	22 011
Impact of restatement on total assets	**462 645**	**(31 357)**	**438 835**	465 595	(6 370)	459 225
Equity						
Retained Earnings	**862 152**	**(35 920)**	**826 232**	808 614	(13 159)	795 455
Impact of restatement on total equity	**862 152**	**(35 920)**	**826 232**	808 614	(13 159)	795 455
Liabilities						
Trade and other payables	**120 000**	**18 533**	**138 532**	169 056	6 790	175 846
Current Income taxation	**6 422**	**(13 969)**	**–**	–	–	–
Impact of restatement on total liabilities	**126 422**	**4 564**	**138 532**	169 056	6 790	175 846

35.3 Restated comparative information in the statement of cash flows

	2021		
	As previously reported	**Restatement**	**Restated**
Statement of cash flows			
Cash flows from operating activities			
Cash generated from operations	**52 226**	**(22 561)**	**29 665**
Cash and cash equivalents			
Net increase/(decrease) in cash and cash equivalents	**12 351**	**(22 561)**	**(10 210)**
Cash, deposits and similar securities at beginning of year	**413 209**	**(13 045)**	**400 164**
Cash and cash equivalents at end of year	**425 560**	**(35 607)**	**389 953**

DIRECTORATE AND ADMINISTRATION

for the year ended 30 June 2022

Directorate

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
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	MS Claassen
Independent Non-Executive Director	S Patel
Independent Non-Executive Director	AS Nkosi

Company Secretary

A Allardyce

Public Officer

U Murphy

Compliance officer

M Patel

Registered office and business address

Hollard at Arcadia
22 Oxford Road
Parktown
Johannesburg
2193

Postal address

P/O Box 87428
Houghton
2041

Website

www.hollard.co.za

Nature of business

The Company transacts long-term assurance business.

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

Registration number

1994/001332/06


www.hollard.co.za