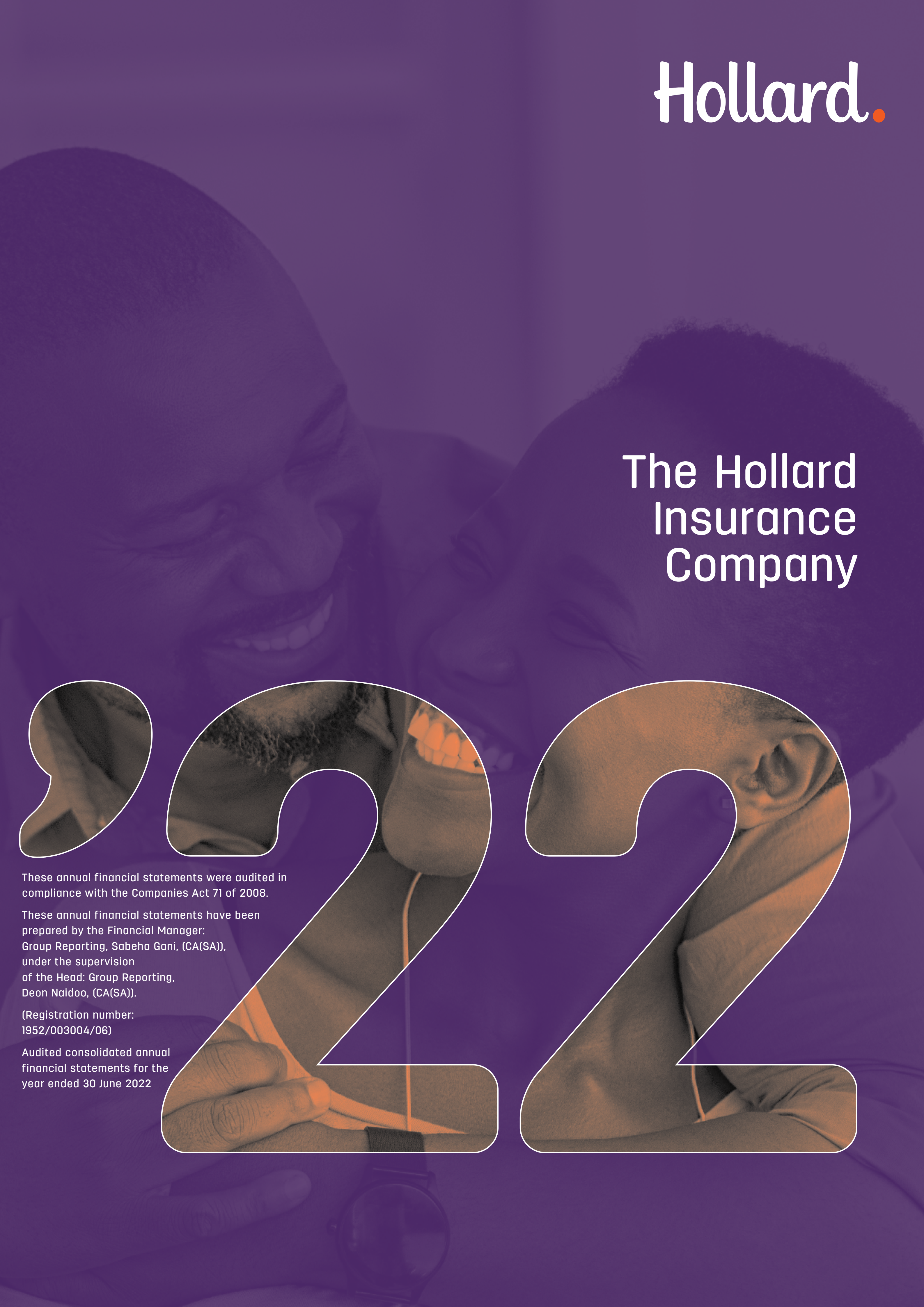

The Hollard Insurance Company

'22

These annual financial statements were audited in compliance with the Companies Act 71 of 2008.

These annual financial statements have been prepared by the Financial Manager: Group Reporting, Sabeha Gani, (CA(SA)), under the supervision of the Head: Group Reporting, Deon Naidoo, (CA(SA)).

(Registration number: 1952/003004/06)

Audited consolidated annual financial statements for the year ended 30 June 2022

CONTENTS

GROUP SALIENT FEATURES
for the year ended 30 June 2022

	GROUP				
	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Statement of profit and loss information					
Gross written premiums(1)	**13 347 934**	12 079 723	11 711 472	11 325 711	10 259 310
Net written premiums(2)	**8 931 062**	8 347 870	8 860 170	8 816 276	7 928 871
Investment income(3)	**632 965**	369 387	288 059	463 986	679 838
Net Insurance claims	**4 901 365**	4 877 401	4 618 497	4 488 532	4 384 080
Profit attributable to equity holders of the parent	**767 862**	347 369	346 808	575 326	219 102
Statement of financial position information					
Insurance liabilities	**9 050 876**	6 613 724	4 904 967	4 839 221	4 841 376
Equity attributable to equity holders of the parent	**2 914 518**	2 935 412	2 935 256	3 020 570	2 873 166
Total assets	**16 984 212**	14 199 355	11 723 655	11 288 563	11 612 742
Financial assets	**4 228 700**	3 776 765	2 944 421	3 006 929	2 970 051
Cash and cash equivalents	**2 439 663**	2 841 061	3 234 235	2 575 793	2 222 504
Trading ratios	**%**	%	%	%	%
Written premium: net to gross	**66,9**	69,1	75,7	77,8	77,3
Combined operating ratio(4)	**96,5**	100,7	98,2	97,0	101,0
Solvency ratio(5)	**35,7**	36,9	34,4	36,1	38,0
Actuarial information					
Solvency capital requirement(6)	**2 304 150**	2 430 287	2 549 895	2 552 495	2 214 333
Solvency capital requirement cover(6)	**1,32**	1,32	1,27	1,33	1,26

(1) "Gross premium income" represents the total income arising from insurance contracts only.
(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) "Combined operating ratio" is calculated and is defined as the ratio between the sum of net insurance claims, commission and other acquisition costs, marketing and administrative expenses divided by net written premium income.
(5) "Solvency ratio" is the ratio between shareholders' funds and net written premium income.
(6) "Solvency capital requirement" from the 2019 financial year is based on Solvency Assessment and Management (SAM) while the prior years were based on interim measures.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF 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 The Hollard Insurance Company (Hollard or the Company) and its subsidiaries (the Group).

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

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

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

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

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

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

These annual financial statements, set out on pages 7 to 83, have been approved by the Board of the Group and Company and are signed on its behalf by:

ADH Enthoven
Chairman

28 October 2022

WT 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

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2022

TO THE SHAREHOLDER OF THE HOLLARD INSURANCE COMPANY

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of The Hollard Insurance Company Limited and its subsidiaries ("the Group") set out on pages 11 to 83 which comprise the consolidated and separate statements of financial position as at 30 June 2022, and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled " The Hollard Insurance Company Limited audited consolidated annual financial statements for the year ended 30 June 2022" which includes the Group Salient Features, Directors' responsibility Statement and Approval of the Annual Financial Statements, Certification by Company Secretary, Audit Committee Report, Directorate and Administration information and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended 30 June 2022

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of The Hollard Insurance Company Limited for 14 years.

DocuSigned by:

Deloitte & Touche

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Deloitte & Touche
Registered Auditor
Per: Rachel Nkgodi
Partner

02 November 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. Economic, infrastructure and environmental challenges continue to impact the business and the insurance industry at large, with the recent KZN floods catastrophe being one of the worst natural disasters in South Africa's history and significantly impacting the underwriting results. 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 (TOR)

1.1. Composition and meeting attendance

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

1.2. ToR

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

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

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

2. Internal audit

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

3. External audit

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

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

4. Statutory duties

4.1. Financial Statements and Accounting Policies

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

4.2. Going Concern

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

4. Statutory duties (continued)

4.3. External auditor's appointment and independence

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

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

4.4. Mandatory Audit firm rotation

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

5. Chief financial officer and the finance function

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

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

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

6. Statement on internal financial controls

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

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

7. Statement on internal control and risk management

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

Based on this information, together with discussions held with Management and the Committees, the 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

Mark Bower
Chairman of the Audit and Compliance Committee

28 October 2022

DIRECTORS' REPORT
for the year ended 30 June 2022

The directors present their annual report, which forms part of the Group's and Company's audited annual financial statements for the year ended 30 June 2022.

Nature of business
The Company is a registered insurer and underwrites all classes of short-term insurance business throughout the Republic of South Africa. The activities and details of the interest in subsidiaries and associates, which are listed in notes 9 and 10 on pages 49 and 50 of the annual financial statements.

General review
In the year under review, the Group achieved net profit attributable to equity holders of the parent of R767 862 000 (2021: R347 369 252), which arose from the Group's operations as follows:

	GROUP	
	2022 R'000	2021 R'000
Net premium income	**8 644 443**	8 306 952
Investment income and investment gains/(losses)*	**632 965**	369 387
Other operating income	**107 234**	210 655
Total revenue	**9 384 642**	8 886 994
Net Insurance claims	**(4 901 365)**	(4 877 401)
Other operating expenses	**(3 490 769)**	(3 547 776)
Total expenses	**(8 392 134)**	(8 425 177)
Result of operating activities	**992 508**	461 818
Share of income/(loss) in associates	**31 213**	45 845
Profit before taxation	**1 023 721**	507 662
Taxation	**(217 132)**	(109 892)
Profit for the year	**806 590**	397 771
Non-controlling interests	**(38 728)**	(50 401)
Equity holders of the parent	**767 862**	347 369

** Includes Investment gains/(losses).*

Share capital
There were no changes in the authorised share capital of the Company for the year. No shares were issued during the year. There was no change in the authorised and issued ordinary share capital of the Company during the year.

Dividends
Dividends on ordinary shares of R861 767 000 (2021: R291 290 000) were declared by the Company during the year.

Subsidiaries
The Company's aggregate share of the profits of subsidiaries and associates for the year amounted to R31 316 000 and R31 213 000 respectively, (2021: R47 969 000 and R45 845 000).

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

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

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

Subsequent events
During September 2022, approval was obtained from the Prudential Authority for the disposal of its 50.1% shareholding in Hollard Mozambique Comphanhia de Seguros.

The approval is subject to conditions; however these are administrative in nature.

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

Directorate

In terms of the requirements of the Memorandum of Incorporation, the following Directors retired by rotation, made themselves available for re-election and were re-elected at the Annual General Meeting held on 2 December 2021:

AS Nkosi and NV Simamane

Directors' interest in contracts

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

Executive directors

S Ntombela (Group CEO) (resigned 1 July 2022), DJ Viljoen (Group CFO), were the only executive directors who held office during the year.

WT Lategan was appointed Group CEO on 1 July 2022.

Non-executive directors

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

Auditors

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

Company Secretary

Corpstat Governance Services (Pty) Ltd
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) (Proprietary) Limited (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	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Assets					
Investment properties	5	**32 300**	32 300	**–**	–
Property and equipment	6	**155 377**	152 331	**155 242**	152 196
Right of use assets	7	**113 257**	156 362	**113 257**	156 362
Intangible assets	8	**161 278**	143 756	**160 870**	143 348
Investment in subsidiaries	9	**–**	–	**45 722**	44 086
Investment in associates	10	**239 457**	248 614	**256 134**	259 348
Financial assets	11	**4 228 700**	3 776 765	**4 186 278**	3 742 827
Reinsurance assets	23	**5 824 734**	3 326 618	**5 824 734**	3 326 618
Insurance, loans and other receivables	14	**1 764 046**	1 659 215	**1 779 074**	1 653 979
Deferred acquisition cost	27	**115 273**	115 413	**115 273**	115 413
Deferred taxation	15	**111 615**	89 042	**111 615**	89 042
Current income taxation		**16**	12	**–**	–
Cash and cash equivalents	16	**2 439 663**	2 841 061	**2 436 881**	2 837 896
Non-current assets held for sale	17	**1 798 496**	1 657 868	**152 433**	152 433
Total assets		**16 984 212**	14 199 357	**15 337 513**	12 673 896
Equity and liabilities					
Attributable to equity holders of the parent		**2 914 518**	2 935 702	**2 753 510**	2 871 216
Share capital and premium	18	**1 642 601**	1 642 601	**1 642 601**	1 642 601
Contingency reserves		**10 479**	10 479	**–**	–
Foreign currency translation reserve	20	**49 365**	(23 354)	**–**	–
Credit protection reserves		**3**	3	**–**	–
Share option reserve		**4 012**	4 012	**4 012**	4 012
Non-distributable reserve	19	**1 193**	1 193	**–**	–
Retained earnings		**1 206 863**	1 300 768	**1 106 898**	1 224 603
Non-controlling interest		**171 861**	133 134	**–**	–
Total equity		**3 086 380**	3 068 836	**2 753 510**	2 871 216
Borrowings	21	**600 242**	600 450	**599 888**	600 096
Trade and other payables	22	**1 571 530**	1 537 574	**1 498 985**	1 448 103
Insurance liabilities	23	**9 050 876**	6 613 724	**9 050 876**	6 613 724
Reinsurance liabilities		**1 080 798**	901 628	**1 080 798**	901 628
Provisions	24	**133 055**	49 638	**132 987**	49 571
Deferred taxation	15	**191 792**	183 150	**179 742**	172 999
Current income taxation		**40 728**	16 211	**40 728**	48 633
Non-current liabilities held for sale	17	**1 228 812**	1 228 145	**–**	–
Total liabilities		**13 897 832**	11 130 521	**12 584 002**	9 802 332
Equity and liabilities		**16 984 212**	14 199 357	**15 337 513**	12 673 548

STATEMENT OF PROFIT AND LOSS

for the year ended 30 June 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Revenue					
Gross written premiums	23	**13 347 934**	12 079 723	**12 047 545**	11 311 624
Reinsurance outwards		**(4 416 871)**	(3 731 853)	**(3 569 603)**	(3 305 202)
Net written premiums		**8 931 062**	8 347 870	**8 477 942**	8 006 422
Less: Change in unearned premium reserve		**(286 619)**	(40 918)	**(277 781)**	(22 548)
Gross amount		**(428 755)**	(138 969)	**(324 939)**	(110 666)
Reinsurer share		**142 135**	98 051	**47 158**	88 118
Net premium income		**8 644 443**	8 306 952	**8 200 161**	7 983 874
Investment income		**435 210**	294 494	**435 906**	312 302
Interest received		**330 106**	189 445	**286 115**	154 053
Dividends received	35	**102 777**	102 811	**149 791**	158 249
Rental income		**2 327**	2 237	**–**	–
Investment gains/(losses)		**197 755**	74 893	**193 140**	123 680
Realised gains/(losses) on disposal of investments	29	**2 308**	(369)	**2 308**	(86)
Unrealised gains/(losses) on revaluation of investments	30	**144 103**	178 599	**138 446**	197 783
Profit/(loss) on translation of foreign currency		**51 344**	(103 337)	**52 387**	(74 017)
Other operating income		**107 234**	210 655	**107 045**	136 432
Total revenue		**9 384 643**	8 886 994	**8 936 253**	8 556 288
Expenses					
Gross policyholder benefits and claims Incurred		**8 609 373**	7 848 259	**8 541 676**	7 461 675
Claims and loss adjustments expense		**8 616 305**	7 843 969	**8 541 676**	7 461 675
Policyholder benefits		**6 932**	4 290	**–**	–
Reinsurance recoveries		**(3 708 008)**	(2 970 858)	**(3 789 380)**	(2 680 584)
Net insurance claims		**4 901 365**	4 877 401	**4 752 296**	4 781 091
Commissions and other acquisitions		**876 881**	835 171	**790 474**	728 107
Interest paid		**52 027**	57 793	**48 984**	55 184
Marketing and administration expenses		**2 561 861**	2 654 812	**2 418 144**	2 549 636
Total expenses		**8 392 134**	8 425 177	**8 009 898**	8 114 018
Result of operating activities		**992 509**	461 816	**926 355**	442 270
Share of income/(loss) in associates		**31 213**	45 845	**–**	–
Profit before taxation	31	**1 023 722**	507 661	**926 355**	442 270
Taxation	32	**217 132**	109 892	**182 294**	84 670
Profit for the year		**806 590**	397 769	**744 061**	357 600
Profit for the year attributable to:					
Equity holders of the parent		**767 862**	347 368	**744 061**	357 600
Non-controlling interests		**38 728**	50 401	**–**	–
		806 590	397 769	**744 061**	357 600

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Profit for the year	**806 590**	397 769	**744 061**	357 600
Other comprehensive income (OCI)	**72 719**	(51 538)	**–**	–
Exchange differences on translation of foreign operations	**72 719**	(51 538)	**–**	–
Total OCI	**879 309**	346 231	**744 061**	357 600
Total OCI attributable to:				
Equity holders of the parent	**840 581**	295 544	**744 061**	357 600
Non-controlling interest	**38 728**	50 401	**–**	–
	879 309	346 231	**744 061**	357 600

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	EQUITY ATTRIBUTABLE TO OWNERS										
R'000	Issued share capital	Share premium	Contingency reserve	Share option reserve	Foreign currency translation reserve	Credit protection reserve	Non-distributable reserve	Retained earnings	Total Ordinary Shareholders Equity	Non-controlling interest	Total Equity
GROUP											
Balance at 1 July 2020	1 586 687	55 914	9 774	4 012	28 184	3	1 193	1 244 685	2 930 457	82 733	3 013 190
Net profit/(loss)	–	–	–	–	–	–	–	347 368	347 368	50 401	397 769
Other comprehensive income					(51 538)	–	–	–	(51 538)	–	(51 538)
Total comprehensive income	–	–	–	–	(51 538)	-	-	347 368	295 830	50 401	346 231
Dividends paid	–	–	–	–	–	–	–	(291 290)	(291 290)	–	(291 290)
Transfer to/from contingency reserve			705						705		705
Balance at 30 June 2021	**1 586 687**	**55 914**	**10 479**	**4 012**	**(23 354)**	**3**	**1 193**	**1 300 768**	**2 935 702**	**133 134**	**3 068 836**
Net profit/(loss)	–	–	–	–	–	–	–	767 862	767 862	38 728	806 590
Other comprehensive income	–	–	–	–	72 719	–	–	–	72 719	–	72 719
Total comprehensive income	–	–	–	–	72 719	–	–	767 862	840 581	38 728	879 309
Dividends paid	–	–	–	–	–	–	–	(861 767)	(861 767)	–	(861 767)
Balance at 30 June 2022	**1 586 687**	**55 914**	**10 479**	**4 012**	**49 365**	**3**	**1 193**	**1 206 863**	**2 914 518**	**171 861**	**3 086 380**
COMPANY											
Balance at 1 July 2020	1 586 687	55 914	–	4 012	–	–	–	1 158 293	2 804 906	–	2 804 906
Net profit/(loss)	–	–	–	–	–	–	–	357 600	357 600	–	357 600
Total comprehensive income	–	–	–	–	–	–	–	357 600	357 600	–	357 600
Dividends paid	–	–	–	–	–	–	–	(291 290)	(291 290)	–	(291 290)
Balance at 30 June 2021	1 586 687	55 914	–	4 012	–	–	–	1 224 603	2 871 216	–	2 871 216
Net profit/(loss)	–	–	–	–	–	–	–	744 061	744 061	–	744 061
Total comprehensive income	–	–	–	–	–	–	–	744 061	744 061	–	744 061
Dividends paid	–	–	–	–	–	–	–	(861 767)	(861 767)	–	(861 767)
Balance at 30 June 2022	**1 586 687**	**55 914**	**–**	**4 012**	**–**	**–**	**–**	**1 106 898**	**2 753 510**	**–**	**2 753 510**

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash flows from operating activities					
Cash receipts from policyholders and other customers		**9 035 893**	8 358 849	**8 603 037**	7 992 075
Cash paid to policyholders , suppliers and employees		**(8 433 235)**	(7 905 405)	**(7 991 115)**	(7 532 482)
Cash generated from operations		**602 658**	453 444	**611 922**	459 593
Interest paid		**(52 027)**	(57 793)	**(48 984)**	(55 184)
Dividends paid	34	**(861 767)**	(291 290)	**(861 767)**	(291 290)
Interest received		**330 106**	189 445	**286 115**	154 053
Dividends received	35	**169 783**	118 653	**216 797**	174 091
Taxation paid	36	**(206 548)**	(47 706)	**(173 607)**	(22 395)
Net cash (outflow)/inflow from operating activities		**(17 795)**	364 753	**30 477**	418 870
Cash flows from Investing activities					
Acquisition of listed and unlisted investments		**(1 218 953)**	(781 626)	**(1 218 953)**	(781 626)
Acquisition of property and equipment		**(46 805)**	(23 985)	**(46 805)**	(23 985)
Acquisition of intangible assets		**(54 189)**	(42 873)	**(54 189)**	(42 873)
Acquisition of bonds		**(193 552)**	(23 290)	**(193 552)**	(23 290)
Proceeds on disposal of investments		**1 077 252**	5 218	**1 077 252**	5 218
Proceeds on disposal of listed investments		**51 198**	5 218	**51 198**	5 218
Proceeds on disposal of unlisted investments		**1 026 054**	-	**1 026 054**	-
Proceeds on disposal of other financial assets		**32 000**	75 724	**32 000**	75 724
Proceeds on disposal of property and equipment		**13**	164	**13**	164
Proceeds on disposal of intangible assets		**1 695**	–	**1 695**	–
Dividends received from associates		**47 890**	56 578	**–**	–
Increase in loans		**157**	4 552	**157**	4 552
Net cash inflow from investing activities		**(354 491)**	(729 538)	**(402 381)**	(786 116)
Cash flows from financing activities					
Repayment of lease liability		**(28 903)**	(28 018)	**(28 903)**	(28 018)
Increase/(decrease) in long term borrowings		**(208)**	(473)	**(208)**	(473)
Net cash outflow from financing activities		**(29 111)**	(28 491)	**(29 111)**	(28 491)
Cash and cash equivalents					
Net Decrease in cash and cash equivalents		**(401 398)**	(393 276)	**(401 016)**	(395 737)
Cash, deposits and similar securities at beginning of the year		**2 841 061**	3 234 235	**2 837 897**	3 233 633
Cash and cash equivalents at end of the year		**2 439 663**	2 841 061	**2 436 881**	2 837 897

1. Accounting policies

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

1.1 Basis of presentation

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

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

Use of estimates and judgements

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

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

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

Adoption of new and revised standards

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

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

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

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

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

1.2 Basis of consolidation

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

Investments in subsidiaries

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

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

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

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

1. Summary of significant accounting policies (continued)

1.2 Basis of consolidation (continued)

Investments in subsidiaries (continued)

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

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

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

Investments in associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

Interest in joint arrangements

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

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

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

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

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

1. Summary of significant accounting policies (continued)

1.2 Basis of consolidation (continued)

Accounting for entities under common control

IFRS does not provide specific guidance on accounting for business combinations under common control. Therefore, an accounting policy would be elected using the principles outlined in IAS 8: Accounting policies, Changes in Accounting Estimates and Errors. This approach requires the entity first to consider the requirements in IFRSs dealing with similar and related issues. After this assessment, the entity evaluates the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

IFRS 3 is not applied to transactions where there is a transfer of a business between Group entities that are ultimately controlled by the same party before and after the transfer. Therefore, the predecessor accounting policy was selected for the accounting of entities under common control. Under this methodology, the assets and liabilities are transferred at their carrying amounts as they were recognised in the seller's financial statements. The excess between the assets and liabilities recognised and the purchase consideration transferred to the seller, is recognised as an equity transaction directly in the statement of changes in equity.

Goodwill

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

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

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

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

1.3 Foreign currencies

General

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

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

1. Summary of significant accounting policies (continued)

1.4 Investment property

Property held either to earn rental income or for capital appreciation, or for both, and which is not occupied by companies in the Group, is classified as investment property. The Group's investment property comprises freehold land and buildings.

Investment property is treated as a long-term investment and is measured initially at cost, including transaction costs. After initial recognition, investment property is measured at open-market fair value and is subject to a valuation by an external, independent professional valuer every three years. If the open-market valuation information cannot be reliably determined, the Group uses alternative valuation methods, such as recent prices on active markets. Gains or losses arising from changes in the fair value of investment property are credited or charged directly to the statement of comprehensive income in the year in which they are identified. On disposal of investment property, the difference between the net disposal proceeds and the carrying value is recognised in the statement of comprehensive income.

If an investment property were to become owner-occupied, it would be reclassified as property and equipment and would be fair valued at the date of reclassification.

1.5 Property and equipment

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

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

Motor vehicles	20%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
IT equipment	20%
Leasehold improvements	shorter of useful life and lease term
Land	is not depreciated.

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

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

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

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

Property

Owner-occupied properties are carried at fair value less subsequent depreciation for buildings. The fair value is determined every three years by external, independent professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation increase arising on the revaluation of owner-occupied properties is credited to the revaluation surplus in OCI.

Decreases that offset previous increases of the same asset are charged against their valuation reserve in other comprehensive income. All other decreases are charged to the comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost, net of any related deferred tax, is transferred from the revaluation surplus to OCI.

1.6 Intangible assets

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

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

Computer software

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

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

1. Summary of significant accounting policies (continued)

1.6 Intangible assets (continued)

Acquired rights over books of business

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

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

Intellectual property

The acquisition of intellectual property is recognised as intangible assets due to the fact that:

- It is probable that the expected future economic benefits attributable to the intellectual property will flow to the entity;
- The costs of intellectual property have been measured reliably;
- The intellectual property is initially recognised at cost; and
- The intellectual property is, subsequent to initial recognition, carried at cost less accumulated amortisation, fair value adjustments and any impairment losses.

1.7 Non-derivative financial instruments

Capital management

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

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

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

Financial assets

Investments

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

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

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

i) Financial assets at fair value through profit or loss

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

ii) Financial assets at fair value through other comprehensive income

A debt instrument is measured at fair value through OCI 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 OCI. This election is made on an investment-by-investment basis.

iii) Financial assets at amortised cost

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

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

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

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

1. Summary of significant accounting policies (continued)

1.7 Non-derivative financial instruments (continued)

Recognition and measurement

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

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

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions.

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

Gains or losses

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

Fair value

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

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

Offsetting

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

Financial liabilities

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

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

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

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

1.8 Impairment of assets excluding goodwill

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

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

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

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

1. Summary of significant accounting policies (continued)

1.8 Impairment of assets excluding goodwill (continued)

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

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

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

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

Calculation of ECL

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

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

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

- **Stage 1:** PERFORMING - Performing loans are loans which are being serviced according to the contractual terms. In other words interest and capital repayments are being made and there are no arrears.
- **Stage 2:** UNDER PERFOMING - 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 Group makes use of estimates of PD and LGD to calculate the ECL balance for financial assets at amortised cost.

Depending on the relevant information available, PDs are based on historic default rate curves which are used as a baseline to build a PD. Stage 1 has been allocated 8%, Stage 2 has 60% and Stage 3 has 100%. In determining the loss given default, 4 levels were identified based on a combination of the level of security held and other mitigating factors such as loans between group companies with strong capitalisation. The levels were as follows:

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

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

1. Summary of significant accounting policies (continued)

1.9 Cash and cash equivalents

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

1.10 Non-current assets held for sale

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. At Group level, the accounting policy choice selected in terms of the write down in the excess of the carrying amount of scoped-in non-current assets is not to recognise the excess write down at all.

1.11 Share capital

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

1.12 Insurance contracts

Classification of insurance contracts

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

Insurance contracts are those contracts under which the Group and/or Company (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. As a general guideline, the Group and Company define a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that 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 statement of comprehensive income in accordance with the requirements of IFRS 4: Insurance Contracts.

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

Management of insurance and financial risk

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

Premiums

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

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

Unearned premium provision

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time-proportionate basis for even risk contracts and other bases that best represent the unearned risk profile for uneven risk contracts.

Deferred acquisition costs

Deferred acquisition costs consist of commissions and other variable costs directly connected with acquisition or renewal of insurance contracts. The deferred acquisition costs are amortised on a straight-line basis over the average term of the policies, from one to five years. Deferred acquisition costs are regularly tested for impairment using the liability adequacy test as per IFRS 4. The deferred acquisition cost is not reinstated once written off.

Claims incurred

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

The provision for outstanding claims comprises the Group's and/or Company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets.

1. Summary of significant accounting policies (continued)

1.12 Insurance contracts (continued)

IBNR

The majority of the Company's IBNR is calculated using triangulation methods, and is held at a 75th percentile. As a result, different levels of provisions are applicable for different classes of business and appropriateness is assessed against the Company's past claims.

The Company's internal actuaries review the adequacy of the Company's claims provisions. The chain ladder method, which involves the analysis of historical claims development factors and the selection of the estimated development factors based on the historical pattern, is used to assess the adequacy of the reserves. For classes of business where the incurred or paid to date claims are less than 66% developed, the Bornhuetter Ferguson method (which adds a dimension to the chain ladder method by including the expected loss ratio in the calculation) is also considered.

When testing the appropriateness of the reserves the provision for notified claims and IBNR are initially estimated at a gross level. A separate estimation is then carried out to determine the estimated reinsurance recoveries.

Unexpired risk provision and liabilities and related assets under liability adequacy tests

Provision is made for unexpired risks where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premium provision in relation to such policies.

Liability adequacy tests are performed quarterly to ensure the adequacy of the liability raised. Current best estimates of future contractual cash flows, claims handling and administration expenses are used in performing these tests. Any deficiency is recognised in income for the year (unexpired risk provision).

Reinsurance

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

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

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

Salvage and subrogation reimbursements

Some insurance contracts permit the Group and/or Company to sell property acquired in settling a claim. The Group and/or Company may also have the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of the liability for claims.

1.13 Revenue

The accounting policy in relation to revenue from insurance contracts is disclosed in note 1.12.

Interest income and finance cost

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

Dividend income

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

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

Rental income

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

Commission

Commission payments and receipts are shown gross of reinsurance commissions.

Revenue from contracts with customers

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

1. Summary of significant accounting policies (continued)

1.14 Employee benefits

Pension and provident scheme arrangements

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

Profit-sharing and bonus plans

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

Leave pay

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

Termination benefits

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

Other post-employment obligations

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

1.15 Taxation

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

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

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

Current taxation

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

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

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

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

Dividend withholding tax

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

1. Summary of significant accounting policies (continued)

1.16 Provisions

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

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

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

1.17 Borrowings

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

1.18 Operating leases

Leases 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 Insurance Company as lessor

Operating leases

Rental income is recognised in the statement of comprehensive income over the period of the lease term on a systematic-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.

The Hollard Insurance Company as lessee

Right of use asset

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. The 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 penalty is recognised as an expense in the period in which termination takes place.

1.19 Dividend distribution

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

2. Critical accounting estimates and judgements

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

2.1 Claims incurred

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's and/or Company's most critical accounting estimate. These estimates rely on the assumption that past experience adjusted for the effect of current developments and likely trends is an appropriate basis for predicting future events. The Group's and/or Company's estimates and assumptions are reviewed, and updated and the tools with which it monitors and manages risk are refined as new information becomes available.

The Group's and/or Company's processes for determining significant reserving assumptions are outlined in note 23.

The underwriting results for the period were significantly impacted by adverse weather and devastating floods in KwaZulu Natal during April 2022. The claims are currently at variuos stages of being processed. The current estimate of gross exposure is R2 891 621 874 However significant adjustments to gross exposure may still occur. Hollard's reinsurance programme has limited the net impact to approximately R260 510 677.

2.2 Valuation of unlisted investments

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

Non-Life Insurers are valued on a discounted cash flow basis. In instances where reliable future cash flows cannot be estimated, the valuation is based on a price earnings valuation technique. In the event that no cash flow information is available, the valuation is based on the net asset value of the business.

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

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

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

3. Financial risk management

3.1 Introduction

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

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

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

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

3.2 Exposure to risk arising from financial instruments

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

- credit risk;
- liquidity risk; and
- market risk.

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

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

3.2.1 Credit risk

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

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

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

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.1 Credit risk (continued)

Insurance, loans and other receivables

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

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

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

Investments

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

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

The analysis of credit quality of the Group's and Company's assets is disclosed in note 4 on pages 31 to 36 of the financial statements.

Reinsurance

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

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

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

3.2.2 Liquidity risk

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

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

Based on actuarial modelling of historical and future expected trends, the Group and Company have estimated the probable cash outflows associated with general insurance liabilities. The maturity analysis of the gross insurance liabilities is set out in note 4.2 (c) on page 39. The maturity profile of the related insurance and investment assets is expected to be similar to the profile of the liabilities. The Group and Company have taken into account that the unearned premium provision, which will be recognised as earned premium in the future, will not lead to claim cash outflows equal to this provision. This has been taken into account in estimating future cash outflows associated with insurance liabilities.

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.3 Market risk

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

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

a) Currency risk

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

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

The Group and Company do not take cover on foreign currency transactions and balances as the net exposure is considered minimal. The table in note 4.3 on page 40 of these annual financial statements illustrates the Group's split of assets and liabilities by major currency.

b) Interest rate risk

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

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

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

c) Other market price (or equity) risk

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

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

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

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

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.4 Capital management

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

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

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

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

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

4. Risk management

4.1 Credit risk

a) Exposure to credit risk

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

	CARRYING VALUE IN STATEMENT OF FINANCIAL POSITION		NET CREDIT EXPOSURE	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
GROUP				
Other assets				
Financial assets at fair value through profit or loss - unlisted investments	**2 539 452**	2 195 330	**2 539 452**	2 195 330
Financial assets at fair value through profit or loss - bonds	**294 524**	136 772	**294 524**	136 772
Financial assets at amortised cost	**568 150**	650 512	**568 150**	650 512
Loans and other receivables	**37 264**	419 613	**38 598**	419 613
Loans - interest bearing	**143**	4 732	**143**	4 732
Loans - non-interest bearing	**16 864**	1 000	**16 864**	1 000
Other loans and receivables	**20 257**	413 881	**21 591**	413 881
Cash and cash equivalents	**2 439 663**	2 841 061	**2 439 663**	2 841 061
Insurance assets				
Insurance receivables – premium debtors	**1 726 782**	1 239 602	**1 726 782**	1 239 602
Reinsurance assets	**5 824 734**	3 326 618	**4 641 564**	3 326 618
Total	**13 376 976**	10 809 508	**12 248 733**	10 809 508
COMPANY				
Other assets				
Loans to subsidiaries	**1 664**	1 664	**1 664**	1 664
Financial assets at fair value through profit or loss - unlisted investments	**2 539 452**	2 539 452	**2 539 452**	2 195 330
Financial assets at fair value through profit or loss - bonds	**294 524**	136 772	**294 524**	136 772
Financial assets at amortised cost	**568 150**	650 512	**568 150**	650 512
Loans and other receivables	**52 292**	414 377	**52 292**	414 377
Loans - interest bearing	**143**	4 732	**143**	4 732
Loans - non-interest bearing	**16 864**	1 000	**16 864**	1 000
Other loans and receivables	**35 286**	408 645	**35 286**	408 645
Cash and cash equivalents	**2 436 881**	2 837 896	**2 436 881**	2 837 896
Insurance assets				
Insurance receivables – premium debtors	**1 726 782**	1 239 602	**1 726 782**	1 239 602
Reinsurance assets	**5 824 734**	3 326 618	**4 641 564**	3 326 618
Total	**14 228 632**	10 802 771	**12 261 309**	10 802 771

4. Risk management (continued)

4.1 Credit risk (continued)

b) Credit rating

The following table provides information regarding the Group's and Company's aggregated credit of financial and insurance assets that are neither past due nor impaired at the reporting date. These ratings have been sourced from Bloomberg.

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

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

	AA+ R'000	AA R'000	AA- R'000	A+ R'000	A R'000	A- R'000	BBB+ R'000	BBB R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not Rated R'000	Total R'000
GROUP														
2022														
Other assets														
Financial assets at fair value through profit or loss - unlisted investments	–	–	–	48 948	–	–	–	–	–	444 564	547 530	–	1 498 410	2 539 452
Financial assets at fair value through profit or loss - bonds	–	–	–	–	20 190	–	–	–	10 512	83 611	130 060	–	50 150	294 524
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	568 150	568 150
Loans and other receivables	–	–	–	–	–	–	–	–	–	–	1 550	–	37 048	38 598
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	143	143
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	16 864	16 864
Other loans and receivables	–	–	–	–	–	–	–	–	–	–	1 550	–	20 041	21 591
Cash and cash equivalents	–	–	–	–	–	–	–	–	2 541	477 789	1 346 822	9 031	603 479	2 439 663
Insurance assets														
Insurance receivables – premium debtors	–	–	–	73	–	–	122 532	–	–	18 308	70 841	–	1 515 029	1 726 782
Reinsurance assets	6 194	–	1 288 183	1 890 227	89 575	548 446	–	–	–	10 672	269 660	6 459	532 149	4 641 564
Total	6 194	–	1 288 183	1 939 247	109 764	548 446	122 532	–	13 053	1 034 945	2 366 463	15 491	4 804 413	12 248 733
2021														
Other assets														
Financial assets at fair value through profit or loss – unlisted investments	–	–	–	–	–	–	–	–	–	387 335	–	–	1 807 995	2 195 330
Financial assets at fair value through profit or loss – bonds	–	20 292	–	40 464	–	–	–	–	2 018	–	73 998	–	–	136 772
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	650 512	650 512
Loans and other receivables	–	–	–	–	–	–	–	–	–	–	–	–	132 073	132 073
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	4 732	4 732
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	1 000	1 000
Other loans and receivables	–	–	–	–	–	–	–	–	–	–	–	–	126 341	126 341
Cash and cash equivalents	–	–	–	–	–	–	–	–	2 923	55 162	2 178 028	–	604 948	2 841 061
Insurance assets														
Insurance receivables – Premium debtors	–	–	–	–	–	29 670	–	–	–	(22)	12 963	–	1 484 531	1 527 142
Reinsurance assets	4 223	(4)	171 191	337 558	14 111	492 109	841 698	–	–	–	41 959	–	1 423 773	3 326 618
Total	4 223	20 288	171 191	378 022	14 111	521 779	841 698	–	4 941	442 475	2 306 948	–	6 103 834	10 809 508

4. Risk management (continued)
4.1 Credit risk (continued)
b) Credit rating (continued)

	AA+ R'000	AA R'000	AA- R'000	A+ R'000	A R'000	A- R'000	BBB+ R'000	BBB R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not Rated R'000	Total R'000
COMPANY														
2022														
Other assets														
Loans to subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	1 664	1 664
Financial assets at fair value through profit or loss – unlisted investments	–	–	–	48 948	–	–	–	–	–	444 564	547 530	–	1 498 410	2 539 452
Financial assets at fair value through profit or loss – bonds	–	–	–	–	20 190	–	–	–	10 512	83 611	130 060	–	50 150	294 524
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	568 150	568 150
Loans and other receivables	–	–	–	–	–	–	–	–	–	–	1 550	–	50 743	52 293
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	143	143
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	16 864	16 864
Other loans and receivables	–	–	–	–	–	–	–	–	–	–	1 550	–	33 736	35 286
Cash and cash equivalents	–	–	–	–	–	–	–	–	–	477 789	1 346 822	9 031	603 238	2 436 881
Insurance assets														
Insurance receivables – premium debtors	–	–	–	73	–	–	122 532	–	–	18 308	70 841	–	1 515 029	1 726 782
Reinsurance assets	6 194	–	1 288 183	1 890 227	89 575	548 446	–	–	–	10 672	269 660	6 459	532 149	4 641 564
Total	**6 194**	**–**	**1 288 183**	**1 939 247**	**109 764**	**548 446**	**122 532**	**–**	**10 512**	**1 034 945**	**2 366 463**	**15 491**	**4 819 532**	**12 261 309**
2021														
Other assets														
Financial assets at fair value through profit or loss – unlisted investments	–	–	–	–	–	–	–	–	–	387 335	–	–	1 807 995	2 195 330
Financial assets at fair value through profit or loss – bonds	–	20 292	–	40 464	–	–	–	–	2 018	–	73 998	–	–	136 772
Financial assets at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	650 512	650 512
Loans and other receivables	–	–	–	–	–	–	–	–	–	–	–	–	126 836	126 836
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	4 732	4 732
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	–	–	–	1 000	1 000
Other loans and receivables	–	–	–	–	–	–	–	–	–	–	–	–	121 104	121 104
Cash and cash equivalents	–	–	–	–	–	–	–	–	–	55 162	2 178 028	–	604 707	2 837 896
Insurance assets														
Insurance receivables – premium debtors	–	–	–	–	–	29 670	–	–	–	(22)	12 963	–	1 484 531	1 527 142
Reinsurance assets	4 223	(4)	171 191	337 558	14 111	492 109	841 698	–	–	–	41 959	–	1 423 773	3 326 618
Total	4 223	20 288	171 191	378 022	14 111	521 779	841 698	–	2 018	442 475	2 306 947	–	6 100 020	10 802 771

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

4. Risk management (continued)

4.1 Credit risk (continued)

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

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

	GROUP				COMPANY			
	Neither past due nor impaired R'000	Past due not impaired R'000	Indivi-dually impaired R'000	Gross carrying value R'000	Neither past due nor impaired R'000	Past due not impaired R'000	Indivi-dually impaired R'000	Gross carrying value R'000
2022								
Loans to subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**1 664**	**1 664**
Financial assets at fair value through profit or loss – listed investments	**826 575**	**–**	**–**	**826 575**	**784 153**	**–**	**–**	**784 153**
Financial assets at fair value through profit or loss – unlisted investments	**2 539 452**	**–**	**–**	**2 539 452**	**2 539 452**	**–**	**–**	**2 539 452**
Financial assets at fair value through profit or loss – bonds	**294 524**	**–**	**–**	**294 524**	**294 524**	**–**	**–**	**294 524**
Financial assets at amortised cost	**568 150**	**–**	**–**	**568 150**	**568 150**	**–**	**–**	**568 150**
Loans and other receivables	**16 790**	**35 820**	**–**	**52 610**	**16 473**	**35 820**	**–**	**52 293**
Loans – interest bearing	**143**	**–**	**–**	**143**	**143**	**–**	**–**	**143**
Loans – non-interest bearing	**10 414**	**6 450**	**–**	**16 864**	**10 414**	**6 450**	**–**	**16 864**
Other loans and receivables	**6 233**	**29 370**	**–**	**35 603**	**5 916**	**29 370**	**–**	**35 286**
Cash and cash equivalents	**2 439 422**	**–**	**–**	**2 439 422**	**2 436 881**	**–**	**–**	**2 436 881**
Total	**6 684 912**	**35 820**	**–**	**6 720 732**	**6 639 631**	**35 820**	**1 664**	**6 677 115**
Insurance receivables – premium debtors	**1 655 917**	**71 519**	**(654)**	**1 726 782**	**1 655 917**	**71 519**	**(654)**	**1 726 782**
Reinsurance assets	**6 065 580**	**(240 846)**	**–**	**5 824 734**	**6 065 580**	**(240 846)**	**–**	**5 824 734**
Total	**7 721 497**	**(169 327)**	**(654)**	**7 551 516**	**7 721 497**	**(169 327)**	**(654)**	**7 551 516**
2021								
Loans to subsidiaries	–	–	–	–	–	–	1 664	1 664
Financial assets at fair value through profit or loss – listed investments	794 150	–	–	794 150	760 213	–	–	760 213
Financial assets at fair value through profit or loss – unlisted investments	2 195 330	–	–	2 195 330	2 195 330	–	–	2 195 330
Financial assets at fair value through profit or loss – bonds	136 772	–	–	136 772	136 772	–	–	136 772
Financial assets at amortised cost	650 512	–	–	650 512	650 512	–	–	650 512
Loans and other receivables	419 613	–	–	419 613	414 377	–	–	414 377
Loans – interest bearing	4 732	–	–	4 732	4 732	–	–	4 732
Loans – non-interest bearing	1 000	–	–	1 000	1 000	–	–	1 000
Other loans and receivables	413 881	–	–	413 881	408 645	–	–	408 645
Cash and cash equivalents	2 841 061	–	–	2 841 061	2 837 896	–	–	2 837 896
Total	7 037 438	–	–	7 037 438	6 995 101	–	1 664	6 996 765
Insurance receivables – premium debtors	1 455 750	30 872	40 520	1 527 142	1 455 750	30 872	40 520	1 527 142
Reinsurance assets	3 325 040	1 578	–	3 326 618	3 325 040	1 578	–	3 326 618
Total	4 780 790	32 450	40 520	4 853 760	4 780 790	32 450	40 520	4 853 760

4. Risk management (continued)

4.1 Credit risk (continued)

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

	GROUP					COMPANY				
	> 30 days R'000	31 to 60 days R'000	61 to 90 days R'000	More than 90 days R'000	Total past due but not impaired R'000	> 30 days R'000	31 to 60 days R'000	61 to 90 days R'000	More than 90 days R'000	Total past due but not impaired R'000
2022										
Loans and other receivables	–	–	–	35 820	35 820	–	–	–	35 820	35 820
Loans – non-interest bearing	–	–	–	6 450	6 450	–	–	–	6 450	6 450
Other loans and receivables	–	–	–	29 370	29 370	–	–	–	29 370	29 370
Insurance receivables – premium debtors	9 284	35 833	2 450	23 952	71 519	9 284	35 833	2 450	23 952	71 519
Reinsurance assets	–	13 274	–	(254 120)	(240 846)	–	13 274	–	(254 120)	(240 846)
	9 284	49 108	2 450	(194 348)	(133 507)	9 284	49 108	2 450	(194 348)	(133 506)
2021										
Insurance receivables – premium debtors	–	–	30 872	–	30 872	–	–	30 872	–	30 872
Reinsurance assets	–	–	–	1 578	1 578	–	–	–	1 578	1 578
	–	–	30 872	1 578	32 450	–	–	30 872	1 578	32 450

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

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

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Balance at the beginning of the year	273 406	242 394	243 740	242 896
– Collective impairment loss reversed	(31 157)	7 850	(31 157)	7 348
– Collective impairment loss recognised	1 491	23 162	1 491	23 162
Balance at the end of the year	**243 740**	273 406	**243 740**	273 406

4. Risk management (continued)

4.1 Credit risk (continued)

e) Reconciliation of loss allowance relating to loans and receivable subsequently measured at amortised cost

	GROUP			COMPANY		
	Subjected to lifetime ECL			Subjected to lifetime ECL		
	Total allowance for ECL R'000	Not credit impaired Allowance for ECL R'000	Credit impaired Allowance for ECL R'000	Total allowance for ECL R'000	Not credit impaired Allowance for ECL R'000	Credit impaired Allowance for ECL R'000
2022						
Balance at the beginning of the year	**65 678**	**846**	**64 832**	**65 678**	**846**	**64 832**
Originations, purchases and interest accruals	**2 156**	**15**	**2 141**	**2 156**	**15**	**2 141**
Repayments and other derecognitions (excluding write-offs)	**(664)**	**(660)**	**(4)**	**(664)**	**(660)**	**(4)**
Balance at the end of the year	**67 170**	**201**	**66 969**	**67 170**	**201**	**66 969**
2021						
Balance at the beginning of the year	72 279	464	71 815	72 279	464	71 815
Originations, purchases and interest accruals	77 472	383	77 089	77 472	383	77 089
Repayments and other derecognitions (excluding write-offs)	(28 629)	(2)	(28 628)	(28 629)	(2)	(28 628)
Model changes, interest accrued and write offs	(55 444)	–	(55 444)	(55 444)	–	(55 444)
Balance at the end of the year	65 678	846	64 832	65 678	846	64 832

During the current year, the provision for ECL increased due to an increase in the portion of the balance allocated to Stage 2 and Stage 3 of the model. The ECL for balances allocated to these stages, are based on lifetime expected credit losses thus resulting in a higher loss allowance when allocated to these stages.

4. Risk management (continued)

4.2 Liquidity risk

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

The following tables detail the Group and 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
GROUP							
2022							
Financial assets at fair value through profit or loss	**3 660 550**	**3 660 551**	**2 890 374**	**407 954**	**81 538**	**209 290**	**71 395**
Financial assets at amortised cost	**568 150**	**568 150**	**568 150**	**–**	**–**	**–**	**–**
Reinsurance assets	**5 824 734**	**5 824 734**	**–**	**5 824 734**	**–**	**–**	**–**
Insurance, loans and other receivables	**1 764 046**	**1 764 046**	**83 416**	**1 422 002**	**10 623**	**104 211**	**143 795**
Deferred acquisition costs	**115 273**	**115 273**	**–**	**115 273**	**–**	**–**	**–**
Cash and cash equivalents	**2 439 663**	**2 439 663**	**–**	**2 439 663**	**–**	**–**	**–**
Total	**14 372 416**	**14 372 416**	**3 541 939**	**9 977 774**	**92 161**	**313 500**	**215 190**
2021							
Financial assets at fair value through profit or loss	3 126 252	3 126 252	–	3 021 785	20 292	23 247	60 928
Financial assets at amortised cost	650 512	650 512	–	650 512	–	–	–
Reinsurance assets	3 326 618	3 326 618	–	3 326 618	–	–	–
Insurance, loans and other receivables	1 659 215	1 659 215	–	1 471 751	22	6 076	181 367
Deferred acquisition costs	115 413	115 413	–	115 066	347	–	–
Cash and cash equivalents	2 841 061	2 841 061	–	2 841 061	–	–	–
Total	11 719 071	11 719 071	–	11 426 792	20 661	29 323	242 295
COMPANY							
2022							
Loans to subsidiaries	**1 664**	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets at fair value through profit or loss	**3 618 128**	**3 618 128**	**2 890 373**	**365 532**	**81 538**	**209 290**	**71 395**
Financial assets at amortised cost	**568 150**	**568 150**	**568 150**	**–**	**–**	**–**	**–**
Reinsurance assets	**5 824 734**	**5 824 734**	**0**	**5 824 734**	**–**	**–**	**–**
Insurance, loans and other receivables	**1 779 074**	**1 779 074**	**83 416**	**1 437 031**	**10 623**	**104 211**	**143 793**
Deferred acquisition costs	**115 273**	**115 273**	**–**	**115 273**	**–**	**–**	**–**
Cash and cash equivalents	**2 436 881**	**2 436 881**	**–**	**2 436 881**	**–**	**–**	**–**
Total	**14 343 905**	**14 342 242**	**3 541 939**	**10 179 452**	**92 161**	**313 500**	**215 190**
2021							
Loans to subsidiaries	1 664	1 664	–	1 664	–	–	–
Financial assets at fair value through profit or loss	3 092 315	3 092 315	–	2 987 848	20 292	23 247	60 928
Financial assets at amortised cost	650 512	650 512	–	650 512	–	–	–
Reinsurance assets	3 326 618	3 326 618	–	3 326 618	–	–	–
Insurance, loans and other receivables	1 653 979	1 653 978	–	1 466 514	22	6 076	181 367
Deferred acquisition costs	115 413	115 413	–	115 066	347	–	–
Cash and cash equivalents	2 837 896	2 837 896	–	2 837 896	–	–	–
Total	11 678 397	11 678 396	–	11 386 118	20 661	29 323	242 295

4. Risk management (continued)

4.2 Liquidity risk (continued)

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
GROUP							
2022							
Non-derivative financial liabilities							
Trade and other payables*	**1 444 278**	**1 444 278**	–	**1 305 624**	**11 167**	**29 538**	**97 949**
Lease liability	**114 920**	**135 782**	–	**29 879**	**43 585**	**62 319**	**–**
Borrowings	**600 242**	**600 242**	–	**–**	**–**	**–**	**600 242**
Total	**2 159 440**	**2 180 302**	–	**1 335 502**	**54 752**	**91 857**	**698 191**
2021							
Non-derivative financial liabilities							
Trade and other payables*	1 303 113	1 303 113	–	1 290 304	–	12 809	–
Lease liability	188 225	283 278	–	43 995	44 378	147 252	47 653
Borrowings	600 450	600 000	–	–	–	480 000	120 000
Total	2 091 788	2 186 391	–	1 334 299	44 378	640 061	167 653
COMPANY							
2022							
Non-derivative financial liabilities							
Trade and other payables*	**1 371 732**	**1 371 732**	–	**1 312 672**	**11 167**	**29 538**	**18 355**
Lease liability	**114 920**	**114 920**	–	**20 302**	**36 676**	**57 943**	**–**
Borrowings	**599 888**	**599 888**	–	**–**	**–**	**–**	**599 888**
Total	**2 086 540**	**2 086 540**	–	**1 332 974**	**47 843**	**87 481**	**618 243**
2021l							
Non-derivative financial liabilities							
Trade and other payables*	1 213 641	1 213 640	–	1 200 831	–	12 809	–
Lease liability	188 225	283 278	–	43 995	44 378	147 252	47 653
Borrowings	600 096	600 000	–	–	–	480 000	120 000
Total	2 001 962	2 096 918	–	1 253 769	44 378	640 061	167 653

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

4. Risk management (continued)

4.2 Liquidity risk (continued)

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

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

	Probable cash outflows R'000	Maturity within a year R'000	Maturity between 2 and 5 years R'000	Maturity more than 5 years R'000
GROUP				
2022				
Claims reported and loss adjustment expenses	**5 579 735**	**4 836 848**	**739 340**	**3 547**
Claims incurred but not yet reported	**865 465**	**750 239**	**114 676**	**550**
Unearned premuim provision	**2 557 569**	**2 529 825**	**27 744**	**–**
Cash back reserve	**48 125**	**23 138**	**24 084**	**903**
Unexpired risk reserve	**–**	**–**	**–**	**–**
Reinsurance liabilities	**1 080 798**	**1 080 798**	**–**	**–**
	10 131 692	**9 220 848**	**905 843**	**5 000**
2021				
Claims reported and loss adjustment expenses	2 560 577	2 232 997	327 684	(104)
Claims incurred but not yet reported	1 743 957	1 520 850	223 178	(71)
Unearned premuim provision	2 247 331	2 220 128	27 057	145
Cash back reserve	61 859	29 742	30 957	1 160
Unexpired risk reserve	–	–	–	–
Reinsurance liabilities	901 628	901 628	–	–
	7 515 352	6 905 345	608 876	1 131
COMPANY				
2022				
Claims reported and loss adjustment expenses	**5 579 735**	**4 836 848**	**739 340**	**3 547**
Claims incurred but not yet reported	**865 465**	**750 239**	**114 676**	**550**
Unearned premuim provision	**2 557 569**	**2 529 825**	**27 744**	**–**
Cash back reserve	**48 125**	**23 138**	**24 084**	**903**
Unexpired risk reserve	**–**	**–**	**–**	**–**
Reinsurance liabilities	**1 080 798**	**1 080 798**	**–**	**–**
	10 131 692	**9 220 848**	**905 843**	**5 000**
2021				
Claims reported and loss adjustment expenses	2 560 577	2 232 997	327 684	(104)
Claims incurred but not yet reported	1 743 957	1 520 850	223 178	(71)
Unearned premuim provision	2 247 331	2 220 128	27 057	145
Cash back reserve	61 859	29 742	30 957	1 160
Unexpired risk reserve	–	–	–	–
Reinsurance liabilities	901 628	901 628	–	–
	7 515 352	6 905 345	608 876	1 131

4. Risk management (continued)

4.3 Market risk

a. Sensitivity analysis – currency risk

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

The following exchange rates applied during the year.

	2022		2021	
	Average rate	Reporting date spot rate	Average rate	Reporting rate spot rate
GROUP				
Mozambique Metical	**0,24**	**0,25**	0,22	0,22
COMPANY				
US Dollar	**15,36**	**16,28**	15,4	14,29
Euro	**17,24**	**17,06**	18,37	16,94

b. Sensitivity analysis – foreign currency exposure

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

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

	PROFIT/(LOSS)		EQUITY	
	10% increase R'000	10% decrease R'000	10% increase R'000	10% decrease R'000
GROUP				
2022				
US Dollar	**40 789**	**(40 789)**	**40 789**	**(40 789)**
Euro	**1 355**	**(1 355)**	**1 355**	**(1 355)**
Mozambique Metical	**7 792**	**(7 792)**	**7 792**	**(7 792)**
	49 936	**(49 936)**	**49 936**	**(49 936)**
2021				
US Dollar	28 639	(28 639)	28 639	(28 639)
Euro	660	(660)	660	(660)
Mozambique Metical	8 114	(8 114)	8 114	(8 114)
	37 413	(37 413)	37 413	(37 413)
COMPANY				
2022				
US Dollar	**40 789**	**(40 789)**	**40 789**	**(40 789)**
Euro	**1 355**	**(1 355)**	**1 355**	**(1 355)**
	42 144	**(42 144)**	**42 144**	**(42 144)**
2021				
US Dollar	28 639	(28 639)	28 639	(28 639)
Euro	660	(660)	660	(660)
	29 299	(29 299)	29 299	(29 299)

4. Risk management (continued)

4.3 Market risk (continued)

c. Sensitivity analysis – interest rate risk

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

	2022 Carrying amount R'000	2021 Carrying amount R'000
PROFILE GROUP		
Variable rate instruments		
Financial assets		
Loans – interest bearing	**143**	4 732
Cash and cash equivalents	**2 439 663**	2 841 061
	2 439 806	2 845 793
Financial liabilities		
Borrowings	**600 242**	600 450
	600 242	600 450
PROFILE COMPANY		
Variable rate instruments		
Financial assets		
Loans - interest bearing	**143**	4 732
Cash and cash equivalents	**2 436 881**	2 837 896
	2 437 024	2 842 628
Financial liabilities		
Borrowings	**599 888**	600 096
	599 888	600 096

The Group and Company's investment in long-term debt and fixed income securities are exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through several measures that include scenario testing and stress testing using measures such as duration.

The Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model.

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.

4. Risk management (continued)

4.3 Market risk (continued)

d. Sensitivity analysis – variable rate exposure

	PROFIT/(LOSS)		EQUITY	
	2% increase R'000	2% decrease R'000	2% increase R'000	2% decrease R'000
GROUP				
2022				
Financial assets				
Cash and cash equivalents	**13 801**	**(13 801)**	**13 801**	**(13 801)**
	(13 801)	**(13 801)**	**(13 801)**	**(13 801)**
Financial liabilities				
Borrowings	**11 998**	**(11 998)**	**11 998**	**(11 998)**
2021				
Financial assets				
Loans – interest bearing	95	(95)	95	(95)
Cash and cash equivalents	56 821	(56 821)	56 821	(56 821)
	56 916	(56 916)	56 916	(56 916)
Financial liabilities				
Borrowings	12 009	(12 009)	12 009	(12 009)
COMPANY				
2022				
Financial assets				
Loans – interest bearing	**–**	**–**	**–**	**–**
Cash and cash equivalents	**13 852**	**(13 852)**	**13 852**	**(13 852)**
	13 852	**(13 852)**	**13 852**	**(13 852)**
Financial liabilities				
Borrowings	**11 998**	**(11 998)**	**11 998**	**(11 998)**
2021				
Financial assets				
Loans – interest bearing	95	95	95	95
Cash and cash equivalents	56 758	56 758	56 758	56 758
	56 853	56 853	56 853	56 853
Financial liabilities				
Borrowings	12 011	(12 011)	12 011	(12 011)

Sensitivity analysis for fixed rate instruments of the Group and Company

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

Sensitivity analysis for variable rate instruments of the Group and Company

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

4. Risk management (continued)

4.3 Market risk (continued)

e. Sensitivity analysis -exposure to equity price risk

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

	2022			2021		
	Carrying amount R'000	**Listed/not listed R'000**	**Relevant stock exchange R'000**	Carrying amount R'000	Listed/not listed R'000	Relevant stock exchange R'000
GROUP						
Ordinary shares	**625 084**	**Listed**	**JSE**	635 763	Listed	JSE
Ordinary shares	**457 635**	**Not listed**	**N/A**	459 214	Not listed	N/A
Preference shares	**100 106**	**Listed**	**JSE**	102 891	Listed	JSE
Preference shares	**696 757**	**Not listed**	**N/A**	603 321	Not listed	N/A
	1 879 581			1 801 189		
COMPANY						
Ordinary shares	**625 084**	**Listed**	**JSE**	601 825	Listed	JSE
Ordinary shares	**457 635**	**Not listed**	**N/A**	459 214	Not listed	N/A
Preference shares	**100 106**	**Listed**	**JSE**	102 891	Listed	JSE
Preference shares	**696 757**	**Not listed**	**N/A**	603 321	Not listed	N/A
	1 879 581			1 767 251		

All of the Company's and Group's listed equity investments are listed on the JSE Limited. For such investments a 5% increase in equity price at the reporting date would increase equity and profit or loss by the amounts as shown below. A 5 % decrease in equity price should have had the equal but opposite effect. The analysis is peformed on the same basis as for the prior year.

4. Risk management (continued)

4.3 Market risk (continued)

f. Sensitivity analysis – index exposure

	PROFIT/(LOSS)		EQUITY	
	10% increase R'000	10% decrease R'000	10% increase R'000	10% decrease R'000
GROUP				
2022				
Ordinary shares – listed – JSE	**31 254**	**31 254**	**31 254**	**31 254**
Ordinary shares – not listed	**22 882**	**22 882**	**22 882**	**22 882**
Preference shares – listed – JSE	**5 005**	**5 005**	**5 005**	**5 005**
Preference shares – not listed	**34 838**	**34 838**	**34 838**	**34 838**
	93 979	**93 979**	**93 979**	**93 979**
2021				
Ordinary shares – listed – JSE	31 788	31 788	31 788	31 788
Ordinary shares – not listed	22 961	22 961	22 961	22 961
Preference shares – listed – JSE	5 145	5 145	5 145	5 145
Preference shares – not listed	30 166	30 166	30 166	30 166
	90 059	90 059	90 059	90 059
COMPANY				
2022				
Ordinary shares – listed – JSE	**31 254**	**31 254**	**31 254**	**31 254**
Ordinary shares – not listed	**22 882**	**22 882**	**22 882**	**22 882**
Preference shares – listed – JSE	**5 005**	**5 005**	**5 005**	**5 005**
Preference shares – not listed	**34 838**	**34 838**	**34 838**	**34 838**
	93 979	**93 979**	**93 979**	**93 979**
2021				
Ordinary shares – listed – JSE	30 091	30 091	30 091	30 091
Ordinary shares – not listed	22 961	22 961	22 961	22 961
Preference shares – listed – JSE	5 145	5 145	5 145	5 145
Preference shares – not listed	30 166	30 166	30 166	30 166
	88 363	88 363	88 363	88 363

4. Risk management (continued)

4.4 Comprehensive income

Financial income and expenditure

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

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Financial assets at fair value through profit or loss	**256 923**	101 528	**212 932**	66 663
Financial assets at amortised cost	**73 184**	87 390	**73 184**	87 390
Financial income	**578 483**	188 918	**578 239**	154 053
Interest expense on financial liabilities measured at amortised cost	**(52 027)**	(57 793)	**(48 984)**	(55 184)
Financial expense	**(52 027)**	(57 793)	**(48 984)**	(55 184)
Net financial income	**526 455**	131 125	**529 255**	98 870
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 expense	**(52 027)**	(57 793)	**(48 984)**	(55 184)
Net Interest expense	**(52 027)**	(57 793)	**(48 984)**	(55 184)

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

Impairment losses

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

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Impairment of other loans and receivables				
- Impairment reversed/(recognised)	**(1 492)**	14 772	**(1 492)**	14 772
Impairment of premium debtors				
- Impairment reversed/(recognised)	**–**	(23 162)	**–**	(23 162)
	(1 492)	(8 390)	**(1 492)**	(8 390)

5. Investment properties

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Investment property – land and buildings – cost	**32 300**	32 300	**–**	–
Fair value on investment properties	**32 300**	32 300	**–**	–
Reconciliation of movement on fair value amount:				
Balance at the beginning of the year	**32 300**	32 400	**–**	–
Write-off	**–**	(100)	**–**	–
Balance at the end of the year	**32 300**	32 300	**–**	–

Investment property consists of:

- freehold property;
- sectional title located at stand 306 Ferreiras Dorp Township, Gauteng, measuring 1162 square metres; and
- sectional title located at stand 317 Ferreiras Dorp Township, Gauteng, measuring 1012 square metres.

The properties are carried at market value as last determined by an independent registered valuator.

Investment properties are not mortgaged as security for any liabilities.

Direct operating expenses incurred on the investment property amount to R2 194 512. (2021: R2 044 042), repairs and maintenance incurred amounts to R136 694 (2021: R66 421).

6. Property and equipment

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cost				
Leasehold improvements	**69 854**	54 014	**69 854**	54 014
Motor vehicles	**1 224**	1 337	**1 205**	1 319
Office equipment	**267 296**	236 492	**266 915**	236 111
Office equipment	**13 373**	13 019	**12 992**	12 638
Computer hardware	**174 756**	151 646	**174 756**	151 646
Furniture and fittings	**79 167**	71 827	**79 167**	71 827
Property and equipment – cost	**338 374**	291 844	**337 974**	291 444
Accumulated depreciation				
Leasehold improvements	**(24 512)**	(18 910)	**(24 512)**	(18 910)
Motor vehicles	**(990)**	(971)	**(983)**	(964)
Office equipment	**(157 495)**	(119 632)	**(157 238)**	(119 375)
Office equipment	**(8 048)**	(7 097)	**(7 791)**	(6 839)
Computer hardware	**(95 125)**	(62 935)	**(95 125)**	(62 935)
Furniture and fittings	**(54 322)**	(49 600)	**(54 322)**	(49 600)
Property and equipment – accumulated depreciation and impairment	**(182 997)**	(139 513)	**(182 732)**	(139 249)
Net carrying amount				
Leasehold improvements	**45 343**	35 104	**45 343**	35 104
Motor vehicles	**233**	366	**222**	355
Office equipment	**109 801**	116 861	**109 677**	116 738
Office equipment	**5 325**	5 923	**5 201**	5 799
Computer hardware	**79 631**	88 712	**79 631**	88 712
Furniture and fittings	**24 845**	22 227	**24 845**	22 227
Property and equipment – carrying value	**155 377**	152 331	**155 242**	152 196
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**152 331**	169 260	**152 196**	169 125
Additions	**46 805**	23 985	**46 805**	23 985
Leasehold improvements	**15 841**	8 477	**15 841**	8 477
Office equipment	**353**	289	**353**	289
Computer hardware	**23 260**	13 834	**23 260**	13 834
Furniture and fittings	**7 352**	1 385	**7 352**	1 385
Depreciation for the year	**(43 611)**	(39 637)	**(43 611)**	(39 636)
Leasehold improvements	**(5 510)**	(4 273)	**(5 510)**	(4 273)
Motor vehicles	**(133)**	(161)	**(133)**	(161)
Office equipment	**(934)**	(983)	**(934)**	(983)
Computer hardware	**(32 339)**	(29 256)	**(32 339)**	(29 256)
Furniture and fittings	**(4 696)**	(4 965)	**(4 696)**	(4 965)
Disposals	**(13)**	(1 277)	**(13)**	(1 277)
Leasehold improvements	**–**	(1 233)	**–**	(1 233)
Computer hardware	**(1)**	(9)	**(1)**	(9)
Furniture and fittings	**(12)**	(35)	**(12)**	(35)
Write-off	**(136)**	–	**(136)**	–
Leasehold improvements	**(92)**	–	**(92)**	–
Office equipment	**(18)**	–	**(18)**	–
Furniture and fittings	**(26)**	–	**(26)**	–
Balance at the end of the year	**155 377**	152 331	**155 242**	152 196

7. Right of use assets

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cost				
Property	**211 631**	227 246	**211 631**	227 246
Motor vehicles	**2 478**	2 478	**2 478**	2 478
Office equipment	**9 119**	9 119	**9 119**	9 119
Right of use asset – cost	**223 227**	238 843	**223 227**	238 843
Accumulated depreciation				
Property	**(98 469)**	(71 171)	**(98 469)**	(71 171)
Motor vehicles	**(2 382)**	(2 199)	**(2 382)**	(2 199)
Office equipment	**(9 119)**	(9 111)	**(9 119)**	(9 111)
Right of use asset – accumulated depreciation and impairment	**(109 970)**	(82 481)	**(109 970)**	(82 481)
Net carrying amount				
Property	**113 162**	156 075	**113 162**	156 075
Motor vehicles	**96**	279	**96**	279
Office equipment	**–**	7	**–**	7
Right of use assets – carrying value	**113 257**	156 362	**113 257**	156 362
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**156 362**	194 494	**156 362**	194 494
Additions	**1 223**	3 491	**1 223**	3 491
Property	**1 223**	3 491	**1 223**	3 491
Depreciation for the year	**(27 489)**	(39 803)	**(27 489)**	(39 803)
Property	**(27 298)**	(35 698)	**(27 298)**	(35 698)
Motor vehicles	**(184)**	(980)	**(184)**	(980)
Office equipment	**(7)**	(3 125)	**(7)**	(3 125)
Write-off	**(16 839)**	(1 820)	**(16 839)**	(1 820)
Property	**(16 839)**	–	**(16 839)**	–
Motor vehicles	**–**	(10)	**–**	(10)
Office equipment	**–**	(1 810)	**–**	(1 810)
Balance at the end of the year	**113 257**	156 362	**113 257**	156 362

The above assets have been calculated using a weighted average incremental borrowing rate.

8. Intangible assets

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cost				
Computer software	**225 256**	172 763	**225 256**	172 763
Goodwill	**408**	408	**–**	–
Acquired rights over books of business	**93 773**	27 214	**93 773**	27 214
Intellectual properties	**–**	83 876	**–**	83 876
Intangible assets – cost	**319 437**	284 260	**319 029**	283 852
Accumulated amortisation and impairment				
Computer software	**(132 226)**	(97 561)	**(132 226)**	(97 561)
Acquired rights over books of business	**(25 933)**	(42 944)	**(25 933)**	(42 944)
Intellectual properties	**–**	(16 700)	**–**	(16 700)
Intangible assets – accumulated amortisation and impairment	**(158 159)**	(140 505)	**(158 159)**	(140 505)
Net carrying amount				
Computer software	**93 031**	75 202	**93 031**	75 202
Goodwill	**408**	408	**–**	–
Acquired rights over books of business	**67 839**	970	**67 839**	970
Intellectual properties	**–**	67 176	**–**	(67 176)
Intangible assets	**161 278**	143 756	**160 870**	143 348
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**143 756**	151 640	**143 348**	151 231
Additions	**54 224**	42 873	**54 224**	42 873
Computer software	**54 224**	42 873	**54 224**	42 873
Amortisation for the year	**(35 006)**	(36 119)	**(35 006)**	(36 118)
Computer software	**(34 700)**	(35 812)	**(34 700)**	(35 811)
Acquired rights over books of business	**(306)**	(307)	**(306)**	(307)
Impairment for the year	**–**	(5 251)	**–**	(5 251)
Computer software	**–**	(5 251)	**–**	(5 251)
Disposals	**(1 695)**	(9 387)	**(1 695)**	(9 387)
Computer software	**(1 695)**	(9 387)	**(1 695)**	(9 387)
Balance at the end of the year	**161 278**	143 756	**160 870**	143 348

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. As at 30 June 2022, no impairment was raised (2021: Rnil).

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

9. Investment in subsidiaries

	COMPANY 2022 R'000	2021 R'000
Interest in subsidiaries comprises:		
Shares at fair value through profit or loss	**44 058**	42 422
Loans to subsidiaries	**37 677**	37 677
Impairment on loans	**(36 013)**	(36 013)
Investments in subsidiaries	**45 722**	44 086

Carrying value of interest in subsidiary

	Nature of business	Place of business	Issued share capital R	Proportion held 2022 %	Proportion held 2021 %	2022 Shares R'000	2022 Indebtedness R'000	2021 Shares R'000	2021 Indebtedness R'000
Interest in subsidiaries comprises:									
Casa Luigi Properties	C	RSA	100	**100**	100	–	–	–	–
Ground Lily Investments	D	RSA	1	**100**	100	–	–	–	–
Precept Supply Chain Management - HoldCo	D	RSA	3 001 010	**100**	100	–	–	–	–
Hollard Portfolio Management	C	RSA	1	**100**	100	**44 058**	–	42 422	–
Newshelf 33	B	RSA	1	**100**	100	–	–	–	–
JJK Marketing Consultants (Pty) Ltd	B	RSA	1	**100**	100	–	–	–	–
EquiMed Underwriting Managers (Pty) Ltd	B	RSA	100	**100**	100	–	–	–	–
Apex Underwriting Managers (Pty) Ltd	C	RSA	100	**100**	100	–	–	–	–
Accredited Investments (Pty) Limited	A	RSA	100	**100**	100	–	–	–	–
Leungo Investments (Pty) Ltd	B	RSA	1	**100**	100	–	**37 677**	–	37 677
Execuline Underwirting Managers (Pty) Limited	C	RSA	100	**100**	100	–	–	–	–
Primus Risk Services Investments (Pty) Ltd	C	RSA	100	**100**	100	–	–	–	–
Bidcap Investments (Pty) Ltd	B	RSA	100	**100**	100	–	–	–	–
Buckingham Risk Solutions (Pty) Ltd	B	RSA	100	**100**	100	–	–	–	–
Electronic Risk Underwriting Managers (Pty) Ltd	B	RSA	100	**100**	100	–	–	–	–
Hollard Mocambique Companhia de Seguros	F	RSA	100	**50,10**	50,10	–	–	–	–
						44 058	**37 677**	42 422	37 677
Impairment on loans							**(36 013)**		(36 013)
						44 058	**1 664**	42 422	1 664

The loan is unsecured and there are no fixed repayment terms.

The investment in Hollard Mocambique Companhia de Seguros, S.A.R.L (incorporated and operational in Mozambique) is held for sale and details are disclosed in note 17 on page 64 of these financial statements.

Nature of business

A Property Holding
B Underwriting Managers
C Investment Holding
D Venture Capital
E Business Process and Outsourcing
F General Insurance
G Administration

10. Investment in associates

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Interest in associates comprises:				
Shares at fair value through profit or loss	**–**	–	**256 134**	259 348
Shares at equity accounted carrying value	**67 630**	67 630	**–**	–
Group share of post-acquisition profits, losses and reserves	**171 827**	180 984	**–**	–
Carrying value of associates	**239 457**	248 614	**256 134**	259 348
Investment in associates	**239 457**	248 614	**256 134**	259 348

Associates comprise Legal Expense Group Africa Ltd. The Company holds a 39,9% (2021: 39,9%) share in this associate.

Financial position of associates

Analysis of associates at 30 June 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Financial position of associates				
Non-current assets	**684 365 00**	678 629 00	**684 365**	678 629
Current assets	**168 156 00**	191 953 00	**168 156**	191 953
Total assets attributable	**852 521 00**	870 582 00	**852 521**	870 582
Non-current liabilities	**259 984**	241 456	**259 984**	241 456
Current liabilities	**122 113**	116 947	**122 113**	116 947
Total liabilities attributable	**382 097 00**	358 403 00	**382 097**	358 403
Net assets attributable	**470 424 00**	512 179 00	**470 424**	512 179
Financial performance of associates				
Revenue	**–**	–		
Net profit before taxation	**103 645**	149 536	**103 645**	149 536
Taxation	**(25 416)**	(34 637)	**(25 416)**	(34 637)
Net profit after taxation	**78 229**	114 899 00	**78 229**	114 899

11. Financial assets

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Financial assets at fair value through profit or loss	**3 660 550**	3 126 252	**3 618 128**	3 092 315
Financial assets at amortised cost	**568 150**	650 512	**568 150**	650 512
	4 228 700	3 776 765	**4 186 278**	3 742 827
Financial assets at fair value through profit or loss				
Listed investments	**826 574**	794 150	**784 153**	760 213
Unlisted investments	**2 539 452**	2 195 330	**2 539 452**	2 195 330
Bonds	**294 524**	136 772	**294 524**	136 772
	3 660 550	3 126 252	**3 618 128**	3 092 315
An analysis of the Group's and Company's financial assets by market sector and maturity spread is provided below:				
Listed investments				
at fair value	**826 574**	794 150	**784 153**	760 213
Analysis of spread of listed investments by market sector	**%**	%	**%**	%
Banks	**13,23**	13,52	**13,61**	14,12
Basic resources	**0,95**	0,92	**0,98**	0,96
Financial services	**0,56**	0,37	**0,58**	0,38
Food and beverage	**–**	0,08	**–**	0,08
Healthcare	**0,12**	0,11	**0,13**	0,12
Industrial goods and services	**0,32**	0,25	**0,33**	0,27
Insurance	**76,36**	76,57	**75,69**	75,53
Media	**–**	0,35	**–**	0,37
Personal and household goods	**0,22**	0,14	**0,23**	0,15
Real estate	**–**	0,15	**–**	0,15
Retail	**0,31**	0,35	**0,32**	0,36
Technology	**0,19**	–	**0,20**	–
Telecommunications	**0,30**	0,20	**0,31**	0,21
Corporate debentures	**7,42**	6,99	**7,63**	7,30
	99,98	100,00	**100,01**	100,00
Unlisted investments				
at fair value	**2 539 452**	2 195 330	**2 539 452**	2 195 330
	%	%	**%**	%
Linked policies	**48,91**	55,61	**48,91**	55,61
Private equity investments	**–**	1,84	**–**	1,84
Unit trusts	**50,90**	42,33	**50,90**	42,33
Ordinary shares	**0,19**	0,23	**0,19**	0,23
	100,00	100,00	**100,00**	100,01
Total listed and unlisted investments at fair value	**3 366 026**	2 989 480	**3 323 605**	2 955 543

11. Financial assets (continued)

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Bonds				
Bonds and other assets at amortised cost by industry	**294 524**	136 772	**294 524**	136 772
	%	%	**%**	%
Financial services	**24,49**	–	**24,49**	–
Banks	**65,09**	66,69	**65,09**	66,69
Insurance	**10,42**	33,31	**10,42**	33,31
	100,00	100,00	**100,00**	100,00

	Maturity spread R'000	Maturity spread %	Nominal interest rate %	Effective interest rate %
GROUP				
Bonds				
An analysis of debt securities by maturity spread for 2022				
0 – 1 year	**61 850**	**42,00**	**9,00**	**6,00**
1 – 2 years	**39 331**	**26,71**	**9,00**	**5,00**
2 – 5 years	**72 121**	**48,97**	**9,00**	**7,00**
More than 5 years	**121 222**	**82,32**	**8,00**	**6,00**
	294 524	**200,00**		
An analysis of debt securities by maturity spread for 2021				
0 – 1 year	32 305	23,62	5,00	5,00
1 – 2 years	20 292	14,84	6,00	6,00
2 – 5 years	23 247	17,00	11,00	11,00
More than 5 years	60 928	44,55	7,00	7,00
	136 772	100,00		
COMPANY				
Bonds				
An analysis of debt securities by maturity spread for 2022				
0 – 1 year	**61 850**	**42,00**	**9,00**	**6,00**
1 – 2 years	**39 331**	**26,71**	**9,00**	**5,00**
2 – 5 years	**72 121**	**48,97**	**9,00**	**7,00**
More than 5 years	**121 222**	**82,32**	**8,00**	**6,00**
	294 524	**200,00**		
An analysis of debt securities by maturity spread for 2021				
0 – 1 year	32 305	23,62	5,00	5,00
1 – 2 years	20 292	14,84	6,00	6,00
2 – 5 years	23 247	17,00	11,00	11,00
More than 5 years	60 928	44,55	7,00	7,00
	136 772	100,00		

All bonds reported above are South African in origin.

12. Categories and classes of financial and insurance assets and liabilities

	Fair value through profit or loss R'000	Loans and receivables R'000	At amortised cost invest-ments R'000	Financial assets at fair value through other comprehen-sive income R'000	Total financial instru-ments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instru-ments R'000
GROUP									
2022									
Assets									
Investment in associates	–	–	–	–	–	–	239 457	239 457	239 457
Financial assets	3 660 550	–	568 150	–	4 228 700	–	–	4 228 700	4 228 700
Preference shares and debt instruments	1 696 454	–	568 150	–	2 264 604	–	–	2 264 604	2 264 604
Equities	672 517	–	–	–	672 517	–	–	672 517	672 517
Linked policies	1 291 579	–	–	–	1 291 579	–	–	1 291 579	1 291 579
Reinsurance assets	–	–	–	–	–	5 824 734	(0)	5 824 734	5 824 734
Insurance, loans and other receivables	–	255 779	–	–	255 779	1 353 943	155 658	1 765 380	1 765 380
Deferred acquisition costs	–	–	–	–	–	115 273	(0)	115 273	115 273
Cash and cash equivalents	–	–	2 439 663	–	2 439 663	(0)	0	2 439 663	2 439 663
Non-current assets held for sale	1 798 496	–	–	–	1 798 496	–	1 798 496	1 798 496	1 798 496
Total	3 660 550	255 779	3 007 813	–	6 924 143	7 293 950	2 193 610	16 411 705	16 411 705
Liabilities									
Borrowings	–	–	–	–	–	–	600 242	600 242	600 242
Insurance liabilities	–	–	–	–	–	9 050 876	–	9 050 876	9 050 876
Reinsurance liabilities	–	–	–	–	–	1 080 798	–	1 080 798	1 080 798
Employee benefits	–	–	–	–	–	–	132 987	132 987	132 987
Trade and other payables	–	–	–	–	–	408 017	1 164 847	1 572 864	1 572 864
Non-current Liability held for sale								1 228 812	1 228 812
Total	–	–	–	–	–	10 539 691	1 898 077	13 666 580	13 666 580
2021									
Assets									
Investment in associates	–	–	–	–	–	–	248 614	248 614	248 614
Financial assets	3 126 252	–	650 512	–	3 776 765	–	–	3 776 765	3 776 765
Preference shares and debt instruments	1 264 715	–	650 512	–	1 915 227	–	–	1 915 227	1 915 227
Equities	640 774	–	–	–	640 774	–	–	640 774	640 774
Linked policies	1 220 764	–	–	–	1 220 764	–	–	1 220 764	1 220 764
Reinsurance assets	–	–	–	–	–	3 326 618	–	3 326 618	3 326 618
Insurance, loans and other receivables	–	108 422	–	–	108 422	1 527 142	23 651	1 659 215	1 659 215
Deferred acquisition costs	–	–	–	–	–	115 413	–	115 413	115 413
Cash and cash equivalents	–	–	2 841 061	–	2 841 061	–	–	2 841 061	2 841 061
Non-current assets held for sale	–	–	–	–	–	–	1 657 666	1 657 666	1 657 666
Total	3 126 455	108 422	3 491 573	–	6 726 247	4 969 173	1 929 930	13 625 552	13 625 552
Liabilities									
Borrowings	–	–	–	–	–	–	600 450	600 450	600 450
Insurance liabilities	–	–	–	–	–	6 613 724	–	6 613 724	6 613 724
Reinsurance liabilities	–	–	–	–	–	901 628	–	901 628	901 628
Employee benefits	–	–	–	–	–	–	49 571	49 571	49 638
Trade and other payables	–	–	–	–	–	–	1 491 337	1 491 337	1 491 337
Non Current Liability Held for Sale	1 228 145	–	–	–	1 228 145			1 228 145	1 228 145
Total	1 228 145	–	–	–	1 228 145	7 515 352	2 141 425	10 844 922	10 844 922

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

	Fair value through profit or loss R'000	Loans and receivables R'000	At amortised cost invest-ments R'000	Financial assets at fair value through other comprehen-sive income 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
COMPANY									
2022									
Assets									
Investment in subsidiaries	**44 058**	**–**	**–**	**–**	**44 058**	**–**	**–**	**44 058**	**44 058**
Loans to subsidiaries	**–**	**1 664**	**–**	**–**	**1 664**	**–**	**–**	**1 664**	**1 664**
Investment in associates	**256 134**	**–**	**–**	**–**	**256 134**	**–**	**–**	**256 134**	**256 134**
Financial assets	**3 618 128**	**–**	**568 150**	**–**	**4 186 278**	**–**	**–**	**4 186 278**	**4 186 278**
Preference shares and debt instruments	**1 696 454**	**–**	**568 150**	**–**	**2 264 604**	**–**	**–**	**2 264 604**	**2 264 604**
Equities	**630 095**	**–**	**–**	**–**	**630 095**	**–**	**–**	**630 095**	**630 095**
Linked policies	**1 291 579**	**–**	**–**	**–**	**1 291 579**	**–**	**–**	**1 291 579**	**1 291 579**
Reinsurance assets	**–**	**–**	**–**	**–**	**–**	**5 824 734**	**–**	**5 824 734**	**5 824 734**
Insurance, loans and other receivables	**–**	**255 779**	**–**	**–**	**255 779**	**1 353 943**	**169 351**	**1 779 074**	**1 779 074**
Deferred acquisition costs	**–**	**–**	**–**	**–**	**–**	**115 275**	**–**	**115 274**	**115 274**
Cash and cash equivalents	**–**	**–**	**2 436 881**	**–**	**2 436 881**	**–**	**0**	**2 436 881**	**2 436 881**
Total	**3 918 319**	**257 444**	**3 005 031**	**–**	**7 180 794**	**7 293 952**	**169 351**	**14 644 097**	**14 644 097**
Liabilities									
Borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**599 888**	**599 888**	**599 888**
Insurance liabilities	**–**	**–**	**–**	**–**	**–**	**9 050 876**	**–**	**9 050 876**	**9 050 876**
Reinsurance liabilities	**–**	**–**	**–**	**–**	**–**	**1 080 798**	**–**	**1 080 798**	**1 080 798**
Employee benefits	**–**	**–**	**–**	**–**	**–**	**–**	**132 987**	**132 987**	**132 987**
Trade and other payables	**–**	**–**	**–**	**–**	**–**	**408 017**	**1 090 968**	**1 498 985**	**1 498 985**
Total	**–**	**–**	**–**	**–**	**–**	**10 539 691**	**1 823 843**	**12 363 534**	**12 363 534**
2021									
Assets									
Investment in subsidiaries	42 422	–	–	–	42 422	–	–	42 422	42 422
Loans to subsidiaries	–	1 664	–	–	1 664	–	–	1 664	1 664
Investment in associates	259 348	–	–	–	259 348	–	–	259 348	259 348
Financial assets	3 092 315	–	650 512	–	3 742 827	–	–	3 742 827	3 742 827
Preference shares and debt instruments	1 264 715	–	650 512	–	1 915 227	–	–	1 915 227	1 915 227
Equities	606 837	–	–	–	606 837	–	–	606 837	606 837
Linked policies	1 220 764	–	–	–	1 220 764	–	–	1 220 764	1 220 764
Reinsurance assets	–	–	–	–	–	3 326 618	–	3 326 618	3 326 618
Insurance, loans and other receivables	–	108 318	–	–	108 318	1 527 142	18 519	1 653 979	1 653 979
Deferred acquisition costs	–	–	–	–	–	115 413	–	115 413	115 413
Cash and cash equivalents	–	–	2 837 896	–	2 837 896	–	–	2 837 896	2 837 896
Non-current assets held-for-sale	152 433	–	–	–	152 433	–	–	152 433	152 433
Total	3 546 518	109 982	3 488 409	–	7 144 908	4 969 172	18 519	12 132 600	12 132 600
Liabilities									
Borrowings	–	–	–	–	–	–	600 096	600 096	600 096
Insurance liabilities	–	–	–	–	–	6 613 724	–	6 613 724	6 613 724
Reinsurance liabilities	–	–	–	–	–	901 628	–	901 628	901 628
Employee benefits	–	–	–	–	–	–	49 571	49 571	49 571
Trade and other payables	–	–	–	–	–	–	1 401 866	1 401 866	1 401 866
Total	–	–	–	–	–	7 515 352	2 051 533	9 566 885	9 613 122

13. Determination of fair value and fair values hierarchy

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

	Level 1	Level 2	Level 3	Total fair value
GROUP				
2022				
Financial assets carried at fair value through profit or loss				
Listed investments	**190 078**	**–**	**636 497**	**826 574**
*Listed ordinary shares**	**31 008**	**–**	**636 497**	**667 505**
Listed preference shares	**100 106**	**–**	**–**	**100 106**
Listed debentures	**58 964**	**–**	**–**	**58 964**
Unlisted investments	**–**	**2 534 440**	**5 011**	**2 539 452**
Unlisted ordinary shares	**–**	**–**	**5 011**	**5 011**
Units trusts	**–**	**1 242 861**	**–**	**1 242 861**
Linked policies	**–**	**1 291 579**	**–**	**1 291 579**
Bonds	**–**	**294 524**	**–**	**294 524**
	190 078	**2 828 964**	**641 508**	**3 660 550**
2021				
Financial assets carried at fair value through profit or loss				
Listed investments	188 192	–	605 958	794 150
*Listed ordinary shares**	29 805	–	605 958	635 763
Listed preference shares	102 891	–	–	102 891
Listed debentures	55 497	–	–	55 497
Unlisted investments	–	2 149 978	45 352	2 195 330
Unlisted ordinary shares	–	–	5 011	5 011
*Unlisted preference shares**	–	–	40 340	40 340
Units trusts	–	929 215	–	929 215
Linked policies	–	1 220 764	–	1 220 764
Bonds	–	136 772	–	136 772
	188 192	2 286 750	651 310	3 126 253

13. Determination of fair value and fair values hierarchy (continued)

	Level 1	Level 2	Level 3	Total fair value
COMPANY				
2022				
Financial assets carried at fair value through profit or loss				
Interest in subsidiaries	**–**	**–**	**44 058**	**44 058**
Interest in associates	**–**	**–**	**256 133**	**256 133**
Listed investments	**190 078**	**–**	**594 075**	**784 153**
*Listed ordinary shares**	**31 008**	**–**	**594 075**	**625 084**
Listed preference shares	**100 106**	**–**	**–**	**100 106**
Listed debentures	**58 964**	**–**	**–**	**58 964**
Unlisted investments	**–**	**2 534 440**	**5 011**	**2 539 452**
Unlisted ordinary shares	**–**	**–**	**5 011**	**5 011**
Units trusts	**–**	**1 242 861**	**–**	**1 242 861**
Linked policies	**–**	**1 291 579**	**–**	**1 291 579**
Bonds	**–**	**294 524**	**–**	**294 524**
	190 078	**2 828 964**	**899 279**	**3 918 321**
2021				
Financial assets carried at fair value through profit or loss				
Interest in joint ventures	–	–	42 422	42 422
Interest in associates	–	–	259 348	259 348
Listed investments	188 192	–	572 021	760 213
*Listed ordinary shares**	29 805	–	572 021	601 825
Listed preference shares	102 891	–	–	102 891
Listed debentures	55 497	–	–	55 497
Unlisted investments	–	2 149 978	45 352	2 195 330
Unlisted ordinary shares	–	–	5 011	5 011
Units trusts	–	1 242 861	–	1 242 861
Linked Policies	–	1 220 764	–	1 220 764
Bonds	–	136 772	–	136 772
Total	188 192	2 286 750	919 143	3 394 085

13 . Determination of fair value and fair values hierarchy (continued)

Quantitative information about fair value measurement

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

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

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

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

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

Companies are valued on a price earnings ratio method or on a discounted cash flow basis. A build-up method was used to construct the discount rate, incorporating all the appropriate risk components as well as a bond yield of 10,55% (R2 030). The following appropriate risk components are incorporated in the discount rates and earnings factors used:

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

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

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

13. Determination of fair value and fair values hierarchy (continued)

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

	Balance at the beginning of the year R'000	Total gains/ (losses) in profit or loss statement R'000	Total gains/ (losses) recorded in other compre-hensive income R'000	Fair value adjustments	Sales R'000	Impair-ment R'000	Balance at the end of the year R'000	Total gains/ (losses) in profit or loss statement R'000
GROUP								
2022								
Financial assets								
Listed investments	**605 958**	**–**	**–**	**30 539**	**–**	**–**	**636 497**	**30 539**
Listed ordinary shares	**605 958**	**–**	**–**	**30 539**	**–**	**–**	**636 496**	**30 539**
Unlisted investments	**45 352**	**–**	**–**	**(5 867)**	**(7)**	**(34 466)**	**5 011**	**–**
Unlisted ordinary shares	**5 011**	**–**	**–**	**–**	**–**	**–**	**5 011**	**–**
Unlisted preference shares	**40 340**	**–**	**–**	**(5 867)**	**(7)**	**(34 466)**	**-**	**(40 333)**
Bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	651 310	**–**	**–**	**24 672**	**(7)**	**(34 466)**	**641 507**	**30 539**
2021								
Financial assets at fair value through profit or loss								
Listed investments	491 553	–	–	114 404	–	–	605 958	114 405
Listed ordinary shares	491 553	–	–	114 404	–	–	605 958	114 405
Unlisted investments	59 809	–	–	(14 457)			45 352	(14 457)
Unlisted ordinary shares	5 011	–	–	–	–	–	5 011	–
Unlisted preference shares	54 798	–	–	(14 457)	–	–	40 340	(14 457)
	551 363	–	–	99 947	–	–	651 310	99 947

13. Determination of fair value and fair values hierarchy (continued)

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

	Balance at the beginning of the year R'000	Total gains/ (losses) in profit or loss statement R'000	Total gains/ (losses) recorded in other compre-hensive income R'000	Fair value adjustments	Sales R'000	Impair-ment R'000	Balance at the end of the year R'000	Total gains/ (losses) in profit or loss statement R'000
COMPANY								
2022								
Financial assets at fair value through profit or loss								
Interest in subsidiaries	**42 422**	**–**	**–**	**1 636**	**–**	**–**	**44 058**	**1 636**
Interest in associates	**259 348**	**–**	**–**	**(3 215)**	**–**	**–**	**256 134**	**(3 215)**
Listed investments	**572 021**	**–**	**–**	**22 054**	**–**	**–**	**594 075**	**22 054**
Listed ordinary shares	**572 021**	**–**	**–**	**22 054**	**–**	**–**	**594 075**	**20 475**
Unlisted investments	**45 352**	**–**	**–**	**(5 867)**	**(7)**	**(34 466)**	**5 011**	**–**
Unlisted ordinary shares	**5 011**	**–**	**–**	**–**	**–**	**–**	**5 011**	**–**
Unlisted preference shares	**40 340**	**–**	**–**	**(5 867)**	**(7)**	**(34 466)**	**–**	**(40 333)**
	919 143	**–**	**–**	**14 608**	**(7)**	**(34 466)**	**899 278**	**(19 858)**
2021								
Financial assets at fair value through profit or loss								
Interest in subsidiaries	**33 938**	**–**	**–**	**8 484**	**–**	**–**	**42 422**	**8 484**
Interest in associates	214 404	–	–	44 944	–	–	259 348	44 944
Listed investments	457 616	–	–	114 404	–	–	572 021	114 405
Listed ordinary shares	457 616	–	–	114 404	–	–	572 021	114 405
Unlisted investments	59 809	–	–	(14 457)	–	–	45 352	–
Unlisted ordinary shares	5 011	–	–	–	–	–	5 011	–
Unlisted preference shares	54 798	–	–	(14 457)	–	–	40 340	(14 457)
Total	765 767	–	–	153 376	–	–	919 143	153 376

13. Determination of fair value and fair values hierarchy (continued)

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

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

	Carrying amount R'000	2% effect of reasonably possible alternative assumptions (+) R'000	2% effect of reasonably possible alternative assumptions (-) R'000
GROUP			
2022			
Financial assets at fair value through profit or loss			
Listed investments	**636 497**	**649 227**	**623 767**
Listed ordinary shares	**636 497**	**649 227**	**623 767**
Unlisted investments	**5 011**	**5 112**	**4 911**
Unlisted ordinary shares	**5 011**	**5 112**	**4 911**
	641 509	**654 339**	**628 678**
2021			
Financial assets at fair value through profit or loss			
Listed investments	605 959	618 076	593 839
Listed ordinary shares	605 959	618 078	593 839
Unlisted investments	45 352	46 259	44 445
Unlisted ordinary shares	5 011	5 112	4 911
Unlisted preference shares	40 340	41 147	39 533
	651 310	664 336	638 284

13. Determination of fair value and fair values hierarchy (continued)

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

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

	Carrying amount R'000	2% effect of reasonably possible alternative assumptions (+) R'000	2% effect of reasonably possible alternative assumptions (-) R'000
COMPANY			
2022			
Financial assets at fair value through profit or loss			
Interest in subsidiaries	**44 058**	**44 939**	**43 177**
Interest in associates	**256 134**	**261 257**	**251 012**
Listed investments	**594 075**	**605 957**	**582 194**
Listed ordinary shares	**594 075**	**605 957**	**582 194**
Unlisted investments	**5 011**	**5 112**	**4 911**
Unlisted ordinary shares	**5 011**	**5 112**	**4 911**
	899 279	**917 265**	**881 294**
2021			
Financial assets at fair value through profit or loss			
Interest in subsidiaries	42 422	43 270	41 574
Interest in associates	259 348	264 535	254 161
Listed investments	572 021	583 461	560 580
Listed ordinary shares	572 021	583 461	560 580
Unlisted investments	45 352	46 259	44 445
Unlisted ordinary shares	5 011	5 112	4 911
Unlisted preference shares	40 340	41 147	39 533
Total	899 278	917 263	881 390

14. Insurance, loans and other receivables

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Insurance receivables - premium debtors	**1 726 782**	1 239 602	**1 726 782**	1 239 602
Other receivables	**(160 643)**	216 781	**(156 238)**	211 545
Total insurance and other receivables	**1 566 139**	1 456 383	**1 570 544**	1 451 147
Loans				
Interest-bearing loans	**143**	4 732	**143**	4 732
Interest-bearing loans to other	**143**	4 732	**143**	4 732
Interest-free loans	**16 864**	1 000	**16 864**	1 000
Interest-free loans to other	**6 450**	700	**6 450**	700
Interest-free loans to ESD	**10 414**	300	**10 414**	300
Total loans	**17 007**	5 732	**17 007**	5 732
Receivable from Group companies	**212 058**	226 765	**222 681**	226 765
Impairment provision	**(31 157)**	(29 665)	**(31 157)**	(29 665)
Loans receivable from Group companies	**180 900**	197 100	**191 524**	197 100
Insurance, loans and other receivables	**1 764 046**	1 659 215	**1 779 074**	1 653 979
The interest rates charged on the secured and unsecured loans comprise:				
Prime less 1%	**143**	2 120	**–**	2 120
Prime plus 6%	**–**	2 612	**143**	2 612
Interest-free loans	**16 864**	1 000	**16 864**	1 000
Loans receivable	**17 007**	5 732	**17 007**	5 732
The repayments terms of secured and unsecured loans comprise:				
Specific date	**17 007**	5 732	**17 007**	5 732
Loans receivable	**17 007**	5 732	**17 007**	5 732

15. Deferred taxation

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Deferred income tax assets				
Deferred income tax to be recovered within 12 months	–	89 042	–	89 042
Deferred income tax to be recovered after 12 months	111 615	–	111 615	–
Deferred income tax assets	111 615	89 042	111 615	89 042
Balance at the beginning of the year	89 042	106 811	89 042	106 811
Movement during the year attributed to:				
Provisions	22 572	(17 769)	22 572	(17 769)
Balance at the end of the year	111 615	89 042	111 615	89 042
Balance comprises:				
Provisions	111 615	89 042	111 615	89 042
Balance comprises:	111 615	89 042	111 615	89 042
Deferred income tax liabilities				
Deferred income tax to be recovered after 12 months	191 792	183 150	179 742	172 999
Deferred income tax liabilities	191 792	183 150	179 742	172 999
Balance at the beginning of the year	183 151	131 630	172 999	121 393
Movement during the year attributed to:				
Prior year adjustments	1 856	13 660	1 856	13 660
Unrealised gain or losses on assets at fair value through profit or loss	6 786	37 861	4 886	37 947
Balance at the end of the year	191 793	183 151	179 742	172 999
Balance comprises:				
Unrealised gain or losses on assets at fair value through profit or loss	191 793	183 151	179 742	172 999
Deferred income tax – balance	191 793	183 151	179 742	172 999

16. Cash and cash equivalents

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash on call	1 132 325	2 001 944	1 132 325	2 001 944
Cash at bank	1 307 293	839 062	1 304 511	835 898
Cash on hand	46	55	46	55
Cash and cash equivalents	2 439 663	2 841 061	2 436 881	2 837 896

Included in cash and cash equivalents is collateral of R424 million (2021: R358 million) held by Hollard in a Hollard named account with Investec, on behalf of Hollard's clients. The collateral will be utilised to offset in the event of a claim and Hollard holds a legal right by way of an indemnity from their client. The funds cannot be released without Hollard's consent. The funds can without consent in the event of a claim be released directly back to Hollard.

17. Non-current assets and liabilities held for sale

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
The Group and Company hold the following assets as held for sale:				
Investment in Hollard Mocambique Companhia de Seguros	**1 798 496**	1 657 868	**152 433**	152 433
	1 798 496	1 657 868	**152 433**	152 433
The Group and Company hold the following liability as held for sale:				
Investment in Hollard Mocambique Companhia de Seguros	**1 228 812**	1 228 145	**–**	–
	1 228 812	1 228 145	**–**	–

The Company above is classified as held for sale as the intention is to sell this asset. The Company has entered into a sale agreement with Hollard International Proprietary Limited, a related party, at an agreed selling price of R152 430 000. During September 2022, approval was obtained from the Prudential Authority for the disposal of its 50.1% shareholding in Hollard Mozambique Comphanhia de Seguros. The approval is subject to conditions; however these are administrative in nature. The sale is expected in the six months after the date of the statement of financial position.

Listed below are the assets and liabilities that are recognised in the subsidiary held for sale:

Assets		
Property and equipment	**4 029**	3 468
Intangible assets	**1 607**	1 507
Investment in associates	**–**	14 441
Financial assets	**793 184**	349 976
Reinsurance assets	**590 012**	653 028
Insurance, loans and other receivables	**174 181**	425 290
Deferred acquisition cost	**32 584**	32 609
Deferred taxation	**15 105**	42 083
Current income taxation	**23 743**	38 427
Cash and cash equivalents	**161 890**	95 820
Non-current assets held for sale	**2 507**	1 218
	1 798 496	1 657 868
Liabilities		
Insurance liabilities	**872 060**	863 678
Reinsurance liabilities	**210 196**	221 361
Provisions	**22 287**	14 363
Trade and other payables	**121 863**	58 513
Deferred taxation	**2 405**	29 467
Current income taxation	**–**	40 762
	1 228 812	1 228 145
Listed below is the financial performance of the subsidiary:		
Total revenue	468 553	432 500
Total expenses	331 771	306 242
Profit before taxation	136 782	126 258
Taxation	27 358	25 253

Profit for the year	109 424	101 005

18. Share capital and premium

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Authorised				
0 ordinary shares	**12 000**	12 000	**12 000**	12 000
0 preference shares – class A	**3 000**	3 000	**3 000**	3 000
0 preference shares – class B	**3 000**	3 000	**3 000**	3 000
	18 000	18 000	**18 000**	18 000
Issued and fully paid				
0 ordinary shares	**1 580 687**	1 583 687	**1 580 687**	1 580 687
0 preference shares – class A	**3 000**	3 000	**3 000**	3 000
0 preference shares – class B	**3 000**	3 000	**3 000**	3 000
	1 586 687	1 589 687	**1 586 687**	1 586 687
Share premium	**55 914**	55 914	**55 914**	55 914
Issued share capital	**1 642 601**	1 642 601	**1 642 601**	1 642 601

19. Non-distributable reserve

	GROUP	
	2022 R'000	2021 R'000
Non-distributable reserves consist of:		
Revaluation reserve	**1 193**	1 193
Movements for the year were as follows:		
Balance at the beginning of the year	**1 193**	1 193
Balance at end of year	**1 193**	1 193

20. Foreign currency translation reserve

	GROUP 2022 R'000	GROUP 2021 R'000
Balance at the beginning of the year	**(23 354)**	28 184
Exchange differences on translation of foreign operations	**72 719**	(51 538)
Balance at end of year	**49 365**	(23 354)

21. Borrowings

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Long-term borrowings				
Long-term funding	**600 354**	600 354	**600 000**	600 000
Long-term interest	**(112)**	96	**(112)**	96
Total	**600 242**	600 450	**599 888**	600 096

The loan bears interest at three month JIBAR + 192bps and is serviced quarterly. This loan has been subordinated to, and rank in priority of payment behind, all the concurrent claims in respect of any other indebtedness of the borrower.

22. Trade and other payables

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Trade payables	**55 227**	62 056	**52 006**	59 100
VAT payable	**12 332**	46 237	**12 332**	46 237
Sundry creditors	**1 380 334**	1 237 811	**1 300 386**	1 151 296
Lease liability	**114 920**	188 225	**114 920**	188 225
Due to Group Company	**8 718**	3 245	**19 341**	3 245
Trade and other payables	**1 571 530**	1 537 574	**1 498 985**	1 448 103

The lease liability relates to IFRS 16 and was calculated using a weighted average incremental borrowing rate.

23. Insurance liabilities and reinsurance assets

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Gross				
Claims reported and loss adjustment expenses	**5 579 735**	2 560 577	**5 579 735**	2 560 577
Claims incurred but not yet reported	**865 447**	1 743 957	**865 447**	1 743 957
Unearned premium provision	**2 557 569**	2 247 331	**2 557 569**	2 247 331
Cash back reserve	**48 125**	61 859	**48 125**	61 859
Total gross insurance liabilities	**9 050 876**	6 613 724	**9 050 876**	6 613 724
Recoverable from reinsurers				
Claims reported and loss adjustment expenses	**3 734 379**	908 529	**3 734 379**	908 529
Claims incurred but not yet reported	**549 074**	1 219 117	**549 074**	1 219 117
Unearned premium provision	**658 232**	611 128	**658 232**	611 128
Reinsurance recoveries	**883 050**	587 843	**883 050**	587 843
Total reinsurers' share of insurance liabilities	**5 824 734**	3 326 618	**5 824 734**	3 326 618
Net				
Claims reported and loss adjustment expenses	**1 845 356**	1 652 048	**1 845 356**	1 652 048
Claims incurred but not yet reported	**316 373**	524 840	**316 373**	524 840
Unearned premium provision	**1 899 337**	1 636 202	**1 899 337**	1 636 203
Cash back reserve	**48 125**	61 859	**48 125**	61 859
Reinsurance recoveries	**(883 050)**	(587 843)	**(883 050)**	(587 843)
Total insurance liabilities – net	**3 226 141**	3 287 106	**3 226 141**	3 287 106

23. Insurance liabilities and reinsurance assets (continued)

Movement in insurance liabilities and reinsurance assets

	2022			2021		
	Gross R'000	**Recoverable from reinsurers R'000**	**Net R'000**	Gross R'000	Recoverable from reinsurers R'000	Net R'000
GROUP AND COMPANY						
Claims reported and loss adjustment expenses						
Balance at the beginning of the year	**2 560 577**	**908 529**	**1 652 048**	1 840 262	486 076	1 354 186
Claims paid	**(6 229 081)**	**(1 604 698)**	**(4 624 383)**	(5 820 449)	(1 133 200)	(4 687 249)
Claims raised	**9 248 238**	**4 430 547**	**4 817 691**	6 540 764	1 555 653	4 985 112
Balance at the end of the year	**5 579 734**	**3 734 378**	**1 845 356**	2 560 577	908 529	1 652 048
Claims incurred but not yet reported						
Balance at the beginning of the year	**1 743 957**	**1 219 117**	**524 840**	838 726	125 671	713 055
Movement for the year	**(878 509)**	**(670 043)**	**(208 466)**	905 231	1 093 446	(188 215)
Balance at the end of the year	**865 447**	**549 074**	**316 373**	1 743 957	1 219 117	524 840
Unearned premium provision						
Balance at the beginning of the year	**2 247 331**	**611 128**	**1 636 202**	2 156 327	523 011	1 633 316
Movement for the year	**310 238**	**47 104**	**263 134**	91 004	88 118	2 886
Balance at the end of the year	**2 557 569**	**658 232**	**1 899 337**	2 247 331	611 128	1 636 202
Cash back reserve						
Balance at the beginning of the year	**61 859**	**–**	**61 859**	69 652	–	69 652
Movement for the year	**(13 734)**	**–**	**(13 734)**	(7 793)	–	(7 793)
Balance at the end of the year	**48 125**	**–**	**48 125**	61 859	–	61 859
Reinsurance recoveries						
GROUP						
Balance at the beginning of the year	**–**	**587 843**	**(587 843)**	–	546 401	(546 401)
Movement for the year	**–**	**295 207**	**(295 207)**	–	41 443	(41 443)
Balance at the end of the year	**–**	**883 050**	**(883 050)**	–	587 843	(587 843)
Total						
GROUP AND COMPANY						
Balance at the beginning of the year	**6 613 724**	**3 326 618**	**3 287 106**	4 904 967	1 681 159	3 223 808
Claims paid	**(6 229 081)**	**(1 604 698)**	**(4 624 383)**	(5 820 449)	(1 133 200)	(4 687 249)
Claims raised	**9 248 238**	**4 430 547**	**4 817 691**	6 540 764	1 555 653	4 985 112
Movement for the year	**(582 005)**	**(327 732)**	**(254 273)**	988 442	1 223 006	(234 564)
Balance at the end of the year	**9 050 876**	**5 824 735**	**3 226 141**	6 613 724	3 326 618	3 287 106

23. Insurance liabilities and reinsurance assets (continued)

Exposure to insurance risk

The Group and Company underwrite risks that natural persons, corporate or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, liability, engineering, marine, credit, aviation and other perils which may arise from an insured event. As such the Group and Company are exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected. Insurance events are by nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods.

The Group and Company underwrite primarily short-tailed risks, that is, insurance under which claims are typically settled within one year the Group and Company underwrite risks that natural persons, corporate or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, liability, engineering, marine, credit, aviation and other perils which may arise from an insured event. As such the Group and Company are exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected. Insurance events are by nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods.

The Group and Company underwrite primarily short-tailed risks, that is, insurance under which claims are typically settled within one year of the occurrence of the events giving rise to the claims. Risks that are long tail in nature represent an insignificant portion of the Group's and Company's insurance portfolio. Consequently, while the Group and Company may experience variations in its claims patterns from one year to the next, the Group's and Company's exposure at any time to insurance contracts issued more than one year before is limited.

The product features of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts in the Group and Company are described below:

Property

Provides indemnity for loss or damage to immovable and movable property caused by perils such as fire, lightning, explosion, weather, water, earthquake and malicious damage. These contracts may also include business interruption policies which insure the loss of profits incurred by a business as a result of loss or damage to the insured property by these perils.

Accident

Provides indemnity for loss of or damage to mainly movable property for losses caused by crime, certain accidental damage such as damage to goods in transit or accidental damage to glass. Included under the accidental classes are legal liabilities an insured may incur as a result of accidental damage to third-party property or accidental death or injury to a third party by the insured.

Personal accident

Provides compensation arising out of the death, permanent or temporary total disability of the insured, the family of the insured or the employees of a business. This cover is restricted to certain accidents and does not provide the wider benefits available from the life insurance industry.

Motor

Provides indemnity for loss or damage to the insured motor vehicle. The cover is normally on a comprehensive basis providing a wide scope of cover following an accident or a theft of the vehicle but the insured can select restricted forms of cover such as cover for fire and theft only. Legal liabilities arising out of the use or ownership of the motor vehicle following an accident for damage to third-party property or death or injury to a third party are also covered in this class. Warranty and maintenance cover on insured vehicles are incorporated in this class of business.

Engineering

Provides indemnity for losses sustained through the use of machinery and equipment or the erection of buildings and structures. Risks covered by this type of contract include machinery breakdown, business interruption, project delay, deterioration of stock and loss or damage to plant and equipment.

Marine

Provides indemnity for both cargo and hull classes of business. Cargo covers physical loss of or damage to cargo, with a project delay option. Hull covers loss or damage to vessels as a result of accidents and may also include legal liability as a result of the accident.

23. Insurance liabilities and reinsurance assets (continued)

Liability

Provides indemnity for actual or alleged breach of professional duty arising out of the insured's activities, indemnify directors and officers of a company against court compensation and legal defence costs, provide indemnity for the insured against damages consequent to a personal injury or property damage.

The Group and Company distribute these products across personal and commercial policyholders using traditional methods of distribution through intermediaries and direct sales, as well as through strategic partnerships with niche underwriting managers, retailers, banks and motor dealers. These non-traditional distribution arrangements include profit participation measures to promote good risk management among the insurers and originators of the business. The Group and Company also provide primary risk policies, which are contracts structured to provide entry level insurance cover for corporate entities.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Gross written premiums per class of business				
Property	**5 477 629**	4 390 717	**5 009 213**	4 269 517
Transportation	**491 846**	434 557	**427 007**	411 247
Motor	**4 027 759**	3 980 198	**3 864 226**	3 855 203
Accident and health	**387 124**	332 756	**169 451**	154 471
Guarantee	**805 668**	823 397	**801 773**	820 299
Liability	**1 261 084**	1 086 972	**1 161 489**	1 026 977
Engineering	**648 505**	754 227	**525 318**	600 608
Agriculture	**13 687**	30 306	**13 687**	12 839
Miscellaneous	**234 631**	246 593	**75 381**	160 463
Total	**13 347 934**	12 079 723	**12 047 545**	11 311 625

Premium by country

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
South Africa	**12 047 545**	11 311 624	**12 047 545**	11 311 624
Foreign	**1 300 389**	768 099		
Total	**13 347 934**	12 079 723	**12 047 545**	11 311 624

Limiting exposure to insurance risk

The Group and Company limit its exposure to insurance risk through setting clearly defined underwriting strategy and limits, application of appropriate risk assessment techniques, and centralised management of reinsurance.

The Group's and Company's underwriting strategy ensures diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The underwriting strategy also aims to develop a sufficiently large population of risks to reduce the variability of the expected outcome. The underwriting strategy is detailed in underwriting authorities which set the limits for underwriters in terms of line, size, class of business, geographical location and industry to enforce appropriate risk selection within the portfolio. The underwriting mandates are applicable to both internal underwriters and partners. Management review and periodic internal audits ensure that underwriters operate within these limits.

Analysis of the Group's and Company's risk profiles shows that the Group and Company underwrite a well-diversified portfolio of risks and that the Group's and Company's business has a low correlation factor between the types of insurance products and classes it underwrites. Using gross written premium as an indicator, the table below illustrates the Group's and Company's distribution of risks underwritten across classes of business.

Ongoing review and analysis of underwriting information enables the Group and Company to monitor its risks and take timely corrective action. The ability to adjust premiums allows the Group and Company to mitigate the risk of underwriting losses by addressing adverse loss ratios in terms of different classes of business and different portfolios or clients. The risk of fraudulent claims is reduced by internal controls embedded in the claims handling processes and specific techniques developed to proactively detect fraudulent claims.

23. Insurance liabilities and reinsurance assets (continued)

Reinsurance governance

The Group and Company have implemented an integrated risk management framework to manage risk in accordance with the Group's and Company's risk appetite. The Group Reinsurance Committee was integrated into the Group Actuarial Committee (ACTCOMM), with this Board subcommittee providing oversight of reinsurance activities.

The main objective of the ACTCOMM is to provide oversight of relevant actuarial, financial and business risks, including the capital position and asset-liability matching position of the Company. The ACTCOMM provides oversight of the Company's reinsurance activities in accordance with the approved Reinsurance Risk Management Policy, reviewing the reinsurance programme for cost efficiency and security while ensuring compliance with related regulatory requirements.

At least annually, the head of the actuarial function expresses an independent opinion on the adequacy of reinsurance arrangements and notifies the Board if there is any reason for concern.

Reinsurance strategy

The Group and Company utilises third-party reinsurance cover to mitigate risk from single events or risk accumulation which could significantly impact earnings or economic capital. This cover is placed on local and international reinsurance markets by the Reinsurance Department.

Dynamic financial analysis is performed each year to inform the risk retention and reinsurance purchase, including analysis of the economic capital position. Hollard's insurance risk and return position is tested against a wide range of reinsurance alternatives including proportional, non-proportional and aggregate structures.

The Group and Company uses catastrophe modelling to assess its exposure to low-frequency high-severity risks, the most common of these risks relates to natural catastrophes such as earthquake, flood, wildfire and windstorm. Catastrophe reinsurance is specifically put in place to reduce the threat associated with such events.

Concentration of Insurance Risk

Within the insurance business, concentrations of risk may arise where a particular event or series of events could heavily impact on the Group's resources. Business is mainly carried out in South Africa with the bulk of the exposure in Gauteng followed by Cape Town. The Group has exposure to all major lines of business but the bulk of the exposure is in property and motor risk.

Risk retention parameters

The Company undertakes the insuring of risks appropriate to the risk/reward balance and the Group's and Company's absolute capacity in terms of shareholder funds and free reserves. The Company implements reinsurance structures to balance cost against risk mitigation and volatility, taking into account the risk appetite limits and surplus capital levels.

Counterparty risk and SAM equivalence

The Company only utilises reinsurers with credit ratings BBB+ or higher by S&P, or equivalent ratings by A.M. Best, Fitch or Moody's, unless express permission is sought from the ACTCOMM. The total exposure to each reinsurer is monitored across catastrophe cover, treaty and facultative reinsurance to ensure sufficient diversification across counterparties.

Wherever possible, reinsurers in SAM equivalent jurisdictions are preferred given the capital and regime security considerations. The Company's balance sheet and investment management function regularly monitors the credit ratings of Hollard counterparties, including reinsurers.

Process used to determine significant assumptions

Insurance risks are unpredictable and the Group and Company recognise that it is impossible to forecast with absolute certainty the future claims payable under existing insurance contracts. Actuarial valuations are performed to ensure that the technical provisions are adequate.

Claim provisions

The Group's and Company's outstanding claims provisions include notified claims as well as incurred but not yet reported claims.

Notified claims

Claims provisions are based on previous claims expenditure, knowledge of events, terms and conditions of the relevant policies and interpretation of circumstances.

Each notified claim is assessed on a separate, case-by-case basis with due regard to the specific circumstances, information available from the insured and loss adjuster and past experience with similar claims. The Group and Company employ staff experienced in claims handling and rigorously apply standardised policies and procedures around claims assessment. In addition the Group and Company utilise the services of specialised administrators to perform the claims assessment process for some of its business. The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Estimates are reviewed regularly and updated if new information becomes available.

Claims incurred but not yet reported (IBNR)

The majority of the Group's and Company's IBNR is calculated using triangulation methods, and is held at a 75th percentile. As a result, different levels of provisions are applicable for different classes of business and appropriateness is assessed against the Group's and Company's past claims experience.

The Company's internal actuaries review the adequacy of the Company's claims provisions. The chain ladder method, which involves the analysis of historical claims development factors and the selection of the estimated development factors based on the historical pattern, is used to assess the adequacy of the reserves. For classes of business where the incurred or paid to date claims are less than 66% developed, the Bornhuetter Ferguson method (which adds a dimension to the chain ladder method by including the expected loss ratio in the calculation) is also considered.

When testing the appropriateness of the reserves the provision for notified claims and IBNR are initially estimated at a gross level. A separate calculation is then carried out to determine the estimated reinsurance recoveries.

23. Insurance liabilities and reinsurance assets (continued)

Sensitivity for IBNR and IBNER

The calculation of the licence's technical provisions is sensitive to a number of factors, especially, but not limited to:

- the choice of percentile;
- the discount rate used.

The methodology applied by the licence, complies with South African actuarial guidance (APN 401).

A sensitivity analysis has been performed on some of the material assumptions made in calculating the IBNR and IBNER provisions. These were based on figures as at 30 June 2022 and 30 June 2021.

The analysis was carried out where data was available.

Where data is available, the IBNR and IBNER provision is derived by taking into account the past development of historical claims, to project what development can be expected for current claims. This projected claims development is then discounted to obtain a present value. The sensitivity analysis that was performed highlights the impact of a different:

- Percentile;
- Discount rate.

	2022		2021	
	Amount R'000	Difference R'000	Amount R'000	Difference R'000
Differing percentiles				
Whole book net IBNRs are held at the 75th percentile				
If the IBNRs were held at best estimate	**374 638**	(144 464)	**259 745**	(132 877)
If the IBNRs were held at the 75th percentile	**519 101**	–	**392 623**	–
If the IBNRs were held at the 90th percentile	**661 192**	142 091	**505 057**	112 435
Looking at the three largest reserves:				
The Specialist Liability Net IBNRs are held at the 75th percentile:				
If the IBNRs were held at Best Estimate	**135 375**	(34 705,18)	**109 782**	(33 918,29)
If the IBNRs were held at the 75th Percentile	**170 080**	–	**143 701**	–
If the IBNRs were held at the 90th Percentile	**205 328**	35 247	**175 234**	31 534
The Commercial property net IBNRs are held at the 75th percentile				
If the IBNRs were held at best estimate	**31 347**	(12 620)	**23 940**	(14 604,23)
If the IBNRs were held at the 75th percentile	**43 968**	–	**38 544**	–
If the IBNRs were held at the 90th percentile	**57 456**	13 488	**52 433**	13 889
The Commercial Motor Net IBNRs are held at the 75th percentile:				
If the IBNRs were held at Best Estimate:	**24 819**	(6 124)	**22 792**	(6 188)
If the IBNRs were held at the 75th Percentile:	**30 944**	–	**28 979**	–
If the IBNRs were held at the 90th Percentile:	**34 639**	3 695	**34 673**	5 694
Differing discount rates				
Whole book discounted (base: 75th percentile)				
If the interest rate curve was adjusted down by 2% across all durations	**525 303**	6 201	**395 122**	2 499
If the interest rate curve was adjusted down by 1% across all durations	**522 162**	3 061	**393 856**	1 234
Unchanged	**519 101**	–	**392 623**	–
If the interest rate curve was adjusted down by 2% across all durations	**516 116**	(2 985)	**391 419**	(1 203)
If the interest rate curve was adjusted down by 1% across all durations	**513 203**	(5 898)	**390 245**	(2 378)

* *IBNRs and IBNERs are calculated using the same methodology and are disclosed together in the sensitivity analysis.*

Unearned premium provisions

The Group and Company raise provisions for unearned premiums on a basis which reflects the underlying risk profile of the insurance contracts. The majority of the Group's and Company's insurance contracts have an even risk profile and the unearned premium provisions, raised at the commencement of the contract are released evenly over the period of insurance using a time-proportionate basis. The provisions for unearned premiums are initially determined on a gross level and thereafter the reinsurance impact is recognised. Deferred acquisition costs and reinsurance commission revenue are recognised on a basis consistent with the related provisions for unearned premiums.

Cash back provisions

A provision is made for the accrued expected obligations to policyholders to the extent that the premiums for these benefits are already received and other terms and conditions are met within the period leading up to the expected cash back.

24. Provisions

	Leave Pay R'000	Bonus R'000	Provisions other R'000	Provisions R'000
GROUP				
2022				
Balance at the beginning of the year	**38 429**	**11 143**	**66**	**49 638**
Additional provisions raised during the year	**14 028**	**85 774**	**–**	**99 802**
Utilised during the year	**(14 396)**	**(1 989)**	**–**	**(16 385)**
Balance at the end of the year	**38 061**	**94 928**	**66**	**133 055**
2021				
Balance at the beginning of the year	37 712	134 470	612	172 794
Additional provisions raised during the year	13 919	6 456	–	20 376
Utilised during the year	(13 203)	(129 783)	(546)	(143 532)
Balance at the end of the year	38 429	11 143	66	49 638
COMPANY				
2022				
Balance at the beginning of the year	**38 429**	**11 143**	**–**	**49 572**
Additional provisions raised during the year	**14 027**	**85 774**	**–**	**99 801**
Utilised during the year	**(14 396)**	**(1 989)**	**–**	**(16 385)**
Balance at the end of the year	**38 060**	**94 928**	**–**	**132 987**
2021				
Balance at the beginning of the year	37 712	134 470	–	172 182
Additional provisions raised during the year	13 919	6 456	–	20 375
Utilised during the year	(13 202)	(129 784)	–	(142 986)
Balance at the end of the year	38 429	11 142	–	49 571

Leave pay

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

The Group's provision for leave pay amounted to R38 060 000 at the statement of financial position date (2021: R38 429 000).

Incentive scheme

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

The Group's and Company's provision for staff incentives amounted to R94 928 000 at the statement of financial position date (2021: R11 142 00).

25. Due to and from Group companies

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Due from subsidiaries	**73 308**	83 931	**83 931**	83 931
Due from fellow subsidiaries	**(20 077)**	(86 712)	**(20 077)**	(10 159)
Due from Group companies	**53 231**	(2 781)	**63 854**	73 772
Due to fellow subsidiaries	**12 094**	90 381	**736**	6 914
Due to Group companies	**12 094**	90 381	**736**	6 914
Net due to and from Group companies	**65 325**	87 600	**64 590**	80 686

26. Dividends and interest

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Interest received				
Interest received – financial assets at amortised cost	**73 183**	87 390	**73 183**	87 390
Interest received on call deposits	**64 804**	78 716	**64 804**	78 716
Sundry interest received	**8 379**	8 675	**8 379**	8 675
Interest received – financial assets at fair value through profit or loss	**256 923**	102 055	**212 932**	66 663
Interest received on investments	**71 108**	41 343	**71 012**	41 263
Interest received from bank	**11 185**	8 303	**11 185**	8 303
Sundry interest received	**6 466**	16 942	**6 466**	16 942
Interest received on call deposits	**–**	872	**–**	–
Other interest received	**168 163**	34 595	**124 269**	155
Total Interest received	**330 106**	189 445	**286 115**	154 053
Dividends received				
Dividends received – listed	**46 901**	42 517	**46 901**	42 517
– Listed ordinary shares	**39 695**	33 543	**39 695**	33 543
– Listed preference shares	**7 206**	8 973	**7 206**	8 973
Dividends received – unlisted	**51 850**	56 753	**102 890**	115 732
– Unlisted ordinary shares	**5 266**	–	**56 306**	58 979
– Unlisted preference shares	**43 895**	55 238	**43 895**	55 238
– Unlisted unit trust	**2 689**	1 515	**2 689**	1 515
Dividends received – associates and subsidiaries	**4 026**	3 541	**–**	–
Total dividends received	**102 777**	102 811	**149 791**	158 249
Total interest received and dividend income	**432 883**	292 256	**435 906**	312 302
Interest paid				
Interest paid – collateral deposit	**3 044**	2 609	**–**	–
Interest paid – general	**52 456**	52 441	**52 456**	52 441
Interest paid from treaty reserves	**(3 473)**	2 743	**(3 473)**	2 743
Total interest paid	**52 027**	57 793	**48 983**	55 184

27. Deferred acquisition cost

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Deferred commission and acquisition costs net of reinsurance	115 273	115 413	115 273	115 413
Current	**115 273**	115 413	**115 273**	115 413
Reconciliation of changes in acquisition costs				
Balance at the beginning of the year	115 413	113 681	115 413	113 681
Acquisition costs deferred during the year	113 645	112 840	113 645	112 840
Acquisition costs expensed during the year	(113 784)	(111 109)	(113 784)	(111 109)
Balance at the end of the year	**115 273**	115 413	**115 273**	115 413

28. Claims development tables

		CLAIMS PAID IN RESPECT OF:							
Reporting year	R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 and earlier R'000
Gross actual claims Costs	39 162 217	8 491 292	7 078 891	5 984	5 003	6 011	6 591		
2022	8 749 897	8 491 292	169 346	89 765	37 821	(28 682)	(9 647)	–	–
2021	7 541 675	–	6 909 545	612 898	(453)	16 267	3 417	–	–
2020	5 039 983	–	–	5 282 068	(203 762)	(15 659)	(22 664)	–	–
2019	5 040 814	–	–	–	5 170 176	(42 276)	(87 086)	–	–
2018	6 110 943	–	–	–	–	6 082 170	28 772	–	–
2017	6 678 906	–	–	–	–	–	6 678 906	–	–
	38 978 252	8 174 093	7 074 831	6 012 895	5 120 871	6 022 372	6 573 189	–	–
Net actual claims costs	27 472 919	4 678 904	4 382 847	4 984 315	4 338 777	4 402 468	4 685 608		
2022	4 714 507	4 678 904	4 268	49 259	2 294	(14 777)	(5 441)	–	–
2021	4 861 090	–	4 378 578	466 601	2 889	7 813	5 210	–	–
2020	4 421 352	–	–	4 468 456	(48 131)	8 979	(7 952)	–	–
2019	4 392 947	–	–	–	4 381 724	(11 118)	22 341	–	–
2018	4 398 192	–	–	–	–	4 411 571	(22 378)	–	–
2017	4 693 829	–	–	–	–	–	4 693 829	–	–
	27 484 378	4 584 420	4 404 100	5 021 502	4 408 148	4 409 029	4 657 180	–	–

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

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Unlisted investments	759	–	759	–
Listed investments	1 549	(369)	1 549	(86)
Net realised (profits)/losses on fair value through profit or loss	**2 308**	(369)	**2 308**	(86)

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

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Unlisted investments	83 240	59 716	77 582	78 900
Listed investments	60 864	118 883	60 864	118 883
Net unrealised profits/(losses) on fair value through profit or loss assets	**144 103**	178 599	**138 446**	197 783

31. Profit before taxation

	2022			2021		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
Profit before taxation is determined after charging:						
Directors and prescribed officers emoluments						
Executive directors						
Director A						
Basic salary	1 573	4 719	6 292	1 516	4 548	6 064
Bonus and performance-related payments	454	1 362	1 816	2 989	8 967	11 956
Estimated monetary value of other benefits	32	96	128	38	114	152
Pension/provident fund contributions	178	534	712	172	516	688
	2 237	6 711	8 948	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	816	1 088	1 856	5 568	7 424
Estimated monetary value of other benefits	44	132	176	42	126	168
Pension/provident fund contributions	113	339	452	106	318	424
	1 399	4 197	5 596	2 913	8 735	11 648
Non-executive directors						
Director A	338	1 014	1 352	277	831	1 108
Director B	228	684	912	242	726	968
Director C	153	459	612	120	360	480
Director D	209	628	837	175	525	700
Director E	283	850	1 133	247	741	988
Director F	142	426	568	110	330	440
Director G	169	508	677	141	423	564
	1 523	4 569	6 092	1 312	3 936	5 248
Prescribed officers						
Prescribed officer A						
Basic salary	2 488	829	3 317	2 420	807	3 227
Bonus and performance related payments	903	301	1 204	4 363	1 454	5 817
Estimated monetary value of other benefits	236	79	315	612	204	816
Pension/provident fund contributions	298	100	398	290	97	387
	3 927	1 309	5 236	7 685	2 562	10 247
Prescribed officer B						
Basic salary	2 420	807	3 227	2 353	784	3 137
Bonus and performance related payments	877	293	1 170	4 363	1 454	5 817
Estimated monetary value of other benefits	262	87	349	254	85	339
Pension/provident fund contributions	295	99	394	287	96	383
	3 855	1 286	5 141	7 258	2 419	9 677
Prescribed officer C						
Basic salary	765	2 295	3 060	737	2 211	2 948
Bonus and performance related payments	223	669	892	1 111	3 333	4 444
Estimated monetary value of other benefits	13	39	52	13	39	52
Pension/provident fund contributions	86	258	344	83	249	332
	1 087	3 261	4 348	1 944	5 832	7 776
Prescribed officer D						
Basic salary	597	1 791	2 388	580	1 740	2 320
Bonus and performance related payments	160	480	640	793	2 379	3 172
Estimated monetary value of other benefits	84	252	336	80	240	320
Pension/provident fund contributions	75	225	300	73	219	292
	916	2 748	3 664	1 526	4 578	6 104

31. Profit before taxation (continued)

	2022			2021		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
Prescribed officer E						
Basic salary	**2 420**	**807**	**3 227**	2 358	786	3 144
Bonus and performance related payments	**671**	**223**	**894**	3 331	1 110	4 441
Estimated monetary value of other benefits	**156**	**52**	**208**	136	45	181
Pension/provident fund contributions	**284**	**95**	**379**	274	91	365
	3 531	**1 177**	**4 708**	6 100	2 033	8 133
Prescribed officer F						
Basic salary	**3 464**	**1 154**	**4 618**	3 365	1 122	4 487
Bonus and performance related payments	**1 708**	**569**	**2 277**	7 933	2 644	10 577
Estimated monetary value of other benefits	**142**	**47**	**189**	125	42	167
Pension/provident fund contributions	**400**	**134**	**534**	388	129	517
	5 714	**1 904**	**7 618**	11 811	3 937	15 748
Prescribed officer G						
Basic salary	**907**	**2 721**	**3 628**	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**	**18**	**24**	6	18	24
Pension/provident fund contributions	**101**	**303**	**404**	98	294	392
	1 127	**3 381**	**4 508**	2 144	6 432	8 576
Directors and Prescribed Officers emoluments	**25 315**	**30 543**	**55 858**	47 408	54 609	102 017

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Auditors' remuneration				
Audit fees	**12 078**	11 326	**9 257**	9 202
	12 078	11 326	**9 257**	9 202
Depreciation – property and equipment				
Leasehold improvements	**5 510**	4 273	**5 510**	4 273
Motor vehicles	**133**	161	**133**	161
Office equipment	**37 968**	36 529	**37 968**	35 203
	43 611	40 963	**43 611**	39 636
Depreciation – right-of-use assets				
Property	**27 298**	35 698	**27 298**	35 698
Motor vehicles	**184**	980	**184**	980
Office equipment	**7**	91	**7**	91
	27 489	36 769	**27 489**	36 769
Expenses for the acquisition of insurance contracts				
Commission	**876 881**	835 171	**790 474**	728 107
Impairment losses on financial assets				
Impairment loss on loans to associates, subsidiaries and other	**–**	22 902	**–**	22 902
Other expenditure				
Staff remuneration	**912 953**	833 922	**856 390**	799 475
Amortisation of intangible assets	**35 006**	37 533	**35 006**	36 118
Impairment of intangible assets	**–**	5 251	**–**	5 251
Write-off of premium debtors	**(2 141)**	28 366	**(2 141)**	28 366
Administration fees paid	**866 124**	781 062	**866 124**	781 062
Operating lease rentals – building	**(1 514)**	(5 671)	**(1 514)**	(5 671)
Operating lease rentals – computer	**10 343**	7 642	**10 343**	7 642
Research and development	**130**	345	**130**	345

32. Taxation

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
South African normal taxation				
Current year	228 888	40 599	198 119	15 291
Deferred tax expense				
Current year	(13 617)	55 630	(17 686)	(73 556)
Prior year	1 856	13 660	1 856	-
Taxation – withholding tax	5	3	5	3
Taxation	217 132	109 892	182 294	84 670
All taxation is payable in respect of continuing operations				
Tax rate reconciliation:	%	%	%	%
Tax calculated at standard rate of South African tax on earnings	28	28	28	28
Adjusted for:				
– Normal taxation – prior year	0,77	2,69	0,77	3,09
– Exempt income on dividends not taxable	(4,46)	(8,78)	(4,46)	(9,96)
– Capital gains tax	(0,19)	(1,78)	(0,19)	–
– Realised gains not taxable	(0,01)	0,01	(0,01)	0,01
– Unrealised gains not taxable	(0,44)	0,23	(0,44)	(1,42)
– Other non-taxable income/non-deductible expenses	(4,08)	1,28	(4,08)	(0,58)
– Other	1,00	–	–	–
Tax rate reconciliation	20,59	21,65	19,58	19,14

33. Reconciliation of profit before taxation to cash generated from operation

	GROUP		COMPANY	
	2022	2021	2022 R'000	2021 R'000
Profit before tax	**1 023 722**	507 661	**926 355**	442 270
Adjustments for:				
Depreciation	**71 100**	80 766	**71 100**	79 441
Write-off of property and equipment	**(16 975)**	–	**(16 975)**	–
Write-off of loans	**3 297**	77 727	**3 297**	77 727
Intangible Asset Amortisation	**35 006**	37 533	**35 006**	36 118
Intangible Asset Impairment	**–**	5 251	**–**	5 251
Write off of Intangible Assets	**(35)**	–	**(35)**	–
Property and Equipement Impairment reversal		(4 481)	**–**	(4 481)
Investment Income	**(432 883)**	(292 256)	**(435 906)**	(312 302)
Loss/(profit) on disposal of Investments	**(2 308)**	369	**(2 308)**	86
Profit on disposal of Fixed Assets		(764)		(764)
Unrealised (loss)/gain on revaluation of Listed Investments	**(60 864)**	(118 883)	**(60 864)**	(118 883)
Unrealised (loss)/gain on revaluation of Unlisted Investments	**(83 240)**	(14 872)	**(77 582)**	(25 472)
Unrealised (loss)/gain on revaluation of Associate	**–**	(44 944)	**–**	(44 944)
Unrealised (loss)/gain on revaluation of Subsidiary	**–**		**–**	(8 484)
Impairment allowances on Premium Debtors	**6 282**	28 447	**6 282**	28 447
Interest expense	**52 027**	57 793	**48 984**	55 184
Share of profits/(losses) in Associates	**(31 213)**	(45 845)	**–**	–
Operating cash flows before working capital changes	**563 916**	273 502	**497 354**	209 194
Working capital changes	**41 051**	179 942	**116 876**	250 399
(Increase)/decrease in Insurance Receivables , Loans and Other Receivables	**(111 113)**	(39 426)	**(131 377)**	(14 099)
Decrease in cash back reserves	**(13 735)**	(7 793)	**(13 735)**	(7 793)
Increase/(decrease) in Other Provisions	**83 417**	(123 156)	**83 416**	(122 610)
(Increase)/decrease in Reinsurance Assets	**(2 498 117)**	(1 645 459)	**(2 498 117)**	(1 645 459)
(Increase)/decrease in Deferred Acquisition Costs	**139**	(1 731)	**139**	(1 731)
(Decrease)/increase in Reinsurance Liabilities	**179 170**	245 228	**179 170**	245 228
(Increase)/decrease in Non-Current Assets held for sale	**(77 611)**	(101 005)	**–**	–
Increase/(decrease) in Net Outstanding Claims and IBNR	**2 140 648**	1 625 546	**2 140 648**	1 625 546
Increase/(decrease) in Unearned Premuims	**310 238**	91 004	**310 238**	91 004
Increase/(decrease) in Trade and Other Accounts Payable and Employee Benefits	**25 671**	136 734	**44 151**	80 313
Cash generated from operations	**602 658**	453 444	**611 922**	459 593

34. Dividends paid

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Amount declared in statement of changes in equity	**(861 767)**	(291 290)	**(861 767)**	(291 290)
Cash amounts paid	**(861 767)**	(291 290)	**(861 767)**	(291 290)

35. Dividends received

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Amount due at beginning of the year	**87 531**	103 374	**87 531**	103 374
Amount received per income statement	**102 777**	102 811	**149 791**	158 249
Amount due at end of the year	**(20 525)**	(87 531)	**(20 525)**	(87 531)
Cash amounts received	**169 783**	118 653	**216 797**	174 091

36. Taxation paid

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Amount due at beginning of the year	**(110 307)**	(48 121)	**(100 168)**	(37 892)
Amount charged to income statement	**(217 132)**	(109 892)	**(182 294)**	(84 670)
Amount due at end of the year	**120 890**	110 308	**108 854**	100 168
Cash amounts paid	**(206 548)**	(47 706)	**(173 607)**	(22 395)
Amounts due at end of year comprised as follows:				
Deferred taxation asset	**(111 615)**	(89 042)	**(111 615)**	(89 042)
Deferred taxation liability	**191 792**	183 150	**179 742**	172 999
Current income taxation asset	**(16)**	(12)	**–**	–
Current income taxation liability	**40 728**	16 211	**40 728**	16 211
	120 890	110 308	**108 854**	100 168

37. Capital expenditure

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
The following capital expenditure budget has been approved by the Board for the financial year ending 30 June 2023				
Furniture, office equipment and computer hardware and software	**179 680**	107 956	**179 680**	107 956
	179 680	107 956	**179 680**	107 956

38. Lease – low-value items

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

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Computers	**10 343**	7 642	**10 343**	7 642
Printers	**578**	473	**578**	473

39. Contingent liabilities

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

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

40. Staff pension and provident fund

The Company has both a defined contribution pension fund (Hollard Employees Pension Fund) and a defined contribution provident fund (Hollard Employees Provident fund). The contribution to these funds by the Company and employees against income for the year was R5 616 990 (2021: R11 392 971) and R27 834 941 (2021: R22 529 719) respectively.

The number of employees that are members of these funds are 1 129 (2021: 1 125).

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

41. Related-party transactions

Transactions between Group companies

The Hollard Insurance Company'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 Group, fellow subsidiaries, associated companies, joint ventures and the holding company. The Group enters into commercial transactions with a number of these companies on an ongoing basis.

Details of subsidiary, associate and joint venture companies are provided in note 9 and 10 on pages 49 and 50 of the financial statements.

	COMPANY	
	2022 R'000	2021 R'000
Loans to/(from) related parties		
Loan to Luengo (Pty) Ltd	**1 664**	1 664
Loans to Hollard Holdings (Pty) Ltd	**15 002**	15 079
Loans to Hollard Specialist Life Assurance	**472**	6 723
Loans to Hollard Specialist Insurance Limited	**264**	191
Loans to/ (from) Hollard Life Assurance	**(20 076)**	(7 251)
Loans to Syndicate Investments (Pty) Ltd	**61 474**	68 358
Loans to Syringa Tree (Pty) Ltd	**31 391**	28 491
Loan from ITOO	**–**	(2 908)
Loans to Newshelf 76	**30 883**	28 577
Loans from Fundco	**600 112**	(600 096)
Loan to G Venter	**–**	3 410
Loan to Sandolive (Pty) Ltd	**83 931**	83 931
Management fees		
Paid to Hollard Life Assurance Company	**231 092**	195 596
Dividends Received		
Dividends received from related parties	**3 150**	2 400
Interest Received		
Interest received from Related parties	**3 044**	2 609
Investment Policy with		
The Hollard Life Assurance Company	**1 289 581**	1 220 764
Key management compensation		
Salaries, bonuses and othe short term employee benefits	**20 157**	66 259
Key management refers to prescribed officers excluding Executive directors		
Other transactions		
Rent paid to Hollard Life Assurance Company Limited	**30 283**	28 830
Intercompany Debtor – Luengo (Pty) Ltd	**18 519**	18 519
Intercompany Creditor – Hollard Mozambique	**(14 718)**	(12 185)
Investments in related parties		
Yellowoods Capital Holdings	**141 200**	141 200
Syndicate Investments (Pty) Ltd	**72 000**	72 000
Sandolive Investments (Pty) Ltd	**124 000**	124 000
Firebush Investments (Pty) Ltd	**30 000**	30 000
Velvet Raisin Investments (Pty) Ltd	**95 000**	95 000
Yellowoods Trust	**59 946**	59 946

* *During the year shares in Dotsure to the value R185 070 713 were transferred to FUNDCO (Pty) Ltd.*
* *The loan from Fundco (Pty) Ltd is interest bearing with a repayment term of 10 years from date of advance.*
The Companies above are mainly in the broader Hollard Holdings structure.

42. Going concern

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

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

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

43. Subsequent events

During September 2022, approval was obtained from the Prudential Authority for the disposal of its 50.1% shareholding in Hollard Mozambique Comphanhia de Seguros.

The approval is subject to conditions; however these are administrative in nature.

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

DIRECTORATE AND ADMINISTRATION
for the year ended 30 June 2022

Directorate
To 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
Non-executive director	NG Kohler
Independent non-executive director	R Fihrer
Independent non-executive director	MR Bower
Independent non-executive director	AS Nkosi
Independent non-executive director	B Ngonyama
Independent non-executive director	S Patel
Independent non-executive director	NV Simamane
Independent non-executive director	MS Classen

Administration
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

PO Box 87419
Houghton
2041

Website

www.hollard.co.za

Nature of business

The Company transacts short-term insurance business.

Auditors

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

Registration number

1952/003004/06


www.hollard.co.za