The Hollard Insurance Company

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 2023

CONTENTS

GROUP SALIENT FEATURES
for the year ended 30 June 2023

	GROUP				
	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Statement of profit and loss information					
Gross written premiums[1]	**16 537 930**	13 347 934	12 079 723	11 711 472	11 325 711
Net written premiums[2]	**11 727 946**	8 931 062	8 347 870	8 860 170	8 816 276
Investment income[3]	**611 415**	632 965	369 387	288 059	463 986
Net insurance claims	**6 148 677**	4 901 365	4 877 401	4 618 497	4 488 532
Profit attributable to equity holders of the parent	**437 021**	767 862	347 369	346 808	575 326
Statement of financial position information					
Insurance liabilities	**9 437 807**	9 050 876	6 613 724	4 904 967	4 839 221
Equity attributable to equity holders of the parent	**2 709 258**	2 914 518	2 935 412	2 935 256	3 020 570
Total assets	**16 857 930**	16 984 212	14 199 355	11 723 655	11 288 563
Financial assets	**6 862 553**	4 228 700	3 776 765	2 944 422	3 006 929
Cash and cash equivalents	**1 738 503**	2 439 663	1 257 895	3 234 234	2 575 793
Trading ratios	**%**	%	%	%	%
Written premium: net to gross	**70,9**	66,9	69,1	75,7	77,8
Combined operating ratio[4]	**102,6**	96,5	100,7	98,2	97,0
Solvency ratio[5]	**27.2**	35,7	36,9	34,4	36,1
Actuarial information					
Solvency capital requirement	**2 465 014**	2 333 262	2 430 287	2 549 895	2 552 495
Solvency capital requirement cover	**1,23**	1,32	1,32	1,27	1,33

(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 presented at a Company level 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. Solvency is calculated and presented at a Company level.
** The comparative information has been restated as a result of a prior period error. Refer to note 42 for the details on the restatement.*

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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 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 and Company's annual financial statements.

The Group 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 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 85, have been approved by the Board of the Group and Company and are signed on its behalf by:

MR Bower
Independent Director

25 October 2023

WT Lategan
Chief Executive Officer

25 October 2023

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2023

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

25 October 2023

INDEPENDENT AUDITOR'S REPORT
for the year ended 30 June 2023

TO THE SHAREHOLDER OF THE HOLLARD INSURANCE COMPANY LIMITED
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 ("the Group") set out on pages 11 to 86, which comprise the consolidated and separate statements of financial position as at 30 June 2023, the 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 consolidated and separate 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 2023, 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 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 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 2023", which includes the Group Salient Features, Directors' responsibility Statement and Approval of the Annual Financial Statements, Certification by Company Secretary, Audit and Compliance 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 and will not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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 are 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 and / or the Company to cease to continue as a going concern.

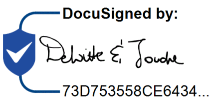
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of The Hollard Insurance Company Limited for 15 years.



Deloitte & Touche
Registered Auditor
Per: Rachel Nkgodi
Partner

6 November 2023

5 Magwa Crescent
Waterfall City
2090

HOLLARD GROUP AUDIT AND COMPLIANCE COMMITTEE REPORT

for the year ended 30 June 2023

The Hollard Group Audit and Compliance Committee ("the Committee") is pleased to present its annual report, for the financial year ended 30 June 2023. This report outlines how the Committee discharged both its statutory and Board-delegated duties during the year.

The 2023 financial year reflects a steady growth in gross written premium and a decrease in net earnings before tax. Economic, infrastructure and environmental challenges continue to impact the business and the insurance industry at large, with the recent adverse weather events encompassing flooding in the Western Cape and heavy rains coupled with tornado activity in KwaZulu-Natal. The Group remains cautious about the pace of recovery of the national economy. The year saw consumer price inflation steadily increase, followed closely by commensurate and significant interest rate hikes resulting in substantial pressure on the disposable income of consumers. The Committee continuously monitors the business' performance and the initiatives taken by the business to manage the interests of its policyholders and all its stakeholders.

1. THE COMMITTEE'S COMPOSITION AND TERMS OF REFERENCE

1.1. Composition and meeting attendance

During the financial year, the Committee was 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] Ms B Ngonyama resigned as a Member of the Committee on 21 July 2023.

1.2. Terms of Reference

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

The Committee's key roles and responsibilities are focused on driving an integrated approach to assurance for effective risk mitigation. The Group 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 monitoring compliance with the relevant legislation and regulations that are applicable to the Group. Following a review of the Compliance Function's performance and effectiveness, the Committee found the Compliance Function's performance to be satisfactory.

2. INTERNAL AUDIT

The Committee maintained oversight of the Internal Audit function for the reporting period and monitored the progress of completion of the approved Internal Audit plan. Upon review of the Internal Auditor's report in assessing the effectiveness of internal financial controls and the implementation of risk management processes, both the internal financial controls and risk management processes were found to be effective. The Committee reviewed and approved the internal audit charter and evaluated the independence, effectiveness, and performance of the function in line with its charter. The Committee has found the Internal Audit function to be independent, adequately resourced and competent to perform its duties. The Internal Audit function has direct access to the Committee Chairman and all the Committee members, without limitation. Progress has been made in digitising and automating internal audit activities. All internal audit reporting is now automated.

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 included a review of the Group's compliance with the relevant legislation and regulations, including the audit requirements prescribed by the Prudential Standards.

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

4. STATUTORY DUTIES

4.1. Financial Statements and Accounting Policies

The Committee has reviewed the Accounting Policies and Financial Statements for the financial year ended 30 June 2023 and is satisfied that it complies with International Financial Reporting Standards.

4.2. Going Concern

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

4.3. External Auditor appointment and independence

The Committee has supported the reappointment of Deloitte South Africa as External Auditor for the 2023 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.

Following a successful process to identify a suitable external auditor following the Deloitte rotation at the end of the 2023 financial year, collaboration between Deloitte and PWC (as incoming auditor for 2024) has been positive, and a seamless audit rotation process is expected. At the Annual General Meeting of the Shareholders, it will be recommended that PWC be appointed as External Auditor for the 2024 financial year.

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 2023, including the quality of the earnings and has recommended the Annual Financial Statements to the Board for approval.

During 2023 there was ongoing focus on and preparation for the implementation of International Financial Reporting Standards 17 (IFRS 17) within the finance function through the IFRS 17 Project, to ensure timeous compliance with the Standard. 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 was assessed by the Committee at each meeting. The Committee is of the view that the Group is sufficiently prepared to deliver financial reporting in compliance with IFRS 17 for the year ending 30 June 2024.

6. STATEMENT ON INTERNAL FINANCIAL CONTROLS

The Committee is able to assess the effectiveness of financial and non-financial controls by reviewing the 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 was 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.

Fraud prevention and detection remains a key priority for the business. Initiatives to automate and digitise fraud prevention and detection activities are explored and implemented on an ongoing basis. Any material fraud matters are reported to the Committee. During the year under review no significant fraud matters were identified for escalation to the Committee.

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 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 2023 financial year in terms of its Terms of Reference, as well as its legal and regulatory responsibilities, and nothing to indicate the contrary has been brought to the Committee's attention.

MBower

MR Bower
Chairman of the Audit and Compliance Committee

25 October 2023

DIRECTORS' REPORT
for the year ended 30 June 2023

The Directors have pleasure in presenting the Directors' report which forms part of the Group and Company's annual financial statements for the year ended 30 June 2023.

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 are listed in notes 9 and 10 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 R437 021 234 and (2022: R767 862 000), which arose from the Group's operations as follows:

	GROUP	
	2023 R'000	2022 R'000
Net premium income	**9 961 185**	8 644 443
Investment income and investment gains/(losses)	**611 415**	632 965
Other operating income	**193 715**	107 234
Total revenue	**10 766 315**	9 384 642
Net insurance claims	**(6 148 677)**	(4 901 365)
Other operating expenses	**(4 090 146)**	(3 490 769)
Total expenses	**(10 238 823)**	(8 392 134)
Result of operating activities	**527 491**	992 508
Share of income/(loss) in associates	**11 030**	31 213
Profit before taxation	**538 521**	1 023 721
Taxation	**(81 987)**	(217 132)
Profit for the year	**456 534**	806 590
Non-controlling interests	**(19 513)**	(38 728)
Equity holders of the parent	**437 021**	767 862

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 R455 377 403 (2022: R861 767 000) were declared by the Company during the year.

Subsidiaries and associates
The Company's aggregate share of the profits of subsidiaries and associates for the year amounted to (R64 089 000) and (R11 030 000) respectively, (2022: R42 113 000 and R11 953 860).

Going concern
The directors have assessed the Group's ability to continue as a going concern. As at 30 June 2023, the Group had a strong net asset value and liquidity position.

The Board and its Committees received regular reports on the operational, functional, 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
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 13 April 2023:
R Fihrer
MR Bower
AS Nkosi
B Ngonyama
S Patel
NV Simamane
MS Claassen

AS Nkosi resigned on 01 July 2023.

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

WT Lategan (Group CEO), (Appointed 1 July 2022), DJ Viljoen (Group CFO), and N Omar (CEO), (Appointed 25 November 2022), were the only executive directors who held office during the year.

Non-executive directors

NG Kohler (resigned 1 August 2022), ADH Enthoven (resigned 1 August 2022), B Ngonyama, MR Bower, AS Nkosi, R Fihrer, S Patel, NV Simamane and MS Claassen were in office during the year as non-executive directors.

Auditors

PricewaterhouseCoopers have been appointed as external auditors on 1 July 2023 in accordance with section 90 of the Companies Act No 71 of 2008.

Company Secretary

A Allardyce

Business address

Hollard at Arcadia
22 Oxford Road
Parktown
Johannesburg
2193

Postal address

PO Box 87419
Houghton
2041

Holding company

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

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	2023 R'000	Restated 2022 R'000	2023 R'000	Restated 2022 R'000
Assets					
Investment properties	5	**32 300**	32 300	**–**	–
Property and equipment	6	**159 857**	155 377	**159 723**	155 242
Right-of-use assets	7	**89 268**	113 257	**89 268**	113 257
Intangible assets	8	**198 624**	161 278	**198 216**	160 870
Investment in subsidiaries	9	**–**	–	**46 446**	45 722
Investment in associates	10	**243 224**	239 457	**277 121**	256 134
Financial assets*	11	**6 862 553**	4 792 228	**6 818 495**	4 749 806
Reinsurance assets	22	**4 601 942**	5 824 734	**4 601 942**	5 824 734
Insurance, loans and other receivables	14	**2 674 317**	1 764 046	**2 674 157**	1 779 074
Deferred acquisition cost	25	**133 972**	115 273	**133 972**	115 273
Deferred taxation	15	**48 508**	111 615	**48 508**	111 615
Current income taxation		**74 863**	16	**74 852**	–
Cash and cash equivalents*	16	**1 738 502**	1 876 135	**1 735 798**	1 873 353
Non-current assets held for sale	9	**–**	1 798 496	**–**	152 433
Total assets		**16 857 930**	16 984 212	**16 858 498**	15 337 513
Equity and liabilities					
Attributable to equity holders of the parent		**2 709 258**	2 914 518	**2 767 570**	2 753 510
Share capital and premium	17	**1 642 601**	1 642 601	**1 642 601**	1 642 601
Contingency reserves		**–**	10 479	**–**	–
Foreign currency translation reserve	19	**–**	49 365	**–**	–
Credit protection reserves		**–**	3	**–**	–
Share option reserve		**4 012**	4 012	**4 012**	4 012
Non-distributable reserve	18	**–**	1 193	**–**	–
Retained earnings		**1 062 645**	1 206 863	**1 120 957**	1 106 898
Non-controlling interest		**–**	171 861	**–**	–
Total equity		**2 709 258**	3 086 380	**2 767 570**	2 753 510
Borrowings	20	**600 000**	600 242	**600 000**	599 888
Trade and other payables	21	**2 349 102**	1 571 530	**2 303 687**	1 498 985
Insurance liabilities	22	**9 437 807**	9 050 876	**9 437 807**	9 050 876
Reinsurance liabilities		**1 474 025**	1 080 798	**1 474 025**	1 080 798
Provisions	23	**106 598**	133 055	**106 385**	132 987
Deferred taxation	15	**181 140**	191 792	**169 024**	179 742
Current income taxation		**–**	40 728	**–**	40 728
Non-current liabilities held for sale		**–**	1 228 812	**–**	–
Total liabilities		**14 148 672**	13 897 832	**14 090 928**	12 584 004
Equity and liabilities		**16 857 930**	16 984 212	**16 858 498**	15 337 513

** The comparative information has been restated. The impact as at 30 June 2021 increases financial assets to R4 646 536 and decreases cash and cash equivalents to R1 934 187 for the Company. For the Group, financial assets increase to R4 680 474 and cash and cash equivalents decrease to R1 937 352. Refer to note 42 for details on the restatement.*

STATEMENT OF PROFIT AND LOSS

for the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue					
Gross written premiums		**16 537 930**	13 347 934	**16 189 864**	12 047 545
Reinsurance outwards		**(4 809 984)**	(4 416 871)	**(4 585 825)**	(3 569 603)
Net written premiums		**11 727 946**	8 931 062	**11 604 039**	8 477 942
Less: Change in unearned premium reserve		**(1 766 761)**	(286 619)	**(1 781 982)**	(277 781)
Gross amount		**(2 275 542)**	(428 755)	**(2 224 870)**	(324 939)
Reinsurer share		**508 781**	142 135	**442 888**	47 158
Net premium income		**9 961 185**	8 644 443	**9 822 057**	8 200 161
Investment income		**496 252**	435 210	**442 228**	435 906
Interest received	24	**396 270**	330 106	**337 771**	286 115
Dividends received	24	**100 798**	102 777	**107 954**	149 791
Rental income		**2 681**	2 327	**–**	–
Investment management fees		**(3 497)**	–	**(3 497)**	–
Investment gains		**158 017**	197 755	**258 930**	193 140
Realised gains on disposal of investments	27	**49 081**	2 308	**49 081**	2 308
Unrealised gains on revaluation of investments	28	**109 947**	144 103	**130 647**	138 446
Profit on translation of foreign currency		**77 066**	51 344	**79 202**	52 387
Loss on disposal of subsidiary	9	**(78 077)**	–	**–**	–
Other operating income		**193 715**	107 234	**193 676**	107 045
Total revenue		**10 809 169**	9 384 643	**10 716 891**	8 936 253
Expenses					
Gross policyholder benefits and claims Incurred		**7 359 333**	8 609 373	**7 264 630**	8 541 676
Claims and loss adjustments expense		**7 356 395**	8 616 305	**7 263 086**	8 541 676
Policyholder benefits		**2 938**	6 932	**1 544**	–
Reinsurance recoveries		**(1 210 656)**	(3 708 008)	**(1 167 558)**	(3 789 380)
Net insurance claims		**6 148 677**	4 901 365	**6 097 072**	4 752 296
Commissions and other acquisitions		**919 808**	876 881	**896 601**	790 474
Interest paid	24	**61 140**	52 027	**61 140**	48 984
Marketing and administration expenses		**3 152 053**	2 561 861	**3 110 759**	2 418 144
Total expenses	29	**10 281 678**	8 392 134	**10 165 571**	8 009 898
Result of operating activities		**527 491**	992 509	**551 319**	926 355
Share of income in associates		**11 030**	31 213	**–**	–
Profit before taxation		**538 521**	1 023 722	**551 319**	926 355
Taxation	30	**81 987**	217 132	**81 883**	182 294
Profit for the year		**456 534**	806 590	**469 437**	744 061
Profit for the year attributable to:					
Equity holders of the parent		**437 021**	767 862	**469 437**	744 061
Non-controlling interests		**19 513**	38 728	**–**	–
		456 534	806 590	**469 437**	744 061

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Profit for the year	**456 534**	806 590	**469 437**	744 061
Other comprehensive income	**66 992**	72 719	**–**	–
Exchange differences on translation of foreign operations	**66 992**	72 719	**–**	–
Total other comprehensive income	**523 526**	879 309	**469 437**	744 061
Total other comprehensive income attributable to:				
Equity holders of the parent	**504 014**	840 581	**469 437**	744 061
Non-controlling interest	**19 513**	38 728	**–**	–
	523 526	879 309	**469 437**	744 061

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

	EQUITY ATTRIBUTABLE TO OWNERS										
	Issued share capital R'000	Share premium R'000	Contingency reserve R'000	Share option reserve R'000	Foreign currency translation reserve R'000	Credit protection reserve R'000	Non-distributable reserve R'000	Retained earnings R'000	Total ordinary shareholders' equity R'000	Non-controlling interest R'000	Total equity R'000
GROUP											
Balance at 1 July 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	–	–	–	–	–	–	–	767 862	767 862	38 728	806 5 90
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
Net profit	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**437 021**	**437 021**	**19 513**	**456 534**
Other comprehensive income	**–**	**–**	**–**	**–**	**66 992**	**–**	**–**	**–**	**66 992**	**–**	**66 992**
Exchange differences on transactions of foreign operations	–	–	–	–	66 992	–	–	–	66 992	–	66 992
Total comprehensive income	**–**	**–**	**–**	**–**	**66 992**	**–**	**–**	**437 021**	**504 014**	**19 513**	**523 526**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(455 377)**	**(455 377)**	**–**	**(455 377)**
Disposal of non-current asset held for sale	**–**	**–**	**(27 044)**	**–**	**(116 358)**	**(3)**	**(1 193)**	**(125 863)**	**(270 460)**	**(191 374)**	**(461 834)**
Transfer to/from contingency reserve	**–**	**–**	**16 564**	**–**	**–**	**–**	**–**	**–**	**16 564**	**–**	**16 564**
Balance at 30 June 2023	**1 586 687**	**55 914**	**–**	**4 012**	**–**	**–**	**–**	**1 062 644**	**2 709 258**	**–**	**2 709 258**
COMPANY											
Balance at 1 July 2021	1 586 687	55 914	–	4 012	–	–	–	1 224 603	2 871 216	–	2 871 216
Net profit	–	–	–	–	–	–	–	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
Net profit	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**469 437**	**469 437**	**–**	**469 437**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**469 437**	**469 437**	**–**	**469 437**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(455 377)**	**(455 377)**	**–**	**(455 377)**
Balance at 30 June 2023	**1 586 687**	**55 914**	**–**	**4 012**	**–**	**–**	**–**	**1 120 957**	**2 767 570**	**–**	**2 767 570**

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2023

	Notes	GROUP 2023 R'000	GROUP Restated 2022 R'000	COMPANY 2023 R'000	COMPANY Restated 2022 R'000
Cash flows from operating activities					
Cash receipts from policyholders and other customers		**12 638 217**	9 035 893	**12 499 122**	8 603 037
Cash paid to policyholders, suppliers and employees		**(10 716 873)**	(8 433 208)	**(10 554 659)**	(7 991 115)
Cash generated from operations	31	**1 921 344**	602 685	**1 944 462**	611 922
Interest paid	24	**(61 140)**	(52 027)	**(61 140)**	(48 984)
Dividends paid	32	**(455 377)**	(861 767)	**(455 377)**	(861 767)
Interest received	24	**353 415**	330 106	**337 771**	286 115
Dividends received	33	**90 245**	169 783	**97 401**	216 797
Taxation paid	34	**(145 108)**	(206 548)	**(145 072)**	(173 607)
Net cash outflow/(inflow) from operating activities		**1 703 380**	(17 769)	**1 718 044**	30 477
Cash flows from Investing activities					
Acquisition of listed and unlisted investments		**(704 278)**	(1 218 953)	**(704 278)**	(1 218 953)
Acquisition of property and equipment		**(55 812)**	(46 805)	**(63 632)**	(46 805)
Acquisition of intangible assets		**(73 729)**	(54 189)	**(73 729)**	(54 189)
Acquisition of other financial assets*		**(5 318 175)**	(2 550 145)	**(5 318 175)**	(2 550 145)
Proceeds on disposal of listed and unlisted investments		**609 496**	1 077 252	**609 496**	1 077 252
Proceeds on disposal of listed investments		**42 560**	51 198	**42 560**	51 198
Proceeds on disposal of unlisted investments		**566 936**	1 026 054	**566 936**	1 026 054
Proceeds on disposal of other financial assets*		**3 563 628**	1 825 064	**3 563 628**	1 825 064
Proceeds on disposal of property and equipment		**–**	13	**–**	13
Proceeds on disposal of intangible assets		**–**	1 695	**–**	1 695
Proceeds on disposal of non-current assets and liabilities held for sale		**152 433**	–	**152 433**	–
Dividends received from associates		**7 122**	47 864	**–**	
Increase in loans		**–**	157	**–**	157
Net cash inflow from investing activities		**(1 819 314)**	(918 045)	**(1 834 256)**	(965 909)
Cash flows from financing activities					
Repayment of lease liability		**(21 456)**	(28 903)	**(21 456)**	(28 903)
Increase/(decrease) in long-term borrowings		**(242)**	(208)	**112**	(208)
Net cash (outflow)/inflow from financing activities		**(21 698)**	(29 111)	**(21 344)**	(29 111)
Cash and cash equivalents					
Net increase/(decrease) in cash and cash equivalents*		**(137 632)**	(964 925)	**(137 554)**	(964 545)
Cash, deposits and similar securities at beginning of the year*		**1 876 135**	2 841 061	**1 873 353**	2 837 897
Cash and cash equivalents at end of the year		**1 738 502**	1 876 135	**1 735 798**	1 873 353

** The comparative information has been restated as a result of a prior period error. Refer to note 42 for the details on the restatement.*

1. Accounting policies

The principal accounting policies adopted in the preparation of the Group 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 – previously defined and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these annual financial statements.

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

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

Use of estimates and judgements

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

The Group 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 is disclosed in note 2 to these financial statements.

Adoption of new and revised standards

The Group 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.

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

• Amendments to IAS 1 – Classification of liabilities as current or non-current – 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
• Amendments to IFRS 17 – Insurance contracts – 1 January 2023

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

Summary of IFRS 17 impact

IFRS 17 is an accounting change that does not impact the fundamentals of our insurance business.

• **No impact** on our **solvency** position	• There is an impact on the timing in which we recognise insurance profits. This results in a **reduction to shareholders equity on transition of between R100 million and R175 million**
• **No impact** on our **cash** position	
• **No impact** on our ability to declare and pay **dividends**	

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

IFRS 17 Insurance contracts

IFRS 17 replaces IFRS 4 for financial year periods commencing on or after 1 January 2023. IFRS 17 becomes effective for the Company on 1 July 2023 which will require a restatement of the financial year 2023 comparatives when reporting on the 2024 financial period.

IFRS 17 provides comprehensive guidance on accounting for insurance, reinsurance and investment contracts with discretionary participation features and has a significant impact on accounting for insurance and reinsurance contracts, including changes to the presentation of insurance revenue and insurance service result.

The Company applies IFRS 17 to the below short-term contracts:

- insurance contracts, including reinsurance contracts, it issues; and
- reinsurance contracts it holds.

Further, the Company does not apply IFRS 17 to the following:

- warranties provided by a manufacturer, dealer or retailer in connection with the sale of its goods or services to a customer;
- contractual rights or contractual obligations contingent on the future use of, or the right to use, a non-financial item (for example, some licence fees, royalties, variable and other contingent lease payments and similar items);
- residual value guarantees provided by a manufacturer, dealer or retailer and a lessee's residual value guarantees when they are embedded in a lease;
- contingent consideration payable or receivable in a business combination;
- insurance contracts in which the Company is the policyholder, unless those contracts are reinsurance contracts held.

Project Governance and progress update

The IFRS 17 implementation programme was instituted in 2019 under the sponsorship of the Group Chief Financial Officer. It has been governed by the IFRS 17 steering committee consisting of executive and senior management of the impacted financial, actuarial and information technology areas across the Company, as well as including representation from both Group internal audit and external audit.

The Company has progressed well with the activities required for implementation of IFRS 17. The Company policy and methodology decisions which have formed the basis of the transition work have been finalised and reviewed by PWC. The work to determine the transition to the IFRS 17 balance sheet has been completed and is also under review by the PWC.

A new target operating model for the financial reporting process has been developed and the relevant new systems, components and IFRS 17 engine have undergone full end to end testing before being fully deployed into production. The financial year 2023 comparative year reporting is in progress.

Ongoing training to the relevant stakeholders to embed IFRS 17 understanding continues.

Classification of insurance contracts

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The definition of an insurance contract has remained largely the same under IFRS 17 as it was under IFRS 4, thus the adoption of IFRS 17 does not significantly change the classification of the Company's insurance contracts. The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing the present value of benefits payable when an insured event occurs with the present value of the benefits payable if an insured event did not occur. Insurance contracts can also transfer financial risk.

Aggregation of insurance contracts:

Insurance contracts within each broad product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks. .

Portfolios of insurance contracts issued will be divided into groups of insurance contracts into minimum of:

- a group of insurance contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of remaining contracts in the portfolio, If any.

Groups of insurance contracts are onerous if the fulfilment cash flows allocated to each contract at initial recognition in total are a net outflow. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net cost at initial recognition.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Each group of contracts does not include contracts issued more than one year apart in the same group.

These groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered.

Recognition of insurance contracts

The Company recognises insurance contracts issued from the beginning of the coverage period; or if earlier, the date when the first payment from the policyholder is due or for a group of onerous contracts, when the Company becomes onerous.

The Company recognises reinsurance contracts held from the earlier of the beginning of the coverage period of the company of reinsurance contracts held; and the date the Company recognises an onerous group of underlying insurance contracts applying paragraph 25(c) of the standard, if the company entered into the related reinsurance contract held in the company of reinsurance contracts held at or before that date.

Measurement models

IFRS 17 introduces different measurement models in calculating insurance and reinsurance contract liabilities reflecting the different extents of policyholder participation in investment of insurance Company performance: non-participating or indirect participation (General measurement model (GMM)) and direct participating (Variable Fee Approach (VFA)). For short-duration contracts, IFRS 17 permits a simplified approach (Premium Allocation Approach (PAA). A company may simplify the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the Group, the Company reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the Group that would not differ materially from the liability calculated as per GMM or the coverage period of each contract in the Group is one year or less. The simplification allows the Liability for Remaining Coverage (LRC) to be primarily based on premium received, less earned premium and unamortised acquisition cash flows, rather than to be disaggregated into the present value of future cashflows (PVFCF), risk adjustment and CSM. The liability for incurred claims is measured consistently with the GMM, whereby all the incurred claims are subject to discounting and risk adjustment. The Company assessed that majority of its non-life (re-) insurance contracts issued and reinsurance contracts held in force as of the transition date is eligible for the application of PAA and applied PAA measurement for such contracts under IFRS 17.

Premium allocation approach:

The premium allocation approach is intended to produce an accounting outcome like that which resulted from the unearned premium approach used by many short-duration insurers under IFRS 4. The results from this approach are therefore likely to be more readily understood within the context of many short-duration contracts. However, there are some important differences:

- The liability for remaining coverage is measured using premiums received (minus any insurance acquisition cash flows at the measurement date if applicable). The word 'received' is interpreted literally, rather than interpreted to mean amounts due. Under IFRS 4, the unearned premium provision would have often been set up based on premiums receivable, with a separate asset recorded for the premium receivable.
- No separate asset is recognised for deferred acquisition costs, except for those assets in respect of insurance acquisition cash flows paid before the related group of insurance contracts is recognised. Instead, any acquisition cash flows are expensed when incurred.
- The Company did not discount its insurance liabilities under IFRS 4.
- The fulfilment cash flows model required for incurred claims, which is the same as the general model except for one simplification, is different to the incurred claim model used under IFRS 4.
- The liability for remaining coverage under the premium allocation approach will be the same as under the general model for groups of contracts that are onerous.

Components to be measured will be dealt with as follows:
Liability components

A group of insurance contracts is measured as the sum of the Liability for LRC and the Liability for Incurred Claims (LIC). These components relate to the provision of future service and past service respectively.

The LRC is defined as the sum of the following components:
- Fulfilment cash flows related to future service, which comprise:
  - Best estimate of future cash flows;
  - Risk adjustment for non-financial risk; and
  - CSM.

The LIC is structured similarly to the LRC, except for the CSM. The LIC consists of the following:
- Fulfilment cash flows related to **past** service, which comprise:
  - Best estimate of future cash flows; and
  - Risk adjustment for non-financial risk.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary (the contract boundary for an insurance contract under IFRS 17 determines which cash flows should be included within the fulfilment cash flows, and hence the value of the CSM). Fulfilment cash flows are determined separately for insurance contracts (including reinsurance contracts) issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude cash flows not directly attributable to the fulfilment of the insurance contracts. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. This risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For reinsurance contracts held, the risk adjustment reflects that some of this uncertainty will be ceded to the reinsurer. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Best estimate of future cash flows

IFRS 17, indicates that estimates of future cashflows should:

- include all cash flows that are within the contract boundary;
- incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows;
- reflect the perspective of the Company, if estimates of any relevant market variables are consistent with observable market prices for those variables;
- be current; and
- be explicit.

The estimate of future cashflows should include all cash flows that are within the contract boundary. For the Company, the following cash flows are in scope under IFRS 17:

- Liability for Remaining Coverage (LRC):
  - Insurance premiums (includes premiums overdue, due and not yet due).
  - Expected future incurred claims (including claims-related expenses).
  - Expected future third-party recoveries and salvages (excluding reinsurance recoveries).
  - Claims-handling costs.
  - Insurance acquisition cash flows that are directly attributable to the portfolio.
  - Policy administration and maintenance costs.
  - An allocation of fixed and variable overheads directly attributable to insurance contracts.

- Liability for Incurred Claims (LIC):
  The following claims-related cash flows need to be included:
  - Reported claims not yet paid (including claims-related expenses).
  - Incurred claims not yet reported, which includes estimates of expected movements in reported claims not yet paid (including claims-related expenses (i.e. ALAE)).
  - Claims payable (i.e. amounts where a credit note has been issued but physical payment has not yet been processed/made).
  - Claims-handling costs.
  - Policy administration and maintenance costs.
  - An allocation of fixed and variable overheads directly attributable to insurance contracts.

The following cash flows shall not be included when estimating the cash flows that will arise as the Company fulfils an existing insurance contract:

- Investment returns.
- Reinsurance cash flows (within the insurance cash flows).
- New business premiums.

Under the PAA, the calculation of fulfilment cash flows for the measurement of the liability for remaining coverage is only required if facts and circumstances indicate that the group of contracts is onerous. This creates a practical problem since modelled fulfilment cash flows are not available for contracts measured under the PAA. The Company will therefore use a combined ratio as a proxy for fulfilment cash flows, determined on the following basis (to ensure consistency with fulfilment cash flows):

- Based on expected claims and expenses rather than incurred amounts.
- Includes an allowance for the risk adjustment.
- Includes an allowance for directly attributable expenses (which includes a portion of overheads) as required by IFRS 17.

Cash flows within the boundary of insurance contracts

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
  - The pricing of the premiums up to the date when the risks are reassessed does not consider the risks that relate to periods after the reassessment date.
- A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

IFRS 17 has defined acquisition costs as the costs incurred in selling, underwriting, and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts. The insurance acquisition cash flows also include the allocation of insurance cash flows directly attributable to the portfolio to which the insurance contract belongs.

The Company is permitted to elect whether to recognise insurance acquisition cash flows as an expense when it incurs those costs or to include those cash flows within the liability for remaining coverage (and hence amortise those cash flows over the coverage period). The ability of a company to recognise insurance acquisition cash flows as an expense when it incurs those costs is available provided that the coverage period of each contract in the Company on initial recognition is no more than one year. Otherwise, acquisition cash flows must be included within the liability for remaining coverage. The Company has elected, where permitted, to expense insurance acquisition cash flows when incurred.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation required for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. It is calculated as a 75th percentile level of stress over a one-year period. The level of stress is determined with reference to external regulatory stresses and internal economic capital stresses.

Discount rates

The Company will apply bottom-up discount rates for all groups of insurance and reinsurance contracts. Bottom-up discount rates are constructed using risk-free rates, plus an illiquidity premium, where applicable. Risk-free rates are determined by reference to the risk-free yield curve published by the prudential authority.

Loss component

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

- the loss component; and
- the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims).

Under the PAA, if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, a company shall calculate the difference between:

- the carrying amount of the Liability for Remaining Coverage (LFRC); and
- the fulfilment cash flows that relate to remaining coverage of the entity.

To the extent that the fulfilment cash flows exceed the carrying amount of the LFRC, the Company shall recognise a loss in profit or loss and increase the LFRC.

Measurement in initial recognition

Under the PAA, on initial recognition, the carrying amount of the liability is:

- the premiums, if any, received at initial recognition;
- *minus* any insurance acquisition cash flows at that date, unless the Company chooses to recognise the payments as an expense applying paragraph 59(a); and
- *plus*, or minus any amount arising from the derecognition at that date of the asset or liability recognised for insurance acquisition cash flows.

Subsequent measurement

At the end of each subsequent reporting period, the carrying amount of the liability is the carrying amount at the start of the reporting period:

- plus, the premiums received in the period;
- minus insurance acquisition cash flows; unless the Company chooses to recognise the payments as an expense applying paragraph 59(a);
- plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period; unless the Company chooses to recognise insurance acquisition cash flows as an expense applying paragraph 59(a);
- plus any adjustment to a financing component, applying paragraph 56;
- minus the amount recognised as insurance revenue for coverage provided in that period (see paragraph B126); and
- minus any investment component paid or transferred to the liability for incurred claims.

Transition approaches

The IFRS 17 standard for Hollard is applicable to annual periods beginning on or after 1 July 2023. However, the requirement for 2022 comparative information means that a IFRS 17 transition statement of financial position is required at 1 July 2022.

When determining the insurance liabilities at transition, the IFRS 17 standard should be applied retrospectively as if it had always applied unless it is "impracticable" to do so based on the requirements in IAS 8 Accounting policies, Changes in Accounting Estimates and Errors. This retrospective approach is referred to as the full retrospective approach (FRA). Where it is impracticable to apply IFRS 17 retrospectively, various simplifications are permitted when adopting the modified retrospective approach (MRA) or fair value approach (FVA) provided that certain criteria have been met. The FVA has to be applied if there is no reasonable and supportable information to apply the MRA.

As IFRS 17 is applied retrospectively, the Company determined the transition approach at a group of insurance contracts level, depending on availability of reasonable and supportable historic information.

The Company assessed that its non-life (re-) insurance contracts issued and reinsurance contracts held in force as of the transition date is eligible for the application of PAA and applied PAA measurement for such contracts under IFRS 17. Due to their short-term nature such in-force contracts typically applied the full retrospective transition approach.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Presentation and disclosure

IFRS 17 will also affect the presentation of the revenue from the insurance contracts, which will no longer include gross written premium or investment components. Furthermore, the insurance revenue and insurance service expenses will be presented gross of reinsurance, with the reinsurance result included in the net expenses from reinsurance contracts held. The insurance and reinsurance contract liabilities are subject to discounting; the unwind of the discount will be part of the insurance finance expense or reinsurance finance income, rather than insurance service result. The amounts on the face of the profit or loss statement and statement of financial position will be supplemented by disclosures to explain the recognised amounts. Explanation of insurance amount recognised in profit or loss are as below.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the Company, adjusted for the discounting effect and excluding any investment components. Investment components are amounts payable to the policyholder in all circumstances. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the Company expects to be entitled to in exchange for those services.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated based on the expected timing of incurred insurance service expenses.

Insurance service expenses

The main components of insurance profits recognised in insurance service expenses are:

- the actual incurred claims and administration expense cash flows (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- actual incurred acquisition expense cash flows on insurance contracts measured under the PAA (where businesses do not elect to include these cash flows in the liability for remaining coverage);
- expected future losses on onerous groups of contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

The expense cash flows refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses will be recognised separately in profit or loss.

The combined impact of insurance revenue and insurance service expenses will be presented as the insurance service result in profit or loss.

Income or expenses from reinsurance contracts

The Company will present income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount.

Insurance finance income and expense

The Company recognises all insurance finance income or expenses for the reporting period in profit or loss. The company has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

Under the PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses.

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Preliminary effects of the transition to IFRS 17

To adopt IFRS 17 in the consolidated financial statements, an IFRS 17 implementation programme has been operating since 2019. The programme made significant progress in 2022 to ensure operational readiness and financial analysis for the opening balance sheet reporting as of the transition date of 1 July 2022, which is the starting point for the comparative period information required by IFRS 17.

At the transition date, the Company assessed that its non-life (re-) insurance contracts issued and reinsurance contracts held in force as of the transition date is eligible for the application of PAA and applied PAA measurement for such contracts under IFRS 17. Due to their short-term nature, such in-force contracts typically applied the full retrospective transition approach.

At the transition date, the Company classified, recognised and measured its in-force business as if IFRS 17 had always been applied. The Company recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before the transition date.

Furthermore, the entity reclassified all rights and obligations arising from portfolios of (re-)insurance contracts, such as

- (re-)insurance-related receivables or payables;
- insurance acquisition cash flows, to be presented as (re-)insurance contract assets/liabilities; and
- portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

The Company assessed the impact that the initial application of IFRS 17 will have on its financial statements. The result of this exercise estimates a reduction of between R100 million and R175 million in the Company's equity attributable to the parent (capital and reserves) at 30 June 2022.

The transition calculations as reflected above are preliminary only, and are subject to change as:

- certain accounting policy decisions and assumptions are still being concluded upon; and
- not all systems and controls are operational.

Impact of changes in Tax Legislations

National Treasury (NT) promulgated the 2022 Taxation Laws Amendment Act (2022 TLAA) in January 2023, that was substantively enacted on 22 December 2022 and which contained changes to section 28 of the Income Tax Act to cater to the implementation of IFRS 17. The changes ensure that section 28 and section 29A are aligned to terminology and principles of IFRS 17.

1. Accounting policies (continued)

1.2 Basis of consolidation

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

Investments in subsidiaries

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

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

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

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

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

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

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

Investments in associates

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 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 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 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 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, forms 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.

1. 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 IFRS 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 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.

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 other comprehensive income as a foreign currency translation gain or loss. Such translation differences are recognised in the statement of comprehensive income in the period in which the foreign operation is disposed of.

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

1. Accounting policies (continued)

1.4 Investment property

Property held either to earn rental income or for capital appreciation, or for both, 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 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 other comprehensive income.

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 other comprehensive income.

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 other comprehensive income.

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.

1. Accounting policies (continued)

1.6 Intangible assets (continued)

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).

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 other comprehensive income; and
- financial assets at amortised cost.

The classification and measurement is dependent on the IFRS 9 criteria. IFRS 9 applies two criteria to determine how financial assets should be classified and measured, namely:

a. the entity's business model for managing the financial assets: and
b. the contractual cash flow characteristics of the financial asset.

i) Financial assets at fair value through profit or loss

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

ii) Financial assets at fair value through other comprehensive income

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

a. It is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

1. Accounting policies (continued)

1.7 Non-derivative financial instruments (continued)

Financial assets (continued)

Investments (continued)

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

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at fair value through other comprehensive income. In such an instance changes in the equity instrument's fair value are recorded in 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.

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 through other comprehensive income are carried at fair value, while financial assets at amortised cost are carried at amortised cost using the effective interest rate method, less any provision for impairment.

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

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

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

Gains or losses

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

Fair value

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

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

Offsetting

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

Financial liabilities

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

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

In accordance with the definition of a financial liability contained in IAS 32: Financial Instruments: Presentation, the Group and Company classify the following statement of financial position items as financial liabilities:
- Borrowings;
- Reinsurance liabilities;
- Trade and other payables;
- Provision for liabilities arising from a contractual relationship with existing Group and Company staff; and
- Long-term liabilities, which commonly take the form of loan funding.

1. Accounting policies (continued)

1.8 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.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in the statement of comprehensive, 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 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.

A counterparty is considered to be in default when it is considered that they are unlikely to settle their obligation to the Company. Due to the low number of instruments subject to the ECL model, this definition is considered appropriate as each instrument is assessed individually. Write-offs are further assessed on a case-by-case basis.

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**: At initial recognition a financial instrument is allocated into Stage 1, except for purchased or originated credit impaired financial instruments.
- **Stage 2**: A financial instrument is allocated to Stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- **Stage 3**: A financial instrument is allocated to Stage 3 if the financial instrument is in default or is considered to be credit impaired.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

a. Financial assets that are determined to have low credit risk at the reporting date; and
b. Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

1. Accounting policies (continued)

1.8 Impairment of assets excluding goodwill (continued)

Calculation of ECL (continued)

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. Investment grade and sub-investment grade cumulative default rates were used as benchmarks for loans in a low likelihood and high likelihood of default respectively.

In determining the loss given default, a sliding scale of 0% to 100% has been applied where the percentage reflects the size of the outstanding debt relative to the opening long-term debt.

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.

ECLs are measured as the present value of all cash shortfalls and is discounted using the effective rate of return required by shareholders of 18.5%.

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

1.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and monies held on call or current accounts with banks. 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.

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 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, 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.

1. Accounting policies (continued)

1.12 Insurance contracts (continued)

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 accounted for net of reinsurance. 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 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.

IBNR

The majority of the Company's incurred but not reported reserve (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.

1. Accounting policies (continued)

1.13 Revenue (continued)

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.

1.14 Employee benefits

Pension and provident scheme arrangements

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

Profit-sharing and bonus plans

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

Leave pay

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

Termination benefits

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

Other post-employment obligations

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

1.15 Taxation

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

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

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

Current taxation

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

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

Deferred taxation

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

1. Accounting policies (continued)

1.15 Taxation (continued)

Deferred taxation (continued)

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.

1.16 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 substantially transfer 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 and/or Company's shareholders are recognised as a liability in the Group 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 make 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 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 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 and/or Company's processes for determining significant reserving assumptions are outlined in note 22.

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.

2. Critical accounting estimates and judgements

2.2 Valuation of unlisted investments (continued)

Short-term insurance companies 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 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 and Company's risk management framework, including defining what constitutes "appropriate" risk and control policies, and ensuring that sufficient capital is held to support taking risks. 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 and Company's risk management policies. The Committee reports regularly to the Board on its activities.

The Group 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 and Company's activities. The Group and Company, through 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 and Company's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk, and the Group 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 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 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 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

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.1 Credit risk (continued)

audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Risk and Compliance Committee.

Insurance, loans and other receivables

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

The Group 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 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 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 and Company's assets is disclosed in note 4 on pages 37 to 51 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 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 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 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 40. 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 which will affect the Group 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 and Company's return on investment.

Financial assets and liabilities that are utilised to support the Group 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, liabilities or supporting capital or the trading currency of the local entity being different to the Group 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.

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 and Company's investment portfolios. The Group 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 interest-sensitive investments.

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

c) Other market price (or equity) risk

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

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

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

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

3.2.4 Capital management

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

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

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

The Group and Company'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 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	
	2023 R'000	Restated 2022 R'000	**2023 R'000**	Restated 2022 R'000
GROUP				
Other assets				
Financial assets at fair value through profit or loss – unlisted investments	**3 086 093**	2 539 452	**3 086 093**	2 539 452
Financial assets at fair value through profit or loss – bonds	**546 619**	294 524	**546 619**	294 524
Financial assets at amortised cost#	**2 407 833**	1 131 678	**2 407 833**	1 131 678
Loans and other receivables	**569 692**	37 264	**569 692**	37 264
Loans – interest bearing	**36 646**	143	**36 646**	143
Loans – non-interest bearing	**14 238**	16 864	**14 238**	16 864
Other loans and receivables	**518 808**	20 257	**518 808**	20 257
Cash and cash equivalents*	**1 738 502**	1 876 135	**1 738 502**	1 876 135
Insurance assets				
Insurance receivables – premium debtors	**2 103 586**	1 726 782	**2 103 586**	1 726 782
Reinsurance assets	**4 601 942**	5 824 734	**4 601 942**	4 641 564
Total	**15 054 267**	13 430 569	**15 054 267**	12 248 733
COMPANY				
Other assets				
Loans to subsidiaries	**1 039**	1 664	**1 039**	1 664
Financial assets at fair value through profit or loss – unlisted investments	**3 086 093**	2 539 452	**3 086 093**	2 539 452
Financial assets at fair value through profit or loss – bonds	**546 619**	294 524	**546 619**	294 524
Financial assets at amortised cost*	**2 407 833**	1 131 678	**2 407 833**	1 131 678
Loans and other receivables	**570 571**	52 292	**570 571**	52 292
Loans – interest bearing	**36 646**	143	**36 646**	143
Loans – non-interest bearing	**14 238**	16 864	**14 238**	16 864
Other loans and receivables	**519 687**	35 286	**519 687**	35 286
Cash and cash equivalents*	**1 735 798**	1 755 794	**1 735 798**	1 755 794
Insurance assets				
Insurance receivables – premium debtors	**2 103 586**	1 726 782	**2 103 586**	1 726 782
Reinsurance assets	**4 601 942**	5 824 734	**4 601 942**	4 641 564
Total	**15 053 481**	13 326 921	**15 053 481**	12 143 751

 # Amortised cost approximates fair value.
** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

4.1 Risk management (continued)

4.1 Credit risk (continued)

b. Credit rating

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

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

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

	AA+ R'000	AA- R'000	A+ R'000	A R'000	A- R'000	BBB+ R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not Rated R'000	Total R'000
GROUP												
2023												
Other assets												
Financial assets at fair value through profit or loss – unlisted investments	–	–	–	–	–	–	–	**532 416**	**714 598**	–	**1 839 080**	**3 086 093**
Financial assets at fair value through profit or loss – bonds	–	–	**83 049**	–	**50 261**	–	–	**223 203**	**168 651**	–	**21 455**	**546 619**
Financial assets at amortised cost	–	–	–	–	–	–	–	–	**938 201**	–	**1 469 632**	**2 407 834**
Loans and other receivables	–	–	–	–	–	–	–	–	**6 800**	–	**562 893**	**569 692**
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–	**36 646**	**36 646**
Loans – non-interest bearing	–	–	–	–	–	–	–	–	**6 800**	–	**7 438**	**14 238**
Other loans and receivables	–	–	–	–	–	–	–	–	–	–	**518 808**	**518 808**
Cash and cash equivalents	–	–	–	–	–	–	–	**331 863**	**1 195 765**	–	**210 874**	**1 738 503**
Insurance assets												
Insurance receivables – premium debtors	–	–	–	–	–	–	–	**63 165**	**36 075**	–	**2 004 346**	**2 103 586**
Reinsurance assets	**6 447**	**873 944**	**596 060**	**32 628**	**57 006**	–	**1 251**	**202 999**	**948**	–	**2 830 659**	**4 601 942**
Total	**6 447**	**873 944**	**679 109**	**32 628**	**107 267**	–	**1 251**	**1 353 645**	**3 061 038**	–	**8 937 114**	**15 054 268**
2022 restated												
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	–	–	–	–	–	–	–	151	191 103	–	940 424	1 131 679
Loans and other receivables	–	–	–	–	–	–	–	–	1 550	–	35 714	37 264
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–	143	143
Loans – non-interest bearing	–	–	–	–	–	–	–	–	–	–	16 864	16 864
Other loans and receivables	–	–	–	–	–	–	–	–	1 550	–	18 707	20 257
Cash and cash equivalents*	–	–	–	–	–	–	2 541	477 639	1 155 719	9 031	231 204	1 876 135
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	1 451 496	6 459	532 149	5 823 401
Total	6 194	1 288 183	1 939 247	109 764	548 446	122 532	13 053	1 034 944	3 548 300	15 491	4 803 079	13 429 237

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

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

	AA+ R'000	AA- R'000	A+ R'000	A R'000	A- R'000	BBB+ R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not Rated R'000	Total R'000
COMPANY												
2023												
Other assets												
Financial assets at fair value through profit or loss – unlisted investments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**532 416**	**714 598**	**–**	**1 839 080**	**3 086 093**
Financial assets at fair value through profit or loss – bonds	**–**	**–**	**83 049**	**–**	**50 261**	**–**	**–**	**223 203**	**168 651**	**–**	**21 455**	**546 619**
Financial assets at amortised cost	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**938 201**	**–**	**1 469 632**	**2 407 834**
Loans and other receivables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6 800**	**–**	**563 771**	**570 571**
Loans – interest bearing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36 646**	**36 646**
Loans – non-interest bearing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6 800**	**–**	**7 438**	**14 238**
Other loans and receivables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**519 687**	**519 687**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**331 863**	**1 195 765**	**–**	**208 171**	**1 735 798**
Insurance assets												
Insurance receivables – premium debtors	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**63 165**	**36 075**	**–**	**2 004 346**	**2 103 586**
Reinsurance assets	**6 447**	**873 944**	**596 060**	**32 628**	**57 006**	**–**	**1 251**	**202 999**	**948**	**–**	**2 830 659**	**4 601 942**
Total	**6 447**	**873 944**	**679 109**	**32 628**	**107 267**	**–**	**1 251**	**1 353 645**	**3 061 032**	**–**	**8 937 119**	**15 052 443**
2022 restated												
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	–	–	–	–	–	–	–	151	191 103	–	940 424	1 131 678
Loans and other receivables	–	–	–	–	–	–	–	–	1 550	–	50 743	52 292
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	1 229 264	9 031	230 963	1 947 047
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	1 035 095	2 440 008	15 491	4 819 532	12 335 003

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

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

4. Risk management (continued)

4.1 Credit risk (continued)

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

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

	GROUP				COMPANY			
	Neither past due nor impaired R'000	Past due not impaired R'000	Individually impaired R'000	Net carrying value R'000	Neither past due nor impaired R'000	Past due not impaired R'000	Individually impaired R'000	Net carrying value R'000
2023								
Financial assets at fair value through profit or loss – listed investments	**822 006**	**–**	**–**	**822 006**	**777 950**	**–**	**–**	**777 950**
Financial assets at fair value through profit or loss – unlisted investments	**3 086 093**	**–**	**–**	**3 086 093**	**3 086 093**	**–**	**–**	**3 086 093**
Financial assets at fair value through profit or loss – bonds	**546 619**	**–**	**–**	**546 619**	**546 619**	**–**	**–**	**546 619**
Financial assets at amortised cost	**2 407 833**	**–**	**–**	**2 407 834**	**2 407 834**	**–**	**–**	**2 407 834**
Loans and other receivables	**552 336**	**19 808**	**(2 451)**	**569 692**	**553 214**	**19 808**	**(2 451)**	**570 571**
Loans – interest bearing	**36 646**	**–**	**–**	**36 646**	**36 646**	**–**	**–**	**36 646**
Loans – non-interest bearing	**14 238**	**–**	**–**	**14 238**	**14 238**	**–**	**–**	**14 238**
Other loans and receivables	**501 452**	**19 808**	**(2 451)**	**518 808**	**502 330**	**19 808**	**(2 451)**	**519 687**
Cash and cash equivalents	**1 738 502**	**–**	**–**	**1 738 502**	**1 735 798**	**–**	**–**	**1 735 798**
Total	**9 153 389**	**19 808**	**(2 451)**	**9 170 747**	**9 107 508**	**19 808**	**(2 451)**	**9 124 865**
Insurance receivables – premium debtors	**2 091 584**	**12 878**	**(875)**	**2 103 586**	**2 091 584**	**12 878**	**(875)**	**2 103 586**
Reinsurance assets	**4 601 942**	**–**	**–**	**4 601 942**	**4 601 942**	**–**	**–**	**4 601 942**
Total	**6 693 526**	**12 878**	**(875)**	**6 705 528**	**6 693 526**	**12 878**	**(875)**	**6 705 528**
2022 restated								
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	1 131 679	–	–	1 131 679	1 131 679	–	–	1 131 679
Loans and other receivables	16 790	20 474	–	37 264	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	14 024	–	20 257	5 916	29 370	–	35 286
Cash and cash equivalents*	1 875 894	–	–	1 875 894	1 873 353	–	–	1 873 353
Total	6 684 912	20 474	–	6 705 386	6 639 632	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	4 882 410	(240 846)	–	4 641 564
Total	7 721 497	(169 327)	(654)	7 551 516	6 538 327	(169 327)	(654)	6 368 346

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

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
2023										
Loans and other receivables	**–**	**–**	**–**	**19 808**	**19 808**	**–**	**–**	**–**	**19 808**	**19 808**
Loans – interest bearing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans – non-interest bearing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other loans and receivables	**–**	**–**	**–**	**19 808**	**19 808**	**–**	**–**	**–**	**19 808**	**19 808**
Insurance receivables – premium debtors	**654**	**201**	**62**	**11 961**	**12 878**	**654**	**201**	**62**	**11 961**	**12 878**
Reinsurance assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	654	**201**	**62**	**31 769**	**32 685**	**654**	**201**	**62**	**31 769**	**32 685**
2022	–	–	–	–	–	–	–	–	–	–
Loans and other receivables	–	–	–	35 820	35 820	–	–	–	35 820	35 820
Loans – interest bearing	–	–	–	–	–	–	–	–	–	–
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)

Movement in the allowance for impairment in respect of 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	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Balance at the beginning of the year	**243 740**	273 406	**243 740**	273 406
– Collective impairment loss reversed	**(11 831)**	(31 157)	**(11 831)**	(31 157)
– Collective impairment loss utilised	**(208 061)**	1 491	**(208 061)**	1 491
Balance at the end of the year	**23 848**	243 740	**23 848**	243 740

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		
		Not credit impaired	Credit impaired		Not credit impaired	Credit impaired
	Total allowance for ECL R'000	Allowance for ECL R'000	Allowance for ECL R'000	Total allowance for ECL R'000	Allowance for ECL R'000	Allowance for ECL R'000
2023						
Balance at the beginning of the year	67 170	201	66 969	67 170	201	66 969
Originations, purchases and interest accruals	5 461	1 644	3 817	5 461	1 644	3 817
Repayments and other derecognitions (excl write-offs)	(7 665)	–	(7 823)	(7 665)	–	(7 823)
Balance at the end of the year	64 650	1 845	62 963	64 650	1 845	62 963
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 (excl 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

During the current year, the provision for ECL decreased due to a decrease 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 allowances when allocated to these stages.

4. Risk management (continued)

4.2 Liquidity risk

a. Maturity profile on financial and insurance assets – contractual cash flow 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							
2023							
Financial assets at fair value through profit or loss	**4 454 719**	**4 454 719**	**2 789 737**	**757 951**	**187 204**	**478 966**	**240 862**
Financial assets at amortised cost	**2 407 834**	**2 407 834**	**2 143 748**	**–**	**–**	**85 309**	**178 776**
Reinsurance assets	**4 601 942**	**4 601 942**	**474**	**4 601 468**	**–**	**–**	**–**
Insurance, loans and other receivables	**2 674 317**	**2 674 317**	**281 973**	**2 338 172**	**7 207**	**15 655**	**31 310**
Deferred acquisition costs	**133 972**	**133 972**	**–**	**133 972**	**–**	**–**	**–**
Cash and cash equivalents	**1 738 502**	**1 738 502**	**–**	**1 738 502**	**–**	**–**	**–**
Total	**16 011 287**	**16 011 287**	**5 215 933**	**9 570 064**	**194 411**	**579 930**	**450 948**
2022 restated							
Financial assets at fair value through profit or loss	3 660 550	3 660 550	2 890 374	407 954	81 538	209 290	71 395
Financial assets at amortised cost	1 131 679	1 131 679	1 131 679	–	–	–	–
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*	1 876 135	1 876 135	0	1 876 135	–	–	–
Total	14 372 416	14 372 416	4 105 468	9 646 098	92 161	313 500	215 190
COMPANY							
2023							
Loans to subsidiaries	**1 039**	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets at fair value through profit or loss	**4 410 662**	**4 410 662**	**2 789 736**	**713 894**	**187 204**	**478 966**	**240 862**
Financial assets at amortised cost	**2 407 834**	**2 407 834**	**2 143 748**	**–**	**–**	**85 309**	**178 776**
Reinsurance assets	**4 601 942**	**4 601 942**	**474**	**4 601 468**	**–**	**–**	**–**
Insurance, loans and other receivables	**2 674 157**	**2 674 157**	**281 973**	**2 331 644**	**7 207**	**53 333**	**–**
Deferred acquisition costs	**133 972**	**133 972**	**–**	**133 972**	**–**	**–**	**–**
Cash and cash equivalents	**1 735 798**	**1 735 798**	**–**	**1 735 798**	**–**	**–**	**–**
Total	**15 965 404**	**15 964 365**	**5 215 931**	**9 516 774**	**194 411**	**617 608**	**419 638**
2022 restated							
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	1 131 679	1 131 679	1 131 679	–	–	–	–
Reinsurance assets	5 824 734	5 824 734	–	5 824 734	–	–	–
Insurance, loans and other receivables	1 779 074	1 779 076	83 416	1 437 031	10 623	104 211	143 795
Deferred acquisition costs	115 273	115 273	–	115 273	–	–	–
Cash and cash equivalents*	1 873 353	1 873 353	–	1 873 353	–	–	–
Total	14 343 905	14 342 242	4 105 468	9 615 923	92 161	313 500	215 190

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

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	0 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
GROUP						
2023						
Non-derivative financial liabilities						
Trade and other payables*	**2 169 213**	**2 169 213**	**2 169 217**	**–**	**–**	**–**
Lease liability	**101 288**	**113 679**	**45 885**	**42 187**	**25 607**	**–**
Borrowings	**600 000**	**600 000**	**600 000**	**–**	**–**	**–**
Total	**2 870 501**	**2 882 892**	**2 815 102**	**42 187**	**25 607**	**–**
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
COMPANY						
2023						
Non-derivative financial liabilities						
Trade and other payables*	**2 123 799**	**2 123 799**	**2 123 799**	**–**	**–**	**–**
Lease liability	**101 288**	**113 679**	**45 885**	**42 187**	**25 607**	**–**
Borrowings	**600 000**	**600 000**	**600 000**	**–**	**–**	**–**
Total	**2 825 087**	**2 837 478**	**2 769 684**	**42 187**	**25 607**	**–**
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

** 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

	Probable cash flows R'000	Maturity within a year R'000	Maturity between 2 and 5 years R'000	Maturity more than 5 years R'000
GROUP				
2023				
Claims reported and loss adjustment expenses	**3 845 618**	**3 602 887**	**441 715**	**(11 693)**
Claims incurred but not yet reported	**801 421**	**716 136**	**87 798**	**(2 513)**
Unearned premium provision	**4 750 857**	**4 700 462**	**49 463**	**932**
Cash back reserve	**39 911**	**19 189**	**19 973**	**749**
Reinsurance liabilities	**1 474 025**	**1 474 025**	**–**	**–**
	10 911 831	**10 512 697**	**598 950**	**(12 526)**
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 premium provision	2 557 569	2 529 825	27 744	–
Cash back reserve	48 125	23 138	24 084	903
Reinsurance liabilities	1 080 798	1 080 798	–	–
	10 131 692	9 220 848	905 843	5 000
COMPANY				
2023				
Claims reported and loss adjustment expenses	**3 845 618**	**3 602 887**	**441 715**	**(11 693)**
Claims incurred but not yet reported	**801 421**	**716 136**	**87 798**	**(2 513)**
Unearned premium provision	**4 750 857**	**4 700 462**	**49 463**	**932**
Cash back reserve	**39 911**	**19 189**	**19 973**	**749**
Reinsurance liabilities	**1 474 025**	**1 474 025**	**–**	**–**
	10 911 831	**10 512 697**	**598 950**	**(12 526)**
2022				
Claims reported and loss adjustment expenses	5 579 735	4 836 848	739 340	3 547
Claims incurred but not yet reported	865 447	750 239	114 676	550
Unearned premium provision	2 557 569	2 529 825	27 744	–
Cash back reserve	48 125	23 138	24 084	903
Reinsurance liabilities	1 080 798	1 080 798	–	–
	10 131 674	9 220 848	905 843	5 000

4. Risk management (continued)

4.3 Market risk

a. Sensitivity analysis – Currency risk

The Group and Company's primary market exposure is to interest rate, equity price and currency risk. The following exchange rates applied during the year:

	2023		2022	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
GROUP				
Mozambique Metical	**0,27**	**0,28**	0,24	0,25
COMPANY				
US Dollar	**17,9**	**18,85**	15,36	16,28
Euro	**18,8**	**20,59**	17,24	17,06

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 the prior year and only for currencies with material exposure.

	PROFIT/(LOSS)		EQUITY	
	10% increase R'000	10% increase R'000	10% increase R'000	10% increase R'000
GROUP				
2023				
US Dollar	**22 712**	**(22 712)**	**22 712**	**(22 712)**
Euro	**1 065**	**(1 065)**	**1 065**	**(1 065)**
	23 777	**(2 3777)**	**23 777**	**(23 777)**
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)
COMPANY				
2023				
US Dollar	**22 712**	**(22 712)**	**22 712**	**(22 712)**
Euro	**1 065**	**(1 065)**	**1 065**	**(1 065)**
	23 777	**(23 777)**	**23 777**	**(23 777)**
2022				
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

	2023 Carrying amount R'000	Restated 2022 Carrying amount R'000
PROFILE – GROUP		
Variable rate instruments		
Financial assets		
Loans – interest bearing	**36 646**	143
Cash and cash equivalents*	**1 738 502**	1 876 135
Money market funds	**1 996 435**	563 528
	3 771 584	2 439 806
Financial liabilities		
Borrowings	**600 000**	600 242
	600 000	600 242
Profile – COMPANY		
Variable rate instruments		
Financial assets		
Loans – interest bearing	**36 646**	143
Cash and cash equivalents*	**1 735 798**	1 873 353
Money market funds.	**1 996 435**	563 528
	3 768 880	2 437 024
Financial liabilities		
Borrowings	**600 000**	599 888
	600 000	599 888

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

The Group and Company's investment in long-term debt and fixed income securities is exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through several measures that include scenario 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				
2023				
Financial assets				
Cash and cash equivalents	**34 770**	**(34 770)**	**34 770**	**(34 770)**
	34 770	**(34 770)**	**34 770**	**(34 770)**
Financial liabilities				
Borrowings	**12 000**	**(12 000)**	**12 000**	**(12 000)**
	12 000	**(12 000)**	**12 000**	**(12 000)**
2022 restated				
Financial assets				
Cash and cash equivalents*	37 523	(37 523)	37 523	(37 523)
	37 523	(37 523)	37 523	(37 523)
Financial liabilities				
Borrowings	11 998	(11 998)	11 998	(11 998)
	11 998	(11 998)	11 998	(11 998)
COMPANY				
2023				
Financial assets				
Cash and cash equivalents	**34 716**	**(34 716)**	**34 716**	(34 716)
	34 716	**(34 716)**	**34 716**	(34 716)
Financial liabilities				
Borrowings	**12 000**	**12 000**	**12 000**	**12 000**
	12 000	**12 000**	**12 000**	**12 000**
2022 restated				
Financial assets				
Cash and cash equivalents*	37 467	(37 467)	37 467	(37 467)
	37 467	(37 467)	37 467	(37 467)
Financial liabilities				
Borrowings	11 998	(11 998)	11 998	(11 998)
	11 998	(11 998)	11 998	(11 998)

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

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:

	2023			2022		
	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	**647 116**	**Listed**	**JSE**	625 084	Listed	JSE
Ordinary shares	**5 011**	**Not listed**	**N/A**	457 635	Not listed	N/A
Preference shares	**66 362**	**Listed**	**JSE**	100 106	Listed	JSE
Preference shares	**415 834**	**Not listed**	**N/A**	696 757	Not listed	N/A
	1 134 323			1 879 581		
COMPANY						
Ordinary shares	**647 116**	**Listed**	**JSE**	625 084	Listed	JSE
Ordinary shares	**5 011**	**Not listed**	**N/A**	457 635	Not listed	N/A
Preference shares	**66 362**	**Listed**	**JSE**	100 106	Listed	JSE
Preference shares	**415 834**	**Not listed**	**N/A**	696 757	Not listed	N/A
	1 134 323			1 879 581		

All of the Group and Company'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 on the following page. A 5 % decrease in equity price should have had the equal but opposite effect. The analysis is performed 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	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
GROUP				
2023				
Ordinary shares – listed – JSE	**31 447**	**(31 447)**	**31 447**	**(31 447)**
Ordinary shares – not listed	**251**	**(251)**	**251**	**(251)**
Preference shares – listed – JSE	**3 318**	**(3 318)**	**3 318**	**(3 318)**
Preference shares – not listed	**20 792**	**(20 792)**	**20 792**	**(20 792)**
	55 807	**(55 807)**	**55 807**	**(55 807)**
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)
COMPANY				
2023				
Ordinary shares – listed – JSE	**31 447**	**(31 447)**	**31 447**	**(31 447)**
Ordinary shares – not listed	**251**	**(251)**	**251**	**(251)**
Preference shares – listed – JSE	**3 318**	**(3 318)**	**3 318**	**(3 318)**
Preference shares – not listed	**20 792**	**(20 792)**	**20 792**	**(20 792)**
	55 807	**(55 807)**	**55 807**	**(55 807)**
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)

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	
	2023 R'000	Restated 2022 R'000	2023 R'000	Restated 2022 R'000
Financial assets at fair value through profit or loss	**165 900**	222 991	**150 256**	179 000
Financial assets at amortised cost	**187 515**	107 116	**187 515**	107 116
Financial income	**353 415**	330 107	**337 771**	286 116
Interest expense on financial liabilities measured at amortised cost	**(18 285)**	(52 027)	**(61 140)**	(48 984)
Financial expense	**(18 285)**	(52 027)	**(61 140)**	(48 984)
Net financial income	**335 130**	278 080	**276 631**	237 132

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

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	**(18 235)**	(52 027)	**(61 140)**	(48 984)
Net Interest expense	**(18 235)**	(52 027)	**(61 140)**	(48 984)
Impairment losses				
The amount of the impairment loss for each class of financial asset during the reporting period was as follows:				
Impairment of other loans and receivables				
– Impairment reversed/(recognised)	**(4)**	(1 492)	**(4)**	(1 492)
Impairment losses	**(4)**	(1 492)	**(4)**	(1 491)

5. Investment properties

	GROUP	
	2023 R'000	2022 R'000
Investment property – land and buildings	**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**	32 300
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 1 162m^2
- sectional title located at stand 317 Ferreiras Dorp Township, Gauteng, measuring 1 012m^2

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 488 442 (2022: R2 194 512), repairs and maintenance incurred amounts to R167 202 (2022: R136 694).

6. Property and equipment

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Cost				
Leasehold improvements	**76 261**	69 854	**76 261**	69 854
Motor vehicles	**1 224**	1 224	**1 205**	1 205
Office equipment	**290 791**	267 296	**290 411**	266 915
Office equipment	**15 335**	13 373	**14 955**	12 992
Computer hardware	**194 813**	174 756	**194 813**	174 756
Furniture and fittings	**80 643**	79 167	**80 643**	79 167
Property and equipment – cost	**368 276**	338 374	**367 877**	337 974
Accumulated depreciation				
Leasehold improvements	**(31 067)**	(24 512)	**(31 066)**	(24 512)
Motor vehicles	**(1 105)**	(990)	**(1 098)**	(983)
Office equipment	**(176 247)**	(157 495)	**(175 990)**	(157 238)
Office equipment	**(8 974)**	(8 048)	**(8 717)**	(7 791)
Computer hardware	**(107 810)**	(95 125)	**(107 810)**	(95 125)
Furniture and fittings	**(59 463)**	(54 322)	**(59 463)**	(54 322)
Property and equipment – accumulated depreciation and impairment	**(208 419)**	(182 997)	**(208 154)**	(182 732)
Net carrying amount				
Leasehold improvements	**45 195**	45 343	**45 195**	45 343
Motor vehicles	**118**	233	**107**	222
Office equipment	**114 544**	109 801	**114 421**	109 677
Office equipment	**6 362**	5 325	**6 238**	5 201
Computer hardware	**87 003**	79 631	**87 003**	79 631
Furniture and fittings	**21 179**	24 845	**21 179**	24 845
Property and equipment – carrying value	**159 857**	155 377	**159 723**	155 242
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**155 377**	152 331	**155 242**	152 196
Additions	**55 809**	46 805	**55 809**	46 805
Leasehold improvements	**6 407**	15 841	**6 407**	15 841
Office equipment	**1 963**	353	**1 963**	353
Computer hardware	**45 915**	23 260	**45 915**	23 260
Furniture and fittings	**1 524**	7 352	**1 524**	7 352
Depreciation for the year	**(42 375)**	(43 611)	**(42 375)**	(43 611)
Leasehold improvements	**(6 463)**	(5 510)	**(6 463)**	(5 510)
Motor vehicles	**(115)**	(133)	**(115)**	(133)
Office equipment	**(908)**	(934)	**(908)**	(934)
Computer hardware	**(29 775)**	(32 339)	**(29 775)**	(32 339)
Furniture and fittings	**(5 114)**	(4 696)	**(5 114)**	(4 696)
Disposals	**(8 954)**	(13)	**(8 954)**	(13)
Leasehold improvements	**(92)**	–	**(92)**	–
Office equipment	**(18)**	–	**(18)**	–
Computer hardware	**(8 768)**	(1)	**(8 768)**	(1)
Furniture and fittings	**(76)**	(12)	**(76)**	(12)
Write-off	**–**	(136)	**–**	(136)
Leasehold improvements	**–**	(92)	**–**	(92)
Office equipment	**–**	(18)	**–**	(18)
Furniture and fittings	**–**	(26)	**–**	(26)
Balance at the end of the year	**159 857**	155 377	**159 723**	155 242

7. Right-of-use assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Cost				
Property	**219 454**	211 631	**219 454**	211 631
Motor vehicles	**2 478**	2 478	**2 478**	2 478
Right-of-use asset – cost	**221 932**	214 109	**221 932**	214 109
Accumulated depreciation				
Property	**(130 186)**	(98 469)	**(130 186)**	(98 469)
Motor vehicles	**(2 478)**	(2 382)	**(2 478)**	(2 382)
Right-of-use asset – accumulated depreciation and impairment	**(132 664)**	(100 851)	**(132 664)**	(100 851)
Net carrying amount				
Property	**89 268**	113 162	**89 268**	113 162
Motor vehicles	**–**	97	**–**	97
Right-of-use assets – carrying value	**89 268**	113 257	**89 268**	113 257
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**113 257**	156 362	**113 257**	156 362
Additions	**7 824**	1 223	**7 824**	1 223
Property	**7 824**	1 223	**7 824**	1 223
Depreciation for the year	**(31 813)**	(27 489)	**(31 813)**	(27 489)
Property	**(31 717)**	(27 298)	**(31 717)**	(27 298)
Motor vehicles	**(96)**	(184)	**(96)**	(184)
Office equipment	**–**	(7)	**–**	(7)
Write-off	**–**	(16 839)	**–**	(16 839)
Property	**–**	(16 839)	**–**	(16 839)
Balance at the end of the year	**89 268**	113 257	**89 268**	113 257

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

8. Intangible assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Cost				
Computer software	**298 985**	225 256	**298 985**	225 256
Goodwill	**408**	408	**–**	–
Acquired rights over books of business	**93 773**	93 773	**93 773**	93 773
Intangible assets – cost	**393 166**	319 437	**392 758**	319 029
Accumulated amortisation and impairment				
Computer software	**(168 302)**	(132 226)	**(168 302)**	(132 226)
Acquired rights over books of business	**(26 239)**	(25 933)	**(26 239)**	(25 933)
Intangible assets – accumulated amortisation and impairment	**(194 541)**	(158 159)	**(194 541)**	(158 159)
Net carrying amount				
Computer software	**130 683**	93 031	**130 683**	93 031
Goodwill	**408**	408	**–**	–
Acquired rights over books of business	**67 533**	67 839	**67 533**	67 839
Intangible assets	**198 624**	161 278	**198 216**	160 870
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	**161 278**	143 756	**160 870**	143 348
Additions	**73 729**	54 224	**73 729**	54 224
Computer software	**73 729**	54 224	**73 729**	54 224
Amortisation for the year	**(36 383)**	(35 006)	**(36 383)**	(35 006)
Computer software	**(36 077)**	(34 700)	**(36 077)**	(34 700)
Acquired rights over books of business	**(306)**	(306)	**(306)**	(306)
Disposals	**–**	(1 695)	**–**	(1 695)
Computer software	**–**	(1 695)	**–**	(1 695)
Balance at the end of the year	**198 624**	161 278	**198 216**	160 870

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. As at 30 June 2023, no impairment was raised (2022: 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 2023 R'000	2022 R'000
Interest in subsidiaries comprises:		
Shares at fair value through profit or loss	**45 406**	44 058
Loans to subsidiaries	**41 592**	37 677
	86 998	81 735
Impairment on loans	**(40 552)**	(36 013)
Investments in subsidiaries	**46 446**	45 722

Carrying value of interest in subsidiary

	Nature of business	Place of business	Issued share capital R	Proportion held 2023 %	Proportion held 2022 %	2023 Shares R'000	2023 Indebtedness R'000	2022 shares Indebtedness	2022 Shares Indebtedness
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	**45 406**	–	45 058	–
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) Ltd	A	RSA	100	**100**	100	–	–	–	–
Leungo Investments (Pty) Ltd	B	RSA	1	**100**	100	–	**41 591**	–	37 677
Execuline Underwriting Managers (Pty) Ltd	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	–	–	–	–
						45 406	**41 591**	45 058	37 677
Impairment on loans							**(40 552)**		(36 013)
						45 406	**1 039**	45 058	1 664

The Group disposed of its investment in Hollard Mozambique as at 30 September 2022. The loss on disposal for the Group was R78 077 000.

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

Nature of business

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

10. Investment in associates

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest in associates comprises:				
Shares at fair value through profit or loss	–	–	277 121	256 134
Shares at equity accounted carrying value	67 630	67 630	–	–
Group share of post-acquisition profits, losses and reserves	175 594	171 827	–	–
Investment in associates	243 224	239 457	277 121	256 134

Associates comprise Legal Expense Group Africa Ltd. The Company holds a 39,9% (2022: 39,9%) share in this associate. The nature of business, is to provide legal insurance.

Financial position of associates

Analysis of associates at 30 June 2023

	GROUP	
	2023 R'000	2022 R'000
Financial position of associates		
Non-current assets	762 874	684 365
Current assets	143 001	168 156
Total assets attributable	905 875	852 521
Non-current liabilities	290 764	259 984
Current liabilities	116 701	122 113
Total liabilities attributable	407 465	382 097
Net assets attributable	498 410	470 424
Financial performance of associates		
Revenue		
Net profit before taxation	33 297	103 645
Taxation	(5 654)	(25 416)
Net profit after taxation	27 643	78 229

11. Financial assets

	GROUP		COMPANY	
	2023 R'000	Restated 2022 R'000	**2023 R'000**	Restated 2022 R'000
Financial assets at fair value through profit or loss	**4 454 719**	3 660 550	**4 410 662**	3 618 128
Financial assets at amortised cost#	**2 407 833**	1 131 678	**2 407 833**	1 131 678
	6 862 553	4 792 228	**6 818 495**	4 749 806
Financial assets at fair value through profit or loss				
Listed Investments	**822 006**	826 574	**777 950**	784 153
Unlisted Investments	**3 086 093**	2 539 452	**3 086 093**	2 539 452
Bonds	**546 619**	294 524	**546 619**	294 524
	4 454 718	3 660 550	**4 410 662**	3 618 128
An analysis of the Group and Company's financial assets by market sector and maturity spread is provided below:				
Listed Investments				
at fair value	**822 006**	826 574	**777 950**	784 153
Analysis of spread of listed investments by market sector	**%**	%	**%**	%
Automobiles and parts	**–**	–	**–**	–
Banks	**29,82**	13,23	**36,40**	13,61
Basic resources	**2,59**	0,95	**3,17**	0,98
Financial services	**0,86**	0,56	**1,05**	0,58
Food and beverage	**2,29**	–	**2,79**	–
Healthcare	**0,27**	0,12	**0,34**	0,13
Industrial goods and services	**0,78**	0,32	**0,95**	0,33
Insurance	**32,99**	76,36	**18,21**	75,69
Media	**–**	–	**–**	–
Personal and household goods	**–**	0,22	**–**	0,23
Real estate	**0,25**	–	**0,31**	–
Retail	**0,97**	0,31	**1,18**	0,32
Technology	**2,03**	0,19	**2,48**	0,20
Telecommunications	**0,69**	0,30	**0,84**	0,31
Corporate debentures	**26,46**	7,42	**32,28**	7,63
	100,00	100,00	**100,00**	100,00
Unlisted Investments				
at fair value	**3 086 094**	2 539 452	**3 086 093**	2 539 452
	%	%	**%**	%
Linked policies	**45,13**	48,91	**45,13**	48,91
Unit trusts	**54,71**	50,90	**54,71**	50,90
Ordinary shares	**0,16**	0,19	**0,16**	0,19
	100,00	100,00	**100,00**	100,00
Total listed and unlisted investments at fair value	**3 908 100**	3 366 026	**3 864 043**	3 323 605
Bonds				
Bonds and other assets at amortised cost by industry	**546 619**	294 524	**546 619**	294 524
	%	%	**%**	%
Financial services	**9,19**	24,49	**9,19**	24,49
Telecommunications	**1,85**	–	**1,85**	–
Banks	**82,23**	65,09	**82,23**	65,09
Insurance	**6,73**	10,42	**6,73**	10,42
	100,00	100,00	**100,00**	100,00

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

 # Amortised costs approximates fair value.
Included in financial assets at amortised cost are money market funds whose maturity exceeds 90 days.

11. Financial assets (continued)

	Maturity spread R'000	Maturity spread %	Nominal Interest rate %	Effective interest rate %
GROUP				
Bonds				
An analysis of debt securities by maturity spread for 2023				
0 – 1 year	**59 285**	**10,85**	**12,00**	**12,00**
1 – 2 years	**91 786**	**16,79**	**11,00**	**–**
2 – 5 years	**276 314**	**50,55**	**11,00**	**11,00**
More than 5 years	**119 234**	**21,81**	**11,00**	**11,00**
	546 619	**100,00**		
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		
COMPANY				
Bonds				
An analysis of debt securities by maturity spread for 2023				
0 – 1 year	**59 285**	**10,85**	**12,00**	**12,00**
1 – 2 years	**91 786**	**16,79**	**11,00**	**–**
2 – 5 years	**276 314**	**50,55**	**11,00**	**11,00**
More than 5 years	**119 234**	**21,81**	**11,00**	**11,00**
	546 619	**100,00**		
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		

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 investments R'000	Financial assets at fair value through other comprehensive income R'000	Total financial instruments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instruments R'000
GROUP									
2023									
Assets									
Investment in associates	–	–	–	–	–	–	234 224	243 224	243 224
Financial assets	4 454 719	–	2 407 833	–	6 862 553	–	–	6 862 553	6 862 553
Preference shares, debt instruments and money market funds	2 365 837	–	2 407 833	–	4 773 670	–	–	4 773 670	4 773 670
Equities	696 185	–	–	–	696 185	–	–	696 185	696 185
Linked policies	1 392 699	–	–	–	1 392 699	–	–	1 392 698	1 392 699
Reinsurance assets	–	–	–	–	–	4 601 942	–	4 601 942	4 601 942
Insurance, loans and other receivables	–	2 642 375	–	–	2 642 375	–	31 943	2 674 317	2 674 317
Deferred acquisition costs	–	–	–	–	–	133 972	–	133 972	133 972
Cash and cash equivalents	–	–	1 735 798	–	1 735 798	–	2 704	1 738 502	1 738 502
Total	4 454 719	2 642 375	4 143 631	–	11 240 726	4 735 914	268 871	16 254 510	16 254 510
Liabilities									
Borrowings	–	–	–	–	–	–	600 000	600 000	600 000
Insurance liabilities	–	–	–	–	–	9 437 807	–	9 437 807	9 437 807
Reinsurance liabilities	–	–	–	–	–	1 474 025	–	1 474 025	1 474 025
Employee benefits	–	–	–	–	–	–	106 384	106 384	106 384
Trade and other payables	–	–	–	–	–	–	2 349 102	2 349 102	2 349 102
Total	–	–	–	–	–	10 911 831	3 055 486	13 967 317	13 967 317
2022 Restated									
Assets									
Investment in associates	–	–	–	–	–	–	239 457	239 457	239 457
Financial assets*	3 660 550	–	1 131 678	–	4 792 228	–	–	4 792 228	4 792 228
Preference shares, debt instruments and money market funds	1 696 454	–	1 131 678	–	2 828 132	–	–	2 828 132	2 828 132
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	–	5 824 734	5 824 734
Insurance, loans and other receivables	–	255 779	–	–	255 779	1 353 943	154 324	1 764 046	1 764 046
Deferred acquisition costs	–	–	–	–	–	115 273	–	115 273	115 273
Cash and cash equivalents*	–	–	1 876 135	–	1 876 135	–	–	1 876 135	1 876 135
Non-current assets held for sale	–	–	–	–	1 798 496	–	1 798 496	1 798 496	1 798 496
Total	3 660 550	255 779	3 007 813	–	8 722 638	7 293 950	2 192 276	16 410 370	16 410 369
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	–	–	–	–	–	–	132 920	132 920	132 987
Trade and other payables	–	–	–	–	–	408 017	1 164 847	1 572 864	1 572 864
Non-current liability held for sale							1 228 145	1 228 145	1 228 145
Total	–	–	–	–	–	10 539 691	3 126 154	13 665 845	13 665 845

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

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 investments R'000	Financial assets at fair value through other comprehensive income R'000	Total financial instruments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instruments R'000
COMPANY									
2023									
Assets									
Investment in subsidiaries	45 406	1 039	–	–	46 446	–	–	46 446	46 446
Investment in associates	277 121	–	–	–	277 121	–	–	277 121	277 121
Financial assets	4 410 662	–	2 407 833	–	6 818 495	–	–	6 818 495	6 818 495
Preference shares, debt instruments and money market funds	2 365 837	–	2 407 833	–	4 773 670	–	–	4 773 670	4 773 670
Equities	652 127	–	–	–	652 127	–	–	652 127	652 127
Linked policies	1 392 698	–	–	–	1 392 698	–	–	1 392 698	1 392 698
Reinsurance assets	–	–	–	–	–	4 601 942	–	4 601 942	4 601 942
Insurance, loans and other receivables	–	2 674 157	–	–	2 674 157	–	–	2 674 157	2 674 157
Deferred acquisition costs	–	–	–	–	–	133 972	–	133 972	133 972
Cash and cash equivalents	–	–	1 735 798	–	1 735 798	–	–	1 735 798	1 735 798
Total	4 733 190	2 675 196	4 143 631	–	11 552 018	4 735 914	–	16 287 932	16 287 932
Liabilities									
Borrowings	–	–	–	–	–	–	600 000	600 000	600 000
Insurance liabilities	–	–	–	–	–	9 437 807	–	9 437 807	9 437 807
Reinsurance liabilities	–	–	–	–	–	1 474 025	–	1 474 025	1 474 025
Employee benefits	–	–	–	–	–	–	106 384	106 384	106 384
Trade and other payables	–	–	–	–	–	–	2 303 687	2 303 687	2 303 687
Total	–	–	–	–	–	10 911 831	3 010 071	13 921 902	13 921 902
2022 Restated									
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	–	1 131 678	–	4 749 806	–	–	4 749 806	4 749 806
Preference shares, debt instruments and money market funds	1 696 454	–	1 131 678	–	2 828 132	–	–	2 828 132	2 828 132
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	169 352	1 779 074	1 779 074
Deferred acquisition costs	–	–	–	–	–	115 273	–	115 273	115 273
Cash and cash equivalents*	–	–	1 873 353	–	1 873 353	(–)	–	1 873 353	1 873 353
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

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

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				
2023				
Financial assets carried at fair value through profit or loss				
Listed investments	**165 694**	**–**	**656 312**	**822 006**
*Listed ordinary shares**	**34 860**	**–**	**656 312**	**691 174**
Listed preference shares	**66 362**	**–**	**–**	**66 362**
Listed debentures	**64 472**	**–**	**–**	**64 472**
Unlisted investments	**–**	**3 081 082**	**5 011**	**3 086 093**
Unlisted ordinary shares	**–**	**–**	**5 011**	**5 011**
Units trusts	**–**	**1 688 384**	**–**	**1 688 384**
Linked policies	**–**	**1 392 698**	**–**	**1 392 698**
Bonds	**–**	**546 619**	**–**	**546 619**
	165 694	**3 627 701**	**661 323**	**4 454 719**
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
Total	190 078	2 828 964	641 508	3 660 550

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

	Level 1	Level 2	Level 3	Total fair value
COMPANY				
2023				
Financial assets carried at fair value through profit or loss				
Interest in subsidiaries	–	–	**45 406**	**45 406**
Interest in associates	–	–	**277 121**	**277 121**
Listed Investments	**165 694**	–	**612 256**	**777 950**
*Listed ordinary shares**	**34 860**	–	**612 256**	**647 116**
Listed preference shares	**66 362**	–	–	**66 362**
Listed debentures	**64 472**	–	–	**64 472**
Unlisted investments	–	**3 081 082**	**5 011**	**3 086 093**
Unlisted ordinary shares	–	–	**5 011**	**5 011**
Unit trusts	–	**1 688 384**	–	**1 688 384**
Linked policies	–	**1 392 698**	–	**1 392 698**
Bonds	–	**546 619**	–	**546 619**
Total	**165 694**	**3 627 701**	**939 794**	**4 733 188**
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
Unit trusts	–	1 242 861	–	1 242 861
Linked policies	–	1 291 579	–	1 291 579
Bonds	–	294 524	–	294 524
Total	190 078	2 828 964	899 279	3 918 321

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

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 2023.

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 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 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 11.747% (R2 035). 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	Fair value adjustments R'000	Sales R'000	Impairment R'000	Balance at the end of the year R'000	Total gains/ (losses) in profit or loss statement
GROUP						
2023						
Financial assets						
Listed investments	**636 496**	**18 180**	**–**	**–**	**656 313**	**18 180**
Listed ordinary shares	**6 36 496**	**18 180**	**–**	**–**	**656 313**	**18 180**
Unlisted investments	**5 011**	**–**	**–**	**–**	**5 011**	**–**
Unlisted ordinary shares	**5 011**	**–**	**–**	**–**	**5 011**	**–**
Unlisted preference shares	**–**	**–**	**–**	**–**	**–**	**–**
	641 507	**18 180**	**–**	**–**	**661 325**	**18 180**
2022						
Financial assets at fair value through profit or loss						
Listed investments	605 958	30 539	–	–	636 496	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)	–	–
	651 310	24 672	(7)	(34 466)	641 507	30 539
COMPANY						
2023						
Financial assets at fair value through profit or loss						
Interest in subsidiaries	**44 058**	**1 348**	**–**	**–**	**45 406**	**1 348**
Interest in associates	**256 134**	**20 987**	**–**	**–**	**277 121**	**20 987**
Listed investments	**594 075**	**18 180**	**–**	**–**	**612 256**	**18 180**
Listed ordinary shares	**594 075**	**18 180**	**–**	**–**	**612 256**	**18 180**
Unlisted investments	**5 011**	**–**	**–**	**–**	**5 011**	**–**
Unlisted ordinary shares	**5 011**	**–**	**–**	**–**	**5 011**	**–**
	899 279	**40 516**	**–**	**–**	**939 793**	**40 516**
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)	–	–	256 133	(3 215)
Listed investments	572 021	22 054	–	–	594 075	22 054
Listed ordinary shares	572 021	22 054	–	–	–	22 054
Unlisted investments	45 352	(5 867)	(7)	(34 466)	5 011	(35 329)
Unlisted ordinary shares	5 011	–	–	–	5 011	–
Unlisted preference shares	40 340	(5 867)	(7)	(34 466)	–	(40 340)
Total	919 143	14 608	(7)	(34 466)	5 011	(19 865)

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

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

	Carrying amount R'000	2% effect of reasonable alternative assumptions (+) R'000	2% effect of reasonably possible alternative assumptions (-) R'000
GROUP			
2023			
Financial assets at fair value through profit or loss			
Listed investments	**656 313**	**669 439**	**643 186**
Listed ordinary shares	**656 313**	**669 439**	**643 186**
Unlisted investments	**5 011**	**5 112**	**4 911**
Unlisted ordinary shares	**5 011**	**5 112**	**4 911**
	661 324	**674 551**	**648 098**
2022			
Financial assets at fair value through profit or loss			
Listed investments	636 497	649 227	623 767
Listed ordinary shares	636 490	649 227	623 767
Unlisted investments	5 011	5 112	4 911
Unlisted ordinary shares	5 011	5 112	4 911
Unlisted preference shares	–	–	–
	641 509	654 339	628 678
COMPANY			
2023			
Financial assets at fair value through profit or loss			
Interest in subsidiaries	**45 406**	**46 314**	**44 498**
Interest in associates	**277 121**	**282 663**	**271 578**
Listed investments	**612 256**	**624 501**	**600 011**
Listed ordinary Shares	**612 256**	**624 501**	**600 011**
Unlisted investments	**5 011**	**5 112**	**4 911**
Unlisted ordinary shares	**5 011**	**5 112**	**4 911**
	939 794	**958 590**	**920 998**
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	5 113	4 911
Total	899 279	917 265	881 294

14. Insurance, loans and other receivables

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Insurance receivables – premium debtors	**2 103 586**	1 726 782	**2 103 586**	1 726 782
Other receivables	**172 263**	(160 643)	**171 479**	(156 238)
Total insurance and other receivables	**2 275 849**	1 566 139	**2 275 065**	1 570 544
Loans				
Interest bearing loans	**36 646**	143	**36 646**	143
Interest bearing loans to other	**36 646**	143	**36 646**	143
Interest-free loans	**14 238**	16 864	**14 238**	16 864
Interest-free loans to staff	**(6)**	–	**(6)**	–
Interest-free loans to other	**6 800**	6 450	**6 800**	6 450
Interest-free loans to ESD	**7 444**	10 414	**7 444**	10 414
Total loans	**50 884**	17 007	**50 884**	17 007
Receivable from Group companies	**371 680**	212 058	**372 304**	222 681
Impairment provision	**(24 097)**	(31 157)	**(24 097)**	(31 157)
Loans receivable from Group companies	**347 584**	180 900	**348 207**	191 524
Insurance, loans and other receivables	**2 674 317**	1 764 046	**2 674 157**	1 779 074
The interest rates charged on the secured and unsecured loans comprise:				
Prime	**12 149**	–	**12 149**	–
Prime less 1%	**–**	143	**–**	143
Prime less 1.8%	**9 511**	–	**9 511**	–
Nedbank call rate	**14 986**	–	**14 986**	–
Interest-free loans	**14 238**	16 864	**14 238**	16 864
Loans receivable	**50 884**	17 007	**50 884**	17 007
The repayments terms of secured and unsecured loans comprise:				
90 days after notice	**14 238**	–	**14 238**	–
Specific date	**36 646**	17 007	**36 646**	17 007
Loans receivable	**50 884**	17 007	**50 884**	17 007

15. Deferred taxation

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Deferred income tax assets				
Deferred income tax to be recovered after 12 months	**48 508**	111 615	**48 508**	111 615
Deferred income tax assets	**48 508**	111 615	**48 508**	111 615
Balance at the beginning of the year	**111 615**	89 042	**111 615**	89 042
Movement during the year attributed to:				
Prior year adjustments	**(7 417)**	–	**(7 417)**	–
Provisions	**(55 690)**	22 572	**(55 690)**	22 572
Balance at the end of the year	**48 508**	111 615	**48 508**	111 615
Balance comprises:				
Provisions	**48 508**	111 615	**48 508**	111 615
Balance comprises:	**48 508**	111 615	**48 508**	111 615
Deferred income tax liabilities				
Deferred income tax to be recovered after 12 months	**181 140**	191 792	**169 024**	179 742
Deferred income tax liabilities	**181 140**	191 792	**169 024**	179 742
Balance at the beginning of the year	**191 793**	183 151	**179 741**	172 999
Movement during the year attributed to:				
Prior year adjustments	**(838)**	1 856	**(935)**	1 856
Unrealised gain or losses on assets at fair value through profit/loss	**(9 815)**	6 786	**(9 782)**	4 886
Balance at the end of the year	**181 140**	191 793	**169 024**	179 741
Balance comprises:				
Unrealised gain or losses on assets at fair value through profit/loss	**181 140**	191 793	**169 024**	179 741
Deferred income tax – balance	**181 140**	191 793	**169 024**	179 741

16. Cash and cash equivalents

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash on call	**650 399**	686 355	**650 399**	686 355
Cash at bank	**1 088 059**	1 189 735	**1 085 355**	1 186 953
Cash on hand	**44**	45	**44**	45
Cash and cash equivalents*	**1 738 502**	1 876 135	**1 735 798**	1 873 353

** The comparative information has been restated as a result of prior period error. Refer to note 42 for the details on the restatement.*

Included in cash and cash equivalents is collateral of R564 million (2022: R424 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 be released directly back to Hollard without consent in the event of a claim.

17. Share capital and premium

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Authorised				
6 000 000 Ordinary shares	**12 000**	12 000	**12 000**	12 000
3 000 000 Preference shares – class A	**3 000**	3 000	**3 000**	3 000
2 999 999 Preference shares – class B	**3 000**	3 000	**3 000**	3 000
	18 000	18 000	**18 000**	18 000
Issued and fully paid				
4 914 999 Ordinary shares	**1 580 687**	1 580 687	**1 580 687**	1 580 687
3 000 000 Preference shares – class A	**3 000**	3 000	**3 000**	3 000
2 999 999 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

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

18. Non-distributable reserve

	GROUP	
	2023 R'000	2022 R'000
Non-distributable reserves consist of:		
Revaluation reserve	**–**	1 193
Movements for the year were as follows:		
Balance at the beginning of the year	**1 193**	1 193
Disposal of subsidiary	**(1 193)**	–
Balance at end of the year	**–**	1 193

19. Foreign currency translation reserve

	GROUP	
	2023 R'000	2022 R'000
Balance at the beginning of the year	**49 365**	(23 354)
Exchange differences on transactions of foreign operations	**66 993**	72 719
Disposal of subsidiary	**(116 358)**	–
Balance at end of the year	–	49 365

20. Borrowings

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Long-term borrowings				
Long-term funding	**600 000**	600 354	**600 000**	600 000
Long-term interest	–	(112)	–	(112)
Total	**600 000**	600 242	**600 000**	599 888

The loan bears interest at three month JIBAR + 192bps and is serviced quarterly. The loan is repayable in tranches from 30 June 2024. The Company intends to obtain refinancing, on similar terms.

21. Trade and other payables

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Trade payables	**87 449**	55 227	**83 979**	52 006
VAT payable	**78 600**	12 332	**78 600**	12 332
Sundry creditors	**1 992 077**	1 380 334	**1 991 725**	1 300 386
Lease liability	**101 288**	114 920	**101 288**	114 920
Due to Group company	**89 687**	8 718	**48 095**	19 341
Trade and other payables	**2 349 102**	1 571 530	**2 303 687**	1 498 985

The lease liability relates to IFRS 16 and was calculated using a weighted average incremental borrowing rate of 8.13% pa.

22. Insurance liabilities and reinsurance assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Gross				
Claims reported and loss adjustment expenses	**3 845 618**	5 579 735	**3 845 618**	5 579 735
Claims incurred but not yet reported	**801 421**	865 447	**801 421**	865 447
Unearned premium provision	**4 750 857**	2 557 569	**4 750 857**	2 557 569
Cash back reserve	**39 911**	48 125	**39 911**	48 125
Total gross insurance liabilities	**9 437 807**	9 050 876	**9 437 807**	9 050 876
Recoverable from reinsurers				
Claims reported and loss adjustment expenses	**1 914 476**	3 734 379	**1 914 476**	3 734 379
Claims incurred but not yet reported	**183 802**	549 074	**183 802**	549 074
Unearned premium provision	**1 101 120**	658 232	**1 101 120**	658 232
Reinsurance recoveries	**1 402 544**	883 050	**1 402 544**	883 050
Total reinsurers' share of insurance liabilities	**4 601 942**	5 824 734	**4 601 942**	5 824 734
Net				
Claims reported and loss adjustment expenses	**1 931 143**	1 845 356	**1 931 143**	1 845 356
Claims incurred but not yet reported	**617 619**	316 374	**617 619**	316 373
Unearned premium provision	**3 649 737**	1 899 337	**3 649 737**	1 899 337
Cash back reserve	**39 911**	48 125	**39 911**	48 125
Reinsurance recoveries	**(1 402 544)**	(883 050)	**(1 402 544)**	(883 050)
Total insurance liabilities – net	**4 835 866**	3 226 142	**4 835 866**	3 226 140

22. Insurance liabilities and reinsurance assets (continued)

Movement in insurance liabilities and reinsurance assets

	2023 R'000			2022 R'000		
GROUP AND COMPANY	Gross	Recoverable from reinsurers	Net	Gross	Recoverable from reinsurers	Net
Claims reported and loss adjustment expenses						
Balance at the beginning of the year	**5 579 735**	**3 734 379**	**1 845 356**	2 560 577	908 529	1 652 048
Claims paid	**(8 781 079)**	**(3 095 033)**	**(5 686 046)**	(6 229 081)	(1 604 698)	(4 624 383)
Claims raised	**7 046 963**	**1 275 130**	**5 771 324**	9 248 238	4 430 547	4 817 691
Balance at the end of the year	**3 845 618**	**1 914 475**	**1 930 634**	5 579 734	3 734 378	1 845 356
Claims incurred but not yet reported						
Balance at the beginning of the year	**865 447**	**549 074**	**316 373**	1 743 957	1 219 117	524 840
Movement for the year	**(64 026)**	**(365 272)**	**301 245**	(878 509)	(670 043)	(208 466)
Balance at the end of the year	**801 421**	**183 802**	**617 617**	865 448	549 074	316 374
Unearned premium provision						
Balance at the beginning of the year	**2 557 569**	**658 232**	**1 899 337**	2 247 331	611 128	1 636 203
Movement for the year	**2 193 288**	**442 888**	**1 750 400**	310 238	47 104	263 134
Balance at the end of the year	**4 750 857**	**1 101 120**	**3 649 737**	2 557 569	658 232	1 899 337
Cash back reserve						
Balance at the beginning of the year	**48 125**	**–**	**48 125**	61 859	–	61 859
Movement for the year	**(8 214)**	**–**	**(8 214)**	(13 734)	–	(13 734)
Balance at the end of the year	**39 911**	**–**	**39 911**	48 125	–	48 125
Reinsurance recoveries						
GROUP						
Balance at the beginning of the year	**–**	**883 050**	**(883 050)**	–	587 843	(587 843)
Reinsurance recoveries	**–**	**519 494**	**(519 494)**	–	295 207	(295 207)
Balance at the end of the year	**–**	**1 402 544**	**(1 402 544)**	–	883 050	(883 050)
Total						
GROUP AND COMPANY						
Balance at the beginning of the year	**9 050 876**	**5 824 735**	**3 226 141**	6 613 724	3 326 618	3 287 106
Claims paid	**(8 781 079)**	**(3 095 033)**	**(5 686 046)**	(6 229 081)	(1 604 698)	(4 624 383)
Claims raised	**7 046 963**	**1 275 130**	**5 771 833**	9 248 238	4 430 547	4 817 691
Movement for the year	**2 121 048**	**77 616**	**2 043 433**	(582 005)	(327 732)	(254 273)
Balance at the end of the year	**9 437 048**	**4 082 448**	**5 355 361**	9 050 876	5 824 735	3 226 141

22. 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 or 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 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 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

Provide/provides indemnity for loss of or damage to immovable and movable property caused by perils such as fire, lightning, explosions, weather, water, earthquakes or 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

Provide/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

Provide/provides compensation arising out of the death, or 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/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

Provide/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

Provide/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.

Liability

Provide/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.

22. Insurance liabilities and reinsurance assets (continued)

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Gross written premiums per class of business				
Property	**7 270 324**	5 477 629	**7 103 002**	5 009 213
Transportation	**612 016**	491 846	**604 766**	427 007
Motor	**5 172 153**	4 027 759	**5 133 349**	3 864 226
Accident and health	**237 357**	387 124	**176 140**	169 451
Guarantee	**850 120**	805 668	**844 993**	801 773
Liability	**1 461 329**	1 261 084	**1 444 664**	1 161 489
Engineering	**685 099**	648 505	**674 926**	525 318
Agriculture	**13 992**	13 687	**13 992**	13 687
Miscellaneous	**235 540**	234 631	**194 032**	75 381
Total	**16 537 930**	13 347 934	**16 189 864**	12 047 545

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 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 and Company's risk profiles shows that the Group and Company underwrite a well-diversified portfolio of risks and that the Group 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 above illustrates the Group 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.

Reinsurance governance

The Group and Company have implemented an integrated risk management framework to manage risk in accordance with the Group 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 utilise 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.

22. Insurance liabilities and reinsurance assets (continued)

Reinsurance strategy (continued)

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 earthquakes, floods, wildfires and windstorms. Catastrophe reinsurance is specifically put in place to reduce the threat associated with such events.

Risk retention parameters

The Company undertakes the insuring of risks appropriate to the risk/reward balance and the Group 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 the future claims payable under existing insurance contracts with absolute certainty. Actuarial valuations are performed to ensure that the technical provisions are adequate.

Claim provisions

The Group 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

The majority of the Group 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 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.

Sensitivity for IBNR and IBNER

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

- The choice of percentile;
- Sensitivities for IBNR and IBNER and
- The discount rate used. The methodology applied by the license, complies with South African actuarial guidance (APN 401).

22. Insurance liabilities and reinsurance assets (continued)

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 2023 and 30 June 2022.

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;
- Sensitivities for IBNR and IBNER and
- Discount rate.

	2023 Amount R'000	2023 Difference R'000	2022 Amount R'000	2022 Difference R'000
Differing percentiles				
Whole book Net IBNRs are held at the 75th percentile				
If the IBNRs were held at best estimate	**457 259**	**(160 262)**	374 638	(144 464)
If the IBNRs were held at the 75th percentile	**617 521**	**–**	519 101	–
If the IBNRs were held at the 90th percentile	**763 781**	**146 260**	661 192	142 091
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	**147 303**	**(50 978)**	135 375	(34 705)
If the IBNRs were held at the 75th percentile	**198 282**	**–**	170 080	–
If the IBNRs were held at the 90th percentile	**256 429**	**58 147**	205 328	35 247
The Commercial Property Net IBNRs are held at the 75th percentile:				
If the IBNRs were held at best estimate:	**43 322**	**(13 287)**	31 347	(12 620)
If the IBNRs were held at the 75th percentile:	**56 609**	**–**	43 968	–
If the IBNRs were held at the 90th percentile:	**68 739**	**12 129**	57 456	13 488
The commercial motor net IBNRs are held at the 75th percentile:				
If the IBNRs were held at best estimate:	**28 046**	**(7 267)**	24 819	(6 124)
If the IBNRs were held at the 75th percentile:	**35 314**	**–**	30 944	–
If the IBNRs were held at the 90th percentile:	**41 908**	**6 595**	34 639	3 695
Differing Frequency/Severity Assumptions				
Whole book discounted (base: 75th percentile)				
Unchanged:	**617 521**		519 101	–
If the attritional and large loss frequency or severity assumptions were increased by 5%:	**637 438**	**19 917**	545 056	25 955
If the attritional and large loss frequency or severity assumptions were increased by 10%:	**668 021**	**50 500**	571 011	51 910
Differing Discount Rates				
Whole book discounted (base: 75th percentile)				
If THIC adjusted the interest rate curve down by 2% across all durations:	**625 073**	**7 552**	525 303	6 201
If THIC adjusted the interest rate curve down by 1% across all durations:	**621 244**	**3 723**	522 162	3 061
Unchanged:	**617 521**	**–**	519 101	–
If the attritional and large loss frequency or severity assumptions were increased by 5%:	**613 899**	**(3 622)**	516 116	(2 985)
If the attritional and large loss frequency or severity assumptions were increased by 10%:	**610 373**	**(7 148)**	513 203	(5 898)

23. Provisions

	Leave pay R'000	Bonus R'000	Other R'000	Total provisions R'000
GROUP				
2023				
Balance at the beginning of the year	**38 061**	**94 928**	**66**	**133 055**
Additional provisions raised during the year	**14 792**	**86 483**	**149**	**101 422**
Utilised during the year	**(12 939)**	**(114 939)**	**–**	**(127 879)**
Balance at the end of the year	**39 914**	**66 472**	**215**	**106 598**
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
COMPANY				
2023				
Balance at the beginning of the year	**38 060**	**94 929**	**–**	**132 988**
Additional provisions raised during the year	**14 791**	**86 483**	**–**	**101 275**
Utilised during the year	**(12 939)**	**(114 939)**	**–**	**(127 878)**
Balance at the end of the year	**39 912**	**66 473**	**–**	**106 385**
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

Leave pay

In terms of the Group 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 R39 914 000 at the statement of financial position date (2022: R38 061 000).

.**Incentive scheme**

In terms of the Group 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 R66 472 000 the statement of financial position date (2022: R94 928 000) .

24. Dividends and interest

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Interest received				
Interest received – financial assets at amortised cost	**124 523**	73 183	**124 523**	73 183
Interest received on call deposits	**117 163**	64 804	**117 163**	64 804
Sundry interest received	**7 360**	8 379	**7 360**	8 379
Interest received – financial assets at fair value through profit or loss	**271 746**	256 923	**213 247**	212 932
Interest received on investments	**164 214**	71 108	**164 067**	71 012
Interest received from bank	**30 694**	11 185	**30 694**	11 185
Sundry interest received	**18 486**	6 466	**18 486**	6 466
Other interest received	**58 352**	168 163	**–**	124 269
Total interest received	**396 270**	330 106	**337 771**	286 115
Dividends received				
Dividends received – listed	**49 240**	46 901	**49 240**	46 901
Listed ordinary shares	**42 784**	39 695	**42 784**	39 695
Listed preference shares	**6 456**	7 206	**6 456**	7 206
Dividends received – unlisted	**48 492**	51 850	**58 714**	102 890
Unlisted ordinary shares	**–**	5 266	**10 222**	56 306
Unlisted preference shares	**45 249**	43 895	**45 249**	43 895
Unlisted unit trust	**3 243**	2 689	**3 243**	2 689
Dividends received – associates and subsidiaries	**3 066**	4 026	**–**	–
Total dividends received	**100 798**	102 777	**107 954**	149 791
Total interest received and dividend income	**497 068**	432 883	**445 725**	435 906
Interest paid				
Interest paid – collateral deposit	**–**	3 044	**–**	–
Interest paid – general	**66 102**	52 456	**66 102**	52 456
Interest paid from treaty reserves	**(4 962)**	(3 473)	**(4 962)**	(3 473)
Total interest paid	**61 140**	52 027	**61 140**	48 984

25. Deferred acquisition cost

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Deferred commission and acquisition costs net of reinsurance	**133 973**	115 273	**133 973**	115 273
Current	**133 973**	115 273	**133 973**	115 273
Reconciliation of changes in acquisition costs				
Balance at the beginning of the year	**115 273**	115 413	**115 273**	115 413
Acquisition costs deferred during the year	**121 605**	113 645	**121 605**	113 645
Acquisition costs expensed during the year	**(102 905)**	(113 784)	**(102 905)**	(113 784)
Balance at the end of the year	**133 973**	115 273	**133 973**	115 273

26. Claims development tables

Gross development triangles

Group finance Reporting year	Claims development tables - Year paid	2023	2022	2021	2020	2019	2018 to 2013
Gross actual claims costs	37 197 223	**5 089 661**	7 803 540	4 917 219	5 969 598	4 958 493	8 458 712
2023	8 758 735	**5 089 661**	3 364 847	97 718	129 186	40 744	36 578
2022	6 207 356		4 438 693	1 120 897	547 538	33 135	67 093
2021	5 685 742			3 698 604	1 806 142	89 279	91 717
2020	4 953 001				3 486 731	1 060 833	405 437
2019	5 253 579					3 734 503	1 519 077
2018	6 338 811						6 338 811

Net development triangles

Group finance Reporting year	Claims development tables - Year paid	2023	2022	2021	2020	2019	2018 to 2013
Gross actual claims costs	27 293 908	**4 043 531**	4 963 123	3 917 379	4 671 419	4 097 873	5 600 582
2023	5 665 560	**4 043 531**	1 437 290	56 733	73 659	29 580	24 767
2022	4 602 621		3 525 834	778 307	243 136	23 210	32 134
2021	4 552 542			3 082 3391	1 379 777	44 867	45 559
2020	3 962 529				2 974 847	864 670	123 012
2019	4 042 708					3 135 546	907 161
2018	4 467 949						4 467 949

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

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Unlisted investments	**(30 591)**	759	**47 486**	759
Listed investments	**79 672**	1 549	**1 595**	1 549
Net realised (losses)/profits on fair value through profit or loss	**49 081**	2 308	**49 081**	2 308

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

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Unlisted investments	**87 188**	83 240	**107 889**	77 582
Listed investments	**22 758**	60 864	**22 758**	60 864
Net unrealised profits on fair value through profit or loss assets	**109 947**	144 103	**130 647**	138 446

29. Profit before taxation

	2023			2022		
	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	**396**	**1 188**	**1 584**	1 573	4 719	6 292
Bonus and performance related payments	**2 570**	**7 710**	**10 280**	454	1 362	1 816
Estimated monetary value of other benefits	**8**	**24**	**32**	32	96	128
Pension/provident fund contributions	**45**	**134**	**179**	178	534	712
	3 019	**9 056**	**12 075**	2 237	6 711	8 948
Director B						
Basic salary	**1 065**	**3 194**	**4 259**	970	2 910	3 880
Bonus and performance related payments	**1 606**	**4 819**	**6 425**	272	816	1 088
Estimated monetary value of other benefits	**47**	**142**	**189**	44	132	176
Pension/provident fund contributions	**124**	**371**	**495**	113	339	452
	2 842	**8 526**	**11 368**	1 399	4 197	5 596
Director C						
Basic salary	**1 641**	**4 923**	**6 564**	3 464	1 154	4 618
Bonus and performance related payments	**2 142**	**6 425**	**8 567**	1 708	569	2 277
Estimated monetary value of other benefits	**51**	**153**	**204**	142	47	189
Pension/provident fund contributions	**188**	**564**	**752**	400	134	534
	4 022	**12 065**	**16 087**	5 714	1 904	7 618
Director D						
Basic salary	**2 907**	**969**	**3 876**	2 488	829	3 317
Bonus and performance related payments	**3 534**	**1 178**	**4 712**	903	301	1 204
Estimated monetary value of other benefits	**342**	**114**	**456**	236	79	315
Pension/provident fund contributions	**346**	**115**	**461**	298	100	398
	7 129	**2 376**	**9 505**	3 927	1 309	5 236
Non-executive directors						
Director A	**371**	**1 112**	**1 483**	338	1 014	1 352
Director B	**192**	**576**	**768**	228	684	912
Director C	**164**	**492**	**656**	153	459	612
Director D	**234**	**703**	**937**	209	628	837
Director E	**298**	**893**	**1 191**	283	850	1 133
Director F	**151**	**452**	**603**	142	426	568
Director G	**185**	**555**	**740**	169	508	677
	1 595	**4 783**	**6 378**	1 523	4 569	6 092
Prescribed officers						
Prescribed officer A						
Basic salary	**2 558**	**853**	**3 411**	2 420	807	3 227
Bonus and performance related payments	**3 534**	**1 178**	**4 712**	877	293	1 170
Estimated monetary value of other benefits	**251**	**84**	**335**	262	87	349
Pension/provident fund contributions	**310**	**103**	**413**	295	99	394
	6 653	**2 218**	**8 871**	3 855	1 286	5 141
Prescribed officer B						
Basic salary	**806**	**2 417**	**3 223**	765	2 295	3 060
Bonus and performance related payments	**899**	**2 698**	**3 597**	223	669	892
Estimated monetary value of other benefits	**13**	**40**	**53**	13	39	52
Pension/provident fund contributions	**90**	**270**	**360**	86	258	344
	1 808	**5 425**	**7 233**	1 087	3 261	4 348

29. Profit before taxation (continued)

	2023			2022		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
Prescribed officer C						
Basic salary	**654**	**1 963**	**2 617**	597	1 791	2 388
Bonus and performance related payments	**642**	**1 927**	**2 569**	160	480	640
Estimated monetary value of other benefits	**63**	**188**	**251**	84	252	336
Pension/provident fund contributions	**79**	**237**	**316**	75	225	300
	1 438	**4 315**	**5 753**	916	2 748	3 664
Prescribed officer D						
Basic salary	**2 523**	**841**	**3 364**	2 420	807	3 227
Bonus and performance related payments	**4 125**	**1 375**	**5 500**	671	223	894
Estimated monetary value of other benefits	**177**	**59**	**236**	156	52	208
Pension/provident fund contributions	**298**	**99**	**397**	284	95	379
	7 123	**2 374**	**9 497**	3 531	1 177	4 708
Prescribed officer E						
Basic salary	**952**	**2 857**	**3 809**	907	2 721	3 628
Bonus and performance related payments	**1 071**	**3 212**	**4 283**	113	339	452
Estimated monetary value of other benefits	**7**	**20**	**27**	6	18	24
Pension/provident fund contributions	**107**	**320**	**427**	101	303	404
	2 137	**6 409**	**8 546**	1 127	3 381	4 508
Directors and prescribed officers emoluments	**37 766**	**57 547**	**95 313**	25 316	30 543	55 859

29. Profit before taxation (continued)

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Auditors remuneration				
Audit fees	**10 243**	12 078	**9 545**	9 257
	10 243	12 078	**9 545**	9 257
Depreciation – property and equipment				
Leasehold improvements	**6 463**	5 510	**6 463**	5 510
Motor vehicles	**115**	133	**115**	133
Office equipment	**36 223**	37 968	**35 797**	37 968
	42 800	43 611	**42 375**	43 611
Depreciation – right-of-use assets				
Property	**31 717**	27 298	**31 717**	27 298
Motor vehicles	**96**	184	**96**	184
Office equipment	**–**	7	**–**	7
	31 813	27 489	**31 813**	27 489
Expenses for the acquisition of insurance contracts				
Commission	**919 808**	876 881	**896 601**	790 474
Other expenditure				
Staff remuneration	**927 368**	912 953	**909 109**	856 390
Amortisation of intangible assets	**36 383**	35 006	**36 383**	35 006
Write-off of premium debtors	**54 674**	(2 141)	**54 674**	(2 141)
Administration fees paid	**994 331**	866 124	**994 331**	866 124
Operating lease rentals – building	**1 387**	(1 514)	**1 387**	(1 514)
Operating lease rentals – computer	**12 102**	10 343	**12 102**	10 343
Research and development	**142**	130	**142**	130

30. Taxation

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
South African normal taxation				
Current year	**46 435**	228 888	**46 429**	198 119
Prior year	**(16 985)**	–	**(16 985)**	–
Deferred tax expense				
Current year	**46 003**	(13 617)	**45 905**	(17 686)
Prior year	**6 482**	1 856	**6 482**	1 856
Taxation – withholding tax	**52**	5	**52**	5
Taxation	**81 987**	217 132	**81 883**	182 294
All taxation is payable in respect of continuing operations				
Tax rate reconciliation:	**%**	%	**%**	%
Tax calculated at standard rate of South African tax on earnings	**27**	28	**27**	28
Adjusted for:				
– Normal taxation – prior year	**(3,08)**	0,77	**(3,08)**	0,77
– Exempt income on dividends not taxable	**(5,19)**	(4,46)	**(5,19)**	(4,46)
– Capital gains tax	**–**	(0,19)	**–**	(0,19)
– Realised gains not taxable	**(0,04)**	(0,01)	**(0,04)**	(0,01)
– Unrealised gains not taxable	**(0,44)**	(0,44)	**(0,44)**	(0,44)
– Other non-taxable income/non-deductible expenses	**(4,59)**	(4,08)	**(4,59)**	(4,08)
– Other	**1,84**	1,00	**0,34**	–
Tax rate reconciliation	**15,00**	20,59	**14,00**	19,58

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

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit before tax	**538 521**	1 023 722	**551 319**	926 355
Adjustments for :				
Depreciation	**74 613**	71 100	**74 188**	71 100
Write-off of property and equipment	**–**	(16 975)	**–**	(16 975)
Write-off of loans	**–**	3 297	**–**	3 297
Intangible asset amortisation	**36 383**	35 006	**36 383**	35 006
Write-off of intangible assets	**–**	(35)	**–**	–
Investment Income	**(493 571)**	(432 883)	**(442 228)**	(435 906)
Profit on disposal of investments	**(49 081)**	(2 308)	**(49 081)**	(2 308)
Loss on disposal of fixed assets	**8 954**	–	**8 954**	–
Unrealised gain on revaluation of listed investments	**(22 758)**	(60 864)	**(22 758)**	(60 864)
Unrealised gain on revaluation of unlisted investments	**(100 057)**	(83 240)	**(120 758)**	(77 582)
Unrealised gain on revaluation of bonds	**–**	(14 872)	**–**	–
Unrealised gain on revaluation of associate	**–**	–	**(20 987)**	–
Unrealised gain on revaluation of subsidiary	**–**	–	**(1 348)**	–
Profits on disposal of non-current assets held for sale	**78 077**	–	**3**	–
Impairment allowances on premium debtors	**12 869**	6 282	**12 869**	6 282
Interest expense	**18 285**	52 027	**61 140**	48 984
Share of profits/(losses) in associates	**(11 030)**	(31 213)	**–**	–
Operating cash flows before working capital changes	**134 060**	563 916	**87 695**	497 389
Working capital changes	**1 787 284**	41 051	**1 856 767**	116 876
(Increase) in insurance receivables, loans and other receivables	**(923 140)**	(111 113)	**(895 083)**	(131 377)
(Increase) in cash back reserves	**(8 214)**	(13 735)	**(8 214)**	(13 735)
(Decrease)/increase in other provisions	**(26 455)**	83 417	**(26 603)**	83 416
(Decrease)/increase in reinsurance assets	**1 222 792**	(2 498 117)	**1 222 792**	(2 498 117)
(Increase)/decrease in deferred acquisition costs	**(18 700)**	139	**(18 700)**	139
Increase in reinsurance liabilities	**386 931**	179 170	**386 931**	179 170
(Increase) in non-current assets held for sale	**(39 104)**	(77 611)	**–**	–
(Decrease)/increase in gross outstanding claims and IBNR	**(1 798 143)**	2 140 648	**(1 798 143)**	2 140 648
Increase in unearned premiums	**2 193 288**	310 238	**2 193 288**	310 238
Increase/decrease in trade and other accounts payable	**798 030**	25 671	**800 499**	44 151
Cash generated from operations	**1 921 344**	602 685	**1 944 462**	611 922

32. Dividends paid

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Amount declared in statement of changes in equity	**(455 377)**	(861 767)	**(455 377)**	(861 767)
Cash amounts paid	**(455 377)**	(861 767)	**(455 377)**	(861 767)

33. Dividends received

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Amount due at beginning of the year	**20 525**	87 531	**20 525**	87 531
Amount received per income statement	**100 799**	102 777	**107 954**	149 791
Amount due at end of the year	**(31 078)**	(20 525)	**(31 078)**	(20 525)
Cash amounts received	**90 245**	169 783	**97 401**	216 797

34. Taxation paid

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Amount due at beginning of the year	**(120 890)**	(110 307)	**(108 854)**	(100 168)
Amount charged to income statement	**(81 987)**	(217 132)	**(81 883)**	(182 294)
Amount due at end of the year	**57 769**	120 890	**45 665**	108 854
Cash amounts paid	**(145 108)**	(206 548)	**(145 072)**	(173 607)
Amounts due at end of the year comprised as follows:				
Deferred taxation asset	**(48 508)**	(111 615)	**(48 508)**	(111 615)
Deferred taxation liability	**181 140**	191 792	**169 024**	179 742
Current income taxation asset	**(74 863)**	(16)	**(74 851)**	–
Current income taxation liability	**–**	40 728	**–**	40 728
	57 770	120 890	**45 666**	108 855

35. Capital expenditure

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
The following capital expenditure budget has been approved by the Board for the financial year ending 30 June 2024				
Furniture, office equipment and computer hardware and software	**156 000**	179 680	**156 000**	179 680
	156 000	179 680	**156 000**	179 680

36. Lease – Low-value items

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

	GROUP		COMPANY	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Computers	**12 102**	10 343	**12 102**	10 343
Printers	**488**	578	**488**	578

37. Contingent liabilities

The Group and Company, in the ordinary course of business, enters into transactions which expose 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.

38. 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 R Nil (2022: R5 616 990) and R35 237 421 (2022: R27 834 941) respectively.

The number of employees that are members of these funds are 1 154 (2022: 1 129).

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

39. Going concern

The directors have assessed the Group's ability to continue as a going concern. As at 30 June 2023, 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.

40. Subsequent events

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

41. Related party transactions

Transactions between Group companies

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

Related party relationships exist between the 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 subsidiaries and associate companies are provided in note 9 and 10 on pages 54 and 55 of the financial statements.

	COMPANY	
	2023 R'000	2022 R'000
Loans to/from related parties		
Loan to Luengo (Pty) Ltd	**1 039**	1 664
Loans to Hollard Holdings (Pty) Ltd	**15 003**	15 002
Loans to Hollard Specialist Life Assurance	**374**	472
Loans to Hollard Specialist Insurance Limited	**57 249**	264
Loans to/ (from) Hollard Life Assurance	**(52 868)**	(20 076)
Loans to Syndicate Investments (Pty) Ltd	**101 652**	61 474
Loans to Syringa Tree (Pty) Ltd	**–**	31 391
Loan from Fundco	**600 000**	600 345
Loans to Newshelf 76	**22 831**	30 883
Loan to Sandolive (Pty) Ltd	**83 931**	83 931
Management fees		
Paid to Hollard Life Assurance Company	**229 110**	231 092
Dividends received		
Dividends received from related parties	**10 222**	3 150
Interest received		
Interest received from related parties	**–**	3 044
Investment Policy with		
The Hollard Life Assurance Company	**1 392 698**	1 289 581
Key management compensation		
Salaries, bonuses and other short-term employee benefits	**19 159**	18 197
Key management refers to prescribed officers excluding executive directors		
Other transactions		
Rent paid to Hollard Life Assurance Company Limited	**20 027**	30 283
Intercompany Debtor – Luengo(Pty) Ltd	**–**	18 519
Intercompany Creditor – Hollard Mozambique	**–**	(14 718)
Investments in related parties		
Yellowwoods Capital Holdings	**141 200**	141 200
Syndicate Investments (Pty) Ltd	**–**	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
Yellowwoods Trust	**55 510**	59 946

42. Restatement of comparative financial year

Cash and cash equivalents

Money market instruments were previously classified as cash and cash equivalents. Management undertook an exercise to confirm the classification of money market instruments in the current financial year which indicated the prior classification should also have been reassessed.

It was therefore concluded that balances of these instruments would be reclassified from cash and cash equivalents to financial assets.

This restatement impacts the statement of financial position, statement of cash flows and related notes.

	GROUP			COMPANY		
	2022 As previously reported R'000	2022 Restatement R'000	2022 Restated R'000	2022 As previously reported R'000	2022 Restatement R'000	2022 Restated R'000
Restated comparative information in the statement of financial position						
Financial assets	4 228 700	563 528	4 792 228	4 186 278	563 528	4 749 806
Cash and cash equivalents	2 439 663	(563 528)	1 876 135	2 436 881	(563 528)	1 873 353
Impact of restatement on total assets	6 668 363	–	6 668 363	6 623 159	–	6 623 159
Restated comparative information in the statement of cash flow						
Cash flows from investing activities						
Acquisition of other financial assets	(193 552)	(2 356 593)	(2 550 145)	(193 552)	(2 356 593)	(2 550 145)
Proceeds on disposal of other financial assets	32 000	1 793 064	1 825 064	32 000	1 793 064	1 825 064
Net cash inflow from investing activities	(354 517)	(563 528)	(918 045)	(402 381)	(563 528)	(965 909)
Cash and cash equivalents						
Net decrease in cash and cash equivalents	(401 397)	(563 528)	(964 925)	(401 016)	(563 528)	(964 545)
Cash, deposits and similar securities at beginning of the year	2 841 060	–	2 841 060	2 837 896	–	2 837 897
Cash and cash equivalents at the end of the year	2 439 663	(563 528)	1 876 135	2 436 880	(563 528)	1 873 353

	2021 As previously reported R'000	2021 Restatement R'000	2021 Restated R'000	2021 As previously reported R'000	2021 Restatement R'000	2021 Restated R'000
Restated comparative information in the statement of financial position						
Financial assets	3 776 765	903 709	4 680 474	3 742 827	903 709	4 646 536
Cash and cash equivalents	2 841 061	(903 709)	1 937 352	2 837 896	(903 709)	1 934 187
Impact of restatement on total assets	6 617 826	–	6 617 826	6 580 723	–	6 580 723

DIRECTORATE AND ADMINISTRATION
for the year ended 30 June 2023

DIRECTORATE AND ADMINISTRATION

Non-executive Chairman	ADH Enthoven (Resigned 1 August 2022)
Group Chief Executive Officer	WT Lategan (Appointed 1 July 2022)
Group Chief Financial Officer	DJ Viljoen
Non-executive director	NG Kohler (Resigned 1 August 2022)
Chief Executive Officer	N. Omar (Appointed 25 November 2022)
Independent non-executive director	R Fihrer
Independent non-executive director	MR Bower
Independent non-executive director	AS Nkosi (Resigned 1 July 2023)
Independent non-executive director	B Ngonyama
Independent non-executive director	S Patel
Independent non-executive director	NV Simamane
Independent non-executive director	MS Claassen

Administration

Company Secretary

A Allardyce

Public officer

U Murphy (Resigned 1 April 2023)
RN Nyoka (Appointed 1 April 2023)

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

Bastion

www.hollard.co.za