MAKOTI
MEDICAL SCHEME

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Administered by Universal Healthcare Administrators (Pty) Ltd

Universal
Administrators

MAKOTI MEDICAL SCHEME
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity, and fair presentation of the annual financial statements of Makoti Medical Scheme. The financial statements presented on pages 21 to 64 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Medical Scheme Act 131 of 1998, as amended and the regulations thereto and include amounts based on judgements and estimates made by management.

The Trustees consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Trustees are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The Trustees also prepared the other information included in the annual report and are responsible for both its accuracy and consistency with the financial statements.

The Trustees are responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme to enable the Trustees to ensure that the annual financial statements comply with the relevant legislation.

The Trustees have outsourced the Scheme's activities to an accredited medical Scheme administrator, Universal Healthcare Administrators (Pty) Ltd, and managed healthcare provider, National Healthcare (Pty) Ltd, to ensure that the Scheme continues to operate in a well-established control environment, which is documented and reviewed. Both companies incorporate risk management and internal control procedures, designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the Scheme are being controlled.

The going concern basis has been adopted in preparing the financial statements. The Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These annual financial statements support the viability of the Scheme.

The Scheme's external auditor, Forvis Mazars, are responsible for auditing the annual financial statements and their report is presented on pages 4 to 10.

The financial statements were approved by the Board of Trustees on 22 May 2026 and are signed on its behalf by:

.....	.....	.....
P Nxumalo	S Naidoo	H Makgopela
Chairperson	**Trustee**	**Principal Officer**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Makoti Medical Scheme is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are proposed and elected by the members of the Scheme and the employers. The Scheme's registration number is 1466.

Board of Trustees
The Trustees meet regularly and monitor the performance of the administrators and managed healthcare provider. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

All Trustees have access to the advice and services of the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

Internal Control
The administrator of the Scheme maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

An International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Audit on controls at the administrator's organization, was performed in 2025. The audit was performed for the year ended 31 December 2025. A Type II report was issued which provides reasonable assurance that, unless otherwise stated; i) the system descriptions of the administrator fairly presents the system as designed and implemented throughout the year ended 31 December 2025; and ii) controls described in the system description are suitably designed and operated effectively throughout the year ended 31 December 2025, to provide reasonable assurance that material risks are identified and mitigated.

Transparency and Ethics
The Scheme conducts its affairs according to high ethical values and in a manner that contributes to the welfare of the key stakeholders. We are committed to open communication with our stakeholders about the Scheme's financial and business targets and to treat them fairly in all our business dealings.

Risk Assessment and Evaluation
The Trustees have developed a risk register which lists the key risks that are facing the Scheme. The risks are continually evaluated and assessed to ensure that the necessary plans are implemented to control and manage these risks.

The performance of the Board of Trustees and Board sub-committees are evaluated against agreed terms of reference and performance targets.

.....	.....	.....
P Nxumalo	S Naidoo	H Makgopela
Chairperson	**Trustee**	**Principal Officer**
22 May 2026		

Forvis Mazars, Rialto Road
Grand Moorings Precinct Century City, 7441
PO Box 134, Century City, 7446

Tel: +27 21 818 5000
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Email: office.za.cpt@forvismazars.com
forvismazars.com/za

Independent Auditor's Report
31 December 2025

To the Members of Makoti Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Makoti Medical Scheme (the Scheme) set out on pages 21 to 64 which comprise statement of financial position as at 31 December 2025, and the statement of profit and loss and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Makoti Medical Scheme (the Scheme) as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme 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' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response

Valuation of the Liability attributable to current members: (Liability for Incurred Claims (LIC) (Note 6.2.1)
 	
The LIC provision of R10 466 804 (2024: R11 370 851) forms part of the insurance contract liabilities which is disclosed under note 6 in the financial statements as at 31 December 2025 and includes the Best Estimate Liability (BEL) and the Risk Adjustment (RA).
 	
The Scheme is required to provide for and report on the LIC. The Scheme measures the LIC provision as the fulfilment cash flows plus a risk adjustment at year-end. The estimate of the future cash flows in terms of the LIC provision is adjusted to reflect the compensation that the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk including expense risk and claims risk. The calculation is performed by the actuaries of the Scheme's Capitator.
 	
The Scheme estimates which cash flows are expected and the probability that they will occur as at the measurement date. The uncertainty in the insurance contracts lies in the number, severity, and timing of claims. The estimation is based on historical information, current conditions, and forecasts of future conditions. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future.
 	
The Scheme calculates the risk adjustment using the Value-at-Risk (VaR) method. The Confidence Interval to determine the Risk Adjustment has been set at 75% by the Scheme.
 	
We considered this a key audit matter due to the materiality thereof, the degree of estimation uncertainty and the significant judgement required in the selection of the risk adjustment for non-financial risk factors and calculation of the BEL and RA.
	Our procedures to address the key audit matter included the following audit procedures:
	
	• We have assessed whether the policies adopted by the Scheme for the valuation of the LIC were appropriate and consistent with IFRS Accounting Standards and that the assumptions made were reasonable;
	
	• We have assessed the Scheme's estimate of the LIC by performing various audit procedures, which includes the following:
	  ○ assessing the competence, capabilities and objectivity of the actuary performing the calculation of the liability;
	  ○ obtaining the actuarial report from the actuary, documenting their findings and assumptions used in the calculation of the LIC and risk adjustment (RA);
	  ○ utilising our internal actuarial expertise to test the basis of the Scheme's calculation and assumptions made in the determination of the LIC's Best Estimate Liability (BEL) and RA;
	  ○ assessing and evaluating the completeness of the claims data used in the actuarial model by obtaining an understanding of the controls in place and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model;
	  ○ testing the risk adjustment by obtaining an understanding of the Scheme's RA methodology and performing independent calculations using the Capitator's risk claims data.
	
	• We assessed the accuracy of the Liability for incurred claims by reviewing claims received subsequent to year end relating to the financial year of the Scheme.
	
	• We assessed the reasonableness of the actuaries estimation process by comparing the actual claims paid for the year to the prior year LIC which relate to claims occurred but not yet reported.

Matter	Audit response
	• We assessed and evaluated the presentation and disclosure of the LIC in the Scheme's Financial Statements.
Risk Transfer Arrangement ("RTA") with National Healthcare (Pty) Ltd (Note 10) In terms of a RTA with National Healthcare (Pty) Ltd (the "Capitator"), the Capitator is obliged to compensate providers of healthcare services for costs incurred by members of the Scheme, in the case that an insured event occurred. Claim recoveries relating to the RTA amounted to R103 746 706 (2024: R94,460,954) as set out in note 10 to the financial statements. Claim recoveries are calculated as the cost that the Scheme would have incurred (had it not entered into the capitation agreement) to deliver the specified benefits and represents the Scheme's recovery in kind from the managed healthcare provider. These recoveries are determined by the Capitator by considering the two options, i.e: Primary Option and Comprehensive Option, offered by the Scheme to its members separately. The Capitator determined the recoveries per benefit option by applying the following methodologies: **Primary Option** The Capitator has identified the major cost components under this option to be access to general practitioners ("GPs"), which include consultations and all day-to-day benefits at private providers, incl. comprehensive chronic medicines, optical and dentistry benefits. The recovery costs under this option were determined by the Capitator with reference to the average 2024 cost per event as set out in the Council for Medical Schemes (the "CMS") Healthcare Utilisation Report 2023/2024 and inflated by an assumed inflationary adjustment obtained from industry averages to arrive at the 2025 adjusted cost estimate. The same recovery cost estimation methodology was applied to the Pharmacy, Hospital, Dentistry, Pathology, Optical, Ambulance, Other, Radiology, Specialist and Nursing disciplines. **Comprehensive Option** The Capitator determines the recovery by comparing the total average claim per beneficiary to the average consolidated Scheme 2024 data published by the CMS	Our procedures to address the key audit matter included the following audit procedures: • We assessed the competence, capabilities and objectivity of the actuary performing the calculation of the RTA claim recoveries; • We obtained an understanding of the Capitators controls for extracting the data relating to the number of claiming beneficiaries to ensure completeness of the data. • We recalculated the total recoveries estimated for 2025 using the average claims cost per beneficiary multiplied by an average number of beneficiaries for the year. **Primary Option** • We assessed the reasonableness of the major cost components applied by the Capitator as being the key driver in determining the recoveries with reference to the ratio of GP consultation costs and medication costs to total claim costs incurred by the Capitator and noted that the ratio was in line with the use of these costs as the main driver. • We agreed the inflation assumption applied by the Capitator in determining the claim cost and reperformed the calculation. **Comprehensive Option** • We agreed the total amount paid per beneficiary per annum to the consolidated Scheme average costs as per the CMS Healthcare Utilisation Report • We agreed the inflation assumption applied by the Capitator in determining the claim cost and reperformed the calculation.

Matter	Audit response
Healthcare Utilisation Report 2023/2024 and have inflated this by 7.55% in line with the average CMS published inflation estimate as per Circular 60 of 2021, Table 3 and reiterated by Circular 44 of 2022. Inflation was taken as the average change over the last preceding 3 years. On a per beneficiary level, the total expected claims cost the Scheme would have incurred had the RTA not been in place, based on the values determined as explained above, is subtracted from the capitation fee paid to the Capitator to determine the per beneficiary risk transfer value. The overall risk transfer value is then determined by multiplying the per beneficiary risk transfer value by the average number of beneficiaries over the 12-month period. We identified this as a matter of most significance to our audit due to the judgements and estimates involved in determining the recoveries from the RTA.	

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the document titled Makoti Medical Scheme Annual Financial Statements for the year ended 31 December 2025, which includes the Statement of Responsibility of the Board of Trustees, the Statement of Corporate Governance by the Board of Trustees, the Report of the Audit Committee Members and the Report of the Board of Trustees required by the Medical Schemes Act of South Africa, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 Trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Scheme'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 trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

From the matters communicated with the trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa:

As required by the Council for Medical Schemes, we report the following material instance of non-compliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

- Contravention of Section 26(7) of the Medical Schemes Act
  As at 31 December 2025, there were contribution debtors outstanding for more than 30 days in the amount of R3 967 420 (2024: R4 297 731).

- Contravention of Section 33(2) of the Medical Schemes Act
  At 31 December 2025, The Comprehensive option realised a negative insurance service result of R1 768 634 (2024: R1 225 402 surplus).

- Contravention of Section 59(2) of the Medical Schemes Act
  The Scheme has not complied with section 59(2) of the Medical Schemes Act as certain claim payments to members and suppliers exceeded the 30-day payment limit amounting to R42 761 519 (2024: R45 606 434).

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that this is the second year Forvis Mazars has been the auditor of Makoti Medical Scheme.

The engagement partner, Fazlin Esterhuizen, is responsible for Makoti Medical Scheme engagement for 2 years.

Forvis Mazars

Forvis Mazars
Partner: Fazlin Esterhuizen
Registered Auditor
22 May 2026
Cape Town

MAKOTI MEDICAL SCHEME
REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2025

The Audit Committee hereby presents its report for the year ended 31 December 2025

Introduction

The audit committee presents its report for the financial year ended 31 December 2025. The committee has discharged all its responsibilities and carried out all the functions assigned to it in terms of section 36(12) of the Medical Schemes Act 31 of 1998, as amended.

Role of the Audit Committee

The committee operates independent of the Board of Trustees within written terms of reference which are reviewed and updated regularly. The responsibility of the committee includes:

- Assisting the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The external auditor formally reports to the committee on critical findings arising from audit activities.
- Facilitating and promoting communication and liaison regarding the matters referred to in the paragraph above or a related matter, between the Board of Trustees, Principal Officer, administrator and, where applicable, the internal audit staff of the administrator.
- Recommending the introduction of measures which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning the affairs of the medical Scheme and
- Advising on any appropriate matter referred to the committee by the Board of Trustees.

Discharge of Responsibilities

During the year under review the committee:

- Reviewed the annual financial statements and recommended them for approval by the Board of Trustees.
- Satisfied itself that the internal audit function performed as required and approved the internal audit plans.
- Received and reviewed reports from both the internal and external auditor, and the reviewers of the internal control systems, which included commentary on effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the Board of Trustees.
- Ensured that the reappointment of the external auditor complied with the provisions of the Medical Schemes Act 31 of 1998, as amended, and other legislation relating to the appointment of auditors.
- Was responsible for the oversight of financial reporting risks, internal financial controls, fraud risks as it relates to financial reporting and IT risks as it relates to financial reporting and
- Reviewed with the administrators legal and regulatory matters that could have a material impact on the medical Scheme.

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J Nieuwenhuis
Chairperson (Audit Committee)
22 May 2026

The Board of Trustees hereby presents its report for the year ended 31 December 2025

1 DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

Makoti Medical Scheme ("the Scheme") is a not-for-profit open medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

1.2 Benefit options within Makoti Medical Scheme

The Scheme offers two fully capitated benefit options to employers and members of the public. The benefit options offered are:

- Makoti Comprehensive (Capitated managed fee)
- Makoti Primary (Capitated managed fee)

1.3 Risk transfer arrangements

The Scheme continued its capitation agreement with National Healthcare (Pty) Ltd for the duration of the year. National Healthcare (Pty) Ltd provides a network of providers to service the members of the Scheme.

In terms of a risk transfer arrangement with National Healthcare (Pty) Limited (the "Capitator"), the Capitator is obliged to compensate providers of healthcare services for costs incurred by members of the Scheme, when insured events occur.

The recovery in terms of the Comprehensive option is calculated by comparing the claims costs per beneficiary to that of medical Schemes as reflected in published industry data, to arrive at an annualized cost per beneficiary per annum. The recovery is determined by multiplying the annualized inflation-adjusted cost per beneficiary per annum with the average number of members throughout the year.

The recovery in terms of the Primary option is based on actual claims experience, adjusted for capitation arrangements with providers of healthcare. The risk transfer value was calculated by taking actual utilisation and multiplying this by estimated fee-for-service tariffs, for general practitioners. The unadjusted actual claims experience was used for all other healthcare costs.

The results of the capitation arrangement is as follows:

Provider	Service provided	Reinsurance service R	Reinsurance income R	Reinsurance income R
2025				
National Healthcare (Pty) Ltd	Capitation arrangement	(79,953,054)	103,746,706	23,793,652
2024				
National Healthcare (Pty) Ltd	Capitation arrangement	(83,419,320)	94,460,954	11,041,634

2 MANAGEMENT

2.1 Board of Trustees in office during the year under review

Name	Position	Appointment/ Resignation
P Nxumalo	Chairperson (Employer Trustee)	Re-appointed 18 July 2025
S Naidoo	Employer Trustee	Re-appointed 18 July 2025
N Dlamini	Employer Trustee	Appointed 22 July 2022, resigned 18 July 2025
S Maluleke	Member Trustee	Appointed 22 July 2022, resigned 18 July 2025
T Chueu	Member Trustee	Appointed 22 July 2022, resigned 18 July 2025
V Ajodah	Member Trustee	Appointed 22 July 2022, resigned 18 July 2025
P Diale	Member Trustee	Appointed 18 July 2025
S Hlongwane	Member Trustee	Appointed 18 July 2025
K Sethusha	Member Trustee	Appointed 18 July 2025
B Mwelase	Employer Trustee	Appointed 18 July 2025

2.2 Principal Officer

Mr H Makgopela
Universal House
15 Tambach Road
Sunninghill Park
Sandton

7262 Zone 6
Garankuwa
0208

2.3 Registered office address and postal address

Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 1411
Rivonia
2128

2.4 Medical Scheme Administrator during the year

Universal Healthcare Administrators (Pty) Ltd
15 Tambach Road
Sunninghill Park
Sandton
Accreditation number: ADMIN:5

PO Box 1411
Rivonia
2128

2.5 Scheme Actuary

Alexander Forbes Financial Services (Pty) Ltd
115 West Street
Sandown
2146

PO Box 787240
Sandton
2146

2.6 Auditor

Forvis Mazars
Rialto Road
Grand Moorings Precinct Century City
7441

PO Box 134
Century City
7446

2.7 Investment advisor during the year

Old Mutual Wealth Trust Company (Pty) Ltd
1 Mutual Place
107 Rivonia Road
2196

PO Box 65014
Benmore Gardens
2010

2 MANAGEMENT (Continued)

2.8 Investment managers during the year

Ninety One Fund Managers SA (RF) (Pty) Ltd
Ninety One Corporate Money Market Fund E
PO Box 1655
Cape Town
8000

Mazi Asset Management (Pty) Ltd
Mazi Capital
PO Box 784583
Sandton
2146

STANLIB Asset Management (Pty) Ltd
Stanlib Income Fund
PO Box 202
Melrose Arch
2076

Sanlam Investments (Pty) Ltd
SIM Absolute Return Medical Fund
PO Box 1
Sanlamhof
7532

2.9 Capitation service provider

National Healthcare (Pty) Ltd
Route 21 Nelmapius Drive
72 Regency Drive Block A
Irene
Accreditation number: MCO:22

Postnet Suite 203
Private Bag X8
Elarduspark
0047

3 INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Board of Trustees have approved an Investment Policy which inter alia sets out the investment philosophy, investment objectives and how they will be achieved. The investment objectives include:

- providing liquidity;
- preserving capital;
- building long term reserves;
- managing investment risk;
- maximising the investment return;
- ensuring investments are made in compliance with the regulations of the Act; and
- ensuring a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

The Scheme invested in insurance policy instruments, segregated portfolio instruments, collective pooled instruments, money market instruments and cash during 2025. This policy is reviewed regularly, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

4 MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependents that are directly subject to the risk. This risk relates to the health of the Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

5 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5 Operational statistics

2025	Makoti Primary	Makoti Comprehensive	Total
Average number of members during the accounting period	4,544	750	5,293
Number of members at 31 December	4,495	706	5,201
Average number of beneficiaries during the accounting period	5,547	1,761	7,308
Number of beneficiaries at 31 December	5,473	1,684	7,157
Average number of dependents during the accounting period	1,004	1,012	2,015
Number of dependents at 31 December	978	978	1,956
Dependant ratio at 31 December	0.22	1.39	0.38
Average age of beneficiaries	27	34	32
Pensioner ratio at 31 December (%)	0.22	1.19	0.45
Insurance revenue per average beneficiary per month (R)	568	2,504	1034
Relevant healthcare expenditure incurred per average beneficiary per month (R)	703	2,695	1,183
Directly attributable expenditure per average beneficiary per month (R)	40	175	72
Reinsurance service expense per average beneficiary per month (R)	703	2,695	1,183
Insurance service expense over insurance revenue ratio (%)	1.3	1.2	1.2
Relevant healthcare expenditure over insurance revenue ratio (%)	1.2	1.1	1.1
Directly attributable expenses incurred over insurance revenue ratio (%)	0.1	0.1	0.1
Reinsurance service expense over insurance revenue ratio (%)	0.8	0.9	0.9
Average Insurance contract liabilities- residual due to members per member at year end (R)			12,066
Breakdown of total amount paid to the administrator:			
Administration fees R - Insurance service expenses			6,214,810
Administration fees R -Other operating expense			620,684
Return on investments as a percentage of investments (%)			12%

5 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5 Operational statistics

2024	Makoti Primary	Makoti Comprehensive	Total
Average number of members during the accounting period	4,788	1,170	5,958
Number of members at 31 December	4,661	790	5,451
Average number of beneficiaries during the accounting period	5,958	1,981	7,939
Number of beneficiaries at 31 December	5,822	1,833	7,655
Average number of dependents during the accounting period	1,170	1,132	2,302
Number of dependents at 31 December	1,161	1,043	2,204
Dependant ratio at 31 December	0	1	0
Average age of beneficiaries	27	34	32
Pensioner ratio at 31 December (%)	0.56	0.89	0.66
Insurance revenue per average beneficiary per month (R)	544	2,288	980
Relevant healthcare expenditure incurred per average beneficiary per month * ®	471	2,649	1,014
Directly attributable expenditure per average beneficiary per month	83	44	73
Reinsurance service expense per average beneficiary per month (R)	471	2,557	992
Insurance service expense over insurance revenue ratio (%)	1.0	1.2	1.1
Relevant healthcare expenditure over insurance revenue ratio (%)	0.9	1.2	1.0
Directly attributable expenses incurred over insurance revenue ratio (%)	0.2	0.0	0.1
Reinsurance service expense over insurance revenue ratio (%)	0.8	0.9	0.9
Average Insurance contract liabilities- residual due to future members per member at year end (R)			9,841
Breakdown of total amount paid to the administrator:			
Administration fees R - Insurance service expenses			6,873,529
Administration fees R -Other operating expense			525,241
Return on investments as a percentage of investments (%)			11%

5 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5.2 Results of operations

The results of the Scheme are set out in the annual financial statements, and the Trustees believe that no further clarification is required.

5.3 Solvency ratio

	2025 R	2024 R
Total members' funds (Insurance contract liabilities- residual due to members for future benefits) per balance sheet	63,868,429	58,631,465
Cumulative net gain on investment held through profit or loss *	(6,345,423)	(2,737,161)
Balance at the beginning of the period	(2,737,161)	(407,055)
Net gain on investment held through profit or loss	(3,608,262)	(2,330,106)
Accumulated funds (Insurance contract liabilities- residual due to members for future benefits per Regulation 29	57,523,006	55,894,304
Gross contributions (Insurance revenue)	90,719,467	93,319,234
Solvency ratio:		
(Accumulated funds (Insurance contract liabilities- residual due to future members) / Gross annual contribution income (Insurance revenue) x 100)	**63.4%**	**59.9%**

** Regulation 29(1) of the Act states, that when calculating solvency of the Scheme, net unrealised gains are subtracted from total member funds to calculate the accumulated funds. Cumulative net losses are however excluded from the calculation.*

6 ACTUARIAL VALUATION

The Scheme's actuary was consulted during the year for the 2026 budget review and assisted in determining the contribution and benefit levels for the 2026 financial year.

7 INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

Investments to the value of R124 are held in City Lodge Hotels Ltd (2024; R378); R71,922 are held in Reunert Ltd (2024:R7,666) and R886 are held in African Rainbow Mineral Ltd (2024: R0).
The Scheme holds no direct loans in participating employers of members of the Scheme.

8 RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 14 to the financial statements.

9 AUDIT COMMITTEE

An Audit Committee was established in accordance with the provisions of the Act. The committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the chairperson, are not officers of the scheme or its third party administrator. The Committee met on two occasions during the course of the year.

In accordance with the provisions of the Act, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The external auditor formally report to the committee on critical findings arising from audit activities.

The committee, during the year under review, comprised:

Name	Details	Appointment / Resignation
J Nieuwenhuis	Independent chairperson	Re-appointed 1 March 2024
S Naidoo	Trustee	Re-appointed 18 July 2025
S Maluleke	Trustee	Appointed 22 July 2022; resigned 18 July 2025
P Daile	Trustee	Appointed 18 July 2025
A Keta	Independent member	Re-appointed 1 March 2024
C Fontaine	Independent member	Re-appointed 1 March 2024; resigned 18 February 2025
M Poolman	Independent member	Appointed 11 April 2025; resigned 2 December 2025

10 BOARD OF TRUSTEES AND AUDIT COMMITTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustees and Audit Committee meeting attendances. Trustee remuneration is disclosed in Note 12 to the annual financial statements.

Trustee/ Audit Committee Member		Board Meetings		Audit Committee Meetings		Other Meetings **	
		A	*B*	*A*	*B*	*A*	*B*
*	P Nxumalo	4	4	2	1	29	29
*	S Naidoo	4	4	2	2	24	24
*	N Dlamini	2	2	0	0	7	7
*	S Maluleke	2	2	1	1	9	9
*	V Ajodah	2	2	0	0	9	9
*	T Chueu	2	2	0	0	9	9
*	P Daile	2	2	1	1	15	15
*	S Hlongwane	2	2	0	0	9	9
*	K Sethusha	2	2	0	0	9	9
*	B Mwelase	2	2	0	0	8	8
	A Keta	0	0	2	2	0	0
	J Nieuwenhuis	0	0	2	2	0	0
	M Poolman	0	0	2	2	0	0

A - Total possible number of meetings could have attended.

B - Actual number of meetings attended.

** Trustee*

***Other meetings consist of the annual general meeting's, benefit design meeting's, strategic meeting's and other ad hoc meeting's relating to the service providers.*

11 NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT

In accordance with the Council for Medical Schemes circular 11/2006, the Scheme is required to report all non-compliance with the Act and Regulations noted during the course of the year irrespective of whether the auditor considers the non-compliance as material or immaterial.

11.1 Payment of contributions

Nature and cause of non-compliance

Section 26(7) of the Act, requires contributions to be paid to a scheme not later than three days after payment thereof becoming due. Whilst every effort is made to enforce this requirement the onus is on the member/ employer group to ensure compliance. During the financial year, certain contributions were identified that were not paid to the Scheme within three days of becoming due. As at 31 December 2025, R3,967,420(4.34%) was outstanding (2024:R4,297,731(4.59%)).
The non-compliance increases the liquidity risk to the Scheme and could result in amounts due to the Scheme being irrecoverable. Outstanding amounts are actively pursued, if not received within three days of becoming due.

Corrective course of action adopted to ensure compliance, including timing of corrective action
Outstanding amounts, are actively pursued, if not received within three days of becoming due. The Scheme has the right to suspend all benefits to the member.

11.2 Financial assets in Medical Scheme Administrators

Nature and cause of non-compliance

Per Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended: "A medical scheme shall not invest any of its assets in the business of or grant loans to any administrator". The Scheme invests its assets in accordance with an Investment Policy Statement and Investment Policy. These assets are invested in a series of pooled investment vehicles or segregated funds, each having a specific investment mandate, benchmark and chosen investment manager. Some of these mandates may allow exposure to shares or bonds listed in the South African market. The Investment Manager has full discretion to choose a combination of shares and bonds that will best achieve the benchmark. The representatives of the Scheme do not give investment instructions to the underlying Investment Manager.

The Scheme holds shares in ultimate holding companies of Medical Scheme Administrators which is prohibited in terms of Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended. During the year under the review the Scheme held shares in Momentum Metropolitan Holdings Limited; R265,711 (2024:R41,117), Discovery Holdings Limited; R10,678 (2024:R14,900), Standard Bank Group Limited; R480,912 (2024:R362,912) and Liberty Holdings Limited; R52,802 (2024:R108,895).
Corrective course of action adopted to ensure compliance, including timing of corrective action
The Scheme received an exemption from Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended, from the Council for Medical Schemes on 8 July 2025. The exemption will be valid for a period of three years, effective 1 December 2025 until 31 December 2028, subject to renewal. In terms of compliance to Annexure B of the Medical Schemes Act 131 of 1998, as amended, the Scheme does perform a comprehensive analysis of the total assets to ensure that the investments do not exceed the limitations set out per Annexure B. Any exposure to the companies in question will be within the limits set out in Annexure B, which will protect the risk to members. It would not be prudent to remove these investment opportunities from the scope of investments available to the underlying investment managers.

11 NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT (continued)

11.3 Financial assets in Employer's of the Scheme

Nature and cause of non-compliance

Section 35(8) of the Act states that a medical scheme is not permitted to invest in an employer that participates in the Scheme. Investments to the value of R124 are held in City Lodge Hotels Ltd (2024; R378); R71,922 are held in Reunert Ltd (2024:R7,666) and R886 are held in African Rainbow Mineral Ltd (2024: R0).

The Scheme received an exemption from Section 35(8)(c) of the Act, from the Council for Medical Schemes on 8 July 2025. The exemption will be valid for a period of three years, effective 1 December 2025 until 31 December 2028, subject to renewal.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme received an exemption from Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended, from the Council for Medical Schemes on 8 July 2025. The exemption will be valid for a period of three years, effective 1 December 2025 until 31 December 2028, subject to renewal. In terms of compliance to Annexure B of the Medical Schemes Act 131 of 1998, as amended, the Scheme does perform a comprehensive analysis of the total assets to ensure that the investments do not exceed the limitations set out per Annexure B. Any exposure to the companies in question will be within the limits set out in Annexure B, which will protect the risk to members. It would not be prudent to remove these investment opportunities from the scope of investments available to the underlying investment managers.

11.4 Benefit Options

Nature and cause of non-compliance

Section 33(2) of the Act stipulates that each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. At 31 December 2025, the Comprehensive option did not comply with Section 33(2). The Comprehensive option realised a negative insurance service result of R1,768,634 (2024: R1,225,402 surplus).

Possible impact of the non-compliance

During the budgeting process, the Scheme considered the increase seen in hospitalisation costs and the increase in healthcare costs in general, therefore a deficit was then budgeted for. While the Scheme is committed to complying with the applicable legislation, the overall stability and financial soundness of the Scheme as a whole is strong. This is evident with the solvency ratio being 63.14%, (2024: 59.90%) which is well in excess of the minimum requirement of the Act.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme continues to monitor the results with a view to improving its financial outcome and will evaluate different strategies to address the deficit. The Scheme has applied a contribution increase for the new financial year. It is expected that the higher contribution increase will reduce the deficit.

11.5 Payment of claims

Nature and cause of non-compliance

Section 59(2) of the Act states that a medical scheme must pay benefits to members or suppliers within 30 days of receipt of the claim. In exceptional cases claims were paid later than 30 days after date of submission. This primarily resulted from members or providers submitting claims without the necessary details required for these payments to be made within 30 days of receipt thereof.

Possible impact of the non-compliance

For the period ended 31 December 2025, R42,761,519 (41%) (2024: R45 606 434 (47%)) of the total claims were paid after 30 days of becoming due.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme met with the service provider and subsequently terminated the agreement.

MAKOTI MEDICAL SCHEME
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025	2024
		R	R
Assets			
Non Current Assets		**41,972,533**	**35,988,375**
Financial assets held at fair value through profit and loss	**2.1**	41,972,533	35,988,375
Current Assets		**34,719,235**	**35,725,615**
Financial assets held at fair value through profit and loss	**2.2**	17,447,035	19,619,816
Reinsurance contract assets	**7.1**	12,522,833	12,805,690
Cash and cash equivalents	**4**	4,741,996	3,269,840
Trade and other receivables	**3**	7,371	30,269
Total Assets		**76,691,768**	**71,713,990**
Liabilities			
Non-current liabilities		**63,868,429**	**58,631,465**
Insurance contract liabilities- Liability to members for future benefits	**6.1**	63,868,429	58,631,465
Current liabilities		**12,823,339**	**13,082,525**
Insurance contract liabilities	**6.2.1**	12,333,886	12,648,652
Trade and other payables	**5**	489,453	433,873
Total liabilities		**76,691,768**	**71,713,990**

MAKOTI MEDICAL SCHEME
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		R	R
Insurance revenue	8	90,719,467	93,319,234
Insurance service expenses	9	(112,096,842)	(105,818,085)
Estimated claims incurred	9	(103,746,706)	(96,639,618)
Acquisition costs	9	(2,027,226)	(2,201,438)
Administration/ Maintenance expenses	9	(6,322,910)	(6,977,029)
Net income from reinsurance expenses		23,793,652	11,041,634
Reinsurance service expenses	10	(79,953,054)	(83,419,320)
Reinsurance income	10	103,746,706	94,460,954
Insurance service result		**2,416,277**	**(1,457,217)**
Other income			
Investment income	11	7,768,539	6,494,196
Other expenditure			
Other operative expenses	12	(4,947,852)	(4,066,899)
Surplus before amounts attributable to members		**5,236,964**	**970,080**
Liability to members for future benefits	9	(5,236,964)	(970,080)
Profit for the year		-	-
Other comprehensive income			
Total comprehensive profit for the year		-	-

MAKOTI MEDICAL SCHEME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		R	R
Cash flows from operating activities			
Cash receipts from members	**6.2.2**	91,120,135	92,712,169
Cash paid for acquistion and attributable costs	**6.2.2**	(87,728,479)	(91,988,449)
Cash paid to other providers		(5,425,030)	(4,500,772)
Interest received	**11**	152,297	171,057
Net Cash utilised in operating activities		(1,881,077)	(3,605,995)
Cash flows from investing activities			
Proceeds from sale of financial assets	**2.1 & 2.2**	3,353,233	3,755,328
Net Cash generated utilised in investing activities		3,353,233	3,755,328
Net increase in cash and cash equivalents		1,472,156	149,333
Cash and cash equivalents at beginning of year		3,269,840	3,120,507
Cash and cash equivalents at end of year		**4,741,996**	**3,269,840**

1 SIGNIFICANT ACCOUNTING POLICIES

Makoti Medical Scheme ("the Scheme") is a not-for-profit open medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act)

These policies have been consistently applied to all the years presented, unless otherwise stated. The format of the statement of comprehensive income conforms to the requirements set out in Circular 41 of 2012, issued by the Council for Medical Schemes.

1.1 Basis of preparation

The financial statements are prepared as below for the year-ended 31 December 2025;

a. Compliance with IFRS

The financial statements of the Scheme have been prepared in accordance with IFRS® Accounting Standards (IFRS) and IFRIC® Interpretations applicable to medical schemes reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements are also prepared in accordance with the Act, which requires additional disclosures for registered medical schemes.

b. Historical cost basis

The financial statements are prepared on the historical cost convention, except for insurance assets and liabilities under IFRS 17, which are reflected at best estimate values and certain financial instruments, which are carried at fair value.

The following standards are effective on or after 1 January 2025

The Scheme has implemented the following new standards and interpretations from the various effective dates.

International Financial Reporting Standards and amendments effective for the first time for December 2024 year-end			
Number	**Interpretation**	**Impact on the Scheme**	***Effective date***
IFRS 9 and IFRS 7 amendment	Amendments to the classification of the measurement of financial instrument's - Amendments to IFRS 9 and IFRS 7	Still being assessed	01 January 2026

The following standards are not yet effective as at 31 December 2025

International Financial Reporting Standards and amendments not yet effective.			
Number	**Interpretation**	**Impact on the Scheme**	***Effective date***
IFRS 18	IFRS 18 Presentation and disclosure in financial statements.	Still being assessed	01 January 2027

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts

IFRS 17 Insurance Contracts replaced IFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023. The standard established the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard brought significant changes to the accounting for insurance contracts issued and reinsurance contracts held. IFRS 17 contained more extensive disclosure requirements for insurance contracts issued and reinsurance contracts held, and requires preparers to provide both qualitative and quantitative disclosures about insurance contracts within its scope in three different areas:

- explanation of recognised amounts;
- significant judgements in applying IFRS 17; and
- nature and extent of risks that arise from contracts within the scope of IFRS 17.

The objective of IFRS 17 disclosures is to allow users of the financial statements to assess the impact that insurance contracts and reinsurance contracts within the scope of IFRS 17 have on the entity's financial position, financial performance and cash flows.

The Scheme applied IFRS 17 to insurance contracts it issues. References made to insurance contracts shall deem to imply insurance contracts issued or acquired.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.1 Definition, classification and separation of components

The adoption of IFRS 17 did not change the classification of the Scheme's insurance contracts.

Insurance contracts are contracts under which the Scheme 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 Scheme applies judgment in assessing whether a contract transfers significant insurance risk.

The Scheme is a registered medical aid scheme in South Africa that issues contracts which stipulate that the Scheme will compensate the policyholder should the policyholder claim due to a specified uncertain event occurring. This compensation is in the form of settling claims on medical expenses. The Scheme has entered into a contract with National Healthcare (Pty) Ltd in which the provider is responsible for rendering the services per the option benefits, thereby holding reinsurance contracts.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.2 Definition, classification and separation of components (continued)

The Scheme offers two options to its members. Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e., no discernible effect on the economics of the transaction). The Scheme accept significant insurance risk from the member by agreeing to compensate the member should a specified uncertain event adversely affects the member, for example, providing hospitalization services should a member become ill. These services provided far exceed the premiums paid by the member.
Therefore, the Scheme is accepting significant insurance risk.

To be eligible for the Premium Allocation Approach (PAA) under IFRS 17, the following conditions must be met:

-The coverage period for the group of insurance contracts is one year or less; or

-The PAA would result in a “reasonable approximation” to the General Measurement Model (GMM).

1.2.3 Level of aggregation (Unit of account)

Each benefit option is exposing the Scheme to health risk relating to it's members. All insurance contracts within each scheme represent a portfolio of contracts, therefore all options form one portfolio. Each option is managed similarly in that on an annual basis, each option is reviewed and priced separately during the benefit design phase. Each option is exposed to the risk that members will seek healthcare services. These healthcare services span across a wide range, e.g., hospitalisation, dentistry, optometry etc for various diseases. Although the maximum amount that may be claimed differs between the benefit options, the underlying insurance risk is the same. The portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These groups are not subsequently reconsidered.

The annual cohorts are determined with reference to the benefit year which is aligned with the financial year. The profitability of groups of insurance contracts issued is assessed by actuarial valuation models that take into consideration existing and new business written. Contracts that are onerous at initial recognition are grouped separately from contracts that at initial recognition have no significant possibility of becoming onerous subsequently. The Trustee's have determined that the Scheme as a whole is not onerous.

Before the Scheme accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services

The Scheme applies IFRS 17 to all remaining components of the contract.
Refer to note 1.3 for full disclosure relating to the significant judgements applicable to the Scheme.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.4 Recognition and Derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Scheme determines that a group of contracts becomes onerous.

The Scheme recognises groups of insurance contracts it issues from the earliest of the beginning of the coverage period of the group of contracts, the date when the first payment from a member in the group is due or when the first payment is received if there is no due date, or for a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Scheme recognises reinsurance contracts held from the earliest of the following:
- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the entity recognises an onerous group of underlying insurance contracts

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups.

The Scheme will derecognise a contract when the rights and obligations relating to the contract are extinguished, i.e., expired, discharged, or cancelled.
If a contract modification results in derecognition, a new contract is recognised on the modified terms, if the modification does not comply with all the requirements of IFRS 17.72, the Scheme shall treat the changes in cash flow as changes in estimates of fulfilment cash flows.

1.2.5 Measurement

a) Onerous contract assessment

In the consideration of whether facts and circumstances indicate that a group of insurance contracts is onerous, the Scheme considers whether the expected deficit of the following year exceeds the insurance liability attributable to future members. In the rare scenario where the following year's deficit exceeds the insurance liability attributable to future members – the contracts written would be onerous and an onerous contract liability raised. Where the amounts attributable to future members exceed the following year's deficit the contracts would not be determined as onerous, and no provision raised as a liability is already recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.5 Measurement (continued)

b) Contract boundary

The Scheme uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. The Scheme 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 Scheme can compel the member to pay the premiums, or in which the Scheme has a substantive obligation to provide the member with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Scheme has the practical ability to reassess the risks of the member and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:

The Scheme 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 and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some operating expenses, are recognised in other operating expenses as incurred.

The Scheme has determined the contract boundary for insurance contracts issued to be 12 months with reference to its substantive obligations, and 12 months or less in respect of reinsurance contracts held, with reference to its substantive obligations.

c) Initial and subsequent measurement

The Scheme determined that the coverage period for each of the insurance contracts it issues and reinsurance contracts it hold is 12 months or less. The Scheme applies the Premium Allocation Approach (PAA), measurement of these contracts under the PAA qualifies by virtue of these contracts having the coverage period of one year or less .

For insurance contracts issued, on initial recognition, the Scheme measures the Liability for Remaining Coverage (LRC) at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset. For reinsurance contracts held, on initial recognition, the Scheme measures the remaining coverage at the amount of ceding premiums paid.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.5 Measurement (continued)

c) Initial and subsequent measurement (continued)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC; and the LIC, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the remaining coverage; and the imputed incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is increased for premiums received in the period; decreased for insurance acquisition cash flows paid in the period; decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.
For insurance contracts issued, at each of the subsequent reporting dates, the insurance liability attributable to current members (the LIC) is:

a. Best estimate of fulfilment cash flows

b. Risk adjustment.

The insurance liability attributable to future members consists of accumulated profits or losses of the Scheme and it is:

a. increased by net profits for the period; and

b. decreased by the net losses for the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is increased for ceding premiums paid in the period; and decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Scheme does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Scheme to the reinsurer. The same methodology applies to the risk transfer agreements as for the insurance contracts with regards to the determination of the risk adjustment.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.5 Measurement (continued)

d) Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that The Scheme expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The Scheme estimates fulfilment cash flows at the portfolio level and then allocates such estimates to groups of contracts.

The Scheme assessed the following future cash flows to arise:

- Premiums (cash inflow)
- Policy administration and maintenance costs (cash outflow)
- Payments relating to risk transfer arrangements for imputed incurred claims (cash outflows).
- Directly attributable costs (cash outflow)
- Recoveries from the Road Accident Fund (RAF) (cash inflow)

The cash flows will be further split into the following for determining the Liability for Incurred Claims ('LIC') and Liability for Remaining Coverage('LRC'):

- Risk transfer arrangements for imputed incurred claims (reported and unreported)
- Claims handling costs
- Premiums
- Attributable expenses

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.5 Measurement (continued)

d) Fulfilment cash flows within contract boundary (continued)

The estimates of future cash flows are based on a probability weighted mean of the full range of possible outcomes; are determined from the perspective of the Scheme, provided the estimates are consistent with observable market prices for market variables; and reflect conditions existing at the measurement date. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. As the contracts are measured under the PAA, the explicit risk adjustment for non-financial risk (except for those contracts that are onerous) is only estimated for the measurement of the LIC.

The following method/ technique of estimation for the identified cash flows in computing LIC are expected (based on an analysis of historical payment patterns):

- A combination of apriori/ FNOL (first notification of loss) estimates as well as case estimates (based on claims assessors' feedback) depending on the stage at which each claim is.

- Based on traditional actuarial triangulation methods as well as management input on the expectations of claims experience.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer. The Scheme uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

e) Insurance acquisition costs

The Scheme includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- costs directly attributable to individual contracts and groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

For insurance contracts issued, insurance acquisition cash flows are expensed in profit and loss.

f) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Scheme fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Scheme to the reinsurer.

1.2.6 Amounts recognised on comprehensive income

Insurance revenue

As the Scheme provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the expected consideration to be received over the coverage period of the contracts.

Insurance revenue comprises of the amounts relating to the changes in LRC; and Insurance acquisition cash flows recovery, determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.6 Amounts recognised on comprehensive income (continued)

Insurance service expenses

Insurance service expenses include imputed incurred claims and benefits (excluding investment components), incurred directly attributable insurance service expenses; insurance acquisition cash flows; changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the LIC); amounts attributable to future members; and changes that relate to future service.

The Scheme includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

a. costs directly attributable to individual contracts and the group of contracts; and

b. costs directly attributable to the group of insurance contracts, which are allocated on a reasonable and consistent basis.

Insurance acquisition costs are expensed by the Scheme when it incurs the cost.

Cash flows that are not directly attributable to a group of insurance contracts, such as training costs, are recognised in other operating expenses as incurred.

Net income from reinsurance contracts held

The Scheme presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising of the reinsurance expenses; imputed incurred claims recovery; other incurred directly attributable insurance service expenses; effect of changes in risk of reinsurer non-performance; changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Scheme expects to pay in exchange for those services. The Scheme recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

Significant estimates

Methods used to measure the insurance contracts

The Scheme estimates insurance liabilities in relation to claims incurred for healthcare contracts.
Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The generally accepted actuarial methodology used in assessing the estimated claims outcome of insurance liabilities is the chain ladder method.
The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each period (in the Scheme's case for the four months post year-end) that is not yet fully developed to produce an estimated ultimate claims cost for each healthcare year. The chain-ladder technique is the most appropriate for this claim pattern. Run-off triangles are used in situations where it takes time after the treatment date for the full extent of the claims to become known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

The following was taken into account when estimating the LIC:
- The homogeneity of the data.
- Changes in pattern of claims
- Changes in the composition of members and their beneficiaries
- Changes in benefit limits
- Changes in the prescribed minimum benefits.

Significant estimates and assumptions

The preparation of financial statements requires the use of accounting estimates. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using predetermined scenarios. The assumptions used in these scenarios are derived to approximate the probability weighted mean of a full range of possible outcomes.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17

Significant judgements

A medical scheme is not legally defined as a mutual entity and the assessment as to whether a medical scheme is a mutual entity was done based on the principles set out in IFRS. IFRS 3 defined a "mutual entity" as "An entity, other than an investor- owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities." IFRS 17 does not define a "mutual entity" however it provides a key characteristic of a mutual entity in the basis of conclusion to the standard. IFRS 17 paragraph BC265 explains that "a defining feature of an insurer that is a mutual entity is that the most residual interest of the entity is due to a policyholder and not a shareholder." The Act is not explicit that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the medical scheme. Section 64 of the Act requires the medical scheme rules to be followed in the event of liquidation.

The rules of the Scheme do not contain specific guidance on how the assets of the scheme should be distributed on liquidation. The Act prohibits the disposal of assets of a medical scheme except in limited, listed circumstances, one of them being the liquidation of the scheme.
Members can opt for voluntary liquidation and can distribute the Scheme's remaining assets amongst themselves. As the Scheme does not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases. Although the rules do not specify how the assets should be distributed on liquidation, IFRS 17 states that "contracts can be written, oral or implied by an entity's customary business practices. Contractual terms include all terms in a contract, explicit or implied, but an entity shall disregard terms that have no commercial substance (i.e. no discernible effect on the economics of the contract). Implied terms in a contract include those imposed by law or regulation" (IFRS 17.2). Therefore, based on customary business practices, the remaining assets of the Scheme should be distributed to the members on liquidation if there are any and if the scheme does not amalgamate with another scheme. Even if the assets are distributed by a regulator or by the policyholders to an independent third party e.g. another medical scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder.

The substance of the legal framework issued regarding insurance contracts and observed practice is that once a contribution is paid to the medical scheme, the contribution is used to provide benefits to members.

The benefits are provided by the medical scheme (or amalgamated schemes) through insurance coverage, reduced contributions, or payment to members on liquidation (based on votes taken by members).

It is therefore expected that the remaining assets of the Scheme will be used to pay current and future members. Based on the above, the Scheme meets the definition of a mutual entity in IFRS. The Scheme has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities and the educational material as issued by the IASB and the Scheme recognises any cumulative profit or losses as part of the insurance liability attributable to future members (which forms part of the insurance contract liabilities on the face of the statement of financial position).
Consequently the statement of profit or loss and other comprehensive income reflects no total comprehensive income for the year. The movement in the insurance liability attributable to future members are included in the insurance service expenses line. Due to the Scheme being a mutual entity, the assessment of onerous contracts are also affected.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

Significant judgements (continued)

Judgement has been applied to how the Scheme determined the unit of account for the measurement of its insurance contracts.

Management has assessed their portfolio as the Scheme as a whole as the unit of account due to the holistic pricing methodologies and risk management strategy that manages the risk on a Scheme level. The above is demonstrated by the following:

- Hospital claims are managed on a Scheme level,
- Chronic conditions are managed on a Scheme level i.e no matter the option the member will have access to the chronic condition management benefit,
- Risk transfer arrangements are based on conditions as per the arrangement between the Scheme and the capitator and not on benefit options,
- Pricing and benefit option changes are determined at a Scheme level to manage member migration between different benefit options to ensure each option is sustainable,
- Risk (utilisation and concentration) is managed holistically.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

Discount rates

Discounting is not applicable as the cashflows fall within 12 months.

Expense allocation estimates

Where estimates of expenses related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. These expenses have been allocated in terms of activity, the Scheme has determined that this method results in a systematic and rational allocation. Acquisition cash flows are expensed directly into profit and loss. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force (policy count). Claims settlement related expenses are allocated based on the number of claims.

Estimates of future cash flows to fulfil insurance contracts:

The Scheme was identified as a mutual entity, it is expected that the remaining assets of the Scheme will be used to pay current and future policyholders.
As the Scheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members.
The fulfilment cash flows on measurement of the liability to future members are measured incorporating information about the fair value of the other assets and liabilities of the Scheme.
Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Scheme fulfils insurance contracts. As the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Scheme's degree of risk aversion. The Scheme estimates an adjustment for non-financial risk separately from all other estimates. The risk adjustment was calculated at the portfolio level as the Scheme doesn't have groups due to laws that constrains the Scheme's ability to set a price for different members.

The Scheme calculates the risk adjustment using the Value-at-Risk (VaR) method for both LIC and LRC, where two factors are required, namely, the estimated cash flows (the BEL) and the standard deviation of the emerging estimated liabilities. The parameters required for the VaR have been determined as follows:

- the confidence level has been set at 75th percentile in 2024 and 75th percentile in 2025.
- the distribution of the cash flows is assumed to be normal, 75th percentile in 2024 and 75th percentile in 2025.
- the time horizon has been set at 75th percentile in 2024 and 75th percentile in 2025.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

Methods used to measure the risk adjustment for non-financial risk (continued)

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2025.

Risk adjustment - risk transfer arrangements

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Scheme to the reinsurer. The same methodology applies to the risk transfer agreements as for the insurance contracts with regards to the determination of the risk adjustment.

1.4 Financial instruments

Recognition of financial instruments

Financial assets and liabilities are recognised on the Scheme's statement of financial position when it becomes a party to the contractual provisions of the instrument. Such recognition presumes that the risks and rewards of ownership and the control over these financial assets and liabilities are vested in the Scheme.
Financial instruments are initially measured at fair value plus, in the case of financial assets and liabilities not at fair value through the profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Subsequent to initial recognition, these instruments are measured as set out below.

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Financial assets held at fair value through profit or loss

A financial asset is classified as held at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated as at fair value through profit or loss as it results in more relevant information because the group of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy.

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. The Scheme, in terms of sections 37(2), report cash flows from operating activities using the direct method in the Statement of Cash Flows in the Schemes financial statements.

1.4 Financial instruments (continued)

Financial liabilities

Financial liabilities are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The fair value of financial liabilities with a demand feature is the amount payable on demand.

Offset

Where a legally enforceable right of 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.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred, and the Scheme has also transferred substantially all risks and rewards of ownership. A financial liability is derecognised when the contractual obligation is discharged as expired.

Structured Entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:
(a) restricted activities;
(b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
(c) insufficient equity to permit the structured entity to finance its activities without being subordinated financial support; and
(d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Scheme has determined that all of its investments in other funds ('Investee Funds') are investments in unconsolidated structured entities. The Scheme invests in Investee Funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets.

The Scheme holds redeemable units in each of its Investee Funds. The change in fair value of each Investee Fund is included in the statement of comprehensive income in investment income.

1.5 Liabilities and related assets under liability adequacy test

At financial position date, liability adequacy tests are performed to ensure the adequacy of the member insurance contract liabilities.

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash inflows and comparing this amount to the carrying value of the liability net of any related assets. Where a shortfall is identified, an additional provision is made for the loss component.

1.6 Risk transfer arrangements

Risk transfer fees are recognised as an expense over the indemnity period on a straight-line basis. If applicable, a portion of risk transfer fees is treated as pre-payments. Only contracts that 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. Claims recoveries relating to risk transfer arrangements are calculated on the basis of what it would have cost the Scheme had the arrangement not been in place. The recovery in terms of the Primary Option is based on actual claims experience, adjusted for capitation arrangements with providers of healthcare. The risk transfer value was calculated by taking actual utilisation and multiplying this by estimated fee-for-service tariffs, for general practitioners. The unadjusted actual claims experience was used for all other healthcare costs.

The recovery in terms of the Comprehensive option is calculated by comparing the claims costs per beneficiary to that of medical schemes as reflected in published industry data, to arrive at an annualized cost per beneficiary per annum. The recovery is determined by multiplying the annualized inflation-adjusted cost per beneficiary per annum with the average number of members throughout the year.

1.7 Investment income

Investment income comprises of income from pooled investments, interest on call and current accounts and realised gains on fair value through profit or loss investments.

Interest income is recognised on the effective interest rate method, applicable over the period to maturity, when it is determined that such income will accrue to the Scheme.

Realised gains or losses on fair value through profit or loss investments arise from the sale of the investment and are recognised in the statement of comprehensive income.

1.8 Allocation of income and expenses per benefit option

All income and expense items are allocated directly to the benefit options. The allocation of investment income is based on the contribution income between the two options.

		2025	2024
		R	R
2.1	**INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: NON-CURRENT**		
	Fair value at the beginning of the year	**35,988,375**	**31,452,662**
	Additions and reinvestments	2,333,994	2,380,843
	Disposal of investments	246,767	-
	Investment management fees	(204,865)	(175,236)
	Unrealised fair value gain	3,608,262	2,330,106
	Fair value at the end of year	**41,972,533**	**35,988,375**
	The investments included above represent:		
	- SIM Absolute Return Medical Fund	8,019,773	7,277,217
	- Stanlib Income Fund	11,756,318	10,716,217
	-Mazi Capital	22,196,442	17,994,941
		41,972,533	**35,988,375**

2.2	**INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: CURRENT**		
	Fair value at the beginning of the year	**19,619,816**	**21,607,626**
	Additions and reinvestments	1,427,219	1,767,518
	Disposal of investments	(3,600,000)	(3,755,328)
	Fair value at the end of year	**17,447,035**	**19,619,816**
	The investments included above represent:		
	-Ninety One Corporate Money Market Fund E	17,447,035	19,619,816
		17,447,035	**19,619,816**

3 TRADE AND OTHER RECEIVABLES

	2025	2024
	R	R
Non-insurance receivables		
Interest receivable on investments	7,371	9,479
Prepaid expenses	-	20,790
	7,371	**30,269**

The carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets.

4 CASH AND CASH EQUIVALENTS

	2025	2024
	R	R
Current accounts	591,996	469,840
Call accounts	4,150,000	2,800,000
	4,741,996	**3,269,840**

The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets. Cash and cash equivalents are held with short-term highly liquid investments with original maturities of three months or less.

5 TRADE AND OTHER PAYABLES

	2025	2024
	R	R
Non-insurance liabilities		
Audit fees	448,500	411,125
Sundry Creditors	40,953	22,748
	489,453	**433,873**

The carrying amounts of trade and other payables approximate their fair values as they are short-term in nature.

		2025 R	2024 R
6	**INSURANCE CONTRACT LIABILITIES**		
	Insurance contract liabilities – Liability attributable to members for future benefits		
	–Non-current (6.1)	63,868,429	58,631,465
	Insurance contract liabilities– attributable to current members for future benefits		
	– Current (6.2.1)	12,333,886	12,648,652
		76,202,315	**71,280,117**
6.1	**Insurance contract liabilities – Liability attributable to future members for future benefits**		
	Opening balance	58,631,465	57,661,385
	Movement in insurance liability attributable to members for future benefits {previously referred to as surplus for the year}	5,236,964	970,080
	Closing balance	**63,868,429**	**58,631,465**
6.2.1	**Insurance contract liabilities– attributable to current members**	**12,333,886**	**12,648,652**
	Liability for Remaining Coverage (LRC):	**1,867,082**	**1,277,801**
	Contributions received in advance	1,867,082	1,277,801
	Liability for incurred claims (LIC):	**10,466,804**	**11,370,851**
	Best estimate liability (BEL)	**9,585,032**	**10,524,444**
	Administration fee payable	574,711	609,338
	Insurance premium debtors	(3,445,105)	(3,923,014)
	Overpayment of insurance revenue	953,988	896,615
	Overpayment of capition fee	(139,623)	-
	Reported claims not yet paid	4,292,963	8,008,844
	Provision for claims incurred but not reported	7,348,098	3,950,439
	Provision for underrecovery from prior year	-	982,222
	Risk adjustment (RA)	**881,772**	**846,407**
	Risk adjustment	881,772	846,407

6.2.2 Reconciliation of LRC and LIC : insurance contract

		2025				2024			
		LRC	LIC			LRC	LIC		
INSURANCE CONTRACTS ISSUED	**NOTE**	**Excluding loss component**	**BEL**	**RA**	**Total**	**Excluding loss component**	**BEL**	**RA**	**Total**
Opening balance - Insurance contracts liabilities		1,277,801	10,524,444	846,407	12,648,652	366,096	14,731,611	2,104,849	17,202,556
Net balance as at 1 January		**1,277,801**	**10,524,444**	**846,407**	**12,648,652**	**366,096**	**14,731,611**	**2,104,849**	**17,202,556**
Insurance revenue	**8**	**(90,719,467)**			**(90,719,467)**	**(93,319,234)**			**(93,319,234)**
Insurance revenue income		(90,719,467)			(90,719,467)	(93,319,234)			(93,319,234)
Insurance service expenses:			**114,612,729**	**35,365**	**114,648,094**		**104,873,979**	**(1,258,442)**	**103,615,537**
Claims incurred	**9**		102,864,934	881,772	103,746,706		95,793,211	846,407	96,639,618
Changes that relate to past service	**6**		3,397,659	(846,407)	2,551,252		(97,699)	(2,104,849)	(2,202,548)
Acquisition expenses	**9**		2,027,226		2,027,226		2,201,438		2,201,438
Directly attributable expenditure	**9**		6,322,910		6,322,910		6,977,029		6,977,029
Gross Insurance service result before amounts attributable to members for future benefits		**(90,719,467)**	**114,612,729**	**35,365**	**23,928,627**	**(93,319,234)**	**104,873,979**	**(1,258,442)**	**10,296,303**
Cash flow									
Contributions received		91,120,135			91,120,135	92,712,169			92,712,169
Claims paid	**10**		(79,953,054)		(79,953,054)		(83,419,320)		(83,419,320)
Acquisition expenses	**8**		(2,027,226)		(2,027,226)		(2,201,438)		(2,201,438)
Other directly attributable expenses	**8**		(5,748,199)		(5,748,199)		(6,367,691)		(6,367,691)
Total cash flows		**91,120,135**	**(87,728,479)**	**-**	**3,391,656**	**92,712,169**	**(91,988,449)**	**-**	**723,720**
Non-cash settlement of claims through risk transfer arrangements	8	188,613	(23,793,652)	-	(23,605,039)	1,518,770	(11,041,634)	-	(9,522,864)
Transfer to other items in the statement of financial position		-	(4,030,010)	-	(4,030,010)	-	(6,051,063)	-	(6,051,063)
Closing balance - Insurance contract assets		-		-	-	-		-	-
Closing balance - Insurance contract liabilities		1,867,082	9,585,032	881,772	12,333,886	1,277,801	10,524,444	846,407	12,648,652
Net balance as at 31 December		**1,867,082**	**9,585,032**	**881,772**	**12,333,886**	**1,277,801**	**10,524,444**	**846,407**	**12,648,652**

	2025	2024
	R	R

7.1 ANALYSIS OF REINSURANCE CONTRACTS ASSETS

Reinsurance contract assets	**12,522,833**	**12,805,690**
Estimate of amounts to be received in respect of claims not yet reported	7,348,098	3,950,439
Reported claims not yet paid	4,292,963	8,008,844
Risk adjustment	881,772	846,407

7.2 Reconciliation of asset remaining coverage (ARC) and asset for incurred claims (AIC): reinsurance contracts assets

		2025				2024			
		ARC	AIC		Total	ARC	AIC		Total
REINSURANCE CONTRACTS ISSUED	NOTE	Excluding loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Present value of future cash flows	Risk adjustment	
Opening balance - Reinsurance contracts assets		-	11,959,283	846,407	12,805,690	-	17,762,242	2,104,849	19,867,091
Net balance as at 1 January		**-**	**11,959,283**	**846,407**	**12,805,690**	**-**	**17,762,242**	**2,104,849**	**19,867,091**
Net income/(expenses) from reinsurance contracts held		**(79,953,054)**	**103,711,341**	**35,365**	**23,793,652**	**(83,419,320)**	**95,719,396**	**(1,258,442)**	**11,041,634**
Reinsurance service expenses	**10**	(79,953,054)			(79,953,054)	(83,419,320)			(83,419,320)
Reinsurance income	**10**		103,711,341	881,772	104,593,113		95,719,396	846,407	96,565,803
Changes that relate to past service				(846,407)	(846,407)			(2,104,849)	(2,104,849)
Total amount recognised in statement of comprehensive income		**(79,953,054)**	**103,711,341**	**35,365**	**23,793,652**	**(83,419,320)**	**95,719,396**	**(1,258,442)**	**11,041,634**
Cash flow		79,953,054	(104,029,563)	-	(24,076,509)	83,419,320	(101,522,355)	-	(18,103,035)
Premiums paid	**10**	79,953,054			79,953,054	83,419,320	-		83,419,320
Recoveries from reinsurance*			(104,029,563)		(104,029,563)		(101,522,355)		(101,522,355)
Total cash flows		**79,953,054**	**(104,029,563)**		**(24,076,509)**	**83,419,320**	**(101,522,355)**		**(18,103,035)**
Closing balance - Reinsurance contract assets		-	11,641,061	881,772	12,522,833	-	11,959,283	846,407	12,805,690
Net balance as at 31 December		**-**	**11,641,061**	**881,772**	**12,522,833**	**-**	**11,959,283**	**846,407**	**12,805,690**

**Recoveries from reinsurance represent the imputed value of the services provided by the risk transfer provider. This represents a non-cash transaction.*

		2025	2024
		R	R
8	**INSURANCE REVENUE**		
	Insurance revenue	**90,719,467**	**93,319,234**
	Insurance revenue from contracts measured under the PAA	90,719,467	93,319,234
9	**INSURANCE SERVICE EXPENSES**		
	Insurance service expenses	**117,333,806**	**106,788,165**
	Incurred claims	103,746,706	96,639,618
	Estimated claims incurred	103,746,706	94,460,954
	Under recovery expense- Comprehensive	-	2,178,664
	Acquisition costs	2,027,226	2,201,438
	Broker commissions	2,027,226	2,201,438
	Directly attributable expenditure	6,322,910	6,977,029
	Actuarial fees	108,100	103,500
	Accredited administrator's fees:	6,214,810	6,873,529
	Broker remuneration management	152,328	168,833
	Cash investment management	46,054	45,582
	Contribution management	1,875,952	2,078,699
	Financial management	881,885	969,600
	Information management and data control	1,958,595	2,170,662
	Member record management	1,299,996	1,440,153
	Amounts attributable to members *{previously referred to as surplus/(deficit) for the year}*	**5,236,964**	**970,080**
10	**NET INCOME ON REINSURANCE CONTRACTS HELD**		
	Net income on risk transfer arrangements	**(23,793,652)**	**(11,041,634)**
	Reinsurance service expenses	79,953,054	83,419,320
	Reinsurance income	(103,746,706)	(94,460,954)
	Imputed claims recovered - current year	(104,593,113)	(96,565,803)
	Changes that relate to past service	846,407	2,104,849

11 INVESTMENT INCOME

	2025 R	2024 R
Income from fair value through profit or loss financial assets		
Interest	3,324,604	3,698,511
Unrealised fair value gain on revaluation	3,608,262	2,330,106
Dividend income	436,609	294,522
Realised gain	246,767	-
Income from cash and cash equivalents		
Interest on current accounts	53,570	81,127
Interest on call account	98,727	89,930
	7,768,539	**6,494,196**

12 OTHER OPERATING EXPENSES

	2025 R	2024 R
Supplementary administrator's fees	620,684	688,584
Accredited administrator’s fees: marketing services	226,486	254,137
Accredited administrator’s fees: secretarial services	246,800	271,104
Accredited administrator’s fees: distribution services	147,398	163,343
Association fees - CMS Levies	283,315	286,768
Asset management fees	382,188	329,824
Audit fees	690,000	633,328
Audit committee fees (independent members)	113,417	103,859
Bank charges	39,878	22,170
Fidelity guarantee and professional indemnity insurance	22,708	21,996
Industry Body Registration fees	111,616	112,082
Legal fees	67,268	-
Marketing	245,353	160,332
Principal Officer remuneration	461,016	423,517
Trustee remuneration expenses*	1,810,922	1,233,625
Other expenses	99,487	50,814
	4,947,852	**4,066,899**
Trustees remuneration*		
S Naidoo	349,900	252,599
P Nxumalo	399,018	252,599
N Dlamini	79,804	164,483
S Maluleke	141,191	229,102
V Ajodah	128,914	170,359
T Chueu	128,914	164,483
P Diale	208,717	-
S Hlongwane	128,914	-
K Sethusha	128,914	-
B Mwelase	116,636	-
Total Trustees remuneration and expenses	**1,810,922**	**1,233,625**

13 PROFIT FROM OPERATIONS PER BENEFIT OPTION

2025	Makoti Primary	Makoti Comprehensive	Total
	R	R	R
Insurance revenue	37,800,202	52,919,265	90,719,467
Insurance service expenses	(50,403,726)	(61,693,116)	(112,096,842)
Estimated claims incurred	(46,780,952)	(56,965,754)	(103,746,706)
Acquisition costs	(988,199)	(1,039,027)	(2,027,226)
Administration/ Maintenance expenses	(2,634,575)	(3,688,335)	(6,322,910)
Net income from reinsurance expenses	16,788,435	7,005,217	23,793,652
Reinsurance service expenses	(29,992,517)	(49,960,537)	(79,953,054)
Reinsurance income	46,780,952	56,965,754	103,746,706
Insurance service result	**4,184,911**	**(1,768,634)**	**2,416,277**
Investment income	3,219,698	4,548,841	7,768,539
Other operating expenses	(2,053,871)	(2,893,981)	(4,947,852)
Profit / (loss) before liability to members for future benefits	**5,350,738**	**(113,774)**	**5,236,964**
Liability to members for future benefits	(5,350,738)	113,774	(5,236,964)
Profit for the year	-	-	-

2024	Makoti Primary	Makoti Comprehensive	Total
	R	R	R
Insurance revenue	38,919,574	54,399,660	93,319,234
Insurance service expenses	(40,654,651)	(65,163,434)	(105,818,085)
Estimated claims incurred	(33,678,344)	(62,961,274)	(96,639,618)
Acquisition costs	(1,041,303)	(1,160,135)	(2,201,438)
Directly attributable expenditure	(5,935,004)	(1,042,025)	(6,977,029)
Net income from reinsurance contracts hels	1,503,262	9,538,372	11,041,634
Reinsurance service expenses	(32,175,082)	(51,244,238)	(83,419,320)
Reinsurance income	33,678,344	60,782,610	94,460,954
Insurance service result	**(231,815)**	**(1,225,402)**	**(1,457,217)**
Investment income	2,738,220	3,755,976	6,494,196
Other operating expenses	(3,459,504)	(607,395)	(4,066,899)
Profit / (loss) before liability to members for future benefits	**(953,099)**	**1,923,179**	**970,080**
Liability to members for future benefits	953,099	(1,923,179)	(970,080)
Profit for the year	-	-	-

14 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel are the Board of Trustees and the Principal Officer.

	2025	2024
	R	R
Trustees remuneration (Note 12)	1,810,922	1,233,625
Principal Officer's remuneration (Note 12)	461,016	423,517
Insurance revenue	159,247	217,850

The terms and conditions of the related party transactions were as follows:

Transaction	Nature of transaction and terms and conditions thereof
Insurance revenue	This constitutes the contributions paid by the related parties, in their individual capacity as members of the Scheme. All contributions were at the same terms as applicable to third parties.

14 RELATED PARTY TRANSACTIONS (continued)

Transactions with parties that have significant influence over the Scheme

Universal Healthcare Administrators (Pty) Ltd provides administration services to the Scheme and has significant influence over the Scheme as it participates in the Scheme's financial and operating policy decisions, but does not control the Scheme.

During the year the Scheme entered into transactions with the following related parties:

	2025	2024
	R	R
Universal Healthcare Administrators (Pty) Ltd		
Administration fees	6,835,494	7,398,770
Administration fees - Insurance service expenses (note 9)	6,214,810	6,873,529
Administration fees -Other operating expense (note 12)	620,684	525,241
Balance due to Universal Healthcare Administrators (Pty) Ltd at end of year	574,711	609,338

Scheme entered into a full capitation agreement with National Healthcare (Pty) Ltd to provide medical benefit services to beneficiaries of the Scheme has significant influence over the Scheme as it participates in the Scheme's financial and operating policy decisions, but does not control the Scheme.

During the year the Scheme entered into transactions with the following related parties:

	2025	2024
	R	R
National Healthcare (Pty) Ltd		
Reinsurance service expenses (Note 10)	79,953,054	83,419,320
Late joiner penalties	549,601	311,000
Under recovery expense- Comprehensive	-	2,178,664
Overpayment of caption fees	139,623	-
	80,642,278	85,908,984
Reinsurance contract assets recoverable from National Healthcare (Pty) Ltd at end of year (Note 7.1)	12,522,833	12,805,690
Balance due to National Healthcare (Pty) Ltd at end of year	-	982,222

Terms and conditions of the administration agreement

The administration agreement is in terms of the rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement is automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on 12 calendar months' notice. Administration fees are payable monthly in arrears by the seventh day of each month.

Terms and conditions of the risk transfer arrangement

The agreements are in terms of the rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement is automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on 12 calendar months' notice.

15 INSURANCE RISK MANAGEMENT

Nature and extent of risks arising from insurance contracts
The Scheme issues contracts that transfer insurance risk. This section summarises these risks and the way the Scheme manages them.

Insurance risk – description of benefit options
The types of benefits offered by the Scheme in return for monthly contributions are indicated below:

- *In-hospital benefits cover the cost incurred by registered beneficiaries, whilst they are in hospital to receive pre-authorised treatment for certain medical conditions.*

- *Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/ diseases, such as high blood pressure, cholesterol and asthma. This is subject to pre-authorisation, protocols, formularies and designated services providers (DSPs).*

- *Day-to-day benefits cover the cost up to certain limits (up to 100% of the agreed tariff) of all out-of-hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines.*

The above benefits are extended to the principal member and their contributing dependants based on their elected benefit option as indicated below:

	MAKOTI COMPREHENSIVE	MAKOTI PRIMARY
IN-HOSPITAL	Subject to pre-authorisation	Subject to pre-authorisation
	PMB unlimited, subject to PMB protocols	PMB unlimited, subject to PMB protocols
	Non-PMB unlimited, subject to limits for appliances and renal dialysis	
CHRONIC	PMB unlimited, subject to protocols, formularies and DSP's	PMB unlimited, subject to protocols, formularies and DSP's
	Non-PMB 100% of cost, subject to limits	
OUT-OF-HOSPITAL	Comprehensive benefits at 100% of agreed tariff, subject to limits	Generally less comprehensive benefits at 100% of agreed tariff, subject to limits

15 INSURANCE RISK MANAGEMENT (continued)

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the health of the Scheme members.

The medical Scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. The strategy is set out in the annual business plan, which specifies the benefits to be provided by each option, the preferred target market and demographic split thereof.

The Scheme has the right to change the terms and conditions of all contracts. Management information including contribution income and claims ratios by option, target market and demographic split, is reviewed continuously.

Risk transfer arrangements

The Scheme entered into a full capitation agreement with National Healthcare (Pty) Ltd to provide medical benefit services to beneficiaries of the Scheme. As a result the two options are fully capitated and National Healthcare (Pty) Ltd carries the insurance risk. However, the Scheme is ultimately responsible for the payment of member claims should the service provider in the risk transfer agreement become insolvent or default.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claims payments is typically resolved within one year.

15 INSURANCE RISK MANAGEMENT (continued)

Risk management objectives and policies for mitigating insurance risk (continued)

The following table summarises the concentration of insurance risk, with reference to the insurance imputed claims incurred, by age group and in relation to the type of risk covered/ benefits provided. Where appropriate prescribed minimum benefits (PMB) and non-PMB claims have been split:

Age grouping (in years) 2025	In-hospital R	Chronic		Day-to-day R	Total R
		PMB R	Non-PMB R		
< 26	13,216,396	198,271	379,601	9,000,372	22,794,640
26 – 35	5,414,476	277,072	511,886	7,826,680	14,030,114
36 – 50	15,690,551	1,706,444	3,246,448	12,758,644	33,402,087
51 - 65	14,229,484	2,527,302	4,616,415	7,730,389	29,103,590
> 65	2,895,278	947,640	468,734	104,623	4,416,275
	51,446,185	**5,656,729**	**9,223,084**	**37,420,708**	**103,746,706**

Age grouping (in years) 2024	In-hospital R	Chronic		Day-to-day R	Total R
		PMB R	Non-PMB R		
< 26	17,171,925	1,550,835	2,053,492	7,245,599	28,021,851
26 – 35	13,570,296	1,157,476	2,327,083	5,098,831	22,153,686
36 – 50	23,910,000	1,797,169	3,254,491	8,056,260	37,017,920
51 - 65	3,947,029	290,457	7,537	1,215,571	5,460,594
> 65	1,732,633	9,540	24,948	39,782	1,806,903
	60,331,883	**4,805,477**	**7,667,551**	**21,656,043**	**94,460,954**

16 FINANCIAL RISK MANAGEMENT

The Scheme's activities expose it to a variety of financial risks, including the effects of changes in equity market prices and interest rates. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Scheme holds to meet its obligations to its members.

Risk management and investment decisions are made by the Board of Trustees.

16.1 Market risk

Currency risk

The Scheme operates in South Africa and therefore its cash flows are denominated in South African Rands (ZAR). No exposure exists to foreign currency risk.

Interest rate risk

The Scheme's investment policy is to hold the majority of investments in interest bearing instruments. A significant portion of the Scheme's investments is therefore exposed to changes in the market interest rate.

The table below summarises the Scheme's exposure to interest rate risk. Included in the table are the Scheme's investments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 month	2 – 3 months	4 – 12 months	No stated maturity	Carrying amount
	R	R	R	R	R
2025					
Financial assets held at fair value through profit or loss: Non current	-	-	-	41,972,533	41,972,533
Financial assets held at fair value through profit or loss: Current				17,447,035	17,447,035
Cash and cash equivalents	4,741,996	-	-	-	4,741,996
	4,741,996	**-**	**-**	**59,419,568**	**64,161,564**
2024					
Financial assets held at fair value through profit or loss: Non current	-	-	-	35,988,375	35,988,375
Financial assets held at fair value through profit or loss: Current				19,619,816	19,619,816
Cash and cash equivalents	3,269,840	-	-	-	3,269,840
	3,269,840	**-**	**-**	**55,608,191**	**58,878,031**

16 FINANCIAL RISK MANAGEMENT (continued)

16.1 Market risk (continued)

Interest rate risk (continued)
A sensitivity analysis is provided below assuming a 1% increase/ (decrease) in the market interest rate with all other variables held constant. Only cash and cash equivalents are directly exposed to fluctuations in the interest rate.

	Impact of 1%	
	2025 R	2024 R
Increase/ (decrease) in surplus	221,890	228,897
Increase/ (decrease) in asset	221,890	228,897
Increase/ (decrease) in members' funds	221,890	228,897

Equity risk
Sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate due to changes in market prices, whether these changes are caused by factors specific to the individual equity issuer or factors affecting all similar securities traded in the market.

16.2 Credit risk

The Scheme's financial assets comprise trade and other receivables, cash and cash equivalents, insurance receivables and financial assets. The carrying amount of these assets represents the maximum credit exposure as follows:

	2025 R	2024 R
Trade and other receivables	7,371	30,269
Cash and cash equivalents	4,741,996	3,269,840
Financial assets at fair value through profit and loss	59,419,568	55,608,191
	64,168,935	**58,908,300**

16 FINANCIAL RISK MANAGEMENT (continued)

16.2 Credit risk (continued)

Credit ratings for financial institutions

Financial Institution/ Fund	R Value	Moody's Rating	Date of Rating
2025			
Nedbank Group Ltd	591,996	Aa1	Nov 2025

Credit risk in respect of trade and other receivables is controlled through the application of credit monitoring procedures.

16.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The availability of funding through liquid holding cash positions with various financial institutions ensures that the Scheme has the ability to fund its day-to-day operations.

The table below summarises the Scheme's financial and insurance liabilities categorised by the earlier of contractual re-pricing or expected maturity dates.

Liquidity analysis	Up to 1 month	1 to 3 months	4 to 12 months	Total
	R	R	R	R
At 31 December 2025				
Assets				
Non-current assets	**41,972,533**			**41,972,533**
Financial assets held at fair value through profit and loss	41,972,533			41,972,533
Current assets	**22,196,402**			**22,196,402**
Financial assets held at fair value through profit and loss	17,447,035			17,447,035
Cash and cash equivalents	4,741,996			4,741,996
Trade and other receivables	7,371			7,371
Total Assets	**64,168,935**			**64,168,935**
Liabilities				
Current liabilities	**489,453**			**489,453**
Trade and other payables	489,453			489,453
Total Liabilities	**489,453**			**489,453**
Net liquidity gap	**63,679,482**			**63,679,482**

16 FINANCIAL RISK MANAGEMENT (continued)

16.3 Liquidity risk (continued)

Liquidity analysis	Up to 1 month	1 to 3 months	4 to 12 months	Total
	R	R	R	R
At 31 December 2024				
Assets				
Non-current assets	**35,988,375**			**35,988,375**
Financial assets held at fair value through profit and loss	35,988,375			35,988,375
Current assets	**22,919,925**			**22,919,925**
Financial assets held at fair value through profit and loss	19,619,816			19,619,816
Cash and cash equivalents	3,269,840			3,269,840
Trade and other receivables	30,269			30,269
Total Assets	**58,908,300**			**58,908,300**
Liabilities				
Current liabilities	**433,873**			**433,873**
Trade and other payables	433,873			433,873
Total Liabilities	**433,873**			**433,873**
Net liquidity gap	**58,474,427**			**58,474,427**

16 FINANCIAL RISK MANAGEMENT (continued)

16.4 Fair value estimation

Valuation techniques and assumptions applied for the purpose of measuring fair value
The fair value of the publicly traded financial instruments held as Investments held at fair value through profit or loss is based on quoted market prices at the statement of financial position date.

In assessing the fair value of other financial instruments, the Scheme uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Other techniques, such as estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Scheme for similar financial instruments.

Fair value measurements recognised in the statement of financial position (fair value hierarchy)
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 fair value measurement represents those assets which are measured using unadjusted quoted prices for identical assets. The predominance of market inputs is actively quoted and can be validated through external sources or reliably interpolated if less observable.

Level 2 fair value measurement represents those assets which are measured using inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices). They are often based on model pricing techniques that are effectively discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity.

If one or more of the significant inputs is not based on observable market data, then the instrument is included in Level 3.

16 FINANCIAL RISK MANAGEMENT (continued)

16.4 Fair value estimation (continued)

Fair Value Estimation
Valuation techniques and observable inputs for Level 1 and Level 2 fair value measurements

Description	Fair Value at 31 Dec 2025	Fair Value at 31 Dec 2024	Fair Value Hierarchy	Valuation Method	Observable Input
- Insurance policy	8,019,773	7,277,217	Level 2	Quoted market price	Mark to model
- Pooled fund	11,756,318	10,716,217	Level 2	Quoted market price	Mark to model
- Money market fund	17,447,035	19,619,816	Level 2	Quoted market price	Mark to model
- Segregated portfolio	22,196,442	17,994,941	Level 1	Quoted market price	None
	59,419,568	**55,608,191**			

16.5 Structure policy

The Scheme's investments are subject to the terms and conditions of the respective funds' offering documentation and are susceptible to market price risk arising from uncertainties about future values of the funds. The investment manager makes investment decisions of the underlying funds, its strategy and the overall quality of the underlying fund managers. All of the Scheme's funds in the investment portfolio are managed by portfolio managers who are compensated by the Scheme for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee and is reflected in the valuation of the Scheme's investments in each of the funds.

The Scheme invested in insurance policy investment Schemes during 2025 and 2024. The strategy of the fund is to have a conservative maturity profile thereby maximising the yield whilst allowing for liquid investments.

The right of the Scheme to request redemption of its investment in the fund is twenty-four hours. The exposure to financial assets in funds at fair value, by strategy employed, is disclosed in the following table for 2025:

Strategy	Net asset value of investee fund (range and weighted average) R' 000	Fair value of fund's assets of investments R'000*	% of net assets attributable to holders of redeemable units**
Ninety One Fund Managers SA (RF)	24,800,000	17,447	0.0704%
STANLIB Asset Management (Pty) Ltd	65,560,000	11,756	0.0179%
Sanlam Investments (Pty) Ltd	848,000	8,020	0.9457%
Mazi Asset Management (Pty) Ltd	265,343	22,196	8.3652%

16 FINANCIAL RISK MANAGEMENT (continued)

16.5 Structure policy

The exposure to financial assets in funds at fair value, by strategy employed, is disclosed in the following table for 2024:

Strategy	Net asset value of investee fund (range and weighted average) R' 000	Fair value of fund's assets of investments R'000*	% of net assets attributable to holders of redeemable units**
Ninety One Fund Managers SA (RF) (Pty) Ltd*	224,000,000	19,620	0.0088%
STANLIB Asset Management (Pty) Ltd	60,050,000	10,716	0.0178%
Sanlam Investments (Pty) Ltd	74,000,000	7,277	0.0098%
Mazi Asset Management (Pty) Ltd	51,313,600	17,995	0.0351%

*The fair value of financial assets is included in cash and cash equivalents instruments in the statement of financial position for the Ninety One investment.
**This represents the Scheme's percentage interest in the total net assets of the Investee Funds.
The Scheme's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

16.6 Capital adequacy risk

The Scheme's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide benefits for its stakeholders. The principal risk is that the frequency and severity of claims is greater than expected and that there are insufficient reserves to provide for their settlement.

The Medical Schemes Act, 131 of 1998 requires a minimum solvency ratio, calculated as accumulated funds expressed as a percentage of gross contributions, of 25%. The Scheme's solvency ratio was 62.1% at 31 December 2025 (2024: 59.9%).

17 NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT

In accordance with the Council for Medical Schemes circular 11/2006 the Scheme is required to report all non-compliance with the Act noted during the course of the audit irrespective of whether the auditor considers the non-compliance as material or immaterial.

17.1 Payment of contributions

Nature and cause of non-compliance

Section 26(7) of the Act, requires contributions to be paid to a scheme not later than three days after payment thereof becoming due. Whilst every effort is made to enforce this requirement the onus is on the member/ employer group to ensure compliance. During the financial year, certain contributions were identified that were not paid to the Scheme within three days of becoming due. As at 31 December 2025, R3,967,420(4.34%) was outstanding (2024:R4,297,731(4.59%)).

The non-compliance increases the liquidity risk to the Scheme and could result in amounts due to the Scheme being irrecoverable. Outstanding amounts are actively pursued, if not received within three days of becoming due.

Corrective course of action adopted to ensure compliance, including timing of corrective action

Outstanding amounts, are actively pursued, if not received within three days of becoming due.

17.2 Financial assets in Medical Scheme Administrators

Nature and cause of non-compliance

Per Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended: "A medical scheme shall not invest any of its assets in the business of or grant loans to any administrator". The Scheme invests its assets in accordance with an Investment Policy Statement and Investment Policy. These assets are invested in a series of pooled investment vehicles or segregated funds, each having a specific investment mandate, benchmark and chosen investment manager. Some of these mandates may allow exposure to shares or bonds listed in the South African market. The Investment Manager has full discretion to choose a combination of shares and bonds that will best achieve the benchmark. The representatives of the Scheme do not give investment instructions to the underlying Investment Manager.

The Scheme holds shares in ultimate holding companies of Medical Scheme Administrators which is prohibited in terms of Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended. During the year under the review the Scheme held shares in Momentum Metropolitan Holdings Limited; R265,711 (2024:R41,117), Discovery Holdings Limited; R10,678 (2024:R14,900), Standard Bank Group Limited; R480,912 (2024:R362,912) and Liberty Holdings Limited; R52,802 (2024:R108,895).

17 NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT (continued)

17.2 Financial assets in Medical Scheme Administrators (continued)

Corrective course of action adopted to ensure compliance, including timing of corrective action
The Scheme received an exemption from Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended, from the Council for Medical Schemes on 8 July 2025. The exemption will be valid for a period of three years, effective 1 December 2025 until 31 December 2028, subject to renewal. In terms of compliance to Annexure B of the Medical Schemes Act 131 of 1998, as amended, the Scheme does perform a comprehensive analysis of the total assets to ensure that the investments do not exceed the limitations set out per Annexure B. Any exposure to the companies in question will be within the limits set out in Annexure B, which will protect the risk to members. It would not be prudent to remove these investment opportunities from the scope of investments available to the underlying investment managers.

17.3 Financial assets in Employer of the Scheme

Nature and cause of non-compliance
Section 35(8) of the Act states that a medical scheme is not permitted to invest in an employer that participates in the Scheme. Investments to the value of R124 are held in City Lodge Hotels Ltd (2024; R378); R71,922 are held in Reunert Ltd (2024:R7,666) and R886 are held in African Rainbow Mineral Ltd (2024: R0).

The Scheme received an exemption from Section 35(8)(c) of the Act, from the Council for Medical Schemes on 8 July 2025. The exemption will be valid for a period of three years, effective 1 December 2025 until 31 December 2028, subject to renewal.

Corrective course of action adopted to ensure compliance, including timing of corrective action
The Scheme received an exemption from Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended, from the Council for Medical Schemes on 8 July 2025. The exemption will be valid for a period of three years, effective 1 December 2025 until 31 December 2028, subject to renewal. In terms of compliance to Annexure B of the Medical Schemes Act 131 of 1998, as amended, the Scheme does perform a comprehensive analysis of the total assets to ensure that the investments do not exceed the limitations set out per Annexure B. Any exposure to the companies in question will be within the limits set out in Annexure B, which will protect the risk to members. It would not be prudent to remove these investment opportunities from the scope of investments available to the underlying investment managers.

17 NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT (continued)

17.4 Benefit Options

Nature and cause of non-compliance

Section 33(2) of the Act stipulates that each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. At 31 December 2025, the Comprehensive option did not comply with Section 33(2). The Comprehensive option realised a negative insurance service result of R1,768,634 (2024: R1,225,402 surplus).

Possible impact of the non-compliance

During the budgeting process, the Scheme considered the increase seen in hospitalisation costs and the increase in healthcare costs in general, therefore a deficit was then budgeted for. While the Scheme is committed to complying with the applicable legislation, the overall stability and financial soundness of the Scheme as a whole is strong. This is evident with the solvency ratio being 63.14%, (2024: 59.90%) which is well in excess of the minimum requirement of the Act.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme continues to monitor the results with a view to improving its financial outcome and will evaluate different strategies to address the deficit. The Scheme has applied a contribution increase for the new financial year. It is expected that the higher contribution increase will reduce the deficit.

17.5 Payment of claims

Nature and cause of non-compliance

Section 59(2) of the Act states that a medical scheme must pay benefits to members or suppliers within 30 days of receipt of the claim. In exceptional cases claims were paid later than 30 days after date of submission. This primarily resulted from members or providers submitting claims without the necessary details required for these payments to be made within 30 days of receipt thereof.

Possible impact of the non-compliance

For the period ended 31 December 2025, R42,761,519 (41%) (2024: R45 606 434 (47%)) of the total claims were paid after 30 days of becoming due.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme met with the service provider and subsequently terminated the agreement.

18 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

The Scheme has terminated their contract with the capitation service provider, National Health Care (Pty) Ltd as of 31 March 2026. At the date of finalisation of the Annual Financial Statements there were no other material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

19 GOING CONCERN

The Scheme was identified a mutual entity. It is expected that the remaining assets of the Scheme will be used to pay current and future policyholders. As the Scheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members. With the adoption of IFRS 17: Insurance Contracts wherein the previous accumulated funds have been reclassified into insurance contract liabilities (amounts due to future members). The Trustees of the Scheme are comfortable that the Scheme is a going concern due to the solvency ratio of the scheme of 63.41% which is in excess of the 25% requirement from the Council for Medical Schemes. In addition, the non-current assets reflect investments held at fair value through profit or loss which can be sold at anytime to meet the liquidity requirements of the scheme. The financial statements have been prepared on the going concern basis, as the Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future based on reserves, forecasts and available cash resources. These annual financial statements support the viability of the Scheme.