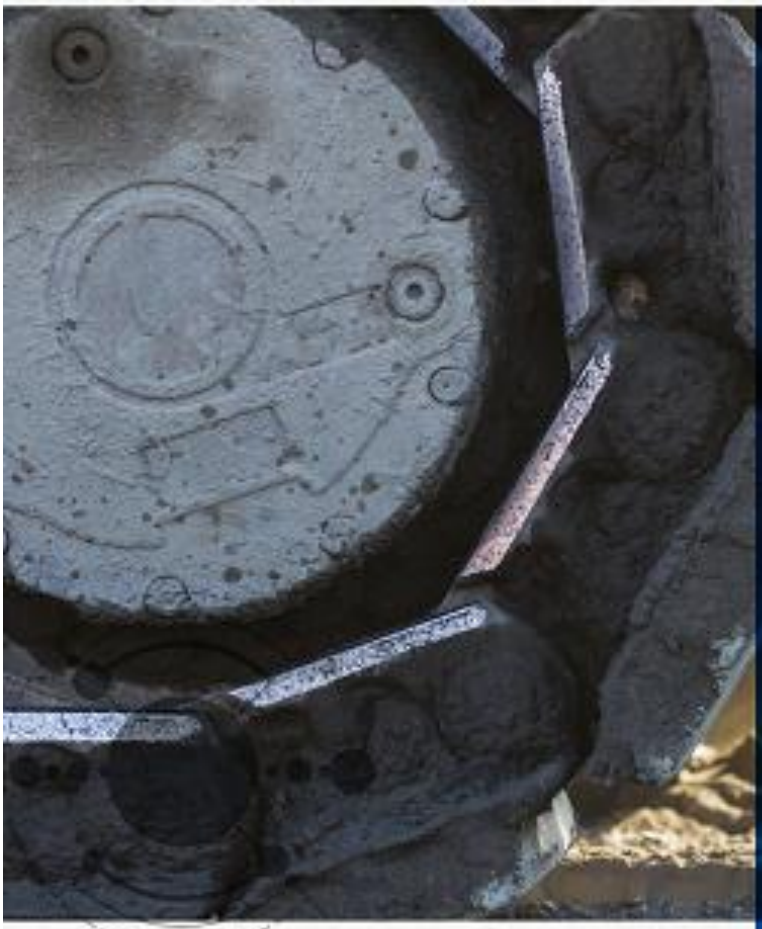
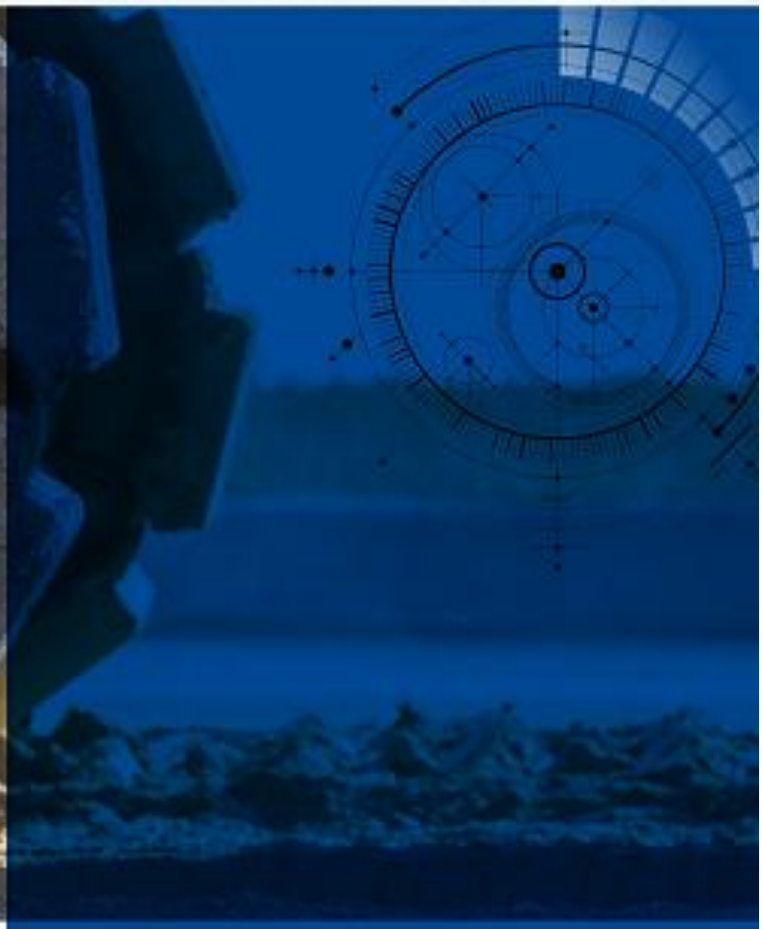
EST 1964

BCIMA

Medical Aid





BCIMA

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND

Annual Financial Statements for the year ended 31 December 2025

Administered by Universal Healthcare Administrators (Pty) Ltd

Universal

Administrators

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENTS **PAGE**

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 The Building and Construction Industry Medical Aid Fund (the Scheme). The annual financial statements presented on pages 10 to 55 have been prepared in accordance with IFRS Accounting Standards and the SAICA Medical Schemes Accounting Guide for the year ended 31 December 2025 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 annual financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The Trustees also reviewed the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The Trustees are responsible for ensuring that accounting records are kept. The accounting records should 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 Proprietary Limited, and managed healthcare provider, Universal Care Proprietary Limited, 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 annual 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.

The Scheme's external auditors, BDO South Africa Incorporated are responsible for auditing the annual financial statements in terms of International Standards on Auditing and their report is presented on pages 5 to 9. BDO South Africa Incorporated have unrestricted access to all financial records and related data, including minutes of all meetings of members, the Board of Trustees and committees of the Board. The Trustees believe that all representations made to the independent auditor during their audit were valid and appropriate.

The annual financial statements were approved by the Board of Trustees on 28 May 2026 and are signed on its behalf by:

M Mphomela	J Mpe	R Maseko
Chairperson	**Trustee**	**Principal Officer**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The Building and Construction Industry Medical Aid Fund (the 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.

Board of Trustees

The Trustees meet regularly and monitor the performance of the administrator. 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, to support them in their duties.

Internal Control

The administrator of the Scheme maintains 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 the Scheme's assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of key internal controls and systems during the year under review.

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. The Trustees are committed to open communication with their stakeholders about the Scheme's financial and business targets and to treat them fairly in all 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 is evaluated against agreed terms of reference and performance targets.

M Mphomela
Chairperson

J Mpe
Trustee

R Maseko
Principal Officer

28 May 2026

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2025

REPORT BY THE AUDIT COMMITTEE

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 131 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:

(i) Assisting the Board of Trustees in its evaluation of the adequacy and efficacy of the internal control systems, accounting practices, information systems and auditing processes applied by the Building and Construction Industry Medical Aid Fund (the Scheme) or its administrator in the day to day management of its business;

(ii) 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 Scheme;

(iii) 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 Scheme; and

(iv) Advising on any matter referred to the committee by the Board of Trustees.

Discharge of Responsibilities

During the year under review the committee:

(i) Reviewed the annual financial statements and recommended them for approval by the Board of Trustees;

(ii) Satisfied itself that the internal audit function performed as required and approved the internal audit plans;

(iii) Received and reviewed reports from both the internal and external auditors, 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;

(iv) Ensured that the appointment of the external auditors complied with the provisions of the Medical Schemes Act 131 of 1998, as amended, and other legislation relating to the appointment of auditors;

(v) 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

(vi) Reviewed with management, legal and regulatory matters that could have a material impact on the Scheme.

.....

C Fontaine
Chairperson of Audit Committee

28 May 2026

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Fax: +27 010 060 7000
www.bdo.co.za

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Private Bag X60500
Houghton, 2041
South Africa

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Building and Construction Industry Medical Aid Fund (the Scheme), set out on pages 17 to 55, which comprise the statement of financial position as at 31 December 2025; and the statement of profit or loss and other comprehensive income; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Building and Construction Industry Medical Aid Fund 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 *year*. 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.

Key audit matter	How our audit addressed the key audit matter

Valuation of the Liability for Incurred Claims (Notes 1.2, 5, 6)

The valuation of the Liability for Incurred Claims (LIC) component forms part of the Insurance contract liability on the statement of financial position and consists of the best estimate liability (BEL) and the risk adjustment for non-financial risk (RA).

At 31 December 2025, the BEL included a Liability for Incurred claims provision (IBNR) of R13.3 million, as well as the RA of R1.4 million.

In determining the LIC, the Scheme applies significant judgement and the assessment includes estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported (IBNR). In addition, the Scheme is also required to estimate a run-off period, within which the IBNR claims will be submitted to the Scheme.

Claims IBNR methodology and assumptions

The most significant assumptions in the determination of the estimates of future cash flows relating to the claims IBNR are:

- Future cashflow projections developed using information about past events, current conditions and forecasts of future conditions;
- Probability weighted average; and
- Timing of the submission and payment, and the level of future claims submitted.

The method used by the Scheme to determine the best estimate of the claims IBNR 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 that is not yet fully developed to produce an estimated ultimate claims cost for each treatment month and healthcare year.

RA methodology and assumptions

The most significant assumptions in the determination of the RA are:

- Variability and level of claims;
- Degree of diversification benefits; and

Our audit procedures for the LIC estimate component included the following:

- We obtained an understanding and documented the LIC estimation process; and
- We assessed the design and evaluated the implementation of relevant controls over the claims process and the calculation of the LIC estimate.

Data

We obtained the claims data from the claims processing system covering the year ended 31 December 2025, which was used in calculating the determination of the claims IBNR and the RA, and performed a reconciliation of the data used in the calculation to the claims data tested as part of the insurance service expense for the year ended 31 December 2025. Based on the results of our reconciliation performed, we did not note material inconsistencies.

Calculations

Making use of our internal actuarial expertise, we performed an independent calculation of the estimates of future cashflows relating to the claims IBNR and RA. Our procedures included:

- We considered the appropriateness of the methodology and assumptions applied in determining the estimates of future cashflows relating to the claims IBNR and RA against appropriate industry information;
- We performed an independent calculation of the estimates of future cashflows relating to the claims IBNR and RA using the same methodology and assumptions as that of the Scheme. The independently calculated values were then compared to the Scheme's actuarial calculations. We noted no material differences in this regard; and
- We considered the appropriateness of the confidence level applied for the RA by performing a benchmarking exercise for RA as 65% of the claims IBNR and confirming that the RA for the Scheme is in range with similar market participants. Based on our work performed, we accepted the Scheme's use of the 65th percentile.

• Confidence level. The IFRS 17 Insurance Contracts RA represents the compensation a Scheme requires for bearing the uncertainty in the amount and timing of future cash flows arising from non-financial risk. Because the RA 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. Management has used the Value-at-Risk method to determine the RA at the reporting date. The Scheme's calibrated RA is such that the insurance contract liabilities are considered sufficient at the 65th percentile of the ultimate loss distribution. Due to the significant judgement and estimation uncertainty involved in the Scheme's valuation of the claims IBNR and RA, this area was considered a matter of most significance to our current year audit of the financial statements.	**Back testing** The Scheme considers claims processed in the next financial year in respect of services provided during the year ended 31 December 2025 to determine if there is a need to disclose that actual claims are materially different from forecast claims and the LIC component judgement. We considered the Scheme's assessment of the actual claims processed in the next financial year in respect of services provided during the year ended 31 December 2025 against the relevant requirements of the financial reporting framework, to assess the need for any subsequent events disclosure. Based on the results of our assessment, we accepted the Scheme's assessment, which indicated that such disclosure is not necessary due to the fact that the unutilised portion of the LIC is not material. **Disclosures** We evaluated the presentation of the disclosure relating to the LIC in the current year against the relevant requirements of the IFRS Accounting Standards and appropriate industry guidance.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises information included in the document title "The Building and Construction Industry Medical Aid Fund Annual Financial Statements for the year ended 31 December 2025", which includes the Statement of responsibility by the Board of Trustees, Statement of corporate governance by the Board of Trustees, Report by the Audit Committee and the Report of the Board of Trustees. The other information does not include the financial statements and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's trustees for the Financial Statements

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements 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, and for such internal control as the Scheme's 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 Scheme's 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 Scheme's 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's 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.

We communicate with the Scheme's 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.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 Requirement

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that BDO South Africa Incorporated has been the auditor of The Building and Construction Industry Medical Aid Fund for one year.

The engagement partner, Jan van Staden, has been responsible for The Building and Construction Industry Medical Aid Fund 's audit for one year.

BDO South Africa Inc
BDO South Africa Inc (May 29, 2026 14:39:46 GMT+2)

BDO South Africa Incorporated

Registered Auditors

Jan van Staden

Director

Registered Auditor

29 May 2026

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2025

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

The Building and Construction Industry Medical Aid Fund (the Scheme) is a not-for-profit closed medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

The Scheme's Basic option is exempt from providing prescribed minimum benefits in terms of the provisions of Section 29(1)(o) and 29(1)(p) of the Act.

Medical Schemes registered under the Medical Schemes Act of 1998 are tax exempt as they fall within the definition of a “benefit fund” as defined in section 1 of the Act.

1.2 Benefit option within The Building and Construction Industry Medical Aid Fund

The Scheme offered one benefit option, which is restricted to employees of employers in the construction industry. The benefit option is the Basic option.

2 MANAGEMENT

2.1 Board of Trustees in office and up to the date of signing the report during the year under review

Name	Details	Appointment / Resignation
M Mphomela (Alternate: B Malaza)	Chairperson (Employer Trustee)	Reappointed 29 June 2024
CG Schmidt	Employer Trustee	Reappointed 29 June 2024
C Froneman (Alternate: J Martin)	Employer Trustee	Reappointed 29 June 2024
T Mndzebele (Alternate: M Danisa)	Employer Trustee	Reappointed 29 June 2024
J Mpe	Vice Chairperson (Member Trustee)	Reappointed 29 June 2024
PK Maphothoma	Member Trustee	Appointed 13 November 2021
S Mlangeni (Alternate: HR Maesela)	Member Trustee	Reappointed 29 June 2024
E Koji (Alternate: ZJ Ndlazi)	Member Trustee	Reappointed 29 June 2024

2.2 Principal Officer

Ms R Maseko
Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 1554
Rivonia
2149

2.3 Registered office address and postal address

Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 3201
Johannesburg
2000

2 MANAGEMENT (continued)

2.4 Medical Scheme Administrator during the year

Universal Healthcare Administrators (Pty) Ltd
Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 1411
Rivonia
2128

2.5 Auditors

BDO South Africa Incorporated
52 Corlett Drive
Illovo
Johannesburg
2196

Private Bag X60500
Houghton
2041

2.6 Actuary

Universal Healthcare Services (Pty) Ltd
South Gate Office Park, First Floor South, Carl Cronje Drive
Southgate
Bellville
7530

PO Box 1411
Rivonia
2128

2.7 Investment Advisors

Old Mutual Wealth Trust Company (Pty) Ltd
2 Oxbow Crescent, Century City
Cape Town
7441

PO Box 65014
Benmore Gardens
2010

2.8 Investment Managers

Investec Wealth & Investment International (Pty) Ltd
100 Grayston Drive
Sandton
2196

PO Box 78055
Sandton
2146

Mazi Asset Management (Pty) Ltd
90 Rivonia Road
Sandton
2196

PO Box 784583
Sandton
2146

27four Life Ltd
5 Cavendish Street
Claremont
7708

PO Box 44467
Claremont
7735

MandG Investments Life South Africa (RF) Ltd
30 Dreyer Street
Claremont
7708

PO Box 44813
Claremont
7735

Prescient Management Company (RF) (Pty) Ltd
4 Otto Close
Westlake
7945

PO Box 31142
Tokai
7966

2 MANAGEMENT (continued)

2.8 Investment Managers (continued)

Ninety One Fund Managers SA (RF) (Pty) Ltd
36 Hans Strijdom Avenue
Foreshore
8001

PO Box 1655
Cape Town
8000

3 INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

Investment decisions are made by the Board of Trustees to ensure that:

- the Scheme remains liquid;
- investments are placed at minimum risk and the best possible rate of return;
- investments are made in compliance with the regulations of the Act and;
- a risk assessment is performed.

The Scheme invested in call deposits, money market funds, linked policies of insurance, segregated equity portfolio's and cash during 2025. The Scheme also retains its investment into listed shares with Sanlam and Old Mutual. 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.

Details on the Scheme's investments are set out in the annual financial statements. Refer to Notes 3, 4 and 15.

4 MANAGEMENT OF 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. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing, and uncertainty of the Scheme's cash flows.

5 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics

	2025	2024
Average number of members during the accounting period	4,639	4,449
Number of members at 31 December	4,903	4,435
Average number of dependants during the accounting period	8,026	7,574
Number of dependants at 31 December	8,594	7,561
Average number of beneficiaries during the accounting period	12,665	12,023
Number of beneficiaries at 31 December	13,497	11,996
Dependant ratio at 31 December	1.75	1.70
Insurance revenue per average beneficiary per month (R)	1,423	1,293
Insurance service expenses per average beneficiary per month (R)	1,380	1,441
Relevant healthcare expenditure per average beneficiary per month (R)	1,250	1,321
Directly attributable insurance service expenses per average beneficiary per month (R)	118	113
Other operating expenses per average beneficiary per month (R)	38	35
Insurance service expense as a percentage of insurance revenue (%)	97%	111%
Relevant healthcare expenditure as a percentage of insurance revenue (%)	88%	102%
Directly attributable insurance service expenses as a percentage of insurance revenue (%)	8%	9%
Other operating expenses as a percentage of insurance revenue (%)	3%	3%
Average age of beneficiaries	28	28
Pensioner ratio at 31 December	2.10	2.14
Breakdown of total amount paid to administrator: Administration fees (R)	18,207,757	16,612,876
Return on investments as a percentage of investments (%)	14%	11%
Average insurance contract liabilities - liability attributable to future members per member at 31 December (R)	38,931	40,140

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	2024
	R	R
Insurance contract liabilities – Liability attributable to future members (Total members' funds per statement of financial position)	206,805,339	174,947,148
Less: Cumulative net unrealised gains on revaluation of investments	(64,478,244)	(40,973,962)
Accumulated funds per Regulation 29	142,327,095	133,973,186
Insurance revenue (Gross contributions)	216,225,109	186,540,283
Solvency ratio: (Accumulated funds per Regulation 29/ Gross contributions x 100)	**65.8%**	**71.8%**

5.4 Liability for incurred claims

The basis of calculation of the liability for incurred claims is discussed in Note 5 to the annual financial statements and this is consistent with the prior year. Movements in the liability for incurred claims is set out in Note 9 to the annual financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

6 ACTUARIAL SERVICES

The Scheme's actuary was consulted for the 2025 budget review, to determine the contribution and benefit levels for 2025 and to calculate the liability for incurred claims and risk adjustment as at year-end.

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

The Scheme holds no investments in participating employers of Scheme members.

8 RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 13 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 three 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 oversight of internal control, internal control systems and financial reporting practices. The external auditors formally report to the committee on critical findings arising from audit activities. The committee, during the year under review and up to the date of approval of the financial statements, comprised:

Name	Details	
C Fontaine	Independent Chairperson	Appointed 23 March 2015
M Danisa	Independent	Appointed 10 July 2018
C Froneman	Trustee	Reappointed 29 June 2024
E Koji	Trustee	Resigned 19 February 2025
J Mpe	Trustee	Appointed 19 February 2025
R Whitehorn	Independent	Appointed 15 October 2020

10 BOARD OF TRUSTEES AND AUDIT COMMITTEE MEETING ATTENDANCE

The following schedule sets out the Board of Trustees and audit committee meeting attendances. Trustees' remuneration is disclosed in Note 10 to the annual financial statements.

	Trustee/ Committee Member	Board Meetings		Audit Committee Meetings		Other Sub Committee Meetings	
		A	B	A	B	A	B
*	M Mphomela	10	10			10	10
*	CG Schmidt	10	9			9	9
*	C Froneman	10	6	3	3	3	3
*	T Mndzebele	10	9			11	11
*	E Koji	10	9			3	2
*	PK Maphothoma	10	10			7	7
*	S Mlangeni	10	10			11	11
*	J Mpe	10	10	3	3	12	11
	C Fontaine			3	3		
	M Danisa			3	3		
	R Whitehorn			3	3		

A - Total possible number of meetings could have attended.
B - Actual number of meetings attended.
* Trustee

11 NON-COMPLIANCE WITH THE 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 year. Refer to Note 16 to the annual financial statements.

11.1 Payment of contributions

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 or 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. These mainly relate to direct paying members and also contributions paid over by the employer.

The non-compliance increases the liquidity risk to the Scheme. Outstanding amounts are actively pursued if not received within three days of becoming due.

11.2 Payment of claims

Section 59(2) of the Act requires claims to be paid to a member or supplier of service within 30 days after the day on which the claim is received by the Scheme.

Instances were identified where claims were paid after the 30 day period allowed, due to queries or late receipt of contributions. The Scheme does not pay any claims when a member’s contribution has not been paid.

11 NON-COMPLIANCE WITH THE ACT (continued)

11.3 Investments in Medical Scheme Administrators

Section 35(8) of the Act states that a medical scheme shall not invest any of its assets in the business of any medical Scheme administrator.

The Scheme holds investments with Sanlam to the value of R2 251 247 (2024:R2 470 109), Momentum to the value of R432 529 (2024: R276 299) and Discovery to the value of R106 433 (2024: R90 448).

The Scheme applied for an exemption from Section 35(8)(c) of the Act, from the Council for Medical Schemes on 21 May 2025. The Scheme was granted an exemption until 31 December 2028.

11.4 Prescribed Minimum Benefits (PMBs)

Section 29 provides that the Registrar shall not register a medical scheme under section 24, and no medical scheme shall carry on any business, unless provision is made in its rules for the following matters:
- (o) The scope and level of minimum benefits that are to be available to beneficiaries as may be prescribed;
- (p) No limitation shall apply to the reimbursement of any relevant health service obtained by a member from a public hospital where this service complies with the general scope and level as contemplated in paragraph (o) and may not be different from the entitlement in terms of a service available to a public hospital patient.

Full compliance with Prescribed Minimum Benefits (PMB) regulations will lead to a significant erosion of the reserves, posing a threat to the long term sustainability of the Scheme. The exemption will allow the Scheme to keep contribution increases affordable for majority of members who are low-income earners. The Scheme has been granted an exemption from the 1 January 2019. The granting of the exemption is conditional upon the Scheme providing on an annual basis, its progress with complying with PMB regulations in the Scheme's benefits and contributions changes.

12 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the Trustees consider should be brought to the attention of the members of the Scheme.

13 GOING CONCERN

The going concern basis has been adopted in preparing these annual financial statements. The Scheme continues to monitor the progress of the NHI Bill and will consider appropriate steps in response to further NHI developments. The Board of Trustees has no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on current forecasts and available cash resources. The annual financial statements support the viability of the Scheme.

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025	2024
		R	R
ASSETS			
Non current assets			
Financial assets at fair value through profit or loss	3	157,205,626	131,855,623
Current assets		**65,931,147**	**61,451,653**
Financial assets at fair value through profit or loss	3	43,978,805	48,504,237
Trade and other receivables	2	210,919	168,198
Cash and cash equivalents	4	21,741,423	12,779,218
Total assets		**223,136,773**	**193,307,276**
LIABILITIES			
Non-current Liabilities		**206,805,339**	**174,947,149**
Insurance contract liabilities – Liability attributable to future members	5.1	206,805,339	174,947,149
Current liabilities		**16,331,434**	**18,360,127**
Insurance contract liabilities - Liability attributable to current members	5.2	15,392,339	17,380,369
Trade and other payables	7	939,095	979,758
Total liabilities		**223,136,773**	**193,307,276**

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		R	R
Insurance revenue	8	**216,225,109**	**186,540,283**
Insurance service expenses	9	**(209,711,524)**	**(207,956,815)**
Claims incurred		(186,176,672)	(187,196,230)
Accredited managed healthcare services		(3,745,021)	(3,398,505)
Attributable expenses incurred		(17,877,406)	(16,311,438)
Acquisition costs		(1,912,425)	(1,050,617)
Stale claims written back		-	(25)
Insurance service result		**6,513,585**	**(21,416,532)**
Other income	11	**32,212,867**	**21,358,140**
Interest income from financial assets not measured at fair value through profit or loss.		499,642	506,300
Investment income from investments held at fair value through profit or loss		8,208,943	7,043,221
Fair value gains from investments held at fair value through profit or loss		23,504,282	13,808,619
Other expenditure		**(6,868,262)**	**(6,089,828)**
Other operating expenses	10	(5,734,983)	(5,053,301)
Investment management fees		(1,133,279)	(1,036,527)
Surplus/(Deficit) before amounts attributable to members		**31,858,190**	**(6,148,220)**
Amounts attributable to members		(31,858,190)	6,148,220
Surplus/(Deficit) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**-**	**-**

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
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		218,222,966	186,093,200
Cash receipts - contributions		218,222,966	186,093,200
Cash paid to providers and members		(220,405,328)	(207,709,945)
Cash paid members and providers - claims		(213,697,411)	(201,527,250)
Cash paid members and providers - NHE		(6,707,917)	(6,182,695)
Net cash utilised in operating activities		(2,182,362)	(21,616,745)
Cash flows from investing activities			
Payments for financial assets		(23,765,113)	(80,199,693)
Proceeds from sale of financial assets		31,958,398	93,448,033
Interest received		761,752	1,242,701
Dividends received		2,189,530	2,103,884
Cash flows from investing activities		11,144,567	16,594,925
Net increase/(decrease) in cash and cash equivalents		**8,962,205**	**(5,021,820)**
Cash and cash equivalents at the beginning of the year		12,779,218	17,801,038
Cash and cash equivalents at the end of the year	4	**21,741,423**	**12,779,218**

1 MATERIAL ACCOUNTING POLICY INFORMATION

The Building and Construction Industry Medical Aid 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. The Scheme is domiciled in South Africa.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

Compliance with IFRS

The Financial Statements have been prepared in accordance with IFRS Accounting Standards (IFRS) and IFRIC® Interpretations, which are set by the International Accounting Standards Board (IASB). The financial statements are also prepared in accordance with the Medical Schemes Act, which requires additional disclosures for registered medical Schemes.

Historical cost basis

The financial statements are prepared on the historical cost convention, except for certain financial instruments, which are carried at fair value.

IFRS Accounting Standards and amendments effective for the first time for December 2025 year-ends

Standard/ Amendment	Executive summary	Effective date	Impact
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025	No impact on the Scheme

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.1 Basis of preparation (continued)

IFRS Accounting Standards and amendments issued but not effective

Standard/ Amendment	Executive summary	Effective date	Impact
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	These amendments: ● clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ● clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; ● add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and ● make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual periods beginning on or after 1 January 2026	No impact on the Scheme
IFRS 18, 'Presentation and Disclosure in Financial Statements'	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.	Annual periods beginning on or after 1 January 2027	Impact will be assessed by the Scheme.

1 MATERIAL ACCOUNTING POLICY INFORMATION (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 establishes 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. IFRS 17 contains more extensive disclosure requirements for insurance contracts issued, 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 within the scope of IFRS 17 have on the entity's financial position, financial performance and cash flows.

The Scheme applies IFRS 17 Insurance Contracts to insurance contracts issued or acquired. References made to insurance contracts shall deem to imply insurance contracts issued or acquired.

Contracts under which the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. The Scheme was previously applying IFRS 4 to its insurance contracts, the accounting policies illustrated below have been adopted in accordance with IFRS 17.

1.2.1 Definition, classification and separation of components

Insurance contracts are contracts under which the Scheme accepts significant insurance risk from a member by agreeing to compensate the member if a specified uncertain future event adversely affects the member. 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 judgement in assessing whether a contract transfers significant insurance risk.

The Building and Construction Industry Medical Aid Fund is a registered Medical Aid Scheme in South Africa that issues contracts which stipulate that the Scheme will compensate the member should the member claim due to a specified uncertain event occurring. This compensation is in the form of settling claims on medical expenses.

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.2 Level of aggregation (Unit of account)

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,
- Pricing and benefit option changes are determined at a Scheme level to manage member migration between different benefit option to ensure each option is sustainable,
- Risk (utilisation and concentration) is managed holistically.

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 embedded derivatives that are required to be separated;
- 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.

1.2.3 Recognition and Derecognition

The group 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 member is due or actually received, if there is no due date; and
- when the Scheme determines that a group of contracts becomes onerous.

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

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.4 Measurement

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.

Initial and subsequent measurement

The Scheme determined that the coverage period for each of the insurance contracts it issues are 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 .

The insurance contract liabilities consist of two components:

- the insurance liability attributable to current members; and
- the insurance liability attributable to future members.

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 Scheme has elected to include premium debtors in the LIC.

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.

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

1.2.5 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 contributions, or in which the Scheme has a substantive obligation to provide the member with insurance contract services.

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.5 Contract Boundary (continued)

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:

(i) The Scheme has the practical ability to reassess the risks of the portfolio of insurance contracts and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio;

(ii) The pricing of the contributions 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.

The Scheme has determined the contract boundary for insurance contracts issued to be 12 months with reference to its substantive obligations.

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 contributions 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:

- Contributions (cash inflow);
- Policy administration and maintenance costs (cash outflow);
- Payments for incurred claims (cash outflow);
- Directly attributable costs (cash outflow);
- Contributions allocated to Personal Medical Savings Account (PMSA) (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'):

- Incurred claims (reported and unreported);
- Claims handling costs;
- Contributions;
- Directly attributable expenses;
- Expected claims pay-outs.

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.

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.5 Contract Boundary (continued)

Fulfilment cash flows within contract boundary (continued)

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 apriorism/ 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.

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.

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.

Refer to the significant judgements and estimates in applying IFRS 17 note on the Risk adjustment for non-financial risk methodology.

1.2.6 Amounts recognised in 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, determined by allocating the portion of contributions 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.2 IFRS 17 - Insurance contracts (continued)

1.2.6 Amounts recognised in comprehensive income (continued)

Insurance service expenses

Insurance service expenses include:

a. incurred claims and benefits excluding investment components;

b. other incurred directly attributable insurance service expenses;

c. changes that relate to past service (i.e. changes in the FCF relating to the LIC);

d. changes that relate to future service (i.e. losses/reversals on onerous group of contracts from changes in the loss components); and

Insurance service expenses in the prior year included Amounts attributable to future members. To enhance transparency in the presentation of the Statement of comprehensive income, Amounts attributable to future members have been excluded from the Insurance services expenses and presented separately, with a retrospective adjustment to ensure consistency in financial reporting.

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.

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.

1. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.3 Significant judgements and estimates in applying IFRS 17

Significant judgements

Areas of judgement	Applicable to the Scheme
a) For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is applicable to the Scheme. The Scheme applies the Premium Allocation Approach (PAA) with which to measure the liability for remaining coverage. Consequently, according to IFRS 17, there is a rebuttable presumption that these contracts are not onerous, unless facts and circumstances indicate otherwise. Such facts and circumstances may include the initial cashflow projections when determining the pricing of a benefit option for the next benefit year, e.g., benefit option may be priced to be loss making as a form of returning excessive reserves to its members.
b) The determination of whether laws or regulations constrain the scheme's practical ability to set a different price or level of benefits for policyholders with different risk profiles so the scheme may include such contracts in the same scheme, disregarding the aggregation requirements set in IFRS 17(14)-(19), is an area of judgement.	In making the pricing recommendations, the consulting actuary refers to the guidance in the Actuarial Society of South Africa's Advisory Practice Note APN303: Advice to South African Medical Scheme on Adequacy of Contributions. The guidance in APN202 follows the general guidance in the annual circular issued by the Council for Medical Schemes (CMS) that includes specific considerations with regards to establishing the contributions (i.e. pricing). The overall focus is on maintaining solvency of the Scheme as a whole, rather than pricing for specific individual health risks per benefit option. Medical Schemes are legally required to provide certain prescribed minimum benefits, regardless of the risk profile of its members and are limited in how these benefits are incorporated into pricing of the benefits. Medical Schemes are further prohibited from discriminating based on age. Given these legal/ regulatory restrictions, there is a possibility that onerous contracts may be caused by these limitations.
c) Determining whether the medical Scheme remains classified as a mutual entity is an area of judgement and medical Schemes should consider own facts and circumstances in arriving at a decision. Current legislation and medical Scheme rules are not necessarily clear regarding the mutual entity status of a medical Scheme.	A medical Scheme is not legally defined as a mutual entity and classification of the medical scheme as 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.

1. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Significant judgements (continued)

Areas of judgement	Applicable to the Scheme
c) Determining whether a medical Scheme is a mutual entity is an area of judgement and medical Schemes should consider own facts and circumstances in arriving at a decision. Current legislation and medical Scheme rules are not necessarily clear regarding the mutual entity status of a medical Scheme (continued).	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 continues to meet the definition of a mutual entity in IFRS. The Scheme therefore continues to apply the accounting policy developed 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).

1. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Significant judgements (continued)

Areas of judgement	Applicable to the Scheme
d) Estimates of future cash flows to fulfil insurance contracts	Included in the measurement of the portfolio are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Scheme estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Scheme uses information about past events, current conditions and forecasts of future conditions. The Scheme's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios. The uncertainty in the insurance contracts lies in the number, severity and timing of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.
e) 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 that is not yet fully developed to produce an estimated ultimate claims cost for each treatment month and healthcare year. The chain-ladder technique is the most appropriate for this claim pattern. 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 considered when estimating the LIC: the homogeneity of the claims data by splitting the data in similar benefit categories; changes in claim settlement patterns; changes in membership; changes in benefit limits and other changes.

1. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

1.3.1 Discount rates

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

1.3.2 Method used to measure the risk adjustment ("RA") 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 LIC and RA figures by assuming the cumulative run-off patterns for each benefit category will follow a Beta statistical distribution. The Method of Moments methodology is used to calculate the parameters of each of the various Beta distributions for each benefit category. LIC is defined as the outstanding claims reserve that is produced by the 50th percentile (i.e. mean) of the various Beta distributions. RA (for a specific confidence interval) is defined as the difference between the outstanding claims reserve that is produced by the specific percentile (of the confidence interval) of the Beta distributions and the LIC figure. The parameters have been determined as follows:

- the confidence level has been set at the 65th percentile in 2025 (2024: 65th percentile).
- the distribution of the cash flows is assumed to be normal at the 65th percentile in 2025 (2024: 65th percentile).
- the time horizon has been set at the 65th percentile in 2025 (2024: 65th percentile).

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

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.4 Financial instruments

Recognition of financial instruments

Financial assets and liabilities are recognised in 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.

Measurement of financial instruments

Financial instruments are initially measured at fair value plus, in the case of financial assets and liabilities not at fair value through 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.

Investments 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities

Financial liabilities are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method.

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 (deposit component) 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;

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.4 Financial instruments (continued)

Structured Entity (continued)

(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 some of its investments in pooled 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 profit or loss and other comprehensive income in investment income.

1.5 Provisions

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

1.6 Liability for incurred claims (LIC)

LIC corresponds to the reserve set aside in respect of the risk claims that have treatment dates before the valuation date, but which have not been processed by this date. As such, it includes all claims which have been reported but not yet processed as well as claims incurred but not yet reported as at the valuation date.

1.7 Risk adjustment (RA)

The RA is the additional outstanding claims reserve set aside to ensure that the LIC is sufficient for future claims payments, subject to a given confidence interval. The LIC is calculated on a best-estimate basis, whereas the RA allows for the uncertainty of future claim payments and level of risk appetite of the Fund.

1.8 Insurance revenue

Insurance revenue is recognised when the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or their dependant if a specified uncertain future event (the incurred event) adversely affects the member or dependant.

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, determined by allocating the portion of contributions 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.9 Insurance service expenses

Insurance service expenses consists of net risk claims incurred, attributable expenses incurred and accredited managed healthcare costs. Risk claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred during the year and for which the Scheme is responsible, whether or not reported by the end of the year.

Net risk claims incurred comprise:

- claims submitted and accrued for services rendered during the year, net of recoveries from members' co-payments;
- claims for services rendered during the previous year not highlighted in the outstanding claims provision for that year; and
- movements in the LIC and RA.

Accredited managed healthcare: management services

These expenses represent amounts paid or payable to third party administrators, related parties and other third parties for managing the utilisation, costs and quality of healthcare services for the Scheme. These fees are expensed as incurred.

1.10 Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, including related cash flows such as claims handling costs, and comparing this amount to the carrying value of the liability net of any related assets (i.e. the value of business acquired). Where a shortfall is identified, an additional provision is made and the Scheme recognises the deficiency in income for the year.

1.11 Reimbursements from the Road Accident Fund (RAF)

The Scheme grants assistance to its members in defraying expenditure incurred in connection with the rendering of any health service. Such expenditure may be in connection with a claim that is also made to the RAF, administered in terms of the Road Accident Fund Act No. 56 of 1996. If the member is reimbursed by the RAF, they are obliged contractually to cede that payment to the Scheme to the extent that they have already been compensated.

A reimbursement from the RAF is a possible asset that arises from claims submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Scheme. The contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements in the period in which the change occurs. If an inflow of economic benefits has become probable, the Scheme discloses the contingent asset. Recoveries from the RAF are reflected as third party claim recoveries in the statement of comprehensive income.

1 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

1.12 Investment income

Investment income comprises interest received, dividends and unrealised gains on fair value through profit or loss investments. Interest income is recognised on a yield to maturity basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Scheme.

Dividend income from investments is recognised when the right to receive payment is established.

Income from collective investment Schemes and insurance policies are recognised when entitlement to revenue is established. Unrealised gains arising from the increase in value of the fair value through profit or loss investments are recognised in the statement of comprehensive income as investment income.

1.13 Impairment losses

Insurance receivables are not subject to the expected credit loss as defined in IFRS 9.

Insurance receivables with a short duration are not discounted. Provision for the impairment losses are based on previous experience and calculated in terms of the policy laid down by the Trustees. The policy was based on past trends experienced in collection of debtors and stipulate that the following should be provided for:

- 100% of all members that left the Scheme,
- 100% of all active debt greater than 90 days,
- No offset of credit balances.

Reversals of impairment

The impairment loss in respect of an insurance receivable carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be objectively related to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Allocation of income and expenditure to benefit options

Items are allocated as follows:

Directly allocated to benefit options:

- Insurance revenue
- Insurance service expense
- Acquisition costs

Apportioned based on the number of members on each option:

- Directly attributable expenses

Apportioned based on insurance revenue (contribution income):

- Other operative expenses

	2025	2024
	R	R
2 TRADE AND OTHER RECEIVABLES		
Non-insurance receivables		
Interest receivable on financial assets	146,581	139,418
Other receivables	34,701	-
Prepaid expenses	29,637	28,780
	210,919	**168,198**
3 FINANCIAL ASSETS HELD THROUGH FAIR VALUE THROUGH PROFIT OR LOSS		
Fair value at the beginning of the year	180,359,860	175,293,700
Purchases of financial assets during the year	29,278,687	84,705,574
Proceeds on disposal of financial assets held at fair value through profit or loss investments*	(31,958,398)	(93,448,033)
	177,680,149	166,551,241
Unrealised gains (Note 11)	23,504,282	13,808,619
Fair value of financial assets	201,184,431	180,359,860
Portfolio - Bank accounts	4,902,555	2,893,209
Fair value at the end of the year	**206,086,986**	**183,253,069**
Less: Bank balances disclosed under cash and cash equivalents (Note 4)	(4,902,555)	(2,893,209)
Total fair value	**201,184,431**	**180,359,860**
Fair value financial assets consist of:		
Long term		
Old Mutual Limited (200 Shares)	2,609	2,189
Sanlam Limited (20101 shares)	1,979,747	1,620,341
Investec Share Portfolio	43,296,614	34,300,847
Mazi Wealth Share Portfolio	17,749,593	15,074,239
27 Four Life	26,038,000	21,730,000
MandG Life	45,133,960	36,812,662
Prescient	27,907,658	25,208,554
Less: Portfolio - Bank accounts	(4,902,555)	(2,893,209)
	157,205,626	**131,855,623**
Short term		
Ninety One Money Market Fund	24,576,918	30,667,127
Ninety One SteFi Fund	19,401,887	17,837,110
	43,978,805	**48,504,237**

** These amounts include the interest income from money market funds that are reinvested to the value of R4 202 936 (2024: R6 740 950)*

		2025	2024
		R	R
4	**CASH AND CASH EQUIVALENTS**		
	Call accounts	10,000,000	6,534,571
	Current accounts	6,838,868	3,351,438
	Portfolio - Bank accounts (Note 3)	4,902,555	2,893,209
		21,741,423	**12,779,218**

The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

5	**INSURANCE CONTRACTS LIABILITIES**		
5.1	**Insurance contract liabilities – Liability attributable to future members**		
	Opening balance	174,947,149	181,095,369
	Movement in insurance liability attributable to future members	31,858,190	(6,148,220)
	Closing balance	**206,805,339**	**174,947,149**
5.2	**Insurance contract liabilities– attributable to current members**		
	Liability for remaining coverage (LRC)	**2,492,358**	**2,880,622**
	Contributions received in advance	2,492,358	2,880,622
	Personal Medical Savings Account (PMSA)	-	-
	PMSA contributions	-	31,734
	PMSA claims paid on behalf of members	-	(24,891)
	PMSA refunds paid on resignations	-	(6,843)
	Liability for incurred claims (LIC):	**12,899,981**	**14,499,747**
	Best estimate liability (BEL)	**11,541,481**	**11,471,747**
	Reported claims not yet paid	3,275,959	4,511,384
	Administration fee payable	1,603,575	1,380,127
	HIV management fee payable	25,616	22,201
	Managed care fee payable	291,057	250,473
	Rescue care management fee payable	12,574	10,711
	Debtor balances	(7,055,238)	(9,403,592)
	Overpayment of insurance revenue	53,897	20,443
	Liability for incurred claims provision	13,334,041	14,680,000
	Risk adjustment (RA)	**1,358,500**	**3,028,000**
	Risk adjustment	1,358,500	3,028,000
		15,392,339	**17,380,369**

6 RECONCILIATION OF LRC AND LIC: INSURANCE CONTRACT

INSURANCE CONTRACTS ISSUED	2025				2024			
	Liability for remaining coverage	Liability for Incurred Claims		Total	Liability for remaining coverage	Liability for Incurred Claims		Total
	Excluding loss component	BEL	RA		Excluding loss component	BEL	RA	
	R	R	R	R	R	R	R	R
Opening balance - Insurance contracts liabilities	2,880,622	11,471,747	3,028,000	17,380,369	2,669,817	7,598,070	1,130,000	11,397,887
Net balance as at 31 December	**2,880,622**	**11,471,747**	**3,028,000**	**17,380,369**	**2,669,817**	**7,598,070**	**1,130,000**	**11,397,887**
Insurance revenue	**(216,225,109)**			**(216,225,109)**	**(186,540,283)**			**(186,540,283)**
New contracts issued during the year	(216,225,109)	-	-	(216,225,109)	(186,540,283)	-	-	(186,540,283)
Insurance service expenses	-	**211,381,024**	**(1,669,500)**	**209,711,524**	-	**206,058,815**	**1,898,000**	**207,956,815**
- Incurred claims and other directly attributable expenses	-	208,250,980	1,358,500	209,609,480	-	207,059,913	3,028,000	210,087,913
- Changes that relate to past service	-	3,130,044	(3,028,000)	102,044	-	(1,001,098)	(1,130,000)	(2,131,098)
Insurance service result	**(216,225,109)**	**211,381,024**	**(1,669,500)**	**(6,513,585)**	**(186,540,283)**	**206,058,815**	**1,898,000**	**21,416,532**
Transfer to other items in the statement of financial position	**(2,386,121)**	**2,386,121**	**-**	**-**	**657,888**	**(657,888)**	**-**	**-**
Cash flows								
Contributions received	218,222,966	-	-	218,222,966	186,093,200	-	-	186,093,200
Claims and other directly attributable expenses paid	-	(213,697,411)	-	(213,697,411)	-	(201,527,250)	-	(201,527,250)
Total cash flows	**218,222,966**	**(213,697,411)**	**-**	**4,525,555**	**186,093,200**	**(201,527,250)**	**-**	**(15,434,050)**
Closing balance - Insurance contracts liabilities	2,492,358	11,541,481	1,358,500	15,392,339	2,880,622	11,471,747	3,028,000	17,380,369
Net balance as at 31 December	**2,492,358**	**11,541,481**	**1,358,500**	**15,392,339**	**2,880,622**	**11,471,747**	**3,028,000**	**17,380,369**

		2025	2024
		R	R
7	**TRADE AND OTHER PAYABLES**		
	Non-insurance liabilities		
	Audit fees payable	856,750	897,000
	Actuarial fees payable	29,954	28,500
	Other payables and accrued expenses	52,391	54,258
		939,095	**979,758**

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

8	**ANALYSIS OF INSURANCE REVENUE**		
	Insurance revenue contracts measured under the PAA	216,225,109	186,540,283
9	**INSURANCE SERVICE EXPENSES**		
	Relevant Healthcare Expenditure	**189,921,693**	**190,594,735**
	Incurred claims, movement in liability for incurred claims and risk adjustment	**186,176,672**	**187,196,230**
	Incurred claims	189,192,131	182,568,230
	Movement in liability for incurred claims provision	(1,345,959)	2,730,000
	Movement in risk adjustment	(1,669,500)	1,898,000
	Managed healthcare expenses	**3,745,021**	**3,398,505**
	HIV benefit management	297,465	254,581
	Pharmacy benefit management	1,117,818	1,019,734
	Rescue care management	142,758	128,925
	Hospital utilisation management	2,186,980	1,995,265
	Directly Attributable Expenses	**17,877,406**	**16,311,438**
	Administration expenses	**17,877,406**	**16,311,438**
	Member record management	1,418,720	1,294,159
	Contribution management	2,046,772	1,867,567
	Claims management	3,578,170	3,264,866
	Financial management	1,137,665	1,038,151
	Information management & data control	3,459,090	3,156,201
	Customer services	5,273,463	4,811,350
	Benefit design support	152,372	138,748
	Benefit management services	728,566	664,883
	Cash investment management	82,588	75,513
	Stale claims written back	**-**	**25**
	Insurance acquisition cash flows expensed	**1,912,425**	**1,050,617**
	Broker commission	1,912,425	1,050,617
	Total insurance service expense	**209,711,524**	**207,956,815**

		2025	2024
		R	R
10	**OTHER OPERATING EXPENSES**		
	Actuarial fees	350,724	524,443
	Association fees	83,330	74,688
	Audit fees		
	- current year	856,750	897,000
	- under provision in prior year	7,092	7,092
	Audit committee fees	88,328	47,620
	Bank charges	398,493	354,656
	Fidelity guarantee and professional indemnity insurance	38,660	37,837
	Marketing	1,380,383	1,038,397
	Other expenses	245,277	212,737
	Principal officer's fees	782,531	685,900
	- Remuneration	768,131	671,500
	- Other expenses	14,400	14,400
	Registrar’s levies	229,441	214,121
	Secretarial services	330,352	301,438
	Travel and Accommodation	111,550	78,936
	Trustees' remuneration (refer to table below)	832,072	578,436
		5,734,983	**5,053,301**
	Trustees' remuneration		
	C Froneman	73,758	58,440
	E Koji	58,344	63,310
	J Mpe	123,652	112,153
	CG Schmidt	97,962	69,911
	M Mphomela	114,862	53,570
	S Mlangeni	114,862	84,521
	T Mndzebele	114,862	29,220
	P Maphothoma	104,586	79,651
	For meeting attendance	**802,888**	**550,776**
	M Mphomela	29,184	27,660
	Retainer fee	**29,184**	**27,660**
		832,072	**578,436**

		2025	2024
		R	R
11	**INVESTMENT INCOME**		
	Income from investments held at fair value through profit or loss		
	Interest income	2,538,262	736,401
	Dividend income	2,207,691	2,103,884
	Interest on money market instruments	3,462,990	4,202,936
	Unrealised gains on revaluation (Note 3)	23,504,282	13,808,619
		31,713,225	20,851,840
	Interest from cash and cash equivalents		
	Interest on current accounts	81,959	113,466
	Interest on call accounts	417,683	392,834
		499,642	506,300
		32,212,867	**21,358,140**

12 SURPLUS/(DEFICIT) PER BENEFIT OPTION

2025	Plus Option R	Basic Option R	Total R
Insurance revenue	**-**	**216,225,109**	**216,225,109**
Insurance revenue expenses	**-**	**(209,711,524)**	**(209,711,524)**
Insurance service result	**-**	**6,513,585**	**6,513,585**
Other income	-	32,212,867	**32,212,867**
Other operating expenses	-	(5,734,983)	**(5,734,983)**
Investment management fees	-	(1,133,279)	**(1,133,279)**
Surplus before amounts attributable to members	**-**	**31,858,190**	**31,858,190**
Amounts attributable to members	-	(31,858,190)	(31,858,190)
Surplus for the year	**-**	**-**	**-**

2024	Plus Option R	Basic Option R	Total R
Insurance revenue	**-**	**186,540,283**	**186,540,283**
Insurance revenue expenses	**(131)**	**(207,956,684)**	**(207,956,815)**
Insurance service result	**(131)**	**(21,416,401)**	**(21,416,532)**
Other income	-	21,358,140	**21,358,140**
Other operating expenses	-	(5,053,301)	**(5,053,301)**
Investment management fees	-	(1,036,527)	**(1,036,527)**
Deficit before amounts attributable to members	**(131)**	**(6,148,089)**	**(6,148,220)**
Amounts attributable to members	131	6,148,089	6,148,220
Deficit for the year	**-**	**-**	**-**

	2025	2024
	R	R

13 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 include the Board of Trustees and the Principal Officer.

Trustees' remuneration and other considerations (Note 10)	832,072	578,436
Principal Officer's fees (Note 10)	782,531	685,900
Insurance revenue and Insurance service expense - key management		
Statement of comprehensive income		
Insurance revenue	164,813	148,618
Insurance service expense	501,030	507,283

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

Insurance revenue - This constitutes the contributions raised for the related parties, in their individual capacity as members of the Scheme. All contributions raised were subject to the same terms as applicable to third parties.

Insurance service expense - This constitutes amounts claimed by the related parties, in their individual capacity as members of the Scheme. All claims were paid out in terms of the rules of the Scheme, as applicable to third parties.

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. Universal Care (Pty) Ltd is a fellow subsidiary of Universal Healthcare Administrators (Pty) Ltd.

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

Universal Healthcare Administrators (Pty) Ltd		
Administration fees	18,207,757	16,612,876
Universal Care (Pty) Ltd		
Hospital utilisation management	2,186,980	1,995,265
Pharmacy benefit management	1,117,818	1,019,734
Balance due to related parties at the end of the year		
Universal Healthcare Administrators (Pty) Ltd	1,603,575	1,380,127
Universal Care (Pty) Ltd	291,057	250,473

13 RELATED PARTY TRANSACTIONS (continued)

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 subject to twelve calendar months written notice. Administration fees are payable monthly in arrears by the seventh day of each month.

Terms and conditions of the managed care agreements

The managed care agreements are in accordance with instructions given by the Trustees of the Scheme. The agreements are automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on twelve months notice. Managed care fees are payable monthly in arrears by the seventh day of each month.

14 INSURANCE RISK MANAGEMENT

14.1 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.

14.2 Insurance risk – description of benefit options

The types of benefits offered by the Scheme in return for monthly insurance revenue are indicated below:

In-hospital benefits cover the costs incurred by members, 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.

Day-to-day benefits cover the cost (up to 100% of Scheme 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.

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. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling as well as the monitoring of emerging issues.

14 INSURANCE RISK MANAGEMENT (continued)

14.3 Risk management objectives and policies for mitigating insurance risk

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The principal risk is that the frequency and severity of claims is greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The following tables summarise the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred, by age group and in relation to the type of risk covered/ or benefits provided.

Age grouping (in years) 2025	In-hospital R	Chronic Non-PMB R	Day-to-day R	Total R
< 26	26,464,372	278,707	12,491,560	39,234,639
26 – 35	16,731,347	345,807	12,363,191	29,440,345
36 – 50	37,619,061	2,307,993	26,774,587	66,701,641
51 - 65	26,781,784	1,754,583	8,962,332	37,498,699
> 65	14,182,719	688,727	1,445,361	16,316,807
	121,779,283	5,375,817	62,037,031	189,192,131
Movement in Liability for incurred claims and risk adjustment				(3,015,459)
Total per the Note 9				**186,176,672**

Age grouping (in years) 2024	In-hospital R	Chronic Non-PMB R	Day-to-day R	Total R
< 26	24,425,723	204,341	12,112,483	36,742,547
26 – 35	17,047,879	327,357	13,750,188	31,125,424
36 – 50	40,194,278	1,939,680	25,841,143	67,975,101
51 - 65	21,159,114	1,415,336	7,954,725	30,529,175
> 65	13,915,650	679,114	1,601,219	16,195,983
	116,742,644	4,565,828	61,259,758	182,568,230
Movement in Liability for incurred claims and risk adjustment				4,628,000
Total per the Note 9				**187,196,230**

The 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, 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 insurance revenue and claims ratios by option, target market and demographic split, is reviewed monthly. There is also an underwriting review programme that reviews a sample of contracts on a quarterly basis to ensure adherence to the Scheme's objectives.

14 INSURANCE RISK MANAGEMENT (continued)

14.4 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. In the majority of cases, claims are resolved within four months from the time they are reported to the Scheme. At year-end, a probability weighted best estimate is made for those claims outstanding that have been incurred but not yet been reported.

14.5 Sensitivity to insurance risk

A sensitivity analysis is provided below reflecting the impact on the Scheme's reported results for the year assuming a 1% (increase)/ decrease in the cost of claims incurred with all other variables held constant.

	Increase of 1%	Decrease of 1%
	R	R
2025		
In-hospital claims incurred	(1,217,793)	1,217,793
Chronic Non-PMB claims incurred	(53,758)	53,758
Day-to-day claims incurred	(620,370)	620,370
Total	**(1,891,921)**	**1,891,921**
2024		
In-hospital claims incurred	(1,167,426)	1,167,426
Chronic Non-PMB claims incurred	(45,658)	45,658
Day-to-day claims incurred	(612,598)	612,598
Total	**(1,825,682)**	**1,825,682**

15 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 financial assets that the Scheme holds to meet its obligations to its members.

Risk management and financial asset decisions are made under the guidance and policies approved by the Trustees. The Board of Trustees identifies and evaluates financial risks associated with the Scheme's financial asset portfolio.

The Scheme's risk management policies are established to identify and analyse the risks faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities. The Scheme, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

15 FINANCIAL RISK MANAGEMENT (continued)

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

15.1 Market risk

Currency risk

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

Interest rate risk

The Scheme's financial asset policy is to hold the majority of all financial assets in interest bearing instruments. A significant portion of the Scheme's financial assets 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 financial assets at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

Notes		Up to 1 month	2 – 3 months	4 – 12 months	Non-interest bearing (no stated maturity)	Carrying amount
		R	R	R	R	R
	2025					
3	Financial assets held at fair value through profit or loss	43,978,805	-	-	157,205,626	201,184,431
4	Cash and cash equivalents	21,741,423	-	-	-	21,741,423
	Total	**65,720,228**	**-**	**-**	**157,205,626**	**222,925,854**
	2024					
3	Financial assets held at fair value through profit or loss	48,504,237	-	-	131,855,623	180,359,860
4	Cash and cash equivalents	12,779,218	-	-	-	12,779,218
	Total	**61,283,455**	**-**	**-**	**131,855,623**	**193,139,078**

Diversification and concentration

Investment held at fair value through profit or loss, Investments held at amortised costs and cash equivalents comprise diversified investment classes.

15 FINANCIAL RISK MANAGEMENT (continued)

15.1 Market risk (continued)

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. The equity securities described in the notes are classified as financial assets held at fair value through profit or loss and are invested in direct shares with Sanlam Limited, Old Mutual Limited, the Mazi Wealth Share Portfolio and the Investec Share Portfolio.

An increase/ (decrease) of 10% in the share price would result in an impact of R6 302 856 (2024: R5 099 762) on the fair value of the financial asset.

15.2 Credit risk

Credit risk is the risk of financial loss to the Scheme if a member or counterparty to a financial instrument fails to meet its contractual obligations. The Scheme's principal financial assets are cash and cash equivalents, trade and other receivables and financial assets.

Credit risk is contained by adhering to the Medical Schemes Act 131 of 1998, as amended, by not investing more than 35% in large banks and 10% in the smaller banks. The net qualifying capital and reserves are monitored on a monthly basis to determine the split between large and small banks.

The Scheme limits its exposure to credit risk by only investing in liquid securities with high credit quality financial institutions. The Scheme has a policy of limiting the amount of credit exposure to any one financial institution. Given these high credit ratings, management does not expect any financial institution to fail to meet its obligations.

The carrying amount of these financial assets represents the maximum credit exposure as follows:

	2025	2024
	R	R
Financial assets held through fair value through profit or loss*	43,978,805	48,504,237
Non-insurance receivables	210,919	168,198
Cash and cash equivalents	21,741,423	12,779,218
	65,931,147	**61,451,653**

With respect to fair value through profit or loss financial assets and cash and cash equivalents the Scheme limits its counterparty exposure by only dealing with financial institutions that have high external credit ratings. The Scheme has a policy of limiting the amount of credit exposure to any one financial institution in accordance with the limitation on asset requirements in the Regulations to the Medical Schemes Act.

*Investments that include equity have been removed from the comparative figures for financial assets held through fair value through profit or loss to more accurately reflect the Scheme's exposure to credit risk.

15 FINANCIAL RISK MANAGEMENT (continued)

15.2 Credit risk (continued)

Credit ratings for financial institutions

Financial Institution	R Value	Moody's Rating
ABSA Bank	16,838,868	Aa1
Nedbank	2,390,751	Aa1
FirstRand Bank	2,511,804	Aa1
Total	**21,741,423**	

Credit risk in respect of trade and other receivables is controlled through the application of credit monitoring procedures. Section 26(7) of the Medical Schemes Act requires all contributions to be paid to the Scheme within 3 days of becoming due. Whilst every effort is made to enforce this requirement the onus is on the member/ employer group to ensure compliance. The rules of the Scheme provide for suspension and ultimately termination of membership after specified periods of arrears. The amounts presented in the statement of financial position are net of impairment allowances.

Notes		Total	Neither past due nor impaired	Past due but not impaired				Impaired
				30 days	60 days	90 days	>90 days	
		R	R	R	R	R	R	R
	2025							
2	Non-insurance receivables	210,919	210,919	-	-	-	-	-
	Total	**210,919**	**210,919**	**-**	**-**	**-**	**-**	**-**
	2024							
2	Non-insurance receivables	168,198	168,198	-	-	-	-	-
	Total	**168,198**	**168,198**	**-**	**-**	**-**	**-**	**-**

Amounts outstanding are not impaired, as they are within the normal expected recovery period for such amounts.

The credit quality of financial assets that are not impaired has been assessed on the basis of historical information about counter party default rates, as follows:

	2025	2024
	R	R
Non-insurance receivables (Note 2)		
On demand	210,919	168,198
	210,919	**168,198**

15 FINANCIAL RISK MANAGEMENT (continued)

15.3 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 assets and liabilities categorised by the earlier of contractual re-pricing or expected maturity dates.

Notes		Up to 1 month R	2 - 3 months R	4 - 12 months R	No stated maturity R	Total R
	At 31 December 2025					
	Assets					
2	Trade and other receivables	210,919	-	-	-	210,919
3	Financial assets held at fair value through profit or loss	43,978,805	-	-	157,205,626	201,184,431
4	Cash and cash equivalents	21,741,423	-	-	-	21,741,423
	Total Assets	**65,931,147**	**-**	**-**	**157,205,626**	**223,136,773**
	Liabilities					
7	Trade and other payables	(939,095)	-	-	-	(939,095)
6	Insurance contract liabilities	(11,891,748)	(1,380,518)	(2,120,073)	-	(15,392,339)
	Total Liquidity Gap	**53,100,304**	**(1,380,518)**	**(2,120,073)**	**157,205,626**	**206,805,339**
	At 31 December 2024					
	Assets					
2	Trade and other receivables	168,198	-	-	-	168,198
3	Financial assets held at fair value through profit or loss	48,504,237	-	-	131,855,623	180,359,860
4	Cash and cash equivalents	12,779,218	-	-	-	12,779,218
	Total Assets	**61,451,653**	**-**	**-**	**131,855,623**	**193,307,276**
	Liabilities					
8	Trade and other payables	(979,758)	-	-	-	(979,758)
6	Insurance contract liabilities	(14,020,920)	(2,503,425)	(856,024)	-	(17,380,369)
	Total Liquidity Gap	**46,450,975**	**(2,503,425)**	**(856,024)**	**131,855,623**	**174,947,149**

15.4 Fair value estimation

Valuation techniques and assumptions applied for the purpose of measuring fair

The fair value of the publicly traded financial instruments held at fair value through profit or loss is based on quoted market prices as 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.

15 FINANCIAL RISK MANAGEMENT (continued)

15.4 Fair value estimation (continued)

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.

The following table represents the Scheme's assets measured at fair value at year end.

	2025 R	2024 R
Level 1		
Financial assets held through fair value through profit or loss	58,126,008	48,104,407
Level 2		
Financial assets held through fair value through profit or loss	143,058,423	132,255,453

There were no financial assets classified as Level 3.

15 FINANCIAL RISK MANAGEMENT (continued)

15.4 Fair value estimation (continued)

Fair value of the Scheme's financial assets and that are measured at fair value on a recurring basis

Some of the Scheme's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31 December 2025	Fair value hierarchy	Valuation technique(s) and key inputs(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	R	R	R	R	R
Financial assets held at fair value through profit or loss	58,126,008	Level 1	Mark to Market	None	None
Financial assets held at fair value through profit or loss	143,058,423	Level 2	Mark to Market	None	None

Financial assets/ financial liabilities	Fair value as at 31 December 2024	Fair value hierarchy	Valuation technique(s) and key inputs(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	R	R	R	R	R
Financial assets held at fair value through profit or loss	48,104,407	Level 1	Mark to Market	None	None
Financial assets held at fair value through profit or loss	132,255,453	Level 2	Mark to Market	None	None

15.5 Capital adequacy risk

This represents the risk that there are not sufficient reserves to provide for adverse variations on future financial asset and claims experience. At year-end the solvency ratio calculated in terms of the Registrar of Medical Schemes' formula was 65.8% (2024: 71.8%). The Trustees believe that this cover is adequate for the Scheme's needs.

The Board of Trustees' policy is to maintain a strong capital base so as to maintain member and market confidence and to sustain future development of the Scheme. The Board of Trustees monitor both the demographic spread of members as well as the return on capital.

There were no changes in the Scheme's approach to capital management during the year. The Scheme is subject to externally imposed capital requirements by the Council for Medical Schemes and the Medical Schemes Act.

15 FINANCIAL RISK MANAGEMENT (continued)

15.6 Legal risk

Legal risk is the risk that the Scheme will be exposed to contractual obligations which have not been provided for. As at 31 December 2025 the Scheme did not consider there to be any significant concentration of legal risk that had not been provided for.

15.7 Unconsolidated structured entities

The Fund has determined that the open-ended investment funds it invests in, but does not fully control or consolidate with its own financial statements, meet the definition of structured entities. These are investment funds where the number of units can fluctuate over time as investors buy or sell.

The voting rights in the respective funds are not considered dominant in determining control, as they pertain only to administrative rights. The investment fund's activities are restricted by its respective prospectus or investment mandate, which is assessed to have well-defined objectives.

The amount that represents the Fund's maximum exposure to loss from its interest in unconsolidated structured entities (collective investment schemes) is as follows:

2025	Portfolio	
	R	%
Ninety One Money Market Fund	24,576,918	12%
Ninety One SteFi Fund	19,401,887	10%
Prescient	27,907,658	14%
27 Four Life	26,038,000	13%
MandG Life	45,133,960	22%

2024	Portfolio	
	R	%
Ninety One Money Market Fund	30,667,127	17%
Ninety One SteFi Fund	17,837,110	10%
Prescient	25,208,554	14%
27 Four Life	21,730,000	12%
MandG Life	36,812,662	20%

16 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.

16.1 Payment of contributions

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 or 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. These mainly relate to direct paying members and also contributions paid over by the employer.

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

16.2 Payment of claims

Section 59(2) of the Act requires claims to be paid to a member or supplier of service within 30 days after the day on which the claim is received by the Scheme.

Instances were identified where claims were paid after the 30 day period allowed, due to queries or late receipt of contributions. The Scheme does not pay any claims when a member's contribution has not been paid.

16.3 Investments in Medical Scheme Administrators

Section 35(8) of the Act states that a medical Scheme shall not invest any of its assets in the business of any administrator.

The Scheme holds investments with Sanlam to the value of R2 251 247 (2024:R2 470 109), Momentum to the value of R432 529 (2024: R276 299) and Discovery to the value of R106 433 (2024: R90 448).

The Scheme applied for an exemption from Section 35(8)(c) of the Act, from the Council for Medical Schemes on 21 May 2025. The Scheme was granted an exemption until 31 December 2028.

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

16.4 Prescribed minimum benefits (PMBs)

Section 29 provides that the Registrar shall not register a medical Scheme under section 24, and no medical Scheme shall carry on any business, unless provision is made in its rules for the following matters:
- (o) The scope and level of minimum benefits that are to be available to beneficiaries as may be prescribed;
- (p) No limitation shall apply to the re-imbursement of any relevant health service obtained by a member from a public hospital where this service complies with the general scope and level as contemplated in paragraph (o) and may not be different from the entitlement in terms of a service available to a public hospital patient.

Full compliance with PMBs regulations will lead to a significant erosion of the reserves, posing a threat to the long run sustainability of the Scheme. The exemption will allow the Scheme to keep contribution increases affordable for majority of members who are low-income earners. The Scheme has been granted an exemption from the 1 January 2019. The granting of the exemption is conditional upon the Scheme providing on an annual basis, its progress with complying with PMB regulations in the Scheme's benefits and contributions changes.

17 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial report and that the Trustees consider should be brought to the attention of the members of the Scheme.

18 GOING CONCERN

The going concern basis has been adopted in preparing these annual financial statements. The Scheme continues to monitor the progress of the NHI Bill and will consider appropriate steps in response to further NHI developments. The Board of Trustees has no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on current forecasts and available cash resources. The annual financial statements support the viability of the Scheme.