

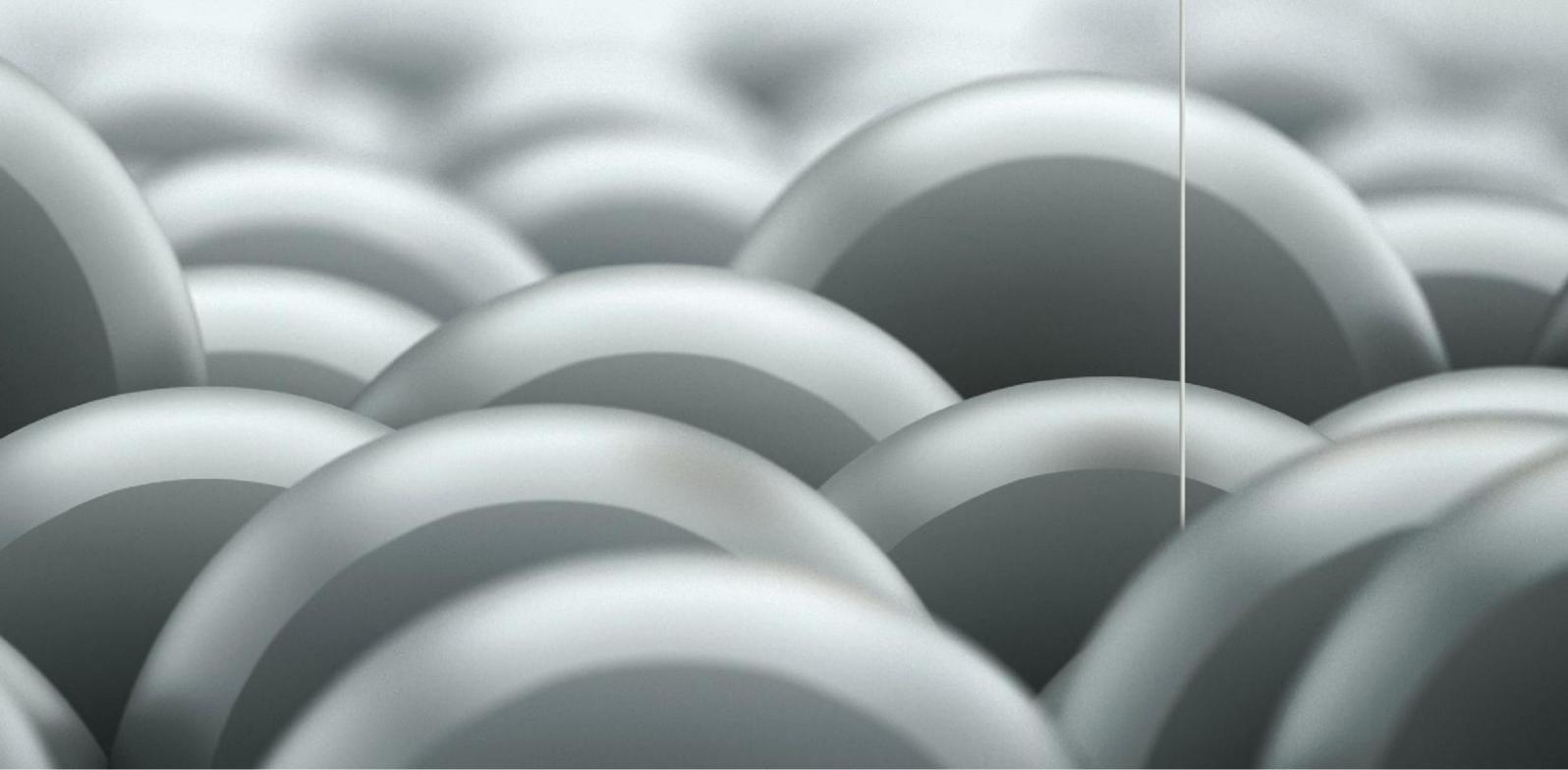


2024/25

Consolidated & Separate

Financial Statements

for year ended 31st March 2025



MEMO

FROM: MANAGEMENT COMMITTEE
TO: BPOMAS MEMBERS
DATE: 11 FEBRUARY 2026
RE: RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE REPORT FOR YEAR ENDED 31 MARCH 2025

Purpose

The purpose of this memorandum is to formally present the Audited Financial Statements of the Botswana Public Officers Medical Aid Scheme for the financial year ended 31 March 2025 to the members, and to record their adoption and approval of the statements in accordance with the Scheme Rules, applicable provisions of the NBFIRA legislative framework and governance obligations of the Management Committee.

The Management Committee is required to maintain adequate accounting records and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Management Committee to ensure that the financial statements fairly present the consolidated and separate Scheme financial statements that are free from material misstatement as at the end of the financial year under review.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The audited financial statements were prepared by management and audited by the external auditors, KPMG, who have issued an unqualified audit opinion. The financial statements presented include:

1. Management Committee Responsibility and Approval of the Financial Statements
2. Independent Auditor's Report
3. Statements of Financial Position
4. Statement of Profit or Loss
5. Statement of Cash Flows
6. Material Accounting Policies
7. Notes to the Consolidated and Separate Financial Statements

RECOMMENDATION

The Management Committee recommends that members adopt the Audited Consolidated and Separate Financial Statements for the financial year ended 31 March 2025 as presented.

REQUESTED RESOLUTION

It is Resolved that the Group and Scheme Audited Financial Statements for the financial year ended 31 March 2025, be hereby adopted.

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General Information

Country of incorporation and domicile	Botswana																										
Nature of business and principal activities	Providing health care services and letting of property																										
Management committee	<table><tr><td>Prof Oatlhokwa Nkomazana</td><td>Chairperson</td></tr><tr><td>Ms Onalethata Lebotse</td><td>Vice Chairperson</td></tr><tr><td>Mr Kumbulani Munamati</td><td></td></tr><tr><td>Mr Morebodi Jamba</td><td></td></tr><tr><td>Ms Seabo Keorapetse</td><td></td></tr><tr><td>Ms Tebogo Matshitse</td><td></td></tr><tr><td>Mr Thatayaone Kesebonye</td><td></td></tr><tr><td>Ms Agnes Tokwe</td><td></td></tr><tr><td>Mr Motshidisi Mafoko</td><td>Alternate to Mr Thatayaone Kesebonye</td></tr><tr><td>Ms Grace Ntereke</td><td>Alternate to Ms Seabo Keorapetse</td></tr><tr><td>Ms Olebogeng Yane</td><td>Alternate to Ms Tebogo Matshitse</td></tr><tr><td>Dr Harvey Molope</td><td>Alternate to Ms Agnes Tokwe</td></tr><tr><td>Mr Motsekedi Motloutse</td><td>Term ended 31 January 2025</td></tr></table>	Prof Oatlhokwa Nkomazana	Chairperson	Ms Onalethata Lebotse	Vice Chairperson	Mr Kumbulani Munamati		Mr Morebodi Jamba		Ms Seabo Keorapetse		Ms Tebogo Matshitse		Mr Thatayaone Kesebonye		Ms Agnes Tokwe		Mr Motshidisi Mafoko	Alternate to Mr Thatayaone Kesebonye	Ms Grace Ntereke	Alternate to Ms Seabo Keorapetse	Ms Olebogeng Yane	Alternate to Ms Tebogo Matshitse	Dr Harvey Molope	Alternate to Ms Agnes Tokwe	Mr Motsekedi Motloutse	Term ended 31 January 2025
Prof Oatlhokwa Nkomazana	Chairperson																										
Ms Onalethata Lebotse	Vice Chairperson																										
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Ms Olebogeng Yane	Alternate to Ms Tebogo Matshitse																										
Dr Harvey Molope	Alternate to Ms Agnes Tokwe																										
Mr Motsekedi Motloutse	Term ended 31 January 2025																										
Principal officer	Thulaganyo Molebatsi																										
Registered office	Plot 70667 Fairscape Precinct The Tower, Third Floor Fairgrounds, Gaborone																										
Postal address	Private Bag 00477 Gaborone Botswana																										
Bankers	First National Bank Of Botswana ABSA Bank Botswana Limited Access Bank Botswana Limited Bank Gaborone Limited																										
Auditors	KPMG Botswana Chartered Accountants Plot 67977 Fairgrounds Gaborone																										
Legal advisors	Laurence Khupe Attorneys																										
Asset manager	African Alliance Botswana Management Company Proprietary Limited Botswana Insurance Fund Management Limited Morula Capital Partners Proprietary Limited																										
Administrators	Health Risk Management Botswana Proprietary Limited																										
Functional and presentation currency	Botswana Pula (BWP)																										

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Management Committee's Responsibility and Approval of the Consolidated and Separate Financial Statements

The Management Committee is responsible for preparation and fair presentation of the consolidated and separate financial statements ("financial statements") of Botswana Public Officer's Medical Aid Scheme, comprising the consolidated and separate financial position as at 31 March 2025, the consolidated and separate financial statements of profit or loss and other comprehensive income and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The Management Committee is required by the Scheme's Rules, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statement fairly presents the state of affairs of the group and Scheme as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the IFRS Accounting Standards.

The Management Committee responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and in the manner required by the Scheme's Rules and the Societies Act of Botswana and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Management Committee responsibility also includes maintaining adequate accounting judgements and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated and separate financial statements.

The Management Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Scheme and place considerable importance on maintaining a strong environment. To enable the Management Committee to meet these responsibilities, the Management Committee sets standards for internal control aimed at reducing risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the Scheme's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Management have assessed the Group and the Scheme's ability to continue operating as a going concern, as fully explained in note 38. Based on this assessment, which considers current cash and investment levels, expected receipts from major debtors, and projected cash flows, management is satisfied that the Group and the Scheme have adequate resources to continue operating for the foreseeable future. However, the assessment remains sensitive to the assumed timing of Government settlements, and the Group is dependent on these settlements being received as forecast. Should these receipts not materialise as expected, a material uncertainty may arise regarding the Group and the Scheme's ability to settle their current liabilities in the normal course of business. The consolidated and separate financial statements have therefore been prepared on a going concern basis.

The independent auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been audited by the group's independent auditors and their report is presented on page 4 to 12

Approval of the consolidated and separate financial statements of the Scheme

The consolidated and separate financial statements set out on page 13 to 77, which have been prepared on the going concern basis, were approved and authorised for issue on **18 December 2025** by the Management Committee and were signed on its behalf by:



Committee member



Committee member

Independent Auditor's Report



KPMG, Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road,
Fairgrounds Office Park
PO Box 1519, Gaborone, Botswana
Telephone +267 391 2400
Fax +267 397 5281
Web <http://www.kpmg.com/>

Independent Auditor's Report

To the members of Botswana Public Officers' Medical Aid Scheme

Opinion

We have audited the consolidated and separate financial statements of Botswana Public Officers' Medical Aid Scheme (the Group and Scheme), which comprise the statements of financial position as at 31 March 2025, the statements of profit or loss, statements of changes in equity and statements of cash flows for the year then ended, material accounting policies, and notes to consolidated and separate financial statements, as set out on pages 13 to 77.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Public Officers' Medical Aid Scheme as at 31 March 2025, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Scheme in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor’s Report



Material uncertainty related to going concern

We draw attention to Note 38 to the consolidated and separate financial statements, which indicates that the Group and Scheme incurred a net loss of P42,907,113 during the year ended 31 March 2025 and, as of that date, the Group and Scheme incurred negative operating cash flows of P238,781,373 and P234,848,676 respectively. As stated in Note 38, these events or conditions, along with other matters as set forth in Note 38, indicate that a material uncertainty exists that may cast significant doubt on the Group and Scheme’s ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key audit matters

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

Valuation of the insurance contract liability, specifically the provision for outstanding claims and risk adjustment included within the liability for incurred claims

Refer to the following:

- Material accounting policies - the critical accounting estimates for IFRS 17 - insurance contracts in the significant judgements and sources of estimation uncertainty (note 1.5) and IFRS 17 - Insurance contracts (note 1.22).
- Notes to the financial statements - Insurance contract liabilities note 21

Applicable to the consolidated and separate financial statements

Key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2025, the Group and Scheme had a provision for outstanding claims amounting to BWP 140 million as well as a non-financial risk adjustment amounting to BWP 13 million that is included within the liability for incurred claims (LIC).</p> <p>The Management Committee engaged an independent actuarial expert to assess the adequacy of the valuation of the liability due to complexity of the valuation models.</p> <p>Management applies significant judgements and assumptions in the determination of the provision for outstanding claims and the nonfinancial risk adjustment, included within the LIC.</p>	<p>Our procedures include the following:</p> <ul style="list-style-type: none"> • Assessing the design and implementation of the controls related to the recognition, measurement, and recording of claims within the operational systems. • Evaluating the professional competence and capabilities, independence and objectivity of the actuarial expert engaged by the Management Committee to compute the liability estimate through inspection of their curriculum vitae. • Engaging our own actuarial specialist to perform the review of the estimate by assessing the appropriateness of the methodology and key assumptions used by evaluating it against their own assumptions and model. In addition, the actuarial specialist tested the principles and the integrity of the models used by the Management

Independent Auditor’s Report



Valuation of the insurance contract liability, specifically the provision for outstanding claims and risk adjustment included within the liability for incurred claims

Refer to the following:

- Material accounting policies - the critical accounting estimates for IFRS 17 - insurance contracts in the significant judgements and sources of estimation uncertainty (note 1.5) and IFRS 17 - Insurance contracts (note 1.22).
- Notes to the financial statements - Insurance contract liabilities note 21

Applicable to the consolidated and separate financial statements

Key audit matter	How the matter was addressed in our audit
<p>The key assumptions made in the valuation of the provision for outstanding claims and the non-financial risk adjustment, included within the LIC relate to:</p> <ul style="list-style-type: none"> • Estimate of fulfillment cashflows including the effect of financial risks; and • uncertainty about the amount and timing of the cash flows that arises from non-financial risk, such as being exposed to the insurance risks (catastrophe and expense risks). <p>Given the complexities and the significant judgements and estimation uncertainties in the determination of the provision for outstanding claims and the non-financial risk adjustment, included within the LIC, we considered these to be a key audit matter.</p>	<p>Committees’ actuarial expert, based on industry knowledge and experience whilst assessing whether these were also in line with the requirements of IFRS 17, Insurance Contracts.</p> <ul style="list-style-type: none"> • Engaging our own actuarial specialist in assessing the risk adjustment for non-financial risk for compliance with IFRS 17 requirements. • Testing the completeness and accuracy of the claims data used to estimate the provision for outstanding claims for the entire population through the use of data and analytics which included the following: <ul style="list-style-type: none"> • extracted the data from the administrator’s IT system and compared it to the amount recorded in the accounting records of the Scheme. • compared the total claims paid against the claim expense recorded. • for a sample of submitted claims, we assessed the accuracy of the information by agreeing it to underlying invoices. • Further assessed whether the approved claim amounts, are in line with the Scheme’s Benefit Guide for all the claims submitted to the Scheme’s administrator. For medicine claims which are submitted to a different administrator and follow a separate assessment process, we tested a sample of claims paid against Scheme’s Benefit Guide.

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Other information

The Management Committee is responsible for the other information. The other information comprises the General Information and Management Committee's Responsibility and Approval of the Consolidated and Separate Financial Statements, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the management Committee for the consolidated and separate financial statements

The Management Committee is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) , and for such internal control as the Management Committee determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Management Committee is responsible for assessing the Group and 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 Management Committee either intends to liquidate the Group and Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Scheme’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Signed by:

KPMG

32BE05737656414...

KPMG
Firm of Certified Auditors
Practicing member: [Adele Venter and CAP number 0040 2025]
Certified Auditor of Public Interest Entity
Gaborone
18 December 2025

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Statements of Financial Position as at 31 March 2025

Figures in Pula	Note(s)	Group		Scheme	
		2025	2024	2025	2024
Assets					
Property, plant and equipment	5	573,294	626,449	573,294	626,449
Right-of-use assets	6	5,292,793	4,442,474	5,292,793	4,442,474
Investment property	7	357,190,000	348,130,000	-	-
Investments in associate	9	66,962,024	69,304,756	66,962,024	69,304,756
Investments at fair value	10	75,677,547	78,653,649	44,491,229	78,653,649
Investment in linked units	8	-	-	401,463,707	411,639,544
Interest receivable from investments in linked units	12	-	-	4,533,682	-
Trade and other receivables	13	56,142,772	36,381,718	44,643,943	23,509,362
Prepayments	11	14,694,665	14,694,665	-	-
Current tax receivable		780,319	-	-	-
Insurance contract assets	21	62,092,469	-	62,092,469	-
Reinsurance contract assets	22	741,990	735,446	741,990	735,446
Cash and cash equivalents	14	25,307,297	256,091,820	24,534,286	184,969,615
Total Assets		665,455,170	809,060,977	655,329,417	773,881,295
Liabilities					
Liability to future members	15	578,150,384	621,057,497	578,150,384	621,057,497
Borrowings	16	14,093,376	17,738,881	14,093,376	17,738,881
Loan from subsidiary	17	-	-	20,000,000	-
Lease liabilities	6	5,908,065	4,822,808	5,908,065	4,822,808
Deferred tax	18	24,809,599	31,112,548	-	-
Trade and other payables	19	42,493,746	14,939,941	37,177,592	12,092,958
Current tax payable		-	1,220,151	-	-
Insurance contract liabilities	21	-	118,169,151	-	118,169,151
Total Liabilities		665,455,170	809,060,977	655,329,417	773,881,295

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Statements of Profit or Loss for the year ended 31 March 2025

Figures in Pula	Note(s)	Group		Scheme	
		2025	2024	2025	2024
Insurance revenue	23	1,392,434,646	1,169,938,348	1,392,434,646	1,169,938,348
Insurance service expenses	24	(1,377,566,252)	(1,150,923,627)	(1,377,566,252)	(1,150,923,627)
Net expenses from reinsurance contracts held	25	(1,110,389)	(2,766,791)	(1,110,389)	(2,766,791)
Insurance service result		13,758,005	16,247,930	13,758,005	16,247,930
Rental income	26	32,262,368	31,753,913	-	-
Movement in expected credit losses	13	(58,810,897)	-	(25,084,940)	-
Fair value (loss)/gains	28	17,692,738	27,778,201	(2,056,000)	46,941,823
Other income	27	10,997,297	5,736,999	12,048,792	6,871,530
Administrative expenses	24	(66,280,790)	(68,317,445)	(61,020,479)	(63,188,351)
Operating (loss)/profit before investment income		(50,381,279)	13,199,598	(62,354,622)	6,872,932
Interest revenue calculated using the effective interest method	29	738,443	490,525	-	-
Investment income	29	5,843,627	8,301,999	23,377,309	8,301,999
Finance costs	30	(1,587,068)	(2,061,857)	(1,587,068)	(2,061,857)
Share of (loss)/income from equity accounted investments	9	(2,342,732)	10,326,444	(2,342,732)	10,326,444
(Loss)/profit before taxation		(47,729,009)	30,256,709	(42,907,113)	23,439,518
Taxation	31	4,821,896	(7,941,662)	-	-
(Loss)/profit for the year		(42,907,113)	22,315,047	(42,907,113)	23,439,518
Transfer to liability to future members	15	42,907,113	(22,315,047)	42,907,113	(23,439,518)
Total comprehensive (loss)/income for the year		-	-	-	-

The accounting policies on pages 16 to 36 and the notes on pages 37 to 77 form an integral part of the consolidated and separate annual financial statements. The Group does not report other comprehensive income because it does not have any items that qualify for inclusion in other comprehensive income.

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Statements of Cash Flows for the year ended 31 March 2025

Figures in Pula	Note(s)	Group		Scheme	
		2025	2024	2025	2024
Cash flows from operating activities					
Cash (used in)/generated from operations	32	(238,781,373)	46,142,042	(234,848,676)	25,933,916
Tax paid	33	(3,481,523)	(2,048,429)	-	-
Net cash (to)/from operating activities		(242,262,896)	44,093,613	(234,848,676)	25,933,916
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(163,743)	(153,846)	(163,743)	(153,846)
Proceeds from sale of property, plant and equipment	5	105,266	-	105,266	-
Purchases of investments at fair value	10	(277,673,417)	(91,135,989)	(247,000,000)	(91,135,989)
Proceeds from sale of investments	10	294,470,000	205,857,693	294,470,000	205,857,693
Interest income received from bank deposits	8	738,443	-	-	-
Income received from investments at fair value	29	655,884	8,792,524	655,884	8,301,999
Dividend received from subsidiary		-	-	100,000	-
Capital prepayment	11	-	(14,694,665)	-	-
Interest received from investments in linked units		-	-	12,900,000	-
Dividend received from associate	9	-	3,000,000	-	3,000,000
Net cash from investing activities		18,132,433	111,665,717	61,067,407	125,869,857
Cash flows from financing activities					
Borrowings repayment	16	(4,095,422)	(7,724,352)	(4,095,422)	(7,724,352)
Addition from loan from subsidiary	16	-	-	20,000,000	-
Repayment of leases	6	(1,421,487)	(881,682)	(1,421,487)	(881,682)
Interest paid	30	(1,137,151)	(2,216,344)	(1,137,151)	(2,216,344)
Net cashflow (to)/from financing activities		(6,654,060)	(10,822,378)	13,345,940	(10,822,378)
Total cash movement for the year		(230,784,523)	144,936,952	(160,435,329)	140,981,395
Cash and cash equivalents at the beginning of the year		256,091,820	111,154,868	184,969,615	43,988,220
Cash and cash equivalents at the end of the year	14	25,307,297	256,091,820	24,534,286	184,969,615

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Reporting entity

Botswana Public Officers' Medical Aid Scheme (the "Scheme") was registered on 31 July 1990 under the Societies Act No 18:01 of 1972 to assist members of the Scheme and their dependents in defraying expenditure incurred in connection with medical and related services. The Scheme is domiciled in Botswana. The Scheme has a 100% stake in BPOMAS Property Holdings Proprietary Limited, a limited liability company incorporated in Botswana, which is in the business of letting out of properties and a 30% stake in Lenmed Health Bokamoso Private Hospital Proprietary Limited, a limited liability company incorporated in Botswana, which provides private healthcare services. The annual consolidated financial statements comprise the consolidated financial position and results of the Scheme, the subsidiary and associate company (together referred to as the "group"). The Scheme's registered office address and principal place of business is Plot 70667, Fairscaple Precinct, The Tower, Third Floor, Fairgrounds, Gaborone, Botswana.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these consolidated and separate financial statements.

1.1 Basis of preparation and statement of compliance

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and effective at the time of preparing these consolidated and separate financial statements.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial instruments and leasehold land and buildings which are stated at fair value. All the other accounting policies have been consistently applied by the group and are consistent with those used in the previous year.

1.3 Functional and presentation currency

These consolidated and separate financial statements are presented in and rounded to the nearest Pula, which is the Scheme's functional currency.

1.4 Consolidation

Basis of consolidation

Interest in subsidiaries

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the Scheme and all its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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1.4 Consolidation (continued)

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to liability to future members). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Interest in equity-accounted Investees

Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting where investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

1.5 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board, requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Valuation of investment property

The fair value of investment property is determined by an independent valuer.

Use of the most appropriate method: the valuer considers outputs from a range of methods, including income capitalisation and depreciated replacement cost and comparable market values to determine the fair value of the investment property.

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1.5 Significant judgements and sources of estimation uncertainty (continued)

Unobservable inputs:

- Future rental cash inflows: based on the actual location, type and quality of the property and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
- Capitalisation rates: based on actual location, size and quality of the property and taking into account market data at the valuation date;
- Cost per Sqm: the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property; and
- The adjustment of recently transacted prices of similar properties to reflect the uniqueness of the company's properties.

Impairment testing of assets

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Allowance for credit losses

The primary sources of estimation uncertainty for the allowance for expected credit losses (ECL) relate to the group's rental income from Lenmed Health Bokamoso Hospital Proprietary Limited and administration fees charged to The Ministry of Health (MOH). The credit loss risk for these receivables is estimated by assessing the debtors' financial health and operational stability, taking into account historical payment patterns and relevant forward-looking economic conditions at each reporting period end.

An allowance for credit losses is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the Scheme will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay. Provisions are inherently based on assumptions and estimates using the best information available.

The final determined figures for trade receivables are disclosed in note 13.

IFRS 17 - Insurance contracts

(a) Classification

The Scheme applies IFRS 17 to insurance contracts it issues and reinsurance contracts held. The Scheme applied judgement in determining whether insurance contracts issued by the Scheme and reinsurance contracts held transfer significant insurance risk. The Scheme uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which there is a possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

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1.5 Significant judgements and sources of estimation uncertainty (continued)

The Scheme applied judgement in determining whether one or more components embedded within the insurance contracts are distinct. In making this assessment, the Scheme evaluated contractual terms and conditions. The Scheme concluded that there are no distinct components that would be within the scope of another Standard.

(b) Level of aggregation (unit of account)

Judgement is applied to determine IFRS 17 insurance contracts. These groups are divided into: (i) onerous contracts; (ii) contracts that do not have a significant possibility of becoming onerous; and (iii) remaining contracts. Contracts measured applying the PAA are assumed not to be onerous unless facts and circumstances indicating otherwise have been identified. The Scheme determined that it meets the definition of a mutual entity (refer to note 1.5) and concluded that there are adequate reserves available to offset the losses should there be any loss-making contracts, and therefore, during the year, no contracts were deemed to be onerous.

Judgement is applied in determining whether the contracts have similar risks and are managed together for identification of portfolios. The Scheme concluded that the insurance contracts benefit options transfer the same risks and are monitored for profitability and performance together on a Scheme level; therefore, contracts issued will form part of the same portfolio at a Scheme level.

(c) Recognition, modification and derecognition

During the year, there were no contracts identified to have been significantly modified.

(d) Measurement

Other directly attributable expenses:

The Scheme performs regular expense analysis and applies judgement to determine the extent to which overheads are directly attributable to fulfilling insurance contracts. These directly attributable expenses are included in the measurement of insurance contracts.

Contract boundaries:

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. The Scheme applied judgement to assess if the Scheme has the practical ability to reprice the entire contract to reflect the reassessed risks. In making this assessment, the Scheme evaluated all contractual substantive rights and obligations. The Scheme has determined that contract boundaries are ranging from one year to more than one year.

Initial and subsequent measurement:

The Scheme determined that the premium waiver benefit embedded within the contracts extends the contract boundaries and coverage period to more than 12 months. The Scheme concluded that the LRC measured applying GMM principles would not materially differ from the one produced applying the PAA principles; and therefore measures the insurance contracts issued and reinsurance contracts held applying the PAA.

Critical accounting estimates for IFRS 17 - insurance contracts

(a) Discount rates

The Scheme concluded that cashflows related to the premium waiver benefit are not significant and significant cashflows are expected to be resolved within 12 months. The Scheme elected not to discount insurance contracts and reinsurance contracts measured applying the PAA, as the time between the date the services are provided and the premiums are received (or paid) and the date that the claims are incurred and the cash flows are expected to be paid (or received) is less than a year.

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1.5 Significant judgements and sources of estimation uncertainty (continued)

(b) Estimate of fulfilment cashflows

Included in the measurement of each group of insurance contracts in the scope of IFRS 17 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.

Expenses directly attributable to insurance contracts are identified and allocated to groups of insurance contracts. The Scheme has adopted a method to identify directly attributable expenses by the nature of these expenses. The Scheme expenses insurance acquisition cash flows as incurred for contracts with a coverage period of one year or less. For contracts with a coverage period exceeding one year, including premium waiver products, insurance acquisition cash flows are allocated to the respective group of insurance contracts and amortised over the coverage period.

(c) Risk adjustment for non-financial risk

The insurance liability (asset) carrying amount includes an explicit component called the risk adjustment for non-financial risk that allows for the compensation required for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk, such as being exposed to the insurance risks (catastrophe and expense risks), contained within the Scheme's insurance contracts. The Scheme determines the risk adjustment for non-financial risk using the Value-at-Risk (VaR) method for LIC. The confidence level has been set at the 75th percentile.

(d) Mutual entity considerations

The Scheme has determined that it provides economic benefits directly to its members. Profits generated by the Scheme are reserved for servicing insurance contract obligations, including claims, any other expenses relating to insurance contracts, and future insurance contracts.

The Scheme has concluded that it meets the definition of a mutual entity (as defined in IFRS 3) based on the following:

- Profits and surpluses are not distributed to members or other external stakeholders but are retained within the Scheme to benefit current and future members.
- Upon liquidation, residual assets, after settling all liabilities, are not attributable to the government, current, or former members. Instead, these assets are distributed to a tax-exempt organisation with a similar mutual purpose, as governed by the Scheme's constitution.
- The Botswana Government may on six (6) month's written notice given to the Management Committee, terminate the Scheme, provided that if two-thirds of the members present at a duly constituted meeting of members called by the Management Committee for the purpose in terms of Rule 39 elect to continue the Scheme without the employer's contributions, the Rules shall be amended and the Scheme shall be continued.

Where facts and circumstances indicate that a group of insurance contracts may be onerous, losses identified are offset against the liability to future members. This approach aligns with the mutual nature of the Scheme, ensuring that current and future members are not unduly disadvantaged by deficits arising from onerous contracts.

Valuation of insurance liabilities

The Scheme's actuarial insurance contract liabilities have been valued by Deloitte, an independent firm of qualified actuaries accredited in globally and experienced in the valuation of medical scheme liabilities. The valuation covers all components of the liability for incurred claims, incurred but not reported (IBNR) and the related risk adjustment. Deloitte applied generally accepted actuarial techniques using the Scheme's historical claims experience, membership data, and approved benefit structures as at the reporting date.

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1.5 Significant judgements and sources of estimation uncertainty (continued)

In determining the best estimate liability, a combination of recognised actuarial methods was used, including claims development (triangulation) techniques and expected-claims approaches. These methods incorporate assumptions regarding claim development patterns, utilisation trends, seasonality, and other factors that influence the timing and amount of future claim payments.

A risk adjustment was also included to reflect non-financial risk and the inherent uncertainty associated with estimating future claims. The resulting valuation is management's best estimate of the Scheme's insurance liabilities as at the reporting date, based on advice received from Deloitte.

1.6 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Scheme, is classified as investment property.

Investment property comprises leasehold land and buildings. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss in the year in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

The final determined figures for investment property are disclosed in note 7.

Reclassification

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the value of this item at the date of transfer is recognised in other comprehensive income.

Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

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1.7 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Computer equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in the profit and loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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1.8 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in liability to future members to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss.

1.9 Investments in linked units

Investments in linked units are classified as financial assets measured at fair value through profit or loss. These investments are considered debt instruments and are carried at fair value, with changes in fair value recognised in profit or loss under other operating gains.

Fair value gains and losses include adjustments arising from changes in the estimation of interest income cash flows.

1.10 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets

Financial assets which are equity instruments:

- ° Mandatorily at fair value through profit or loss; or

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1.10 Financial instruments (continued)

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or

These financial assets measurements fair value hierarchy is as disclosed in note 10.

The Group's investment strategy is primarily aimed at long-term capital growth, while maintaining a balanced risk profile. The Group holds a portfolio of financial assets including equities, balanced portfolios, and unit trusts, with the objective of generating returns through both capital appreciation and income generation. The business model is to hold these investments with the intention to sell when necessary to fund operations or capitalise on favourable market conditions. Specifically, the Group does not have the business model of holding financial assets to collect solely principal and interest (SPPI) cash flows.

The classification of financial assets is determined based on both the business model and the contractual cash flow characteristics of the assets. The financial assets in the Group's portfolio, such as equities and unit trusts, do not meet the criteria for SPPI. These assets are not solely designed to generate cash flows consisting of principal and interest payments. Instead, they are designed to generate returns from market price changes and other capital appreciation, which indicates that their cash flows are not solely principal and interest. Therefore, the Group concludes that the investments do not pass the SPPI test. Based on the Group's business model of holding these investments with the intention of generating capital appreciation, interest and dividends and income through market fluctuations, and given that the contractual cash flows do not solely consist of principal and interest, these financial assets are classified as Fair Value Through Profit or Loss (FVTPL). All changes in the fair value of these investments, including both unrealised gains and losses and realised gains and losses on disposal, are recognised directly in the profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or

Note 3 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market-place.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

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1.8 Investments in associates

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 29).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment of financial assets

The Group applies the simplified approach permitted by IFRS 9 to measure the loss allowance for expected credit losses (ECL) on all trade and other receivables, excluding VAT and prepayments. This includes rental income from Lenmed Health Bokamoso Hospital Proprietary Limited and administration fees from The Ministry of Health (MOH). Accordingly, the ECL for these receivables is measured at an amount equal to lifetime expected credit losses, and the amount is re-measured at each reporting date.

The ECL is estimated on a forward-looking basis, which involves assessing the probability of default and the loss given default over the expected life of the receivable.

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit or loss.

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1.10 Financial instruments (continued)

Investments in equity instruments at fair value through profit or loss

Classification

Investments in equity instruments are presented in note 10. They are classified as mandatorily at fair value through profit or loss.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. All transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss.

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 29).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

The group derecognition investments in equity instruments at fair value through profit or loss when the group loses control over the contractual rights associated with it. This happens when the investment is sold, when the rights to its cash flows expire, or when the group transfers the investment to another party along with all the associated risks and rewards of ownership.

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are recognised in other operating gains/(losses) (note 28).

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Investments in debt instruments at fair value through profit or loss are derecognised when the Scheme's rights to receive cash flows from the instrument have expired or when the instrument has been transferred and the Scheme has transferred substantially all risks and rewards of ownership.

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1.10 Financial instruments (continued)

Loans from related parties

Classification

Loans from related parties (note 12&17) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 30.)

Derecognition

Loans from related parties are derecognised when the obligation is discharged, cancelled, or expires.

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 30).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost which approximates fair value.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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1.10 Financial instruments (continued)

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.11 Tax

Current tax assets and liabilities

All Group entities are subject to taxation except for the Scheme which is exempt from income taxation in terms of the second schedule of the Botswana Income Tax Act (Chapter 52:01).

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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1.11 Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Tax expenses

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Current tax and deferred taxes are charged or credited directly to liability to future liabilities if the tax relates to items that are credited or charged, in the same or a different period, directly in liability to future liabilities.

1.12 Leases

The Scheme assesses whether a contract is, or contains a lease, at the inception of the contract following the IFRS 16 guidance.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Scheme has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

Scheme as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Scheme is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Scheme recognises the lease payments as an operating expense (note 24) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Scheme has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Scheme is a lessee are presented in note 6 (Leases).

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1.12 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Scheme uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 24).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 30).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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1.12 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income. Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.13 Finance costs

The group's finance costs are recognised in profit or loss using the effective interest rate method.

1.14 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

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1.15 Short-term employee benefits

The Scheme has defined contribution pension schemes which are funded through payments to a pension scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. Contributions to an approved defined contribution pension plan are recognised in profit or loss in the year to which these costs relate. Employees who are not members of these approved pension funds and are not entitled to gratuities per their employment contracts, are entitled to severance benefits as regulated by the Employment Act Chapter 47:01 (2003) of Botswana. Employee entitlements to annual leave, bonuses, medical aid, pension contributions and housing benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date.

1.16 Revenue from contracts with customers

Insurance revenue

Insurance revenue comprises premiums earned from members applying the premium allocation approach (PAA). Premiums are recognised as revenue in the period in which the insurance coverage is provided, reflecting the period over which the associated insurance services are rendered. The Scheme determines the contract boundary for insurance contracts, ensuring that revenue is recognised only for coverage that extends to the reporting date, while any premiums received for future periods are deferred and recognised as part of the liability for remaining coverage (insurance contract liability) on the statement of financial position.

1.17 Rental income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

1.18 Investment income

Investment income comprises interest receivable on funds invested and realised investment value. Interest income is recognised in profit and loss using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate method.

The accumulated fair value adjustments are included in profit or loss as gains and losses from the investment securities.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. The group has presented Interest income on financial assets as part of finance income because it does not consider it as part of its revenue-generating activities but rather investing activities. Therefore, this is presented in the statement of cashflows as interest received under investing activities.

1.19 Other operating income

Other operating income is recognised in profit or loss when it is earned, and is measured at the fair value of the consideration received or receivable. Other operating income comprises of administration fees and sundry income.

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pulas, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

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1.21 Related parties

Related parties are defined as those parties related to the reporting entity directly or indirectly through one or more intermediaries which:

(A) A person or a close member of that person’s family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(B) An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity
- The entity is controlled or jointly controlled by a person identified in (a)
- A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

1.22 Insurance contracts

(A) Definition, scope and separation of components

Products sold by the Scheme are classified as insurance contracts when the Scheme accepts significant insurance risk from a policyholder (member) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Scheme determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Scheme to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance. Products and services provided by the Scheme and reinsurance agreements held were assessed on a contract by contract basis to determine whether they meet the requirements to be considered insurance contracts under IFRS 17. In making this assessment, the Scheme assessed all substantive rights and obligations, including those arising from laws and/or regulations. It was determined that all products issued by the Scheme and related reinsurance agreements held meet the IFRS 17 definition of insurance contracts.

Through the contracts issued, the Scheme undertakes to compensate the member for medical and/or funeral costs should an uncertain event specified by the contracts occur. The Scheme, therefore, accepts morbidity and mortality risks. In the normal course of business, the Scheme uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, the related reinsurance contracts held transfer morbidity and mortality risks.

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1.22 Insurance contracts (continued)

When the contract has met the requirements of IFRS 17 - Insurance contracts and is classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, unless the contractual terms are significantly modified.

An insurance contract may contain one or more components that would be within the scope of another Standard if they were separate contracts. These components could relate to distinct investment components, embedded derivatives not closely related to host insurance contract, or distinct goods and services. An investment component is distinct if, the investment component and the insurance component are not highly interrelated; and a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties. In some instances, the Scheme compensates the member by providing some of the medical services through a facility the Scheme owns instead of covering medical costs provided by a third party. However; the Scheme does not compensate the member for all the risks embedded within the contracts by providing services. As such, this cannot be regarded as provision of distinct goods and services. The Scheme determined that there are no distinct components that would be within the scope of another Standard.

(B) Level of aggregation (unit of account)

A portfolio of insurance contracts issued comprise of contracts subject to similar risks and managed together. Contracts issued by the Scheme provide the following benefit options:

- Premium benefit option (including: medical aid benefits, premium waiver benefit, funeral benefit, critical illness benefit, travel insurance benefit and emergency medical service benefit)
- High benefit option (including: medical aid benefits, premium waiver benefit, funeral benefit, critical illness benefit, travel insurance benefit and emergency medical service benefit)
- Standard benefit option (including: medical aid benefits, premium waiver benefit, funeral benefit, critical illness benefit, travel insurance benefit and emergency medical service benefit)

These benefit options are monitored for profitability and performance together on a Scheme level, making use of the same management reports. Contracts issued (in accordance with benefit options) transfer the same risks (mortality and morbidity).

As such, contracts issued will form part of the same portfolio at a Scheme level (i.e., the Scheme is a portfolio). The Scheme holds four reinsurance contracts, transferring risks in respect of different types of benefits offered by the Scheme's insurance contracts (i.e., premium waiver benefit, travel insurance benefit, funeral benefit and emergency medical service benefit). These reinsurance contracts are managed individually. The Scheme concluded that each reinsurance contract forms a portfolio on its own.

The Scheme divides a portfolio of insurance contracts issued into a minimum of a group of contracts that are onerous at initial recognition, if any; a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and a group of the remaining contracts in the portfolio, if any. The Scheme further subdivides to more granular groups should a need be identified. The Scheme did not identify a need to further sub-divide into more granular groups.

The Scheme is a mutual entity as defined in IFRS 3, it has determined that there are adequate reserves available to offset the losses should there be any loss-making contracts. During the year, no contracts were deemed to be onerous.

The scheme does not include contracts issued more than one year apart in the same group. This is achieved by determining annual cohorts, which the scheme defines as April 1st to March 31st.

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

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1.22 IFRS 17 - Insurance contracts (continued)

(C) Recognition, modification and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the beginning of the coverage period; the date when the first payment from the policyholder is due or actually received, if there is no due date; and when it is determined that a group of contracts has become onerous. The Scheme recognises the group of profitable insurance contracts at the beginning of the coverage period as this is the earlier date; and a group of onerous contracts when facts and circumstances indicating that the group has become onerous have been identified.

The Scheme recognises a group of reinsurance contracts held from the earlier of the following:

- (a) the beginning of the coverage period of the group of reinsurance contracts held; and
- (b) the date the Scheme recognises an onerous group of underlying insurance contracts.

For reinsurance contracts measured using the premium allocation approach, the Scheme adjusts the asset for remaining coverage of the group of reinsurance contracts held, and as a result recognises income when the Scheme recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group.

The Scheme derecognises a contract when the contract's coverage period has come to an end or when the policy has been cancelled. There were no contracts identified to be significantly modified as at 31 March 2025 (2024: 31 March 2024).

(D) Measurement

(i) Fulfilment cash flows within contract boundary

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Scheme has a substantive obligation to provide the policyholder with insurance services. In assessing contract boundaries for insurance contracts issued and reinsurance contracts held, the Scheme assessed substantive contractual rights and obligations. The Scheme determined the contract boundaries for insurance contracts issued and reinsurance contracts held to range from less than one year to more than a year. Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes.

On initial recognition, a group of insurance contracts is measured as the total of fulfilment cash flows (estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk); and contractual service margin (for contracts not measured applying the PAA).

When estimating future cash flows, the Scheme includes all cash flows within the contract boundary including:

Insurance contracts issued:

- Premiums due and received
- Claims paid, including the claims paid as a result of a premium waiver benefit
- Claims incurred but not reported and claims reported but not yet settled
- Insurance acquisition cash flows
- Other directly attributable expenses

Reinsurance contracts held:

- Reinsurance recoverable due and received
- Reinsurance payable and paid
- Other directly attributable expenses

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1.22 Insurance contracts (continued)

(ii) Initial and subsequent measurement

The IFRS 17 default measurement approach is the general measurement approach (GMM); this applies to insurance contracts issued as well as reinsurance contracts held. The Scheme simplifies the measurement of a group of insurance contracts using the premium allocation approach (PAA) if the Scheme reasonably expects that the simplification would produce a measurement (applied GMM principles) of the liability for remaining coverage (LRC) for the group that would not differ materially from the one that would be produced applying the PAA principles.

The Scheme's insurance contracts have a premium waiver benefit embedded within them; where when a principal member dies, the remaining dependents will continue receiving medical benefits at no additional costs for a period of 6 months. Additionally, members have an option of purchasing an extended premium waiver benefit within their contracts. An extended premium waiver benefit allows members to increase their existing premium waiver by 12 months, 24 months or 36 months. The premium waiver benefit extends the contract boundaries and coverage period to more than 12 months. The Scheme has determined that the LRC measured applying GMM principles would not materially differ from the one produced applying the PAA principles. As such, the Scheme measures insurance contracts issued and related reinsurance contracts held applying the PAA.

(iii) Liability for remaining coverage and liability for incurred claims

LRC - measured applying the PAA:

On initial recognition the Liability for remaining coverage (LRC) is the premiums received at initial recognition, minus any insurance acquisition cash flows not recognised as expense when incurred, plus or minus any amount arising from the derecognition of insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts. At the end of the period the LRC is determined by the premiums received during the period, minus insurance acquisition cash flows not recognised as expense, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period, minus the amount recognised as insurance revenue for services provided in that period.

LIC - measured applying the Premium Allocation Approach ("PAA"):

The LIC is determined by fulfilment cash flows relating to past service allocated to the group of insurance contracts. The LIC is changed by recognition of insurance service expenses in respect of claims and expenses incurred during the period and any changes in relation to claims and expenses, and the effect of financial risk.

(iv) Insurance acquisition cashflows

In respect of insurance contracts measured applying the Premium Allocation Approach (PAA), the Scheme has an accounting policy choice regarding the treatment of insurance acquisition cash flows (IACF). For insurance contracts measured using the Premium Allocation Approach (PAA), the Scheme expenses insurance acquisition cash flows (IACF) as incurred for contracts with a coverage period of one year or less. For contracts with a coverage period exceeding one year, including premium waiver products, IACF are capitalised and amortised over the coverage period.

The Scheme does not have any insurance contracts measured applying the General Method Model (GMM).

(v) Other directly attributable expenses

All policy administration and maintenance expenses determined to be directly attributable to insurance contracts are assumed to be due to current service provision. No liability is raised in advance of these types of expenses incurring. As each month's expenses are incurred, these amounts are raised within the LIC and released from the LIC to insurance service expense.

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1.22 IFRS 17 - Insurance contracts (continued)

(vii) Discount rates

The Scheme's cashflows, except for those cashflows related to the premium waiver benefit are expected to be resolved within 12 months. The cashflows related to the premium waiver benefit have been determined to be insignificant to the overall measurement of the insurance contracts. The Scheme has elected not to discount insurance contracts and reinsurance contracts measured applying the PAA due to the short term nature of the significant contractual cashflows of these contracts.

(viii) Insurance finance income or expenses

The impact of the time value of money on the net carrying amount of insurance contracts is presented under insurance finance income and expenses. The Fund has elected not to disaggregate this impact between profit or loss and other comprehensive income. The Scheme elected to recognise insurance finance income/ expenses in profit or loss.

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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024
• Non-current liabilities with covenants - amendments to IAS 1	01 January 2024
• Lease liability in a sale and leaseback	01 January 2024

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2025 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS accounting standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The amendment is effective for years beginning on or after 01 January 2027 and the Group expects to adopt the amendment for the first time in the Group's 2028 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

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IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely “operating profit” and “profit before financing and income taxes” also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The amendment is effective for years beginning on or after 01 January 2027 and the Group expects to adopt the amendment for the first time in the Group’s 2028 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group’s annual consolidated and separate financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.

Annual Improvements to IFRS Accounting Standards - Volume 11 - Hedge Accounting by a First-time Adopter - Amendment to reduce inconsistency in wording of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group’s 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group’s annual consolidated and separate financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group’s 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group’s annual consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group’s 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group’s annual consolidated and separate financial statements.

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Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IAS 10 Statement of Cash flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The amendment is effective for years beginning on or after 01 January 2025 and the Group expects to adopt the amendment for the first time in the Group's 2026 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

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3. Financial instruments and risk management

Categories of financial assets - In Pula

Group - 2025 - In Pula

Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value	
Investments at fair value	10	75,677,547	-	75,677,547	75,677,547
Trade and other receivables	13	-	56,003,377	56,003,377	56,003,377
Cash and cash equivalents	14	-	25,307,297	25,307,297	25,307,297
		75,677,547	81,310,674	156,988,221	156,988,221

Group - 2024 - In Pula

Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value	
Investments at fair value	10	78,653,649	-	78,653,649	78,653,649
Trade and other receivables	13	-	36,123,574	36,123,574	36,123,574
Cash and cash equivalents	14	-	256,091,820	256,091,820	256,091,820
		78,653,649	292,215,394	370,869,043	370,869,043

Scheme - 2025 - In Pula

Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value	
Investment in linked units	8	401,463,707	-	401,463,707	401,463,707
Interest receivable from investments in linked units	12	-	4,533,682	4,533,682	4,533,682
Investments at fair value	10	44,491,229	-	44,491,229	44,491,229
Trade and other receivables	13	-	44,504,548	44,504,548	44,504,548
Cash and cash equivalents	14	-	24,534,286	24,534,286	24,534,286
		445,954,936	73,572,516	519,527,452	519,527,452

Scheme - 2024 - In Pula

Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value	
Investment in linked units	8	411,639,544	-	411,639,544	411,639,544
Investments at fair value	10	78,653,649	-	78,653,649	78,653,649
Trade and other receivables	13	-	23,251,218	23,251,218	23,251,218
Cash and cash equivalents	14	-	184,969,615	184,969,615	184,969,615
		490,293,193	208,220,833	698,514,026	698,514,026

Notes to the Consolidated And Separate Financial Statements

3. Financial instruments and risk management

Categories of financial liabilities - In Pula

Group - 2025 - In Pula

Note(s)	Amortised cost	Total	Fair value
Trade and other payables	34,670,797	34,670,797	34,670,797
Borrowings	14,093,376	14,093,376	14,093,376
	48,764,173	48,764,173	48,764,173

Group - 2024 - In Pula

Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9,531,889	9,531,889	9,531,889
Borrowings	17,738,881	17,738,881	17,738,881
	27,270,770	27,270,770	27,270,770

Scheme - 2025 - In Pula

Note(s)	Amortised cost	Total	Fair value
Trade and other payables	29,422,737	29,422,737	29,422,737
Loan from subsidiary	20,000,000	20,000,000	20,000,000
Borrowings	14,093,376	14,093,376	14,093,376
	63,516,113	63,516,113	63,516,113

Scheme - 2024 - In Pula

Note(s)	Amortised cost	Total	Fair value
Trade and other payables	6,728,660	6,728,660	6,728,660
Borrowings	17,738,881	17,738,881	17,738,881
	24,467,541	24,467,541	24,467,541

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Capital risk management

The Scheme's objective when managing capital (which includes working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure and gearing ratio of the group at the reporting date was as follows:

Figures in Pula	Note(s)	Group		Scheme	
		2025	2024	2025	2024
Insurance contract liabilities		-	118,169,151	-	118,169,151
Current tax payable		-	1,220,151	-	-
Loan from subsidiary	17	-	-	20,000,000	-
Borrowings	16	14,093,376	17,738,881	14,093,376	17,738,881
Lease liabilities	6	5,908,065	4,822,808	5,908,065	4,822,808
Trade and other payables	19	42,493,746	14,939,941	37,177,592	12,092,958
Total liabilities		62,495,187	156,890,932	77,179,033	152,823,798
Cash and cash equivalents Investments at fair value,	14	(25,307,297)	(256,091,820)	(24,534,286)	(184,969,615)
excluding restricted funds		(75,677,547)	(78,653,649)	(44,491,229)	(78,653,649)
Net liabilities		(38,489,657)	(177,854,537)	8,153,518	(110,799,466)
Liability to future members	15	578,150,384	621,057,497	578,150,384	621,057,497
Gearing ratio		3 %	7 %	1 %	17 %

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- ° Credit risk;
- ° Liquidity risk; and
- ° Market risk (currency risk, interest rate risk and price risk).

The management committee has overall responsibility for the establishment and oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group, 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 group's activities.

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Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on trade and other receivables as well as cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well established financial institutions. The banks in Botswana are not rated but are regulated by the Bank of Botswana and some are subsidiaries of internationally reputable financial institutions. The Ministry of Health (MOH) is also unrated but is a Government entity that, while historically slow in payments, ultimately settles its obligations. Lenmed, an associate of the Scheme, is not independently rated. However, the Scheme closely monitors the credit quality of Lenmed's debts due to its significant influence over Lenmed's operations. The Scheme has access to Lenmed's regular reports, strategic initiatives, and any potential risks identified by its Board, with its financial results regularly reported to BPOMAS through monthly management accounts.

The group recognizes expected credit losses on its rental receivables from the hospital tenant and project management fees from the Ministry of Health (MOH) by using a forward-looking approach that considers the probability of default (PD) and the loss given default (LGD).

The maximum exposure to credit risk is presented in the table below:

Group - In Pula		2025			2024		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	13	115,101,757	(59,098,380)	56,003,377	36,411,057	(287,483)	36,123,574
Cash and cash equivalents	14	25,307,297	-	25,307,297	256,091,820	-	256,091,820
Investments at fair value	10	75,677,547	-	75,677,547	78,653,649	-	78,653,649
		216,086,601	(59,098,380)	156,988,221	371,156,526	(287,483)	370,869,043

Scheme - In Pula		2025			2024		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Interest receivable from investments in linked units	12	4,533,682	-	4,533,682	-	-	-
Trade and other receivables	13	69,589,488	(25,084,940)	44,504,548	434,539	-	434,539
Cash and cash equivalents	14	24,534,286	-	24,534,286	184,969,615	-	184,969,615
Investments at fair value	10	44,491,229	-	44,491,229	78,653,649	-	78,653,649
		143,148,685	(25,084,940)	118,063,745	264,057,803	-	264,057,803

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Bank balances

The Scheme assesses its exposure to credit risk and the recognition of expected credit losses (ECL) in accordance with IFRS 9. ECL on bank balances is deemed immaterial as these assets are deemed to have low credit risk based on the following factors:

- The credit quality of banks holding the Scheme's cash and cash equivalents is considered strong. These banks are at least two tier, subject to regulatory oversight by the Bank of Botswana, and meet the capital adequacy requirements. Additionally, some banks of the banks are subsidiaries of internationally reputable banking institutions, further mitigating credit risk. Due to these factors, the Scheme considers the risk of default on bank balances to be negligible and deems the ECL on bank balances to be immaterial.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2025 - In Pula

	Note(s)	Less than 1 year	2 to 5 years	Total	Carrying amount
Borrowings	16	9,582,127	-	9,582,127	14,093,376
Lease liabilities	6	1,362,837	4,521,673	5,884,510	4,822,808
Trade and other payables	19	34,670,797	-	34,670,797	34,670,797
		45,615,761	4,521,673	50,137,434	53,586,981

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	Note(s)	Less than 1 year	2 to 5 years	Total	Carrying amount
Borrowings	16	9,582,127	9,582,128	19,164,255	25,617,720
Lease liabilities	6	1,198,071	4,158,294	5,356,365	5,307,463
Trade and other payables	19	9,531,889	-	9,531,889	9,531,889
		20,312,087	13,740,422	34,052,509	40,457,072

Scheme - 2025 - In Pula

	Note(s)	Less than 1 year	2 to 5 years	Total	Carrying amount
Loan from subsidiary	17	20,000,000	-	20,000,000	-
Borrowings	16	9,582,127	-	9,582,127	14,093,376
Lease liabilities	6	1,362,837	4,521,673	5,884,510	4,822,808
Trade and other payables	19	29,422,737	-	29,422,737	29,422,737
		60,367,701	4,521,673	64,889,374	48,338,921

Scheme - 2024 - In Pula

	Note(s)	Less than 1 year	2 to 5 years	Total	Carrying amount
Borrowings	16	9,582,127	9,582,128	19,164,255	17,738,881
Lease liabilities	6	1,198,071	4,158,294	5,356,365	5,307,463
Trade and other payables	19	6,728,660	-	6,728,660	6,728,660
		17,508,858	13,740,422	31,249,280	29,775,004

Foreign currency risk

The group is exposed to foreign currency risk for transactions that are denominated in a currency other than Pula. The group does not take cover on foreign currency as it regards the Pula as a stable currency.

The net carrying amounts, in Pula equivalent, are denominated in Indian Rupee and South African Rand. The amounts have been presented in Pula by converting the Rupee and Rand amounts at the closing rate at the reporting date:

Exposure in Pula

Current liabilities in Pula:

Insurance contract liabilities (Rupee claims)	-	5,697,262	-	5,697,262
Insurance contract liabilities (Rand claims)	620,020	-	620,020	-
	620,020	5,697,262	620,020	5,697,262

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Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

Current liabilities:

Insurance contract liabilities (foreign claims) - Rupee	-	34,582,380	-	34,582,380
Insurance contract liabilities (foreign claims) - Rands	828,285	-	828,285	-
Net foreign currency exposure	828,285	34,582,380	828,285	34,582,380

Exchange rates

The following closing exchange rates were applied at reporting date:

Pula per unit of foreign currency:

Rand per unit of Pula:	1.336	-	1.336	-
Rupee per unit of Pula:	-	6.070	-	6.070

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to a 10% increase or decrease in the Rupee and the Rand.

Group and Scheme	2025	2025	2024	2024
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Indian Rupee denominated balances	-	-	(3,458,238)	3,458,238
South African Rand denominated balances	(82,828)	82,828	-	-
	(82,828)	82,828	(3,458,238)	3,458,238

Interest rate risk

As the group has interest-bearing assets and liabilities the group's policy is to minimise interest rate risk exposure on these financial assets and financial liabilities. The group's investments are considered long term and short term strategic investments. During the year, the group was exposed to changes in the market interest rates through bank borrowings and short term investments.

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Interest rate profile

The group invests with reputable institutions and is subject to normal interest rate risk. The effective annual interest rates on the financial instruments noted above are as follows:

	Note	Average effective interest rate		Carrying amount	
		2025	2024	2025	2024
Group - In Pula				Pula	Pula
Variable rate instruments:					
Assets					
Money markets	10	2.00 %	1.50 %	880	867
Listed bonds		7.66 %	8.22 %	7,015,479	8,087,536
Bank call accounts		2.00 %	2.21 %	25,391,852	256,105,838
				32,408,211	264,194,241
Fixed rate instruments:					
Assets					
Money markets	10	7.50 %	7.50 %	291,775	322,457
Listed bonds		8.97 %	9.81 %	16,230,539	8,078,091
				16,522,314	8,400,548
Liabilities					
Borrowings	16	8.00 %	8.00 %	14,093,376	17,738,881
Lease liabilities	6	7.00 %	7.00 %	5,908,065	4,822,808
				20,001,441	22,561,689

	Note	Average effective interest rate		Carrying amount	
		2025	2024	2025	2024
Scheme				Pula	Pula
Variable rate instruments:					
Assets					
Money markets	10	2.00 %	1.50 %	880	867
Listed bonds		7.66 %	8.22 %	7,015,480	8,087,536
Bank call accounts		2.00 %	2.21 %	4,531,395	4,983,636
				31,547,755	3,072,039
Fixed rate instruments:					
Assets					
Money markets	10	7.50 %	7.50 %	290,895	322,457
Listed bonds		8.97 %	9.81 %	9,215,059	8,078,091
				9,505,954	8,400,548
Liabilities					
Borrowings	16	8.00 %	8.00 %	14,093,376	17,738,881
Lease liabilities	6	7.00 %	7.00 %	5,908,065	4,822,808
				20,001,441	22,561,689

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Interest rate sensitivity analysis

A change of 50 basis points in interest rates during the reporting period would have increased / (decreased) the profit before taxation by an equal amount in either direction, as shown below.

Group - In Pula	2025	2025	2024	2024
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:	126,959	(126,959)	282,997	(282,997)
Bank call accounts	4	(4)	1	(1)
Money markets	35,077	(35,077)	33,244	(33,244)
Listed bonds	162,040	(162,040)	316,242	(316,242)
Scheme - In Pula	2025	2025	2024	2024
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:	122,657	(122,657)	204,407	(204,407)
Bank call accounts	4	(4)	1	(1)
Money markets	35,077	(35,077)	33,244	(33,244)
Listed bonds	157,738	(157,738)	237,652	(237,652)

Price risk

The Scheme is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio.

Price risk sensitivity analysis

A change of 10% in the equity and unit Scheme prices during the reporting period would have increased/ (decreased) the profit before taxation by an equal amount in either direction, as shown below:

Group and Scheme - In Pula	2025	2025	2024	2024
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:	2,185,312	(2,185,312)	5,972,180	(5,972,180)
Listed equities	3,730,211	(3,730,211)	244,290	(244,290)
Unit trusts	5,915,523	(5,915,523)	6,216,470	(6,216,470)

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4. Reinsurance and insurance contracts risk management

Credit risk

Credit risk refers to the risk that policyholders and reinsurers will default on their contractual obligations, resulting in financial loss to the Scheme. As at 31 March 2025, the Scheme’s maximum exposure to credit risk, which could result in financial loss due to failure to discharge obligations by policyholders and reinsurers, arises from the carrying amount of the Reinsurance contract asset and the assets included in Insurance contract liability.

IFRS 17 inherently incorporates the probability of default when determining the fulfilment cash flows of insurance contracts and reinsurance contracts. Therefore, no separate impairment loss allowance is recognised under IFRS 17, as credit risk is factored into the measurement of these assets and liabilities.

The table below represents the credit risk exposure of the Scheme, which equals the maximum exposure to credit risk, considering the ability to set off, where applicable, under the insurance and reinsurance contracts.

Group and Scheme	2025 Carrying amount	2024 Carrying amount
Reinsurance contract asset	1,247,014	1,247,014
Assets included in Insurance contract liability	242,504,062	2,880,093
	243,751,076	4,127,107

The Scheme holds reinsurance contracts to mitigate its exposure to insurance risk. As at 31 March 2025, the credit quality of reinsurance contract assets is assessed based on the financial strength and credit ratings of the counterparties. The Scheme engages with reinsurers who are regulated and possess strong credit ratings, ensuring their ability to meet contractual obligations.

Credit Assessment

The Scheme evaluates the creditworthiness of its reinsurers using the following criteria:

- Credit Ratings: Reinsurers are required to have a minimum credit rating of “A” or equivalent from an internationally recognised credit rating agency.
- Regulatory Oversight: All reinsurers are subject to strict regulatory requirements in their jurisdictions, which include capital adequacy and solvency standards.
- Historical Performance: The Scheme considers the claims settlement history of each reinsurer, ensuring no significant defaults or delays in the past.

Current Credit Risk Exposure

As at 31 March 2025, the carrying amount of reinsurance contract assets stood at P1,247,014 (2024: P1,247,014). The counterparties associated with these contracts maintain high credit quality, with no identified defaults or expected credit losses factored into the measurement of these assets.

The Scheme continuously monitors the financial strength of its reinsurers and adjusts its risk management practices to mitigate any potential exposure to credit risk.

Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

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Liquidity Risk Management

Liquidity risk is the risk that the Scheme may be unable to meet its obligations as they fall due. The Scheme employs the following measures to manage its liquidity risk effectively:

- Actuarial Valuation of Liabilities: The Scheme undertakes regular actuarial valuations to assess its liabilities accurately and to ensure that adequate funding levels are maintained.
- Predictable Cash Flow Cycle: The Scheme monitors and enforces agreed turnaround times for claims processing, enabling the prediction and management of cash flows effectively.
- Contribution Collection and Suspension Policy: Contributions are closely monitored, with policies in place to suspend benefits for members who fail to pay on time, ensuring timely inflows and reducing potential cash flow mismatches.
- Claims Expiry Policy: The Scheme has implemented a policy where claims not submitted within a stipulated timeframe are forfeited. This measure prevents unexpected outflows and ensures a clear understanding of cash flow requirements.
- Adequate Reserve Management: The Scheme maintains sufficient reserves to cover claims in the event of unforeseen spikes, ensuring liquidity is preserved during periods of increased claims activity.
- Actuarial Determination of Benefit Limits: Benefit limits are actuarially determined, aligning them with the Scheme's ability to meet claims obligations while maintaining liquidity stability.

The following tables present the remaining contractual discounted cash flows arising from insurance and reinsurance contract liabilities.

Group and Scheme - 2025 - In Pula	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Insurance contract liabilities	-	-	-	-	-

Group and Scheme - 2024 - In Pula	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Insurance contract liabilities	(118,169,151)	-	-	(118,169,151)	(118,169,151)
	(118,169,151)	-	-	(118,169,151)	(118,169,151)

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5. Property, plant and equipment

Reconciliation of property, plant and equipment - Group and Scheme

	Furniture and IT equipment fixtures		Total
Cost			
At 01 April 2023	2,573,582	1,120,800	3,694,382
Additions	61,964	91,882	153,846
At 31 March 2024	2,635,546	1,212,682	3,848,228
Additions	2,525	161,218	163,743
At 31 March 2025	2,638,071	1,373,900	4,011,971
Accumulated depreciation			
At 01 April 2023	(2,143,965)	(846,528)	(2,990,493)
Depreciation charge	(85,924)	(145,362)	(231,286)
At 31 March 2024	(2,229,889)	(991,890)	(3,221,779)
Depreciation charge	(91,510)	(125,388)	(216,898)
At 31 March 2025	(2,321,399)	(1,117,278)	(3,438,677)
Carrying amount			
Cost	2,635,546	1,212,682	3,848,228
Accumulated depreciation	(2,229,889)	(991,890)	(3,221,779)
Net book value at 31 March 2024	405,657	220,792	626,449
Cost	2,638,071	1,373,900	4,011,971
Accumulated depreciation	(2,321,399)	(1,117,278)	(3,438,677)
Net book value at 31 March 2025	316,672	256,622	573,294

6. Right of use assets and lease liabilities

The Scheme maintains two cancellable leases for buildings, with terms of three and five years, respectively, and includes options for renewal. Lease payments are subject to renegotiation upon renewal to align with current market rental rates. The Scheme is prohibited from entering into sub-lease agreements. At the close of the reporting period, one lease had been terminated and a new lease was added.

A weighted average incremental borrowing rate of 7% (2024:7%) was applied in the calculation of the discounted present value of the lease liabilities on 31 March 2025.

Group and Scheme

Figures in Pula	2025			2024		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Buildings	8,541,813	(3,249,020)	5,292,793	5,967,686	(1,525,212)	4,442,474

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6. Right of use assets and lease liabilities

Right-of-use asset reconciliation - Group and Scheme

2025 - In Pula

	Buildings	Total
Balance at 1 April 2024	4,442,474	4,442,474
Additions	2,865,280	2,865,280
Terminated	(344,090)	(344,090)
Current depreciation charge	(1,670,871)	(1,670,871)
Balance at 31 March 2025	5,292,793	5,292,793

2024 - In Pula

	Buildings	Total
Balance at 1 April 2023	5,199,282	5,199,282
Additions	397,027	397,027
Current depreciation charge	(1,153,835)	(1,153,835)
Balance at 31 March 2024	4,442,474	4,442,474

Lease liabilities - Group and Scheme

Minimum lease payments due:

	2025	2024
Within one year	2,082,579	1,362,837
Two to five years	4,521,673	4,158,294
	6,604,252	5,521,131
Less: future finance charges	(696,187)	(698,323)
Present value of minimum lease payments	5,908,065	4,822,808

Present value of minimum lease payments due

	2025	2024
Within one year	1,722,708	1,058,088
Two to five years	4,185,357	3,764,720
	5,908,065	4,822,808

Reconciliation of lease liability

Opening balance	4,822,808	5,307,463
Additions	2,865,280	397,027
Terminated	(358,536)	-
Finance costs	441,509	358,569
Repayments	(1,862,996)	(1,240,251)
	5,908,065	4,822,808

Current liabilities	1,722,708	1,058,088
Non-current liabilities	4,185,357	3,764,720
	5,908,065	4,822,808

Other disclosures

Interest expense on lease liabilities	441,509	358,569
Principal lease payments	1,421,487	881,682
Total lease payments	1,862,996	1,240,251

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7. Investment property - Group

Investment property comprise Tribal lot 4769 Mmopane which is held under a 50 year leasehold, set to expire on 12 September 2057. The property is utilised as a private hospital with residential blocks and ancillary facilities.

Investments consists of:

(i) Bokamoso Private Hospital	325,044,700	317,327,000
(i) Undeveloped land	32,145,300	30,803,000
	357,190,000	348,130,000

Reconciliation of investment property

Balance at 01 April	348,130,000	330,800,000
Fair value adjustments	9,060,000	17,330,000
Balance at 31 March	357,190,000	348,130,000

Amounts recognised in profit or loss:

Direct operating expenses

Premises insurance	189,302	161,204
Repairs and maintenance	2,240,766	1,898,941
Valuation fees	38,800	39,120
	2,468,868	2,099,265

Details of valuation

The independent valuation was performed by Mr Pumulo M. Kathurima of Willy Kathurima Associates Limited to determine the fair value of the investment property as at 31 March 2025 (2024: 31 March 2024). He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB). The valuer has relevant experience for the investment property valued. Significant judgement is required to determine the fair value of the investment property, especially with respect to the determination of appropriate capitalisation rates. The significant assumptions associated with determining the fair values of investment property are disclosed in the accounting policies under Significant judgements.

Valuation method

(i) Bokamoso Private Hospital

The investment property was valued on the net income capitalisation method.

This net income capitalisation method provides an indication of value by converting future cash-flow to a single current value. This is done through capitalisation of current income by predetermined capitalisation rate into perpetuity. Then a time and reversion discounted cash flow is used to discount perceived future income stream to a net present value.

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Management have elected to measure the investment property using the net income capitalisation valuation method due to the following key reasons:

- Rental determination for hospitals is very individualised and depend on the license, type of clinic or hospital, amount and quality of theatres and wards, location, age of building etc. Therefore, no specific rule of thumb or market norm can be deduced from applying a comparable basis.
- This investment property is directly income generating as there is a long-term lease contract that assures the Group of maximum possible revenue regardless of vacancy. Due to the long-term nature of the rental agreements, management are of the opinion that reasonable projections can be derived from the contracts with both the amounts and timing of future income.
- Further, due to the specialised nature of the hospital, it cannot be easily recreated with the same utility for immediate use without incurring significant premiums and legal restrictions such as change of land use.

On the basis of the foregoing, the use of the net income capitalisation method is therefore more appropriate to the market comparison or replacement cost basis.

(ii) Undeveloped land

The undeveloped land was independently valued at P32,145,300 (2024: P30,803,000) on the open market value basis at 31 March 2025 (2024: 31 March 2024).

The open market value basis is defined as the estimated amount for which the property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

- The revaluation gain arising from the change in fair value was included in profit or loss.

Information about fair value measurements using significant unobservable inputs (Level 3) 2025

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalisation rate of 8.80% on the expected net annual accruing income was applied in the calculation of the investment property valuation.

Valuation technique	Valuation	Estimate	Impact lower	Impact Higher
Income capitalisation:				
Bokamoso private hospital	325,044,700	Capitalisation rate +/- 10%	(36,115,565)	29,549,098
Market value: Undeveloped land	32,145,300	Land value per sqm +/- 10%	(3,214,530)	3,214,530

Information about fair value measurements using significant unobservable inputs (Level 3) 2024

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalisation rate of 8.88% on the expected net annual accruing income was applied in the calculation of the investment property valuation.

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Valuation technique	Valuation	Estimate	Impact lower	Impact Higher
Income capitalisation:				
Bokamoso private hospital	317,327,000	Capitalisation rate +/- 10%	(35,258,590)	28,847,937
Market value: Undeveloped land	30,803,000	Land value per sqm +/- 10%	(3,080,300)	3,080,300

These following tables summarises the key financial and valuation figures for the years 2025 and 2024, as well as the significant unobservable inputs affecting the calculations of fair value.

Fair value calculation

	2025	2024
Gross income	P30,958,837	P29,676,438
Vacancy provision	1.50% (P71,215)	1.50% (P71,215)
Net Income (after vacancies)	P28,210,398	P26,942,468
Landlord's expenses (total)	P2,748,438	P2,733,970
Capitalization rate	8.80%	8.88%
Capitalized value	P320,572,708	P303,439,551
Value of Undeveloped Land	P32,145,300.00(P 660/sqm)	P30,805,913 (P 635/sqm)
Estimatd market value	P352,720,000	P334,250,000

Significant unobservable inputs

	2025	2024
Capitalisation rate	8.80%	8.88%
Vacancy provision	1.50%	1.50%
Land rate for undeveloped land	P660/sqm	P635/sqm
Gross income	P30,958,837	P29,676,438
Landord's expenses	P2,748,439	P2,733,969

Sensitivity analysis

Capitalisation rate:

A 1% increase in capitalisation rate would decrease market value by approximately P32,711,500.86 (2024: P33,400,000). A 1% decrease in market value would increase market value by approximately P41,099,065 (2024: P37,300,000).

Vacancy provision:

A 1% increase would decrease market value by approximately P539,506 (2024: P4,600,000). A 1% decrease would increase market value by approximately P539,506 (2024: P4,600,000).

Land rate:

A 5% increase would increase market value by approximately P1,607,265.00 (2024: P1,540,000). A 5% decrease would decrease market value by approximately P1,607,265.00 (2024: P1,540,000).

The group leases out the investment property to the associate (Lenmed Health Bokamoso Private Hospital). The lease is cancelable and runs for a period of 15 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rental prices. The lessee is restricted from any sub-lease agreements. As at end of the reporting period, there were four (4) years remaining on the rental lease period.

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Group and Scheme - In Pula	2025	2025	2024	2024
Increase or decrease in capitalisation rate by 1%	Increase	Decrease	Increase	Decrease
Impact on market value	(32,711,501)	41,099,065	(33,400,000)	37,300,000

Group and Scheme - In Pula	2025	2025	2024	2024
Increase or decrease in vacancy provision by 1%	Increase	Decrease	Increase	Decrease
Impact on market value	(539,506)	539,506	(4,600,000)	4,600,000

Group and Scheme - In Pula	2025	2025	2024	2024
Increase or decrease in land rate by 5%	Increase	Decrease	Increase	Decrease
Impact on market value	1,607,265	(1,607,265)	1,540,000	(1,540,000)

The group leases out the investment property to the associate (Lenmed Health Bokamoso Private Hospital). The lease is cancelable and runs for a period of 15 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rental prices. The lessee is restricted from any sub-lease agreements. As at end of the reporting period, there were four (4) years remaining on the rental lease period.

8. Investment in linked units

Scheme	% Holding 2025	% Holding 2024	Number of linked units 2025	Number of linked units 2024
BPOMAS Property Holdings Proprietary Limited(incorporated in Botswana)	100%	100%	178,300,000	178,300,000

The scheme invested in linked units of BPOMAS Property Holdings Proprietary Limited (BPH). The linked units consist of ordinary shares in BPH which are linked to debentures. These linked units are measured at fair-value at each reporting date.

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The expected future cash-flows are reassessed at each reporting date in determining the fair-value of future cash-flows. Linked units are classified as level 3 on the fair value hierarchy as the inputs used in determining the fair value of linked units are based on significant unobservable market data. Refer to note 28 for fair value gains in linked units.

The following table reports the fair value of linked units as at reporting date:

Figures in Pula	2025	2024
Opening balance	411,639,544	375,145,922
Fair value (losses)/gains	(10,175,837)	36,493,622
	401,463,707	411,639,544

The Scheme subscribed to linked unit debentures during the year 2015 at an issue price of P0.99 per debenture to the amount of P176,517,000. The linked unit debentures are redeemable on demand on and after 1 January 2044 if so determined by special resolution at the option of the debenture holders. The option expires on 1 January 2054 at which date the debentures shall be redeemed.

The fair value of investments in linked units is based on the net asset value (NAV) of the subsidiary holding the linked units, calculated as the estimated fair value of the subsidiary assets less the estimated fair value of its liabilities. The linked units are classified under Level 3 because the fair value is determined based on a significant unobservable inputs which is the NAV of the subsidiary, derived from unobservable values of the underlying assets.

Investment property represents a significant portion of the subsidiary's assets. Its fair value, as detailed in note 7, is a key component of the NAV calculation. Other subsidiary's net assets are primarily short-term in nature, with trade and other receivables, deposits to acquire property, cash and cash equivalents, and trade and other payables all approximating fair value due to their short maturity or fixed willing parties contractual amounts.

The subsidiary's net asset value (NAV) aggregates several underlying assets and liabilities, so changes in fair value reflect combined movements in items such as investment properties, receivables and payables. As these inputs cannot be isolated into a single observable variable, a separate numerical sensitivity analysis is not considered meaningful.

9. Investments in associate

The following table lists all of the associates in the group:

Group and Scheme		%	%	Carrying	Carrying
Figures in Pula		ownership	ownership	amount 2025	amount 2024
Name of company	Held by	interest	interest		
		2025	2024		
Lenmed Health Bokamoso Private Hospital Proprietary Limited	Botswana Public Officers' Medical Aid Scheme	30 %	30 %	66,962,024	69,304,756

Reconciliation of investment in associate

Opening balance	69,304,756	61,978,312
Share of (loss)/profit from associate	(2,342,732)	10,326,444
Dividend received	-	(3,000,000)
Closing balance	66,962,024	69,304,756

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The Scheme holds a strategic investment entered into during the year 2012. The entity provides private healthcare services and its principal place of business is Mmopane Block 1, Molepolole road. Lenmed Health Bokamoso Private Hospital has a 28th February year end and dividends amounting to Pnil (2024: P3,000,000) were received for the reporting period.

Summarised financial information of material associates

Summarised statements of profit or loss and other comprehensive income

Figures in Pula

	Lenmed Health Bokamoso Private Hospital Proprietary Limited (incorporated in Botswana)	
	2025	2024
Revenue	390,664,910	432,549,479
Other income and expenses	(396,843,642)	(401,927,939)
(Loss)/profit before tax	(6,178,732)	30,621,540
Tax expense	(1,630,373)	3,799,940
(Loss)/profit from continuing operations	(7,809,105)	34,421,480
Total comprehensive (loss)/income	(7,809,105)	34,421,480
Dividends received from associate	-	3,000,000
Income from equity accounted investment:		
Share of current year (loss)/profit	(2,342,732)	10,326,444

Summarised Statement of Financial Position

Assets

	Lenmed Health Bokamoso Private Hospital Proprietary Limited	
	2025	2024
Non-current	195,256,477	213,300,576
Current	367,059,736	323,690,095
Total assets	562,316,213	536,990,671
Liabilities		
Non-current	141,204,522	160,318,814
Current	197,904,943	145,656,004
Total liabilities	339,109,465	305,974,818
Total net assets	223,206,748	231,015,853

The associate's financial year ends on February 28, while the Scheme's financial year ends on March 31. Due to this difference in the reporting periods, the Scheme accounts for the associate's financial information using the most recent available audited financial statements, adjusted for any significant transactions or events occurring between the associate's and the Scheme's reporting dates. The most recent available audited financial statements used to account for the associate's financial information were for the year ended 28 February 2025 (2024: 28 February 2024). Management has determined that the impact of the difference in reporting dates is not material to the Scheme and Group's financial statements because there were no significant transactions or events occurring between the associate's year-end and the Scheme's reporting date.

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10. Investments at fair value

Figures in Pula	Group		Scheme	
	2025	2024	2025	2024
Mandatorily at fair value through profit or loss:				
Money markets investments	291,775	323,324	291,775	323,324
Listed bonds	16,230,539	16,165,627	16,230,539	16,165,627
Listed equities	21,853,124	59,721,802	21,853,124	59,721,802
Unit trusts	37,302,109	2,442,896	6,115,791	2,442,896
	75,677,547	78,653,649	44,491,229	78,653,649
Split between non-current and current portions				
Non-current	44,491,229	78,653,649	44,491,229	78,653,649
Current	31,186,318	-	-	-
	75,677,547	78,653,649	44,491,229	78,653,649
Investments reconciliation				
Opening balance	78,653,649	182,927,152	78,653,649	182,927,152
Fair value gain	8,632,738	10,448,201	8,119,837	10,448,201
Investment income for the year	29 5,843,627	8,792,524	5,843,627	8,301,999
Purchases of investments at fair value	277,673,417	91,135,989	247,000,000	91,135,989
Proceeds from sale of investments	(294,470,000)	(205,857,693)	(294,470,000)	(205,857,693)
Investment income received	(655,884)	(8,792,524)	(655,884)	(8,301,999)
	75,677,547	78,653,649	44,491,229	78,653,649

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.
- Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 applies to unobservable inputs for the asset or liability.

The entity's financial assets classified under Level 2 of the fair value hierarchy include money market investments and investments in unit trusts. These assets are measured at fair value based on observable market inputs such as quoted prices for similar assets or directly observable market data, but not quoted prices in active markets.

Money Market Investments

The fair value of money market investments is determined using observable inputs such as interest rates for similar instruments or market data from reputable sources. These instruments typically include short-term debt securities, government bonds, and other debt instruments with similar risk profiles and maturities. The fair value is derived using market interest rates, credit spreads, and discounted cash flow models based on observable inputs available in the market.

Investments in Unit Trusts

The fair value of investments in unit trusts is determined using the net asset value (NAV) provided by the fund manager or administrator. The NAV is calculated based on the fair value of the underlying assets within the unit trust, which includes both debt instruments and equity securities. The NAV is based on observable market prices for these underlying assets. In some cases, the entity may use observable pricing models or quotes for similar assets to determine the fair value of the unit trust investments.

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Investments in Balanced Portfolio, excluding unit trusts measured under level 2

The portfolio is a segregated fund comprising of a diversified mix of listed bonds and equities. The investments held within the Fund are traded in active and liquid markets, and their fair values are based on quoted market prices, which are classified as Level 1 inputs under the fair value hierarchy. The objective of the portfolio is to maintain a balanced approach to yield, risk, and return. To achieve this, the Fund is actively managed to optimise the allocation between fixed income and equity instruments, ensuring a prudent balance between capital preservation and capital appreciation.

° Level 3 applies inputs which are not based on observable market data. Refer to note 8 for investment in linked units.

Figures in Pula	Group		Scheme	
	2025	2024	2025	2024
Level 1				
Listed equities	21,853,124	59,721,802	21,853,124	59,721,802
Listed bonds	16,230,539	16,165,627	16,230,539	16,165,627
	38,083,663	75,887,429	38,083,663	75,887,429
Level 2				
Unit trusts	37,302,109	2,442,896	6,115,791	2,442,896
Money markets investments	291,775	323,324	291,775	323,324
	37,593,884	2,766,220	6,407,566	2,766,220
Total investments	75,677,547	78,653,649	44,491,229	78,653,649
Restricted investments				
IPRO Botswana Money Market Fundfi	14,885,894	-	-	-

A portion of the Group's unit trust investments includes funds of P14,885,894 that are restricted as they have been reserved to settle an outstanding deposit relating to the acquisition of the BCL Mine Hospital. Although these funds are invested in a liquid, low-risk unit trust portfolio and are redeemable on short notice, they are not freely available for general use. In accordance with the sale and purchase agreement, the seller required a guarantee over the unpaid balance. To meet this requirement, the Group invested the full outstanding amount in a designated unit trust portfolio and a formal guarantee has been issued by the Scheme's subsidiary enabling settlement of the obligation within two business days upon notification. The restriction will remain in place until completion of the property transfer.

11. Prepayments

Prepayments	14,694,665	14,694,665	-	-
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The group entered into a contract to purchase a hospital and selected equipment from BCL Limited. The total purchase price for the hospital, including certain equipment, is P29,389,330. As part of this agreement, the group has paid a deposit of P14,694,665. As of the reporting date, the purchase has not yet fulfilled all the conditions precedent stipulated in the contract. Consequently, the legal and substantial rewards and risks associated with ownership have not yet passed to the group. The deposit paid of P14,694,665 is recorded as a prepayment under current assets in the financial statements. This prepayment reflects an advance payment for the acquisition of the hospital and associated equipment and is reasonably expected to be utilised within a year of the reporting period.

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Figures in Pula	Group		Scheme	
	2025	2024	2025	2024

Subsequent to the reporting date, there were still some outstanding conditions precedent, and the purchase process is ongoing. Therefore, no disclosable or adjusting events are applicable to the financial statements. When the purchase is finalised and the acquisition is complete, the cost of the assets will be capitalised and a payable recognised for the purchase price, less any deposits on or before the finalisation date.

12. Interest receivable from investments in linked units

Interest receivable from investments in linked units	-	-	4,533,682	-
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The amount relates to interest receivable on linked units debentures as at the reporting date. The debentures do not carry a fixed interest rate, instead, interest is declared by the issuer (BPH Property Holdings Proprietary Limited) based on the availability of cash flows. The linked unit debentures are redeemable on demand on and after 1 January 2044 if so determined by special resolution at the option of the Scheme. The option expires on 1 January 2054 at which date the debentures shall be redeemed.

Split between non-current and current portions

Current assets	-	-	4,533,682	-
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13. Trade and other receivables

Financial instruments at amortised cost:

Trade receivables	45,509,247	13,090,355	-	-
Allowance for expected credit losses	(34,013,440)	(287,483)	-	-
Trade receivables at amortised cost	11,495,807	12,802,872	-	-
MOH - Chronic medications project	68,518,291	22,816,679	68,518,291	22,816,679
Expected credit loss allowance on MOH - Chronic medications project	(25,084,940)	-	(25,084,940)	-
Other receivables	1,074,219	504,023	1,071,197	434,539
Non-financial instruments:				
Prepayments	139,395	258,144	139,395	258,144
Total trade and other receivables	56,142,772	36,381,718	44,643,943	23,509,362

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	56,003,377	13,594,378	44,504,548	434,539
Non-financial instruments	139,395	100,725	139,395	100,725
	56,142,772	13,695,103	44,643,943	535,264

Trade and other receivables largely comprise the following:

Other receivables - Amounts due from the Ministry of Health (MOH):

These receivables arise from the Scheme's role in administering a chronic medication project on behalf of the MOH. The receivable represents non-insurance income under an administrative arrangement. Payment terms are agreed upon with the MOH and are due in full within 3 months from invoicing.

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Trade receivables - rentals due from Lenmed Bokamoso Hospital:

This receivable pertains to lease income due from Lenmed Bokamoso Hospital, which rents a hospital property owned by the Scheme's subsidiary, BPOMAS Property Holdings Limited. Rentals are contractually due at the end of each calendar year. However, the hospital also makes periodic payments throughout the year as part of its liquidity risk management strategy.

The rent for each calendar year is due in full and payable in arrears by 31 December of that calendar year. Rental payments for the 2024 calendar year should have been settled by December 2024, and for the 2025 calendar year, payments are due by December 2025. Due to ongoing delays in government payments experienced by the tenant, the lessee has negotiated to settle the outstanding balances as payments are received from the government. The delayed payments are a broader challenge affecting medical service providers.

The carrying amounts of trade and other receivables are considered to approximate their fair values.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if debtors fail to make payments as they fall due.

The average credit period on trade receivables is 30 days (2024: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for Lenmed Health Bokamoso Hospital Proprietary Limited and The Ministry of Health (MOH) in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

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The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

In prior years, the Scheme and group's debtors had a strong repayment track record and consistently settled its obligations as they fell due. Historical ageing profiles showed minimal instances of default, and forward-looking information supported a stable outlook. As a result, no significant expected credit losses (ECL) were recognised in the prior years. The debtors, however, experienced a notable deterioration payment behaviour, with their receivables balances moving into default. This deterioration represents a significant increase in credit risk. Management performed a detailed assessment incorporating updated historical loss trends over the past two years, observable default patterns, ageing analysis, and forward-looking information. The updated model reflects these adverse developments, resulting in substantially higher lifetime ECLs in the current year across all ageing categories.

The loss allowance provision is determined as follows:

	2025	2025	2024	2024
	Gross carrying amount at default	Lifetime expected credit loss)	Gross carrying amount at default	Lifetime expected credit loss)
Expected credit loss rate:				
Lenmed Health Bokamoso Hospital Proprietary Limited				
Current: 31.28% (2024: 0%)	3,115,100	(974,484)	2,985,274	-
30 days past due: 36.60% (2024: 0%)	3,002,735	(978,804)	2,980,081	-
60 days past due: 38.00% (2024: 0%)	3,002,735	(1,141,023)	2,375,000	-
90 days past due: 53.80% (2024: 0%)	3,002,735	(1,605,724)	2,375,000	-
More than 120 days past due: 87.80% (2024: 0.1 %)	33,385,940	(29,313,405)	2,375,000	(287,483)
	45,509,245	(34,013,440)	13,090,355	(287,483)
The Ministry of Health (MOH)				
Current: 0.5% (2024: 0%)	5,210,219	(26,051)	-	-
30 days past due: 1% (2024: 0%)	4,602,300	(46,023)	-	-
60 days past due: 3% (2024: 0%)	5,089,435	(152,683)	-	-
90 days past due: 10% (2024: 0%)	4,869,965	(486,997)	-	-
More than 120 days past due: 50% (2024: 0%)	48,746,372	(24,373,186)	-	-
	68,518,291	(25,084,940)	-	-
Total	114,027,536	(59,098,380)	13,090,355	(287,483)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	(287,483)	-	-	-
Additional provision raised during the year	(58,810,897)	(287,483)	(25,084,940)	-
Closing balance	(59,098,380)	(287,483)	(25,084,940)	-

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14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,875	1,693	2,875	1,693
Bank balances	25,304,422	256,090,127	24,531,411	184,967,922
	25,307,297	256,091,820	24,534,286	184,969,615

The bank balances are held with First National Bank Botswana, ABSA Bank Botswana Limited, Access Bank Botswana Limited and Bank Gaborone Limited. These financial institutions are highly reputable and are registered with and regulated by the Bank of Botswana. The credit quality of the bank balances is considered high, and as such, the expected credit loss (ECL) provision is deemed immaterial; therefore, no provision for expected credit losses has been recognised in respect of the Scheme's bank balances. Cash and cash equivalents are held at an average interest rate of 0.71%.

15. Liability to future members

Reconciliation of liability to future members

Opening balance	621,057,497	598,742,450	621,057,497	597,617,979
(Loss)/profit for the year transferred to liability to future members	(42,907,113)	22,315,047	(42,907,113)	23,439,518
	578,150,384	621,057,497	578,150,384	621,057,497

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16. Borrowings

Group and Scheme

Botswana Government Loan

14,093,376	17,738,881
------------	------------

Split between non-current and current portions

Non-current liabilities

-	9,036,400
---	-----------

Current liabilities

14,093,376	8,702,481
------------	-----------

14,093,376	17,738,881
-------------------	-------------------

The Government loan was obtained in 2010. The loan is unsecured and is repayable in 26 semi-annual installments of P4,791,214 with repayments commencing June 2013, after a three year grace period. The Government loan bears a fixed interest rate of 8% per annum (2024: 8%).

Maturity profile of borrowings

Amounts due within one year

14,458,376	9,582,127
------------	-----------

Amounts due within two to five years

-	9,582,128
---	-----------

14,458,376	19,164,255
------------	------------

Less future finance charges

(365,000)	(1,425,374)
-----------	-------------

14,093,376	17,738,881
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Borrowings comprises:

Accrued interest

797,738	347,821
---------	---------

Principal borrowings

13,295,638	17,391,060
------------	------------

14,093,376	17,738,881
-------------------	-------------------

Current and non-current

Current

Accrued interest

797,738	347,821
---------	---------

Principal borrowings

13,295,638	8,354,660
------------	-----------

Total current

14,093,376	8,702,481
-------------------	------------------

Non-current

Principal borrowings

-	9,036,400
---	-----------

Total

14,093,376	17,738,881
-------------------	-------------------

Reconciliation of borrowings:

Opening balance

17,738,881	25,617,720
------------	------------

Interest expense

1,145,559	1,703,288
-----------	-----------

Repayment:

Interest paid

(695,642)	(1,857,775)
-----------	-------------

Principal borrowings repaid

(4,095,422)	(7,724,352)
-------------	-------------

14,093,376	17,738,881
-------------------	-------------------

Interest paid

Opening accrued interest

347,821	502,308
---------	---------

Interest expense

1,145,559	1,703,288
-----------	-----------

Closing accrued interest

(797,738)	(347,821)
-----------	-----------

Interest paid

30 695,642	1,857,775
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17. Loan from subsidiary

BPOMAS Property Holdings Proprietary Limited	-	-	20,000,000	-
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BPOMAS Property Holdings Proprietary Limited extended a cash advance of P20,000,000 to BPOMAS in February 2025. The advance is interest-free and is scheduled to be repaid in three equal monthly installments of P6,666,667, beginning in April 2025. Given the short-term nature of the arrangement, no discounting has been applied, as the impact is considered immaterial.

18. Deferred tax

Deferred tax liability

Investment property	(32,229,309)	(31,112,548)	-	-
Provision for expected credit losses	7,419,710	-	-	-
Total deferred tax liability	(24,809,599)	(31,112,548)	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction.

Reconciliation of deferred taxation

At beginning of year	(31,112,548)	(28,197,084)	-	-
Movement per profit or loss	6,302,949	(2,915,464)	-	-
	(24,809,599)	(31,112,548)	-	-

19. Trade and other payables

Financial instruments at amortised cost:

Trade payables	5,470,852	113,590	5,470,852	113,590
Trade payables - related parties	34 4,738,655	2,383,950	-	-
Sundry payables	24,343,842	6,929,751	23,951,885	6,615,070
Administration fees payable	117,448	104,598	-	-

Non-financial instruments:

Provision for employee benefits	7,754,855	5,364,298	7,754,855	5,364,298
VAT	68,094	43,754	-	-
	42,493,746	14,939,941	37,177,592	12,092,958

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	34,670,797	9,531,889	29,422,737	6,728,660
Non-financial instruments	7,822,949	5,408,052	7,754,855	5,364,298
	42,493,746	14,939,941	37,177,592	12,092,958

Sundry payables include amounts received on behalf of Ministry of Health for their chronic medication healthcare program administered by the Scheme and accrued audit fees, annual general meeting expenses all of which are ordinarily settled within a month from receipt of invoice.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

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20. Analysis of insurance and reinsurance contracts assets and liabilities

Group	Note	2025			2024		
		Liabilities	Assets	Net amount	Liabilities	Assets	Net amounts
Figures in Pula							
Liability to future members	15	578,150,384	-	578,150,384	621,057,497	-	621,057,497
Insurance contracts issued	25	- (62,092,469)	(62,092,469)	118,169,151	-	-	118,169,151
Reinsurance contracts held		(741,990)	-	(741,990)	(735,446)	-	(735,446)
		577,408,394	(62,092,469)	515,315,925	738,491,202	-	738,491,202

Scheme	Note	2025			2024		
		Liabilities	Assets	Net amount	Liabilities	Assets	Net amounts
Figures in Pula							
Liability to future members		578,150,384	-	578,150,384	621,057,497	-	621,057,497
Insurance contracts issued	25	- (62,092,469)	(62,092,469)	118,169,151	-	-	118,169,151
Reinsurance contracts held		(741,990)	-	(741,990)	(735,446)	-	(735,446)
		577,408,394	(62,092,469)	515,315,925	738,491,202	-	738,491,202

Non-current and current portions:

Group	Note	2025			2024		
		Liabilities	Assets	Net amount	Liabilities	Assets	Net amounts
Figures in Pula							
Liability to future members		578,150,384	-	578,150,384	621,057,497	-	621,057,497
Current							
Insurance contracts issued		- (62,092,469)	(62,092,469)	118,169,151	-	-	118,169,151
Reinsurance contracts held		(741,990)	-	(741,990)	(735,446)	-	(735,446)
		577,408,394	(62,092,469)	515,315,925	738,491,202	-	738,491,202

Scheme	Note	2025			2024		
		Liabilities	Assets	Net amount	Liabilities	Assets	Net amounts
Non-current							
Liability to future members		578,150,384	-	578,150,384	621,057,497	-	621,057,497
Current							
Insurance contracts issued		- (62,092,469)	(62,092,469)	118,169,151	-	-	118,169,151
Reinsurance contracts held		(741,990)	-	(741,990)	(735,446)	-	(735,446)
		577,408,394	(62,092,469)	515,315,925	738,491,202	-	738,491,202

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21. Insurance contract (liabilities)/assets

Group and Scheme - 2024 - In Pula	Asset for Remaining Coverage		Asset for Incurred Claims	
	Excluding loss component	Present value of future cash flows	Risk adjustment for non financial risk	Total
Reconciliation of reinsurance contracts held				
Opening balance - insurance contracts liabilities	2,880,093	(110,903,698)	(10,145,546)	(118,169,151)
Opening balance - insurance contracts assets	-	-	-	-
Net balance as at 1 April 2024	2,880,093	(110,903,698)	(10,145,546)	(118,169,151)
<i>Amounts per statement of comprehensive income:</i>				
	-	-	-	-
Insurance revenue	1,392,434,646	-	-	1,392,434,646
Insurance service expenses:				
-Incurred claims			(1,272,059,638)	(1,272,059,638)
-Other directly attributable expenses (maintenance costs)				
		(103,107,731)		(103,107,731)
-Adjustment to LIC			(2,398,883)	(2,398,883)
Insurance service result	1,392,434,646	(1,375,167,369)	(2,398,883)	14,868,394
<i>Cash flows:</i>				
-Premiums received	(1,152,810,677)	-		(1,152,810,677)
-Claims and other directly attributable expenses paid				
		1,318,203,903		1,318,203,903
Total cash flows	(1,152,810,677)	1,318,203,903		165,393,226
Closing balance - Insurance contract assets	242,504,062	(167,867,164)	(12,544,429)	62,092,469
Closing balance - Insurance contract liabilities	-	-	-	-
Net balance as at 31 March 2025	242,504,062	(167,867,164)	(12,544,429)	62,092,469

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Group and Scheme - 2024 - In Pula	Asset for Remaining Coverage	Asset for Incurred Claims		
	Excluding loss component	Present value of future cash flows	Risk adjustment for non financial risk	Total
Reconciliation of reinsurance contracts held				
Opening balance - insurance contracts liabilities	68,270,823	(111,209,366)	(7,632,706)	(50,571,249)
Opening balance - insurance contracts assets	-	-	-	-
Net balance as at 1 April 2023	68,270,823	(111,209,366)	(7,632,706)	(50,571,249)
<i>Amounts per statement of comprehensive income:</i>				
Insurance revenue	1,169,938,348	-	-	1,169,938,348
Insurance service expenses:				
-Incurred claims		(1,050,013,060)		(1,050,013,060)
-Other directly attributable expenses (maintenance costs)		(98,397,727)		(98,397,727)
-Adjustment to LIC			(2,512,840)	(2,512,840)
Insurance service result	1,169,938,348	(1,148,410,787)	(2,512,840)	19,014,721
Cash flows:				
-Premiums received	(1,235,329,078)			(1,235,329,078)
-Claims and other directly attributable expenses paid		1,148,716,455		1,148,716,455
Total cash flows	(1,235,329,078)	1,148,716,455		(86,612,623)
Closing balance - Insurance contract liabilities	2,880,093	(110,903,698)	(10,145,546)	(118,169,151)
Closing balance - Insurance contract assets				
Net balance as at 31 March 2024	2,880,093	(110,903,698)	(10,145,546)	(118,169,151)

The Liability for Incurred Claims comprises the following:

Figures in Pula	Group		Scheme	
	2025	2024	2025	2024
Provision for outstanding claims	139,997,587	80,251,183	139,997,587	80,251,183
Other payables for the maintenance and administration of insurance policies	37,445,203	28,126,226	37,445,203	28,126,226
	177,442,790	108,377,409	177,442,790	108,377,409
Risk adjustment	12,544,429	10,145,546	12,544,429	10,145,546
	189,987,219	118,522,955	189,987,219	118,522,955

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22. Re-insurance contract assets

Group and Scheme - 2025 - In Pula	Asset for Remaining Coverage	Asset for Incurred Claims		Total
Reconciliation of reinsurance contracts held	Excluding loss recovery component	Present value of future cash flows	Risk adjustment for non financial risk	
Opening balance - reinsurance contracts assets	(511,568)	1,247,014	-	735,446
Net balance as at 1 April 2024	(511,568)	1,247,014	-	735,446
<i>Amounts per statement of comprehensive income:</i>				
-Allocation of reinsurance premium paid	13,297,531	-	-	13,297,531
-Recoveries of incurred claims and other insurance service expenses	-	(12,187,142)	-	(12,187,142)
Reinsurance service result	13,297,531	(12,187,142)	-	1,110,389
<i>Cash flows:</i>				
-Premiums paid	(12,785,963)	-	-	(12,785,963)
-Reinsurance recoveries	-	10,940,128	-	10,940,128
Total cash flows	(12,785,963)	10,940,128	-	(1,845,835)
Closing balance - reinsurance contract liabilities	-	-	-	-
Closing balance - reinsurance contract assets	(505,024)	1,247,014	-	741,990
Net balance as at 31 March 2025	(505,024)	1,247,014	-	741,990

Group and Scheme - 2024 - In Pula	Asset for Remaining Coverage	Asset for Incurred Claims		Total
Reconciliation of reinsurance contracts held	Excluding loss recovery component	Present value of future cash flows	Risk adjustment for non financial risk	
Opening balance - reinsurance contracts assets	(499,731)	93,762	-	(405,969)
Net balance as at 1 April 2023	(499,731)	93,762	-	(405,969)
<i>Amounts per statement of comprehensive income:</i>				
-Allocation of reinsurance premium paid	13,915,698	-	-	13,915,698
-Recoveries of incurred claims and other insurance service expenses	-	(11,148,907)	-	(11,148,907)
Reinsurance service result	13,915,698	(11,148,907)	-	2,766,791
<i>Cash flows:</i>				
-Premiums paid	(13,415,967)	-	-	(13,415,967)
-Reinsurance recoveries	-	11,055,145	-	11,055,145
Total cash flows	(13,415,967)	11,055,145	-	(2,360,822)
Closing balance - reinsurance contract liabilities	(511,568)	1,247,014	-	735,446
Closing balance - reinsurance contract assets	-	-	-	-
Net balance as at 31 March 2024	(511,568)	1,247,014	-	735,446

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Figures in Pula	Group		Scheme	
	2025	2024	2025	2024

23. Insurance revenue

Insurance revenue from contracts measured under Premium Allocation Approach (“PAA”)	1,392,434,646	1,169,938,348	1,392,434,646	1,169,938,348
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24. Insurance service and administration expenses

24.1 Insurance service expenses

Claims	1,272,059,638	1,050,013,060	1,272,059,638	1,050,013,060
Other directly attributable expenses - maintenance	103,107,731	98,397,727	103,107,731	98,397,727
Adjustment to LIC	2,398,883	2,512,840	2,398,883	2,512,840
	1,377,566,252	1,150,923,627	1,377,566,252	1,150,923,627

24.1.1 Claims

Claims expenses	1,272,059,638	1,050,013,060	1,272,059,638	1,050,013,060
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24.1.2 Other directly attributable expenses - maintenance

Actuarial consultancy fees	1,242,672	1,435,259	1,242,672	1,435,259
Administration fees	63,786,365	62,341,357	63,786,365	62,341,357
Aid for Aids consultancy	-	1,099,874	-	1,099,874
Customer acquisition and retention fees	29,100	14,233	29,100	14,233
Data migration costs	-	6,687,792	-	6,687,792
Dental health risk management	7,151,805	7,042,814	7,151,805	7,042,814
Disease management program	6,723,682	-	6,723,682	-
HIV/AIDS disease management program	-	934,979	-	934,979
Health risk management	22,533,209	15,965,363	22,533,209	15,965,363
Managed care fees	1,582,578	1,534,752	1,582,578	1,534,752
Other expenses ^{fi}	58,320	1,341,304	58,320	1,341,304
	103,107,731	98,397,727	103,107,731	98,397,727

^{fi}Other expenses include various individually small attributable costs, such as member communication expenses (related to claims), claims administration expenses, and other similar attributable items.

Changes in risk adjustment for nonfinancial risk

Risk adjustment	2,398,883	2,512,840	2,398,883	2,512,840
Total insurance service expenses	1,377,566,252	1,150,923,627	1,377,566,252	1,150,923,627

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	2025	2024	2025	2024
24.2 Administration expenses				
Annual general meeting expenses	1,452,616	577,951	1,452,616	577,951
AML formulation	2,175,841	1,016,684	2,175,841	1,016,684
Administration and management fees	5,635,513	4,689,231	5,635,513	4,689,231
Advertising and promotion	1,735,348	7,521,072	1,735,348	7,512,638
Bank charges	582,240	756,167	576,786	559,509
Consulting and professional services	2,644,865	3,160,193	2,342,405	2,077,886
Depreciation of right of use assets	1,670,871	1,153,835	1,670,871	1,153,835
Depreciation on property, plant and equipment	216,897	231,286	216,897	231,286
Employee costs, excluding pension	20,648,135	19,530,789	20,648,135	19,530,789
Financial statement audit fees ^{fi}	1,747,925	1,679,255	1,590,425	1,529,255
Insurance	647,842	689,925	458,540	528,721
IT expenses	1,326,803	1,402,422	1,290,291	1,360,361
Internal auditor's fees	432,218	355,402	348,218	275,398
Management committee expenses	905,254	546,638	460,458	514,940
Motor vehicle expenses	452,425	454,304	452,425	454,304
Pension contributions	1,412,322	1,017,949	1,412,322	1,017,949
Postage	-	383,311	-	383,311
Project management costs	5,104,294	10,418,946	5,104,294	10,418,946
Repairs and maintenance	3,053,622	1,899,941	6,164	1,000
Risk management and compliance costs	905,271	605,924	905,271	605,924
Directors and management committees sitting allowances	1,417,500	2,220,000	948,000	1,885,000
Subscriptions	3,514,574	3,442,197	3,514,574	3,442,197
Travel and accommodation	515,517	1,931,746	312,423	1,370,316
Other operating expenses ^{fifi}	8,082,897	2,632,277	7,762,662	2,050,920
	66,280,790	68,317,445	61,020,479	63,188,351

fi Represents fees for the audit of the Scheme and group's financial statements only; no other services were provided by the external auditor.

Financial statement audit fees comprise the audit engagement-letter fee together with VAT and audit-related disbursements, as the Scheme is not registered for VAT. The consolidated financial statement audit fees comprises the engagement-letter fee of P1,453,038 (2024: P1,979,323) and VAT and disbursements of P294,887 (2024: P277,105). For the Scheme, the 2025 financial statement audit fees amounted to P1,590,425 (2024: P2,050,256), comprising an engagementletter fee of P1,263,006 (2024: P1,798,470) and VAT and disbursements of P327,419 (2024: P251,786). The comparative figures reflect the prior year's financial statement audit fees arrangements, inclusive of the effect of the prior-year overprovision.

fifi Other operating expenses comprise of individually immaterial expenses such as telephone, transport, stationery and other miscellaneous office administration expenses.

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25. Net income/(expense) from the reinsurance contracts held

Reinsurance recoveries	12,187,142	11,148,907	12,187,142	11,148,907
Reinsurance premium expenses	(13,297,531)	(13,915,698)	(13,297,531)	(13,915,698)
	(1,110,389)	(2,766,791)	(1,110,389)	(2,766,791)
Reinsurance recoveries				
Funeral policy premium recoveries	4,446,450	4,732,450	4,446,450	4,732,450
Medical evacuation premium recoveries	6,327,686	5,263,205	6,327,686	5,263,205
Premium waiver recoveries	1,413,006	1,153,252	1,413,006	1,153,252
	12,187,142	11,148,907	12,187,142	11,148,907
Reinsurance premium expenses				
Funeral policy premium	(6,144,455)	(6,073,573)	(6,144,455)	(6,073,573)
Medical evacuation premium	(7,153,076)	(7,842,125)	(7,153,076)	(7,842,125)
	(13,297,531)	(13,915,698)	(13,297,531)	(13,915,698)

26. Rental income

Rental income from investment property	32,262,368	31,753,913	-	-
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Operating leases - as lessor (income)

The group leased out property to Lenmed Health Bokamoso Hospital Proprietary Limited under three cancelable operating leases, two hospital lease agreements and a residential lease agreement. The lease terms are disclosed below:

Hospital leases

Main hospital wing: The group leases its hospital property to Lenmed Health Bokamoso Private Hospital. The lease is cancelable and has a duration of 15 years, with an option to renew after the initial term. Lease payments are renegotiated every five years to align with prevailing market rental rates. As of the end of the reporting period, three years remain on the lease. An annual rent of P25 million is payable each December.

Additional hospital wing: The time period of rental agreement is from March 2012 to February 2037. Monthly rental installments of P106,866.55 are paid in full and in advance on or before the third day of each succeeding month. Rental arrears are subject to a 2% above First National Bank's prime interest rate calculated daily and compounded monthly. Rent to be escalated in accordance with the Botswana Consumer Price Index prevailing at the relevant time.

Residential lease

The effective date of the lease is 1 August 2013. Monthly rental installments of P305,000 are paid on or before the seventh day of every month. Rental arrears are subject to a 10% annual interest reckoned from the due date until they are paid. Rent to be escalated in accordance with the Botswana Consumer Price Index prevailing at the relevant time and/or as maybe negotiated and agreed by the parties.

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	2025	2024	2025	2024
27. Other income				
Administration fees	10,684,726	5,672,674	11,943,526	6,871,530
Other sundry income	207,305	64,325	-	-
Gain on disposal of property, plant and equipment	105,266	-	105,266	-
	10,997,297	5,736,999	12,048,792	6,871,530
28. Fair value gains				
Fair value gain on investment property	7 9,060,000	17,330,000	-	-
Fair value (loss)/gain on investments in linked units	-	-	(10,175,837)	36,493,622
Fair value gain on investments at fair value through profit or loss	8,632,738	10,448,201	8,119,837	10,448,201
	17,692,738	27,778,201	(2,056,000)	46,941,823
29. Investment income				
Interest income - investments	6,582,070	8,792,524	23,377,309	8,301,999
Interest income consists of:				
Interest revenue calculated using the effective interest method-call accounts and bank deposit	738,443	490,525	-	-
Interest income from investments at fair value	5,843,627	8,301,999	23,277,309	8,301,999
Dividend income from investments at fair value	-	-	100,000	-
	6,582,070	8,792,524	23,377,309	8,301,999
30. Finance costs				
Interest on lease liabilities	441,509	358,569	441,509	358,569
Interest expense on borrowings	1,145,559	1,703,288	1,145,559	1,703,288
	1,587,068	2,061,857	1,587,068	2,061,857
Interest paid in the cashflow statement comprises:				
Interest paid on borrowings	16 695,642	1,857,775	695,642	1,857,775
Interest paid on leases	6 441,509	358,569	441,509	358,569
Total interest paid for the year	1,137,151	2,216,344	1,137,151	2,216,344
31. Taxation				
Major components of the tax (income) expense				
Current				
Current taxation	1,481,053	5,026,198	-	-

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Figures in Pula	Group		Scheme	
	2025	2024	2025	2024
Deferred				
Deferred taxation	(6,302,949)	3,091,463	-	-
Prior year deferred tax over provision	-	(175,999)	-	-
	(6,302,949)	2,915,464	-	-
	(4,821,896)	7,941,662	-	-

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)	(47,729,009)	30,256,709	(42,907,113)	23,439,518
Tax at the applicable tax rate of 22% (2024: 22%)	(10,500,382)	6,656,476	(9,439,565)	5,156,694
Tax effect of adjustments on taxable income				
Permanent differences from scheme loss/(income)	7,635,093	2,121,509	9,439,565	(5,156,694)
Non taxable capital gain	(1,956,607)	(660,324)	-	-
Prior year income tax over provision	-	(175,999)	-	-
	(4,821,896)	7,941,662	-	-

32. Cash (used in)/generated from operations

(Loss)/profit before taxation	(47,729,009)	30,256,709	(42,907,113)	23,439,518
Adjustments for non-cash items:				
Depreciation and amortisation	1,887,769	1,385,121	1,887,769	1,385,121
Gains on disposal of asset	(105,266)	-	(105,266)	-
Gain on termination of leases	(14,446)	-	(14,446)	-
Fair value (gains) losses	(17,692,738)	(27,778,201)	2,056,000	(46,941,823)
Income from equity accounted investments	2,342,732	(10,326,444)	2,342,732	(10,326,444)
Movement in expected credit losses	58,810,897	-	25,084,940	-
Adjust for items which are presented separately:				
Investment income	(6,582,070)	(8,792,524)	(23,377,309)	(8,301,999)
Finance costs	1,587,068	2,061,857	1,587,068	2,061,857
Changes in working capital:				
Trade and other receivables	(78,571,951)	(12,137,795)	(46,219,521)	(7,456,981)
Trade and other payables	27,553,805	5,016,832	25,084,634	5,618,180
Insurance contract assets	(62,092,469)	-	(62,092,469)	-
Insurance contract liabilities	(118,169,151)	67,597,902	(118,169,151)	67,597,902
Reinsurance contract assets	(6,544)	(735,446)	(6,544)	(735,446)
Reinsurance contract liabilities	-	(405,969)	-	(405,969)
	(238,781,373)	46,142,042	(234,848,676)	25,933,916

33. Tax paid

Tax receivable at the beginning of the year	(1,220,151)	1,757,618	-	-
Current tax recognised in profit or loss	(1,481,053)	(5,026,198)	-	-
Tax receivable at end of the year	(780,319)	1,220,151	-	-
	(3,481,523)	(2,048,429)	-	-

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34. Related parties

Relationships

Subsidiary of Botswana Public Officers' Medical Aid Scheme	BPOMAS Property Holdings Proprietary Limited
Associate of Botswana Public Officers' Medical Aid Scheme Limited	Lenmed Health Bokamoso Private Hospital Proprietary
Members of key management	(refer to general information page)

Related party balances

Amounts due from related parties

BPOMAS Property Holdings Proprietary Limited	-	-	-	117,365
Lenmed Health Bokamoso Private Hospital Proprietary Limited	45,509,247	13,090,355	-	-
	<u>45,509,247</u>	<u>13,090,355</u>	<u>-</u>	<u>117,365</u>

Amounts due from related parties are interest free, unsecured and without repayment terms.

Amounts due to related parties

BPOMAS Property Holdings Proprietary Limited ^{fi}	-	-	(20,000,000)	-
Directors sitting allowances	(42,000)	-	-	-
Lenmed Health Bokamoso Private Hospital Proprietary Limited ^{fifi}	(4,696,653)	(2,266,585)	-	-
	<u>(4,738,653)</u>	<u>(2,266,585)</u>	<u>(20,000,000)</u>	<u>-</u>

^{fi} Amounts due to related parties are interest free and unsecured. Repayment terms are detailed in note 17.

^{fifi} The amount payable represents reimbursements outstanding at the reporting date due to Bokamoso Hospital for repair and maintenance costs that the hospital settled on behalf of BPOMAS Property Holdings Proprietary Limited. The amounts are interest-free and have no fixed repayment terms.

Investment in associate company

Lenmed Health Bokamoso Private Hospital	9	-	-	66,962,024	69,304,756
Related party transactions					

Amounts received from BPOMAS Property Holdings Proprietary Limited

Dividend income	-	-	100,000	-
Investment income from investment in linked units	-	-	17,433,682	-

Rental income from related party

Lenmed Health Bokamoso Private Hospital Proprietary Limited	32,262,368	32,041,396	-	-
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Management fees received from related parties

BPOMAS Property Holdings Proprietary Limited	-	-	1,258,800	1,198,856
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The investments in subsidiary represents 100% holdings in BPOMAS Property Holdings, a company incorporated in Botswana which is in the business of letting out of properties.

Transactions with its key management personnel:

Directors and management committee meetings sitting allowance	1,417,500	1,885,000	948,000	1,885,000
Sub-committee sitting allowance	379,000	94,000	379,000	94,000

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Key Management personnel

Management of the Scheme, in terms of the Rules, is performed by the Management Committee. As defined by the Scheme rules, “the affairs of the Scheme shall be managed according to these Rules by a Management Committee consisting of not more than eight (8) members, six (6) of whom shall be representatives of critically essential major stakeholders appointed by the Appointing Authority and two (2) independent members with required skills, to be appointed by the Appointing Authority from time to time.”

35. Commitments

The scheme’s subsidiary is obligated to settle the remaining balance of P14,694,665 for the acquisition of the BCL Mine Hospital. All conditions precedent were fulfilled subsequent to the reporting date. The required funds have been placed in a designated special-purpose investment account, with a guarantee issued against these funds. Payment will be effected once the transfer of the property is finalised.

The management committee is not aware of any other commitments that existed as at the financial reporting date not dealt with in these financial statements..

36. Contingent liabilities

The management committee is not aware of any contingent liabilities that existed as at the financial reporting date.

37. Events after the reporting period

BCL Mine Hospital Acquisition Update

The group, through its subsidiary BPOMAS Property Holdings Proprietary Limited, won a bid to purchase an immovable property for P29,389,330 from BCL Limited - In liquidation. A deposit of P14,694,665 was paid in July 2023, with the balance payable upon closure of the deal. The purchase will be funded through internally generated cash resources. The property is intended for lease to a third party to operate a hospital, generating rental income for the group.

Subsequent to the reporting date, the BCL Mine Hospital transaction has progressed, with all key conditions precedent now fulfilled and conveyancing activities currently in process. Management is simultaneously reviewing potential amendments to the existing hospital structure, and preliminary drawings for certain proposed modifications have been prepared and approved, with early cost estimates indicating potential capital requirements of approximately P40 million, although no contracts have been entered into for this work. A dedicated committee has been constituted to oversee the project and to conduct ongoing, parallel evaluations of the business case, taking into account emerging macro-economic developments and their potential impact on the planned transaction and operational model.

Receivables balances due from Lenmed Bokamoso Private Hospital

The Scheme’s subsidiary, continues to engage with its major debtor, Lenmed Bokamoso Private Hospital, to recover its longoutstanding rental dues. The debtor has sought shareholder intervention and has been granted a P100 million loan facility subsequent to the reporting date, from which hospital management has indicated that a portion will be applied towards the outstanding balances once the funds are received. The debtor has also received part of its outstanding receivables from the Government of Botswana, easing some of its operational challenges. Although the outstanding rental balance has continued to increase and remains unpaid, management expects that a significant partial settlement will be received before the end of the ensuing financial year.

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38. Going concern

The Group and Scheme recorded a loss of P42,907,113 (2024: surplus of P22,315,047), driven primarily by the recognition of significant expected credit losses totalling P58,810,897 at Group level and P25,084,940 at Scheme level.

In addition, both the Group and the Scheme incurred negative operating cash flows of P238,781,373 (Group) and P234,848,676 (Scheme) (2024: positive operating cash flows) respectively. The losses incurred, the negative operating cash flows, and the continued delays in settlement of amounts due from Government and Lenmed Bokamoso constitute key going concern triggers for both the Group and the Scheme.

Management has assessed the implications of these conditions on the Group's and Scheme's ability to continue as going concerns and notes the following:

- Cash-flow forecasts prepared for a period of at least 12 months from the reporting date indicate that the Group and Scheme will be able to meet their obligations, based on the assumption that the Government honours its premium obligations timely, and outstanding balances are settled within the projected timeframes.
- The expected credit losses recognised at both Group and Scheme level relate primarily to two significant debtors. The underlying balances are not disputed, and management continues to actively engage with both parties. Management is confident in the potential for full recovery, supported by the easing of government liquidity constraints and shareholder interventions at Lenmed Bokamoso Hospital. The timing of these receipts is a critical assumption in the cash-flow forecasts.
- The Group and the Scheme possess substantial liquid assets that may be readily converted to cash to meet short-term liabilities.
- Management is continuing to pursue measures to improve future cash flows. The expected acquisition of the BCL Mine Hospital is anticipated to introduce an additional income stream for the Group.
- Further, actuarial services are available to support the recalibration of contributions, tariffs and benefit limits to protect the Scheme from unsustainable losses, if required.

Based on current cash and investment balances, the expected recoveries from major debtors, and the prepared cash-flow forecasts, the Management Committee is satisfied that the Group and the Scheme have adequate resources to continue operating for the foreseeable future. As a result, the financial statements have been prepared on a going concern basis.

However, the Group and Scheme's ability to meet its obligations and ability to continue operating as going concerns is heavily dependent on the timely receipt of premiums and outstanding balances owing by Government. Should there a significant delay in Government settling the premiums and outstanding balances on a continuous basis, a material uncertainty exist that which cast significant doubt on the Group's and Scheme's ability to continue as going concerns and therefore that it may be unable to realise its assets and settle its liabilities in the normal course of operation.

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MEMO

FROM: MANAGEMENT COMMITTEE
TO: MEMBERS
DATE: 05 FEBRUARY 2026
RE: APPOINTMENT/RE-APPOINTMENT OF EXTERNAL AUDITORS

Background

At the previous Annual General Meeting (AGM) held on 19 December 2025 the Management Committee was authorised to appoint or re-appoint the Scheme External Auditors following the completion of the procurement process and advise the members accordingly at the next AGM.

The Management Committee and/or the Principal Officer was also authorised to do all that is necessary and sign any document necessary to give effect to these resolutions.

In light of the above, the Scheme in line with the procurement processes, completed its tender evaluation and in line with the Procurement Process appointed the successful bidder, BakerTilly for a period of three (3) years effective 01 January 2026, renewable annually at the AGM, subject to performance, to audit the following financial years:

- 2025/2026
- 2026/2027
- 2027/2028

Recommendation

It is **recommended that**, appointment of the external auditors, Baker Tilly be noted and endorsed as presented above.

Requested Resolution

It is **RESOLVED that**, appointment of Baker Tilly as the Scheme External Auditors be and is hereby noted and endorsed as presented above.

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