Bomaid
Health & Happiness at heart

2023 INTEGRATED REPORT

Bomaid

Health & Happiness at heart

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Bom-rewards

Mosha Spa

Enjoy an exclusive **30% OFF** full body massage
Every Monday and **10% OFF** all other services daily.

Virgin active

Enjoy an exclusive member-only **10% OFF**
On monthly membership subscriptions.

Garmin

Enjoy member-only exclusive discounts of up to
36% OFF on selected Garmin watches.

Blue Tree

Enjoy an exclusive member-only discount of up to
20% at Blue tree world of golf

Ts and Cs apply

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#BomRewards

MOSHA Wellness Spa · Virgin active · GARMIN · FNB World of Golf @Blue Tree

INTRODUCTION

ABOUT OUR INTEGRATED REPORT

Enhancements to this report

This is our fourth Integrated Report. It reflects our commitment to integrated thinking, good governance, and enhanced consideration of our stakeholder groups. In producing this report, we continue to recognise areas for improvement and reaffirm our commitment to further enhancing our reporting quality and disclosures in future reports.

Through this report, we continue to align our report disclosures with the requirements of the Integrated Reporting Framework, including the guiding principles and content elements.

Scope and boundary

The Botswana Medical Aid Society (Bomaid or the Fund) Group Integrated Report is our main report to our stakeholders. It provides information relating to our governance, material risks and opportunities, performance against strategy, impact on society, and prospects. It covers the period from 1 January to 31 December 2023. It also includes any material events after this date and up to Board approval of the 2023 Integrated Report.

Reporting frameworks and assurance

Bomaid derives its reporting from the King IV™ Report on Corporate Governance for South Africa, 2016 and the International Integrated Reporting Council's (IIRC) International Framework.

In addition, the requirements of the following have been considered in the drafting of this report:

- Registrar of Societies.
- Non-Bank Financial Institutions Regulatory Authority (NBFIRA).
- Botswana Medicines Regulatory Authority (BOMRA).
- Financial Intelligence Agency (FIA).
- Information and Data Protection Commission.
- Competition and Consumer Authority (CCA).
- Botswana Accountancy Oversight Authority (BAOA).

The financial information in this report was prepared under the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The Board and Executive Management, with oversight of the Chief Executive Officer, review and approve the report and are comfortable, based on materiality, that external assurance on the accuracy of non-financial information is not necessary at present. This position is considered on a regular basis.

Our annual financial statements were audited by Deloitte & Touche, which has expressed an unmodified audit opinion thereon. To fully understand the nature of the audited information, refer to the auditor's report in the attached report and on our website.

Basis of presentation

The 2023 Integrated Report is prepared from Board of Trustees discussions, minutes, decisions, and approvals (reflecting the Group's integrated thinking). In addition, internal and external reporting information, as required by the Integrated <IR> Framework (2021), is considered.

A cross-functional team, led by the Group Chief Executive Officer, representing various functional areas across the Group, produced the draft Integrated Report with oversight from the Group Board. The Board provided final approval and sign-off.

Materiality

We consider material issues that affect value creation in terms of our operating environment, the interests of our key stakeholders, and the priority risks and opportunities facing the organisation. The material themes presented in the report were identified through internal and external stakeholder engagement. These themes are prioritised based on relevance and impact on our ability to achieve our strategic objectives. Where possible, our performance is benchmarked against our peers based on publicly available information. There are no material changes, other than the enhancements referenced below to the content of this report compared with the 2022 annual report.

We identified the following material themes:

- Fraud waste and abuse.
- Member acquisition and retention.
- Digital transformation.
- State of the economy.
- Regulatory changes.
- International Financial Reporting Standard (IFRS 17).

Forward-looking statements

Some statements in this report may be considered as forward-looking statements and targets. These statements involve both known and unknown risks and uncertainties relating to future events and may be influenced by factors outside the Group's control. Further, numerous factors could cause actual results to differ materially from those expressed or implied by them.

We cannot guarantee that any forward-looking statements will materialise, and accordingly, readers are cautioned not to place undue reliance on these.

Bomaid disclaims any intention and assumes no responsibility or obligation to update or revise any forward-looking statements.

ABOUT OUR INTEGRATED REPORT [CONTINUED]

Feedback

This report demonstrates our progression along our integrated thinking and reporting journey. We have included additional disclosures regarding materiality, risks and opportunities, and value creation.

We welcome written comments and feedback from our stakeholders relating to this report and other general matters. Please email your comments to principalofficer@bomaid.co.bw

Board assurance and approval

The Board confirms that the Group continues to conform to the primary legislation governing its establishment and operations. This includes the Societies Act of 1972, Companies (Amendment) Act of 2019, the Financial Reporting Act of 2010,amended by the financial Reporting (Amendement) Act 2020, the Financial Intelligence Act of 2022, the Data Protection Act of 2018, the Competition Act of 2018, the Income Tax (Amendment) of 2024, the Value Added Tax (Amendment) of 2023, the NBFIRA Act of 2016 and the Consumer Protection Act of 2018 as well as the Botswana Medical Aid Society Book of Rules & Memoranda and Constitutions of Companies in which Bomaid has direct or indirect shareholding. Our attestation is informed by the Legal Compliance Self-Assessment review performed by the Risk and Compliance function, the external audit of the annual financial statements by Deloitte, and the ongoing second-line and third-line assurance activities.

In the Board's opinion, this report provides a fair and balanced account of the Group's performance on those material matters that we have assessed as having a bearing on our capacity to create and sustain value. Although we believe this report has been prepared per the IIRC International Framework, we continue to aspire to mature our level of Integrated Reporting.

The report was approved by the Board of Trustees on 16 August 2024 and signed on its behalf by:

Dr. Refeletswe Lebelonyane
Chairperson

Mr Moraki C. Mokgosana
Group Chief Executive Officer

HIGHLIGHTS 2023

We have a proud history and a remarkable story of investing in our people to make us collectively more resilient. Over the years, we have overcome many challenges and had many successes, highlighted below:

1970s & 1980s

- Registration of The Society.
- Administration by audit firms.

1990s

- Turnaround Strategy 1.
- Self-administration.
- HIV Benefit introduced.
- First Private Hospital opened - Gaborone Private Hospital.

2000s

- Opening of Francistown office.
- Launch of new generation products (Bombaby, Wellness, Managed Care Programmemes).

2010s

- Opening of second and third private hospitals – Bokamoso & Riverside.
- Improvement in embedded life products.
- Introduction of severe illness benefit.
- Introduction of screening and prevention benefits.
- Achieved majority ownership of MRI Botswana.
- Bomaid brand refresh.
- Opening of Maun office.
- Turnaround Strategy 2 starts.
- Return to surplus after a sustained period of deficits.
- Outsourcing and then insourcing of administration.
- Introduction of external actuaries.
- Enhancing combined assurance (Outsourcing of Internal Audit Function and establishing a Risk and Compliance Function).
- Outsourcing of chronic medication to MRI Botswana Limited.
- Closure of Alpha Access.
- NBFIRA Regulation commences.
- Adopt-a-School initiative.
- BHF Titanium Award for Service to Membership.
- Commencement of Medical Value Tourism.

2020s

- Opening of the fourth, fifth, sixth, seventh, and eighth private hospitals: Sidilega, Maun Private Hospital, Francistown Academic Hospital, Doctors Inn Maun and Sir Ketumile Masire Teaching Hospital (a Government owned private hospital).
- The advent of day clinics.
- Go Live of Thobo Fund Administration System.
- Second brand refresh.
- Bomaid turns 50.
- Celebration of 50th anniversary with founding customers and staff.
- 101 Most Fabulous Leaders Award.
- Recipient of 2021 PMR service excellence awards – Chartered Institute of Customer Management.
- Bomaid first medical aid to announce comprehensive COVID-19 Cover.
- Donation of P2 million to the COVID-19 Relief Fund.
- The successful conclusion of Turnaround Strategy 2.
- Commencement of Wellness Transformation Strategy (Isago Strategy).
- Introduction of new generation wellness based products.
- Improved focus on health outcome reporting
- Enhanced risk management.
- Organisational restructuring (rebuilding of organisational capability).
- Transition to the new Financial Reporting Standard IFRS17.
- Introduction of Value Based Care.
- Bomaid celebrates **50+3** honored by Her Excellency Ms Neo Jane Masisi, First Lady of The Republic of Botswana.

HIGHLIGHTS 2023
[CONTINUED]

During 2023, we continued to build on our story of progress. Despite the challenges of the past years, we have several highlights that we would like to share with our stakeholders, highlighted below:

	Highlights	Strategic objective
FINANCIAL	• Scheme administration cost ratio at 8.1%. • Reduction of claims ratio from 98.3% to 89.9%. • Decrease in scheme deficit from P86m to a surplus of P34.7m. • Decrease in group deficit P96.4m to a surplus of P34.1m. • Decrease in scheme operating deficit from P68m to P7.4m. • Increase in solvency ratio from 33.2% to 34.1%. • Increase in member contributions by 10.1% from P839.3m to P923.7m. • Increase in Group Revenue by 10% from P836.3m to P919.9m.	• Financial Sustainability
HUMAN	• Increased youth employees (under 35) from 22 to 33. • Average age reduced from 39 years to 37 years. • Decrease in number of employees from 82 to 80. • Decrease in the number of female employees from 56 to 54. • Increased the value of remuneration paid by 6.8%. • Male to Female ratio: 32%:68%. • Employee retention rate at 98%. • MRI Employees at 328 (70% female, average age of 34).	• Operational Excellence • Financial Sustainability

INTELLECTUAL

Highlights	Strategic objective
• Market share at 54% of open medical aid schemes. • Social media reach: > From over 45,000 to over 47,600 on Facebook. > Over 2,900 on Instagram. > From over 7,000 to over 9,100 on LinkedIn. • 95% closure of Relational Capital Reserve Survey action items completed. • Over 6, 700 Artificial Intelligence (AI) generated screenings.	• Operational Excellence

MANUFACTURED

Highlights	Strategic objective
• Enhanced stakeholder interaction through new apps, virtual. platforms, and integrated systems. • Bomaid App available on iOS and Android. • Over 98,000 calls were made to the call center. • Over 96,000 calls answered. • Over 247,000 workflows created with 97% completion rate and 61% within SLA (Service Level Agreements). • 97% claims paid within 30 days. • 3.80 days hospital average length of stay (LOS) • 4.5 million claim lines processed. • 82.5% claims processed within 5 days. • 92.8% electronic submission of claims.	• Operational Excellence

HIGHLIGHTS 2023
[CONTINUED]

SOCIAL

Highlights

- 41,338 principal members covered.
- 92,436 lives covered.
- 11.81% readmission rate.
- Increase in pensioner ratio from 10% to 11.4%.
- Chronic disease burden is 160/1,000 lives.
- Mental disease burden is 6.7/1,000 lives.
- HIV Viral load suppression increased from 90% to 97.4%.
- 14% increase in adherence to medication pick-up from 73% to 87.1% for HIV/AIDS.
- Mortality is 1.74/1,000 lives.
- Average BMI (kg/m^2) from AI testing at 28.05.
- Number of hospital admissions up form 8,700 to 8,900.
- Cost per admission down from P17.7k to P17k.
- Improvement in generic medication utilisation from 49.7% in 2022 to 51.3%.
- HIV prevalence 3.4% (3 128).
- Hypertension prevalence 10.5% (104.9/1,000 population) (9,677).
- Diabetes prevalence 3.2% (32.2/1,000 population) (2,973).
- 80% Diabetes treatment adherence.
- 75.5% Hypertension treatment adherence.
- 8.8% increase in claim lines paid from 4,230,597 to 4,603,444.
- P0.9m Ex Gratia payments.
- 1% Increase in average age of Principal Members from 42.8 to 43.2 years.
- Average age of beneficiaries at 30.2 years.
- 33% reduction in road ambulance evacuations from 1,929 to 1,292.
- 17% increase in air evacuations from 24 to 28.
- GP consultations down 6% from 373,020 to 351,264.
- Specialist consultations down 7% from 35,074 to 32,447.

Strategic objective

- Financial Sustainability.
- Operational Excellence.
- Impact on Wellness.

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CHAIRPERSON'S STATEMENT

> The Fund continues to improve stakeholder service and to unlock efficiencies provided by the administration system through digitisation, automation, and process improvements.

Introduction

I am honoured to present the Bomaid Integrated Report for the fiscal year ending 31st December 2023. It represents the first opportunity to address Members and Stakeholders since my appointment as Chairperson. The Integrated Report captures Bomaid's journey post-COVID-19, our performance, milestones, and aspirations.

The Fund made significant progress on the following **five priority** areas over the reporting period:

The **first priority** was to align our strategy with the United Nations' Sustainable Development Goal 3 (SDG 3) which aims to promote global well-being and healthy lives for all. This goal is in keeping with the Ministry of Health's vision of a healthy nation, which is predicated on the following key areas being addressed:

- Revitalisation of Primary Health Care.
- Optimisation of specialist health services.
- Re-engineering of operational processes.
- Strengthening of oversight and regulatory function.

To this end, Bomaid's focus during the year was the collection of data that would assist in crafting appropriate techniques for improved care, health and wellness for all. The implementation of two major projects were completed in 2023; **Project Isago** and the **Restructuring** exercise.

Project Isago revamped and diversified the Fund's health plan offerings and reviewed the Fund's Constitution incorporating feedback from consultative meetings with members. The restructuring exercise, initiated by a skills audit, ensured that the Fund has the requisite people skills to transform and deliver the organisational strategy. I am happy to report that these two projects were successfully delivered during the reporting period.

Bomaid's **third priority** for the year was to prepare to **Disinvest from MRI**. Bomaid holds 94% of MRI Botswana Limited shares through Southview Pty Ltd, which is wholly owned by Bomaid. To avoid possible regulatory breaches the Board desires to dilute Bomaid's stake in MRI, but this has thus far proven to be a challenge that we will continue to pursue in 2024.

Fourth Priority, A Reputational Capital Reserve (RCR) survey was conducted in 2022 and gaps identified in our reputational risk profile were addressed in 2023. The objective was to address any negative sentiments from the various stakeholders, including regulators, media, customers, and service providers**. Key among these was to increase** knowledge about the Fund's **products and services**, to improve communication, and to enhance the visibility and transparency of Bomaid operations.

Following the deficits realised in 2021 and 2022, **improved financial performance** was the **final priority of the year**. The Board has been concerned about the regression of health outcomes, escalating healthcare costs and the impact that these have on the medium- to long-term sustainability of the Fund. Our improved financial results in 2023 speak to the progress made towards our stated goal.

The Isago Strategy

The second year of the Isago strategy saw meaningful progress towards Universal Health Coverage, a cornerstone of SDG 3, along with promoting good health and well-being through affordable and accessible essential healthcare services while safeguarding against financial hardship. The new health plan suite offers a range of cost-effective well-being solutions, promoting early disease detection and improving the quality of life for members. The strategy is to resource the business to ensure there are appropriate skills internally to deliver the strategic targets for 2026.

While we are still to see the full impact of the shift, the transition from curative to preventative medical support will inevitably impact the performance of the Fund. What is already noticeable is the increase in expenditure associated with the uptake of screening and other alternative benefits promoting preventative care.

CHAIRPERSON'S STATEMENT [CONTINUED]

The Isago Strategy [continued]

We have also seen a rise in Non-Communicable Disease (NCD) expenditure due to enhanced early detection. In the long term, we expect a decrease in overall outlay in the wake of early intervention and a well-managed customer base. We hope to share the latest NCD data at the upcoming AGM. We will explore case studies of those newly diagnosed with NCD, and juxtapose them with examples of delayed NCD onset for those still within the normal range.

Paradigm Shift

The paradigm shift outlined in last year's report is expected to bring the Fund closer to both the beneficiary of services and the service provider, accentuating its value of being a companion in health and wellness. This shift has been met with mixed feelings from some providers and members. They insist that we maintain our historical role as a passive financier for healthcare and not a partner in attaining well-being and healthy living. To counter this misconception of its evolving role, Bomaid initiated weekly engagements with members to unpack the necessity and value of the changes. Additionally, the Fund started screening campaigns and has set ambitious targets for the number of members and beneficiaries to be screened annually.

Restructuring

The restructuring exercise was completed and resulted in the Fund being reskilled. During the process, management identified several areas that required specialised skills and recognised the need to bring partners on board to assist with the management of some benefits. These were Preferred Provider Negotiators (PPN) for optical benefits and DENIS, a leader in dental risk management, for dental benefits.

The Book of Rules was reviewed to align with international best practices, the impending tabling of the Medical Aid Fund's Bill before Parliament, and most importantly, to meet our customers' needs.

We continue to see improvements in our utilisation of Business Intelligence to inform us of members' expectations, guide our decision-making, further strengthen the end-to-end subscription collection processes, and perform clinical audits to curb fraud, waste and abuse. These efforts are supported by the Disease Management Module which ensures better management of patients enrolled in the managed care programmes.

Crisis Mitigation

While the Fund is in a solid financial position with reserves above the 25% required by the Regulator, the impact of COVID-19 resulted in a reduction from previous years' reserves of close to 50% to around 30%. It is crucial to have sufficient 'shock absorbers' in place to withstand any future pandemics or disruptions to the operating environment. In recognition of this, the build-up of reserves has resumed, and it is imperative the Fund's performance returns to achieving sustainable surpluses during the remainder of the current strategy and beyond. From a technical perspective, Bomaid has evolved the value proposition to offer a differentiated alternative care model such as home-based care and improved member stratification for effective response to any crisis. In a reaffirmation of its support for the Ministry of Health's strategic initiatives, Bomaid funded a research symposium to advocate for a data-driven healthcare system, as well as supporting various medical professional groups. While the relationship with service providers remains delicate due to the impact of Bomaid's recent adjustments, the Fund continues to engage in healthy strategic dialogue to manage changes.

Business Model Evolution

The Abby Platform identifies and investigates important clinical insights using patients' everyday terminology to listen to their concerns and produce sophisticated clinical documentation, allowing patients to provide health professionals with the necessary data for early detection of symptoms, and offering access to more personalised healthcare.

The introduction of the Abby platform in 2023 has empowered Bomaid members and non-members. As a socially responsible corporation, Bomaid grants non-customers access to the Abby platform. The health screening platform provides access to self-tracking tools that allow individuals to own their health wellness journeys. The platform has also equipped the Fund with important data that enables us to partner with individuals whenever their indicators call for clinical intervention. We expect to offer a demonstration of Abby at the AGM.

During the reporting period, approximately 7,000 people were screened on the platform. We introduced the platform to our Maun, Palapye, Kasane and Ghanzi members. This improved our outreach efforts during the year and increased the number of user touch points. The platform has allowed us to be a wellness journey companion through personalised messaging on the individual's health improvement progress. The data enables us to implement targeted, personalised interventions.

Employee Engagement

The organisational restructuring exercise resulted in the rationalisation of roles, the acquisition of new skills and competencies, and an adoption of a positive mindset. These changes led to increased employee engagement and net promoter scores. The impact of this mindset change will be corroborated by improvements in members' satisfaction with our services.

Fund Administration

The Thobo Fund Administration system has unlocked the envisioned benefits for the Fund, members, and healthcare providers. These include the automation of claims and the creation of efficient customer and service provider portals. The Fund continues to improve stakeholder service and to unlock efficiencies provided by the administration system through digitisation, automation, and process improvements.

Health Plan Overhaul

The overhaul of Bomaid's health plans has received mixed reactions. The expected excitement and positive responses were not immediately apparent, possibly due to inadequate communication of the plans to members from our side, as well as the impact of the new pricing structure. Consequently, the Board decided to stagger the migration of legacy health plan customers to the new pricing structure to allow for customer education and consultative engagements.

Membership Matters

One of Bomaid's biggest challenges is the ageing population with the Fund's average member age at 43.2 years.

Value-Base Care

Bomaid is a proponent of value-based care, which we vigorously promoted during 2023. The restructuring of healthcare delivery ensures a balance between health expenditure and value to the customer, the Fund, and the service provider. This value-based care model is aligned with the WHO 2020 policy brief and is supported by the extensive literature on improving health systems for sustainability post-COVID-19.

Designated Service Providers

The assignment of Designated Service Providers for the managed care programme was introduced over the reporting period. Through strategic purchasing for sustainable Funding, the alternative reimbursement models incentivise the service provider to prioritise quality care over volume treatment. The introduction of the chronic disease basket for five key diseases was clinically aligned with current evidence-based practices and national guidelines to resonate with effective patient follow-ups and targeted disease management.

CHAIRPERSON'S STATEMENT [CONTINUED]

Socio-economic Context

Bomaid's efforts and achievements during the year under review are set against the wider socio-economic climate. Global growth remained weak by historical standards, amid central bank interest rate policy interventions to reduce inflation. Botswana experienced high inflation in the first quarter of the year though this eventually slowed to close the year at 3.5%.

A major outcome of COVID-19 was the increased demand for healthcare interventions which had been deferred during the pandemic, as well as a more health-conscious population with significantly greater expectations. All stakeholders – individuals, corporate and government – needed to balance their costs as evidenced by the number of retrenchments in all sectors, as well as shortages of critical medicines in both the public and private health sectors. These factors increased the burden on the health sector due to anti-selection. This means that trade-offs needed to be made, and we sought to guide our current and potential customers to prioritise their health, happiness, and well-being.

Outlook

We recognise that we not only have an obligation to our customers but to our broader stakeholder universe which includes the Botswana Government and our commitment to contribute to the global health agenda. A 37% decline in diamond exports in 2023 due to weakened demand and lower prices of diamonds and luxury goods harmed Botswana's revenues, export earnings and economic growth rate, resulting in reduced employment opportunities. However, we hope that even in these difficult times we will still be able to balance our books while offering affordable health plans.

Universal health coverage also requires that people enjoy the benefit of access to quality health services where and when they need them with minimal financial hardship. The Group continues to align to the United Nations Development Plan (UNDP) Sustainable Development Plan 3 (SDG 3) and to the MOH vision that seeks to ensure that everyone has health coverage and access to safe and effective medicines and vaccines by 2030. The Fund's Project Isago strategy has been instrumental in addressing some of these development goals by improving access to healthcare through the provision of low-cost health plans and by extending cover to dependants that were previously excluded by the Book of Rules.

Challenges

The Board and Management understand that our core business is paying claims and ensuring seamless access to healthcare services. Members have entrusted us with their hard-earned money, and it is unfair for them to constantly be caught in the middle of disagreements between us and our service providers. We are determined to dig deep to uncover the root causes of disrupted services and to address them decisively.

There are critical challenges that lie ahead. In the immediate future, we need to win back any disillusioned customers, and we need to attract young people. We believe that the judicious use of data can measurably improve the quality of life for our members, and better communication will make the members feel more valued, ensuring that Bomaid remains Botswana’s preferred medical aid.

Appreciation

I extend my heartfelt gratitude to the Bomaid Board, Management, and Staff for their unwavering support. I would also like to take this opportunity to welcome new colleagues to the executive team and other new staff appointees.

To my fellow Trustees, thank you! Your input, guidance and strategic insights have shaped our decisions and propelled us towards achieving healthier and happier lives for our members. The Board remains committed to Bomaid’s objectives of empowering individuals, supporting communities, and driving positive change in pursuit of our efforts to transform the healthcare industry.

Re a leboga

> We are the largest open medical aid Fund in Botswana providing products and services to our 41,338 Principal Members and 92,436 Beneficiaries.

OUR BUSINESS

WHO WE ARE

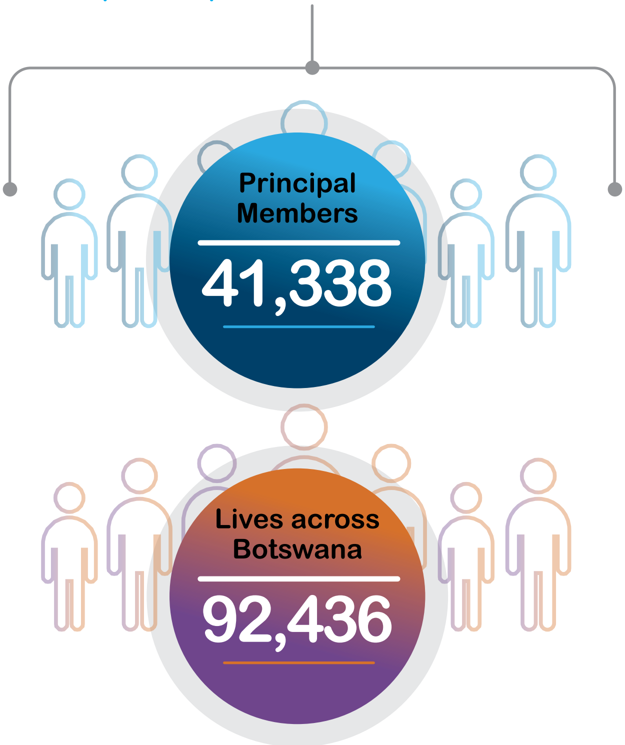
Botswana Medical Aid Society (Bomaid) is a medical aid fund registered in Botswana under the Societies Act, established in 1970 and regulated by the Non-Banking Financial Institutions Regulatory Authority.

We are Botswana's largest open medical aid fund, providing products and services to our 41,338 principal members and 92,436 beneficiaries across Botswana. Through our healthcare services company, Southview, and its subsidiary MRI Botswana Limited, we provide other medical services, including emergency medical evacuation, general medical services, site clinics, contact centres, managed care pharmacy services, and chronic and acute medication retailing.

Our medical aid and healthcare businesses have operations in Gaborone, Francistown, and Maun. In Gaborone, the MRI and Prime Health brands operate in Block 7 and Airport Junction, while the medical aid business operates from the Fairgrounds Office Park.

Our medical aid products serve a range of customers across various sectors, including financial services, mining, telecommunications, academia, manufacturing, tourism, utilities, and retail. We provide for parastatal, private, and public entities, small businesses, and individuals. Healthcare services clientele include government, parastatals, private and corporate clients, and other medical aid funds.

We provide products and services to:



Vision

Your companion in wellness and health

Values

To provide diverse and leading edge health-care solutions through innovation and excellence

Passion for Wellness

At the heart of our core philosophy, is that wellness is the route to health and happiness. Through care and empathy, we demonstrate, motivate for and inspire the practice of healthy habits in order to attain better physical, mental and emotional health outcomes.

Accountability

We understand what our customers want and need; and deliver on what we promise them. We aim to exceed expectations and deliver without excuses.

Urgency

We foster an environment that challenges constraints and drives progress with agility, tenacity and a sense of urgency. We take action with promptness and speed.

Consistency

We conduct ourselves professionally, delivering consistently according to set standards, expectations and moral principles. We are open, honest, ethical, and genuine. We are transparent and treat everyone with dignity and respect.

Teamwork

We create opportunities to collaborate, having a vested interest and actively supporting others to amplify our collective output, We keenly listen to all points of view, identifying basees for compromise and reaching agreement, in order to achieve our shared objectives.

WHO WE ARE [CONTINUED]

Products and services

We provide the following products and services:

Medical aid products through a diverse range of flexible health plans covering a range of health requirements across various demographics and suited for differing levels of affordability and adaptability.

Corporate wellness programmemes designed to assist our corporate clients to operate efficiently within the illness-wellness continuum. Known as Well@Work, the programmeme aims to help organisations maintain a healthy workforce, maximise productivity, reduce the rate of absenteeism and cut down on healthcare-related costs. It is a standalone product available to the market at large, and corporate members do not have to be members of our Medical Aid Fund.

Onsite & Emergency medical services through a country-wide network of skilled paramedics, emergency doctors, nurses and emergency medical dispatchers with ambulance bases operating from Gaborone, Francistown, and Maun.

Pharmaceutical products through the Prime Health brand of pharmacies. The pharmacy provides Management Care services for medical aid funds for their members on chronic medication, and stocks a range of chronic and acute medication, as well as front-shop products.

Network of clinics offering quality integrated healthcare services that are affordable and easily accessible. We aim to provide convenience to our clients through one-stop medical clinics and personalised care that will leave long-lasting impressions on all the lives we touch.

Training services provided through the MRI Training Academy, which provides a variety of First Aid, Safety, and healthcare professional courses.

Call Centre Solutions through the Prime Connect brand providing services including quantifying sales leads, customer services, responding to ad inquiries, market research, or general information requests, delivered in a timely and cost-effective manner.

Ownership structure

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↓

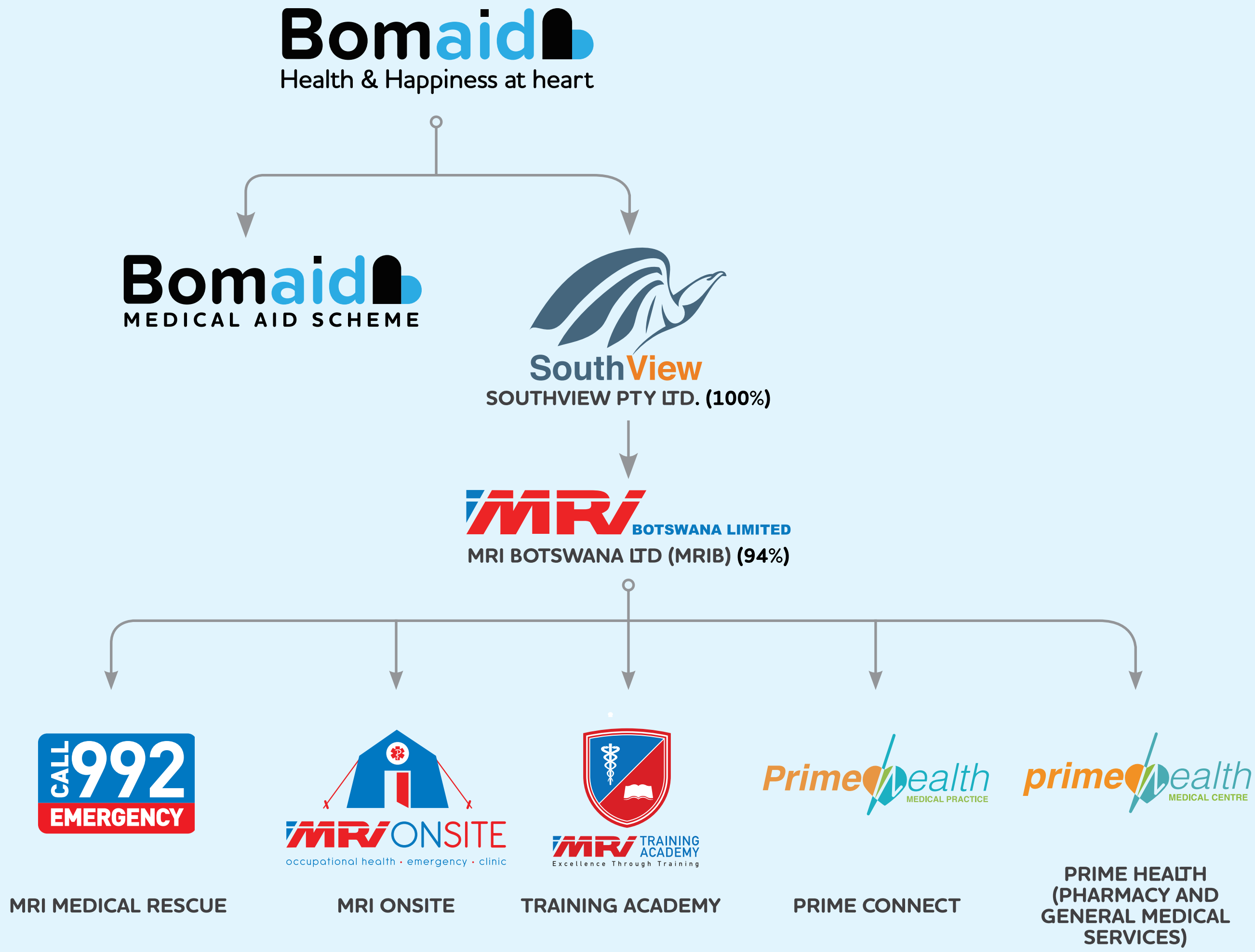
SouthView

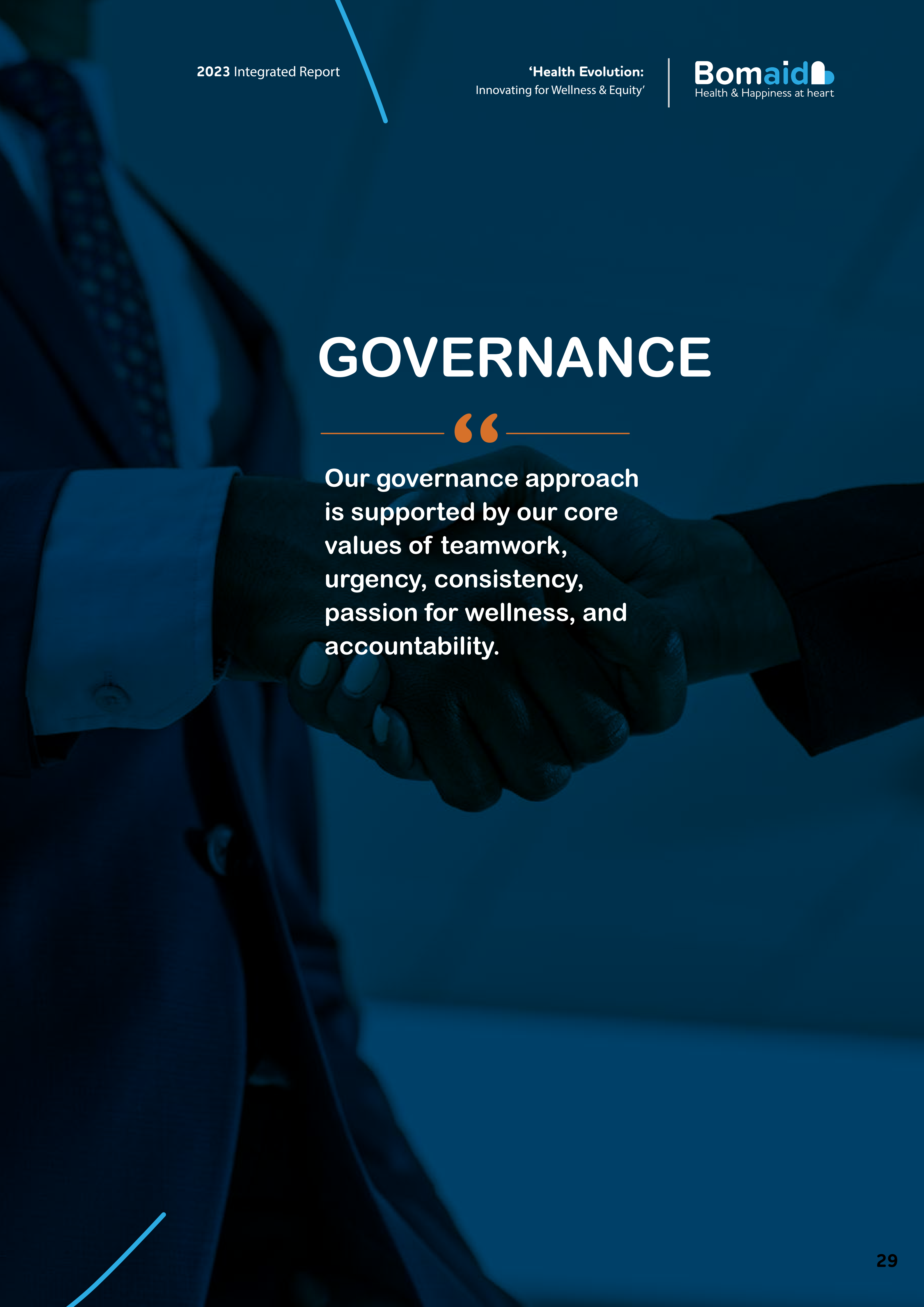
↓

MRI BOTSWANA LIMITED

MRI is Bomaid's sole non-listed investment. It is held through a 94% stake held by Southview Pty Ltd, which is wholly owned by Bomaid. The other shareholder in MRI is the Motor Vehicle Accident Fund.

WHO WE ARE [CONTINUED]





GOVERNANCE

"Our governance approach is supported by our core values of teamwork, urgency, consistency, passion for wellness, and accountability.

OVERVIEW

The Bomaid Board of Trustees is the highest governing body responsible for ensuring that the Group is led ethically and responsibly. Our core values of teamwork, urgency, consistency, passion for wellness, accountability, and ownership support our governance approach. Good governance supports the achievement of our strategic objectives and our long-term sustainability. In addition, our governance approach contributes to ensuring the governance outcomes of an ethical culture, good performance, effective control, responsible corporate citizenship, and legitimacy. Our actions set the tone throughout the Group by demonstrating our commitment to integrity, trust, long-standing relationships, sustainability, and the reputation of Bomaid.

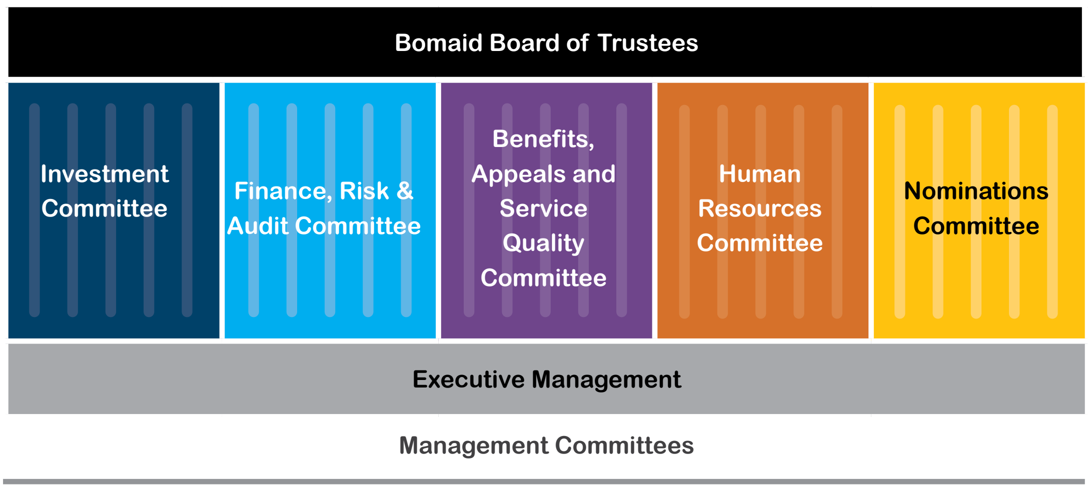
The ethical approach adopted by Bomaid involves leading Employees to build good relationships based on respect and trust. The Board is confident that leading with integrity, honesty, fairness, equity, justice, and compassion results in sustainable long-term success. With these standards set and leadership living by them, the Group, in turn, espouses and emulates them. Issues relating to these are addressed by the Internal Policies, Conditions of Service for Employees, and the Code of Conduct for the Board of Trustees to align the culture with the values of the Fund. The documents clarify Bomaid's vision, mission, values, and principles, linking them with standards of professional conduct. They also serve as valuable references for issues relating to ethics within the Group. Employees' adherence to the organisation's values is formalised during annual performance contracting, with appraisals conducted biannually.

Appropriate governance checks and balances are in place, and we remain committed to our code of ethics, which is a crucial tenet of our governance efforts. This extends beyond achieving regulatory and legislative conformance to ensuring that the Board performs and adds value to the Group and the broader society through its oversight, leadership, strategic guidance, and integration of Environmental, Social and Governance (ESG) risk assessment into the Fund's risk management framework to safeguard the organisation's reputation and financial performance.

Having recognised the need for a robust risk management process, the Board has established a framework, policies, and practices to ensure that Bomaid remains competitive and sustainable. The Board of Trustees remains responsible and committed to setting the Group's strategic direction, developing key policies, approving budgets, monitoring the implementation of the approved strategy, and ensuring full compliance with all regulatory requirements. These responsibilities are achieved through a systematic process of comprehensive reporting to the Board of Trustees & functional Sub Committees, and the Board is responsible for ensuring that reporting standards conform to the principles laid out in the organisation's Book of Rules and other locally and internationally recognised reporting codes.

The Board of Trustees remains committed to supporting good governance as the benefits of ethical leadership, and a well-run Fund accrues to the Members who are also the Customers of Bomaid. The Book of Rules entrusts The Board with control and supervision of the general business of the Group. Good governance and leadership increase stakeholder confidence and enable better decision-making for the benefit of Customers. It also leads to lower staff and customer turnover, higher productivity, better wellness, and loyalty. The Trustees are satisfied that they have fulfilled their responsibilities to administer the assets of Bomaid with due skill and care following its governing documents for the reporting period. The Board delegates authority to manage the Group's activities to the Executive Leadership. It is comfortable that the delegation of authority framework ensures a clear division of responsibilities between Management and The Board and that no Executive has unfettered authority. There is also a clear division of responsibilities between the Chief Executive Officer, Board Chair, and Trustees. The Board subscribes to the principles contained in the King IV report. Our application of the principles and practices is disclosed in this report.

The governance structure for Bomaid during the reporting period was as follows:



BOARD OF TRUSTEES

> “
> The Board of Trustees has diligently exercised due caution to mitigate potential risks to the Fund’s gains in the aftermath of the COVID-19 pandemic.

Dr. R. Lebelonyane
Board Chairperson

Mr. Leroy Klein
Vice Chairperson

Mr. Moraki Mokgosana
Chief Executive Officer

Ms. Keetsemang Nkoko
Trustee

Mr. Tshephang Loeto
Trustee

Mr. Oaitse Ramasedi
Trustee

Mr. Letlhokwa Motladiile
Trustee

Dr. Botho Mhozya
Trustee

Ms. Kutlo Mogana
Trustee

Mr. Richard Harriman
Trustee

EXECUTIVE MANAGEMENT

"The Executive Management team is crucial in the execution of the strategic vision. By implementing comprehensive operational strategies and ensuring meticulous oversight, the team drives the organisation's growth and resilience.

Mr. M. C. Mokgosana
Chief Executive Officer

Dr. Malebogo Kebabonye
Chief Clinical Services Officer

Ms. Galeboe Busang
Chief Finance Officer

Ms. Gothatamang Kootlole
Chief Human Resources Officer

Mr. Mandla Mapeo
Chief Information Technology Officer

Mr. Musa Nleya
Chief Legal Officer

GOVERNANCE OUTCOMES

We have continued with our increased oversight and action from the Board of Trustees towards returning to operating surpluses against the backdrop of the COVID-19 pandemic. We have provided direction to the Executive, which has been implemented and resulted in improved performance. Below, we highlight some key governance actions and how they have been implemented.

WHAT WE SAID WE WOULD DO IN 2022	OUR DELIVERY ON OUR COMMITMENTS
Closure of BAOA Governance review findings	Items from the review are now fully addressed. The rules of the Fund have been amended at the 2023 Annual General Meeting to pave the way for the appointment of a second Executive to the Board of Trustees. A follow up review of the findings was conducted and Bomaid's performance regarding KingIV principles was upgraded from Unsatisfactory to Low-Medium Risk (Satisfactory).
Enhancement of control environment	The Risk and Compliance and Internal Audit functions continue to support the Executive and Board. Progress continues in enhancing internal controls and closing internal and external audit findings to improve the control environment of Bomaid.
Contracting with Service Providers for the Designated Service Provider (DSP) model	Contracting commenced with healthcare practitioners in northern and northwestern Botswana and contracting in other regions has been initiated.
Profiling of High Claiming Service Providers	This continued in 2023 extending from dental to the pharmaceutical, optical, and general practitioners.
Introduction of clinical controls	Management of the escalating dental and optical claims was initiated. Additional controls for hospital admissions commenced during the year. Further controls were implemented for pharmaceutical and outpatient benefits, and this has improved management of the health costs.
Process automation and optimisation	Finance workflows, including bank reconciliations, have been optimised, and the registration of the Bomaid App on iOS is now complete. Combined with access on Android, this extends the App's coverage to about 99% of all smartphones. Automation of the travel insurance application form, Diagnofirm/MIP and Abby/MIP integrations for screening is complete.
Compliance to NBFIRA Legislation	Engagement with NBFIRA on the Medical Aid Funds (MAF) Bill through the industry association, Health Funders Association of Botswana (HFAB) continued. Pending the passing of the bill into law, Bomaid continues to review its internal processes and strategies to align with the draft Bill. This includes the Book of Rules as well as the policy documents.

OTHER GOVERNANCE ACTIONS TAKEN DURING 2022	WHAT WE ACHIEVED
Implementation of the Data Protection Framework	Phase 1 involved stakeholder engagements and alignment, gap analysis, policy review and creation, staff training, and the performance of a data risk assessment to identify risk exposures. Phase 2, the development of the Data Protection Act Compliance Framework, started. A Data Protection Officer was proposed the Data Commissioner and was rejected due to an inherent conflict with regards to the cumulative effect of the role. The advice from the Commissioner's office was that an independent Data Officer needed to be appointed. The Board of Trustees has approved the inclusion of the role of Data Protection Officer in the organogram, and recruitment for the position has commenced.
Reinforcement of Cyber Security in the organisation	Cybersecurity governance continues to be strengthened, and employees do annual online cybersecurity training. Cybersecurity intelligent tools have been implemented, and a security operation centre has been established to monitor the cybersecurity environment 24/7. Annual cybersecurity penetrations are conducted to test the resilience of Bomaid's cyber environment, and any potential vulnerabilities are addressed.
Implementation of IRFS 17	Included reviewing and assessing contracts and ensuring readiness for adoption of the standard. The 2023 Audited Financial Statements are in line with the IFRS.
Re-organisation	Following the approval of the 2022-2026 Strategy, a new organisational structure geared towards mobilising resources to execute and achieve the organisational goals was approved. A remuneration review process to align to the new organisational capability was approved by the Board. Critical roles in the approved organisational structure were filled.

GOVERNANCE OUTCOMES

OTHER GOVERNANCE ACTIONS TAKEN DURING 2022	WHAT WE ACHIEVED
Trustee Development and orientation	Trustees and the Executive Management participated in a King IV Corporate Governance for Healthcare Organisations Workshop hosted by Dr Peter Tobin from KM Executive Solutions covering, among other things, Introduction to King IV Corporate Governance, Adapting King IV Principles for Healthcare Board Governance in Healthcare, Risk Management and Compliance, Stakeholder Engagement, Ethical Considerations in Healthcare Governance, and Interactive Case Studies.
Review of Board Sub Committees.	The Scope of the Risk and Audit Committee was expanded to include the quarterly financial performance review of The Medical Aid Fund. This reduces duplication with the Investment Committee, thereby allowing for better focus on investment performance. The Board and Committee Charters were reviewed. The Board is satisfied that it has fulfilled its responsibilities under the charters for the reporting period.

GOVERNANCE FOCUS AREAS FOR 2024

Overview

Following a Board Strategy review session in May 2023, the Board has recommitted to the three themes that underpin the strategy: Operational Excellence to improve the Customer Experience, Impact on Wellness, and the Financial Sustainability of the Fund. Therefore, in the pursuit of the three bottom lines, the Board Sub Committees will pay increased attention to the following:

Building capability to deliver strategy

The restructuring process completed in 2023 was intended to develop the capability to support the evolution of Bomaid and to aid the delivery of the new strategy. In this regard, new talent has been sourced in the Clinical and Technology departments space to future-proof the Fund while the search for Customer Experience personnel is still ongoing. To support stakeholder engagement, brand awareness and customer education, a Public Relations and Corporate Communications function was established, and a suitable candidate was employed during the period under review. Additionally, in anticipation of technological advances and the enhancement of self-service channels, the staffing levels will continue to be reviewed to ensure an optimal staff complement that allows for continuing customer service.

Launching of products and services

New-generation health plans were introduced during the year 2023. These products align with the principles of Universal Healthcare Coverage (UHC), which states that all people should have access to the full range of quality health services they need, when they need them, without financial hardship. With this in mind, the products have been developed to attract and retain customers desirous of determining a suitable health plan that resonates with their individual healthcare needs and their level of affordability. Exposing existing customers to the product suite and attracting new customers will be accelerated in 2024.

Following the removal of the fourteen per cent (14%) value-added tax (VAT) on private healthcare services by the Botswana Government in 2023, the Board will use strategic sourcing to alleviate the 10% co-payments payable as out-of-pocket expenses. This will be done by attracting healthcare providers into the contracted provider network, where better tariffs tied to health outcomes will be negotiated.

Increased focus on wellness

During the year, a fully-fledged standalone clinical department was introduced to allow for the development of better clinical interventions and strategies as well as to improve the clinical outcomes and enhancing the health balance sheet of the organisation. To better appreciate the opportunities to develop these clinical levers and to understand the healthcare profile, the focus during 2023 was to collect data through intensive screening. This was done through the newly acquired Artificial Intelligence (AI) screening technology and laboratory tests. To assist this process, integration was completed with some screening facilities and the screening technology that allows for instantaneous updates of profiles for Bomaid customers. These screening initiatives extended to non-Bomaid customers. It is the intention that the screening will form a pre-assessment attracting non-customers and new healthy lives to Bomaid. This will continue in 2024.

Customer orientation

At the start of the year, Bomaid conducted a Relational Capital Reserve (RCR) survey after mapping stakeholders to assess their power and influence. Interviews were held to establish an RCR baseline and identify gaps, risks, and opportunities. Strategic recommendations and an action plan were developed to address identified gaps. This ongoing process, begun in 2023, will continue through 2024. The RCR measures goodwill, sentiment, affinity, and trust with stakeholders, including staff, customers, media, and regulators.

THE BOARD OF TRUSTEES

Overview

At the 2023 Annual General Meeting (AGM), The Book of Rules was amended to increase the number of Board Members from ten (10) to eleven (11) Trustees.

During the year, Mr. Fergus Ferguson (Chairperson) and Mr. Julius Ghanie retired by rotation after completing two terms. Dr. Refeletswe Lebelonyane assumed the role of Board Chairperson, and Mr. Leroy Klein was appointed Deputy Chairperson.

The Board has satisfied itself that, in complying with the provisions of the Fund rules, the Board Charter, and the Board Succession Planning Policy, it has a sufficient mix of knowledge, skills, experience, independence, age, gender, and the categorisation of its Board members.

Trustee	Role	Gender	Age	Qualifications	Appoint-ment date	Committees	Background
Dr R. Lebelonyane	Chairperson/ Non-Executive	F	52	• Master of Public Health (MPH) from the Medunsa School of Public Health, South Africa, 2003. • Diploma Postgraduate in Public Health from the Medunsa School of Public Health, South Africa, 2002. • Postgraduate Certificate in Internal Medicine & Surgery from the St. Petersburg Medical Academy in Internal Medicine & Surgery, 1996. • Medical Degree from the St. Petersburg Medical Academy in Internal Medicine & Surgery, 1995.	17 February 2021	Nominations Committee	• Programme Manager for Botswana-Rutgers Partnership for Health. • Former Director of Study Interventions at Botswana Combination Prevention Project (BCPP), Ministry of Health. • Former Director HIV/Aids Prevention Care and Support., Ministry of Health. • Former Director of Primary Health Care, Ministry of Local Government. Former Public Health Specialist, City of Francistown. • Former Consultant at Rutgers Global Health Institute. • Former Public Health Specialist at Botswana Harvard AIDS institute, Gaborone. • Former Senior Medical Officer at Ministry of Health-Nyangabgwe Referral Hospital and Princess Marina Hospital.

Trustee	Role	Gender	Age	Qualifications	Appoint-ment date	Committees	Background
Mr. L. Klein	Deputy Chairperson/ Non-Executive	M	47	• Associate member of the Botswana Institute of Chartered Accountants (ACPA Bots). • Fellow member of the Association of Certified Chartered Accountants (FCCA-UK). • Treasury Operations certificate (ACI-Operations). • Treasury Dealing certificate (ACI-Dealing).	17 February 2021	• Human Resources Committee. • Southview.	• Chief Risk Officer at ABSA Bank Botswana Limited. Former Country Treasurer at ABSA Bank Botswana Limited. • Former Senior Auditor at KPMG Botswana.
Mr. O. Ramasedi	Non-Executive	M	60	• Fellow Member of the Chartered Institute of Management Accountants. • Master of Arts in Theology and Religious Studies from the University of Botswana. • Bachelor of Commerce (Accounting) from the University of Botswana. • Certificate in Pastoral Theology from the University of Botswana.	6 August 2020	• Finance, Risk & Audit. • Investment.	• Chief Financial Officer at Botswana Power Corporation. • Former Chief Executive Officer at Non-Banking Financial Institutions Regulatory Authority (NBFIRA). • Former Chief Executive Officer at National Development Bank.
Mr. L. Motladiile	Non-Executive	F	52	• MSc Human Resource Management from University of Salford, Manchester, UK. • Bachelor of Arts from University of Botswana.	6 August 2020	• Human Resources (Chairperson). • Benefit, Appeals & service Quality. • Nominations.	• Senior Manager of Organisational Development at Water Utilities Corporation. • Former Hospital Manager at Ministry of Health. • Former Principal Manpower Planning at Ministry of Local Government.

THE BOARD OF TRUSTEES [CONTINUED]

Trustee	Role	Gender	Age	Qualifications	Appointment date	Committees	Background
Dr B. Mhozya	Non-Executive	F	41	• Bachelor of Medicine/ Bachelor of Surgery from Monash University; Melbourne, Australia. • Discovery Advanced Peak Performance Programme (APPP) / Gordon Institute of Business Science | South Africa.	15 November 2021	• Benefits, Appeals & Service Quality (Chairperson). • Finance, Risk & Audit.	• Head Of Health Professional Risk-Discovery Health. • Former Head Of Health Provider Relations & Managed Care, Medical Advisor-Botswana Medical Aid Society (Bomaid). • Former Senior Medical Officer-Lenmed Bokamoso Private Hospital. • Former Adolescent Services Medical Officer-Botswana-Baylor Children's Clinical Centre of excellence. • Former Medical Officer – Accident and Emergency-Princess Marina Hospital. • Former Medical Officer-Paediatrics-Bokamoso Private Hospital. • Former Medical Officer-Paediatric Surgery/Princess Marina Hospital.
Ms. K. Nkoko	Non-Executive	F	46	• Master of Business Administration (University of Derby) • Associate member of the Botswana Institute of Chartered Accountants (ACPA Bots). • Fellow member of the Association of Certified Chartered Accountants (FCCA-UK). • Bachelor of Accounting from the University of Botswana.	16 December 2022	• Finance, Risk & Audit (Chairperson). • Human Resources.	• Finance Manager at Botswana Competition and Consumer Authority. • Former Finance Manager at Botswana University of Agriculture and Natural Resources. • Former Financial Controller – Alexander Forbes Financial Services Botswana. • Former Board Chairperson of the Finance & Audit Committee (Bofinet).
Mr. T. Loeto	Non-Executive	M	36	• CoP in short-term insurance from IISA. • Practice of Short-Term Insurance Certificate from IISA. • Bachelor of Finance from the University of Botswana.	16 December 2022	• Investment. • Nominations.	• Chief Investment Officer at Botswana Public Officers Pension Fund. • Former Portfolio Manager / Co-Head of Investments at Vunani Fund Managers Botswana. • Former Investment Analyst and Portfolio Manager at Investec Asset Management. • Former Investment Analyst at BIFM • Former Portfolio Analyst at FinCraft Investment Management. • Former Executive for High-Net-Worth Individuals at IPRO Botswana. • Board Member – Dream Factory. • Vice President – Botswana Bond Market Association.

Trustee	Role	Gender	Age	Qualifications	Appointment date	Committees	Background
Mr. R. Harriman	Non-Executive	M	59	• Bachelor of Science (Hons) Psychology.	30 April 2023	• Benefits, Appeals & Service. • Finance, Risk & Audit Committee Quality.	• Co-Founder of Consumer Watchdog. • Managing Director-Business and Enterprises Solutions Botswana (Pty) Ltd. • Former Managing Director-CSB Consulting, London (UK). • Former HR & Technical Consultant-Infinium Software, Bourne End, United Kingdom. • Former ERP Project Lead-Nuffield Hospitals, United Kingdom. • Former Manpower Planner and Information Systems Manager-National Health Service, United Kingdom.
Ms.K. Mogana	Non-Executive	F	45	• Bachelor of Arts in Human Resources Management/ Industrial Relations.	30 April 2023	• Human Resources. • Benefits Appeals & Service Quality.	• Human Capital Manager at NMI Durban South Motors (Pty) Ltd. • Former Human Resources Officer at Debswana Jwaneng Mine. • Former Human Resources Officer at Botswana Breweries (Pty) Ltd.
Mr. M. Mokgosana	Executive	M	53	• BCom (Accounting) Degree from the University of Botswana. • Master of Business Leadership from the School of Business Leadership at the University of South Africa. • Advanced Management and Leadership Programmeme from the Said Business School, Oxford University.	1 November 2013	• Investment. • Benefits, Appeals & Service Quality. • Human Resources. • Nominations • MRI.	• CEO / Principal Officer. • Former Managing Director at G4S Botswana Limited. • Former Managing Director at Collection Africa/CRB Africa Botswana. • Served as a Board Member and Chairperson of Metropolitan Health Botswana (Pty) Ltd. • Board Member (Ex-Officio) at MRI Botswana Limited. • Board Chairman at Bayport Financial Services Botswana. • Board Member at The Botswana Meat Commission. • Board Member at the Board of Health Funders of Southern Africa.

Board demographics

Independence	Executive **1**	Non-executive **9**	Vacant **1**	
Tenure	0 – 2 years **5**	3 – 6 years **4**	6 – 9 years **1**	Vacant **1**
Age	30 – 49 **5**	50 – 59 **4**	60 – 69 **1**	Vacant **1**
Gender	Male **6**	Female **4**	Vacant **1**	

CHIEF EXECUTIVE OFFICER

Background

Mr Moraki Mokgosana is on a five-year contract that started in December 2021 and will end in November 2026. He has had previous contracts from 1 December 2013 to 30 November 2016 and from 1 December 2016 to 30 November 2021.

Terms of the contract

The contract for the Chief Executive Officer provides for the following terms:

- A termination notice period of 2 months or one month salary in lieu of notice.
- Termination shall be for misconduct or incapacity, including poor performance, sickness or operational requirements.
- The contract can be terminated without notice for serious misconduct.
- Employer to notify the Employee 6 months before the expiry of the contract of intention to extend.
- Employee to notify employer 3 months before the expiry of the contract of desire to serve another term.
- Participation in the Executive Incentive and The Long-Term Incentive policies.
- The CEO's performance is reviewed annually to ensure it aligns with set performance targets based on the balanced scorecard.

Other commitments of the chief executive officer

The Chief Executive Officer is the Independent Non-Executive Board Chairman at Bayport Financial Services Botswana, an Ex-Officio Member of the Board of MRI Botswana Limited, a Commissioner at Botswana Meat Commission, and a Country Representative for Botswana Medical Aid Funds on the Board of Health Funders of Southern Africa (BHF). These are all non-executive positions.

Succession planning for the role of Chief Executive Officer

Succession planning for the role of Chief Executive Officer is considered and approved by the Board every year. The last review was conducted in December 2023.

Identified successors are exposed to training and coaching to improve their readiness to succeed the incumbent in the role.

BOARD OF TRUSTEES STATEMENT ON GOVERNANCE

Leadership

Botswana Medical Aid Society Board of Trustees, working closely with The Bomaid Executive Management, has committed itself to elevated levels of ethical leadership, integrity, and good governance. The Group's governance framework is based on the principles of ethical leadership, corporate citizenship, sustainable development, stakeholder inclusivity, and integrated thinking and reporting.

The philosophy of sound governance has been entrenched across the organisation and incorporated into its values to create sustainable value and enhance long-term performance.

The Board believes that for Bomaid to remain sustainable and a key stakeholder in the healthcare industry, it must provide the necessary oversight to ensure that the Group has a solid reputation.

The Trustees have a fiduciary duty to administer Bomaid's assets with due skill and care expected from a Member in the position of a Trustee. The Board is, therefore, accountable to the Members of the Fund, who are the beneficiaries of the assets of Bomaid. The Board is duty-bound to act in accordance with the instruments creating the Medical Aid Fund and in Bomaid's best interest. The Board has committed itself to the highest standards of Corporate Governance by adopting and applying the principles enshrined in the King IV Report and adhering to the Board Charter, which outlines the Board's duties and responsibilities.

Organisational ethics

The Book of Rules, Code of Conduct, Conditions of Service, and values of Bomaid are essential in fostering an ethical culture within the organisation. The orientation, induction process, and training for new staff and trustees are crucial to achieving this ethical culture. Ethical breaches can harm Bomaid's reputation, impacting customer acquisition, employee attraction, and retention. Measures are in place to ensure an ethical culture, safeguarding customers' assets. The Finance, Risk, and Audit Committee oversees ethical business practices and protects stakeholder interests.

A Whistle Blowing Policy is in place to enhance good governance and transparency by providing an avenue for raising concerns related to fraud, corruption, or any other misconduct by employees, business partners, or any other third party dealing with the Group. Ethical breaches are reported through an anonymous Tip-Off service administered by Deloitte. Any reports received are investigated, and the outcomes are reported to the Finance, Risk and Audit Committee. Remedial measures are recommended for implementation by Management.

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) has also established a whistleblowing procedure supported by **www.tip-offs.com**

This platform enables stakeholders to report suspected or confirmed unethical activities within NBFIRA or its regulated entities.

BOARD OF TRUSTEES STATEMENT ON GOVERNANCE [CONTINUED]

Organisational ethics [continued]

Key points of the NBFIRA whistleblowing procedure include:

1. **Confidential Reporting:** The hotline allows for anonymous and confidential reporting, ensuring whistleblowers can report without fear of reprisal.
2. **Independent Management:** To ensure the confidentiality and integrity of the process, the platform is managed by an independent service provider, Deloitte's Tip-Offs Anonymous.
3. **Good Faith Reports:** Stakeholders are encouraged to report in good faith, ensuring that the information provided is accurate and without malicious intent.

This initiative aims to strengthen corporate governance and promote ethical conduct within the financial sector regulated by NBFIRA.

The benefits that are derived from proper management of ethics are the following:

a) Integrity.

b) Improved brand affinity.

c) Business awareness recognition.

d) Asset protection.

e) Improved productivity and teamwork.

f) Employee retention.

g) Ethical decision making.

h) Customer loyalty and retention.

Planned areas of future focus

In 2023, Bomaid undertook the activities below to improve governance and align with the requirements of the King IV Code.

a) Adhered to the NBFIRA regulatory requirements on submission of quarterly and annual returns.

b) Implemented the Board Remuneration Policy that was approved by the General Membership at the Annual General Meeting held in 2023.

c) Reviewed the Board and Committee Charters and governance-related policies.

d) Inducted all the newly appointed Trustees.

e) Reviewed the Board and Committee mix and aligned it appropriately.

f) Improved gender diversity by increasing female representation on the Board.

g) Achievement of an improvement to low-medium risk from BAOA on compliance to King IV principle during the re-review conducted from a 2021 rating of unsatisfactory.

h) Completed the NBFIRA inspection.

i) Approval of the Revised Book of Rules by the Registrar of Societies and NBFIRA.

Board structure

The Bomaid Book of Rules provides that the Board of Trustees comprises eleven (11) Trustees. Four (4) members are elected by Member companies and appointed by the General Membership. Two (2) Trustees are Members of Bomaid nominated by any other Member of the Society and elected by the General Membership at the Annual General Meeting. Three (3) Independent Members are appointed by the six (6) Trustees appointed by the General Membership. The Board has provision for two Ex-Officio Members being, the Chief Executive Officer and the Chief Finance Officer. The two Executive Trustees are both appointed by the Board. The elected Trustees serve for a maximum of two terms of three years each. The Board of Trustees Chairperson and Deputy Chairperson are elected from among the nine (9) Non-Executive Trustees. NBFIRA vets all Trustees appointed to the Board, and they should pass the fit and proper test before assuming office.

Following Mr. Fergus Ferguson's retirement at the 2023 AGM held on 29 June, Dr. Refeletswe Lebelonyane was appointed Chairperson of the Board, while Mr. Leroy Klein was elected Deputy Chairperson. Mr. Richard Harriman and Ms. Kutlo Mogana were appointed to the Board at the 2023 AGM after Mr. Ferguson (Board Chairperson) and Mr. Julius Ghanie (Trustee) retired.

Role of the governing body

The Board of Trustees is bestowed with the responsibility for sound and proper management of the Fund. In executing their duties, Board members are expected to act with due care, diligence, skill, good faith and in the best interests of Bomaid and its Members. Processes are in place to ensure that the Trustees declare any conflicts of interest that may arise. The Board members also must act following the Botswana Medical Aid Society Book of Rules & other governing policies and codes of the Fund.

Role of the Board Chairperson and their independence

The Board Chairperson is responsible for leading the Board and focusing it on strategic matters, overseeing the business of the Group, and setting governance standards. They preside over Board meetings and ensure that they run smoothly and remain orderly, and Board Trustees work collectively to achieve a consensus on Board decisions. The Chairperson also plays a pivotal role in fostering the Board's and individual Trustees' effectiveness.

Board evaluation

The Board Charter requires the evaluation of the Board's performance and that of its committees, chairperson, and individual Trustees to support continued improvement in performance and effectiveness. A Board evaluation for the Financial Year ending 31 December 2020 was conducted in 2021. Another review for the Financial Year ending 31 December 2023 will be carried out during 2024.

Board Succession planning

The Board approved a Board Succession policy, which is being implemented. The policy aims to ensure that the Fund takes a strategic approach to Board continuity and that a framework is in place for an effective and orderly succession of Trustees that will result in the collective knowledge, skills, and experience necessary for the Board to govern effectively.

The Deputy Chairperson is a first-level potential successor to the Board Chairperson position. An arrangement is in place for the Deputy Chairman to lead some of the Board engagements, exposing him to Board procedure and mentoring for succession planning purposes.

A Trustee training budget and plan are established annually to develop and capacitate Trustees to discharge their responsibilities.

BOARD MEETINGS

According to the Book of Rules, the Board of Trustees meets at least four (4) times a year. During the year, the Board met nine (9) times. Four (4) of the meetings were scheduled, while the other five (5) were special meetings. The Special meetings were necessitated by the need for the Board to consider recommendations from Management surrounding the divestiture of Bomaid's interest in MRI Botswana Limited investment and proposals for benefit enhancements.

Date of Board Meeting	31/1 /23	27/4 /23	7/6 /23	21/6 /23	26/9 /23	27/10 /23	20/11/23	29/11/23	14/12/23
F. Ferguson	P	P	P	P	N/A	N/A	N/A	N/A	N/A
O.M. Ramasedi	P	P	P	P	A	P	A	P	A
L. Motladiile	P	P	P	P	P	P	P	P	P
L. Klein	P	P	P	P	A	P	A	A	A
T. Loeto	A	P	P	P	P	P	P	P	P
R. Lebelonyane	P	P	P	P	P	P	P	P	P
J. Ghanie	P	P	P	P	N/A	N/A	N/A	N/A	N/A
K. Nkoko	P	P	P	P	P	P	P	P	P
B. Mhozya	P	P	P	A	P	P	P	P	P
R.Harriman	N/A	N/A	N/A	N/A	P	P	P	P	P
K. Mogana	N/A	N/A	N/A	N/A	P	A	A	P	P

P-Present A-Absent/Apology NA-Not Applicable/Trustee not on Board

BOARD COMMITTEES

Overview

The Book of Rules and Board Charter provides for establishing designated Board Committees to assist the Board with the delivery of its mandate and for the Board of Trustees to delegate some of its powers to these designated Committees. This is in accordance with good corporate governance standards. The Board ensures that the delegated authority of Committees is expressed and that the Committees work in line with the Terms of Reference provided in the Committee Charters. The Committees are mandated to make recommendations of their final decisions to the Board for approval. The delegation of authority to Committees does not absolve nor transfer any of the responsibilities of the Board to the respective Committees, and the Board remains accountable to the Members of the Fund. The Board Committees comprise the Investment Committee, Finance, Risk & Audit Committee, Benefits, Appeals & Service Quality Committee, the Human Resources Committee, and the Nominations Committee.

Additionally, the organisation has a Delegation of Authority Policy and Matrix, which sets out the following:

a) Matters reserved explicitly for determination by the Board and those matters delegated to Management.

b) Matters reserved for specific roles in the organisation.

c) Establishes expense approval limits within the organisation.

No deviations to these mandates were noted during the reporting period. The delegation of authority has led to clarity and the effective exercise of authority.

Investment Committee

L. Klein	Chairperson *(Chaired up to 25 June 2023)*
O. M. Ramasedi	Member
J. Ghanie	Member *(Retired on 29 June 2023)*
T. Loeto	Member *(Chaired from 8 September 2023)*
K. Nkoko	Member *(Joined Committee on the 8 September 2023)*
M. Mokgosana	Ex-Officio

The Investment Committee was previously known as the Finance and Investment Committee. It was observed that there was an overlap in the finance functions of the Finance & Investment Committee and the Risk & Audit Committee. Consequently, the Finance & Investment Committee was reclassified to the Investment Committee. The Investment Committee was mandated to focus on the performance of the Fund's investments, including aligning and assisting with the growth strategy of the Fund's assets and the general oversight function on the organisation's investments. The Committee reviews reports from the Investment Consultant and the Asset Managers on investment performance, investment opportunities, and the performance of subsidiaries. It makes the requisite recommendations on investment matters to the Board for approval. The duties of the Investment Committee are:

Investment Management

The Committee is responsible for:

- Devising, reviewing, and recommending any amendments to the Fund's investment policies.
- Giving effect to the Fund's investment policies as approved and adopted by the Board of Trustees.
- Ensuring that responsible investment is practised by Bomaid to promote good governance and the creation of value by the companies in which it invests.

BOARD COMMITTEES [CONTINUED]

Investment Committee [continued]

- Recommending to the Board the appointment and termination of the Asset Managers and the Investment Consultant and monitoring their performance.
- Examining recommendations on investment-related matters and seeking approval from the Board of Trustees where appropriate.
- Delegate to Management and outsourced Asset Managers the implementation of responsible investment policy and ensure accountability for complying with the formal mandate.

Attendance Register

DATE OF MEETING	24/3/23	25/5/23	8/9/23	8/9/23	28/11/23
L. Klein	N/A	P	A	A	N/A
O. M. Ramasedi	P	P	P	P	P
J. Ghanie	P	P	N/A	N/A	N/A
T. Loeto	P	A	P	P	P
K. Nkoko	N/A	N/A	N/A	N/A	P

P-Present A-Absent/Apology NA-Not Applicable/Trustee not on Board

Finance, risk & audit committee

O. M. Ramasedi	Chairperson *(Up to 14 September 2023)*
L. Klein	Member *(14 September 2023 up to 14 September 2023)*
J. Ghanie	Member *(Up to 29 June 2023)*
T. Loeto	Member *(Up to 20 June 2023)*
K. Nkoko	Member *(Chairperson from 5 December 2023)*
R. Harriman	Member *(Effective 14 September 2023)*
B. Mhozya	Member *(Effective 14 September 2023)*
M. Mokgosana	Ex-Officio

The Finance, Risk and Audit Committee was previously named the Risk and Audit Committee. It was observed that there was an overlap in the finance function of the Finance and Investment Committee and the Risk and Audit Committee, which resulted in the reclassification of the Risk and Audit Committee to the Finance, Risk and Audit. The change was to improve the reporting function and the efficiency of the Committees since the Finance and Audit functions complement each other. This will also ensure that the skill sets in the Committee will support effectively managing the functions of Finance, Risk, and Audit, which are intertwined.

The Committee assists the Board in discharging its responsibility relating to safeguarding assets, effective internal control systems, IT Governance and ensuring that the financial statements are prepared in compliance with all applicable legal and regulatory requirements and accounting standards. The Committee reviews reports on the management of internal controls, risk management and compliance and makes the requisite recommendations to the Board for approval. Some of the duties of the Committee are:

Financial Reporting
- Monitoring and oversight of the reliability, quality, and integrity of the Fund's financial statements at year-end.
- Recommending approval of the audited financial statements to the Board.

Internal Controls
- Review the adequacy and effectiveness of the Fund's internal controls including IT governance.
- Review and approve the statements to be included in the annual report concerning internal controls and risk management.
- Ensure there is an effective combined assurance framework.

Risk Management Process
- Review the risk management framework and policies.
- Review the adequacy of processes for identifying, monitoring, and managing risks.
- Reviewing the Fund's procedure for reporting and detecting fraud.

Internal Audit
- Monitor and review the effectiveness of Bomaid's internal audit function in the context of the Fund's overall risk management system.
- Oversee the selection process and recommend the appointment, termination, and/or extension of the Internal Auditor's services.
- Review the annual internal audit plan and recommend its approval by the Board.
- Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.
- Meet the Internal Auditor once a year without Management.

External Audit
- Oversee the selection process and recommend the appointment, termination and/or extension of the services of the External Auditor's services.
- Review the findings of the audit with the External Auditor.
- Meet the External Auditor once every year, without management being present, to discuss their remit and any issues arising from the audit.

Legal and Regulatory Compliance
- Review compliance with regulatory requirements and all other Laws of Botswana governing the Fund.

Corporate Governance
- Review reports and advice concerning material corporate governance developments relevant to the Finance, Audit & Risk Committee.

DATE OF MEETING	25/4/23	20/6/23	14/9/23	5/12/23
O. M. Ramasedi	P	P	P	P
L. Klein	N/A	N/A	P	N/A
J. Ghanie	P	P	N/A	N/A
B. Mhozya	N/A	N/A	P	P
R. Harriman	N/A	N/A	P	P
K. Nkoko	P	P	A	P

P-Present A-Absent/Apology NA-Not Applicable/Trustee not on Board

BOARD COMMITTEES [CONTINUED]

Benefits, Appeals and Service Quality Committee

J. Ghanie	Chairperson *(Up to 29 June 2023)*
R. Lebelonyane	Member *(Up to 29 Lebelonyane June 2023)*
L. Motladiile	Member
B. Mhozya	Member *(Chairperson effective 15 September 2023)*
R. Harriman	Member *(Effective 15 September 2023)*
K. Mogana	Member *(Effective 15 September 2023)*
M. Mokgosana	Ex-Officio

This Committee assists the Board in carrying out its responsibility to assess appeals from Bomaid Customers and foster a service excellence culture. The Committee ensures that the organisation fulfils its mission of providing competitive and diverse healthcare products and funding through innovation and service excellence while maintaining an appropriate balance between compassion, fairness, and fiscal realism.

Attendance Register

DATE OF MEETING	24/3/23	4/4/23	26/4/23	22/5/23	20/6/23	20/11/23
J. Ghanie	P	P	P	P	P	N/A
R. Lebelonyane	P	P	P	P	A	N/A
B. Mhozya	P	P	P	P	P	A
R. Harriman	N/A	N/A	N/A	NA	N/A	P
K. Mogana	N/A	N/A	N/A	N/A	N/A	A

P-Present **A-Absent/Apology** **NA-Not Applicable/Trustee not on Board**

Human Resources Committee

L. Motladiile	Chairperson
R. Lebelonyane	Member *(Up to 29 June 2023)*
K. Nkoko	Member (Up to *7 September 2023)*
K. Mogana	Member *(Effective 7 September 2023)*
L. Klein	Member *(Effective 4 December 2023)*
M. Mokgosana	Ex-Officio

The function of this Committee is to advise the Board on Human Resource policies and strategies, including remuneration and the appointment of Group Executives. The Committee is charged with reviewing and offering counsel on the status of Bomaid's human capital. In addition, the Committee evaluates succession planning and tables recommendations to the Board to approve Executive appointments.

This Committee is responsible for reviewing the organisation's remuneration policies. In awarding annual increases to employees, consideration is given to the Group's performance, an employee's performance, and economic conditions impacting the industry and geographical market in which the organisation operates. The Committee is also responsible for the welfare of Board Members across the Group.

Attendance Register

DATE OF MEETING	26/1/23	16/3/23	24/4/23	7/9/23	4/12/2023
L. Motladiile	P	P	P	P	P
R. Lebelonyane	P	P	P	N/A	N/A
K. Nkoko	P	P	P	P	N/A
K. Mogana	N/A	N/A	N/A	P	P
L. Klein	N/A	N/A	N/A	N/A	A

P-Present A-Absent/Apology NA-Not Applicable/Trustee not on Board

Nominations Committee

R. Lebelonyane	Chairperson *(From 29 June 2023)*
L. Motladiile	Member
T. Loeto	Member *(From 26 September 2023)*
M. Mokgosana	Ex-Officio

The function of this Committee is to supervise the appointment process of Board members across the Group. Additionally, the Committee oversees and makes appropriate recommendations on the Trustee's training needs and governance issues. The Committee sits when required, and it sat once during the year.

Attendance Register

DATE OF MEETING	1/9/23
R. Lebelonyane	P
L. Motladiile	P
T. Loeto	N/A

BOARD REMUNERATION

At the 2022 Annual General Meeting, Members approved the recommendations of a Task Force appointed at the 2021 AGM to review fees and draft the Remuneration Policy for the Board. The Task Force was guided by an Independent Consultant appointed from KPMG. The policy aims to attract, motivate, reward and retain highly skilled personnel to keep Bomaid ahead of the competition by maintaining a motivated talent pool to drive its core ideology and strategic aspirations. Fair rewards in the form of board remuneration increase performance, which translates into the Fund's sustainability, thereby creating value for the membership. The policy took effect from 1 January 2023 with provision for a review every three (3) years.

The Trustees were paid total remuneration amounting to P1,801,834 during the reporting period, which is broken down as follows:

BOARD REMUNERATION [CONTINUED]

Total Board Remuneration

Mr F. Ferguson	P117,500
R. Lebelonyane	P239,500
J. Ghanie	P128,500
O. M. Ramasedi	P192,500
L. Motladiile	P252,500
L. Klein	P128,000
B. Mhozya	P199,000
K. Nkoko	P220,000
T. Loeto	P173,500
K. Mogana	P60,167
R. Harriman	P90,667

The remuneration above includes compensation for Trustees' attendance at Board, Committee, and ad-hoc meetings. The breakdown of remuneration by meeting type is as follows:

Board	P570,000
Benefits, Appeals and Service Quality Committee	P176,000
Investment Committee	P96,000
Finance, Risk & Audit Committee	P101,500
Human Resources Committee	P96,000
Nominations Committee	P14,000
Annual General Meeting	P34,000
Strategy Review Engagements	P256,000
Retainer Fee	P458,334

INVESTMENT POLICY

Bomaid is, in principle, a Benefit Fund. The Fund is, therefore, not taxed on receipt of subscriptions and income on investments. The Board of Trustees must approve an appropriate strategy, monitor the performance of investments and make changes where necessary.

On 26 October 2020, the Board reviewed the Investment Policy and Strategy document approved in 2015 and adopted a strategy that enabled Bomaid to meet its liabilities while preserving capital. The approach adopted is expected to provide a long-term return of CPI+2 %. The Society will be exposed to foreign investments to provide diversification.

The Society has adopted the following long-term strategic asset allocation:

Asset Allocation

Asset Class	% Allocation	Allocation Limits (%)
Local Equities	14	0-21
Local Bonds	28	22-42
Local Cash	28	20-50
Foreign Equities	18	0-27
Foreign Bonds	12	10-18
Foreign Cash	0	0-10
Alternative Investments	0	0-10

Alexander Forbes Asset Management Consultants provides consulting services for the Fund, while Botswana Insurance Fund Managers (BIFM and NinetyOne) manage the assets. BIFM has a 65% allocation, while NinetyOne manages 35% of the assets. The policy is currently under review, and this is expected to be completed in 2024.

REGULATORY AND COMPLIANCE

The Risk and Compliance and Legal Services Departments provide the framework and assurance to ensure regulatory and statutory compliance. The Finance, Risk & Audit Committee reports to the Board on compliance with policies and laws.

Key focus areas during the reporting period

During the reporting period focus was on the following areas:

- Induction to capacitate the newly appointed Trustees to execute their responsibilities.
- Training of the Board on Investment Matters, Ethics and Governance.
- Alignment with the proposed NBFIRA Act.
- Resolution of internal and audit queries.
- Improvement of risk and compliance processes.
- Compliance with the Financial Intelligence Act (FIA) Act.
- Preparation for compliance with the Data Protection Act.

RISK GOVERNANCE

The Risk and Audit Committee met with the Internal Auditors in the absence of Management on 5 June 2024 and with the External Auditors on the 18 July 2024. The Internal Audit function is outsourced to KPMG.

CORPORATE CITIZENSHIP

The Board approved a Corporate Social Investment and Sponsorship Policy on 1 December 2021. The policy formalises Bomaid's Corporate Social Investment (CSI) and sponsorship activities in line with its strategic intent. The Benefits, Appeals, and Service Quality Committee of the Board is responsible for ensuring coordination and adherence to the CSI and Sponsorship Policy.

CORPORATE CITIZENSHIP [CONTINUED]

Diacore Gaborone Marathon (P200,000)

The sponsorship's purpose was to position Bomaid as a medical aid scheme that promotes wellness and healthy living. We leveraged with an already established brand to promote exercise, increase awareness and promote the screening of non-communicable diseases. Our support of the marathon is aligned to our organisation's commitment of giving back to the community in aid of disadvantage groups.

University of Botswana (P5,000)

This award is for the best student in the Faculty of Health Sciences. Bomaid sponsors this event every year.

Gosemama Community Junior Secondary School (P50,000)

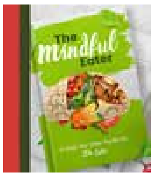
Through the Adopt-A-School initiative, Bomaid is refurbishing the school kitchen.

The 8th Family Medicine and Public Health Conference (P50,000)

The conference aimed to empower healthcare providers with up-to-date clinical information to service Bomaid customers and enhance access to quality care for those needing rehabilitation.

Khwai Village Christmas Donations (P30,000)

Bomaid collaborated with Mosha Spa to buy Christmas gift boxes for underprivileged children in the remote village of Khwai in the Okavango Delta. Through this initiative, drawstring bags were donated to 179 children aged between 2 and 14.



The Mindful Eater Book Launch (P30,000)

The launch was intended to raise brand awareness and encourage members to promote a healthy lifestyle through food. We partnered with Dr. Afiya to sell a book to members at a discounted rate.

Soccer Tournament organised by Bomaid and ABC Foundation

Bomaid collaborated with ABC Foundation to host a football tournament in Kachikau.

RISK MANAGEMENT

Bomaid's focus on Risk Management

We manage our risks through our Enterprise Risk Management (ERM) Framework, which identifies and evaluates risks in our internal and external environment and informs the development of risk mitigation measures.

The Board considers these inputs and the likelihood and potential impact of various risks and opportunities on Bomaid. Effective risk management and a sound internal control environment are needed for long-term success. The Fund's Board and Management recognise that risk management is integral to sound management practice and good corporate governance as it improves decision-making, enhances outcomes, and strengthens management accountability.

The Board also provides leadership, direction, and oversight of the strategy, design, development, and operation of Governance, Risk and Compliance (GRC) structures, processes, and activities. Bomaid's GRC model coordinates governance, risk management, and compliance, unifying and aligning our risk management and regulatory compliance approach.

Bomaid's Board of Trustees is committed to and oversees a process of risk management that is aligned with ISO 31000:2018, COSO ERM: 2017 and generally accepted good practice as well as the principles of the King IV Code for Corporate Governance (King IV™).

To this end, Bomaid is committed to maintaining an integrated and enterprise-wide risk management programme to ensure risk is managed in such a way that the interests of all stakeholders are protected. Integrating risk management improves decision-making in governance, strategy, objective setting, and day-to-day operations and helps to enhance performance.

Risk Management Governance

The Board of Trustees retains overall accountability and responsibility for the governance and oversight of Risk Management. The Board is committed to maintaining an effective Enterprise-Wide Risk Management programme in pursuit of its strategic objectives.

The Finance, Risk and Audit Committee reviews and assesses the integrity and effectiveness of the risk management processes. The responsibility and accountability for managing risks rests with Management, including the significant outsourced business process components. The Risk and Compliance Function is the custodian of the Enterprise-wide Risk Management Framework and Policy and is responsible for entrenching a risk management culture and facilitating risk identification, Management, and monitoring across the Fund.

Our Commitment to Risk Management

We are firmly committed to effective risk management as a central pillar of financial sustainability. Operating in the medical aid environment, the Fund is exposed to strategic, external, legal, regulatory, human resources, operational, financial (credit, liquidity, interest, and foreign currency), technology, health, political and other risks that could potentially affect the achievement of our strategic goals.

Risk management is a continuous, proactive, and systematic process built on solid principles and practices, informing decisions and actions to deal with and benefit from uncertainties encountered while pursuing our strategic goals. At Bomaid, we understand our responsibility to balance risk and reward while pursuing our strategic goals. Furthermore, we know that effective risk management opens new opportunities.

Risk Management Strategy

Bomaid's Risk Management Strategy manages internal and external risks that may impact our sustainability. Our risk management process, which covers outsourced service providers, enables us to manage our risk profile within our risk appetite.

Our risks are assessed in line with the Board -approved Enterprise Risk Management Framework and a risk appetite framework and statement (Risk Metrics). Risks are rated according to impact and likelihood on a five-point scale that ranges from insignificant to extreme. The assessment covers the scheme's dependence on resources and relationships represented by the various forms of capital. This process targets identifying risks capable of negatively affecting organisational objectives and opportunities made available by effectively managing these risks.

Each department has identified a risk champion who reports departmental risk assessment and mitigation results to the Risk and Compliance Manager through the monthly Risk Forums. Executive Management develops and monitors risk responses and mitigation plans through the Executive Risk Management Committee, who conduct regular reviews and reports quarterly to the Finance, Risk and Audit Committee and the Board.

Risk Appetite

Risk appetite and tolerance levels define various levels of risk that allow Bomaid to recognise, escalate, and deal with risk in a way aligned with the delegation of authority. We recognise the importance of aligning our risk register metrics with our impact on the four capitals (Business Performance, Reputation & Brand, and Compliance & Legal). This approach allows us to deal with risk appropriately, depending on the severity level. This approach is reviewed annually and submitted to the Board of Trustees for approval.

Risk Management Capabilities

Our risk management approach is underpinned by internationally recognised standards (ISO31000:2018), (COSOERM: 2017) and codes of practice (King Code for Corporate Governance).

The Key pillars of our risk management approach are to:

- Improve risk management capabilities continuously throughout the organisation.
- Implement risk mitigation strategies timeously at strategic, tactical, operational and process levels.
- Take accountability for risk mitigation decisions.
- Responsible acceptance of risks in pursuit of objectives.
- Pursuit of opportunities responsibly.
- Integrate risk interdependencies across the Fund and outsourced service providers.

Enterprise-Wide Risk Management Implementation Plan

The activities for 2023 focused on strengthening the core through effective governance, risk assessment mitigation and response, and internal control assurance. The focus areas from the approved annual work plan for the financial year included:

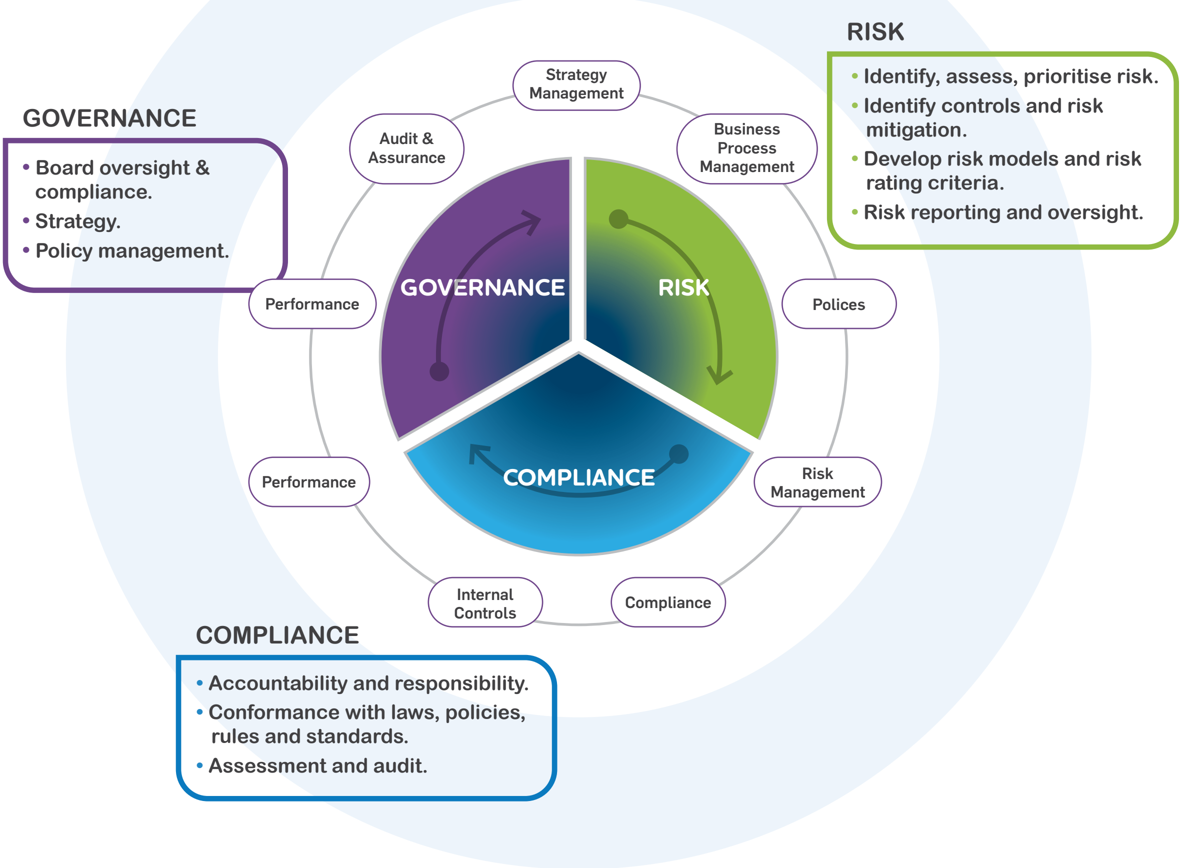
- Ensuring statutory compliance obligations are monitored to maintain the effectiveness of internal controls in adhering to current and upcoming regulations.
- Health risk management interventions to combat Fraud, Waste, Abuse and overservicing in the market.
- Implementation of customer due diligence processes in compliance with the Financial Intelligence Act.

RISK MANAGEMENT [CONTINUED]

Enterprise-Wide Risk Management Implementation Plan [continued]

- Development and implementation of the privacy and data protection framework to consolidate and coordinate enterprise-wide efforts in safeguarding individual data, privacy, and subject rights.
- Monitoring and reporting to the Board on the Top 10 strategy risks, continuously evaluating significant changes in the risk landscape and the effectiveness of risk mitigations.
- Resolution of internal and external audit issues, strengthening internal controls, and tightening process gaps.
- Implementation of the business continuity management programme.
- Preparation for the enactment of Data Protection legislation.
- An Environmental, Social and Governance (ESG) self-assessment will prepare the Fund to embrace the principles of responsible corporate citizenry espoused in the ESG framework.

GRC FRAMEWORK



OUR PERFORMANCE

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

> "I am proud to report that through the foresight of the Isago Strategy we have realised, and in some cases exceeded, much of what we aimed to achieve.

Introduction

Our priority at Bomaid continues to be delivering on our promise to Customers, who are also the owners of the Medical Aid Fund, and the entire stakeholder community at large to work to provide diverse and leading-edge healthcare solutions through innovation and excellence.

The health and happiness of our customers will continue to be paramount as we pursue the trinity of strategic objectives centred on our customers' satisfaction, the impact that we have on their health and wellness, and the financial sustainability of the Fund.

As an organisation that provides essential healthcare services to a vast majority of the population and is regulated, Bomaid is, therefore, a Public Interest Entity subject to the scrutiny of a diversity of regulatory authorities and various other stakeholders.

The Isago strategy is anchored on a paradigm shift that seeks to transform Bomaid from a traditional Medical Aid Fund whose focus is transactional and is based on merely paying claims to an entity that is focused on financing the best clinical outcomes and is in alignment with the principles of Value-Based Care (VBC), Universal Healthcare Coverage (UHC) and the Sustainable Development Goals (SDGs).

Closer to home, the Medical Aid Fund's objectives are aligned with those of the National Aids and Health Promotion Agency (NAHPA), which calls for a multi-sectoral partnership for the prevention of new HIV infections and the burden of Non-Communicable Diseases and AIDS. This ongoing transformative journey demands continuous investment in health and well-being.

The Fund continued to attract new customers, with 3,558 new customers (7,828 lives) onboarded during the year. 79% of these new customers were from the corporate sector, with the most notable growth being in the mining, utilities, and hospitality sectors. As in the previous year, this growth was overshadowed by attrition, with a net membership loss of 432 customers.

Following two successive years of losses triggered by the COVID-19 pandemic, the Group has returned to profitability. Group profits for the year turned around from a loss of P96.4 million in 2022 to a P34.1 million profit in 2023, while Fund profits increased by P120 million from a loss of P86 million to a profit of P34.7 million. Solvency levels increased from 33.2% to 34.1%.

Having posted positive results during the pandemic due to services such as screening, drug provision, and consultations, MRI's performance has hindered the Group's performance as a result of a P15.8 million loss. This was mainly attributable to the delayed impact of planned strategic projects to improve the performance of the subsidiary. Following an intensive search for a technical equity partner, the Group Board approved negotiations to proceed with a potential partner.

For the first time, the accounts have been prepared following IFRS 17, ensuring that insurance contracts are measured using updated and reflective estimates and assumptions, including cash flows and any associated uncertainties. This standard, applicable to organisations with a year-end of 31 December 2023, represents the most significant change in accounting standards in over two decades. The finalisation of the audit has been extended to accommodate the new disclosures for the Bomaid financial statements and the restatement of the 2022 comparatives, highlighting our commitment to accuracy and transparency.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER [CONTINUED]

A paradigm shift

Isago Strategy

Project Isago was a crucial element in the success of our Strategy, which aims to transform and future-proof the Fund. However, the strategy's rollout has faced challenges, mainly due to the slow onboarding of customers and healthcare partners. This has led to concerns about the Fund's direction and financial stability. The transition period also experienced communication gaps, negatively impacting the Fund's brand equity.

Despite the delays, Management is actively working to address these issues and reassure stakeholders, ensuring that the changes benefit our customers. As a social enterprise, our strategy focuses on achieving triple-bottom-line outcomes that positively affect wellness, operational excellence, and financial sustainability.

Rule Book Changes

Following the introducing of new health plans in 2023, efforts have begun to transition customers, allowing them to choose options that best meet their unique healthcare needs and budget. Members approved rule changes at the Annual General Meeting (AGM) held on 29 June 2023 to align with upcoming regulatory changes and the overall strategy. This overhaul of the Rule Book, which was the most significant change since the inception of Bomaid, covered various aspects of the Rule Book, including the following:

- Membership.
- A marital status review.
- Redefinition of dependents.
- Reclassification of children.
- Review of exclusions.
- Amendments to align with Data Protection legislation.
- Allowing for broader participation in the Pensioner Discount.

Change of pricing philosophy

In recognition of the lower risk children dependents carry and to attract youthful families, the pricing philosophy was also changed to the Principal-Adult-Child (PAC) pricing model. This critical change is expected to attract younger families to join Bomaid and slow down the increase in the average age, which stood at 43.2 years for principal members and 30.16 years for beneficiaries at the end of 2023.

Technology and Productivity

A key enabler in improving the customer experience is the technological enhancements being rolled out on the Thobo Fund Administration System. These enhancements are expected to allow for self-service where customers can submit claims, track these claims, access their benefits and make master file amendments independently and remotely.

Integrations have been completed with some screening platforms to allow the loading of screening results onto customer profiles. For providers, functionality has been enabled to check the balance of benefits before servicing. Pre-authorisation processes have been integrated with private hospital management systems for our most prominent partners to allow for faster turnaround on submitting bills and updating preauthorisations

Restructuring update

To align our organisational capability with the Isago Strategy, a new fit-for-purpose organogram was approved for implementation in 2023. This realignment exercise resulted in 26 employees transitioning out of the organisation, and was a strategic step towards optimising our team's efficiency. The Technology Department has been enhanced to support the Digital Transformation Programme, while the Clinical Department has been strengthened to support greater impact on the wellness objective.

Efforts to resource the Customer Experience Department are ongoing following a prolonged recruitment setback.

Additionally, to increase awareness of Bomaid and its offerings, we have created a new role for Public Relations and Communications, reinforcing our commitment to clear and effective communication with our stakeholders.

Outlook

With the reversal of the previous year's financial losses, the Fund is expected to continue improving its financial indicators. Following the approval of negotiations for a technical partner for MRI, the appointment of a new Managing Director, and the implementation of cost containment measures, it is anticipated that the subsidiary will begin its recovery from 2025 onwards.

Management is committed to addressing concerns about customer experience by focusing on improving productivity performance and stakeholder engagement. To support this turnaround, departments will be adequately resourced, especially considering the slow adoption of self-service channels. Additionally, the clinical team will continue to work on interventions to enhance the wellness of Bomaid customers.

Appreciation

On behalf of the Management Team, I would like to express our heartfelt thanks to the Board of Trustees for their guidance throughout the year. We are particularly grateful to Mr. Fergus Ferguson, who retired as Chairperson, and Mr. Julius Ghannie, who chaired the Benefits, Appeals, and Service Quality Committee.

We deeply appreciate the unwavering dedication of our past and present colleagues in serving Bomaid's customers. Our gratitude extends to our customers, whose loyalty and patience during challenging times have been invaluable.

We also thank our partners, especially the third-party contractors and healthcare partners, for their ongoing collaboration towards the health and well-being of our customers. Additionally, we appreciate our colleagues in the media for helping us reach our stakeholders and are grateful to our regulator, NBFIRA, for their continued guidance and support.

Re a leboga

PERFORMANCE OVERVIEW

Across the Group, we continue to focus on realising our vision to be a companion for wellness and health by delivering healthcare solutions through innovation and service excellence.

The Isago Strategy envisages a group structure that leverages the Fund administration capabilities that Bomaid has built over the years and value-adding partnerships managed through service level agreements (SLAs). The three focus areas are operational excellence, impact on wellness and financial sustainability. The Board and Management are confident that the Fundamentals required for the Isago Strategy to succeed are in place.

OPERATIONAL EXCELLENCE		IMPACT ON WELLNESS				FINANCIAL SUSTAINABILITY
Brand Affinity	**Partnerships**	**Human Capital**	**Product Development and Innovation**	**Data & Technology Systems**	**Quality Processes and Procedures**	**Funding**
• Reputational Capital Reserve survey at 62% Baseline. • Commitment to improving Emotional Appeal and simplified communication on Products and Services. • Loyalty and Wellness Programmes to be enhanced • ESG Self-Assessment completed. • Automation of key processes to improve turnaround times. • 22, 294 screenings in 2023 to allow for member profiling and targeted interventions. • Weekly Customer Engagements as well as Media and Healthcare Provider Engagements. • Approval of Customer Experience Transformation Programme.	• Contracted Provider Network tender and consultations commenced. • Onboarding of DENIS, a dental managed-care organisation for dental claims processing. • Onboarding of PPN for Optical benefits and protocols MOUs and MOAs being explored with other value-add partners. • Enhanced partnership with health information platform partners and integration of technologies. • Loyalty partnerships: - Running shoe promotions with Grip Runner. - Health and Wellness Campaign with Mosha Spa. - Gym partnership with Virgin Active. - Smartwatch partnership with Garmin.	• Completion of staff reorganisation. • Introduction of the new clinical services department to boost clinical skills. • Recruitment of data scientists to improve our data analytics capabilities. • Implementation of the new structure to align with the 2026 strategy. • Culture Blueprint developed to align the culture with the strategy. • Talent Management Framework implemented, and succession plan approved. • Staff onboarding and refresher training on Bomaid products and the new rule book. • Ongoing employee surveys. • Employee team building sessions for cohesion.	• Project Isago completed. • 4 new health plans approved by Board and deployed to the market. • 16 benefit options available to Members from January 2023. • Migration commenced for new health plans. • Pricing philosophy changed to Principal Adult Child (PAC) make plans attractive to young families. • Rule amendments approved to allow for better inclusivity and broader cover. • Low-cost benefits included. • Enhanced screening to support design of care plans. • Increased emphasis on Value Based Healthcare.	• Bomaid App available on iOs and Android for self-service. • IT Strategy has been reviewed to allow for acceleration of Digital Transformation. • Automation of the Travel Insurance Application for improved turnaround times (TAT's). • Artificial intelligence, machine learning, and data analytics will be key (the deployment of the Abby Health Screening Machine). • The integration of data into member profiles. • Integration of Pathology results with Partner Labs Data to Member profiles. • Implementation of the Disease Management Solution for better Chronic Care Management. • Integration of Preauthorisation to Thobo System. • Review of Thobo Fund Administration System.	• Key Finance processes automated. • 4 internal audit reports (2 Weak and 2 Limited Concern). • Governance Risk and Compliance (GRC) Action plan and self-assessments in progress. • Know Your Customer (KYC) and data clean-ups ongoing. • Claims process optimisation.	• Insurance revenue for The Fund increased by 10% from P839.3m to P923.7m. • Non insurance contracts revenue for the Group increased by 30% from P44.9 million to P58.4 million. • Medical aid turnaround from P86 million loss to P34.7 million surplus. • Group turnaround from P96.4 million loss to P34.1 million surplus. • Fund insurance service expenses increased by 0.6% from P825.2 million to P830.8 million. • Reduction of insurance expense ratio to revenue from 98.3% to 89.9%. • Group insurance expenses increased by 1.03% from P819.6 million to P828.1 million. • Fund insurance service result improved by P76.6 million from P6 million to P82.6 million • Solvency up from 33.2% to 34% • Impairment of investment in subsidiary increased from P2.8 million to P11.6 million. • Impairment of loan to subsidiary increased from P0.6 million to P3.3 million. • Offer received from a potential investor for MRI. • Fund Admin ratio reduced 8.4% of revenue to 8.1% of revenue. • Financial Controls being implemented to manage cost drivers and accelerate recovery. • Reduction in investment income from P9.9 million to P9.6 million. • Increase in dividend income from P5.5 million to P6.5 million.

PERFORMANCE OVERVIEW [CONTINUED]

Operational excellence

Overview

Over the years, the needs of medical aid customers have evolved, prompting Bomaid to enhance its service delivery. This calls for an agile service provision model, presenting challenges and opportunities for medical aids to reinvent themselves.

In our new strategy, Bomaid is dedicated to optimising service delivery to attract and retain customers while ensuring the Fund's long-term financial sustainability. Through the Isago strategy, we aim to realign our core systems and processes to enhance customer service experience and performance, ensuring effective delivery.

Recognising the stability of our core as the most critical and urgent priority, we are committed to driving towards our vision of being the companion for healthier and happier lives. Central to this is the ongoing review of our value chain to identify and enhance the most valuable internal activities that boost our competitive advantage while eliminating redundant ones. Additionally, we aim to develop a product and business pipeline to attract new clients, grow our market share, and mitigate risk by making the 16 health plans appealing to younger, healthier individuals.

With the new health plans now well established, the focus in 2024 will shift to increasing enrolment by acquiring new members and transitioning existing members to these plans while phasing out less sustainable options. Additionally, there will be a strong emphasis on customer retention and ongoing efforts to improve customer sentiment.

Highlights

During the year, we undertook projects to optimise processes, including refining claims procedures and introducing middleware to allow customers to update their details, improving data accuracy. The claims process review will include automated pre-authorisation for local hospital groups.

Introducing wellness-based health plans is crucial for boosting Bomaid's brand affinity. In 2022, a project team was formed to research and develop these new plans. The Board of Trustees approved four new plans: Access, Comprehensive, Executive, and Prestige. These plans offer 16 options tailored to curative or preventive needs and are flexible based on affordability. Launched in 2023, these plans were immediately available to new clients. In late 2024, existing customers will be engaged to consider migrating to a plan that best suits their needs.

At the 2023 Annual General Meeting (AGM) on 29 June, Bomaid Members approved significant rule changes proposed by the Board and Management. These updates aimed to modernise the Fund and align it with current medical aid practices and impending regulations. Fundamental changes included recognising extended family setups in Botswana and addressing high unemployment by allowing principal members to include extended family members in their medical aid cover. Additionally, provisions were made for customary arrangements and expanding the criteria for older members to benefit from the pensioner loyalty reward.

After onboarding 4,426 new customers in 2022, an additional 3,558 customers (7,828 lives) joined in 2023. Of these, 736 customers (21%) were from the retail market, and 2,822 (79%) were from employer groups. However, the attrition rate remained high, with 4,050 customers leaving the Fund. The split of exiting customers was 26% from retail and 74% from corporate groups.

To improve health outcomes, a tender was issued for healthcare professionals to join the Contracted Provider Network. This will allow customers to nominate health practitioners collaborating with patients and the Funder for better outcomes. Customers will be incentivised for behaviours that help manage risk.

Following the Reputational Capital Reserve (RCR) survey in December 2022, an action plan was created to address the issues affecting the negative sentiment towards the Bomaid brand. This plan was completed in December 2023.

An ESG self-assessment was conducted during the year. The assessment aimed to analyse Bomaid's state against key foundational concepts to establish a starting point for implementing the framework. This assessment identified areas for development, and Management committed to making the changes necessary to drive ESG over the strategy period.

Challenges

In 2023, Bomaid introduced new benefit protocols that raised customer concerns, particularly regarding access to general practitioner, optical, and pharmacy benefits. This led to a 5% increase in principal members leaving for other medical aids. Other significant losses included 35% due to principals leaving their jobs and 27% due to financial terminations. Despite these challenges, Bomaid achieved a 92% retention rate and maintained a 54% market share of open medical aid funds and 33% when including closed medical aid funds.

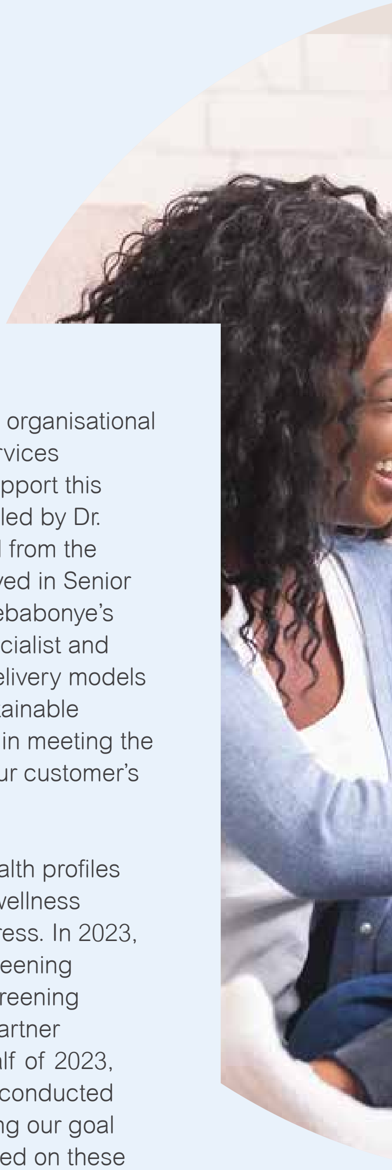
Outlook

To improve our Relationship Capital Reserve (RCR), we will continue to realign products and services to attract younger demographics. The new organisational structure at Bomaid includes a Public Relations and Communications role, which, alongside Business Development, will help enhance stakeholder awareness of Bomaid's value proposition.

Additionally, the Board approved a Customer Experience transformation programme in December 2023. Through this programme and ongoing investment in our Customer Experience team, we aim to refine client management processes by leveraging customer relationship management technology and enhancing self-service options for quicker turnaround times.

We will focus on improving communication channels between our internal clinical staff and customers needing or receiving clinical care to foster a stronger emotional connection with our clients. This will be achieved through continued enhancements to our Thobo system, developing middleware, and integrating other technologies into our core health administration platform. Additionally, we plan to lead wellness campaigns and introduce new wellness-based loyalty programmemes to complement our new health plans and support our vision.

PERFORMANCE OVERVIEW [CONTINUED]



Impact on wellness

Overview

For the Bomaid value proposition to remain relevant and for the growth of the Fund, as well as its long-term sustainability, the Isago strategy proposes a shift from a curative approach to a preventative approach to healthcare funding.

By improving our customers' wellness factors, we intend to promote healthy lives and well-being as envisioned in the United Nations Sustainable Development Goal 3. This also seeks to align with the objectives of the National AIDS and Health Promotion Agency (NAHPA) for a multi-sectoral approach to prevent new HIV infections and reduce its burden - as well as that of Non-Communicable Diseases (NCDs).

To this end, Bomaid seeks to reorient its products, systems, and processes to establish wellness offerings that excite, energise, and inculcate wellness-based lifestyles. We anticipate repositioning the industry and the broader populace towards wellness and health through our brand leadership.

Alongside a greater focus on wellness and preventive primary care, a fundamental shift in the Isago Strategy is the adoption of Value-Based Healthcare (VBC). This approach involves a shared vision between healthcare practitioners and funders, centering on the patient. It emphasises payment models prioritising the quality of care over the volume of services while being mindful of customers' specific needs with chronic conditions. Consequently, healthcare practitioners will be reimbursed based on outcomes rather than the number of visits.

Highlights

After the Board approved the new organisational structure, a dedicated Clinical Services department was established to support this strategic pillar. The department is led by Dr. Malebogo Kebabonye, who joined from the Ministry of Health, where she served in Senior Management at the ministry. Dr Kebabonye's experience as a public health specialist and passion for primary health care delivery models and system strengthening for sustainable service delivery will be invaluable in meeting the strategic objective of improving our customer's health.

Understanding our customers' health profiles is crucial to developing targeted wellness interventions and assessing progress. In 2023, Bomaid launched an intensive screening campaign using new AI-based screening technology and our diagnostics partner network. Starting in the second half of 2023, over 22,000 screening tests were conducted to establish a baseline for achieving our goal of 90% healthy lives by 2026. Based on these results, care plans were developed: 5% of customers were assessed as "high-risk", and 23% were assessed as "at risk". Enrolling these individuals in chronic management programmes and creating robust plans is essential for supporting their health and wellness.

We are forming partnerships and implementing loyalty programmes and gamification to achieve this ambitious strategic goal to encourage behavioural changes that enhance quality of life. Gamification involves using game design elements, like point scoring and competition, to motivate and engage people in non-game contexts. We will also use data to support product development, and our research and data analysis will help us create innovative wellness programmemes.

Fraud, waste, and abuse continue to be significant concerns for Bomaid. In 2023, one general practitioner's contract was terminated due to suspected fraudulent and unethical behaviour, and several other practices are under watch for potential over-servicing and dishonesty. An arbitration process also initiated with a significant service provider over a financial dispute. New partners were appointed to enhance controls for dental risk and optical benefits management. Ongoing efforts are in place to tighten controls and prevent abuse and over-servicing.

Challenges

The delay in passing the Medical Aid Funds Act remains a concern for Bomaid's Board and Management. The uncertainty hinders long-term strategic planning. Currently, the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) regulates the medical aid business under the Ministry of Finance and Economic Development. At the same time, healthcare services fall under the Public Health Act, regulated by the Ministry of Health. The need for specific legislation governing the industry complicates the regulatory landscape.

The healthcare fraternity's onboarding and adaptation of the proposed reimbursement models has been slower than anticipated. In implementing this major paradigm shift, there must be alignment between those who deliver the services and the Funders. This places strain on patient-centricity principles and requires extensive consultation and buy-in.

Outlook

The newly formed clinical services department drives the wellness transformation agenda. Engagements will continue with our healthcare services delivery partners to support the implementation of a value-based healthcare delivery model. These discussions will include negotiating care plans and service levels to improve the health and wellness of Bomaid customers. Screening interventions will be intensified in 2024 to identify beneficiaries needing early onboarding on managed care programmes. A critical enabler for this is collaboration with our network of partners in the healthcare services delivery and diagnostics fields. Also crucial will be the use of technology, business intelligence capability and artificial intelligence.

PERFORMANCE OVERVIEW [CONTINUED]

Financial sustainability

Overview

After the sharp increase in claims in 2021 and 2022, it's encouraging to see a slowdown in claims for the medical aid fund in 2023. The rise in insurance service expenses (claims costs) was minimal, with only a 0.6% increase from P825.2 million in 2022 to P830.8 million in 2023.

Insurance revenue for the Fund grew by 10%, from P839.3 million to P923.7 million, primarily due to an 8% increase in subscriptions. However, there was a churn in the customer base post-pandemic, driven by affordability issues from job losses and other economic challenges.

The average age of principal members has modestly increased to 43.2 years, raising concerns about an ageing customer profile and potential adverse selection, which could threaten the Fund's future sustainability. This highlights the urgent need to attract younger populations to the new health plans.

The administration ratio for the Fund decreased from 8.4% to 8.1%. However, some exceptional items impacted the financials, including P3.5 million spent preparing for the transition to IFRS 17 reporting. Additional expenses were incurred due to MRI Botswana's poor performance, resulting in a loan impairment of P3.3 million and an investment write-down of P11.6 million. The Board and Management are optimistic about progress in identifying a technical equity partner and hope to finalise the transaction in the 2024 financial year.

The Fund remains in a healthy financial position, with solvency levels still at 34.1%. Fund growth will remain critical to its long-term sustainability. Achieving this requires vigilance in managing fraud, waste, and abuse, improved contracting and service level agreement management with our partners, robust underwriting processes, a balanced approach to pricing, and funding the best outcomes for enhanced quality of life for our customers.

MRI revenue from non-insurance contracts grew by 30% from P 44.9 million to P 58.4 million driven by a new call centre contract secured during the year. Pharmacy revenue remained flat due to the change in the reimbursement model by a significant client of the business.

Administration expenses for the Group grew by 8.8% from P103 million to P112.1 million, with the most significant increase being a 48% increase in external audit fees provision due to an additional provision for the audit of the IFRS 17 implementation, a 88% increase in internal audit fees due to the rise in internal audits after a reduction in 2022, a 21% increase in depreciation of property plant and equipment, and a 31% increase in directors and trustees fees due to special meetings about the divestiture of Bomaid's interest in MRI.

Staff costs increased by P2.7 million (6.8%) from P39.2 million to P41.9 million, while other expenses increased by P3.3 million (6.6%) from P49.8 million to P53.1 million. These include claim processing costs, provisions on subscriptions receivables and legal and company secretarial fees.

Highlights

After two years of operating losses of P86 million and P96.4 million for the Fund and the Group, the Fund and the Group returned to profitability with surpluses of P34.7 million and P34.1 million, respectively. While some one-off costs in 2022 affected performance, the performance improvement is influenced by an increase in the insurance service result from P5.9 million to P82.6 million for the Fund.

The performance improvement is attributable primarily to a slowdown in healthcare costs and the realisation of premium increases during the year. This containment in healthcare costs results from controls in the optical, pharmaceutical, outpatient, rehabilitation therapy, and general practitioner consultations introduced at the beginning of 2023. These controls augment the ongoing dental controls introduced in 2022.

During the 2023 fiscal year, the Botswana Government declared private medical services VAT-exempt. Consequently, with effect from 3rd May 2023, the costs previously borne by the medical aid fund, including screening and hospitalisation costs, ceased to attract output tax.

Challenges

Despite the slowdown in costs for the 2023 year, the claims costs before the IFRS 17 reclassification remained at an all-time high in 2023. The actuarial claims figure of P754.6 million (P1,507.69 per member per month) still surpassed the P746.5 million (P1,497.22) in 2022 and the P742.7 million (P1472.56 per member per month) payout at the height of the COVID-19 pandemic in 2021 when P104.5 million was paid in COVID-19 related healthcare costs. This picture points to a scenario where healthcare insurance costs have remained stubbornly high and delayed to return to pre-pandemic levels when there were already inefficiencies in the private healthcare system.

Hospitalisation (25%), Consultation (17%), Outpatient Services (18%) and Medication (18%) remain the highest cost drivers contributing to 78% of the healthcare costs. The release of 500 additional beds into the healthcare system with the opening of the Sir Ketumile Masire Teaching Hospital (SKMTH) along with the extra beds from the introduction of other private hospitals in Francistown (Francistown Academic Hospital and proposed expansion of Riverside Hospital), Maun (Maun Private Hospital and Doctors Inn in Selebi Phikwe), the reopening of BCL hospital and the proposed privatisation of the mine hospitals in Jwaneng and Orapa are expected to create additional pressure on the hospitalisation costs due to the risk of further supplier induced demand.

This will create further tension and undermine the proposed strategic thrust from hospital-centric to preventive care. With the above in mind, healthcare funders will be required to tighten protocols and case management to avoid continued escalation in costs that may result in costs being passed on to the customers in the form of premiums and the slowing down of medical aid uptake.
General practitioner and specialist consultations were down 6% (from over 370,000 to around 351,000) and 7% (from over 35,000 to just below 32,500), respectively. Hospitalisations increased from 8,700 to 8,900, with the readmissions rate at 11.81%. On the other hand, there was a 14% improvement in medication pick-up for HIV/Aids from 73% to 87.1%.

PERFORMANCE OVERVIEW [CONTINUED]

Challenges [continued]

The pensioner benefit continues to exert some pressure on the Fund while serving a relatively small group of customers. There are 963 pensioners who receive a discount of between 30% and 50%, contributing to an operating deficit of P28.7 million for the year. Following the rule amendments approved at the 2023 AGM, these pensioners will be grandfathered in, and future beneficiaries will receive the benefit at a differential rate determined by the Board. The pensioner ratio increased from 10% to 11.4% during the year.

The financial performance of MRI continues to hinder financial performance across the Group. During the year, an amount of P14.9 million (made up of an impairment of P11.6 million in the subsidiary and a loan write-off of P3.3 million) was written off in the Fund books. This is up by P11.5 million from P3.4 million in 2022. The MRI performance was primarily attributable to the seizure of some projects at MRI that were not expected to deliver the results initially envisaged. Further, some strategic projects were discontinued after the MRI Board reevaluated its strategic priorities and insisted that Management focus be directed to the core business.

Outlook

Fund growth will remain critical to the Fund's long-term sustainability. Achieving this requires vigilance in managing fraud, waste, and abuse, contracting with our partners, robust underwriting processes, and a balanced approach to pricing and funding the best outcomes for improved quality of life for our customers.

We are confident that Management has learned from the financial leakages that have arisen from fraudulent claims and over-servicing and will continue to take necessary steps to combat this behaviour by implementing controls and enforcing protocols.

To enhance investment performance, the Investment Policy Statement will be reviewed during the 2024 financial year to optimise returns on Assets Under Management (AUM). New mandates will be granted to asset managers and asset consultants.

It is envisaged that should the negotiations be successful to dilute the Group's interest in MRI Botswana and the onboarding of a technical partner, the performance of this subsidiary will be improved from 2025.


Know your
mind
Did you know that Bomaid offers a mental health helpline? For emergency mental health support, reach out to 3216000. This service is available across all
16 of our health plans.
Bomaid
Health & Happiness at heart

KING IV ALIGNMENT

Overview

This section demonstrates our application of the King IV Code Principles during the year. We aim to increase the implementation of these principles across the Group as we proceed.

KING IV FOCUS AREA	KING IV PRINCIPLE	GOVERNANCE REPORT 2023
Leadership	1. The governing body should lead ethically and effectively.	The Bomaid Board of Trustees, working closely with the Executive Management has committed itself to high levels of ethical leadership, integrity, and good governance. The Board holds the view that for the Group to remain and continue being sustainable, and a key stakeholder in the health care industry, it must provide the necessary oversight to ensure that the Fund has a solid reputation.
Organisational ethics	2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The ethical approach adopted by Bomaid involves leading Employees to build good relationships based on respect and trust. The Board is confident that leading with integrity, honesty, fairness, equity, justice, and compassion result in sustainable success. With these standards having been set and leadership living by them, the entire organisation is expected to follow suit. Issues relating to integrity, honesty, fairness, equity, justice, and compassion have been addressed in the Conditions of Service for Employees, Whistle-blowing Policy, and the Code of Conduct for the Board of Trustees to align the culture to the values of the organisation. The documents support Bomaid's mission, values, and principles, linking them with standards of professional conduct and they also serve as a valuable reference on issues relating to ethics within the organisation.
Responsible corporate citizenship	3. The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.	The Board has delegated to the Finance, Risk and Audit Committee the responsibility for monitoring and reporting of ethical and sustainability practices that are consistent with responsible corporate citizenship. Group codes of conduct are monitored across the Group and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that in all reasonable circumstances is above reproach. To incorporate environmental and social factors into the governance approach and to further align with the principles of responsible corporate citizenry, the Board has approved the adoption of the principles of Environmental, Social and Governance (ESG).
Strategy and performance	4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board of Trustees remains responsible and committed to setting the Group's strategic direction, developing key policies, approving budgets, monitoring implementation of the approved strategy, and ensuring that there is full compliance with all regulatory requirements and set policies. The Board, in determining strategy, considers its material inputs and their usage, together with how the Group's activities and outputs contribute to positive sustainability outcomes. In this report, we have articulated our value creation process and performance, as well as our material matters, risks, and opportunities.

KING IV FOCUS AREA	KING IV PRINCIPLE	GOVERNANCE REPORT 2023
Reporting	5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium, and long-term prospects.	The Board is assisted by the Finance, Risk and Audit Committee in reviewing and approving the integrated report. The report is prepared in line with recognised local and international guidelines including International Financial Reporting Standards (IFRS), the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, the reporting principles contained in King IV and NBFIRA (Non-Banking Financial Institutions Regulatory Authority) guidance. The Board is comfortable that this Integrated Report provides a comprehensive view of the Group's performance and the aspirations of the business in the future.
Primary role and responsibilities of the governing body	6. The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Book of Rules entrusts the Board with control and supervision of the general business of the Fund. The Board is the focal point and custodian of corporate governance in the organisation and has committed itself to the highest standards of corporate governance through adopting and applying the principles enshrined in the King IV Code and adhering to the Board Charter which outlines the Board's duties and responsibilities. The Trustees have a fiduciary duty to administer the assets of Bomaid with due skill and care. The Board is, therefore, accountable to the Members of the Fund, who are beneficiaries of its assets. The Board of Trustees is duty bound to act in accordance with the Book of Rules, and in the best interests of the Fund and its customers. During the year under review, The Botswana Accountancy Oversight Authority (BAOA) conducted a follow up review of Bomaid's performance regarding compliance with King IV principles following from the last review for the year end 31st December 2021. The BAOA Board awarded Bomaid a Low-Medium Risk (Satisfactory) rating which is the least risk rating.
Composition of the governing body	7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Nominations Committee considers, on an annual basis, the composition of the Board. Their considerations include the balance of knowledge, skills, gender, and experience, together with the level of independence required for the Board to function effectively. We have included additional disclosures on the Board composition in the Our Governance section of this report. During the year under review, an additional female Board Member was added to the Board. In line with the intent to make the organisation more customer centric, an individual who is an advocate for consumer rights and customer service was appointed to the Board.

KING IV ALIGNMENT

[CONTINUED]

KING IV FOCUS AREA	KING IV PRINCIPLE	GOVERNANCE REPORT 2023
Committees of the governing body	8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The Book of Rules and Board Charter provide for the establishment of designated Board Committees, to assist the Board with delivery of its mandate. The Book of Rules and Board Charter provide that the Board of Trustees may delegate some of its powers to these designated Committees and this is in accordance with good corporate governance standards. The delegated authority of Committees is express, and the Committees work in line with the terms of reference as provided in the Committee Charters. The Committees are mandated to make recommendations of their final decisions to the Board of Trustees for approval. The delegation of authority to Committees does not absolve nor transfer any of the responsibilities of the Board to the respective Committees, and the Board remains accountable to the Members of the Fund. The Board Committees comprise: • Investment. • Finance, Risk & Audit. • Benefits, Appeals & Service Quality. • Human Resources. • Nominations.
Evaluations of the performance of the governing body	9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair, and its individual members, support continued improvement in its performance and effectiveness.	The Nominations Committee supervises the nomination process of Trustees to the Bomaid Board and Directors to Bomaid subsidiaries. Additionally, the Committee oversees and makes appropriate recommendations on Trustee's training needs and governance issues. The Board evaluation conducted in 2020 assessed the performance of the Board. During 2023 we made progress in addressing areas for improvement. A further assessment will be conducted in 2024.
Appointment and delegation to management	10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The Board has delegated authority to the Chief Executive Officer to run the day-to-day affairs of the Group, subject to a delegation of authority framework, which details levels of authority and governs sub-delegation. The Delegation of Authority Policy and Framework clearly stipulates matters that are delegated to Management and those that are the preserve of the Board.

KING IV FOCUS AREA	KING IV PRINCIPLE	GOVERNANCE REPORT 2023
Risk governance	11. The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Finance, Risk and Audit Committee assists the Board in discharging its duties of managing the Fund's internal controls and risk management systems. The Committee continuously reviews reports on management of internal controls & risk management and makes the requisite recommendations to the Board for approval. Across the Group, risk management practices include the proper delegation of responsibilities, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. The focus of risk management in the Group is on identifying, assessing, managing, and monitoring all known forms of risk across the Group. While operational risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.
Technology and information governance	12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	The Board recognises the importance of technology and information for the Group's strategy, performance, and sustainability. The Finance, Risk & Audit Committee is responsible for information and technology governance in accordance with King IV. The Committee oversees the implementation of IT governance mechanisms, IT frameworks, policies, procedures, and standards to ensure the effectiveness and efficiency of the Group's information systems.
Compliance governance	13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Finance, Risk and Audit Committee assists the Board in its monitoring and evaluation of the adequacy and efficiency of internal control systems, accounting practices, information systems and auditing processes applied in the day-to-day management of the Group in compliance with all applicable legal requirements, corporate governance requirements, and accounting standards.
Remuneration governance	14. The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.	The Human Resource Committee advises the Board on Human Resource policies and strategies, including remuneration and the appointment of officers of Bomaid. In addition, the Committee is charged with reviewing and offering counsel on the status of the Group's human intellectual capital to ensure that the Group continues to attract, retain, motivate, and reward employees appropriately to ensure they achieve key organisational objectives. During the year, the Board reviewed and approved the recommendations of the Human Resource Committee on the implementation of the new structure and remuneration policy.

KING IV ALIGNMENT

[CONTINUED]

KING IV FOCUS AREA	KING IV PRINCIPLE	GOVERNANCE REPORT 2023
Assurance	15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.	The Finance, Risk and Audit Committee assists the Board to provide a forum for communication between the Board, Management, the Internal and External Auditors as well as the Risk & Compliance function. It also oversees the selection process and recommends the appointment of the Internal and External Auditor, as well as reviews and confirms the independence of the Internal and External Auditor.
Stakeholders	16. In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.	The Benefits, Appeals & Service Quality Committee assists the Board in carrying out its responsibility to assess adequacy of benefits, ex-gratia appeals and to foster a culture of service excellence. The Committee ensures that the Fund fulfils its mission of providing competitive and diverse health care Funding through innovation and service excellence while at the same time maintaining an appropriate balance between compassion, fairness, and fiscal realism.

OUR VALUE CREATION AND TRADE-OFFS

Overview of value creation and trade-offs

In 2021, The Board approved implementing the Isago Strategy which runs from 2022 to 2026. The strategic focus from 2016 to 2021 was providing diverse and innovative solutions cost-effectively and sustainably, emphasising innovation and excellence.

Our mission is to provide varied, leading-edge healthcare solutions through innovation and excellence during this strategic period. In delivering on this mission, we use various forms of capital to create value for stakeholders. The outputs that we produce and the outcomes that we contribute result in value being created, preserved, and eroded for stakeholders.

The following are the five material forms of capital that we use:

FINANCIAL
The cash generated from our operations, together with funding from investors and financial institutions

HUMAN
Our people and their collective knowledge, skills, and experience

SOCIAL
Our stakeholder relationships with customers, investors, regulators, and society

INTELLECTUAL
Our brand, our solutions, and our insights

MANUFACTURED
Our physical footprint is created by the buildings we own or lease through our footprint

Our business does not rely on natural capital, nor do our activities significantly impact natural resources.

In considering how best to achieve our objectives, we evaluate a wide range of inputs from the external environment, our stakeholders, and our internal discussion on strategy, risks, and opportunities. This report section provides context for considering and arriving at our material issues and strategic direction.

EXTERNAL ENVIRONMENT

Overview

Despite the inflationary pressures that culminated in an unprecedented high of 14.6% in August 2022, a turnaround occurred in 2023, with inflation dropping to 3.5% by December 2023. However, considering the structure of the narrow base of revenue sources for Botswana, economic growth, which has a bearing on membership growth, investment performance and fund solvency levels, continues to be monitored closely as this has an impact on the Fund's long-term sustainability. These indicators are also affected by global political tensions, the most topical being the conflict between Russia and Ukraine (which continued during the year) and the current instability in the Middle East.

External shocks in Botswana and globally continued to impact the Group's operations. Slow economic recovery in Europe and China has weakened the demand for Botswana diamonds, while lab-grown diamonds have increasingly encroached on the natural diamond market.

As part of the 2030 Agenda for Sustainable Development, global leaders agree that there is a need to move urgently to guarantee access to health services with equal opportunities and defend health as a human right. This is to be achieved through a greater allocation of financial resources to strengthen primary healthcare strategies and an increased focus on promoting health instead of curing diseases. To achieve this, governments are being urged to improve the allocation of Gross Domestic Product from the current rates in the region of 10% and to reduce emphasis on infrastructure but increase focus on promoting health and preventing diseases with primary care.

The Executives of the World Health Organisation (WHO) have stressed that health is a political decision, and politicians and their governments have the duty and power to make that decision. According to WHO, the above level of annual investment would save 60 million lives each year and extend life expectancy globally by 3.7 years by 2030.

As Botswana and other neighbouring countries go into general elections in 2024, it remains to be seen how politicians will align their policies and healthcare spending with these commitments and the extent to which the United Nations, the World Health Organisation, and the Bretton Woods Institutions (International Monetary Fund and World Bank) will apply pressure on governments.

Economic issues

Botswana has remained a diamond-led economy whose fortunes are linked to the peaks and troughs of the global diamond markets. Cyclical and structural challenges, especially in Europe and China, have affected the demand for diamonds and other luxury goods, resulting in a 37% decline in diamond exports in 2023. The weakened demand and lower prices adversely impact government revenues, export earnings, and economic growth, reducing employment opportunities. Consequently, the diamond sector contracted by 1.2% during 2023.

By Q3 2023, unemployment was 25.9%, slightly changing from 25.4% in Q4 2022 and 26% in Q4 2021. Youth unemployment stood at 34.4%. Despite this, a minimum wage increase was implemented in Q1 2024 to mitigate income erosion and boost disposable income for those employed in both formal and informal sectors. However, this could risk further job losses in labour-intensive sectors where wages are tied to the minimum wage. These factors affect the growth in medical aid membership and, ultimately the Fund's growth and sustainability.

Economic growth for 2023 was 2.7%, lower than the 3.2% forecasted by the Government and the International Monetary Fund (IMF). After closing at 12.4% at the end of 2023, inflation continued to decline from the previous year's unprecedented highs and had reduced to the lower end of the Bank of Botswana range at 3.5%.

Social issues

Bomaid recognises that it has a more extensive calling than to our customers but to a broader stakeholder community, including the Botswana Government and to contributing to the global agenda. The Group continues aligning to the United Nations Sustainable Development Goal (SDG) 3 which, among other health objectives, seeks to ensure everyone has health coverage and access to safe and effective medicines and vaccines by 2030 to reduce mortalities and emphasises the need for skills development, reduction of non-communicable diseases and promotes technology adoption in the healthcare space. SDG 3 provides a beacon on which our product development and enhancement philosophy will be firmly focused as we navigate the Isago strategy.

Additionally, we are mindful of the role that medical aid funds play in the efforts of Botswana to combat non-communicable diseases (NCDs) through the Botswana Multi-Sectoral Strategy for The Prevention And Control of Non-Communicable Diseases (2018-2023). Intricately linked to our SDG 3 objective will be others like SDG 2: Zero Hunger (access to nutritious food), SDG 5: Gender Equality (Diversity and Inclusion), and SDG: 9 (Industry, Innovation, and Infrastructure). All the above will be underpinned by a desire to make Bomaid employees, stakeholders, and the wider population healthier and happier.

Universal Healthcare Coverage (UHC) also requires that people enjoy access to quality health services where and when needed with minimal financial hardship. According to the World Health Organisation (WHO), primary healthcare is the most effective and cost-efficient pathway to a sustainable, efficient, and equitable healthcare system. WHO further avers that primary healthcare requires an integrated approach to confronting environmental and socio-economic factors that affect health and well-being from all sectors of society. With this in mind, Bomaid remains committed to developing a suite of benefits that emphasises the importance of primary care while aligning with the UHC principle of covering the entire continuum of essential health services from health promotion to prevention, treatment, rehabilitation, and palliative care. .

Technology issues

Rapid technological changes and the advent of the Internet of Things (IoT) have affected the landscape across industries and, not least, the healthcare sector.

Advances in health information technology have improved patient treatment and introduced non-invasive, less painful medical procedures, allowing for speedier recovery and resulting in better clinical outcomes and improved healthcare experiences. This includes technology like robotics in the operating theatre and virtual platforms for surgical techniques and engaging with patients. Virtual platforms and telemedicine help open communication lines and support, improving access to healthcare professionals for mental health patients and enabling at-home monitoring without cameras.

EXTERNAL ENVIRONMENT [CONTINUED]

Technology issues [continued]

The development of apps and wearables has been a significant enabler in tracking physical activity, monitoring sleep habits, and analysing dietary habits, thereby assisting in managing preventable healthcare costs. Introducing technology in healthcare has also enhanced diagnostics and the detection of terminal conditions.

Due to the volume of medical claims transactions and an increasing number of beneficiaries, administrative productivity can also be enhanced using IT tools like artificial intelligence (AI) and apps.

Despite the benefits of improvements in care, self-health management, better-informed healthcare professionals, and reduced costs, these technologies pose the risk of creating unemployment for healthcare professionals and exposing confidential patient data to cybercrime and breaches in data privacy. The health sector is known for slow digital adoption. Bomaid is aware of the threats and opportunities of new technologies and has made strategic plans accordingly.

Legal issues

The Medical Aid Funds Bill has been drafted and thoroughly reviewed by the industry. It has since been awaiting legislative consideration.

The regulatory framework is expected to cover features like the setup of medical aid funds, benefits design and administration, underwriting, funds governance, other statutory requirements and operations, and third-party providers.

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) engaged with the industry twice in 2022 and once in 2023 to receive contributions to the provisions of the Bill and Medical Aid Funds through the Heath Funders Association of Botswana (HFAB). It is anticipated that the regulations will be available shortly after promulgation.

While it is accepted that NBFIRA is the primary regulating authority, it is recognised that the regulatory oversight extends to other statutory bodies like the Botswana Accountancy Oversight Authority (BAOA), Botswana Unified Revenue Services (BURS), Registrar of Societies, Companies and Intellectual Properties Authority (CIPA), Botswana Medicines Regulatory Authority (BOMRA) and the Competition and Consumer Authority (CCA). Where there have been overlaps or uncertainty, Bomaid will continue to seek such clarity through appropriate channels. With this in mind, Bomaid approached the Courts in 2022 to seek clarification on the authority of the CCA over Medical Aid Funds that are registered as societies and are deemed not-for-profit entities by both the Societies Act and the draft Medical Aid Funds Bill. The High Court in 2022 and the Court of Appeal in 2024 ruled that Bomaid can be regulated under the Competition Act by the Competition and Consumer Authority (CCA).

The Data Protection Act, Act No. 32 of 2018, came into effect in October 2021. A grace period of one year was given to persons processing personal data to allow them to conform with the provision of the Act. Following this, the Data Commissioner identified some gaps that needed to be addressed before implementing the law. This grace period was extended by another year to October 2024 to allow for additional capacity building and stakeholder onboarding. This act seeks to govern the protection and processing of individuals' sensitive personal data and its cross-border transfer. As a data controller, Bomaid is required by the Act to ensure that personal data is processed correctly, lawfully, and in accordance with good practice. Data controllers must also take appropriate technical and organisational security measures to protect personal data from unintentional destruction, loss, unauthorised access, and alteration. Breaches to these safeguards are expected to be reported to the Data Commissioner. Bomaid has taken the necessary steps to ensure preparedness for compliance with this Act.

The Value Added Tax (VAT) Act (Amendment) of 2023 came into effect on 3rd May 2023. This amendment introduced zero rating and exemption of specified items. Under this Act, private medical services are exempted from VAT. This was expected to reduce private healthcare costs to the Medical Aid Funds and patients in the short term. This welcome development lessened the out-of-pocket component of private healthcare costs, thereby improving access to healthcare. On the other hand this also reduced the VAT burden borne by Medical Aid Funds, thereby availing increased financial benefits and reducing the burden of escalating healthcare costs that the customers bear through premium increases.

Environmental issues

The Bomaid Board approved a Corporate Citizenship Policy in June 2020.

Bomaid continues to espouse the values of corporate citizenry and a purpose-driven existence. In the new strategy, the Group has adopted the principles of Environmental, Social, and Governance (ESG).

The ESG principles are anchored on the following tenets:

- **Environmental** - (Climate change and carbon emissions, Air & water pollution, Biodiversity, Energy efficiency, Deforestation, Waste Management, & Water Scarcity).
- **Social** - (Customer Satisfaction, Data Protection, Gender & Diversity, Community Relations, Employee Engagement, Human Rights, and Labour Standards).
- **Governance** - (Board Composition, Executive Compensation, Audit Committee Structure, Bribery & Corruption, Lobbying, Political Contribution and Whistle Blower Schemes).
- While the Group has developed a robust policy framework to respond to the social and governance aspects, we expect to have to undertake the necessary scans to make the requisite advances for environmental principles.

A self-assessment was conducted, and to improve the overall ESG rating, the organisation committed to closing identified gaps over the strategic period.

STAKEHOLDERS

Overview

We aim to create positive societal outcomes through our business activities. We contribute to the health outcomes of our customers and their dependents, creating a more sustainable business for the Group. We assist in developing our people and ensure that our suppliers, underlying asset managers, and healthcare partner providers contribute to positive social and environmental impact through their business practices.

Responsible corporate citizenship, social responsibility, sound business practice, governance, and ethical conduct are fundamental to our sustainability and stakeholder value creation. Our approach to stakeholder engagement ensures we consider all stakeholders and seek to understand and balance their interests fairly, equitably and sustainably. Through regular stakeholder engagement, robust governance and risk management, we aim to be as inclusive as possible in decision-making. We use this knowledge to shape our business strategies to deliver on our promise to benefit our stakeholders, grow our business, and positively impact society.

With the above in mind, Bomaid continues to embark on annual stakeholder seminars held with Customers and Health Care Practitioners in Gaborone, Palapye, Francistown and Maun. Our Annual General Meetings are held once a year for the Members of the Fund to engage with the Trustees and Management on issues about the governance of the Fund. The last Annual General Meeting (AGM) was held on the 29th June 2023. The Auditors, Chairperson, and Chief Executive Officer presented their reports at this meeting. New Board appointments were also approved. In the build-up to the AGM, several engagements were held to consult with Members on the proposed changes. In 2022, a Reputational Capital Reserve (RCR) survey was conducted. This survey identified how the different stakeholders view and value the Fund.

The survey findings were crucial in building brand affinity with our stakeholders - especially customers & service providers. An action plan was drawn to close the gaps identified in this survey in 2023, and a further dipstick survey was conducted at the end of the year. The engagements are integral to assessing our progress in dealing with issues emanating from our key stakeholders, including our staff, healthcare service providers and customers.

Stakeholder concerns and our high-level response

Over the past year, we engaged our stakeholders through several platforms, gathering feedback on diverse topics. The topics that had the most significant impact on our sustainability and strategy are highlighted here:

STAKEHOLDER	HOW WE ENGAGE THEM	THEIR CONCERNS	OUR RESPONSE
Customers Our Customers provide the bulk of our financial resources, and our engagement with them contributes to ensuring that we develop and deliver appropriate products and solutions and grow our membership base.	• Stakeholder engagement seminars. • AGM. • Call centre. • Email. • SMS • Website and social media. • Print and electronic media. • Tip-off line. • Direct telephone.	• Affordability. • Out of pocket expenses. • Quality of services / Turnaround times. • Ease of claims process. • Communications. • Access to our facilities. • Response rate. • Changes in the strategy. • Changes in the health plans. • Changes in the claims protocols.	During the past year, we have maintained pricing levels in response to the financial constraints faced by our members while recognising the additional risk imposed on the Fund by certain beneficiaries. The new health plans are expected to allow for better affordability by allowing customers to create health plan packages that suit their affordability. We continued to roll out digital tools to both facilitate claims and reduce the costs and inconvenience suffered by members when visiting or calling branches. Process reviews continued in 2023, with projects to optimise claim processing and introduce middleware to allow customer self-service.
Employees Our employees are vital to ensuring our delivery to stakeholders. Engaging with employees enables us to develop attractive value propositions that stimulate productivity and innovation.	• Tip-off line. • Staff meetings. • Digital media. • Social media. • Union engagements.	• Communication. • Training and development • Cost of living. • Reducing job security • Acculturation of new employees.	Our employee practices are clearly laid out in our human resources, ethics, and codes of conduct policies. Employee training and development opportunities are also offered to enhance our value proposition and attract and retain talent. In line with the revised strategy, the Board approved a new organogram for implementation during the year, necessitating a restructuring process that was completed during the year. Bomaid subscribes to the Deloitte Best Company Survey and conducts biennial leadership effectiveness surveys. These surveys were conducted at the end of the 2023 year.

STAKEHOLDERS [CONTINUED]

STAKEHOLDER	HOW WE ENGAGE THEM	THEIR CONCERNS	OUR RESPONSE
Regulators The actions and decisions that flow from our regulators impact us, our subsidiaries, our strategic partners. In turn this affects our customers, beneficiaries, health care providers, service providers and investors. We engage with our regulators to contribute and provide insight on important topics and assist in shaping a clear vision and policy environment. In addition, understanding their position enables us to develop appropriate products and solutions which support our growth.	• Email. • Telephone calls. • Written correspondence. • Industry engagement through the Health Funders Association of Botswana (HFAB).	• Compliance with statutes and regulations. • Anti-Money Laundering & Countering of Financing of Terrorism. • Related Party Transactions. • Governance. • The proposed Medical Aid Funds Bill and Regulations. • Universal Healthcare. • Solvency of medical aids post COVID-19. • Changing Tax legislation. • Promulgation of Data Protection Legislation.	Ensuring compliance remains a top priority, and the Group is making progress with assessing the changes that would be required should new legislation be promulgated and managing the risks associated with compliance with laws regulating drug safety standards. The Medical Aid Fund has continued to review the provisions of the proposed Medical Aid Funds Bill to ensure strategic alignment with the Bill and the Regulations. The Group continues to scan legislative changes to ensure compliance with them, including the countering of anti-money laundering and financing of terrorism and data protection. Preparatory work has continued to ensure compliance with the provisions of the Data Protection Act.
Government Our government is responsible for the country's overall health outcomes. By engaging with the government, we ensure that we retain our social licence to operate.	• Meetings and workshops. • Written Correspondence. • Telephone Calls. • Email.	• Contribution to National Development. • Increase disease burden (NCDs and communicable diseases)	We continue contributing to national development by increasing access to affordable and innovative healthcare products and solutions for our people.
Industry bodies Engaging with industry bodies supplements our knowledge of material topics affecting our industry. It also helps consolidate views when engaging with regulators and the government.	• Meeting and workshops. • Conferences and seminars.	• Lobbying and consultation at government and private sector levels.	We engage with industry bodies to ensure alignment between the objectives of the various stakeholder concerns and to resolve where there are discrepancies.

STAKEHOLDER	HOW WE ENGAGE THEM	THEIR CONCERNS	OUR RESPONSE
Society Our engagement with society, like our interactions with the Government, ensures we stay aware of issues affecting Bomaid and incorporate these into our strategy development and execution.	• Call centre. • Website and social media. • Electronic and Print media. • Tip-offline. • Attending stakeholder engagement sessions.	• Responsible Corporate citizenship (ESG issues). • Community development and Corporate Social Responsibility.	We support several worthy social causes such as education to support development in our communities through participation and financial contributions.
Suppliers Our suppliers are key to our delivery of services. Understanding their challenges enables us to maintain the responsiveness of our supply chain, ensuring effective and efficient delivery of services to our members.	• Stakeholder engagement seminar. • Meetings. • Emails. • Phone Calls.	• Supply chain opportunities. • Changes in the health financing strategy for medical associations.	We engage with healthcare practitioners, managed care organisations and other support structures to ensure alignment.

RISKS AND OPPORTUNITIES

Overview

Several risks must be managed, and all impact us directly and indirectly. Despite mitigations, residual risks remain, requiring ongoing monitoring. However, risks in our environment also present us with strategic opportunities to turn these risks to our advantage and support our growth. Below, we outline the key risks we are managing and highlight some of the opportunities that may result from successfully managing our risks.

RISK CATEGORY	RISK	MITIGATION MEASURES IN PLACE	STRATEGIC OPPORTUNITY
Strategic Risk	Global pandemic incidents hampering wellness efforts, forcing curative care.	Managing the rise in chronic non-communicable diseases and monitoring adherence to disease management protocols, which have emerged as impacts of the post-COVID-19 pandemic and giving quarterly board updates.	Improve Health and Wellness Factors of customers.
	Lack of digital implementation.	Automate processes and implement information technology projects while monitoring system performance. Developed an organisational Digitisation and Automation Road Map to deliver key transformational projects and improve operational efficiencies.	Leverage system digitisation to ensure efficient and effective service delivery.
	Information and cyber risk.	Routine company-wide cybersecurity and data protection training strengthening the IT security position of the organisation through initiatives such as Managed Cybersecurity Services to provide 24/7 active monitoring of the Fund's critical load, adoption of next-generation firewall protection tools equipped with both intrusion detection and intrusion prevention capabilities, implementing more robust authentication controls, and implementation of a secured email gateway solution.	Preserve our customers' and stakeholders' trust and confidence in delivering services effectively and safely. We continue to educate and sensitise our employees and to create ambassadors for cybersecurity in every business area.
	Financial sustainability and growth.	Sharper focus and management of benefit-cost drivers to optimise Fund growth Member growth and retention.	Consolidate strategic alliances and sales and account management capability.
	Process inefficiencies lead to low customer satisfaction and delayed turnaround times.	Optimisation of the systems and processes to improve our service quality.	Optimising processes to improve customer satisfaction, confirming our value proposition to our customers and supporting our growth objectives. Improve brand perception.
	Poor Investment Performance.	More robust investment appraisal.	More diversified investment portfolio.

RISK CATEGORY	RISK	MITIGATION MEASURES IN PLACE	STRATEGIC OPPORTUNITY
Liquidity risk	Failure to plan for unexpected cash outflows and manage claim costs negatively affects financial positions.	Better cash flow management with Funds held on short-term deposits and monthly monitoring of solvency rates.	Medical Fund performance and increase in liquid assets.
Market risk	Failure to respond to the changing investment environment.	Strong focus on scenario planning. Strong emphasis on alternative investment strategies.	A diversified investment portfolio that reduces concentration risk, smooths out returns and helps improve long-term portfolio performance.
Operational risk	Increasing levels of fraud.	Fraud Waste and Abuse Prevention Policy in Implementation. Continue to build sources of fraud data and analytical insights for proactive risk management.	Create better value for members by reducing areas of abuse. Better manage customer health by maintaining a sharper focus on benefit utilisation. Create a better understanding and risk management of possible fraud, waste, or abuse points throughout the medical services value chain. Build on enhanced business analytics capability.
	Low business intelligence tool usage.	Data-driven achievements. Data analytics helps in fraud detection and predictive analysis, improving decision-making and increasing efficiency and productivity.	Leverage Data for Business Intelligence, analysis of trends and valuable insights, presenting an opportunity for tailor-made products and services., and minimising FWA incidents through proactive alerts.
	Lack of partnership implementation impacting strategic delivery.	Ensure compliance to stakeholder engagement plan, compliance to service level agreement, and increase value-add partners.	Strengthen partnerships to ensure optimal service quality.
	Poor customer experience leads to members' and employer group attrition.	Improved customer turnaround times and fostered a culture of innovation towards an improved customer experience.	Enrich Service and Customer Experience. Embed Product Development & Innovation.

RISKS AND OPPORTUNITIES
[CONTINUED]

RISK CATEGORY	RISK	MITIGATION MEASURES IN PLACE	STRATEGIC OPPORTUNITY
Regulatory risk	Non-compliance with regulations.	Strong capacity within regulatory team to ensure that Management and Board are abreast with changes to regulations, impact of changes, mitigation measures and requirements to remain in compliance. Ongoing collaboration between risk management, internal audit, and external audit in providing assurance on compliance management. We adopt a proactive approach to engagement with regulators and employ a combination of internal and external resourcing, where needed, to manage developmental requirements.	Strengthen Governance, Risk & Compliance. Strong regulatory compliance protects our license to operate and positions us well to maintain our market share and attract investment.
People risk	Key talent retention.	A compelling employee value proposition offering and the development of a robust retention strategy addressing the potential loss of key talent.	Be a high-performance organisation that offers an exceptional employment experience that grows and supports its people because of effective talent management.
	People, performance & culture.	Performance appraisal processes and enhanced employee engagement.	A better, more productive workplace culture, competitive rewards, staff engagement initiatives and talent management.

MATERIAL MATTERS

Overview

Having considered our external environment, stakeholder inputs, and internal risk matters, we have arrived at the following material issues to be addressed in this report. These material matters could significantly affect our business model and our ability to create value for stakeholders in the short, medium-, or long-term. Each set of inputs to determine materiality went through a process of identification, evaluation, and prioritisation regarding their likelihood and potential impact on the Group. How we manage these material matters as a Group has implications for our strategy, governance focus, stakeholder relationships, and view on risks and opportunities. The table below highlights the key material issues and how we manage and respond to them.

Post COVID-19 impact on health and wellness

Material Issues	Risks	Opportunities	Stakeholders impacted	Strategic Response
Post COVID-19, as healthcare leaders, we look to optimise our members' health.	• Global pandemic incidents hampering wellness. • High cost of curative care.	Early prevention and treatment of disease. Opportunities to effect positive changes in attitudes and behaviours towards health and happiness.	Employees, Customers, Regulators, and Health Care Practitioners.	We pay attention to the impacts and lessons learned from the COVID-19 pandemic and continuously monitor health trends. With this information, we look for ways to improve and maintain health to prevent disease rather than cure it.

Fraud, Waste, and Abuse (FWA)

Material Issues	Risks	Opportunities	Stakeholders impacted	Strategic Response
Fraud, waste, and abuse deprive our members of their rightful benefits. It also impacts how our regulators view us in terms of our ability to safeguard members' interests.	• Loss of member confidence. • Loss of regulator confidence. • Cost leakages.	Enhance brand value through better safeguarding of member benefit utilisation.	Customers, Regulators, Health Care Practitioners.	Implement a comprehensive fraud detection and prevention framework.

Data Protection

Material Issues	Risks	Opportunities	Stakeholders impacted	Strategic Response
We recognise how personal and confidential the data entrusted to us is; our greatest responsibility is to protect customer and company data from threat, theft, fraud, or loss.	• Data breaches. • Loss of public confidence. • Fines and penalties. • Reputational damage.	Protection against threats and attacks. Reduced risk of harm to customers. Increased trust and public confidence.	Customers, Regulators Health care Practitioners, Employees.	We continue to develop and enhance measures and safeguards to secure the privacy, availability, and integrity of company data and customer personal data.

MATERIAL MATTERS
[CONTINUED]

Talent management and Productivity improvement				
Material Issues	**Risks**	**Opportunities**	**Stakeholders impacted**	**Strategic Response**
We operate in a skills-scarce country, with competition for attracting talent as employers at its most intense. We must ensure that we can attract, develop and retain critical skills through our Employee Value Proposition. Continue to embark on different projects to instil a high-performance culture.	• Loss of key talent. • Lack of High-Performance Organisation.	• A diverse and inclusive workplace culture. • Increased productivity, innovation, financial sustainability, and customer satisfaction.	Employees.	Optimise the talent management framework underpinned by performance management, talent acquisition and retention, and succession planning; and realise a stronger Employee Value Proposition. Enhance employee productivity.

Medical Fund Performance				
Material Issues	**Risks**	**Opportunities**	**Stakeholders impacted**	**Strategic Response**
We are committed to ensuring financial sustainability and strong Fund performance for our members.	• Loss of financial sustainability • Rising claim costs, or failure to manage claim costs, negatively affects financial positions.	Increased financial sustainability, opportunities to tighten controls around areas of cost leakage, more focus on more efficient products and services.	Members Service providers	Our product design philosophy allows us to embrace new, more affordable ways of servicing our members while always looking for ways to manage increasing health costs that erode members' benefits. Constant monitoring of solvency rates.

Regulatory compliance				
Material Issues	**Risks**	**Opportunities**	**Stakeholders impacted**	**Strategic Response**
Ensuring compliance with regulations is critical to maintaining our license to operate, avoiding fines, and protecting our brand reputation.	• Loss of operating licence. • Fines and penalties • Reputational damage.	Increased financial sustainability and brand value.	Members, Employees Industry Regulators.	We continue to monitor developments in the medical aid industry, locally and in the region, to ensure we are abreast with impending or new compliance requirements. Our membership in BHF assists in ensuring that we have access to thought leadership and lobbying.

Stakeholder Engagement				
Material Issues	**Risks**	**Opportunities**	**Stakeholders impacted**	**Strategic Response**
Engaging our stakeholders regularly will raise members' awareness of product development, the book of rules, and migration. These engagements will also help the Fund appreciate and address members' concerns.	• Failure to retain our members. • Reputational damage • Failure to attract new members. • Failure to improve brand perception.	Increased financial sustainability and brand value. Strengthen partnerships.	Members, Industry Regulators, Service providers.	To enable the Fund to build strategic and robust relationships with various stakeholders and to improve service efficiency and productivity.

MRI Performance Improvement				
Material Issues	**Risks**	**Opportunities**	**Stakeholders impacted**	**Strategic Response**
It is the Fund's responsibility to invest and monitor the profitability of its investments, including overseeing and finalising MRI transactions.	• Loss of financial sustainability • Diminished returns on investments. • Failure to return value to members.	Increased financial sustainability and customer satisfaction.	Executive and Board Members of subsidiaries, Investment Committee Service providers.	Our investment strategy focuses on preserving investments and maintaining Funds value through diversification.

Combined Assurance				
Material Issues	**Risks**	**Opportunities**	**Stakeholders impacted**	**Strategic Response**
The Fund seeks to enhance the overall reliability and effectiveness of organisations' risk management, governance and control functions through combined assurance. (Internal and External audit).	• Reduced value from internal audit function. • Inaccurate financial reporting. • Undetected fraud and operational inefficiencies.	Peer review of internal auditors increases management confidence in the effectiveness of the assurance framework. Provides enhanced governance.	Internal Auditor, External Auditor, Risk and Compliance Department.	KPMG, as our internal auditors, is subject to strict quality compliance requirements, including adherence to approved global methodologies. The quality review is conducted once every 3 years; this gives the Fund confidence in the quality of the risk management assurance.

MATERIAL MATTERS
[CONTINUED]

Value created for Stakeholders

Our goal is to deliver value to our stakeholders through our activities. The table below depicts how we create value by using our forms of capital to offer products and solutions that create value for our stakeholders.

INPUTS (01 JAN 2023)	ACTIVITIES	OUTPUTS (31 DEC)	OUTCOMES (31 DEC)
Financial • Customer contributions. • Cash generated from investment activities – reinvested in the business. • Strong balance sheet – cash position and ability to leverage the balance sheet. **Human** • Total employees - 80. • Diversity in employment complement 32:68 (M:F). • Leadership team – experienced executive team.	**We offer:** Diverse and innovative solutions in a cost-effective and sustainable manner, through innovation & excellence. Promotion of screening for early disease detection and self-care. Strengthened partnership. Connected Provider Network: General Practitioners Managed Care baskets of disease management for the 4 priority chronic diseases linked to benefits.	**Products & Services** • 16 health plans. • Affordable and flexible options. • Comprehensive Hospital Benefit. • Breast reduction. • Screening Benefits. • Dietician Benefits. • Managed Care Services. • Retrenchment cover. • Cover for children with special needs. • Superior cover for maternity including Caesarean Section. • COVID-19 Benefit (including vaccination). • Medical Travel Tourism (to India). • Embedded travel insurance. • Embedded funeral cover. • Value Based Healthcare. • Ex gratia payments for exhausted benefits. • Mental Health Benefits. • Substance Abuse Related Benefits. • Evacuation. • Chronic Disease Management Baskets. • Virtual Consultations. • Value Added Partnership for Health Clubs, Spa Treatment, Smart Health Devices). • Active Disease Management. • Evacuation Services.	**Financial** • Increase in Fund Insurance Revenue by 10% from P839.3m to P923.7m. • Increase in Fund insurance expense from P825.2m to P830.9m. • Increase in insurance service result by P76.7m. • Fund surplus up by P120m from P86.0m loss. • Solvency ratio increase from 33.2% to 34%.

Inputs (01 Jan 2023)	Activities	Outputs (31 Dec)	Outcomes (31 Dec)
Intellectual • Thought leadership (discussions on universal health, clinical staff representation on committees addressing health issues, Board of health Funders). • Innovative solutions for clients and members. • Strong systems & IT platforms (Thobo). • Brand value (54% market share). • Bomaid has over 54 years of value–driven experience in the medical aid industry.			Human • Decrease in no. of employees - 2. • Decrease in no. of female employees - 2. • No. of youth employees (under 35) – 33. • Reduction in average age from 39years to 37years. • Increase in staff costs – 6.8%. • Employee retention rate – 98% (excluding reorganisation). • 26 Employees left during reorganisation exercise. • Staff Engagement (Deloitte) – 66.1% Gold Seal.
Social & relationship • No. of members – 41,770. • No. of beneficiaries – 93,340. • Commanding position in the industry. • Well-known and trusted brand. • Strong strategic partnerships. • Strong stakeholder relationships.			Intellectual • Increase in market share – 0%. • Enhancement of IT Platforms & Systems. • Increase in Facebook following by 2,600. • Instagram following increased to 2,900. • Increase in LinkedIn following by 2,100. • Over 6,700 AI technology screenings.
Manufactured • Footprint of the pharmaceutical business. • Stock of the MRI. • Fleet of ambulances and EMS vehicles.			Social & relationship • Decrease in members =432. • Decrease in dependents – 904. • Relationship Capital Reserve (RCR) – 62%. • RCR Action Items – 100% Completion. • Increase in hospital admissions to 8,900 from 8,700. • 14% increase in medication pick up. • 80% Diabetes treatment adherence. • Increase in viral suppression from 90% to 97.4%. • 75.5% hypertension treatment adherence. • 17% increase in air evacuations.

SDG Alignment

3 GOOD HEALTH AND WELL BEING

Our primary SDG focus is to improve health outcomes.

We commit to delivering products and services that will provide improved health outcomes (Goal 3) by improving access to affordable health solutions through our products, solutions, and platforms. We deliver our products and services by harnessing and developing the skills of our employees (Goal 4) and providing these services ethically and responsibly (Goals 5 and 16). This, in turn, stimulates the growth of the Group, its subsidiaries and strategic partners (Goals 8 &17), and as a result, the wider economy. Below, we highlight how our business aligns with selected SDGs.

In this report, we disclose our performance on selected SDGs. However, we are in the process of enhancing our monitoring and measurement of our contributions to the SDGs,

MATERIAL MATTERS
[CONTINUED]

SDG8 – Decent work and economic growth	SDG3 – Ensuring healthy outcomes	SDG4 – Quality education	SDG5 – Gender equality	SDG16 – Peace, justice, and strong institutions	SDG17 – Partnerships for the goals
SDG Target 8.5 –Achieve full and productive employment and decent work for all.	SDG Target 3.1 – Reduce the global maternal mortality ratio. SDG Target 3.2 – End preventable deaths of newborns and children under 5 years of age. SDG Target 3.3 – End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases, and other communicable diseases. SDG Target 3.4 – Reduce premature mortality from non-communicable diseases. SDG Target 3.5 – Prevent substance abuse. SDG Target 3.6 – Halve the number of global deaths and injuries from road traffic accidents. SDG Target 3.7 – Ensure universal access to sexual and reproductive healthcare services. SDG Target 3.8 – Achieve universal health coverage. SDG Target 3.a – Tobacco control. SDG Target 3.b – Improve vaccines and medicine access. SDG Target 3.c – Substantially increase health financing and the health workforce's recruitment, development, training, and retention. SDG Target 3.d – Early risk warning.	SDG Target 4.4 – Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	SDG Target 5.5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	SDG Target 16.5 – Substantially reduce corruption and bribery in all their forms.	SDG Target 17.1 – Strengthen domestic resource mobilisation.
82 employees	• Maternal mortality ratio of Bomaid members. • Neonatal mortality rate & under-5 mortality rate of Bomaid beneficiaries. • HIV prevalence rate of Bomaid members. • Communicable disease prevalence of Bomaid members. • Mortality rate of Bomaid members attributed to cardiovascular disease, cancer, diabetes, or chronic respiratory disease. • Death rate of Bomaid members due to road traffic injuries. • Proportion of Bomaid female members and beneficiaries of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods. • Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women (Bomaid members & beneficiaries) in that age group. • Bomaid members provided with access to essential health services. • No. of health workers trained.	• 5.5% increase in staff training. • Professional subscriptions paid for by the organisation. • Training on Clinical billing, 360 leadership coaching, Personal mastery training, HR strategic conference, Data analysis training, BHF conference and Mental health first responders.	• 68% of women in workforce. • 50% of women in executive management. • 20% of women at Board level.	• Anti-Money Laundering and Cyber security e-learning courses completed by staff. • BAOA audit completed. • KYC (Know Your Customer) work started.	• Contracting Designated Service providers GP. • Framework Agreement for HFAB. • New Contracted Provider Network Contract.

TRADE OFFS

Overview

We must make certain trade-offs in creating value for stakeholders and managing risks. These trade-offs impact our capitals, our stakeholders, and our achievement of strategic objectives. Below, we highlight some of the trade-offs we must manage in our operations.

Ensuring our financial sustainability and Fund performance, whilst improving our service provision	
Stakeholders affected	**Impact on strategy**
Members and beneficiaries Investors	Investing in our IT infrastructure is necessary to enhance our ability to provide services to our members. However, this decreases our financial resources for other investments. ... members have responded positively to our enhanced digital platforms and communication channels, and the increased peace of mind from our more secure platforms will further enhance member satisfaction. We achieved this while producing good financial performance. As we become more efficient, we can create further value for our stakeholders. Additionally, the Group has invested in improvements to our premises - specifically, Bomaid House and the clinic at Airport Junction to enhance the customer experience further. MRI also invested in the acquisition of emergency response vehicles.
Members and beneficiaries Investors	During the last year, we experienced increased utilisation of medical aid services due to increased elective procedures as the pressure on the healthcare systems subsided after COVID-19. Additionally, an increase in supplier-induced demand led to a rise in claims, negatively affecting our financial performance. On the other hand, the MRI business depends on foot traffic at its clinics and pharmacies for revenue generation. The lifting of the restrictions and the high incidence of COVID-19 resulted in increased revenue for the subsidiary.
Members and beneficiaries Employees	Human capital is a crucial enabler of our performance, and we need to be able to reward our employees appropriately in return for their efforts. Even though increasing employee costs affects our financial performance over the short term, the benefits are realised over the longer term. We need to balance our financial resources whilst ensuring that we continue to build and develop our talent pipelines.
Suppliers Members Regulators Government	We are committed to empowering local service providers and enhancing our supply chain. However, we are also mindful that our quality and good governance standards must always remain high. In addition, our duty to be prudent with our financial capital and that of our members necessitates that our partnerships provide real value to members.

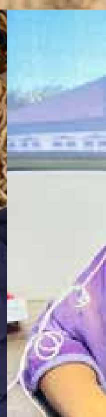







BOMAID
50+3




BOMAID
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BOMAID Excellence Award
Congratulations!
ANNUAL
AND

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2023

GENERAL INFORMATION

Country of incorporation and domicile	Botswana	
Nature of business and principal activities	The Society raises Funds from and grants assistance to its members and their dependants to defray medical expenses.	
Board of Trustees	R Lebelonyane	*Chairperson*
	F Ferguson	*Resigned 29 June 2023*
	O Ramasedi	
	J Ghanie	*Resigned 29 June 2023*
	L Motladile	
	L Klein	
	B Mhozya	
	T Loeto	
	K Nkoko	
	R Harriman	
	K. Mogana	
Principal officer	Moraki Mokgosana	
Secretary	Moraki Mokgosana	
Registered office	Plot 50638 Fairgrounds Office Park Gaborone Botswana	
Bankers	Access Bank of Botswana Limited Bank Gaborone Limited ABSA Bank of Botswana Limited First National Bank of Botswana Limited First Rand Bank Limited - South Africa Stanbic Bank of Botswana Limited Standard Chartered Bank Botswana Limited First Capital Bank Limited	
Auditors	Deloitte & Touche Plot 64518 Fairgrounds Gaborone Botswana	
Functional currency	Botswana Pula (P)	
Investment managers	Ninety One Botswana Proprietary Limited Botswana Insurance Fund Management Limited	

BOARD OF TRUSTEES' RESPONSIBILITY STATEMENT AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Board of Trustees ("The Board") is responsible for the preparation and fair presentation of the consolidated and separate financial statements ("financial statements") of Botswana Medical Aid Society ("the Society") and its subsidiaries ("the Group"), comprising the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity 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 and in the manner required by the Society's Rules and the Societies Act of Botswana.

The Board is required by the Society's Rules and the Societies Act of Botswana, 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 statements fairly present the state of affairs of the Group and Society 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 IFRS Accounting Standards as issued by the International Accounting Standards Board.

The Board's 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 as issued by the International Accounting Standards Board and in the manner required by the Society's Rules and the Societies Act of Botswana and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Board's 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 Board acknowledge that they are ultimately responsible for the system of internal financial control established by the Society and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the 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 Society'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 minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board has made an assessment of the ability of the Group to continue as going concerns and have no reason to believe the businesses will not be going concerns in the year ahead.

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 examined by the Group's independent auditors and their report is presented on pages 106 to 110.

Approval of the consolidated and separate financial statements of the Society

The consolidated and separate financial statements set out on pages 111-187 which have been prepared on the going concern basis, were approved and authorised for issue on 19 July 2024 by The Board of Trustees and were signed on its behalf by:

Risk and Audit Committee Chairperson

Board Chairperson

Principal Officer

Deloitte.

PO Box 778
Gaborone
Botswana

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Assurance & Advisory Services
Chartered Accountants
Deloitte House
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Fairgrounds
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Botswana

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOTSWANA MEDICAL AID SOCIETY

Opinion

We have audited the consolidated and separate financial statements of Botswana Medical Aid Society ("the Society"), and its subsidiaries ("the Group"), set out on pages 111 to 186 which comprise the consolidated and separate statements of financial position as at 31 December 2023, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Society as at 31 December 2023 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.

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 Society in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, 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.

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 for 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.

MAKING AN IMPACT THAT MATTERS since 1845

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Initial application of IFRS 17 (consolidated and separate)</td></tr>
<tr><td>
The Society adopted IFRS 17 – Insurance Contracts ("IFRS 17") for the first time during the financial year ended 31 December 2023.
At 31 December 2023, the Society held insurance contract assets, reinsurance contract assets, insurance contract liabilities and reinsurance contract liabilities as a result of its insurance operations. The Society applied IFRS 17 in the recognition and measurement of these insurance contract liabilities and assets. In doing so, the Society made use of the specific transition guidance contained in IFRS 17 for changing the recognition and measurement basis from what was previously followed under IFRS 4 (Insurance Contracts) (IFRS 4).
IFRS 17, represents a fundamental change in accounting for Society's insurance contracts and presentation /disclosure of the impact of insurance contracts within the financial statements thus impacting the information provided and used by key stakeholders.
Key areas of focus and specific considerations include:

Increased operational risk – Operational risk of implementing the new accounting standard is high as the insurance industry continues to develop experience with the new implemented IFRS 17 processes and results.
Consistent application of accounting policies –Given the complexity of the new standard and related risks, consistency in the application of accounting policies, methodology and critical areas of judgement, was fundamental for financial reporting purposes.
Presentation and disclosures –the appropriate restatement of the financial statements and the clarity and comprehensibility of the disclosures relating to the effects of the new accounting standard will be subject to increased regulatory and stakeholder scrutiny.

The above-mentioned factors require judgement and assumptions to be made by the Society's Trustees and therefore we identified the determination of the Initial application of IFRS 17 to be a key audit matter.
Related disclosures in the consolidated and separate financial statements:

Note 1.16 IFRS 17 – Insurance contracts.

</td><td>
In evaluating the appropriateness of the Society's initial application of IFRS 17, we performed various procedures including the following:

Tested the Society's design and implementation ofcontrols relating to the initial application of IFRS 17.
Assessed the overall governance structure in place to ensure effective initial application of IFRS 17.
Reviewed and evaluated the appropriateness of the IFRS 17 position papers prepared by management and evaluated whether IFRS 17 was appropriately implemented.
Involved IFRS 17 specialists and actuarial specialists to evaluate the appropriateness of the judgement and assumptions in the implementation of the standard.
Assessed the appropriateness of period-to-period changes to accounting policies, measurement approaches and methodology, data sources and models. Considered the impact of such changes on the 2023 results, and the related comparative period in 2022 and 2022 opening statement of financial position including any accounting related implications.
Evaluated the presentation and disclosure in the financial statements with a view to assess the appropriateness and adequacy of the:

Restatement of the comparative information.
Disclosure of the key new accounting policies and critical accounting estimates and areas of judgement.

The disclosure of the Initial application of IFRS 17 and related assumptions are appropriate.
</td></tr>
</table>

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOTSWANA MEDICAL AID SOCIETY

Key Audit Matter	How the matter was addressed in the audit
Valuation of the insurance contract liability (consolidated and separate)	
The insurance contract liability comprises provisions for the Society's estimate of the future cash flows to fulfil insurance contracts representing the incurred but not yet reported (IBNR) claims provisions and the Risk Adjustment (RA) provision at the reporting date. The determination of the estimates of future cash flows to fulfil insurance contracts requires the Society's Trustees to make assumptions in the valuation thereof, which is determined with reference to an estimation of the estimates of future cash flows to fulfil insurance contracts at the statement of financial position date. The Trustees make use of an independent actuarial specialist for the estimation of IBNR or Liability for incurred claims (LIC) provision which forms part of the insurance contract liability. The IBNR provisions are based on probability weighted expected future cash flows. The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Society uses information about past events, current conditions, and forecasts of future conditions. The Society's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The Society calculates the risk adjustment using the Value-at-Risk (VaR) method for both LIC and Liability for remaining coverage (LRC), where two factors are required, namely, the estimated cash flows (the Best Estimate Liability (BEL) and the standard deviation of the emerging estimated liabilities RA factors consider exposures and diversification and are determined using a confidence level technique. Once determined it is applied to balances to be recorded as a component of both the LIC and LRC. The above-mentioned factors require judgement and assumptions to be made by the Society's Trustees and therefore we identified the determination of the insurance contract liability as a key audit matter. Related disclosures in the consolidated and separate financial statements: • Note 1.18 Critical judgements in applying accounting policies under significant judgements and estimates in applying IFRS 17. • The insurance contract liability is disclosed in Note 21.	In evaluating the valuation of the LIC and risk adjustment provisions, we performed various procedures including the following: • Tested the Society's design and implementation of controls relating to the calculation of the elements of the insurance contract liability. • Assessed whether the LIC and RA provisions has been determined in line with the requirements of the new IFRS 17. • With the assistance of our internal actuarial specialists, we performed an independent calculation of the estimate of the provisions using historical claims data and trends and used this estimate as a basis of assessing the reasonableness of the Trustees' estimate of the provisions. • Tested the integrity of the information used in the calculation of these provisions by selecting samples of claims and tracing them to supporting invoices. • Performed a retrospective review of the provisions raised in the 2022 financial year based on actual claims paid in 2023 to verify that the assumptions applied to determine the provisions are reasonable. • Performed tests of detail on the current year provisions including testing actual claims experience after year end and as close as possible to audit completion date. • Assessed the presentation and disclosure in respect of the provisions and considered whether the disclosures reflected the risks inherent in the accounting for the outstanding claims provisions and the requirements of IFRS Accounting Standards. The assumptions applied in the LIC provision and risk adjustment provision valuation are appropriate and we are satisfied that the valuation of the insurance contract liability in the Statements of Financial Position is appropriate. The disclosure of the insurance contract liability and related assumptions are appropriate.

Other Information

The Trustees are responsible for the other information. The other information comprises the Board of Trustees' Responsibility Statement and Approval of the Consolidated and Separate Financial Statements and the General Information. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Trustees for the Consolidated and Separate Financial Statements

The Trustees are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting standards and for such internal control as the Trustees 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 Trustees are responsible for assessing the Society's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsible for overseeing the Group's financial reporting process.

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 judgment and maintain professional skepticism 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOTSWANA MEDICAL AID SOCIETY

- 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 Society's or Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's or Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society and the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Trustees, 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.

31 July 2024
Gaborone

Deloitte & Touche

Firm of Certified Auditors
Practicing Member: Magritha Juanita Wotherspoon (CAP 0032 2024)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Consolidated			Society		
Figures in Pula	**Note(s)**	**2023**	**2022 Restated***	**2021 Restated***	**2023**	**2022 Restated***	**2021 Restated***
Assets							
Property, plant and equipment	4	77,189,583	78,948,490	73,650,385	38,738,578	39,451,377	37,648,425
Right-of-use assets	5	8,723,614	9,653,140	8,224,469	851,473	953,244	391,403
Intangible assets	6	3,217,853	2,034,093	2,739,909	2,491,000	1,602,158	2,403,236
Investments in subsidiaries	7	-	-	-	-	11,616,317	14,482,077
Loan to subsidiary company***	8	-	-	-	10,618,884	11,799,981	-
Equity instruments at fair value through other comprehensive income	9	104,232,787	104,794,303	112,120,878	104,232,787	104,794,303	112,120,878
Debt instruments at fair value through other comprehensive income	10	138,245,389	128,770,025	123,354,586	138,245,389	128,770,025	123,354,586
Inventories	11	3,393,923	5,630,780	7,456,078	-	-	-
Trade and other receivables *	12	10,224,732	8,451,948	7,628,200	3,535,110	768,286	3,366,273
Current tax receivable		716,471	711,045	705,648	-	-	-
Reinsurance contract assets*	21	-	2,494,985	-	-	2,494,985	-
Short term investments**	13	84,427,482	81,883,048	70,882,887	84,427,482	81,883,048	70,882,887
Cash and cash equivalents**	14	45,242,148	32,618,162	127,709,116	43,117,695	25,684,621	126,475,859
Total Assets*		**475,613,982**	**455,990,019**	**534,472,156**	**426,258,398**	**409,818,345**	**491,125,624**
Equity and Liabilities							
Equity							
Non-controlling interest		(231,862)	716,943	1,556,261	-	-	-
		(231,862)	716,943	1,556,261	-	-	-
Liabilities							
Borrowings***	15	13,717,038	15,236,805	7,325,034	-	-	-
Lease liabilities***	5	10,502,638	11,339,584	9,779,306	977,520	1,034,837	416,879
Deferred tax	16	399,127	462,228	53,509	-	-	-
Liability to future members *	17	315,244,228	280,322,469	376,815,577	313,561,704	278,101,637	364,162,051
Trade and other payables*	18	66,240,852	50,596,902	45,984,243	42,151,582	31,726,896	31,329,886
Subscriptions received in advance*	19	7,625,381	9,889,109	4,890,459	7,625,381	9,889,109	4,890,459
Provision for restructuring	32	244,282	27,257,540	-	244,282	27,257,540	-
Insurance contract liability*	21	60,788,572	60,168,439	85,648,844	60,614,203	61,808,326	87,907,426
Re-insurance contract liability*	21	1,083,726	-	2,418,923	1,083,726	-	2,418,923
Total Liabilities*		475,845,844	455,273,076	532,915,895	426,258,398	409,818,345	491,125,624
Total Equity and Liabilities*		**475,613,982**	**455,990,019**	**534,472,156**	**426,258,398**	**409,818,345**	**491,125,624**

* Comparative amounts in these financial statements have been restated as a result of changes in material accounting policies due to the adoption of IFRS 17 - Insurance contracts accounting standard. Refer to Note 3 on new standards effective 2023 note for detailed changes in significant accounting policies.

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to Note 41 for additional information.

*** In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. The distinction between current and non-current balances, where applicable, is provided in the accompanying notes to the statement of financial position. Refer to note 1.16.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated		Society	
Figures in Pula	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Insurance revenue*	22	919,909,637	836,315,563	923,697,127	839,315,370
Insurance service expenses*	23	(828,184,246)	(819,656,752)	(830,866,820)	(825,218,267)
Net income/expense from the reinsurance contracts held*	24	(2,092,849)	575,434	(10,133,709)	(8,109,328)
Insurance service result*		89,632,542	17,254,245	82,696,598	5,987,775
Non insurance contracts revenue*	25	58,457,322	35,369,511	-	-
Non insurance contracts direct costs	26	(43,670,615)	(41,375,593)	-	-
Non insurance financial result*		14,786,707	9,527,194	-	-
		104,419,249	26,761,439	82,696,598	5,987,775
Reversal/(impairment) of financial assets*		967,487	(882,156)	-	-
Impairment of investment in subsidiary	7	-	-	(11,616,317)	(2,865,760)
Impairment of loan to subsidiary	8	-	-	(3,314,225)	(612,718)
Administration expenses*	23	(112,197,389)	(103,046,426)	(75,175,832)	(70,573,107)
Operating loss*		(6,810,653)	(77,167,143)	(7,409,776)	(68,063,810)
Investment income	27	8,339,058	9,575,770	9,603,234	9,966,008
Finance costs	28	(2,187,330)	(1,810,975)	(71,634)	(71,071)
Dividend and other income	29	7,749,484	5,937,307	6,518,949	5,567,125
Provision for restructuring reversal/(charge)	32	1,694,330	(27,257,540)	1,694,330	(27,257,540)
Profit on sale of financial assets		888,540	1,217,234	888,540	1,217,234
Profit/(loss) before taxation*		9,673,429	(89,505,347)	11,223,643	(78,642,054)
Taxation	30	-	(543,495	-	-
Profit/(loss) for the year*		9,673,429	(90,048,842)	11,223,643	(78,642,054)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains/(losses) on valuation of investments in equity instruments		16,953,036	(4,120,826)	16,953,036	(4,120,826)
Taxation release relating to items that will not be reclassified		63,101	134,776	-	-
Total items that will not be reclassified to profit or loss		17,016,137	(3,986,050)	16,953,036	(4,120,826)
Items that may be reclassified to profit or loss:					
Revaluation of debt instruments at fair value through other comprehensive income		6,525,497	(3,246,356)	6,525,497	(3,246,356)
Total items that may be reclassified to profit or loss		6,525,497	(3,246,356)	6,525,497	(3,246,356)
Other comprehensive income/(loss) for the year net of taxation		23,541,634	(7,232,406)	23,478,533	(7,367,182)
Transfered to insurance liability to future members*		(34,163,868)	96,441,930	(34,702,176)	86,009,236
Total comprehensive loss for the year*		(948,805)	(839,318)	-	-
Loss attributable to non-controlling interest		(952,591)	(847,405)	-	-
Other comprehensive income attributable to non-controlling interest		3,786	8,087	-	-
		(948,805)	(839,318)	-	-

* Comparative amounts in these financial statements have been restated as a result of changes in material accounting policies due to the adoption of IFRS 17 - Insurance contracts accounting standard. Refer to Note 3 on new standards effective 2023 note for detailed changes in significant accounting policies.

STATEMENTS OF CHANGES IN EQUITY

Figures in Pula	Low claim reserve	Property revaluation reserve	Financial assets	Total reserves	Accu-mulated Funds	Total attribu-table to Members of the Society	Non-cont rolling interests	Total member and reserves
Consolidated - Restated								
Balance as at 01 January 2022, as previously reported	461,910	34,091,668	182,860,839	217,414,417	165,753,860	383,168,277	1,556,261	384,724,538
Impact of initial application of IFRS 17	-	-	-	-	(6,352,700)	(6,352,700)	-	(6,352,700)
Reclassification due to the initial application of IFRS 17	(461,910)	(34,091,668)	(182,860,839)	(217,414,417)	(159,401,160)	(376,815,577)	-	(376,815,577)
Restated* Balance at 01 January 2022 as restated	-	-	-	-	-	-	1,556,261	1,556,261
Loss for the year	-	-	-	-	-	-	(847,405)	(847,405)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	8,087	8,087
Balance at 31 December 2022	-	-	-	-	-	-	716,943	716,943
Loss for the year	-	-	-	-	-	-	(952,591)	(952,591)
Other comprehensive income for the year	-	-	-	-	-	-	3,786	3,786
Balance at 31 December 2023	-	-	-	-	-	-	(231,862)	(231,862)

Figures in Pula	Property revaluation reserve	Property revaluation	Property revaluation	Financial assets revaluation	Total reserves	Accumu-lated funds	Total attributable to members of the Society
Society - Restated							
Balance as at 01 January 2022, as previously reported		461,910	28,136,484	182,860,839	211,459,233	159,055,518	370,514,751
Of initial application of IFRS 17		-	-	-	-	(6,352,700)	(6,352,700)
Relassification due to the initial application of IFRS 17		(461,910)	(28,136,484)	(182,860,839)	(211,459,233)	(152,702,818)	(364,162,051)
Restated* Balance at 01 January 2022 as restated		-	-	-	-	-	-
Balance at 31 December 2023		-	-	-	-	-	-

* Comparative amounts in these financial statements have been restated as a result of changes in material accounting policies due to the adoption of IFRS 17 - Insurance contracts accounting standard. Refer to Note 3 on new standards effective 2023 note for detailed changes in significant accounting policies.

STATEMENTS OF CASH FLOWS

		Consolidated		Society	
Figures in Pula	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Cash flows from operating activities					
Profit/(loss) before taxation*		9,673,429	(89,505,347)	11,223,643	(78,642,054)
Adjustments for non-cash items and items presented separately:					
Depreciation of property, plant and equipment	4	7,815,789	6,462,565	3,308,893	2,956,585
Amortisation of right of use of assets	5	3,244,822	3,139,752	787,800	757,544
Amortisation of intangible assets	6	1,036,218	909,976	841,912	801,078
(Profit)/loss on disposal of property, plant and equipment	23.2	(113,838)	(229,566)	74,965	(116,072)
Profit on sale of financial assets		(888,540)	(1,217,234)	(888,540)	(1,217,234)
Gain on termination of leases	23.2	(7,743)	(171,765)	-	-
Effect of exchange rate movement on cash balances	23.2	(111,034)	5,896	(111,034)	5,896
Finance costs	28	2,187,330	1,810,975	71,634	71,071
Finance income	27	(8,339,058)	(9,575,770)	(9,603,234)	(9,966,008)
Dividends income	29	(5,935,692)	(4,808,491)	(5,935,692)	(4,808,491)
Impairment of financial assets*		(973,148)	882,156	-	-
Impairment of investment in subsidiary	7	-	-	11,616,317	2,865,760
Impairment of intercompany loan	8	-	-	3,314,225	612,718
Assets written off	4	426,060	-	-	-
Impairment of insurance contract assets*		2,786,571	(886,257)	2,786,571	(886,257)
Changes in working capital:					
Decrease in inventories		2,236,857	1,825,298	-	-
(Increase)/decrease in trade and other receivables*		(799,636)	(1,705,904)	(2,766,824)	2,597,987
(Decrease)/increase in trade and other payables*		(2,263,728)	4,612,659	10,424,686	397,010
Increase/(decrease) in subscriptions in advance		15,643,950	4,998,650	(2,263,728)	4,998,650
Decrease in insurance contract liabilities*		(2,166,438)	(23,272,190)	(3,980,694)	(23,890,885)
Increase/(decrease) in re-insurance contract assets*		3,578,711	(6,235,866)	3,578,711	(6,235,866)
(Decrease)/increase in provisions		(27,013,258)	27,257,540	(27,013,258)	27,257,540
Cash generated from (used in) operations		17,624	(85,702,923)	(4,533,647)	(82,441,028)
Taxation paid	31	(5,426)	(5,397)	-	-
Net cash from operating activities		12,198	(85,708,320)	(4,533,647)	(82,441,028)

* Comparative amounts in these financial statements have been restated as a result of changes in material accounting policies due to the adoption of IFRS 17 - Insurance contracts accounting standard. Refer to Note 3 on new standards effective 2023 note for detailed changes in significant accounting policies.

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to Note 41 for additional information.

*** In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. The distinction between current and non-current balances, where applicable, is provided in the accompanying notes to the statement of financial position. Refer to note 1.16.

Figures in Pula	Note(s)	Consolidated 2023	Consolidated 2022 Restated*	Society 2023	Society 2022 Restated*
Cash flows from operating activities					
Purchase of property, plant and equipment	4	(7,123,781)	(12,077,722)	(2,695,301)	(4,770,109)
Sale of property, plant and equipment proceeds	4	265,452	546,618	24,242	126,644
Additions to intangible assets	5	(1,730,753)	(204,160)	(1,730,754)	-
Loan to subsidiary company		-	-	(1,609,348)	(12,254,368)
Sale/(purchase) of investments at fair value**		13,310,643	(14,771,597)	13,310,643	(14,771,597)
Interest income received	27	8,695,097	9,057,216	9,435,493	9,289,123
Dividends received	29	5,935,692	4,808,491	5,935,692	4,808,491
Net cash from investing activities		19,352,350	(12,641,154)	22,670,667	(17,571,816)
Cash flows from financing activities					
Repayment of borrowings		(1,519,767)	(1,188,230)	-	-
Payment on lease liabilities	5	(3,144,499)	(2,836,380)	(743,346)	(701,427)
Finance costs	28	(2,187,330)	(1,810,975)	(71,634)	(71,071)
Borrowings raised		-	9,100,001	-	-
Net cash from financing activities		(6,851,596)	3,264,416	(814,980)	(772,498)
Total cash movement for the year		12,512,952	(95,085,058)	17,322,040	(100,785,342)
Cash and cash equivalents at the beginning of the year**		32,618,162	127,709,116	25,684,621	126,475,859
Effect of exchange rate movement on cash balances		111,034	(5,896)	111,034	(5,896)
Cash and cash equivalents at the end of the year**	14	45,242,148	32,618,162	43,117,695	25,684,621

* Comparative amounts in these financial statements have been restated as a result of changes in material accounting policies due to the adoption of IFRS 17 - Insurance contracts accounting standard. Refer to Note 3 on new standards effective 2023 note for detailed changes in significant accounting policies.

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to Note 41 for additional information.

*** In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. The distinction between current and non-current balances, where applicable, is provided in the accompanying notes to the statement of financial position. Refer to note 1.16.

MATERIAL ACCOUNTING POLICIES

General information

Botswana Medical Aid Society is a medical aid Fund registered in Botswana under the Societies Act. The consolidated financial statements comprise the consolidated financial position and results of the Society and its subsidiaries (together referred to as the "Group"). The accounting policies below apply to both the consolidated and separate financial statements.

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

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 ('IASB') and in a manner required the Society's Rules and Societies Act of Botswana.

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. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for the adoption of IFRS 17 - Insurance contracts as disclosed in note 3. The financial statements are presented in and rounded to the nearest Pula, which is the Group and Society's functional currency.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Significant judgements in the application of IFRS Accounting Standards as issued by the International Accounting Standards Board consist mainly of the evaluation of the carrying amount of the investment in subsidiaries for possible impairment (per note 7), the assessment of residual values and depreciation rates applied to property, plant and equipment items (per note 4), the revaluation of leasehold land and buildings, (per note 4) the evaluation of trade and other receivables for possible impairment (per note 12) and calculating insurance assets and insurance liabilities (per note 20).

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Society and entities (including structured entities) controlled by the Society and its subsidiaries. Control is achieved when the Society:

- has power over the investee;
- exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Society reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Society has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Society considers all relevant facts and circumstances in assessing whether or not the Society's voting rights in an investee are sufficient to give it power, including:

- the size of the Society's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Society, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Society has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous directors' meetings.

Consolidation of a subsidiary begins when the Society obtains control over the subsidiary and ceases when the Society loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Society gains control until the date when the Society ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the members of the Society and to the non- controlling interests. Total comprehensive income of subsidiaries is attributed to the members of the Society and to the non- controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests

Non-controlling interests are measured, at initial recognition, as the non-controlling proportion of the fair values of the assets and liabilities recognised at acquisition. After initial recognition, non-controlling interests are measured as the aggregate of the value at initial recognition and their subsequent proportionate share of profits and losses.

1.3 Interest in subsidiaries

In the Society's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.The initial cost includes:

- the fair value, at the date of exchange, of assets given, liabilities incurred, and equity instruments issued by the Society; and
- any costs directly attributable to the purchase of the subsidiary.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one period.

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.

MATERIAL ACCOUNTING POLICIES

1.4 Property, plant and equipment [continued]

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 and adjustments in respect of hedge accounting, where appropriate.

Leasehold land and buildings are stated at valuation on the basis of the most recently established open market values with current additions measured at cost. Valuations are obtained from professional independent third parties with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the reporting date. The Group currently obtains valuations of leasehold land and buildings every five years.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the liability attributable to future members relating to a previous revaluation of that asset.

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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. 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
Leasehold property	Straight line	Lower of useful life and remaining lease period.
Furniture and fixtures	Straight line	4 - 10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	4 - 10 years
IT equipment	Straight line	4 years
Leasehold improvements	Straight line	Lower of 5 years and remaining lease period.

Work-in-progress includes the costs of materials, labour and other costs incurred in the construction of work-in-progress at reporting date. Work-in-progress is transferred to property, plant and equipment when the assets are completed and commissioned. Work-in-progress is not depreciated and depreciation commences at the earliest of when the asset is available for use or when the asset is commissioned.

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

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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 is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

There were no indicators of impairment for property, plant and equipment and no impairment tests were performed.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on the research phase of a project is recognised as an expense when it is incurred. Internally generated brands, goodwill and items similar in substance are not recognised as intangible assets.

Projects to develop software are recognised when:

- it is technically feasible to complete the project so that it will be available for use.
- there is an intention to complete and use the software.
- there is an ability to use the software.
- the software will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequently, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets are tested for impairment and the remaining carrying amount is amortised over its useful life.

Intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every reporting period-end. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	5 years

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

MATERIAL ACCOUNTING POLICIES

1.6 Financial instruments [continued]

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through other comprehensive income (FVOCI);
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following two measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the simplified expected loss model. Interest income from these financial assets is included in investment income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'profit on sale of financial assets'. Interest income from these financial assets is included in investment income' using the effective interest method.

Solely Payments of Principal and Interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group has irrevocably designated all equity investments at fair value through other comprehensive income with gains and losses reported in the statement of comprehensive income as other comprehensive income under the heading ''Will not be reclassified to profit or loss''.

Dividend income:

Dividend income is recognised in the period in which the dividends are declared.

Cash and cash equivalents:
Cash and cash equivalents comprise cash on hand and demand deposits, 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. These are initially and subsequently recorded at amortised cost.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, loans to group entities, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit loss for trade receivables, contract assets, loans to group entities and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

MATERIAL ACCOUNTING POLICIES

1.6 Financial instruments [continued]

Derecognition of 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 entity. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve, included in the liability to future members, is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve, included in the liability to future members is not reclassified to profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. Financial liabilities measured subsequently at amortised cost:

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.

Claims incurred comprise the total estimated cost of all claims (including claim handling costs) arising from healthcare events that have occurred in the year and for which the Society is responsible in terms of its registered rules, whether or not reported by the end of the year.

- Claims submitted and accrued for services rendered during the year, net of discounts received and recoveries from members for co-payments;
- Movements in the outstanding claims provision

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.7 Tax

Current tax assets and liabilities

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.

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 to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

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

1.8 Leases

All leases for which the Group is a lessee are accounted for by recognising a right-of-use asset and a lease liability except for leases of low values assets and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using Group's incremental borrowing rate on commencement of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

MATERIAL ACCOUNTING POLICIES

1.8 Leases [continued]

- On initial recognition, the carrying value of the lease liability also includes:
- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

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.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is calculated on the first-in-first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

1.10 Impairment of assets

The carrying values of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash inflows that are largely independent of the cash inflows from other assets or asset Groups. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Impairment losses recognised in the prior periods are assessed at each reporting date for any indication that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase and recognised in the liability to future members..

1.11 Employee benefits

The Group 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.

MATERIAL ACCOUNTING POLICIES

1.12 Provisions and contingencies

Provisions are recognised when:

- The Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.13 Revenue from contracts with customers

Revenue is recognised over time or at a specific point in time depending on the nature of the performance obligations embedded in the contract. Revenue recognition follows a five step model framework model listed below:

Step 1 : Identify the contract(s) with a customer.

Step 2 : Identify the performance obligations in the contract.
Step 3 : Determine the transaction price.
Step 4 : Allocate the transaction price to the performance obligations in the contract.
Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for the goods or services.

Nature of products and services and timing of revenue recognition

The Group sells medical drugs and provides medical services, training and call centre services. Medical and call centre services are provided on a fixed term contract basis and are typically billed ratably over the term of the contract.

Revenue from the sale of drugs is recognised at a specific point in time while revenue from all other services is recognised over time. The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are recorded as progress payments to be billed also known as contract assets. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue also known as contract liability.

1.14 Borrowing costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of Funds.

1.15 Translation of foreign currencies

Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.16 IFRS 17 - Insurance contracts

The Society has applied IFRS 17 - Insurance contracts for the first time from 1 January 2023. The standard will bring significant changes to the accounting for insurance and reinsurance contracts. The Society applies IFRS 17 to insurance contracts it issues and reinsurance contracts held. References made to insurance contracts shall deem to imply insurance contracts issued or acquired.

The Society applies IFRS 17 Insurance Contracts to insurance contracts issued or acquired and reinsurance contracts issued or held. Under these contracts, The Society accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. The Society was previously applying IFRS 4 to its insurance contracts, the accounting policies illustrated below have been adopted in accordance with IFRS 17 transitional provisions.

Transition approach

IFRS 17 permits early adoption of the Standard, The Society did not early adopt IFRS 17. The Society applied IFRS 17 as of 1 January 2023 on a full retrospective approach. Any adjustments to carrying amounts of insurance and reinsurance assets and liabilities at the date of transition, have been recognised in the opening insurance liability to future members at 1 January 2022 (the comparative period). The table below illustrates the impact on opening reserves on transition to IFRS 17:

	Consolidated	Society
Total Funds and reserves attributable to members of the Society as previously reported - 31 December 2021	383,168,277	370,514,751
Impact of initial application of IFRS 17:		
Adjustment as a result of the risk adjustment for non-financial risk - insurance contracts	(10,327,630)	(10,327,630)
Adjustment as a result of the risk adjustment for non-financial risk - re-insurance contracts	(3,620)	(3,620)
Change in estimate of liability for claims incurred	3,978,550	3,978,550
Transfer of reserves to liability to future members:		
Low claim reserve	(461,910)	(461,910)
Property revaluation reserve	(34,091,668)	(28,136,484)
Financial assets revaluation reserve	(182,860,839)	(182,860,839)
Retained earnings including IFRS 17 initial application adjustments	(159,401,160)	(152,702,818)
Reserves as at 31 December 2021 - restated	-	-

MATERIAL ACCOUNTING POLICIES

1.16 IFRS 17 - Insurance contracts

In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. The distinction between current and non- current balances, where applicable, is provided in the accompanying notes to the statement of financial position. The impacted balances are shown in the table below:

Statements of Financial Position as at 31 December 2022

	Consolidated			Society		
Figures in Pula	**Previously reported amount**	**Restated amount**	**Impact**	**Previously reported amount**	**Restated amount**	**Impact**
Assets						
Trade and other receivables	39,925,696	8,451,948	(31,473,748)	32,242,034	768,286	(31,473,748)
Reinsurance contract assets	-	2,494,985	2,494,985	-	2,494,985	2,494,985
Total assets	484,968,781	455,990,019	(28,978,762)	438,797,108	409,818,345	(28,978,763)
Equity						
Low claim reserve	(461,910)	-	461,910	(461,910)	-	461,910
Financial assets revaluation reserve	(174,659,134)	-	174,659,134	(174,659,134)	-	174,659,134
Property revaluation reserve	(34,218,357)	-	34,218,357	(28,136,484)	-	28,136,484
Accumulated Funds	(74,619,733)	-	74,619,733	(78,480,774)	-	78,480,774
Total equity	(283,959,134)	-	283,959,134	(281,738,302)	-	281,738,302
Liabilities						
Liability to future members	-	(280,322,469)	(280,322,469)	-	(278,101,637)	(278,101,637)
Trade and other payables	(56,501,907)	(50,596,902)	5,905,005	(38,886,601)	(31,726,896)	7,159,705
Subscriptions in advance	(11,490,190)	(9,889,109)	1,601,081	(10,538,088)	(9,889,109)	648,979
Outstanding claims	(78,004,450)	-	78,004,450	(79,341,740)	-	79,341,740
Insurance contract liability	-	(60,168,439)	(60,168,439)	-	(61,808,326)	(61,808,326)
Total liabilities	(200,292,704)	(455,273,076)	(254,980,372)	(157,058,806)	(409,818,345)	(252,759,539)

In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. The distinction between current and non- current balances, where applicable, is provided in the accompanying notes to the statement of financial position. The impacted balances are shown in the table below:

Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	Consolidated			Society		
Figures in Pula **Insurance service result**	**Previously reported amount**	**Restated amount**	**Impact**	**Previously reported amount**	**Restated amount**	**Impact**
Insurance revenue	-	(836,315,563)	(836,315,563)	-	(839,315,370)	(839,315,370)
Insurance service expenses	-	819,656,752	819,656,752	-	825,218,267	825,218,267
Revenue	(884,739,237)	-	884,739,237	(842,891,748)	-	842,891,748
Benefits paid	726,755,904	-	(726,755,904)	794,735,289	-	(794,735,289)
Net income/expense from the reinsurance contracts held	-	(575,434)	(575,434)	-	8,109,328	8,109,328
Total insurance service result	-	17,234,245	17,234,245	-	(5,987,775)	(5,987,775)
Non insurance contracts revenue	-	(44,896,705)	(44,896,705)	-	-	-
Non insurance contracts direct costs	-	35,369,511	35,369,511	-	-	-
Operating (loss)/profit	-	-	-	-	-	-
Impairment of financial assets	1,768,413	-	(1,768,413)	886,257	-	(886,257)
Other operating expenses	145,693,728	-	(145,693,728)	114,606,949	-	(114,606,949)
Profit/(loss) before taxation	92,221,382	89,505,347	(2,716,035)	81,358,089	78,642,054	(2,716,035)
Loss for the year	92,764,877	90,048,842	(2,716,035)	81,358,089	78,642,054	(2,716,035)
Transfered to insurance liability to future members	-	(96,441,930)	(96,441,930)	-	(86,009,236)	(86,009,236)
Total comprehensive loss for the year	99,997,283	839,318	(99,157,965)	88,725,271	-	(88,725,271)
Loss attributable to members of the Society	91,917,472	-	(91,917,472)	81,358,089	-	(81,358,089)
Total comprehensive loss attributable to members of the Society	99,157,965	-	(99,157,965)	88,725,271	-	(88,725,271)

MATERIAL ACCOUNTING POLICIES

1.16 IFRS 17 - Insurance contracts [continued]

In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. The distinction between current and non- current balances, where applicable, is provided in the accompanying notes to the statement of financial position. The impacted balances are shown in the table below:

Statements of Financial Position as at 31 December 2022

Figures in Pula	Consolidated			Society		
Cash flows from operating activities	**Previously reported amount**	**Restated amount**	**Impact**	**Previously reported amount**	**Restated amount**	**Impact**
Profit/(loss) before taxation	(92,221,382)	(89,505,347)	2,716,035	(81,358,089)	(78,642,054)	2,716,035
Impairment of financial assets	(1,768,413)	882,156	886,257	(886,257)	-	886,257
Impairment of insurance contract assets	-	(886,257)	(886,257)	-	(886,257)	(886,257)
Trade and other receivables	(18,489,978)	(1,705,904)	16,784,074	(15,822,468)	2,597,987	18,420,455
Trade and other payables	1,712,526	4,612,659	2,900,133	(2,046,578)	397,010	2,443,588
Movemement in insurance contract liabilities	-	(23,272,190)	(23,272,190)	-	(23,890,885)	(23,890,885)
Movement in re-insurance contract liabilities	-	(6,235,866)	(6,235,866)	-	(6,235,866)	(6,235,866)
Net cash from operating activities	(85,708,320)	(85,708,320)	-	(82,441,028)	(82,441,028)	-

Statements of Financial Position as at 31 December 2021

Assets						
Trade and other receivables	19,667,305	7,628,200	(12,039,105)	15,405,378	3,366,273	(12,039,105)
Total assets	484,968,782	455,990,019	(28,978,763)	438,797,108	409,818,345	(28,978,763)
Equity	-	-	-	-	-	-
Low claim reserve	(461,910)	-	461,910	(461,910)	-	461,910
Financial assets revaluation reserve	(182,860,839)	-	182,860,839	(182,860,839)	-	182,860,839
Property revaluation reserve	(34,091,668)	-	34,091,668	(28,136,484)	-	28,136,484
Accumulated Funds	(165,753,860)	-	165,753,860	(159,055,518)	-	159,055,518
Total equity	(383,168,277)	-	383,168,277	(370,514,751)	-	370,514,751
Liabilities						
Liability to future members	-	(376,815,577)	(376,815,577)	-	(376,815,577)	(376,815,577)
Trade and other payables	(54,789,381)	(45,984,243)	8,805,138	(40,805,248)	(45,984,243)	(5,178,995)
Subscriptions in advance	(7,695,962)	(4,890,459)	2,805,503	(7,025,738)	(4,890,459)	2,135,279
Outstanding claims	(82,143,531)	-	82,143,531	(84,402,113)	-	84,402,113
Insurance contract liability	-	(85,648,844)	(85,648,844)	-	(85,648,844)	(85,648,844)
Total liabilities	(161,786,723)	(532,915,895)	(371,129,172)	(132,649,978)	(532,915,895)	(400,265,917)

In the prior year, assets and liabilities were classified as either non-current or current on the statement of financial position. However, following the adoption of IFRS 17, all balances are now presented in order of liquidity on the statement of financial position without explicit distinction between current and non-current classifications. Impacted assets and liabilities are presented in the table below:

Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

2022 - Consolidated - In Pula	**Previously reported amount**		**Restated amount**	-
Liabilities	**Non current**	**Current**	**Combined Restated amount**	**Impact**
Borrowings	(13,651,548)	(1,585,257)	(15,236,805)	-
Lease liabilities	(8,222,091)	(3,117,493)	(11,339,584)	-
2022 - Society - In Pula				
Assets				
Loan to subsidiary company	11,641,650	158,331	11,799,981	-
Liabilities				
Lease liabilities	(236,076)	(798,761)	(1,034,837)	-
2021 - Consolidated - In Pula				
Liabilities				
Borrowings	(6,395,914)	(929,120)	(7,325,034)	-
Lease liabilities	(7,743,142)	(2,036,164)	(9,779,306)	-
2021 - Society - In Pula				
Liabilities				
Lease liabilities	(332,737)	(84,142)	(416,879)	-

Definition, classification and separation of components

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

The Society is a private medical aid provider in Botswana. As a result, the Society caters for private, institutional, and individual customers, issuing contracts to members to compensate the member for medical and funeral related costs, subject to certain limits. The compensation is due when a claimable event occurs which is considered uncertain and as a result, the Society bears the morbidity and mortality risks. When the claimable event occurs, the member is considered to be adversely affected due to the cost the member would have to bear.

MATERIAL ACCOUNTING POLICIES

1.16 IFRS 17 - Insurance contracts [continued]

An entity determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur . Given the nature of the medical care and funeral benefits covered by the plans, the present value of the amounts payable by the Society on a claimable event over what would have been payable had the event not take place is considered significant on a contract-by-contract basis. Based on the assessment made, there is a transfer of significant insurance risk from the member to the Society under each contract issued for the various plans.

The product range offered by the Society does not include separately identifiable components. Each of the products offered by Bomaid exposes the Society to morbidity risk and mortality risk. The reinsurance contracts held exposes The Society to similar risks and contain similar terms and conditions. Therefore, the reinsurance contracts held by The Society do not include separately identifiable components.

Level of aggregation (Unit of account)

The Society is exposed predominantly to morbidity risk as it exceeds the mortality risk. The respective policies within each scheme are subject to similar risks and are managed together. All insurance contracts within each scheme represent a portfolio of contracts, therefore all schemes form one portfolio. The portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These groups are not subsequently reconsidered.

The annual cohorts are determined with reference to the benefit year which is aligned with the financial year. The profitability of groups of insurance contracts issued is assessed by actuarial valuation models that take into consideration existing and new business written. Contracts that are onerous at initial recognition are grouped separately from contracts that at initial recognition have no significant possibility of becoming onerous subsequently.

The Society measures all portfolios of contracts applying the Premium Allocation Approach ("PAA"). The Society assumes that the contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. At initial recognition, when all applicable facts and circumstances are considered, it was determined that AS Happy scheme is onerous at initial recognition, however, as Bomaid is a mutual entity, there would be adequate reserves to offset the losses. Therefore, AS Happy will not be concluded to be on the onerous group.

Bomaid reports at an overall scheme level as the product line offered by the entity is medical aid policies, there aren't different types of product lines offered by the Society.

Recognition and Derecognition

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

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

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

The Society recognises reinsurance contracts held from the earliest of the following:

- the beginning of the coverage period of the Group of reinsurance contracts held; and
- the date the entity recognises an onerous group of underlying insurance contracts

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

The Society will derecognise a contract when the rights and obligations relating to the contract are extinguished, i.e., expired, discharged, or cancelled.

If a contract modification results in derecognition, a new contract is recognised on the modified terms.

Measurement

a) Contract boundary

The Society uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. The Society includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the Group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Society can compel the member to pay the premiums, or in which the Society has a substantive obligation to provide the member with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Society has the practical ability to reassess the risks of the member and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
    1. The Society has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
    2. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Society that exist during the reporting period in which the Society is compelled to pay amounts to the reinsurer or in which the Society has a substantive right to receive services from the reinsurer.

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

b) Initial and subsequent measurement

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

For insurance contracts issued, on initial recognition, the Society measures the Liability for Remaining Coverage ("LRC") at the amount of premiums received. For reinsurance contracts held, on initial recognition, the Society measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the Liability for Remaining Coverage ("LRC"); and the Liability for Incurred Claims ("LIC"), comprising the fulfilment cash flows related to past service allocated to the Group at the reporting date. At the end of the reporting period, the Society does not anticipate to have any unexpired risk remaining, therefore, the LRC will be nil. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the remaining coverage; and the incurred claims, comprising the fulfilment cash flows related to past service allocated to the Group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the Liability for Remaining Coverage is increased for premiums received in the period; and decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period. The Society elects to recognise insurance acquisition cash flows as expenses when they are incurred.

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

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

MATERIAL ACCOUNTING POLICIES

1.16 IFRS 17 - Insurance contracts [continued]

If a group of contracts becomes onerous, the Society increases the carrying amount of the LRC to the amounts of the fulfilment cash flows with the amount of such an increase recognised in insurance service expenses. Subsequently, the Society amortises the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Society remeasures the fulfilment cash flows by reflecting changes in the fulfilment cash flows by adjusting the loss component as required until the loss component is reduced to zero.

c) Fulfilment cash flows within contract boundary

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

The Society assessed the following future cash flows to arise:

- Premiums (cash inflow)
- Policy administration and maintenance costs (cash outflow)
- Directly attributable costs (cash outflow)

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

- Incurred claims (reported and unreported)
- Claims handling costs
- Premiums
- Attributable expenses
- Expected claims pay-outs

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

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

- A combination of apriori/FNOL (first notification of loss) estimates as well as case estimates (based on claims assessors' feedback) depending on the stage at which each claim is.
- Based on traditional actuarial triangulation methods as well as management input on the expectations of claims experience.

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

d) Insurance acquisition costs

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

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

For insurance contracts issued, insurance acquisition cash flows are expensed when they are incurred.

e) Risk adjustment for non-financial risk

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

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

Amounts recognised in comprehensive income

Insurance revenue

As the Society provides services under the Group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Society expects to be entitled to in exchange for those services. The Society recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

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

Insurance service expenses

Insurance service expenses include other incurred directly attributable insurance service expenses; insurance acquisition cash flows; changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the LIC); and changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components). The Society does not issue insurance contracts or hold reinsurance contracts that include investment components.

Expenses incurred by MRI Botswana Limited to fulfil the Groups insurance contracts obligations in terms of the policy documents with policyholders are insurance service expenses from a Group's perspective and are therefore, presented and disclosed as insurance service expense in the Group's Annual Financial Statements even though their nature at MRI Botswana Limited level may be different to their nature at Group level for consolidation purposes in terms of IFRS 10 - Consolidated Financial Statements, which requires that uniform accounting policies are applied.

Net income/(expenses) from reinsurance contracts held

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

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

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the Group of insurance contracts arising from the effect of financial risk and changes in financial risk, the Society does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less. The main amounts impacting insurance finance income or expenses are interest accreted on the LIC; and the effect of changes in interest rates and other financial assumptions. The Society does not disaggregate risk adjustment movement into insurance service results and finance results for all contracts for operational simplicity.

MATERIAL ACCOUNTING POLICIES

1.17 Related party transactions

Related parties are defined as those parties that:

a) directly, or indirectly through one or more intermediaries:
   - control, are controlled by, or are under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   - have an interest in the entity that gives it significant influence over the entity; or

b) are members of the key management personnel of the entity or its parent including close members of the family.

1.18 Critical judgements in applying accounting policies and significant judgements and sources of estimation uncertainty

The following are the critical judgements and estimations, that the Trustees have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated and separate financial statements.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy in the financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and all other financial assets is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing Groups of similar financial assets for the purposes of measuring ECL. Allowance for slow moving, damaged and obsolete stock

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current last traded price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Impairment testing for investments in subsidiaries

The recoverable amounts of cash-generating units and individual assets have been determined based on the estimated fair values less costs to sell of the subsidiary net assets. The fair value of the subsidiary's net assets was estimated with reference to their carrying amount on the statement of financial position. The subsidiary's significant assets, land and buildings, are carried at revalued amounts and its current assets carrying amounts, due to their short-term nature, are deemed to approximate fair value. The net assets carrying amounts were therefore deemed a reasonable estimate of the subsidiary's recoverable amount. It is reasonably possible that the fair value assumption may change, which may then impact our estimations and may then require a material adjustment to the carrying value of investments in subsidiaries.

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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, recoverable amounts are estimated for each group of assets.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Revaluation of leasehold land and buildings

The key judgement applied in the valuation of leasehold land and buildings was the selection of the method deemed relevant for the valuation of the Group's properties. The fair value of leasehold land and buildings was determined based on the market comparable approach that reflect recent transaction prices for similar properties.The key estimate in applying the market comparable approach is the adjustment of recently transacted prices of similar properties to reflect the uniqueness of the Group's properties. The Trustees utilise independent professional valuers to minimise the level of estimation uncertainty.

Determining whether the Society has control over subsidiaries

The Group holds 100% of the ordinary shares and voting rights in Southview Proprietary Limited.

The Trustees have assessed their involvement in Southview Proprietary Limited, MRI Botswana Limited and Bomaid Limited in accordance with IFRS 10's revised control definition and guidance. The Trustees have concluded that the Society has outright control in the decision making of these entities. In making its judgement, the Trustees considered the Group's voting rights. Recent experience demonstrates the Group is not prevented from exercising its ability to direct the relevant activities of Southview Proprietary Limited.

Provisions

Provisions are raised and management determines an estimate based on the information available.

MATERIAL ACCOUNTING POLICIES

1.18 Critical judgements in applying accounting policies and significant judgements and sources of estimation uncertainty [continued]

Areas of judgement	Apicable to the Society
Definition and classification	
a) Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.	Applicable to the Society in classification of contracts and assessing whether significant insurance risk transfers. Refer to Note 1.16.
b) Whether contracts within the scope of IFRS 17 meet the definition of insurance contracts with direct participation features.	The Society does not issue insurance contracts with investment componets. In assessing this, the Society considered all terms and conditions within contracts identified to be in the scope of IFRS 17.
c) For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment as required by IFRS 17(53)(a),(54),(69)(a),(70) and may involve significant judgement.	All contracts measured by the Society under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved.
Level of aggregation (Unit of account)	
a) Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve an overall commercial effect and require combination.	No judgement is applicable to the Society.
b) Separation - whether components in IFRS 17(11)-(12) are distinct (i.e. meet the separation criteria).	No judgement is applicable to the Society. The contracts do not contain distinct components.
c) Separation of contracts with multiple insurance coverage - whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.	No judgement is applicable to the Society.
d) Judgements involved in the identification of portfolios of contracts as required by IFRS 17(14) (i.e. having similar risks and being managed together).	Not an area of significant judgement for the Society. The Society provides medical aid insurance, all contracts within each product line (scheme) exposes the Society to the same risks and schemes are managed together.
e) For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is applicable to the Society. For accounting purposes, Bomaid meets the definition of a mutual entity in IFRS 3 as a result, where a group of insurance contracts is identified as loss making - that loss can be set off against the liability to future members.
f) The determination of whether laws or regulations constrain the Group's practical ability to set a different price or level of benefits for policyholders with different risk profiles so the Group may include such contracts in the same group, disregarding the aggregation requirements set in IFRS 17(14) - (19), is an area of judgement.	The regulatory environment in which the Society operates does not impose any price or other constraints. Thus, no judgement has been applied by the Society.

Areas of judgement	Applicable to the Society
Recognition and derecognition	
a) When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition.	No judgement is applicable to the Society in 2022 and 2023, there were no contract modifications.
d) Judgements involved in the identification of portfolios of contracts as required by IFRS 17(14) (i.e. having similar risks and being managed together).	Not an area of significant judgement for the Society. The Society provides medical aid insurance, all contracts within each product line (scheme) exposes the Society to the same risks and schemes are managed together.
Measurement	
a) 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. Judgements might be involved to determine when the Society is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums and when premiums reflect risks beyond the coverage period.	Judgement is applicable to the Society, judgment involves decisions to measure the cash flows triggered by the premium waiver benefit as liability for incurred claims.
b) An entity may use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts	The Society performs expense studies on a continuous basis and uses judgement to determine the extent to expenses are directly attributable to fulfilling insurance contracts.
Financial performance	
a) The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses as investment components should be excluded from those.	The Society does not issue insurance contracts with investment componets.

Methods used and judgements applied in determining the IFRS 17 transition amounts

The Society has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date that were originated two years prior to transition. There are no contracts in force at transition date that were originated from more than two years prior to transition. The Society has determined that reasonable and supportable information was available for all contracts in force at the transition date to apply IFRS 17 fully retrospectively.

The Society has recognised and measured each group of insurance contracts within the scope of IFRS 17 as if IFRS 17 had applied; derecognised any existing balances that would not exist had IFRS 17 always applied; and recognised any resulting net difference in liability to future members.

MATERIAL ACCOUNTING POLICIES

1.18 Critical judgements in applying accounting policies and significant judgements and sources of estimation uncertainty [continued]

Estimates and assumptions

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

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

Discount rates

The Society adopts the bottom-up approach to determine the IFRS 17 discount rates. The Government bond curves issued by the bank of Botswana is used to determine the risk-free rate. The risk-free rates are derived from government bonds issued by the bank of Botswana and have a maximum term of 22 years and all contracts offered by the Society have coverage period of less than 22 years. Under this approach, the discount rate is determined as the risk free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk free yield and the relevant liability cash flows (known as an illiquidity premium). Management uses judgement to assess liquidity characteristics of the liability cash flows.

Bomaid issues and holds insurance contracts that have a coverage period of 12 months or less, as such Bomaid will not be discounting.

Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of 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. The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Society uses information about past events, current conditions and forecasts of future conditions. The Society's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes.

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

The Society accounts for cash flows resulting from the premium waiver benefit as a liability for incurred claims.

The Society applies judgement in assessing whether there are facts and circumstances indicating that insurance contracts may be onerous. During the year 2022, there were facts and circumstances indicating that some groups of insurance contracts are onerous. With Bomaid as a mutual entity, the Society has enough Funds for liability to future members to offset against the losses from onerous contracts. The losses were therefore recognised as a current portion of the liability to future members in the statement of financial position. During the year 2023, these groups have subsequently become profitable.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

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

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The Society calculates the risk adjustment using the Value-at-Risk (VaR) method for both LIC and LRC, where two factors are required, namely, the estimated cash flows (the BEL) and the standard deviation of the emerging estimated liabilities. The parameters required for the VaR have been determined as follows:

- the confidence level has been set at the 75th percentile;
- the distribution of the cash flows is assumed to be normal, calibrated to reflect the confidence level of 75th percentile; and the distribution of the cash flows is assumed to be normal, calibrated to reflect the confidence level of 75th percentile; and
- the time horizon has been set between the 75th and 95th percentile.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2022 and 2023.

Mutual entity conclusion

IFRS 17 does not define a "mutual entity", however, IFRS 3 defines "mutual" entity as an entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities.

Bomaid is a Medical Scheme Fund that is incorporated as a Society for the benefit of Medical Scheme members. Bomaid has been registered under section 6(1) of the Trustees Act and applies the companies' guidelines as stipulated on the Bomaid book of rules. Bomaid does not have shareholders nor pays out dividends. The Society generates income from members subscriptions, wellness programmemes and investment returns. The income that Bomaid generates is mainly used and reserved for claims and to support Bomaid operations. At the end of each reporting period, if Bomaid has surplus Funds, those Funds are reserved or invested for the purposes of honouring member claims and to support operations. As such, surplus Funds are used for the security and benefit of members. Bomaid meets the IFRS 3 definition of a mutual entity, as a result, where a group of insurance contracts is identified as loss making, liability to future members can be used to offset those losses, and therefore, Bomaid will not have any onerous contracts.

Consequently the Statement of Profit or Loss and Other Comprehensive Income reflects no total comprehensive income for the year. The movement in the insurance liability attributable to future members are included in the insurance service expenses line. The classification of the Scheme as a mutual entity resulted in the Scheme not presenting the accumulated Funds and related equity reserves in the Statement of Changes in Equity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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
• International tax reform - Pillar two model rules - amendments to IAS 12	01 January 2023
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023

The above amendments did not have an impact on these financial statements

The Society has adopted the following financial reporting standards for the first time in the annual reporting period commencing 1 January 2023. These standards have an impact on the annual financial statements.

Implementation of IFRS 17 - Insurance Contracts, replacing IFRS 4 - Insurance contracts

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

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

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

The Society previously did not assess whether the insurance contracts issued by the Society and the reinsurance contracts held met the definition of insurance contracts under IFRS 4, the Society did not previously consider accounting for IFRS 4. Therefore as IFRS 4 was not considered, by default the contract were measured applying IFRS 15. The measurement of these contracts applying IFRS 15 was accepted as appropriate for the Society as generally, medical insurers in Botswana apply IFRS 15 as their key revenue standard. Whilst IFRS 15 is applicable to revenue from contracts with customers, it was a generally accepted standard in the region which made it easier to compare the financial statements of different health insurers as the standard provides a single revenue recognition model for all types of contracts. However, IFRS 15 is not specifically designed for insurance contracts, and it may not adequately capture the unique risks and rewards of these contracts.

As per the implementation of IFRS 17, the Society has performed an assessment on whether the insurance contracts issued and reinsurance contracts held meet the IFRS 17 definition of insurance contract, it was concluded that the definition has been met, refer to note 1.16. As such, the insurance contracts will be measured applying IFRS 17.

The Society believes that the transition to IFRS 17 will provide more relevant and timely information about its risks and financial performance to members and other stakeholders consistent with:

- Increased transparency - IFRS 17 requires insurers to disclose more information about their insurance contracts. This information will help members and other stakeholders to better understand the risks and financial performance of insurers.
- A more realistic view of insurers' financial position - IFRS 17 requires insurers to recognize the full value of

their future contract benefits on initial recognition. This provides a more realistic view of insurers' profitability from initial recognition.

- Improved comparability - IFRS 17 provides a single accounting model for all types of insurance contracts. This means that it will be easier to compare the financial statements of different insurers.
- Improved consistency in revenue reporting - Revenue will reflect the services provided and exclude deposits, which is consistent with other industries.

The implementation of the standard will have a material impact on the financial statements.

Initial Application of IFRS 17 and IFRS 9 - Comparative Information

The Society has adopted the Initial Application of IFRS 17 and IFRS 9 - Comparative Information. This amendment provides a transition option related to comparative information about financial assets presented on the initial application of IFRS 17.

Key points regarding this adoption:

Purpose of the Amendment:

The amendment aims to address temporary accounting mismatches between financial assets and insurance contract liabilities. It enhances the usefulness of comparative information for users of financial statements.

Classification Overlay:

The amendment introduces a new transition option to IFRS 17, known as the "classification overlay." This option helps alleviate operational complexities and one-time accounting mismatches between insurance contract liabilities and related financial assets during the initial application of IFRS 17.

The adoption of IFRS 17 and IFRS 9 - Comparative information has resulted in changes to the Society's accounting policies, and annual financial statement presentation and disclosures

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 January 2024 or later periods:

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 2025 consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The amendment is effective for years beginning on or after 01 January 2024 and the Group expects to adopt the amendment for the first time in the Group's 2024 consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

2.2 Standards and interpretations not yet effective

[continued]

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The amendment is effective for years beginning on or after 01 January 2024 and the Group expects to adopt the amendment for the first time in the Group's 2025 consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Classification of liabilities as current or non-current - amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The amendment is effective for years beginning on or after 01 January 2024 and the Society expects to adopt the amendment for the first time in the 2024 annual financial statements. The amendment is unlikely to have a material impact on the company's annual financial statements.

Lease liability in a sale and leaseback - amandment to IFRS 16

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

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 2024 consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

IFRS 18 - Presentation and disclosures in financial statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

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

IFRS 19 - Subsidiaries without public accountability: disclosures

FRS 19 specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

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

IFRS 18 - Presentation and disclosures in financial statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

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

3. Changes in accounting policy

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption IFRS 17 - Insurance Contracts.

The aggregate effect of the change in accounting policy on the consolidated and separate financial statements for the year ended 31 December 2022 is detailed in note 1.16.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

4. Property, plant and equipment

	2023			2022 Restated		
Consolidated	**Cost or revaluation**	**Accumulated depreciation**	**Carrying amount**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying amount**
Leasehold property	62,254,886	(4,832,492)	57,422,394	61,245,194	(3,186,463)	58,058,731
Furniture and fixtures	22,896,670	(12,285,039)	10,611,631	17,009,315	(10,480,167)	6,529,148
Motor vehicles	9,462,855	(6,121,082)	3,341,773	10,095,018	(5,225,198)	4,869,820
Office equipment	1,023,209	(938,360)	84,849	889,626	(760,984)	128,642
IT equipment	15,526,937	(12,303,444)	3,223,493	14,415,721	(10,496,824)	3,918,897
Leasehold improvements	5,593,000	(3,201,018)	2,391,982	4,939,022	(2,825,350)	2,113,672
Capital - Work in progress	113,461	-	113,461	3,329,580	-	3,329,580
Total	116,871,018	(39,681,435)	77,189,583	111,923,476	(32,974,986)	78,948,490

Separate

Leasehold property	33,294,566	(3,171,394)	30,123,172	32,766,994	(2,099,523)	30,667,471
Furniture and fixtures	6,109,793	(1,335,605)	4,774,188	3,724,186	(863,904)	2,860,282
Motor vehicles	2,359,999	(1,463,379)	896,620	2,360,000	(959,007)	1,400,993
Office equipment	1,023,209	(938,360)	84,849	889,626	(760,984)	128,642
IT equipment	7,919,598	(5,742,738)	2,176,860	7,242,209	(4,963,785)	2,278,424
Leasehold improvements	711,343	(28,454)	682,889	-	-	-
Capital - Work in progress	-	-	-	2,115,565	-	2,115,565
Total	51,418,508	(12,679,930)	38,738,578	49,098,580	(9,647,203)	39,451,377

Reconciliation of property, plant and equipment - Consolidated - 2023

	Opening balance	Additions	Disposals	Write offs	Transfers	Depreciation	Closing balance
Leasehold property	58,058,731	490,986	-	-	518,705	(1,646,028)	57,422,394
Furniture and fixtures	6,529,148	2,601,744	(13,481)	-	3,596,451	(2,102,231)	10,611,631
Motor vehicles	4,869,820	70,174	-	-	-	(1,598,221)	3,341,773
Office equipment	128,642	25,086	(1,105)	-	-	(67,774)	84,849
IT equipment	3,918,897	1,331,551	(100,827)	-	-	(1,926,128)	3,223,493
Leasehold improvements	2,113,672	277,826	(36,201)	-	512,092	(475,407)	2,391,982
Capital - Work in progress	3,329,580	2,326,413	-	(426,060)	(5,116,472)	-	113,461
	78,948,490	7,123,780	(151,614)	(426,060)	(489,224)	(7,815,789)	77,189,583

Reconciliation of property, plant and equipment - Consolidated - 2022 - Restated

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Leasehold property	58,219,157	1,456,408	-	(1,616,834)	58,058,731
Furniture and fixtures	5,861,957	2,141,867	(42,848)	(1,431,828)	6,529,148
Motor vehicles	1,706,808	4,394,873	(258,166)	(973,695)	4,869,820
Office equipment	195,097	-	-	(66,455)	128,642
IT equipment	5,023,975	754,994	(16,038)	(1,844,034)	3,918,897
Leasehold improvements	2,643,391	-	-	(529,719)	2,113,672
Capital - Work in progress	-	3,329,580	-	-	3,329,580
	73,650,385	12,077,722	(317,052)	(6,462,565)	78,948,490

Reconciliation of property, plant and equipment - Separate - 2023

	Opening balance	Additions	Transfers	Disposals	Depreciation	Closing balance
Leasehold property	30,667,471	490,987	36,585	-	(1,071,871)	30,123,172
Furniture and fixtures	2,860,282	857,874	1,566,888	(13,481)	(497,375)	4,774,188
Motor vehicles	1,400,993	-	-	-	(504,373)	896,620
Office equipment	128,642	25,086	-	(1,105)	(67,774)	84,849
IT equipment	2,278,424	1,122,103	-	(84,621)	(1,139,046)	2,176,860
Leasehold improvements	-	199,251	512,092	-	(28,454)	682,889
Capital - Work in progress	2,115,565	-	(2,115,565)	-	-	-
	39,451,377	2,695,301	-	(99,207)	(3,308,893)	38,738,578

Reconciliation of property, plant and equipment - Separate - 2022 - Restated

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Leasehold property	31,728,276	8,208	-	(1,069,013)	30,667,471
Furniture and fixtures	2,125,630	1,022,708	(4,239)	(283,817)	2,860,282
Motor vehicles	359,533	1,400,000	-	(358,540)	1,400,993
Office equipment	195,097	-	-	(66,455)	128,642
IT equipment	3,239,889	223,628	(6,333)	(1,178,760)	2,278,424
Capital - Work in progress	-	2,115,565	-	-	2,115,565
	37,648,425	4,770,109	(10,572)	(2,956,585)	39,451,377

Details of properties

Consolidated

The Group's leasehold land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. The Group's leasehold land and buildings where revalued on 31 December 2020 by Cribs Proprietary Limited trading as Apex Properties (Messrs Apex Properties), independent valuers not related to the Group.

The Group's leasehold land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. The fair value measurements of the Group's leasehold land and buildings were performed in December 2020 by Cribs Proprietary Limited trading as Apex Properties (Messrs Apex Properties), independent valuers not related to the Group. The next revaluation is expected to be carried out in the 2025 financial year.

The Group revalues leasehold land and buildings every five years. Leasehold land and buildings comprise of the following:

- Lot 50638 Fairgrounds, Gaborone, measuring 4,386 square meters, which property is held under a Deed of Fixed Period State Grant for 50 years commencing 4 February 1994. The leasehold land and buildings were independently valued at P31,000,000 on the open market value basis in December 2020.
- Lot 60601, Block 7, Gaborone, measuring 11707 square metres, which property is held under a deed of fixed period stategrant of 50 years commencing 27 November 2008. This property was independently valued on the open market valuebasis in December 2020 and its fair value was determined to be P20,000,000. The property is encumbered as per note 15.
- Lot 20623 Gaborone West, Extension 34, measuring 1562 square metres, which property is held under a deed of fixed period state grant of 50 years commencing 17 February 1999. This property was independently valued on the open market value basis in December 2020 and its fair value was determined to be P6,700,000. The property is encumbered as per note 15.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

4. Property, plant and equipment [continued]

- Tribal Lot 734, Maun, measuring 1337 square metres, held under a long term lease agreement for 50 years commencing 15 October 1996. This property was independently valued on the open market value basis in December 2020 and its fair value was determined to be P330,000.

If the cost model had been used, the carrying amounts of the revalued land and buildings, would be P36,527,933 (2022:P39,134,430) for the Group.

Separate

The leasehold land and buildings comprise Lot 50638 Fairgrounds, Gaborone, measuring 4,386 square meters, which property is held under a Deed of Fixed Period State Grant for 50 years commencing 4 February 1994. The leasehold land and buildings were independently valued at P31,000,000 on the open market value basis in December 2020.

If the cost model had been used, the carrying amounts of the revalued land and buildings, would be P21,746,788 (2022:P22,223,945) for the Society. Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Group and its respective subsidiaries.

Consolidated and Separate

- 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 estimated useful lives, residual values and depreciation methods are reviewed by management at each reporting date, with the effect of any changes in estimates accounted for on a prospective basis. The review did not highlight any requirement for an adjustment to the residual values and useful lives used in the current or prior years.
- The revaluation surplus, net of deferred capital gains tax was credited to liability to future members.

5. Right of use assets and lease liabilities

The Group held 12 leases at 1 January 2023 (14 in 2022) in its capacity as the lessee. Three (3) new leases were entered into in the 2023 financial year (3 in 2022). Two leases (2 in 2022) expired and one lease was terminated in the 2023 financial year (3 in 2022). As at 31 December 2023, the lease contracts comprise of thirteen property leases (11 in 2022) and one motor vehicle lease (1 in 2022).

A weighted average incremental borrowing rate of 5.25% (2022: 5.25%) and 8.5% (2022: 8.5%) for the Society and its subsidiaries, respectively, was applied in the calculation of the discounted present value of the lease liabilities on 31 December 2023.

	2023			2022		
Consolidated	**Cost or revaluation**	**Accumulated depreciation**	**Carrying amount**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying amount**
Buildings	16,118,709	(7,437,714)	8,680,995	17,513,634	(7,933,196)	9,580,438
Motor vehicles	150,416	(107,797)	42,619	150,416	(77,714)	72,702
Total	16,269,125	(7,545,511)	8,723,614	17,664,050	(8,010,910)	9,653,140
Separate						
Buildings	2,434,672	(1,583,199)	851,473	3,717,334	(2,764,090)	953,244

Reconciliation of right-of-use assets - Consolidated - 2023

Consolidated	Opening balance	Additions	Disposals	Reasse-ssment	Depreciation	Closing balance
Buildings	9,580,440	1,934,724	(299,934)	680,506	(3,214,741)	8,680,995
Motor vehicles	72,700	-	-	-	(30,081)	42,619
	9,653,140	1,934,724	(299,934)	680,506	(3,244,822)	8,723,614

Reconciliation of right-of-use assets - Consolidated - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Buildings	8,103,647	5,224,893	(656,470)	(3,091,630)	9,580,440
Motor vehicles	120,822	-	-	(48,122)	72,700
	8,224,469	5,224,893	(656,470)	(3,139,752)	9,653,140

Reconciliation of right-of-use assets - Separate - 2023

	Opening balance	Additions	Depreciation	Closing balance
Buildings	953,244	686,029	(787,800)	851,473

Reconciliation of right-of-use assets - Separate - 2022

	Opening balance	Additions	Depreciation	Closing balance
Buildings	391,403	1,319,385	(757,544)	953,244

Lease liabilities

Minimum lease payments due:

	Consolidated		Society	
	2023	2022 Restated	2023	2022 Restated
Within one year	4,151,296	3,922,427	876,900	830,435
Two to five years	6,712,402	7,633,351	130,982	248,389
More than five years	1,765,040	2,360,929	-	-
	12,628,738	13,916,707	1,007,882	1,078,824
Less: future finance charges	(2,126,100)	(2,577,123)	(30,362)	(43,987)
Present value of minimum lease payments	10,502,638	11,339,584	977,520	1,034,837

Present value of minimum lease payments due

Within one year	3,431,396	3,117,493	849,650	798,761
Two to five years	5,490,144	6,196,346	127,870	236,076
More than five years	1,581,098	2,025,745	-	-
	10,502,638	11,339,584	977,520	1,034,837

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

5. Right of use assets and lease liabilities [continued]

Right of use assets and lease liabilities [continued]

	Consolidated		Society	
Figures in Pula	**2023**	**2022 Restated**	**2023**	**2022 Restated**
Current liabilities	3,431,396	3,117,493	849,650	798,761
Non-current liabilities	7,071,242	8,222,091	127,870	236,076
	10,502,638	11,339,584	977,520	1,034,837
Other disclosures				
Payment of interest on lease liabilities	866,344	942,111	68,801	71,071
Payment of lease principal	3,144,499	2,836,380	743,346	701,427
Total cashflows from leases	4,010,843	3,778,491	812,147	772,498

6. Intangible assets

Consolidated	2023			2022		
	Cost or revaluation	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Computer software	7,905,942	(4,688,089)	3,217,853	5,685,963	(3,651,870)	2,034,093
Separate						
Computer software	5,736,148	(3,245,148)	2,491,000	4,005,394	(2,403,236)	1,602,158

Reconciliation of intangible assets - Consolidated - 2023

	Opening balance	Additions	Transfers	Armorti-sation	Closing balance
Computer software	2,034,093	1,730,753	489,225	(1,036,218)	3,217,853

Reconciliation of intangible assets - Consolidated - 2022

	Opening balance	Additions	Armorti-sation	Closing balance
Computer software	2,739,909	204,160	(909,976)	2,034,093

Reconciliation of intangible assets - Separate - 2023

	Opening balance	Additions	Armorti-sation	Closing balance
Computer software	1,602,158	1,730,754	(841,912)	2,491,000

Reconciliation of intangible assets - Separate - 2022

	Opening balance	Armorti-sation	Closing balance
Computer software	2,403,236	(801,078)	1,602,158

7. Investments in subsidiaries

The following table lists the entities controlled directly by the Society, along with the carrying amounts of the corresponding investments in the Society's financial statements.

Held by Botswana Medical Aid Society

Name of company	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Bomaid Limited	100.00 %	100.00 %	100	100
Southview Proprietary Limited	100.00 %	100.00 %	50,551,969	50,551,969
			50,552,069	50,552,069
Impairment of investment in subsidiaries			(50,552,069)	(38,935,752)
			-	11,616,317

Reconciliation of investment in subsidiaries	2023	2022
Opening balance	11,616,317	14,482,077
Impairment of investment in subsidiaries	(11,616,317)	(2,865,760)
Closing balance	-	-
Movement in impairment of investment in subsidiary is illustrated as follows:		
Opening balance	(38,935,752)	(36,069,892)
Current impairment of investment in subsidiary	(11,616,317)	(2,865,860)
Clossing balance	(50,552,069)	(38,935,752)

Sub-subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting Group. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2023	2022
MRI Botswana Proprietary Limited	Botswana	6 %	6

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

7. Investments in subsidiaries [continued]

Summarised statement of financial position

Figures in Pula	MRI Botswana Limited 2023	2022
Assets		
Non-current assets	47,249,716	48,922,495
Current assets	13,519,541	22,627,928
Total assets	60,769,257	71,550,423
Liabilities		
Non-current liabilities	33,488,808	34,590,235
Current liabilities	31,144,805	25,011,123
Total liabilities	64,633,613	59,601,358
Total net (liabilities)/assets	(3,864,356)	11,949,065
Carrying amount of non-controlling interest	(231,861)	716,943

Summarised statement of profit or loss and other comprehensive income

Revenue	121,472,979	114,213,221
Other income and expenses	(137,349,501)	(127,793,145)
Loss before tax	(15,876,522)	(13,579,924)
Tax charge	-	(543,495)
Loss after tax	(15,876,522)	(14,123,419)
Other comprehensive income	63,101	134,776
Total comprehensive loss	(15,813,421)	(13,988,643)
Loss allocated to non-controlling interest	(948,805)	(839,318)

Summarised statement of cash flows

Cash flows from/(to) operating activities	4,664,713	(3,029,723)
Cash flows to investing activities	(4,133,009)	(7,037,833)
Cash flows (to)/from financing activities	(5,334,778)	15,819,132
Net changes in cash and cash equivalents	(4,803,074)	5,751,576

Dormant subsidiary - 100% owned

The Society established a wholly-owned subsidiary, Bomaid Limited, during the financial year of 2021. The subsidiary is registered and domiciled in Botswana and currently dormant.

8. Loan to subsidiary company

Summarised statement of financial position

	2023	2022
MRI Botswana Limited	10,618,884	11,799,981

The loan to the subsidiary company comprises of:

Principal amount	13,863,717	12,254,368
Accrued interest	682,110	158,331
	14,545,827	12,412,699
Expected credit losses	(3,926,943)	(612,718)
	10,618,884	11,799,981

Movement in expected credit loses

Opening balance	612,718	-
Additional impairment provision	3,314,225	612,718
Closing balance	3,926,943	612,718

The Society granted a loan facility of P20,000,000 to its subsidiary (MRI Botswana Limited) at an interest rate of prime plus 3% (9.76% as at the reporting date (2022: 9.26%). An amount P14,545,827 (2022: P12,412,699), inclusive of accrued interest had been drawn down as at the reporting date. Interest on the drawn down amount is payable monthly over the period of the loan. Capital repayments will commence 1 June 2024, two years from the date of utilisation of the facility and payable in 120 equal monthly installments. The loan is secured against MRI Botswana Limited's movable assets.

Maturity profile of loan to subsidiary company

Within one year	2,554,888	1,277,541
In second to fifth year inclusive	8,943,737	7,145,397
More than five years	12,297,639	12,115,504
	23,796,264	20,538,442
Less future finance costs	(9,250,437)	(8,125,743)
Present value of loan repayments	14,545,827	12,412,699

Present value of loan repayments due

Within one year	520,498	158,331
In second to fifth year inclusive	4,446,542	3,143,025
More than five years	9,578,787	9,111,343
	14,545,827	12,412,699

Split between non-current and current portions

Current assets	520,498	158,331
Non-current assets	10,098,386	11,641,650
	10,618,884	11,799,981

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

9. Equity instruments at fair value through other comprehensive income

Investments held by the Group which are measured at fair value, are as follows:

In Pula - Consolidated and Separate

	2023	2022
Equity investments at fair value through other comprehensive income:	104,232,787	104,794,303

Investments in unitised Funds have been designated, at initial recognition, as at fair value through other comprehensive income. The reason for this designation as opposed to fair value through profit or loss, is to avoid the effect of volatilities in mixed pools of financial instruments from impacting profit or loss. The specific unitised investments which are measured at fair value through other comprehensive income are as follows:

Investments held at reporting date - Consolidated and Separate

	2023 Fair value	2022 Fair value
Held directly	152,658	152,658
BIFM Asset Management	72,489,097	69,050,787
Ninety One Fund Managers Botswana	31,591,032	35,590,858
Total	104,232,787	104,794,303

Summary of investments held by Fund Manager - Consolidated and Separate 2023

In Pula	Note	Morula Capital Partners	Held directly	BIFM Asset Management	Ninety One Fund Managers Botswana	Total
Equity investments						
Onshore equity investments		-	152,658	37,067,231	13,170,815	50,390,704
Offshore equity investments		-	-	35,421,866	18,420,217	53,842,083
Total equity investments as disclosed per note above		-	152,658	72,489,097	31,591,032	104,232,787
Short term investments						
Short term investments	13	1,611,540	-	50,432,936	32,383,006	84,427,482
Debt instruments						
Onshore debt instruments at fair value through other comprehensive income (Note 9)	10	-	-	60,843,29	35,592,328	96,435,618
Offshore debt instruments at fair value through other comprehensive income (Note 9)	10	-	-	25,259,16	16,550,608	41,809,771
Total debt instruments at fair value through other comprehensive income		-	-	86,102,453	52,142,936	138,245,389
Total investments by Fund manager		1,611,540	152,658	209,024,486	116,116,974	326,905,658

Summary of investments held by Fund Manager - Consolidated and Separate 2022 - Restated

In Pula	Note	Morula Capital Partners	Held directly	BIFM Asset Manage-ment	Ninety One Fund Managers Botswana	Total
Equity investments						
Onshore equity investments		-	152,658	36,200,791	14,183,771	50,537,220
Offshore equity investments		-	-	32,849,996	21,407,087	54,257,083
Total equity investments as disclosed per note above		-	152,658	69,050,787	35,590,858	104,794,303
Short term investments						
Short term investments	13	654,107	-	42,801,215	38,427,726	81,883,048
Debt instruments						
Onshore debt instruments at fair value through other comprehensive income	10	-	-	58,658,536	37,589,006	96,247,542
Offshore debt instruments at fair value through other comprehensive income	10	-	-	21,278,622	11,243,861	32,522,483
Total debt instruments at fair value through other comprehensive income		-	-	79,937,158	48,832,867	128,770,025
Total investments by Fund manager		654,107	152,658	191,789,160	122,851,451	315,447,376

10. Debt instruments at fair value through other comprehensive income

	Consolidated		Society	
In Pula	**2023**	**2022 Restated**	**2023**	**2022 Restated**
Onshore bonds	96,435,618	96,247,542	96,435,618	96,247,542
Offshore bonds	41,809,771	32,522,483	41,809,771	32,522,483
	138,245,389	128,770,025	138,245,389	128,770,025

11. Inventories

Dispensary drugs, medicine and consumables	373,583	729,926	-	-
Merchandise	3,020,340	4,900,854	-	-
	3,393,923	5,630,780	-	-

The cost of inventories recognised in the consolidated financial statements as an expense during the year amounted to P45,551,465 (2022: P47,240,351). No inventories are expected to be recovered after more than twelve months as the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

12. Trade and other receivables

	Consolidated		Society	
Figures in Pula	**2023**	**2022 Restated**	**2023**	**2022 Restated**
Financial instruments:				
Trade receivables	4,791,805	6,110,406	-	-
Loss allowance	(1,279,455)	(2,252,603)	-	-
Trade receivables at amortised cost	3,512,350	3,857,803	-	-
Amounts due from related parties	-	-	-	127,931
Other receivables	3,849,983	1,013,457	3,078,849	276,624
Non-financial instruments:				
Prepayments	2,862,399	3,580,688	456,261	363,731
Total trade and other receivables	10,224,732	8,451,948	3,535,110	768,286

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

At amortised cost	7,362,333	4,871,260	3,078,849	404,555
Non-financial instruments	2,862,399	3,580,688	456,261	363,731
	10,224,732	8,451,948	3,535,110	768,286

Exposure to credit risk

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

In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers. Customer credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

The average credit period on trade receivables is 30 days (2022: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, 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.

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.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	Consolidated		Society	
Consolidated	**2023**	**2023 Restated**	**2023**	**2022 Restated**
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due: 5% (2022:5%)	2,656,444	(133,219)	2,615,469	(130,774)
Less than 30 days past due: 6.9% (2022: 6.9%)	549,260	(38,448)	1,006,382	(70,446)
31 - 60 days past due: 19%(2022:20%)	531,741	(106,348)	455,033	(91,006)
61 - 90 days past due: 42%(2022:42%)	91,242	(38,322)	126,113	(52,968)
91 - 120 days past due: 100%(2022:100%)	963,118	(963,118)	1,907,409	(1,907,409)
Total	4,791,805	(1,279,455)	6,110,406	(2,252,603)

Reconciliation of loss allowances

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

Opening balance in accordance with IFRS 9	(2,252,603)	(1,370,447)	-	-
Provision raised	(91,605)	(882,156)	-	-
Release to income statement - receivables provided for and recovered	1,059,072	-	-	-
Bad debts recovered during the year	5,681	-	-	-
Closing balance	(1,279,455)	(2,252,603)	-	-

Impairment expense comprises of:				
Provision for expected credit losses	967,467	(882,156)	-	-

13. Short term investments - Restated

Short term investments	84,427,482	81,883,048	84,427,482	81,883,048

Short-term investments relate to fixed deposits, commercial bills, and negotiable certificates of deposit with maturities of less than one year from the financial reporting date. These short-term investments have an average interest rate of 6.5% (2022: 7.5%) as of the reporting date.

An error was identified in the classification of cash settlement accounts and short term investments. Refer to note 41 for details of the error, its correction and reclassifications.

Included in short term investments are Funds solely reserved for staff gratuities and incentives. The balance of these reserved investments were P7,515,137 (2022: P5,255,213).

14. Cash and cash equivalents - Restated

Cash and cash equivalents consist of:				
Cash on hand	22,382	34,871	2,822	2,342
Bank balances	45,219,766	32,583,291	43,114,873	25,682,279
	45,242,148	32,618,162	43,117,695	25,684,621

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

14. Cash and cash equivalents - Restated [continued]

	Consolidated		Society	
Figures in Pula	2023	2022 Restated	2023	2022 Restated

The financial statements for the prior year ended 31 December 2022 have been restated to correct a misclassification of certain financial instruments. Previously, certain short term fixed deposits and commercial bills were incorrectly classified as cash and cash equivalents. These instruments have been reclassified short term investments. The reclassification did not have any impact on the Society's total assets, liabilities, or equity for the restated financial periods but affects the allocation between cash and other short term investments. Refer to note 41 for further details.

Cash and cash equivalents held by the entity that are not available for use by the Group.	50,000	50,000	50,000	50,000

15. Borrowings

Property development loan (i)	4,723,632	5,492,240	-	-
Call centre development loan (ii)	764,909	922,070	-	-
Other bank loan (iii)	8,228,497	8,822,495	-	-
	13,717,038	15,236,805	-	-

(i) The Group developed a fit-for-purpose office building on Lot 60601, Block 7, at a cost of P16.5 million. P10.5 million of the total development cost was financed through financial institutions with the remaining balance financed through cash flows from operating activities.

Interest is charged at the Botswana prime lending rate (currently 6.51% per annum) (2022: 6.76% per annum). Bank Gaborone Limited ("the bank") has the following securities against the loans:

- A first Covering Mortgage Bond for P9.21 million over Plot 60601, Block 7, Gaborone.
- A second Covering Mortgage Bond for P5.8 million over Plot 60601, Block 7, Gaborone.
- Registered Cession of Fire Policy of P26.7 million for the fit-for-purpose office building which expires 31 December 2024.
- A First Covering Mortgage Bond for P4.3 million over Plot 20623 in Block 3.
- Registered Cession of Fire Policy for P8 million which expires 31 December 2024.

(ii) The Group obtained a loan facility of P1,094,470 to pay for the lease developments at one of its call centres. Interest is charged at a rate of 9.5% (2022: 8.5%). The loan is repayable over a 54 month period which commenced in March 2022.

(iii) The Group obtained a loan of P9,100,000 from Bank Gaborone Limited. Interest is charged at 9.5% per annum (2022: 8.5%). The loan is unsecured and repayable over a 10 year period from July 2022.

Maturity profile of borrowings				
Amounts due within one year	2,817,995	2,837,681	-	-
Amounts due within two to five years	10,669,911	10,959,454	-	-
Amounts due within after five years	4,953,764	7,545,632	-	-
	18,441,670	21,342,767	-	-
Less future finance charges	(4,724,632)	(6,105,962)	-	-
	13,717,038	15,236,805	-	-
Present value of borrowings				
Amounts due within one year	1,723,928	1,585,257	-	-
Amounts due within two to five years	7,793,303	7,388,198	-	-
Amounts due within after five years	4,199,807	6,263,350	-	-
	13,717,038	15,236,805	-	-

16. Deferred tax

Deferred tax liability

Figures in Pula	Consolidated 2023	Consolidated 2023 Restated	Society 2023	Society 2022 Restated
Property plant and equipment	(479,654)	(602,777)	-	-
Assessed tax losses	6,368,898	3,330,521	-	-
Leases	2,148,390	2,340,246	-	-
Right of use of assets	(1,775,809)	(1,978,559)	-	-
Unrealised exchange differences	(1,623)	658	-	-
General provision for bad debts	288,361	179,533	-	-
Revaluation of property plant and equipment	(399,127)	(462,228)	-	-
Unrecognised defered tax asset	(7,116,676)	(3,269,622)	-	-
Disallowed interest	568,113	-	-	-
Total deferred tax liability	(399,127)	(462,228)	-	-
Deferred tax liability	(399,127)	(462,228)	-	-
Reconciliation of deferred tax liability				
At beginning of year	(462,228)	(53,509)	-	-
Movement per profit or loss	-	(543,495)	-	-
Deferred tax to other comprehensive income	63,101	134,776	-	-
Balance at end of the year	(399,127)	(462,228)	-	-

Unrecognised deferred tax asset

A deferred tax asset has not been raised for assessed losses and disallowed interest expenses due to uncertainty surrounding the Group's ability to generate taxable income in the foreseeable future to off set off against these tax losses and interest expenses. The ageing of the tax losses and disallowed interest is as follows:

Expiry date (financial year)				
2024 - assessed tax loss	99,570	99,570	-	-
2025 - assessed tax loss	111,270	111,270	-	-
2026 - assessed tax loss	3,369,550	3,369,550	-	-
2027 - assessed tax loss	11,941,450	11,941,450	-	-
2028 - assessed tax loss	12,805,767	-	-	-
	28,327,607	15,521,840	-	-
Expiry date (financial year)				
2025 - disallowed interest expense	2,582,333	2,582,333	-	-
2026 - disallowed interest expense	1,259,106	-	-	-
	3,841,439	2,582,333	-	-

The disallowed interest expense relates to interest incurred that exceeds the limitation set by the tax authority (BURS). This excess amount is not currently deductible for tax purposes. However, it is carried forward as a deferred tax asset and can be used to reduce taxable income in future years, to the extent that future interest expense falls below the allowable limit.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

17. Liability to future members

	Consolidated		Society	
Figures in Pula	2023	2022 Restated	2023	2022 Restated
Opening balance	280,322,469	-	278,101,637	-
Reclassification of equity reserves due to the initial application of IFRS 17	-	376,815,577	-	364,162,051
Profit/(loss) for the year transfered to liability to future members	10,626,020	(89,201,437)	11,223,643	(78,642,054)
Other comprehensive income/(loss) for the year transfered to liability to future members	23,537,848	(7,240,493)	23,478,533	(7,367,182)
Realised revaluation gain on debt instruments at fair value reclassified to profit or loss	757,891	(51,178)	757,891	(51,178)
	315,244,228	280,322,469	313,561,704	278,101,637

18. Trade and other payables

Financial instruments:				
Trade payables	14,889,986	11,025,022	-	-
Trade payables - related parties	-	-	915,188	1,683,325
ReFunds due to members	14,921,341	10,041,155	14,921,341	10,041,155
Other accrued expenses	15,417,837	11,551,520	14,111,449	9,295,734
Deposits received	186,875	47,725	-	-
Non-financial instruments:				
Payroll accruals	19,752,789	16,640,449	12,048,893	10,501,840
Withholding tax	163,162	215,936	154,711	204,842
VAT	108,440	122,993	-	-
Deferred income	800,422	952,102	-	-
	66,240,852	50,596,902	42,151,582	31,726,896

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

At amortised cost	45,416,039	32,665,424	29,947,978	21,020,215
Non-financial instruments	20,824,813	17,931,477	12,203,604	10,706,681
	66,240,852	50,596,901	42,151,582	31,726,896

19. Subscriptions received in advance

Subscriptions received in advance - medical aid	7,625,381	9,889,109	7,625,381	9,889,109

These are amounts received from members during the current year which relate to the following financial year

20. Analysis of insurance and reinsurance contracts assets and liabilities

Consolidated			**2023**			**2022 - Restated**	
Figures in Pula	**Note**	**Liabilities**	**Assets**	**Net amount**	**Liabilities**	**Assets**	**Net amounts**
Insurance contracts issued	21	60,788,572	-	60,788,572	60,168,439	-	60,168,439
Liability to future members	17	315,244,228	-	315,244,228	280,322,469	-	280,322,469
Reinsurance contracts held	21	1,083,726	-	1,083,726	-	(2,494,985)	(2,494,985)
		377,116,526	-	377,116,526	340,490,908	(2,494,985)	337,995,923
Society							
Insurance contracts issued	21	60,614,203	-	60,614,203	61,808,326	-	61,808,326
Liability for future members	17	313,561,704	-	313,561,704	278,101,637	-	278,101,637
Reinsurance contracts held	21	1,083,726	-	1,083,726	-	(2,494,985)	(2,494,985)
		375,259,633	-	375,259,633	339,909,963	(2,494,985)	337,414,978
Consolidated - insurance contracts issued - current		60,788,572	-	60,788,572	60,168,439	-	60,168,439
Society - insurance contracts issued current		60,614,203	-	60,614,203	61,808,326	-	61,808,326
Consolidated							
Liability to future members - current		-	-	-	2,639,342	-	2,639,342
Liability to future members - non- current		315,244,228	-	315,244,228	277,683,127	-	277,683,127
		315,244,228	-	315,244,228	280,322,469	-	280,322,469
Society							
Liability to future members - current	17	-	-	-	2,639,342	-	2,639,342
Liability to future members - non-current	17	313,561,704	-	313,561,704	275,462,295	-	275,462,295
		313,561,704	-	313,561,704	278,101,637	-	278,101,637
Consolidated and Society							
Reinsurance contracts held - current		1,083,726	-	1,083,726	-	(2,494,985)	(2,494,985)
		1,083,726	-	1,083,726	-	(2,494,985)	(2,494,985)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

21. Reinsurance and insurance contracts held

Consolidated - 2023 - In Pula Reconciliation of reinsurance contracts held	Asset for Remaining Excluding loss-recovery component	Asset for Incurred Claims Present value of future cash	Risk adjustment for non flows financial risk	Total
Opening balance - reinsurance contracts liabilities	-	-	-	-
Opening balance - reinsurance contracts assets	(534,613)	3,047,725	(18,127)	2,494,985
Net balance as at 1 January 2023	(534,613)	3,047,725	(18,127)	2,494,985
Amounts per statement of comprehensive income:				
Reinsurance premium expenses	(6,804,610)	-	-	(6,804,610)
Reinsurance recoveries	-	4,698,513	-	4,698,513
Effect of changes in the risk of reinsurers non-performance	-	-	13,248	13,248
Total amount recognised in statement of comprehensive income	(6,804,610)	4,698,513	13,248	(2,092,849)
Cash flows:	-	-	-	-
Premiums paid	5,214,605	-	-	5,214,605
Reinsurance recoveries	-	(6,700,467)	-	(6,700,467)
Total cash flows	5,214,605	(6,700,467)	-	(1,485,862)
Closing balance - reinsurance contract liabilities	(2,124,618)	1,045,771	(4,879)	(1,083,726)
Closing balance - reinsurance contract assets	-	-	-	-
Net balance as at 31 December 2023	(2,124,618)	1,045,771	(4,879)	(1,083,726)

Society - 2023 - In Pula

Opening balance - reinsurance contracts liabilities	-	-	-	-
Opening balance - reinsurance contracts assets	(534,613)	3,047,725	(18,127)	2,494,985
Net balance as at 1 January 2023	(534,613)	3,047,725	(18,127)	2,494,985
Amounts per statement of comprehensive income:				
Reinsurance premium expenses	(18,039,104)	-	-	(18,039,104)
Reinsurance recoveries	-	7,892,147	-	7,892,147
Effect of changes in the risk of reinsurers non- performance				
Total amount recognised in statement of comprehensive income	-	-	13,248	13,248
	(18,039,104)	7,892,147	13,248	(10,133,709)
Cash flows:	-	-	-	-
Premiums paid	16,449,099	-	-	16,449,099
Reinsurance recoveries received	-	(9,894,101)	-	(9,894,101)
Total cash flows	16,449,099	(9,894,101)	-	6,554,998
Closing balance - reinsurance contract liabilities	(2,124,618)	1,045,771	(4,879)	(1,083,726)
Closing balance - reinsurance contract assets	-	-	-	-
Net balance as at 31 December 2023	(2,124,618)	1,045,771	(4,879)	(1,083,726)

Society - 2023 - In Pula

Reconciliation of reinsurance contracts held	Asset for Remaining Coverage Excluding loss-recovery component	Asset for Incurred Claims Present component future cash	Risk value of for non flows financial risk	Total adjustment
Opening balance - reinsurance contracts liabilities	(1,011,724)	(1,403,579)	(3,620)	(2,418,923)
Opening balance - reinsurance contracts assets	-	-	-	-
Net balance as at 1 January 2022	(1,011,724)	(1,403,579)	(3,620)	(2,418,923)
Amounts per statement of comprehensive income:				
Reinsurance premium expenses	(6,002,766)	-	-	(6,002,766)
Reinsurance recoveries	-	6,592,707	-	6,592,707
Changes in the risk adjustment for non financial risk	-	-	(14,507)	(14,507)
Total amount recognised in statement of comprehensive income	(6,002,766)	6,592,707	(14,507)	575,434
Cash flows:				
Premiums paid	6,479,877	-	-	6,479,877
Reinsurance recoveries received	-	(2,141,403)	-	(2,141,403)
Total cash flows	6,479,877	(2,141,403)	-	4,338,474
Closing balance - reinsurance contract liabilities	-	-	-	-
Closing balance - reinsurance contract assets	(534,613)	3,047,725	(18,127)	2,494,985
Net balance as at 31 December 2022	(534,613)	3,047,725	(18,127)	2,494,985

Society - 2022 - In Pula - Restated

Opening balance - reinsurance contracts liabilities	(1,011,724)	(1,403,579)	(3,620)	(2,418,923)
Opening balance - reinsurance contracts assets	-	-	-	-
Net balance as at 1 January 2022	(1,011,724)	(1,403,579)	(3,620)	(2,418,923)
Amounts per statement of comprehensive income:				
Reinsurance premium expenses	(18,071,888)	-	-	(18,071,888)
Reinsurance recoveries	-	9,977,067	-	9,977,067
Changes in the risk adjustment for non financial risk	-	-	(14,507)	(14,507)
Total amount recognised in statement of comprehensive income	(18,071,888)	9,977,067	(14,507)	(8,109,328)
Cash flows:				
Premiums paid	18,548,999	-	-	18,548,999
Reinsurance recoveries received	-	(5,525,763)	-	(5,525,763)
Total cash flows	18,548,999	(5,525,763)	-	13,023,236
Closing balance - reinsurance contract liabilities	-	-	-	-
Closing balance - reinsurance contract assets	(534,613)	3,047,725	(18,127)	2,494,985
Net balance as at 31 December 2022	(534,613)	3,047,725	(18,127)	2,494,985

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

21. Reinsurance and insurance contracts held [continued]

Consolidated - 2023 - In Pula	Liability for Remaining Coverage	Liability for incurred Claims		
Reconciliation of insurance contracts	Excluding loss component	Present value of future cash	Risk adjustment for non flows financial risk	Total
Opening balance - insurance contracts liabilities	8,441,979	(63,189,957)	(5,420,461)	(60,168,439)
Opening balance - insurance contracts assets	-	-	-	-
Net balance as at 1 January 2023	8,441,979	(63,189,957)	(5,420,461)	(60,168,439)
Amounts per statement of comprehensive income:	-	-	-	-
Insurance revenue	919,909,637	-	-	919,909,637
Incurred claims	-	(768,917,643)	-	(768,917,643)
Other directly attributable expenses (maintenance costs)	-	(59,545,962)	-	(59,545,962)
Changes that relate to past service - adjustments to LIC	-	(1,861,221)	-	(1,861,221)
Changes in the risk adjustment for non financial risk	-	-	2,140,580	2,140,580
Insurance service result	919,909,637	(830,324,826)	2,140,580	91,725,391
Total amount recognised in statement of comprehensive income	919,909,637	(830,324,826)	2,140,580	91,725,391
Cash flows:				
Premiums received	(917,384,552)	-	-	(917,384,552)
Claims and other directly attributable expenses paid	-	825,039,028	-	825,039,028
Total cash flows	(917,384,552)	825,039,028	-	(92,345,524)
Closing balance - Insurance contract liabilities	10,967,064	(68,475,755)	(3,279,881)	(60,788,572)
Closing balance - Insurance contract assets	-	-	-	-
Net balance as at 31 December 2023	10,967,064	(68,475,755)	(3,279,881)	(60,788,572)

Society - 2023 - In Pula

Opening balance - insurance contracts liabilities	8,441,979	(64,829,844)	(5,420,461)	(61,808,326)
Opening balance - insurance contracts assets	-	-	-	-
Net balance as at 1 January 2023	8,441,979	(64,829,844)	(5,420,461)	(61,808,326)
Amounts per statement of comprehensive income:				
Insurance revenue	923,697,127	-	-	923,697,127
ncurred claims	-	(784,854,819)	-	(784,854,819)
Other directly attributable expenses (maintenance costs)	-	(46,291,360)	-	(46,291,360)
Changes that relate to past service - adjustments to LIC	-	(1,861,221)	-	(1,861,221)
Changes in the risk adjustment for non financial risk	-	-	2,140,580	2,140,580
Insurance service result	923,697,127	(833,007,400)	2,140,580	92,830,307
Total amount recognised in statement of comprehensive income	923,697,127	(833,007,400)	2,140,580	92,830,307
Cash flows:				
Premiums received	(921,172,042)	-	-	(921,172,042)
Claims and other directly attributable expenses paid	-	829,535,858	-	829,535,858
Total cash flows	(921,172,042)	829,535,858	-	(91,636,184)
Closing balance - Insurance contract liabilities	10,967,064	(68,301,386)	(3,279,881)	(60,614,203)
Closing balance - Insurance contract assets	-	-	-	-
Net balance as at 31 December 2023	10,967,064	(68,301,386)	(3,279,881)	(60,614,203)

Consolidated - 2023 - In Pula	Liability for Remaining Coverage	Liability for incurred Claims		
Reconciliation of insurance contracts	**Excluding loss component**	**Present value of future cash**	**Risk adjustment for non flows financial risk**	**Total**
Opening balance - insurance contracts liabilities	5,926,073	(81,247,287)	(10,327,630)	(85,648,844)
Opening balance - insurance contracts assets	-	-	-	-
Net balance as at 1 January 2022	5,926,073	(81,247,287)	(10,327,630)	(85,648,844)
Amounts per statement of comprehensive income:				
Insurance revenue	836,315,563	-	-	836,315,563
Incurred claims	-	(751,742,845)	-	(751,742,845)
Other directly attributable expenses (maintenance costs)	-	58,110,352	-	58,110,352
Changes that relate to past service - adjustments to LIC	-	(14,710,724)	-	(14,710,724)
Changes in the risk adjustment for non financial risk	-	-	4,907,169	4,907,169
Insurance service result	836,315,563	824,563,921	4,907,169	16,658,811
Total amount recognised in statement of comprehensive income	836,315,563	824,563,921	4,907,169	16,658,811
Cash flows:				
Premiums received	(833,799,657)	-	-	(833,799,657)
Claims and other directly attributable expenses paid	-	842,621,251	-	842,621,251
Total cash flows	(833,799,657)	836,615,251	-	8,321,594
Closing balance - Insurance contract liabilities	8,441,979	(63,189,957)	(5,420,461)	(60,168,439)
Closing balance - Insurance contract assets	-	-	-	-
Net balance as at 31 December 2022	8,441,979	(63,189,957)	(5,420,461)	(60,168,439)

Society - 2023 - In Pula				
Opening balance - insurance contracts liabilities	5,926,073	(83,505,869)	(10,327,630)	(87,907,426)
Opening balance - insurance contracts assets	-	-	-	-
Net balance as at 1 January 2022	5,926,073	(83,505,869)	(10,327,630)	(87,907,426)
Amounts per statement of comprehensive income:				
Insurance revenue	839,315,370	-	-	839,315,370
Incurred claims	-	(770,529,993)	-	(770,529,993)
Other directly attributable expenses (maintenance costs)	-	(44,884,719)	-	(44,884,719)
Changes that relate to past service - adjustments to LIC	-	(14,710,724)	-	(14,710,724)
Changes in the risk adjustment for non financial risk	-	-	(4,907,169)	(4,907,169)
Insurance service result	839,315,370	(830,125,436)	(4,907,169)	4,282,765
Total amount recognised in statement of comprehensive income	839,315,370	(830,125,436)	(4,907,169)	4,282,765
Cash flows:				
Premiums received	(836,799,464)	-	-	(836,799,464)
Claims and other directly attributable expenses paid	-	848,801,461	-	848,801,461
Total cash flows	(836,799,464)	848,801,461	-	12,001,997
Closing balance - Insurance contract liabilities	8,441,979	(64,829,844)	(5,420,461)	(61,808,326)
Closing balance - Insurance contract assets	-	-	-	-
Net balance as at 31 December 2022	8,441,979	(64,829,844)	(5,420,461)	(61,808,326)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

21. Reinsurance and insurance contracts held [continued]

Society - 2023 - In Pula	Liability for Remaining Coverage	Liability for incurred Claims		
Reconciliation of insurance contracts	Excluding loss component	Present value of future cash	Risk adjustment for non flows financial risk	Total

Gross claims development

Bomaid contracts are short term, uncertainty about the amount and timing of the claims payments is typically resolved within one year. The risk development note is not required.

22. Insurance revenue

Insurance revenue from contracts measured under Premium Allocation Approach ("PAA")	919,909,637	836,315,563	923,697,127	839,315,370

23. Insurance service and adminstration expenses

23.1 Insurance service expenses

Claims	23.1.1	770,778,864	766,453,569	786,716,040	785,240,717
Other directly attributable expenses - maintenance	23.1.2	59,545,962	58,110,352	46,291,360	44,884,719
Changes in risk adjustment for non financial risk	23.1.3	(2,140,580)	(4,907,169)	(2,140,580)	(4,907,169)
		828,184,246	819,656,752	830,866,820	825,218,267

23.1.1 Claims

	Consolidated		Society	
Figures in Pula	2023	2022 Restated	2023	2022 Restated
Dental	46,108,486	40,762,195	46,108,486	40,762,195
Hospital	201,648,011	193,972,858	201,648,011	193,972,858
Consultation and drugs	376,073,719	370,715,557	390,848,092	388,212,068
Maternity	11,721,633	16,310,949	11,721,633	16,310,949
Optical and appliances	62,869,692	62,683,693	62,869,692	62,683,693
Chronic ailments	52,268,025	54,785,085	52,268,025	54,785,085
Special benefit	15,106,525	19,041,829	15,106,525	19,041,829
COVID-19 claims intervention	68,939	2,751,455	68,939	2,759,255
Wellness costs	75,819	312,096	85,627	312,096
Emergency	2,040,639	2,101,523	3,193,634	3,384,360
Other benefits	2,797,376	3,016,329	2,797,376	3,016,329
	770,778,864	766,453,569	786,716,040	785,240,717

23.1.2 Other directly attributable expenses - maintenance

	Consolidated		Society	
Figures in Pula	**2023**	**2022 Restated**	**2023**	**2022 Restated**
Call center	169,430	-	1,424,468	1,386,540
Consultancy	1,313,582	1,962,596	1,313,582	1,962,596
Funeral cover	43,294	46,520	43,294	46,520
Group Life	1,488,044	115,674	1,488,044	115,674
Amortisation of intangible asset	801,079	801,078	801,079	801,078
Staff costs	29,433,254	24,372,124	17,134,275	16,575,608
License fees	7,034,076	8,446,440	7,034,076	8,446,440
Motor vehicle	152,084	68,959	152,084	68,959
Pension	1,526,197	1,366,154	1,526,197	1,366,154
Other expenses	5,798,377	3,038,451	3,587,716	1,337,200
Claims processing expenses	11,786,545	12,777,950	11,786,545	12,777,950
	59,545,962	58,110,352	46,291,360	44,884,719

23.1.3 Changes in risk adjustment for non financial risk

Risk adjustment	(2,140,580)	(4,907,169)	(2,140,580)	(4,907,169)
Total insurance service expenses	828,184,246	813,650,670	830,866,820	825,218,267

23.2 Administration expenses

External auditors' fees - audit	3,053,130	2,171,502	2,477,930	1,619,086
External auditors' fees - non audit	103,279	-	103,279	-
Internal audit fees	1,188,430	631,206	1,188,430	631,206
Staff pension contributions - defined pension contribution plan	1,740,675	1,829,988	1,228,400	1,291,326
(Profit)/loss on disposal of property, plant and equipment	(113,838)	(229,566)	74,965	(116,072)
Foreign exchange loss/(gain)	(2,493,177)	(2,022,683)	(2,463,618)	(2,034,501)
Depreciation of property, plant and equipment	7,815,789	6,462,565	3,308,893	2,956,585
Depreciation of right of use asset	3,244,822	3,139,752	787,800	757,544
Amortisation of intangible assets	235,139	108,898	40,833	-
Directors'/Trustees' fees	2,375,391	1,809,058	2,163,391	1,627,558
Staff costs	41,949,760	39,268,627	29,606,192	27,366,211
Other operating expenses	53,097,989	49,817,071	36,659,337	36,474,164
	112,197,389	103,046,426	75,175,832	70,573,107

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

24. Net income/expense from the reinsurance contracts held

	Consolidated		Society	
Figures in Pula	2023	2022 Restated	2023	2022 Restated
Reinsurance recoveries	4,698,513	6,592,707	7,892,147	9,977,067
Reinsurance premium expenses	(6,804,610)	(6,002,766)	(18,039,104)	(18,071,888)
Effect of changes in the risk of reinsurers non-performance	13,248	(14,507)	13,248	(14,507)
	(2,092,849)	575,434	(10,133,709)	(8,109,328)
Reinsurance recoveries				
Funeral benefit	1,895,000	2,079,984	1,895,000	2,079,984
Medical evacuation	-	-	3,193,634	3,384,360
Premium waiver	1,901,137	3,576,378	1,901,137	3,576,378
Severe illness	248,000	284,000	248,000	284,000
Travel insurance	654,376	652,345	654,376	652,345
	4,698,513	6,592,707	7,892,147	9,977,067
Reinsurance premium expenses				
Funeral cover policy expenses	(2,752,672)	(2,659,824)	(2,752,672)	(2,659,824)
Medical evacuation policy expenses	(622,742)	-	(11,857,236)	(12,069,122)
Premium waiver policy expense	(1,932,411)	(1,882,264)	(1,932,411)	(1,882,264)
Severe illness policy expenses	(1,070,483)	(1,034,376)	(1,070,483)	(1,034,376)
Travel cover policy expenses	(426,302)	(426,302)	(426,302)	(426,302)
	(6,804,610)	(6,002,766)	(18,039,104)	(18,071,888)
Effect of changes in the risk of reinsurers non- performance				
Reinsurance risk adjustment	13,248	(14,507)	13,248	(14,507)

25. Non insurance contracts revenue

Revenue from non insurance contracts with customers is disaggregated as follows:

Sales of goods at a point in time - pharmacy drugs	12,813,893	12,074,079	-	-
Rendering of services over time - fees earned	45,643,429	32,822,626	-	-
	58,457,322	44,896,705	-	-

26. Non insurance contracts direct costs

Pharmacy costs	18,316,254	17,891,208	-	-
Rendering of services	25,354,361	17,478,303	-	-
	43,670,615	35,369,511	-	-

27. Investment income

Interest from investments	8,339,058	9,575,770	9,603,234	9,966,008
Interest income reconciliation				
Opening balance	2,096,793	1,578,239	2,255,124	1,578,239
Interest for the year	8,339,058	9,575,770	9,603,234	9,966,008
Closing balance	(1,740,754)	(2,096,793)	(2,422,865)	(2,255,124)
Interest paid	8,695,097	9,057,216	9,435,493	9,289,123

28. Finance costs

Figures in Pula	Consolidated 2023	Consolidated 2022 Restated	Society 2023	Society 2022 Restated
Lease liabilities	866,344	942,111	68,801	71,071
Interest on borrowings	1,318,153	856,965	-	-
Other finance costs	2,833	11,899	2,833	-
Total finance costs	2,187,330	1,810,975	71,634	71,071

29. Dividend and other income

Other rental income	1,065,980	789,814	-	82,688
Sundry income	747,812	339,002	223,257	315,946
Dividends	5,935,692	4,808,491	5,935,692	4,808,491
Shared services fee	-	-	360,000	360,000
	7,749,484	5,937,307	6,518,949	5,567,125

30. Taxation

Major components of the tax expense

Deferred tax	-	543,495	-	-

Reconciliation of the tax expense
Reconciliation between accounting profit/(loss) and tax expense.

Accounting profit/(loss)	9,673,429	(89,505,347)	11,223,643	(78,642,054)
Tax at the applicable tax rate of 22% (2022: 22%)	2,128,154	(19,691,176)	2,469,201	(17,301,252)
Tax effect of adjustments on taxable income				
Bomaid exempt income*	(5,742,327)	16,703,593	(2,469,201)	17,301,252
Unrecognised deferred tax asset	3,231,645	3,269,622	-	-
Disallowed expenditure	382,528	261,456	-	-
	-	543,495	-	-

*The Society is exempt from taxation in terms of the second schedule of the Botswana Income Tax Act (Chapter 52:01).

31. Tax paid

Balance at beginning of the year	711,045	705,648	-	-
Balance at end of the year	(716,471)	(711,045)	-	-
	(5,426)	(5,397)	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

32. Provision for restructuring

Reconciliation of provisions - Group and separate - 2023

	Opening Balance	Prior Year over provision	Utilised during the year	Total
Restructuring	27,257,540	1,694,330	(28,707,588)	244,282

Reconciliation of provisions - Group and separate - 2022

	Opening balance	Additions	Total
Restructuring	-	27,257,540	27,257,540

The restructuring provision is an estimated liability for retrenchment costs due to a restructuring exercise implemented by the Society during the prior financial year. The restructuring provision is an estimate with reference to separation terms approved by The Board of Trustees. The related terms of termination were communicated to the Society's employees during the prior financial year and the affected employees left employment effective 31 March 2023.

33. Commitments

Authorised capital expenditure

In the financial year 2023, the Group significantly reduced its capital expenditures, allocating P713,582 in comparison to P38,057,431 in 2022. This substantial decrease in capital spending is attributable to the cessation of work on strategic projects in MRI Botswana Limited. The Group intends to divest a portion of its ownership interest in MRI Botswana Limited by selling it as a going concern to an external buyer. As of the reporting date, the search for a prospective buyer remains ongoing. It is important to note that the assets to be sold do not meet the criteria to be classified as held for sale under IFRS 5 as at the reporting date, and therefore are not presented separately in the consolidated financial statements.

34. Contingencies

The Group is in receipt of a letter of claim for damages of P259,931 following an alleged misdiagnosis on the 8th of February 2023 at one of the Group's pharmacies. The insurer has been notified of this claim and as at the reporting date, the insurers have enlisted the appropriate experts to assist with the evaluation of the claim and will respond to the demand upon completion of assessment.

The Group received a letter of demand for compensation from a customer who alleges he was dispensed wrongful medication which caused him severe pain, suffering and trauma. The potential loss from this matter as per letter of demand is P55,000 plus any legal costs which cannot be estimated reliably. The insurers have since been notified of the claim and are expected to provide full cover of the claims up to a limit of P75,000 in the event the demand is successful.

35. Related parties

Figures in Pula	Consolidated 2023	Consolidated 2022 Restated	Society 2023	Society 2022 Restated
Relationships				
Subsidiary of Botswana Medical Aid Society — Southview Proprietary Limited				
Subsidiary of Southview Proprietary Limited — MRI Botswana Limited				
Subsidiary of Botswana Medical Aid Society — Bomaid Limited				
Related party balances				
Year end balances arising from rendering of services included in outstanding claims				
MRI Botswana Limited - outstanding claims payable			(624,883)	(1,337,290)
Other amounts due to related parties (payables) - non claims				
MRI Botswana Limited - rental			(8,578)	(302,597)
Southview Proprietary Limited			(1,146,408)	(1,683,324)
			(1,154,986)	(1,985,921)
Amounts receivable from related parties - non claims				
MRI Botswana Limited - receivable			231,220	127,931

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

Figures in Pula	Consolidated 2023	Consolidated 2022 Restated	Society 2023	Society 2022 Restated
Related party transactions				
Compensation to directors and other key management				
Directors'/Trustees' fees	2,375,391	1,809,058	2,163,391	1,627,558
Key management remuneration	23,099,663	21,662,655	12,868,537	12,061,139
	25,475,054	23,471,713	15,031,928	13,688,697
Remuneration of key management personnel				
Short-term employment benefits	21,349,286	16,844,666	11,118,160	9,167,349
Post employment benefits	1,750,377	4,817,989	1,750,377	2,893,790
	23,099,663	21,662,655	12,868,537	12,061,139
Expenditure transactions with MRI Botswana Limited for services rendered				
Claims paid for dispensary			50,516,317	55,853,055
Medical rescue services			11,804,736	12,069,122
Call center charges			1,424,468	1,386,540
Rental expense			112,489	102,190
Wellness programme			9,808	49,409
COVID-19 testing and medical examinations			-	7,800
			63,867,818	69,468,116
Revenue transactions with MRI Botswana Limited for services rendered				
Subscriptions for medical aid			(3,787,490)	(2,999,807)
Shared service costs			(360,000)	(360,000)
Rental income			-	(82,688)
Interest received from related parties			(1,318,441)	(444,207)
			(5,465,931)	(3,886,702)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

36. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Reconciliation of provisions- Group and separate - 2023

	Note(s)	Fair value through other comprehensive debt instruments	Fair value through other comprehensive debt instruments	Armotised cost	Total	Fair value
Equity instruments at fair value through other comprehensive income	9	-	104,232,787	-	104,232,787	104,232,787
Debt instruments at fair value through other comprehensive income	10	138,245,389	-	-	138,245,389	138,245,389
Trade and other receivables	12	-	-	7,362,333	7,362,333	7,362,333
Short term investments	13	-	-	84,427,482	84,427,482	84,427,482
Cash and cash equivalents	14	-	-	45,242,148	45,242,148	45,242,148
		138,245,389	104,232,787	137,031,963	379,510,139	379,510,139

Consolidated - 2022 - In Pula - Restated

Equity instruments at fair value through other comprehensive income	9	-	104,794,303	-	104,794,303	104,794,303
Debt instruments at fair value through other comprehensive income	10	128,770,025	-	-	128,770,025	128,770,025
Trade and other receivables	12	-	-	4,871,260	4,871,260	4,871,260
Short term investments**	13	-	-	81,883,048	81,883,048	81,883,048
Cash and cash equivalents**	14	-	-	32,618,162	32,618,162	32,618,162
		128,770,025	104,794,303	119,372,470	352,936,798	352,936,798

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to Note 41 for additional information.

Separate - 2023 - In Pula

Loans to subsidiary company	8	-	-	10,618,884	10,618,884	10,618,884
Equity instruments at fair value through other comprehensive income	9	-	104,232,787	-	104,232,787	104,232,787
Debt instruments at fair value through other comprehensive income	10	138,245,389	-	-	138,245,389	138,245,389
Trade and other receivables	12	-	-	3,078,849	3,078,849	3,078,849
Short term investments	13	-	-	84,427,482	84,427,482	84,427,482
Cash and cash equivalents	14	-	-	43,117,695	43,117,695	43,117,695
		138,245,389	104,232,787	141,242,910	383,721,086	383,721,086

Separate - 2022 - In Pula - Restated

	Note(s)	Fair value through other comprehensive debt instruments	Fair value through other comprehensive debt instruments	Armotised cost	Total	Fair value
Loans to subsidiary company	8	-	-	11,799,981	11,799,981	11,799,981
Equity instruments at fair value through other comprehensive income	9	-	104,794,303	-	104,794,303	104,794,303
Debt instruments at fair value through other comprehensive income	10	128,770,025	-	-	128,770,025	128,770,025
Trade and other receivables	12	-	-	404,555	404,555	404,555
Short term investments**	13	-	-	81,883,048	81,883,048	81,883,048
Cash and cash equivalents**	14	-	-	25,684,621	25,684,621	107,567,669
		128,770,025	104,794,303	119,772,205	353,336,533	435,219,581

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to note 41 for additional information.

Categories of financial liabilities

Consolidated - 2023 - In Pula

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	18	45,416,039	45,416,039	45,416,039
Borrowings	15	13,717,038	13,717,038	13,717,038
Lease liabilities	5	10,502,638	10,502,638	10,502,638
		69,635,715	69,635,715	69,635,715
Consolidated - 2022 - In Pula Restated				
Trade and other payables	18	32,665,424	32,665,424	32,665,424
Borrowings	15	15,236,805	15,236,805	15,236,805
Lease liabilities	5	11,339,584	11,339,584	11,339,584
		59,241,813	59,241,813	59,241,813
Separate - 2023 - In Pula				
Trade and other payables	18	29,947,978	29,947,978	29,947,978
Lease liabilities	5	977,520	977,520	977,520
		30,925,498	30,925,498	30,925,498
Separate - 2022 - In Pula - Restated				
Trade and other payables	18	21,020,215	21,020,215	24,223,804
Lease liabilities	5	1,034,837	1,034,837	1,034,837
		22,055,052	22,055,052	25,258,641

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to note 41 for additional information.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

36. Financial instruments and risk management [continued]

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the liability to future members and debt balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 15, offset by cash and bank balances and liability to future members of the Group. The Group has adequate cash resources to cover its debts as at 31 December 2023.

The Group is not subject to any externally imposed capital requirements.

		Consolidated		Society	
Figures in Pula		**2023**	**2022**	**2023**	**2022**
Borrowings	15	13,717,038	15,236,805	-	-
Lease liabilities	5	10,502,638	11,339,584	977,520	1,034,837
Trade and other payables	18	66,240,852	50,596,901	42,151,582	31,726,896
Subscriptions received in advance	19	7,625,381	9,889,109	7,625,381	9,889,109
Insurance contract liabilities	21	60,788,572	60,168,439	60,614,203	61,808,326
Re-insurance contract liability	21	1,083,726	(2,494,985)	1,083,726	(2,494,985)
Provision for restructuring costs	32	244,282	27,257,540	244,282	27,257,540
Total borrowings		160,202,489	171,993,393	112,696,694	129,221,723
Cash and cash equivalents**	14	(45,242,148)	(32,618,162)	(43,117,695)	(25,684,621)
Net borrowings		114,960,341	139,375,231	69,578,999	103,537,102
Liability to future members	17	315,244,228	280,322,469	313,561,704	278,101,637
Gearing ratio				36 %	50 %

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements.
Please refer to note 41 for additional information.

Underwriting and Risk Management

Risk Management Framework:
The Society operates a risk management framework designed to mitigate the key risks associated with its insurance contracts (health insurance policies issued to members). Several practices contribute to this framework:

- Liquidity Management: The medical aid maintains a liquidity buffer equivalent to at least three month's expected claims to ensure sufficient cash flow is available to meet ongoing obligations to members.
- Pricing and Reserves: Actuarial expertise is used to determine appropriate contribution levels (premiums) for members. These contributions are set based on historical claims experience and projected future trends, aiming to establish sufficient reserves to meet anticipated claims payments.
- Tariff and Benefit Limits: The Society utilises tariffs (predetermined reimbursement rates for medical services) and benefit limits (maximum pay outs for specific treatments) to manage exposure to high-cost claims and prevent the exhaustion of available benefits for the member pool.
- Claims Management: The Society has a process for assessing and approving eligible claims to ensure proper utilisation of benefits and prevent fraudulent claims.

- The Society also transfers a portion of the risk associated with death of its members to another insurer in order to claim contributions for a period of one year following demise of a member.
- Risk Monitoring: The Society monitors its claims risk profiles including claims experience, economic factors, and regulatory changes, to adapt its risk management practices as needed.

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 Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the risk and audit committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to The Board on its activities.

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

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. For investments in corporate bonds, the Group transacts with entities that are rated the equivalent of investment grade. The historical probability of default on the bond portfolio is nil and the current and forwarding looking probability of default is also deemed to be nil thus no provision is made on the bonds.

The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of each month to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Trustees consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

36. Financial instruments and risk management [continued]

Consolidated		2023			2022 - Restated		
		Gross carrying amount	Credit loss allowance value	Amortised cost / fair amount	Gross carrying	Credit loss allowance	Amortised cost / fair value
Debt instruments at fair value through other comprehensive income	10	138,245,389	-	138,245,389	128,770,025	-	128,770,025
Trade and other receivables	12	11,504,187	(1,279,455)	10,224,732	10,704,551	(2,252,603)	8,451,948
Short term investments**	13	84,427,482	-	84,427,482	81,883,048	-	81,883,048
Cash and cash equivalents**	14	45,242,148	-	45,242,148	32,618,162	-	32,618,162
		279,419,206	(1,279,455)	278,139,751	253,975,786	(2,252,603)	251,723,183

Separate

Loan to subsidiary company	8	14,545,827	(3,926,943)	10,618,884	12,412,699	(612,718)	11,799,981
Debt instruments at fair value through other comprehensive income	10	138,245,389	-	138,245,389	128,770,025	-	128,770,025
Trade and other receivables	12	3,535,110	-	3,535,110	768,286	-	768,286
Short term investments**	13	84,427,482	-	84,427,482	81,883,048	-	81,883,048
Cash and cash equivalents**	14	43,117,695	-	43,117,695	25,684,621	-	25,684,621
		283,871,503	(3,926,943)	279,944,560	249,518,679	(612,718)	248,905,961

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to Note 41 for additional information.

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.

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, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Consolidated - 2023

		Less than 1 year	2 to 5 years	Over 5 year	Total	Carrying amount
Borrowings	15	(2,817,995)	(10,669,911)	(4,953,764)	(18,441,670)	(13,717,038)
Lease liabilities	5	(4,151,296)	(6,712,402)	(1,765,040)	(12,628,738)	(10,502,638)
Trade and other payables	18	(45,416,039)	-	-	(45,416,039)	(45,416,039)
		(52,385,330)	(17,382,313)	(6,718,804)	(76,486,447)	(69,635,715)
Trade and other receivables	12	7,362,333	-	-	7,362,333	7,362,333
Short term investments	13	84,427,482	-	-	84,427,482	84,427,482
Cash and cash equivalents	14	45,242,148	-	-	45,242,148	45,242,148
		137,031,963	-	-	137,031,963	137,031,963
		84,646,633	(17,382,313)	(6,718,804)	60,545,516	115,835,600

Consolidated - 2022 - restated

		Less than 1 year	2 to 5 years	Over 5 year	Total	Carrying amount
Borrowings	15	(2,837,681)	(10,959,454)	(7,545,632)	(21,342,767)	(15,236,805)
Lease liabilities	5	(3,922,427)	(7,633,351)	(2,360,929)	(13,916,707)	(11,339,584)
Trade and other payables	18	(32,665,424)	-	-	(32,665,424)	(32,665,424)
		(39,425,532)	(18,592,805)	(9,906,561)	(67,924,898)	(59,241,813)
Trade and other receivables	12	4,871,260	-	-	4,871,260	4,871,260
Short term investments**	13	81,883,048	-	-	81,883,048	81,883,048
Cash and cash equivalents**	14	32,618,162	-	-	32,618,162	32,618,162
		119,372,470	-	-	119,372,470	119,372,470
		79,946,938	(18,592,805)	(9,906,561)	51,447,572	113,283,435

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements. Please refer to note 41 for additional information.

Separate - 2023

		Less than 1 year	2 to 5 years	Over 5 year	Total	Carrying amount
Loan to subsidiary company	8	(2,554,888)	(8,943,737)	(12,297,639)	(23,796,264)	(14,545,827)
Lease liabilities	5	(876,900)	(130,982)	-	(1,007,882)	(977,520)
Trade and other payables	18	(29,947,978)	-	-	(29,947,978)	(29,947,978)
		(33,379,766)	(9,074,719)	(12,297,639)	(54,752,124)	(45,471,325)
Trade and other receivables	12	3,078,849	-	-	3,078,849	3,078,849
Short term investments	13	84,427,482	-	-	84,427,482	84,427,482
Cash and cash equivalents	14	43,117,695	-	-	43,117,695	43,117,695
		130,624,026	-	-	130,624,026	130,624,026
		97,244,260	(9,074,719)	(12,297,639)	75,871,902	85,152,701

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

36. Financial instruments and risk management [continued]

Separate - 2022 - restated

		Less than 1 year	2 to 5 years	Over 5 year	Total	Carrying amount
Loan to subsidiary company	8	(1,277,541)	(7,145,397)	(12,115,504)	(20,538,442)	(12,412,699)
Lease liabilities	5	(830,435)	(248,389)	-	(1,078,824)	(1,034,837)
Trade and other payables	18	(21,020,215)	-	-	(21,020,215)	(21,020,215)
		(23,128,191)	(7,393,786)	(12,115,504)	(42,637,481)	(34,467,751)
Trade and other receivables	12	404,555	-	-	404,555	404,555
Cash and cash equivalents**	14	25,684,621	-	-	25,684,621	25,684,621
Short term investment**	13	81,883,048	-	-	81,883,048	81,883,048
		107,972,224	-	-	107,972,224	107,972,224
		84,844,033	(7,393,786)	(12,115,504)	65,334,743	73,504,473

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements.
Please refer to note 41 for additional information.

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 Groups's exposure to foreign currency risk based on notional amounts is analysed as follows:

Exposure in Pula

The net carrying amounts, in Pula, of the various exposures, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amounts at the closing rate at the reporting date:

	Consolidated		Society	
	2023	2022	2023	2022
Equity and debt instruments at fair value through other comprehensive income - USD denominated	92,640,060	55,804,923	92,640,060	55,804,923
Equity and debt instruments and fair value through other comprehensive income - ZAR denominated	-	2,498	-	2,498
Short term investments** - USD denominated	965,483	8,441,542	965,483	8,441,542
Short term investments** - ZAR denominated	2,477,810	308,824	2,477,810	308,824
Cash and cash equivalents** - GBP denominated	1,316,901	1,157,742	1,316,901	1,157,742
Trade and other payables - ZAR denominated	(1,227,538)	(167,830)	(946,375)	(167,830)
Trade and other payables - USD denominated	(216,653)	-	-	-
Net exposure in Pula	95,956,063	65,547,699	96,453,879	65,547,699

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements.
Please refer to note 41 for additional information.

	Consolidated		Society	
Figures in Pula	**2023**	**2022 Restated**	**2023**	**2022 Restated**
The net carrying amounts, in foreign currency of the above exposure was as follows:				
Equity and debt instruments and fair value through othercomprehensive income - USD denominated	7,330,351	4,377,896	7,330,351	4,377,896
Equity and debt instruments and fair value through othercomprehensive income - ZAR denominated	-	2,852	-	2,852
Cash and cash equivalents - USD denominated	76,396	662,239	76,396	662,239
Cash and cash equivalents - ZAR denominated	3,505,606	428,031	3,505,606	428,031
Cash and cash equivalents - GBP denominated	78,414	78,218	78,414	78,218
Trade and other payables - ZAR denominated	(1,338,931)	(191,626)	(1,338,931)	(191,626)
Trade and other payables - USD denominated	(17,143)	-	-	-

Exchange rates

Pula per unit of foreign currency:				
Great Britain Pound	16.794	14.802	16.794	14.802
South African Rand	0.070	0.876	0.070	0.876
United States Dollar	12.640	12.747	12.640	12.747

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to a 10% increase or decrease in the respective currencies it is exposed to.

Group	**2023**	**2023**	**2022 Restated**	**2022 Restated**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
South African Rand denominated balances	(370,842)	370,842	(18,869)	18,869
Great Britain Pound denominated balances	65,845	(65,845)	57,885	(57,885)
United States Dollar denominated balances	4,691,110	(4,691,110)	3,212,323	(3,212,323)
	4,386,113	(4,386,113)	3,251,339	(3,251,339)

Society	**2023**	**2022**	**2023**	**2022**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
South African Rand denominated balances	(342,703)	342,703	(18,869)	18,869
Great Britain Pound denominated balances	65,845	(65,845)	57,885	(57,885)
United States Dollar denominated balances	4,680,277	(4,680,277)	3,212,323	(3,212,323)
	4,403,419	(4,403,419)	3,251,339	(3,251,339)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

36. Financial instruments and risk management [continued]

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 in bonds, call accounts, short term investments and offshore cash and cash equivalents 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, investments in bonds, call accounts, short term investments and offshore cash and cash equivalents.

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	
Consolidated		**2023**	**2022 Restated**	**2023**	**2022 Restated**
Variable rate instruments:					
Assets					
Short term investments**	13	2.20 %	2.00 %	84,427,482	81,883,048
Liabilities					
Borrowings - property development loan	15	6.51 %	6.76 %	4,723,632	5,492,240
Net variable rate financial instruments				89,151,114	87,375,288
Fixed rate instruments:					
Assets					
Debt investments at fair value through other comprehensive income	9	7.20 %	7.00 %	138,245,389	128,770,025
Pula call account		0.08 %	0.07 %	17,523,165	25,184,289
GBP call account		1.00 %	1.00 %	1,316,901	1,157,742
Short term deposit	14	4.22 %	4.00 %	-	5,255,213
				157,085,455	160,367,269
Liabilities					
Borrowings - call centre development loan	15	9.50 %	8.50 %	764,909	922,070
Other borrowings		9.79 %	9.76 %	8,228,497	8,822,495
				8,993,406	9,744,565
Net fixed rate financial instruments				166,078,861	170,111,834

	Note	Average effective interest rate		Carrying amount	
Separate		**2023**	**2022 Restated**	**2023**	**2022 Restated**
Variable rate instruments:					
Assets					
Short term investments**	14	2.20 %	2.00 %	84,427,482	81,883,048
Loan to subsidiary company	12	9.76 %	9.76 %	14,545,827	12,412,699
				98,973,309	94,295,747
Fixed rate instruments:					
Assets					
Debt investments at fair value through other comprehensiveincome	8	7.00 %	7.00 %	138,245,389	128,770,025
Pula call accounts	12	0.08 %	0.07 %	17,523,165	25,184,289
GBP call accounts	9	1.00 %	1.00 %	1,316,901	1,157,742
Short term deposits		4.22 %	4.00 %	-	5,255,213
				157,085,455	160,367,269

** Comparatives in these financial statements were restated to rectify the misclassification of short-term investments held in the Society's investment Fund, which were inaccurately reported as cash and cash equivalents in previous years' financial statements.
Please refer to note 41 for additional information.

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:

Consolidated	**2023**	**2023**	**2022 Restated**	**2022 Restated**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Short term investments	84,427	(84,427)	81,883	(81,883)
Borrowings	74,312	(74,312)	(27,461)	27,461
	158,739	(158,739)	54,422	(54,422)

Separate

Impact on profit or loss:				
Short term investments	76,912	(76,912)	76,628	(76,628)
Loan to subsidiary company	74,312	(74,312)	60,574	(60,574)
	151,224	(151,224)	137,202	(137,202)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

36. Financial instruments and risk management [continued]

Price risk

The Group 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, and through the use of option contracts on relevant indexes, where necessary.

Price risk sensitivity analysis

A change of 10% in the equity and unit Society prices during the reporting period would have increased/(decreased) the profit before taxation by an equal amount in

Consolidated and Separate	2023	2023	2022 Restated	2022 Restated
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Equity instruments at fair value	10,423,279	(10,423,279)	10,479,430	(10,479,430)

37. Reinsurance and insurance contracts risk management

Insurance risk management is a critical component of the Society's overall risk management framework. Effective management of insurance risk is essential to ensure the sustainability and financial health of the Society, protecting policyholders and stakeholders.

The primary objective of insurance risk management is to safeguard the Society's solvency and ensure its ability to meet policyholder obligations. This involves identifying, assessing, and mitigating risks that arise from underwriting insurance contracts and managing reinsurance arrangements. By doing so, the Society aims to maintain a stable and predictable financial performance while providing reliable medical aid services to the Society's policyholders.

The responsibility for managing insurance risks lies with the Finance Risk and Audit Committee, which is tasked with developing and implementing policies and procedures to manage insurance risks effectively. This includes setting risk tolerance levels, monitoring risk exposures, and ensuring compliance with regulatory requirements and industry best practices. The Society is exposed to risks associated with insurance contracts, including underwriting risk, liquidity risk, and credit risk.

Risk Management Framework:
The Society operates a risk management framework designed to mitigate the key risks associated with its insurance contracts (health insurance policies issued to members). Several practices contribute to this framework:

- Liquidity Management: The medical aid maintains a liquidity buffer equivalent to at least three month's expected claims to ensure sufficient cash flow is available to meet ongoing obligations to members.
- Pricing and Reserves: Actuarial expertise is used to determine appropriate contribution levels (premiums) for members. These contributions are set based on historical claims experience and projected future trends, aiming to establish sufficient reserves to meet anticipated claims payments.
- Tariff and Benefit Limits: The Society utilises tariffs (predetermined reimbursement rates for medical services) and benefit limits (maximum payouts for specific treatments) to manage exposure to high-cost claims and prevent the exhaustion of available benefits for the member pool.
- Claims Management: The Society has a process for assessing and approving eligible claims to ensure proper utilisation of benefits and prevent fraudulent claims.
- The Society also transfers a potion of the risk associated with death of its members to another insurer in order to claim contributions for a period of one year following demise of a member.
- Risk Monitoring: The Society monitors its claims risk profiles including claims experience, economic factors, and regulatory changes, to adapt its risk management practices as needed.

The Society does not have significant concentration risk. Concentration risk refers to the potential for significant financial loss due to a large exposure to a single risk or a group of related risks. The low concentration risk is achieved through a diverse membership base, comprehensive risk assessments with diversification strategies, regular portfolio reviews, strategic partnerships with healthcare providers, and strict adherence to regulatory guidelines. These measures ensure a balanced and well-distributed risk profile across the Society's contracts.

Credit risk
Credit risk refers to the risk that policy holders and reinsurers will default on their contractual obligations resulting in financial loss to the Society. As at 31 December 2023, the Society's maximum exposure to credit risk which will cause a financial loss to the Society due to failure to discharge an obligation by the policy holders and reinsurers, arises from the carrying amount of reinsurance assets for incurred claims and Insurance liability for remaining coverage.

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

Consolidated	2023			2022		
	Gross carrying amount	Impairment loss allowance	Carrying amount	Gross carrying amount	Impairment loss allowance	Carrying amount
Reinsurance assets for incurred claims	1,045,771	-	1,045,771	3,047,725	-	3,047,725
Insurance liability for remaining coverage	14,938,297	(3,971,233)	10,967,064	8,441,979	(1,192,021)	7,249,958
	15,984,068	(3,971,233)	12,012,835	11,489,704	(1,192,021)	10,297,683

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

Consolidated - 2023

	Less than 1 year	2 to 5 years 5 year	Over amount	Total	Carrying
Current liabilities					
Insurance contract liabilities	(60,788,572)	-	-	(60,788,572)	(60,788,572)
Reinsurance contract liabities	(1,083,726)	-	-	(1,083,726)	(1,083,726)
	(61,872,298)	-	-	(61,872,298)	(61,872,298)
Society - 2023					
Current liabilities					
Insurance contract liabilities	(60,614,203)	-	-	(60,614,203)	(60,614,203)
Reinsurance contract liabities	(1,083,726)	-	-	(1,083,726)	(1,083,726)
	(61,697,929)	-	-	(61,697,929)	(61,697,929)
Consolidated - 2022					
Current liabilities					
Insurance contract liabilities	(60,168,439)	-	-	(60,168,439)	60,168,439
Current assets					
Reinsurance contract assets	2,494,985	-	-	2,494,985	2,494,985
	(57,673,454)	-	-	(57,673,454)	62,663,424

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

37. Reinsurance and insurance contracts risk management [continued]

Society - 2022

	Less than 1 year	2 to 5 years 5 year	Over amount	Total	Carrying
Current liabilities					
Insurance contract liabilities	(61,808,326)	-	-	(61,808,326)	(61,808,326)
Current assets					
Reinsurance contract assets	2,494,985	-	-	2,494,985	2,494,985
	(59,313,341)	-	-	(59,313,341)	(59,313,341)

38. Sensitivity analysis to underwriting risk variables

The Society's actuaries employed the Chain Ladder Method (''CLM'') to calculate the Scheme's Liability for Incurred Claims (''LIC'') provision. This method utilises run-off triangles, assuming that historical patterns in claims activities and payment rates will persist in the future. To enhance the accuracy and provide a comprehensive view of the LIC, the actuary also generated a distribution of LIC estimates using a stochastic process called bootstrapping, producing 1,000 simulated estimates. This approach enables a deeper understanding of the range of potential LIC outcomes, beyond a simple point estimate. The LIC provision is shown at various percentiles of the simulated results, accounting for different assumed risk adjustments to meet IFRS17 requirements, which address uncertainties in claims, membership, and expenses.

Given the alignment of the medical scheme's benefit year, financial year, and contract boundaries, at the reporting date, all contracts would have expired, leaving incurred claims as the primary uncertainty. Non-healthcare expenses, such as administration costs, are highly predictable and closely managed, and any unknown non-healthcare expenses are expected to be immaterial. Therefore, the Risk Adjustment primarily accounts for incurred claims. LIC calculations were performed across 11 benefit categories to improve accuracy, reflecting different claims run-off experiences. The selected LIC provision is at the 75th percentile of the simulated estimates, with the risk adjustment set as the difference between a more conservative percentile and the 50th percentile, according to the Scheme's risk appetite.

The LIC provision at the 80th and 70th percentile would have impacted the profit or loss as follows:

2023	LIC as at 31 December	Impact on LIC (increase)	Impact on liability for future members (decrease)	Impact on profit
Confidence interval - 5th percentile increase				
Insurance contract liabilities	71,581,267	1,123,808	1,123,808	1,123,808
Confidence interval - 5th percentile decrease				
Insurance contract liabilities	71,581,267	(1,065,373)	1,065,373	1,063,373
2022				
Confidence interval - 5th percentile increase				
Insurance contract liabilities	70,250,305	1,031,148	(1,031,148)	(1,031,148)
Confidence interval - 5th percentile decrease				
Insurance contract liabilities	70,250,305	(1,686,415)	1,686,415	1,686,415

39. Events after the reporting period

Subsequent to the reporting date, the matter on the potential sale of MRI Botswana Limited (per note 33) is still ongoing therefore, there are no disclosable or adjustable events with respect to this matter. Management is not aware of any other matter or circumstances arising since the end of the financial year not otherwise dealt within the financial statements that would have a significant effect on the operations of the company or the result of its operations.

40. Fidelity cover

In accordance with the rules of the Society, fidelity cover of P2,000,000 (2022: P2,000,000) has been procured.

41. Prior period errors

Short term investments held in the Society's investment Fund were erroneously classified as cash and cash equivalents in the prior years' financial statements. These investments do not meet the criterion for classification as cash and cash equivalents. As a result of this error, the comparative amounts in these financial statements have been restated. The table below reflect the impact of the restatement on the Society's financial statements:

	Consolidated			Society		
Statement of Financial Position as at 31 December 2022	**Previously reported amount**	**Restated amount**	**Impact**	**Previously reported amount**	**Restated amount**	**Impact**
Current assets						
Short term investments	-	81,883,048	(81,883,048)	-	81,883,048	(81,883,048)
Cash and cash equivalents	114,501,210	32,618,162	81,883,048	107,567,669	25,684,621	81,883,048
Statement of Cashflows as at 31 December 2022						
Cash flows from investing activities:						
Sale/(purchase) of investments	(3,771,436)	(14,771,597)	11,000,161	(3,771,436)	(14,771,597)	11,000,161
Net cash from investing activities	(1,640,993)	(12,641,154)	11,000,161	(6,571,655)	(17,571,816)	11,000,161
Total cash movement for the year	(84,084,897)	(95,085,058)	11,000,161	(89,785,181)	(100,785,342)	11,000,161
Cash and cash equivalents at the beginning of the year	198,592,003	127,709,116	70,882,887	197,358,746	126,475,859	70,882,887
Cash and cash equivalents at the end of the year	114,501,210	32,618,162	81,883,048	107,567,669	25,684,621	81,883,048
Statement of Financial as at 31 December 2021						
Current Assets						
Short term investments	-	70,882,887	(70,882,887)	-	70,882,887	(70,882,887)
Cash and cash equivalents	198,592,003	127,709,116	70,882,887	197,358,746	126,475,859	70,882,887

The correction of the error did not have an impact on the profit or loss ,equity and liabilities.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS [CONTINUED]

42. Fair value information

		Consolidated		Society	
		2023	2022 Restated	2023	2022 Restated

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:
Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1 - recurring fair value measurements

Assets					
Equity investments at fair value through other comprehensive income	9				
Listed shares		104,080,129	104,641,645	104,080,129	104,641,645
Total		104,080,129	104,641,645	104,080,129	104,641,645

Level 2 - recurring fair value measurements

Assets					
Debt instruments at fair value	10				
Debt instruments at fair value through other comprehensive income		138,245,389	128,770,025	138,245,389	128,770,025
Short term investments		84,427,482	81,883,048	84,427,482	81,883,048
Total debt instruments at fair value through other comprehensive income		222,672,871	210,653,073	222,672,871	210,653,073
Total		222,672,871	210,653,073	222,672,871	210,653,073

Level 3 - recurring fair value measurements

Assets					
Property, plant and equipment	4				
Leasehold property		57,422,394	58,058,731	30,123,172	30,667,471
Equity investments at fair value through other comprehensive income	9				
Unlisted shares		152,658	152,658	152,658	152,658
Total		57,575,052	58,211,389	30,275,830	30,820,129

43. Going concern

Management has reviewed the Society and the Group's cashflow forecasts for the ensuing financial year and on the basis of these forecasts, management believes the Society and the Group will have adequate financial resources to continue operating in the foreseeable future.

The Group intends to divest a portion of its ownership interest in MRI Botswana Limited by selling it as a going concern to an external buyer. As of the reporting date, the search for a prospective buyer remains ongoing. It is important to note that the assets to be sold do not meet the criteria to be classified as held for sale under IFRS 5 as at the reporting date, and therefore are not presented separately in the consolidated financial statements. Furthermore, the Society agreed not to demand repayment of amounts owed by MRI Botswana Limited, except to the extent that MRI Botswana Limited's funds permit and without adversely affecting MRI Botswana Limited's ability to continue operating as a going concern. The Society's undertaking is valid for 24 months from 25 April 2024.

Based on the Society and Group's ability to continue operating as going concerns as explained in the preceding paragraphs, the going concern basis has been applied in the preparation of these separate and consolidated financial statements.