

Group accounting policies

The principal accounting policies applied are set out below:

1. BASIS OF PREPARATION

These financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or those where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 30.

The financial statements have been rounded to the nearest R million, unless otherwise indicated.

Standards and Interpretations Not Yet Effective

The Group has elected not to early adopt the following standards and interpretations that are mandatory for accounting periods beginning on or after 1 January 2026, or later periods:

Standard	Effective date	Summary
Amendments to IFRS 9 and IFRS 7 (Classification and Measurement of Financial Instruments)	Annual periods beginning on or after 1 January 2026	The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG-linked features via additional guidance on the assessment of contingent features.
IFRS 18 Presentation and	Annual periods beginning on or	IFRS 18 aims to improve how companies communicate in their financial

Standard	Effective date	Summary
Disclosure in Financial Statements	after 1 January 2027	statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of cash flows.
Annual Improvements to IFRS Accounting Standards - Volume 11	Annual periods beginning on or after 1 January 2026	These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amended Standards are IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.
IFRS 19 - Subsidiaries without public accountability: Disclosure	Annual periods beginning on or after 1 January 2027	IFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity electing to apply this Standard applies the requirements in other IFRS Accounting Standards, except for the disclosure requirements. Instead, the entity applies the requirements in this Standard.

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Under IFRS 18, effective from 1 January 2027, the presentation of results on the Consolidated Statement of Profit or Loss and Other Comprehensive Income will change. There is a requirement to restate comparatives, however the group's profit for the year will not change.

Presentational changes include the disclosure of certain "non-IFRS" measures – management performance measures (MPMs) which will form part of the audited financial statements, as well guidance on aggregation and disaggregation of subtotals and line items in the primary financial statements. The Group is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

The Group does not expect the above or other amendments to standards issued by the IASB, but not yet effective, to have a material impact.

2. CONSOLIDATION

The financial statements include the assets, liabilities, and results of the operations of PPS Group.

Subsidiaries

Subsidiaries are entities over which the Group directly or indirectly has control. Control is achieved when the Group:

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

Subsidiaries are consolidated from the date on which control is obtained and are derecognised when control ceases. All the Group's subsidiaries were established by the Group, and there are no acquired subsidiaries or goodwill arising on consolidation. Unit trusts and pooled funds controlled by a PPS entity are consolidated in accordance with IFRS 10. Interests of third-party unit holders are recognised as liabilities.

Intra-group transactions, balances, and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless they indicate impairment of the asset. In the

Parent's separate annual financial statements, the interests in subsidiaries are accounted for at cost, with a provision for impairment recognised if there is evidence of impairment.

Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence but not control, through participation in the financial and operating policy decisions of the entity. Judgment is applied in assessing which entities the Group has significant influence over. The Group has no shareholding in some associates and thus no rights to net profits, losses, or net assets of these associates.

Joint ventures are entities over which the Group has joint control, which is the contractually agreed sharing of control of an arrangement. The Group's interests in associates and joint ventures are recognised in the consolidated financial statements based on the equity-accounted carrying amounts recognised in the underlying holding entities.

Joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition and decreased by the dividends received from the investee. The Group's share of its equity-accounted investees' post-acquisition profits or losses is recognised in the Statement of profit or loss and other comprehensive income.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates and joint ventures is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to share of profit or loss of associates and joint ventures in the Statement of profit or loss and other comprehensive income.

The Group determines the dates of obtaining or losing joint control based on an assessment of all pertinent facts and circumstances affecting the ability to jointly control the relevant activities of the entity. Key factors include the contractual agreements with the counterparty, their practical operation, and the need for regulatory approval.

Group accounting policies

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3. FINANCIAL INSTRUMENTS

3.1 General

The Group initially recognises financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) when it becomes a party to the contractual provisions of the instrument.

Financial instruments recognised in the Consolidated Statement of Financial Position include financial assets through profit or loss, other receivables, cash and cash equivalents, investment contract liabilities, accruals, third-party liabilities arising on consolidation of unit trusts, and other payables.

3.2 Financial Assets

The Group has the following financial asset categories: financial assets at fair value through profit or loss, and financial assets at amortised cost.

All financial assets are initially measured at fair value, including any directly attributable transaction costs for those financial assets measured at amortised cost. All financial asset purchases and sales are recognised using trade date accounting.

Financial Assets at Fair Value Through Profit or Loss

A financial asset is placed in this category if mandatorily classified as such.

Financial assets classified as fair value through profit or loss consist of loans to related parties, local and foreign equities, money market instruments, government bonds, corporate bonds, pooled funds and unit trusts. Subsequent to initial recognition, these financial assets are accounted for at fair value. Fair value gains and losses arising from changes in fair value are included in the Consolidated statement of profit or loss and other Comprehensive Income as fair value gains on investments.

Equity fair values are based on regulated exchange-quoted bid prices at the close of business on the last trading day on or before the reporting date. Bond fair values are based on regulated exchange-quoted closing prices at the close of business on the last trading day before the reporting date. Unit trust fair values are based on the net asset value (price) on the reporting date.

Financial Assets at Amortised Cost

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially measured at fair value plus transactions costs and subsequently at amortised cost using the effective interest rate method, less impairment adjustments. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits with banks and similar instruments. Cash and cash equivalents are carried at amortised cost.

3.3 Financial Liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities that include other payables and borrowings are categorised as financial liabilities at amortised cost. Investment contract liabilities, and liabilities to outside unit trust holders, are designated on initial recognition as measured at fair value through profit or loss.

Other payables are initially measured at fair value less transaction costs and subsequently at amortised cost using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the fair value at initial recognition is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowing.

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method. Interest is recognised in the Statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Third-party financial liabilities arising on consolidation of unit trusts are measured at fair value, based on unquoted unit values derived by the fund administrator, with reference to the rules of each particular fund. Fair value gains or losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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3.4 Derecognition of Financial Assets and Financial Liabilities

The Group derecognises an asset:

- When the contractual rights to the cash flows from the asset expire;
- When there is a transfer of contractual rights to receive cash flows on the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred;
- When the Group retains the contractual rights to the cash flows from these assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers all or substantially all the risks and benefits associated with the assets; and
- Where the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3.5 Fair Value Hierarchy of Financial Statement Line Items Held at Fair Value

IFRS 13 indicates a three-tier hierarchy for fair value measurement disclosures:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. These prices are readily available in the market and are normally obtainable from multiple sources.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. INSURANCE, INVESTMENT, AND REINSURANCE CONTRACTS

4.1 Classification of Contracts

Insurance contracts are agreements where the Group accepts significant insurance risk from a policyholder, compensating them if a specified uncertain future event adversely affects them. These contracts may also transfer financial risk. The Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Contract classification occurs at inception and remains unchanged unless the terms are significantly modified. This assessment considers all substantive rights and obligations, using judgment to determine if a contract transfers significant insurance risk and whether that risk is substantial.

Insurance contracts are categorised into long-term and short-term insurance based on risk exposure. Long-term contracts that have a discretionary participation feature (DPF), also known as a participating portfolio. The DPF component in the Group's insurance contracts cannot be determined and separated from the insurance component from inception. The DPF entitles the contract holder to additional benefits that are:

- A significant portion of the total benefits;
- At the Group's discretion; and
- Based on the performance of investment returns and the Group's profit and loss.

Judgment is applied in assessing whether amounts payable to policyholders represent a substantial share of the fair value return on the underlying items. This judgement was based on the Group's mutual operating model, whereby profits and losses arising from participating business are allocated to qualifying policyholders through PPS Profit Share Accounts, and policyholder benefits vary with the performance of the underlying items. The assessment was made based on expectations at contract inception.

The Group uses reinsurance to mitigate risk and transfers to the reinsurer significant risk from the underlying insurance contracts.

All references to insurance contracts in these statements include issued insurance contracts and held reinsurance contracts unless stated otherwise.

Group accounting policies

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4.1.1 Unit of Account Including Separating Components and Level of Aggregation

The Group manages insurance contracts by product lines, grouping contracts with similar risks into portfolios. Each portfolio is divided into annual cohorts of:

- Onerous contracts at initial recognition, where applicable;
- Contracts with no significant possibility of becoming onerous; and
- Remaining contracts.

These groups form the initial recognition and measurement level and are not reconsidered later. Reinsurance contracts are assessed separately, with similar grouping criteria.

Before recognition, the Group checks if a contract has components that must be separated, including:

- Embedded derivatives;
- Distinct investment components; and
- Promises to transfer distinct goods or services other than insurance services.

The Group applies IFRS 17 to all remaining components and does not require further separation or combination of contracts.

Due to the PPS mutual operating model, profits and losses belong to qualifying policyholders and are allocated to their PPS Profit-Share accounts. Policyholder equity is reported as a component of these accounts and Liability for remaining coverage. Profits or losses from non-participating portfolios are allocated to the participating portfolio, with participating contracts having a PPS Profit-Share feature and non-participating contracts not having this feature. The Group uses different measurement approaches, depending on the type of contract, as follows:

PPS Insurance Policy	Portfolio	IFRS 17 Measurement Model
<ul style="list-style-type: none"> • PPS Provider Policy • Sickness and permanent incapacity benefit • Professional Life Provider • Critical Illness Cover • Professional Disability Provider • PPS Education Cover 	Life Risk: Participating	Variable Fee Approach (VFA)
<ul style="list-style-type: none"> • Legacy PPS Life and Disability Policy • Legacy Professional Health Preserver PPS Provider Policy • Business Provider 	Life Risk: Non-participating	General Measurement Model (GMM)
<ul style="list-style-type: none"> • Personal Lines • Commercial Lines Value Added Services Health Professional Indemnity 	Non-Life Insurance	Premium Allocation Approach (PAA)
<ul style="list-style-type: none"> • Reinsurance contracts 	Life insurance	General Measurement Model (GMM)
	Non-Life insurance	Premium Allocation Approach (PAA)

4.1.2 Recognition and Derecognition

Initial Recognition:

Groups of insurance contracts held are recognised at the earliest of:

- The beginning of the coverage period; or
- The date of the first payment due or received; or
- When a group becomes onerous.

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Proportionate coverage and excess of loss reinsurance is recognised at the later of:

- The beginning of the coverage period; or
- Initial recognition of any underlying insurance contract; or
- Other reinsurance groups are recognised from the coverage period's start, or when an onerous group of underlying contracts is recognised.

Only contracts meeting recognition criteria by the reporting period's end are included in groups. Contracts meeting criteria after the reporting date are added to the relevant groups in the period they qualify, adhering to annual cohorts.

Derecognition and modification:

An insurance contract is derecognised when:

- It is extinguished (expired, discharged, or cancelled);
- It is modified and meets additional criteria.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows (FCF), unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if the modifications resulting in derecognition include changes that:

- Move the contract outside the scope of IFRS 17;
- Change separable components or contract boundaries;
- Reassign the contract to a different group;
- The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract that is not measured under the PAA is derecognised from an insurance group, the Group:

- Adjusts the FCF to remove the present value of future cash flows and risk adjustment for non-financial risk related to the derecognised rights and obligations;
- Adjusts the CSM based on the reason for derecognition:
 - Extinguished Contract: Adjusts the CSM by the same amount as the FCF adjustment related to future service;
 - Transferred Contract: Adjusts the CSM by the FCF adjustment amount minus the premium charged by the third party;
 - Modified Contract: Adjusts the CSM by the FCF adjustment amount, adjusted for the premium the Group would have charged for a new contract with equivalent terms, less any additional premium for the modification. For the new contract, the Group assumes this hypothetical premium as received; and
- Adjusts the number of coverage units for the remaining insurance contract services to reflect the units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

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- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

4.1.3 Measurement Fulfilment Cash Flows Within Contract Boundary

The Fulfilment Cash Flows (FCF) are current estimates of future cash flows within the contract boundary of a group of contracts. These estimates include premiums collected and payments for claims, benefits, and expenses, adjusted for timing and uncertainty.

Estimates of future cash flows:

- Are based on a probability-weighted mean of all possible outcomes;
- Are determined from the Group's perspective, consistent with observable market prices for market variables; and
- Reflect conditions at the measurement date.

Due to the Group's mutual operating model, expected future cash flows are split into:

- Estimates of present value of future cash flows; and
- PPS Profit-Share Accounts.

Surpluses or deficits in DPF component and surplus from non-participating contracts, reinsurance contracts, and unrelated cash flows are treated as changes in fair value of underlying items and are presented as insurance finance income or expenses.

Profit allocations for the year, in line with the bonus basis, are processed in the statement of comprehensive income from changes in fair value of underlying items attributable to policyholders not resulting from financial risk or time value of money after reserving for statutory solvency requirements.

Risk Adjustment

An explicit risk adjustment for non-financial risk is estimated separately from other estimates.

Contract Boundary

The Group uses the concept of contract boundary to determine which cash flows should be considered in measuring groups of insurance contracts. Cash flows are within the boundary if they arise from substantive rights and obligations during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation ends when the Group can reassess the risks of a policyholder and set a price or level of benefits that fully reflects those risks or can reprice the contract or portfolio to fully reflect the reassessed risk.

In assessing the ability to reprice, risks transferred from the policyholder to the Group are considered, while other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

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

Reinsurance agreements remain in place until the underlying contracts expire, mirroring the contract boundary of the underlying agreement. This aligns the contract boundary and coverage periods of reinsurance agreements with those of the ceded contracts.

Cash flows not directly attributable to a portfolio of insurance contracts, such as product development and training costs, are recognised in other operating expenses as incurred.

Insurance Acquisition Costs

Acquisition cash flows arise from selling, underwriting, and starting a group of insurance contracts and are directly attributable to the portfolio of insurance contracts. These are allocated to groups of insurance contracts on a systematic and rational basis.

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Acquisition cash flows included in the present value of future cash flows calculate the CSM at initial recognition for non-participating and reinsurance contracts held and the present value of the policyholder share of the change in fair value of underlying items for participating business.

Amortisation of acquisition costs is based on the expected run-off of the sum assured over the life of the contracts for each cohort and has no effect on total profit and loss, as the portion released as recovery into insurance revenue matches the expense amortisation in insurance expenses.

Risk adjustment for non-Financial Risk

The risk adjustment for non-financial risk is applied to the present value of estimated future cash flows, reflecting the compensation required for bearing uncertainty about the amount and timing of cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment represents the risk transferred by the Group to the reinsurer. Methods and assumptions for determining the risk adjustment are discussed in Note 31.

Contractual Service Margin (CSM)

The CSM is part of the asset or liability for a group of insurance contracts, representing the unearned profit to be recognised as the Group provides insurance contract services.

At initial recognition, the CSM is an amount that results in no income or expenses arise from:

- a. Initial recognition of the FCF.
- b. Cash flows from contracts in the group.
- c. Derecognition of any insurance acquisition cash flows asset.
- d. Derecognition of any other pre-recognition cash flow.

Coverage units are reassessed at each reporting period's end.

For reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events. The CSM

represents a deferred gain or loss recognised as a reinsurance expense as the Group receives insurance contract services from the reinsurer and is calculated as the sum of:

- a. Initial recognition of the FCF.
- b. Cash flows from contracts in the group.
- c. Amount derecognised at initial recognition of any asset or liability previously recognised for cash.
- d. Cash flows related to the group of reinsurance contracts held.
- e. Income recognised in profit or loss when recognising a loss on initial recognition of an onerous group of underlying insurance contracts.

No CSM is required for the Group's participating contracts as all net cash flows are returned to qualifying policyholders via the PPS Profit-share account.

4.1.4 Subsequent Measurement

The carrying amount at the end of each reporting period of a group of insurance contracts not measured under the PAA, issued is the sum of:

- a. the liability for remaining coverage (LRC), comprising:
 - the FCF related to future service allocated to the group at that date; and
 - the CSM of the group at that date.
- b. the liability for incurred claims (LIC), comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- the remaining coverage, comprising:
 - the FCF related to future service allocated to the group at that date;
 - the CSM of the group at that date.
- the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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Changes in Fulfilment Cash Flows

The FCF are updated by the Group for current assumptions at the end of every reporting period.

Changes in estimates of the FCF are treated based on which estimate is being updated:

- a. changes that relate to current or past service are recognised in profit or loss;
- b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC.
- c. Profit-sharing and discretionary participation features give rise to cash flows that are included in fulfilment cash flows to the extent that the Group has a substantive obligation to policyholders arising from contractual terms.

For insurance contracts, the following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments from premiums received in the period that relate to future service and related cash flows;
 - b. changes in estimates of the present value of future cash flows in the LRC, except as described;
 - c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
 - d. changes in the risk adjustment for non-financial risk that relate to future service.
- Adjustments above are measured using discount rates determined on initial recognition (the locked-in discount rates).

Changes to the Contractual Service Margin

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and financial risk;
- b. changes in the FCF relating to the LIC;
- c. experience adjustments from premiums received in the period that do not relate to future service;
- d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted for:

- a. new contracts added to the group;
- b. interest accreted on the carrying amount of the CSM;
- c. changes in the FCF relating to future service, adjusting the CSM to the extent available. Excess FCF is recognised in insurance service expenses; and
- d. the amount recognised as insurance revenue for insurance contract services provided during the period.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted for:

- a. new contracts added to the group;
- b. interest accreted on the carrying amount of the CSM;
- c. income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts;
- d. reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held;
- e. changes in the FCF, to the extent related to future service; and
- f. the amount recognised in profit or loss for insurance contract services received during the period.

Release of the CSM to Profit or Loss

The amount of the CSM recognised in profit or loss for insurance contract services is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the Group provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA.

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Interest is accreted on the CSM using discount rates at initial recognition, and the CSM is recognised in profit or loss over the coverage period as insurance services are provided.

Coverage Units

The number of coverage units is the quantity of services provided by the contracts in the Group, determined by the quantity of benefits provided and its expected coverage period. Coverage units are reviewed and updated at each reporting date to adjust for claims paid, expectations of lapses, and contract cancellations, then allocated based on the probability-weighted average duration of each coverage unit.

The Group determines coverage units as follows:

Non-participating portfolios	Benefits	Coverage units
Business Provider	Range of benefits including death disability, and critical illness under one contract.	Weighted average discounted expected sum assured
Legacy PPS Life and Disability Policy	Death and disability benefits	
Legacy Health Preserver	Critical illness benefits	
Reinsurance Contracts		

4.1.5 Non-Life Insurance Contracts Measurement

The Group applies the PAA model to all non-life insurance contracts it issues, as the coverage period for each contract is one year or less. This includes insurance contract services arising from all premiums within the contract boundary. For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as the premiums, if any, received at initial recognition.

The insurance contracts liabilities under this model includes the liability for incurred claims (LIC) determined by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay Unallocated Loss Adjustment Expenses (ULAE) incurred.

For contracts measured under the PAA approach, the Group elected to expense its insurance acquisition cash flows for its insurance product lines immediately upon payment being incurred. It does not discount the liability for remaining coverage to reflect the time value of money and the effect of financial risk due to the expected time between providing each part of the services and the related premium due date being no more than a year.

For reinsurance contracts held, the Group applies the PAA to measure its reinsurance assets on the same basis as underlying insurance contracts that it issues. The Health Professions Indemnity reinsurance held, relates to group of contracts for a period of one year with risk attaching, resulting in a coverage period greater than one year. However, based on the eligibility assessment, there is no material difference in the measurement between PAA and the general model, therefore, these qualify for PAA measurement.

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

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4.1.6 Insurance Revenue

As the Group provides insurance contract services, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised depicts the transfer of promised services at an amount reflecting the consideration expected for those services.

For life insurance contracts, insurance revenue includes:

- claims and other directly attributable expenses incurred in the period;
- changes in the risk adjustment for non-financial risk;
- amounts of the CSM recognised for services provided in the period; and
- experience adjustments from premiums received other than those that relate to future service.
- amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue

4.1.7 Insurance Finance Income or Expenses

Insurance finance income or expenses include changes in the carrying amount of the group of insurance contracts from:

- the effect of the time value of money; and
- the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts are:

- interest accreted on the FCF and the CSM; and
- changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals). The Group allocates expected total insurance finance income or expenses over the contract duration to profit or loss using discount rates determined at initial recognition. Changes include adjustments in contract measurement caused by underlying item value changes, relevant to PPS profit-share accounts, including exits net of forfeitures and profit allocations.

4.1.8 Insurance Service Expenses

Insurance service expenses include:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other directly attributable expenses incurred;
- insurance acquisition cash flows amortisation;
- changes in the FCF relating to past service;
- changes in the FCF resulting in onerous contract losses or reversals; and
- insurance acquisition cash flows assets impairment, net of reversals.
- amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue

4.1.9 Net Income or Expense from Reinsurance Contracts Held

The Group aggregates expected recoveries from reinsurers and reinsurance premiums paid on the Statement of profit or loss and other comprehensive income. Reinsurance cash flows contingent on claims are treated as part of expected reimbursements, excluding investment components and commissions. Recoveries from losses on reinsurance of onerous contracts are included as amounts recoverable from the reinsurer.

4.2 Valuation and Recognition

4.2.1 Insurance Contracts

The Group measures the liability for remaining coverage at the end of each reporting period as the liability at the beginning of the period:

- Plus premiums received in the period.
- Minus the amount recognised as insurance revenue for services provided in the period.

The Group estimates liabilities for incurred claims by considering the associated cash flows, including adjustments for non-financial risk (risk adjustment). Future cash flows are adjusted for the time value of money and financial risk for claims expected to be paid within one year.

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When a group of insurance contracts is onerous, the Group recognises a loss in profit or loss, adjusting the liability to equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage of the onerous group.

4.2.2 Investment Contracts

Investment contracts are recognised as financial liabilities at fair value in the Statement of Financial Position when the Group becomes a party to their contractual provisions.

Contributions from policyholders are accounted for as deposits, not recognised in profit or loss. Amounts paid to policyholders are deducted from investment contract liabilities.

All investment contracts issued by the Group are designated as fair value through profit or loss, reducing measurement inconsistency, as the backing assets are measured at fair value. Changes in the fair value of investment contracts are included in profit or loss in the period they arise. The fair value change represents the change in the fair value of the assets linked to these contracts. The investment contract liability equals the assets' fair value in the unitised fund underlying the policies, reflecting the value of units held by each policyholder.

Receivables and Payables Related to Investment Contracts

Amounts due from and to policyholders and agents in respect of investment contracts are included in other receivables and payables.

Presentation

The Group separately presents in the statement of financial position the carrying amount of portfolios of insurance contracts issued (liabilities) and reinsurance contracts held (assets). In the Statement of profit or loss and other comprehensive income, the Group disaggregates amounts into an insurance service result (comprising insurance revenue and service expenses) and insurance finance income or expenses. The change in risk adjustment for non-financial risk is included entirely in the insurance service result.

The Group does not disaggregate insurance finance income or expenses into profit or loss; and other comprehensive income. Income or expenses from reinsurance contracts held are presented separately from those of insurance contracts issued.

The PPS Profit-share account is presented separately as part of Life contracts with DPF.

5. FOREIGN CURRENCY TRANSLATION

5.1 Transactions and Balances

The consolidated financial statements are presented in Rand (the Group's presentation currency as per IFRS Accounting Standards). Foreign currency transactions are translated into Rand using the exchange rates at the transaction dates. Foreign exchange gains and losses from settling such transactions and translating monetary assets and liabilities at year-end rates are recognised in the Statement of profit or loss and other comprehensive income. Translation differences on non-monetary items, such as equities at fair value through profit or loss, are included in the fair value gain or loss.

5.2 Group Companies

For Group entities with a functional currency different from the presentation currency:

- Assets and liabilities are translated at the closing rate of the latest statement of financial position.
- Income and expenses are translated at average exchange rates (or the transaction dates if the average isn't reasonable).
- Resulting exchange differences will be recognised in line with the underlying assets and liabilities.

6. DIRECT AND INDIRECT TAX

Direct tax includes South African and foreign corporate tax payable and capital gains tax.

Current tax is based on the year's results, using enacted or substantively enacted tax rates by the reporting date in each jurisdiction.

Tax for the South African life insurance operations is determined using the five-fund method applicable to life insurance companies.

Group accounting policies

(continued)

7. PROPERTY AND EQUIPMENT

Owner-occupied property, used for administrative purposes and capital appreciation, is initially recorded at cost and subsequently shown at fair value based on annual external valuations. Depreciation on revalued buildings is eliminated against the carrying amount, with net amounts restated to the revalued amount.

The revaluation movement is allocated to the revaluation reserve, mirrored by insurance policy liabilities changes. Revaluation changes are recognised through other comprehensive income.

Other fixed assets are stated at historical cost less depreciation, which includes direct acquisition costs. Subsequent costs are capitalised only if future economic benefits are probable and measurable. Repairs and maintenance are charged to profit or loss as incurred.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted prospectively if necessary.

Depreciation is calculated on a straight-line basis over estimated useful lives:

- Buildings: 50 years
- Vehicles: 5 years
- Computer hardware: 3 years
- Furniture and fittings: 6 years
- Office equipment: 5 years
- Leasehold improvements: the lesser of 5 years or the lease term
- Right-of-use assets: the lesser of the asset life or lease term

Owner-occupied property is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition is recognised in profit or loss.

Land is not depreciated. Residual values and useful lives are reviewed annually. An asset's carrying amount is written down to its recoverable amount if impaired. Gains and losses on disposals are included in the profit or loss.

Repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits from the existing asset will flow to the Group.

The revalued amount is depreciated for the year and the net carrying value is stated fair value at the subsequent year-end. The land and buildings revaluation surplus/(deficit) represents the capital appreciation/(depreciation) on the owner-occupied properties. As the properties are held to back insurance policy liabilities, with discretionary participation features, the movement in insurance policy liabilities as a result of the revaluation is recognised in other comprehensive income.

Deferred tax has been recognised on the revaluation difference arising on owner-occupied property owned by PPS Insurance Company Limited, based on the amounts and at the rate applicable to recovery through use.

8. INTANGIBLE ASSETS

Software Development & Computer Software

Software is capitalised at acquisition cost where acquired or development cost were internally developed. Capitalised software is amortised over their useful lives, usually three years or longer if deemed appropriate. Useful lives are reviewed annually. Other software costs are expensed as incurred.

Customer Relationships

Customer relationships, acquired as rights to income streams, are recognised at cost less accumulated amortisation and impairment. Amortisation is on a straight-line basis over an average useful life of eight years, estimated from the cancellation experience of the acquired business.

Group accounting policies

(continued)

9. INVESTMENT PROPERTY

Investment properties are held for earning rental income and for capital appreciation. Initially recorded at cost, including transaction costs on acquisition. Subsequent expenditure is capitalised only when future economic benefits are probable and measurable.

Investment properties are valued annually by external independent valuers and adjusted to fair value as at the reporting date.

Gains or losses from fair value adjustments are included in the Statement of profit or loss and other comprehensive income. Gains and losses on disposal are recognised in the Statement of profit or loss and other comprehensive income, calculated as the difference between the sale price and the carrying value.

If an investment property becomes owner-occupied, it is reclassified under owner-occupied properties, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes, and vice versa.

10. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if they will be recovered primarily through sale rather than continuing use. They are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification and subsequent gains and losses on remeasurement are recognised in the Statement of profit or loss and other comprehensive income.

11. LEASES

Leases where a Group Entity is the Lessee

The Group leases various offices. Rental contracts are typically fixed for one month to ten years and may contain lease and non-lease components. Consideration is allocated based on their relative stand-alone prices. Lease terms are negotiated individually and contain diverse terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the lease commencement date. The Group presents right-of use assets in 'Property and equipment' and lease liabilities in 'Borrowings at amortised cost' in the Statement of financial position.

Right-Of-Use Asset

Initially the right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the asset's useful life.

Lease Liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

Lease liabilities include fixed payments, variable lease payments based on an index or rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise it, and payments of penalties for terminating the lease if the lease term reflects the Group exercising that option. Lease payments under extension options are also included.

Lease payments are discounted using the interest rate implicit in the lease or, if not readily determined, the Group's notional incremental borrowing rate. The notional incremental borrowing rate is determined using a build-up approach starting with a risk-free interest rate adjusted for credit risk and specific lease factors.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss to produce a constant periodic interest rate on the remaining liability balance.

Group accounting policies

(continued)

Payments for short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Leases where a Group Entity is the Lessor

Rental income from investment property is recognised as revenue on a straight-line basis over the lease term. Rental income from investment property is classified as part of other income and recognised on a straight-line basis.

12. IMPAIRMENT OF ASSETS

Financial Assets

The Group assesses expected credit losses associated with debt instruments carried at amortised cost on a forward-looking basis. The Group applies 12-month expected credit losses to financial assets unless clear and observable evidence indicates that credit risk has significantly increased since initial recognition. For receivables, the simplified approach requiring expected lifetime losses is applied.

Non-Financial Assets

Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators include continued losses, and changes in technology, market, economic, legal, and operating environments.

An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount, measured using the higher of fair value less costs to sell and value-in-use. The carrying amount is reduced by the impairment loss, recognised in the Statement of profit or loss and other comprehensive income.

If a subsequent decrease in impairment loss can be objectively related to an event after recognition, the previously recognised impairment loss is reversed by adjusting the impairment provision account, recognising the reversal in the Statement of profit or loss and other comprehensive income.

13. DEFERRED TAXATION

Deferred tax is provided using the liability method on temporary differences between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised on initial recognition of assets and liabilities where it does not impact accounting or taxable profit. Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. For Investment Property measured at fair value, deferred tax is provided at rates applicable to capital gains.

Deferred tax assets related to the carry forward of unutilised tax losses are recognised when it is probable that future taxable profit will be available against which the tax losses can be utilised. Deferred tax liabilities and assets are not discounted.

14. EMPLOYEE BENEFITS

14.1 Retirement Obligations

The Group provides retirement benefits through a defined contribution provident fund, with assets held in a separate umbrella fund controlled by trustees appointed by the administrator.

14.2 Post-Retirement Medical Obligations

The Group provides unfunded post-retirement healthcare benefits for a small number of retirees employed before 4 October 1999, their spouses, and dependents. The entitlement to post-retirement healthcare benefits is based on an employee remaining in service up to retirement and completion of a minimum service period. The present value of post-retirement medical aid employer contributions is actuarially determined using interest rates referencing the market yield of government bonds at the reporting date.

An independent actuary performs annual valuations of the defined benefit obligation using the projected unit credit method.

Group accounting policies

(continued)

Actuarial gains and losses from experience adjustments and changes in assumptions are charged or credited in the Statement of profit or loss and other comprehensive income in the period they arise.

14.3 Termination Benefits

Termination benefits are recognised as an expense and liability when the Group has a present obligation related to termination.

14.4 Leave Pay Provision

The Group recognises employees' rights to annual leave entitlement in respect of past service accumulated at the reporting date.

14.5 Management Bonuses

Management bonuses are recognised as an expense in staff costs when probable and reliably measurable, arising from a contractual obligation but at the employer's discretion.

14.6 Retention Schemes

Long-term incentive and retention schemes are in place for qualifying employees, based on remaining in service for three to five years. The benefit growth under executive retention schemes is based on the five-year rolling historical average return of the PPS Profit-Share Account.

Other long-term employee benefits include those payable more than 12 months after the related service. These provisions are measured at present value using actuarial assumptions, with the discount rate being the yield of AA-rated government bonds at reporting date with similar maturity dates to the obligations. The projected unit credit method is used, with actuarial gains and losses recognised in the Statement of profit or loss and other comprehensive income in the period they arise.

15. REVENUE

15.1 Other Income

Other income is measured at fair value of consideration received or receivable and recognised as services are rendered and the performance obligation (completion of service) to the customer is met.

Royalties are earned from a license agreement with PPS Mutual Australia, which also receives long-term insurance policy administration services from the Group.

Administration fees include fees charged to medical aid schemes for services rendered. Investment management fees include service fees for investment management services.

Financial advice and fiduciary service fees are earned for investment advice and activities related to will and estate planning.

These arrangements contain no significant financing components, revenue is earned at a point in time.

15.2 Investment Income

Investment income includes interest, dividends, and net fair value gains or losses on financial assets held at fair value through profit or loss. Interest is recognised on the effective interest method at amortised cost, including interest income on financial assets at fair value through profit or loss as part of the fair value movement. Dividends are recognised when declared.