



MEDIMED MEDICAL SCHEME
(Registration Number 1506)

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024**

**MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

The reports and statements set out below comprise the annual financial statements presented to the members of Medimed Medical Scheme.

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FOR THE YEAR ENDED 31 DECEMBER 2024**

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of Medimed Medical Scheme, comprising the statement of financial position at 31 December 2024, and the statements of comprehensive income and cash flows for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with IFRS® Accounting Standards and in the manner required by the Medical Schemes Act of South Africa, no. 131 of 1998 as amended.

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

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

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

Medimed Medical Scheme operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and the risks facing the business are being managed.

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

The scheme's external auditor is responsible for auditing the financial statements in terms of International Standards on Auditing and their report is presented on pages 4 to 9.

The annual financial statements were approved by the Board of Trustees on 11 April 2025 and are signed on its behalf.



G. ZAMISA
CHAIRPERSON



L. DOBELL
TRUSTEE



G.J. ROBERTS
PRINCIPAL OFFICER

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STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Medimed Medical Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are satisfied that these standards have been met. The Trustees are proposed and elected by the members of the scheme in terms of the rules of the scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the performance of the Administrator and service providers according to service level agreements. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive. The performance of the Board and individual Trustees is evaluated annually taking into account their attendance and contribution at meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Trustees is accountable for the process of risk management and internal controls. The ultimate responsibility for the implementation of the internal controls and risk management has been delegated to the Administrator. Risks are reviewed and identified annually and appropriate strategies are implemented to mitigate these risks. These actions are monitored quarterly by the Board and monthly by the Principal Officer.

The Administrator of the scheme maintains internal controls and the system is designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

Internal control audits are performed on a regular basis. The Trustees annually review the disaster recovery procedures of the Administrator, all of which are fully documented.

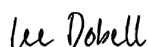
The Trustees call on expert and professional advice as and when required.

The scheme conducts its affairs in accordance with standards of acceptable corporate practice and conduct as it applies to medical schemes and trustees.

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



**G. ZAMISA
CHAIRPERSON**



**L. DOBELL
TRUSTEE**



**G.J. ROBERTS
PRINCIPAL OFFICER**



Independent Auditor's Report

To the Members of Medimed Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medimed Medical Scheme (the Scheme), set out on pages 10 to 64, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Medimed Medical Scheme as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

<i>Final materiality</i>	R2,490,000
<i>How we determined it</i>	1% of insurance revenue
<i>Rationale for the materiality benchmark applied</i>	<p>We chose insurance revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Scheme is most commonly measured by users, and is a generally accepted benchmark in the industry.</p> <p>We chose 1% which is consistent with quantitative materiality thresholds used for non-profit orientated entities in this sector.</p>

Key Audit Matters

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

In terms of the EAR Rule and Council of Medical Schemes' Circular 65 of 2015, *Auditor's Reports: Key Audit Matters* (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported</i></p> <p>Refer to the following disclosure in the financial statements as it relates to this key audit matter:</p> <ul style="list-style-type: none"> • Note 3: Significant estimates; • Note 4: Principal accounting policies; • Note 11: Insurance contract liabilities; and • Note 11.1: Liability attributable to current members <p>As at 31 December 2024 the Scheme recognised Insurance contract liabilities - Current liability attributable to current members amounting to R68 714 312.</p> <p>The Scheme's insurance contract liabilities comprise the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC).</p>	<p>Our audit addressed this key audit matter as follows:</p> <p>We obtained an understanding from the Scheme's administrator regarding the process followed in calculating the LIC from healthcare events that have occurred but have not yet been reported, which included the design and implementation of controls within the process.</p> <p>We obtained the actual claims data from the member administration system covering the year ended 31 December 2024 used in calculating the LIC from healthcare events that have occurred but are not yet reported.</p>

In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported.

The value of the LIC from healthcare events that have occurred but have not yet been reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC reported is calculated by the Scheme's administrator which is reviewed by the Audit and Risk Committee and recommended to the Board of Trustees for approval. The LIC from healthcare events that have occurred but are not yet reported amounts to R20,334,440 (Note 11.1).

The most significant assumptions made in the determination of the LIC are:

- the future cash flow projections; and
- the risk adjustment for non-financial risk.

Future cash flow projections

The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Scheme's administrator uses an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to determine the probability-weighted estimate of expected future cash flows. This model applies a combination of the Basic Chain Ladder ("BCL") / Bootstrapping methods.

Risk adjustments for non-financial risk

In determining the Scheme's risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under *IFRS 17 Insurance Contracts*. The Scheme's calibrated risk adjustment (using value at risk) is such that the insurance contract liabilities are held to be sufficient at the 75th percentile of the ultimate loss distribution.

We substantively tested a sample of claims received by the Scheme in the 2024 financial year, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted.

We assessed the completeness of the claims data in the Scheme's actuarial model by obtaining an understanding of management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted.

To assess the reasonableness of the Scheme administrator's estimation process, we compared the actual claim results in the current year to the prior year LIC from healthcare events that have occurred but are not yet reported. We noted no matters for further consideration with respect to the estimation process.

We have evaluated management's experts by assessing their competence, capability, and objectivity and noted no aspects requiring further consideration. We performed the following procedures:

- We obtained the LIC from healthcare events that have occurred but are not yet reported from the Scheme's administrator and evaluated the relevance and reasonableness of the actuarial model used by the Scheme's actuaries based on our knowledge of the industry and model used in the prior years. We noted no matters requiring further consideration.
- We compared the Best Estimate Liability and Risk Adjustment of the LIC from healthcare events that have occurred but are not yet reported amounts in the report from the Scheme's actuaries to the Best Estimate Liability and Risk Adjustment of the LIC from healthcare events that have occurred but are not yet reported amounts included in Note 11. We noted no matters requiring further consideration.

We considered the valuation of the LIC from healthcare events that have occurred but have not yet been reported to be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties applied in determining the future cash flow projections and the risk adjustments for non-financial risk.

- We enquired with the Scheme's administrator whether the IFRS 17 Risk Adjustment methodology (including the confidence level) has changed since the prior year. No changes were noted.
- We performed a reasonableness assessment of the risk adjustment amount by recalculating the risk adjustment using the average risk adjustment factor over the past 3 years. No material differences were noted.

We performed the following procedures to assess the adequacy of the LIC from healthcare events that have occurred but are not yet reported:

- We obtained the actual claims run-off report up to 31 March 2025 from the Scheme's administrator and compared the claims paid post year-end to the LIC from healthcare events that have occurred but are not yet reported at year-end as part of subsequent event procedures. No material inconsistencies were noted.
- For a sample of claims from the claims run-off report, we tested the occurrence and accuracy of the claims as well as the accuracy of the related service dates by agreeing the claims to underlying supporting documents on the policy administration system and we identified no material inconsistencies.
- We inquired from the Scheme's administrator whether there were delays in processing claims at year-end that could possibly impact the claims run-off pattern subsequent to year-end. No such delays were identified.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the document titled "Medimed Medical Scheme's Annual Financial Statements for the year ended 31 December 2024". The other information does not include the financial statements and our auditor's report thereon.

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

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



on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

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

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit



matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

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

1. Section 33(2): Each benefit option should be financially sound and self-supporting. In respect of this scheme, the Medisave Essential, Medisave Max and Medisave Standard options incurred deficits at the net insurance result level.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of Medimed Medical Scheme for 26 years.

The engagement partner, Mr A. Rathan, has been responsible for Medimed Medical Scheme's audit for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A. Rathan

Registered Auditor

Gqeberha, South Africa

12 April 2025

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 R	2023 R
ASSETS			
Non-current assets		268 182 976	240 298 268
Financial assets at fair value through profit or loss	5	218 947 623	207 074 168
Financial assets at amortised cost	6	49 235 353	33 224 100
Current assets		97 717 691	97 734 414
Financial assets at amortised cost	6	-	18 090 341
Trade and other receivables	7	4 887	4 887
Cash and cash equivalents	8	39 576 085	25 564 241
Savings trust assets	21	57 996 526	53 884 409
Reinsurance contract assets	10	140 193	190 536
Total assets		<u>365 900 667</u>	<u>338 032 682</u>
LIABILITIES			
Non-current liabilities			
Insurance contract liabilities	11.2	295 850 297	273 443 265
Current liabilities		70 050 370	64 589 417
Trade and other payables	9	673 675	980 904
Reinsurance contract liabilities	10	662 384	700 392
Insurance contract liabilities	11.1	68 714 312	62 908 121
Total liabilities		<u>365 900 667</u>	<u>338 032 682</u>

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 R	2023 R
Insurance revenue	12, 13	249 558 352	225 685 389
Insurance service expenses *	13	(275 486 796)	(245 201 081)
Net expense from reinsurance contracts held	16	(584 494)	(958 664)
Reinsurance expenses from reinsurance contracts held	16	(8 787 147)	(9 337 497)
Reinsurance income from reinsurance contracts held	16	8 202 653	8 378 833
Insurance service result (net healthcare result)		(26 512 938)	(20 474 356)
Investment income from financial assets	17	22 653 396	21 906 738
Net fair value gains on fair value investments		12 359 933	4 911 459
Net investment income		35 013 329	26 818 197
Finance expenses from insurance contracts issued - PMSA	18	(4 853 565)	(4 215 233)
Net insurance finance expenses		(4 853 565)	(4 215 233)
Net result after investment income and finance expenses		3 646 826	2 128 608
Investment consulting		(859 161)	(632 952)
Other operating expenses	19	(4 121 000)	(3 013 668)
Prescribed savings balances written off		1 028 207	1 207 443
Sundry income		305 128	310 569
Total comprehensive income for the year		-	-
Amounts attributable to future members	11.2, 27	22 407 032	4 915 138

* Including amounts attributable to future members

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 R	2023 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members		305 429 634	276 830 031
Cash paid to providers, employees and members		(311 928 188)	(290 968 584)
Cash paid for claims		(265 891 070)	(247 349 025)
Cash paid to providers - accredited administration fees		(17 632 053)	(16 774 717)
Cash paid to providers - managed care fees		(7 086 328)	(6 562 410)
Cash payments to reinsurers		(8 707 409)	(8 848 868)
Cash paid to providers and employees		(5 176 564)	(3 898 760)
Cash paid to members - savings plan refunds		(7 434 763)	(7 534 804)
Net cash outflow from operations		(6 498 554)	(14 138 553)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income		8 540 865	9 103 924
Proceeds from investments - Non-current	5	49 001 500	43 500 000
Payments on purchase of investments - Non-current	5, 6	(86 000 000)	(65 500 000)
Proceeds from investments - Current	6	60 000 000	55 000 000
Payments on purchase of investments - Current	6	(7 000 000)	(17 000 000)
Net cash inflow from investing activities		24 542 365	25 103 924
NET INCREASE IN CASH AND CASH EQUIVALENTS		18 043 811	10 965 371
Cash and cash equivalents at the beginning of the year		76 984 077	66 018 706
Total cash and cash equivalents at the end of the year		95 027 889	76 984 077
Comprising of:			
Cash and cash equivalents	8	39 427 889	25 484 077
Savings trust assets	21	55 600 000	51 500 000
		95 027 889	76 984 077

**MEDIMED MEDICAL SCHEME
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

General information

Medimed Medical Scheme is an open medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended and is domiciled in South Africa.

1. Basis of preparation

The financial statements have been prepared in accordance with the Medical Schemes Act, No. 131 of 1998, which requires additional disclosures for registered medical schemes, and IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value in terms of IFRS 9 and insurance and reinsurance assets and liabilities measured in terms of IFRS 17.

IFRS Accounting Standards comprise IFRS Accounting Standards, IAS Standards and Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The financial statements are prepared on the going concern principle. Amounts in the financial statements have been rounded to the nearest Rand value.

The South African Rand is the functional and presentation currency of the scheme.

The preparation of the financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 25. Refer to notes 2 and 3 for the significant judgements and estimates applicable to the scheme. Management does not have the power to amend the audited financial statements once issued.

a) Standards, amendments and interpretations to existing standards that are effective and apply to the scheme

▪ **IAS 1 Presentation of Financial Statements**

- *Classification of Liabilities as Current or Non-current:* Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

- *Disclosure of Accounting Policies:* The amendments require schemes to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. Basis of preparation – continued

a) Standards, amendments and interpretations to existing standards that are effective and apply to the scheme - continued

These amendments are effective for the scheme's period end commencing 1 January 2024. These amendments did not have a material impact on the scheme's financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the scheme

The following standards, amendments and interpretations to published standards have been published and are mandatory for the scheme's accounting periods beginning on or after 1 January 2025. These standards have not been early adopted.

- IFRS 7 Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

These amendments are effective for the scheme's period end commencing 1 January 2026. These amendments will not have a material impact on the scheme's financial statements.

- IFRS 7 Financial Instruments: Disclosures - Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition

Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13.

This amendment is effective for the scheme's period end commencing 1 January 2026. This amendment will not have a material impact on the scheme's financial statements.

- IFRS 9 Financial Instruments - Amendments to the Classification and Measurement of Financial Instruments

Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:

- Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

These amendments are effective for the scheme's period end commencing 1 January 2026. These amendments will not have a material impact on the scheme's financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. Basis of preparation – continued

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the scheme - continued

▪ **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 is the culmination of the IASB's Primary Financial Statements project.

IFRS 18 introduces three sets of new requirements to improve reporting of financial performance and give users of financial statements a better basis for analysing and comparing entities:

- Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses - operating, investing and financing - to improve the structure of the income statement, and a requirement for all entities to provide new defined subtotals, including operating profit.
- Enhanced transparency of management-defined performance measures with a requirement for entities to disclose explanations of those entity-specific measures that are related to the income statement.
- More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for entities to provide more transparency about operating expenses.
- This Standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

This standard is effective for the scheme's period end commencing 1 January 2027. These amendments will not have a material impact on the scheme's financial statements, but could potentially affect the disclosures.

▪ **IAS 7 Statement of Cash Flows - Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method**

Narrow scope amendment to replace the term "cost method" with "at cost" following the earlier removal of the definition of "cost method" from IFRS Accounting Standards.

This amendment is effective for the scheme's period end commencing 1 January 2026. This amendment will not have a material impact on the scheme's financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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2. Significant judgements

2.1.1 Assessment as to whether the scheme is a mutual entity

A medical scheme is not legally defined as a mutual entity and the assessment as to whether a medical scheme is a mutual entity was done based on the principles set out in IFRS Accounting Standards.

IFRS 3 defines a “mutual entity” as “An entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities.”

IFRS 17 does not define a “mutual entity”, however it provides a key characteristic of a mutual entity in the basis of conclusion to the standard. IFRS 17 explains that “a defining feature of an insurer that is a mutual entity is that the most residual interest of the entity is due to a policyholder and not a shareholder.” The Act is not explicit that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the medical scheme. Section 64 of the Act requires the medical scheme rules to be followed in the event of liquidation.

The rules of the scheme do not contain specific guidance on how the assets of the scheme should be distributed on liquidation. The Act prohibits the disposal of assets of a medical scheme except in limited, listed circumstances, one of them being the liquidation of the scheme. Members can opt for voluntary liquidation and can distribute the scheme’s remaining assets amongst themselves. As the scheme does not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases.

Although the rules do not specify how the assets should be distributed on liquidation, IFRS 17 states that “contracts can be written, oral or implied by an entity’s customary business practices. Contractual terms include all terms in a contract, explicit or implied, but an entity shall disregard terms that have no commercial substance (i.e. no discernible effect on the economics of the contract). Implied terms in a contract include those imposed by law or regulation”. Therefore, based on customary business practices, the remaining assets of the scheme should be distributed to the members on liquidation if there are any and if the scheme does not amalgamate with another scheme. Even if the assets are distributed by a regulator or by the policyholders to an independent third party e.g. another medical scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder.

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2. Significant judgements - continued

2.1.1 Assessment as to whether the scheme is a mutual entity - continued

The substance of the legal framework issued regarding insurance contracts and observed practice is that once a contribution is paid to the medical scheme, the contribution is used to provide benefits to members. The benefits are provided by the medical scheme (or amalgamated schemes) through insurance coverage, reduced contributions, or payment to members on liquidation (based on votes taken by members).

It is therefore expected that the remaining assets of the scheme will be used to pay current and future members. Based on the above, the scheme meets the definition of a mutual entity in IFRS Accounting Standards.

The scheme has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities and the educational material as issued by the IASB and the scheme recognises any cumulative surpluses or deficits as part of the insurance liability attributable to future members (which forms part of the insurance contract liabilities on the face of the statement of financial position).

Consequently the statement of comprehensive income reflects no total comprehensive income for the year. The movement in the insurance liability attributable to future members is included in the insurance service expenses line.

Due to the scheme being categorised as a mutual entity in terms of IFRS 17, the assessment of onerous contracts is also affected.

2.1.2 Unit of account

Judgement has been applied as to how the scheme determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio of the scheme as a whole due to the holistic pricing methodologies and risk management strategies that are applied on a scheme level.

The above is demonstrated by the following:

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

In addition to the above, the scheme is applying the exemption to grouping as allowed in IFRS 17. Laws and regulations specifically constrain the scheme's practical ability to set different prices or levels of benefits for members with different characteristics. The Medical Schemes Act, No. 131 of 1998 prohibits the scheme from setting different prices for its members. As such, the scheme does not group contracts in various profitability groupings.

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2. Significant judgements - continued

2.1.3 Risk adjustment - liability for incurred claims (LIC)

The risk adjustment for non-financial risk is applied to the estimated future cash flows and reflects the compensation the scheme requires for bearing the uncertainty about the amount and timing of cash flows from non-financial risk as the scheme fulfils insurance contracts. As the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the scheme's degree of risk aversion. The scheme estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level as the scheme does not have groups due to laws constraining the scheme's ability to set a price for different members. The confidence level method was used to derive the overall risk adjustment for non-financial risk. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculate the LIC. The confidence level is set to 75%.

The methods and assumptions used to determine the risk adjustment for non-financial risk were applied consistently in 2023 and 2024.

2.1.4 Risk adjustment - risk transfer arrangements

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

3. Significant estimates

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. This 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. Future cash flows are estimated using deterministic scenarios.

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 25.

3.1.1 Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of the group of contracts are all the future cash flows within the boundary of the group of insurance contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The scheme estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the scheme uses information about past events, current conditions and forecasts of future conditions. The scheme's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a full range of scenarios.

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3. Significant estimates - continued

3.1.1 Estimates of future cash flows to fulfil insurance contracts - continued

The uncertainty in the insurance contracts lies in the number, severity and timing of claims.

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

3.1.2 Methods used to measure the insurance contracts

The scheme estimates insurance liabilities in relation to claims incurred for healthcare contracts.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The generally accepted actuarial methodology used in assessing the estimated claims outcome of insurance liabilities is the chain-ladder method.

The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each period (in the scheme's case, for the four months post year-end) that is not yet fully developed to produce an estimated ultimate case cost for each healthcare year. The chain-ladder method is the most appropriate for this claim pattern.

Run-off triangles are used in situations where it takes time after the treatment date for the full extent of the claims to become known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

The following was taken into account when estimating the LIC:

- The homogeneity of the data;
- Changes in the pattern of claims;
- Changes in the composition of members and their beneficiaries;
- Changes in benefit limits; and
- Changes in the prescribed minimum benefits.

4. Principal accounting policies

The following are the principal accounting policies used by the scheme, which are consistent with those applied in the comparatives.

4.1 Insurance contracts

4.1.1 Definition

Insurance contracts are contracts under which the scheme accepts significant insurance risk from a member by agreeing to compensate the member if a specified uncertain future event adversely affects the member. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The scheme uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the scheme has the possibility of a loss) and whether the accepted insurance risk is significant.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.2 Unit of account

The scheme has assessed its portfolio to be at a scheme level as a whole.

Please refer to note 2 for the assessment.

The scheme has applied the exemption not to perform profitability groupings as allowed by IFRS 17 and included all contracts in the same group. The scheme has further assessed that there are no facts and circumstances to indicate that a group was onerous at inception date.

The scheme operates the Medisave Essential, Medisave Max and Medisave Standard options with a personal medical savings account (PMSA) element. Under IFRS 4, the investment component and insurance component are unbundled and disclosed separately, whilst IFRS 17 indicates certain considerations to be taken into account with regards to the disclosure of PMSA.

IFRS 17 requires that the investment component and insurance components are highly correlated. In this respect, the one component cannot be measured with considering the other. Under Medisave Essential, Medisave Max and Medisave Standard, once the risk component of benefits are exhausted, the PMSA component will become available. The two benefits are therefore highly interrelated.

Another indicator of the interrelationship between the two components is that the member cannot benefit from the one component unless the other component is also present. When a member joins an option with a PMSA component, they have to join both the risk component and PMSA component. If a member terminates their membership, they terminate both components.

As both the investment component and insurance component are highly interrelated, they cannot be separated and IFRS 17 has been applied to the entire contract, including the PMSA.

The PMSA is therefore a non-distinct investment component with the balances included in insurance contract liabilities in the statement of financial position. The scheme has elected to include the PMSA in the LIC.

4.1.3 Contract boundary

The scheme uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed annually, where necessary.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the member is obligated to pay contributions or the scheme has a substantive obligation to provide the member with insurance coverage or other services. A substantive obligation ends when both of the following conditions are satisfied:

- The scheme has the practical ability to reprice the group of contracts so that the price fully reflects the reassessed risk of that portfolio; and
- The pricing of contributions related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the member to the scheme are considered. Other risks, such as lapse or surrender and expense risk, are not included.

The scheme has assessed all its contracts and determined all contracts to have a boundary of one calendar year.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.4 Recognition and derecognition

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

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

The scheme uses the Premium Allocation Approach (PAA) for measuring contracts with a coverage period of one year or less.

In addition to the contracts with coverage of less than one year, the PAA can be used for measurements of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the LRC that would be produced by applying the GMM (general measurement model) or VFA (variable fee approach).

An insurance contract is derecognised when it is:

- Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- If the terms are modified due to an agreement between the scheme and its member or by regulation and the modification terms meet the requirement in IFRS 17.

If the modification does not comply with all the requirements of IFRS 17, the scheme treats the changes in cash flow as changes in estimates of fulfilment cash flows (FCF).

4.1.5 Initial and subsequent measurement

For insurance contracts issued, on initial recognition, the scheme measures the liability for remaining coverage (LRC) as the amount of contributions received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

The carrying amount of the group of insurance contracts issued at each reporting period is the sum of:

- a. The LRC; and
- b. The LIC, comprising the FCF related to past service allocated to the scheme at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a. Increased for contributions received in the period;
- b. Decreased for insurance acquisition cash flows paid in the period; and
- c. Decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

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

- a. increased by net surpluses for the period; and
- b. decreased by the net deficits for the period.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.5 Initial and subsequent measurement - continued

For insurance contracts issued at each of the subsequent reporting dates, the LIC is:

- a. Best estimate of fulfilment cash flow; and
- b. Risk adjustment for non-financial risk.

The insurance contract liabilities consist of two components:

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

The scheme has elected to include contribution debtors in the LIC.

Refer to notes 2.1.3 and 3.1.1 for the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

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

4.1.6 Insurance revenue

As the scheme provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the scheme expects to be entitled to in exchange for those services.

For the group of insurance contracts measured under the PAA, the scheme recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts, unless the expected pattern of incurring the insurance service expenses differs significantly from the coverage period.

4.1.7 Expenses

Insurance service expenses include:

- a. Incurred claims and benefits excluding investment components;
- b. Other incurred directly attributable insurance service expenses;
- c. Changes that relate to past service (i.e. changes in the FCF relating to the LIC);
- d. Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components); and
- e. Amounts attributable to future members.

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

The scheme includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are costs directly attributable to individual contracts and the group of contracts.

Insurance acquisition costs are expensed by the scheme when it incurs the cost and comprises, amongst others, broker service fees.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.8 Insurance interest income and expenses

The non-distinct investment component (PMSA) accrues interest. This is disclosed within the insurance finance expense line item.

4.2 Reinsurance contracts

4.2.1 Definition

Risk transfer arrangements are contractual arrangements entered into by the scheme with a provider. The provider is paid a fixed fee per member per month to cover the risk of the number of incidents that occur during a specified period and the cost of providing the service. Risk transfer arrangements do not reduce the scheme's primary obligations to its members and their dependents. While the scheme's risk transfer arrangement meets the definition of a reinsurance contract under IFRS 17 and accounted for as such, the scheme's risk transfer provider does not meet the definition of a reinsurer.

4.2.2 Unit of account

Groups of reinsurance contracts held are assessed for aggregation separately from groups of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the scheme aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of contracts for which there is a net gain at initial recognition.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The scheme tracks internal management information reflecting historical experiences on such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

4.2.3 Recognition and derecognition

The reinsurance contract held that covers the losses of separate insurance contracts on a proportionate basis is recognised at the later of:

- The beginning of the coverage period of the group; or
- The initial recognition of any underlying insurance contract.

The scheme does not recognise their reinsurance contract held until it has recognised at least one of the underlying insurance contracts.

Refer to 4.1.4 under insurance contracts for guidance on modifications and derecognition.

4.2.4 Initial and subsequent measurement

For reinsurance contracts held, on initial recognition, the scheme measures the remaining coverage at the amount of ceding contributions paid.

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

- a. The remaining coverage; and
- b. The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.2 Reinsurance contracts - continued

4.2.4 Initial and subsequent measurement - continued

Subsequent measurement of the remaining coverage for reinsurance contracts held is:

- a. Increased for ceding contributions paid in the period; and
- b. Decreased for the amounts of ceding contributions recognised as reinsurance expenses for the services received in the period.

The scheme does not adjust the asset for the remaining coverage for insurance contracts held for the effect of the time value of money. The reinsurance contributions are due within coverage periods which are one year or less.

4.2.5 Contract boundary

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

The scheme's capitation agreements held have a duration of one year, but are cancellable with the notice period agreed to between the parties.

Net income/(expense) from reinsurance contracts held:

The scheme presents the financial performance of groups of reinsurance contracts held on a gross basis.

Reinsurance income consists of:

- a. The amount that depicts the value the insurer benefits from entering into a risk transfer arrangement (i.e. the value of services received from the capitation provider).

Reinsurance expenses consists of:

- a. Reinsurance expenses;
- b. Other directly attributable insurance service expenses; and
- c. Effect of changes in risk of reinsurer non-performance.

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 contributions the scheme expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the scheme recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

4.3 Financial assets

The scheme's financial assets comprise of financial assets measured at fair value through profit or loss, financial assets measured at amortised cost and trade and other receivables.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Financial assets - continued

Recognition and initial measurement

On initial recognition trade receivables and debt securities issued are recognised when they are originated and all other financial assets are recognised when the scheme becomes a party to the contractual provisions of the instrument.

All financial assets are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets with maturity dates of more than 3 months up to 12 months at inception are classified as current investments, whereas financial assets with maturity dates of more than 12 months at inception are classified as non-current investments.

Classification and subsequent measurement

The scheme classifies its financial assets in the following categories: at fair value through profit or loss and at amortised cost. Management determines the classification of its financial assets at initial recognition.

Financial assets are not reclassified subsequent to their initial measurement unless the scheme changes its business model for managing financial assets, in which cases all affected financial assets are reclassified in the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective it is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on principle amounts outstanding on specified dates.

All financial assets not classified as measured at amortised cost will be measured at fair value through profit or loss. On initial recognition, the scheme may irrevocably designate an asset that otherwise meet the criteria to be measured at amortised cost as at fair value through profit or loss if by doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

a. Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Financial assets - continued

Subsequent measurement and gains and losses - continued

b. Financial assets at amortised cost

These assets are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss and reduces the amortised cost of the financial asset.

Derecognition

The scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred asset.

The scheme enters into a transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred asset is not derecognised.

Impairment

a. Trade receivables (does not include members that are in arrears)

The scheme assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the scheme applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

b. Debt instruments and other instruments carried at amortised cost

For debt investments and other instruments at amortised cost the scheme assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried and other instruments at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Equity instruments

The scheme subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as investment income financial assets when the group's right to receive payments is established.

Net fair value gains/(losses) on fair value investments are recognised in gains/(losses) on fair value investments in the statement of comprehensive income as applicable.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Financial assets - continued

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks and other short-term liquid investments that are readily convertible (within 3 months) to a known amount of cash and are subject to an insignificant risk of change in value.

4.5 Trade and other receivables

Trade receivables comprise sundry debtors, such as expenses paid in advance. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.6 Provisions

Provisions are recognised when the scheme has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money and the risks specific to the liability using a pre-tax discount rate. The underwriting of the discount is recognised as finance cost.

4.7 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.8 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- a. restricted activities;
- b. a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; insufficient equity to permit the structured entity to finance its activities without subordinated
- c. financial support; and
- d. financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The scheme has determined that some of its investments in pooled funds and collective investment schemes ("funds") are investments in unconsolidated structured entities. The scheme invests in these funds, whose objectives range from achieving medium- to long-term capital growth and whose investment strategy do not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

The change in fair value of each fund is included in the statement of comprehensive income in 'Net fair value gains/ (losses) on investments'.

4.9 Investment income from financial assets

Investment income consists of interest on investments and the current bank account. Interest is recognised as it accrues in surplus or deficit according to the effective interest method. Dividends are recognised as investment income in the statement of comprehensive income as it is received.

4.10 Impairment losses

A financial asset not carried at fair value through surplus or deficit is assessed at each reporting period as to whether it is impaired. Losses are recognised in surplus or deficit and reflected in an allowance account.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Calculation of recoverable amount

The recoverable amounts of the scheme's receivables carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at the effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.10 Impairment losses - continued

Reversals of impairment

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

4.11 Reimbursement from the Road Accident Fund (RAF)

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

A reimbursement from the RAF is a possible asset that arises from claims submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the scheme. The contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the contingent asset and the related income are recognised in the annual financial statements of the period in which the virtual certainty occurs. Amounts received from members in respect of reimbursements from the RAF are recognised as a reduction in incurred claims.

4.12 Personal medical savings account (PMSA) monies managed by the scheme on behalf of its members

The personal medical savings account, which is managed by the scheme on behalf of its members, represents savings contributions (which is a deposit component of the insurance contracts), and accrued interest thereon, net of any savings claims paid on behalf of members in terms of the scheme's registered rules.

Refer to note 4.1.2 for the treatment of PMSA under IFRS 17.

Unspent savings at year-end are carried forward to meet future expenses for which the members are responsible. In terms of the Medical Schemes Act 131 of 1998, as amended, balances standing to the credit of members are refundable only in terms of Regulation 10 of the Act.

Advances on savings contributions are funded from the scheme's funds, and the risk of impairment is carried by the scheme.

The scheme rules provides for unclaimed savings balances to be written off in instances where members could not be traced.

4.13 Income tax

In terms of Section 10(1)(d) of the Income Tax Act 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the scheme is exempt from income tax. As a result, the scheme does not provide for income tax or deferred tax.

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4. PRINCIPAL ACCOUNTING POLICIES – continued

4.14 Insurance contract liabilities to future members

This represent the reserves of the scheme. The funds are mainly held as statutory reserves in lieu of solvency requirements as required by the Act.

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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2024 R	2023 R
Stanlib Income Fund	17 602 836	34 011 687
Sanlam Inflation Beater (previously ABSA Inflation Beater)	39 733 682	53 533 228
M & G Investments	60 130 491	54 171 797
Nedgroup Core Income Fund	16 713 159	25 593 794
Sanlam SIM Top Choice Equity Fund	31 688 732	18 035 449
Allan Gray Life Stable Medical Scheme Portfolio	53 078 723	21 728 213
	<u>218 947 623</u>	<u>207 074 168</u>

Financial assets at fair value through profit and loss (FVTPL)

As at 1 January	207 074 168	202 038 599
Fair value adjustments on investments at FVTPL	12 359 933	4 911 459
Income distributions reinvested	11 111 470	11 480 127
Contributions to investments	38 000 000	32 500 000
Withdrawal of investments	(49 001 500)	(43 500 000)
Investment manager fees	(596 448)	(356 017)
As at 31 December	<u>218 947 623</u>	<u>207 074 168</u>

Investments at FVTPL include the following:

Equity investments	71 544 224	50 805 294
Bonds	95 678 321	107 384 493
Deposits with banks	51 725 078	48 884 381
	<u>218 947 623</u>	<u>207 074 168</u>

Investments at FVTPL consist of the investments in the Stanlib Income Fund, Sanlam Inflation Beater, M&G Investments, Nedgroup Core Income Fund, Sanlam SIM Top Choice Equity Fund and Allan Gray Life Stable Medical Scheme Portfolio, of which the underlying assets comprise cash, bond and equity instruments. These do not have a specified maturity date and form part of the scheme's long term investment strategy.

Fair value hierarchy of investments

Non-current investments are stated at quoted market prices. All investments are on level 1 of the hierarchy.

6. FINANCIAL ASSETS AT AMORTISED COST

Long term deposits (before accrued interest)	45 000 000	33 000 000
Accrued interest	4 235 353	224 100
	<u>49 235 353</u>	<u>33 224 100</u>

The weighted average effective return on non-current investments was 9.23% (2023: 9.18%). These investments are measured at amortised cost using the effective interest rate. These deposits were invested for periods of up to 2 years.

As at 31 December 2024 and 2023 the carrying amounts of long term deposits approximate their fair values.

Short term deposits (before accrued interest)	-	17 000 000
Accrued interest	-	1 090 341
	<u>-</u>	<u>18 090 341</u>

The weighted average effective return on current investments was 9.12% in 2023. These investments are measured at amortised cost using the effective interest rate.

As at 31 December 2024 and 2023 the carrying amounts of short term deposits approximate their fair values.

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7. TRADE AND OTHER RECEIVABLES

	2024 R	2023 R
Sundry debtors	4 887	4 887
	<u>4 887</u>	<u>4 887</u>

Net contribution receivables, amounts receivable from providers/members and net advance payments on savings plan accounts have been disclosed under insurance contract liabilities in terms of IFRS 17. Accrued interest is shown as part of the balances of the financial assets at amortised cost and cash and cash equivalents.

As at 31 December 2024 and 2023 the carrying amounts of accounts receivable approximate their fair values due to the short-term nature of these assets.

8. CASH AND CASH EQUIVALENTS

Call account	3 500 000	-
Current accounts	8 427 889	3 484 077
Short term deposits	27 500 000	22 000 000
Accrued interest	148 196	80 164
	<u>39 576 085</u>	<u>25 564 241</u>
Cash and cash equivalents excluding accrued interest	39 427 889	25 484 077

As at 31 December 2024 the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term nature of these assets. The weighted average effective interest rate on short-term deposits was 7.63% (2023: 8.19%) and the effective interest rate on the call account was 7.35%. The carrying value has been determined at amortised cost using the effective interest rate method.

Unclaimed amounts which had not been presented for payment amounted to R 1 014 993 (2023: R 713 756) at year-end.

9. TRADE AND OTHER PAYABLES

Accrued expenses	411 280	822 885
Provision for audit fees	262 395	158 019
	<u>673 675</u>	<u>980 904</u>

Contributions overpaid, contributions received in advance, remittances initiated but not yet paid and accredited administration and managed care fees payable have been disclosed under insurance contract liabilities in terms of IFRS 17.

The carrying amounts of trade and other payables approximate their fair values because of the short-term nature of these liabilities.

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10. REINSURANCE CONTRACT ASSETS/(LIABILITIES)

	Remaining Coverage Component R	2024 Incurred claims for contracts under the PAA R	Total R
Opening reinsurance contract assets	-	190 536	190 536
Opening reinsurance contract liabilities	-	(700 392)	(700 392)
Net balance as at 1 January	-	(509 856)	(509 856)
Net expense/(income) of reinsurance contracts held			
Reinsurance expense	(8 787 147)	-	(8 787 147)
Claims recovered	-	8 202 653	8 202 653
Net expense of reinsurance contracts held	(8 787 147)	8 202 653	(584 494)
Cash flows			
Premiums paid	8 707 409	-	8 707 409
Recoveries from reinsurance	-	(8 202 653)	(8 202 653)
Changes in fulfilment cash flows relating to past service	-	117 746	117 746
Fulfilment cash flows relating to current service	-	(50 343)	(50 343)
Total cash flows	8 707 409	(8 135 250)	572 159
Transfer of remaining coverage to incurred claims	79 738	(79 738)	-
Net balance as at 31 December	-	(662 384)	(662 384)
Closing reinsurance contract assets	-	140 193	140 193
Closing reinsurance contract liabilities	-	(662 384)	(662 384)
Net balance as at 31 December	-	(522 191)	(522 191)
	Remaining Coverage Component R	2023 Incurred claims for contracts under the PAA R	Total R
Opening reinsurance contract assets	-	243 798	243 798
Opening reinsurance contract liabilities	-	(776 938)	(776 938)
Net expense/(income) of reinsurance contracts held			
Reinsurance expense	(9 337 497)	-	(9 337 497)
Claims recovered	-	8 378 833	8 378 833
Net (income) of reinsurance contracts held	(9 337 497)	8 378 833	(958 664)
Cash flows			
Premiums paid	8 848 868	-	8 848 868
Recoveries from reinsurance	-	(8 378 833)	(8 378 833)
Changes in fulfilment cash flows relating to past service	451 539	113 637	565 176
Fulfilment cash flows relating to current service	-	(53 262)	(53 262)
Total cash flows	9 300 407	(8 318 458)	981 949
Transfer of remaining coverage to incurred claims	37 090	(37 090)	-
Net balance as at 31 December	-	(700 392)	(700 392)
Closing reinsurance contract assets	-	190 536	190 536
Closing reinsurance contract liabilities	-	(700 392)	(700 392)
Net balance as at 31 December	-	(509 856)	(509 856)
The risk adjustment factors on the reinsurance contracts are as follows:			
IBNR provision (included in claims recovered)		217 747	159 388
Risk adjustment %		5.91%	2.93%
Risk adjustment value		12 869	4 670

As these amounts are not considered significant, the risk adjustment factor for reinsurance contracts has not been accounted for.

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11. INSURANCE CONTRACT LIABILITIES

	2024 R	2023 R
Insurance contract liabilities is made up of the following two components:		
▪ Liability attributable to current members; and		
▪ Liability attributable to future members.		
Insurance contract liabilities - Current liability attributable to current members	68 714 312	62 908 121
Insurance contract liabilities - Non-current liability attributable to future members	295 850 297	273 443 265
	<u>364 564 609</u>	<u>336 351 386</u>

11.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2024 Liability for Remaining Coverage R	2024 Liability for Incurred Claims R	2024 Risk adjustment factor R	Total R
Insurance contract liabilities as at 1 January	382 319	61 949 103	576 699	62 908 121
Insurance revenue				
New contracts and contracts measured under the PAA	(249 558 352)	-	-	(249 558 352)
Total insurance revenue	<u>(249 558 352)</u>	<u>-</u>	<u>-</u>	<u>(249 558 352)</u>
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	242 872 678	1 134 440	244 007 118
Changes that relate to past service - adjustment to the LIC	-	723 346	(576 699)	146 647
Changes that relate to PMSA - prescribed savings balances	-	(1 028 207)	-	(1 028 207)
Total insurance service expenses	<u>-</u>	<u>242 567 817</u>	<u>557 741</u>	<u>243 125 558</u>
Insurance service result	(249 558 352)	242 567 817	557 741	(6 432 794)
Finance expenses from insurance contracts issued	-	4 853 565	-	4 853 565
Total amounts recognised in comprehensive income	<u>(249 558 352)</u>	<u>247 421 382</u>	<u>557 741</u>	<u>(1 579 229)</u>
Investment components (savings contributions) - refer note 12	(56 252 341)	56 252 341	-	-
Other changes: Premium debtors to LIC	456 699	(456 699)	-	-
Cash flows				
Premiums received	305 429 634	-	-	305 429 634
Incurred claims and other directly attributable expenses - refer note 11.3	-	(298 044 214)	-	(298 044 214)
Total cash flows	<u>305 429 634</u>	<u>(298 044 214)</u>	<u>-</u>	<u>7 385 420</u>
Insurance contract liabilities as at 31 December	<u>457 959</u>	<u>67 121 913</u>	<u>1 134 440</u>	<u>68 714 312</u>
Comprising of:				
Trade and other receivables				
Net contribution receivables				(9 001 722)
Accounts receivable: Providers/Members				(176 169)
Net advance payments on savings plan accounts				(611 101)
Trade and other payables				4 863 823
Net contributions received in advance				457 959
Contributions overpaid				549 268
Remittances initiated but not yet paid				1 876 072
Accredited administration and managed care fees payable				1 980 524
Outstanding claims provision				19 200 000
Personal Medical Savings Account Monies managed by the scheme on behalf of its members				53 305 041
Risk adjustment factor for non-financial risk				1 134 440
				<u>68 714 312</u>

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11.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS - continued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

			2023	
	Liability for Remaining Coverage R	Liability for Incurred Claims R	Risk adjustment factor R	Total R
Insurance contracts issued				
Insurance contract liabilities as at 1 January	386 874	54 808 567	682 641	55 878 082
Insurance revenue				
New contracts and contracts measured under the PAA	(225 685 389)	-	-	(225 685 389)
Total insurance revenue	<u>(225 685 389)</u>	<u>-</u>	<u>-</u>	<u>(225 685 389)</u>
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	230 696 556	576 699	231 273 255
Changes that relate to past service - adjustment to the LIC	-	507 949	(682 641)	(174 692)
Changes that relate to PMSA - prescribed savings balances	-	(1 207 443)	-	(1 207 443)
Total insurance service expenses	<u>-</u>	<u>229 997 062</u>	<u>(105 942)</u>	<u>229 891 120</u>
Insurance service result	(225 685 389)	229 997 062	(105 942)	4 205 731
Finance expenses from insurance contracts issued	-	4 215 233	-	4 215 233
Total amounts recognised in comprehensive income	<u>(225 685 389)</u>	<u>234 212 295</u>	<u>(105 942)</u>	<u>8 420 964</u>
Investment components (savings contributions) - refer note 12	(50 083 903)	50 083 903	-	-
Other changes: Premium debtors to LIC	(1 065 294)	1 065 294	-	-
Cash flows				
Premiums received	276 830 031	-	-	276 830 031
Incurred claims and other directly attributable expenses paid - refer note 11.3	-	(278 220 956)	-	(278 220 956)
Total cash flows	<u>276 830 031</u>	<u>(278 220 956)</u>	<u>-</u>	<u>(1 390 925)</u>
Insurance contract liabilities as at 31 December	<u>382 319</u>	<u>61 949 103</u>	<u>576 699</u>	<u>62 908 121</u>
Comprising of:				
Trade and other receivables				
Net contribution receivables				(8 620 028)
Accounts receivable: Providers/Members				(114 152)
Net advance payments on savings plan accounts				(649 010)
Trade and other payables				3 797 392
Net contributions received in advance				382 319
Contributions overpaid				430 957
Remittances initiated but not yet paid				1 136 069
Accredited administration and managed care fees payable				1 848 047
Outstanding claims provision				19 700 000
Personal Medical Savings Account Monies managed by the scheme on behalf of its members				48 217 220
Risk adjustment factor for non-financial risk				576 699
				<u>62 908 121</u>

11.2 INSURANCE CONTRACT LIABILITIES - LIABILITY ATTRIBUTABLE TO FUTURE MEMBERS

Reconciliation of the insurance liability attributable to future members:

	2024 R	2023 R
Opening balance	273 443 265	268 528 127
Movement in insurance liability attributable to future members	22 407 032	4 915 138
Closing balance	<u>295 850 297</u>	<u>273 443 265</u>

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11.3 CASH FLOWS - INCURRED CLAIMS AND OTHER DIRECTLY ATTRIBUTABLE EXPENSES

	Notes	2024 R	2023 R
Cash paid for claims		(265 891 070)	(247 349 025)
Cash paid to providers - accredited administration fees		(17 632 053)	(16 774 717)
Cash paid to providers - managed care fees		(7 086 328)	(6 562 410)
Cash paid to members - savings plan refunds		(7 434 763)	(7 534 804)
Total cash flows - incurred claims and other directly attributable expenses		<u>(298 044 214)</u>	<u>(278 220 956)</u>

12. INSURANCE REVENUE

Gross contributions per registered rules		305 656 204	276 688 319
Less: Savings contributions received	21	(56 252 341)	(50 083 903)
Net impairment losses: Trade and other receivables	20	154 489	(919 027)
Insurance revenue per statement of comprehensive income	13	<u>249 558 352</u>	<u>225 685 389</u>

The savings contributions are received by the scheme in terms of Regulation 10(1) and the scheme's registered Rules. Refer to note 21 to the financial statements for more detail on how these monies were utilised.

13. INSURANCE REVENUE AND SERVICE EXPENSES

Insurance revenue			
Insurance revenue from contracts measured under the PAA	12	<u>249 558 352</u>	<u>225 685 389</u>
Total insurance revenue		<u>249 558 352</u>	<u>225 685 389</u>
Insurance service expenses			
Incurred claims and other directly attributable expenses	14	(252 356 418)	(239 777 994)
Changes that relate to past service - adjustments to the LIC	15	(723 346)	(507 949)
Amounts attributable to future members		(22 407 032)	(4 915 138)
Total insurance service expenses		<u>(275 486 796)</u>	<u>(245 201 081)</u>
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses - contracts measured under the PAA	16	(8 787 147)	(9 337 497)
Total expenses from reinsurance contracts held		<u>(8 787 147)</u>	<u>(9 337 497)</u>
Claims recovered	16	8 202 653	8 378 833
Total income from reinsurance contracts held		<u>8 202 653</u>	<u>8 378 833</u>
Total insurance service result		<u>(26 512 938)</u>	<u>(20 474 356)</u>

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14. INCURRED CLAIMS AND OTHER DIRECTLY ATTRIBUTABLE EXPENSES

	Notes	2024 R	2023 R
<i>Incurred claims (scheme risk)</i>		(199 545 166)	(188 450 672)
Current year claims per registered rules		(247 082 487)	(231 840 763)
Claims paid/charged to savings accounts	21	47 323 591	42 950 677
Third party claim recoveries		213 730	439 414
<i>Incurred claims (reinsurance contracts)</i>	16	(8 202 653)	(8 378 833)
<i>Managed care: management services</i>		(7 132 761)	(6 567 418)
Pharmacy benefit management		(2 359 143)	(2 143 900)
Hospital utilisation management		(3 253 311)	(3 014 523)
Disease management		(1 520 307)	(1 408 995)
<i>Accredited administration services</i>		(17 718 097)	(16 787 013)
Member record management		(1 108 783)	(1 071 117)
Contribution management		(1 260 122)	(1 216 552)
Claims management		(4 178 103)	(3 707 463)
Financial management		(2 434 351)	(2 350 955)
Information management and data control		(4 433 330)	(4 282 735)
Broker remuneration management		(48 831)	(47 855)
Customer services		(4 254 577)	(4 110 336)
Outstanding claims provision at year end		(19 200 000)	(19 700 000)
Reversal of risk adjustment factor (opening balance)		576 699	682 641
Recognition of risk adjustment factor (closing balance)		(1 134 440)	(576 699)
Adjustments to the risk adjustment factor		(557 741)	105 942
Incurred claims and other incurred insurance service expenses	13	<u>(252 356 418)</u>	<u>(239 777 994)</u>

15. CHANGES THAT RELATE TO PAST SERVICE - ADJUSTMENTS TO THE LIC

<i>Outstanding claims provision</i>			
Balance at the beginning of the year		19 700 000	16 400 000
Payments in respect of prior year		(20 423 346)	(16 907 949)
Under provision in prior year	13	<u>(723 346)</u>	<u>(507 949)</u>

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16. NET EXPENSE ON REINSURANCE CONTRACTS HELD

The scheme entered into the following risk transfer arrangements during the respective years.

	Notes	2024 R	2023 R
ER24 REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(2 335 091)	(2 148 392)
Reinsurance income from reinsurance contracts held		2 626 804	1 917 448
Net income/(expense)		<u>291 713</u>	<u>(230 944)</u>
ECIPA REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(4 553 640)	(5 090 578)
Reinsurance income from reinsurance contracts held		3 205 074	3 717 309
Net expense		<u>(1 348 566)</u>	<u>(1 373 269)</u>
PEGP REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(188 975)	(235 797)
Reinsurance income from reinsurance contracts held		178 079	203 369
Net expense		<u>(10 896)</u>	<u>(32 428)</u>
PREFERRED PROVIDER NEGOTIATORS REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(501 526)	(537 741)
Reinsurance income from reinsurance contracts held		855 755	900 097
Net income		<u>354 229</u>	<u>362 356</u>
BAY RADIOLOGY REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(714 983)	(813 075)
Reinsurance income from reinsurance contracts held		1 024 167	1 322 151
Net income		<u>309 184</u>	<u>509 076</u>
MOMENTUM HEALTH REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(492 932)	(511 914)
Reinsurance income from reinsurance contracts held		312 774	318 459
Net expense		<u>(180 158)</u>	<u>(193 455)</u>

The reinsurance expense amount includes the scheme's share of the profit on the agreement and amounted to R 708 118 (2023: R 777 786).

SUMMARY

Reinsurance expenses from reinsurance contracts held	13	(8 787 147)	(9 337 497)
Reinsurance income from reinsurance contracts held	13, 14	8 202 653	8 378 833
Net expense		<u>(584 494)</u>	<u>(958 664)</u>

Claims recoveries relating to risk transfer arrangements are calculated based on utilisation figures obtained from service providers and are reflected at scheme rates.

17. INVESTMENT INCOME FROM FINANCIAL ASSETS

Interest on cash and cash equivalents		4 003 725	2 979 799
Interest on investments		7 538 201	7 446 811
Interest on financial assets at FVTPL		10 406 524	11 410 801
Dividends on financial assets at FVTPL		704 946	69 327
		<u>22 653 396</u>	<u>21 906 738</u>

18. FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED - PMSA

Interest paid on savings plan account balances	21	<u>(4 853 565)</u>	<u>(4 215 233)</u>
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19. OTHER OPERATING EXPENSES

	Notes	2024 R	2023 R
Audit committee fees		(32 159)	(31 407)
Audit fee		(531 310)	(254 764)
Bank charges		(77 548)	(135 343)
Fidelity guarantee and professional indemnity insurance		(36 960)	(43 560)
Management fee (emergency services)		(199 363)	(185 257)
Management fee (PEGP)		(9 374)	(11 252)
Marketing expenses		(1 024 537)	(770 937)
Other expenses		(226 625)	(210 096)
Postage and courier costs		(142 033)	(113 772)
Principal officer's fees and expenses		(259 560)	(247 499)
Printing and stationery		(29 015)	(70 889)
Real time processing		(320 960)	(290 300)
Registrar's levies		(290 115)	(283 671)
Total trustees' remuneration and consideration expenses	24	(136 339)	(189 337)
Other administration services		(805 102)	(175 584)
Secretarial		(190 159)	(175 584)
Strategic management		(614 943)	-
		<u>(4 121 000)</u>	<u>(3 013 668)</u>

20. NET IMPAIRMENT LOSSES: TRADE AND OTHER HEALTHCARE RECEIVABLES

Contributions that are not collectable		339 885	(384 598)
Movement in provision	12	223 576	(419 921)
Amounts written off during the year		116 309	35 323
Provision for impairment on terminated members with negative savings	12	(69 087)	(499 106)
		<u>270 798</u>	<u>(883 704)</u>

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21. PERSONAL MEDICAL SAVINGS ACCOUNT MONIES MANAGED BY THE SCHEME ON BEHALF OF ITS MEMBERS

	Notes	2024 R	2023 R
Balance on personal medical savings account trust liability at the beginning of the year		48 217 220	46 090 857
Less:			
Advances on savings plan account		(1 753 714)	(1 110 744)
Net balance on personal medical savings account trust liability at the beginning of the year		46 463 506	44 980 113
Add:			
Savings contributions received	12	56 252 341	50 083 903
Interest and other income earned on trust monies invested	18	4 853 565	4 215 233
Advances on savings plan accounts		1 784 892	1 753 714
Less:			
Savings claims paid on behalf of members	14	(47 323 591)	(42 950 677)
Refunds on death or resignation in terms of Regulation 10		(7 434 763)	(7 534 804)
Year end adjustment		(262 702)	(1 122 819)
Prescribed savings balances written off		(1 028 207)	(1 207 443)
Balance at the year end		<u>53 305 041</u>	<u>48 217 220</u>
Provision for impairment on savings advances (on all terminated member advances)			
Opening balance		1 104 704	605 598
Closing balance		1 173 791	1 104 704
Net movement		<u>69 087</u>	<u>499 106</u>

The personal medical savings account liability contains a demand feature in terms of Regulation 10 of the Act that any credit balance on a member's personal medical savings account must be taken as a cash benefit when the member terminates his or her membership of the scheme or benefit option, and then enrolls in another benefit option or medical scheme without a personal medical savings account or does not enrol in another medical scheme.

Interest is paid on the personal medical savings accounts monthly based on the effective interest rate method.

It is estimated that claims to be paid out of members' personal medical savings accounts in respect of claims incurred in 2024 but not recorded amount to R 1 070 031 (2023: R 2 057 450).

Advances on personal medical savings accounts are funded by the scheme and are included in insurance contract liabilities. The scheme does not charge interest on advances on personal medical savings accounts. As at year end the carrying amount of the members' personal medical savings accounts were deemed to be equal to its fair value which is of a short term nature.

The year end adjustment is made in order to present the savings plan liability in terms of the executory contract principle. This adjustment does not affect the statement of comprehensive income.

The personal medical savings accounts were invested on behalf of members in the following assets at 31 December:

FNB Call account	12 600 000	8 500 000
FNB Fixed deposit	10 000 000	10 000 000
ABSA Fixed deposit	17 000 000	17 000 000
Investec Fixed deposit	16 000 000	16 000 000
Accrued interest	2 396 526	2 384 409
	<u>57 996 526</u>	<u>53 884 409</u>
Savings trust assets excluding accrued interest	55 600 000	51 500 000

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21. PERSONAL MEDICAL SAVINGS ACCOUNT MONIES MANAGED BY THE SCHEME ON BEHALF OF ITS MEMBERS - continued

The carrying amount of the trust investment approximates its fair value due to the short term maturities of these assets. The effective interest rate on bank deposits was 9.04% (2023: 9.35%)

The difference between the savings plan liability and savings assets is due to timing differences in savings contributions and savings claims paid which is corrected in the following month.

22. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to notes 2 and 3 for the significant judgements and estimates applicable to the scheme.

The table below reflects the impact of a change in the incurred claims and reported amounts attributable to future members caused by changes in key variables:

	Change in variable	Impact on insurance contract liability to future members 2024 R	Impact on insurance contract liability to future members 2023 R
Chronic claims incurred	1% increase in incurred claims	120 530	109 859
In hospital claims incurred	1% increase in incurred claims	1 524 248	1 423 224
Day to day claims incurred	1% increase in incurred claims	826 047	785 325

23. RELATED PARTY TRANSACTIONS

Momentum Thebe Ya Bophelo (Pty) Ltd, the administrator and managed care provider provides key management information to the scheme. Momentum Thebe Ya Bophelo (Pty) Ltd participates in the financial and operational activities of the scheme, but does not control the scheme.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the scheme. Key management personnel include the Board of Trustees, Principal Officer and members of the audit committee. The amounts include close family members of the Board of Trustees and the Principal Officer. (Refer to Note 24 for Trustee expenses)

These transactions were all concluded in terms of the rules of the scheme.

	2024 R	2023 R
Key management personnel		
<i>Transactions</i>		
Remuneration and expenses - Board of Trustees	136 339	189 337
Remuneration and expenses - Principal Officer	259 560	247 499
Audit committee meeting fees	32 159	31 407
Contributions received	686 980	590 640
Claims incurred	545 549	970 051
Savings due to members	162 011	133 201
Savings due to scheme	-	2 571
Transactions with parties that have significant influence over the Scheme		
Administrator		
Momentum Thebe Ya Bophelo (Pty) Ltd		
- Administration fees	18 523 199	16 962 597
- Managed care fees	7 132 761	6 567 418

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23. RELATED PARTY TRANSACTIONS - continued

	2024 R	2023 R
Transactions with parties that have significant influence over the Scheme - continued		
Other related parties		
Momentum Health (Pty) Ltd - reinsurance contract fees	492 932	511 914
<i>Outstanding balances at 31 December</i>		
Administrator		
Momentum Thebe Ya Bophelo (Pty) Ltd	2 049 931	2 122 608
Owing by other related parties		
Momentum Health (Pty) Ltd	-	50 343
Amounts due to the administrator are payable on the first working day of the following month		

24. TRUSTEES' EXPENSES

2024	Travel and accommodation	Meeting fees	Other costs	Total
G. Zamisa	-	27 735	2 193	29 928
V. Daweti	9 583	14 845	3 728	28 155
S. Jobela	9 583	14 845	1 341	25 768
T. Plaatjie	9 583	11 675	2 611	23 869
S. Syphus	9 583	14 845	3 853	28 281
S.A. Mazongwana	-	-	338	338
	<u>38 331</u>	<u>83 945</u>	<u>14 064</u>	<u>136 339</u>

2023	Travel and accommodation	Meeting fees	Other costs	Total
G. Zamisa	-	30 398	7 461	37 859
V. Daweti	-	14 485	9 457	23 942
L. Dobell	-	-	6 408	6 408
S. Jobela	-	14 485	6 408	20 893
G. Mbedzi	8 542	-	6 408	14 950
T. Moahi	-	8 505	6 408	14 913
G. Naidoo	-	-	6 408	6 408
T. Plaatjie	-	14 485	6 408	20 893
S. Syphus	-	14 485	9 364	23 849
K. Turro	-	-	6 408	6 408
C. Wildman-Marais	-	-	6 407	6 407
C. Williams	-	-	6 407	6 407
	<u>8 542</u>	<u>96 843</u>	<u>83 952</u>	<u>189 337</u>

25. MEDICAL INSURANCE RISK MANAGEMENT

The scheme issues healthcare contracts. These contracts compensate members and their beneficiaries in the event of a healthcare event. The scheme is therefore exposed to the uncertainty of the severity and timing of the healthcare event. As the scheme undertakes to compensate the members and their beneficiaries, the scheme is exposed to insurance risk. This section summarises these risks and the way in which the scheme manages them.

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25. MEDICAL INSURANCE RISK MANAGEMENT - continued

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the scheme members; as such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The scheme also has exposure to market risk through its investment activities.

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

Certain risks are mitigated by entering into reinsurance contracts. In this regard the scheme specifically decided to transfer all risks relating to emergency and ambulance services; and optometry, radiology and primary health care on the Medisave Essential option to an external service provider.

The scheme uses several methods to assess and monitor insurance risk exposure both for individual types of risk insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected.

Medical insurance events are, by their nature, random, and the actual number and size of event during any one year period may vary from those estimated using established statistical methods.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability around the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The scheme has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories of risks to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risks include lack of risk diversification in terms of type and amount of risk, geographical location and demographics of members covered.

Hospital benefits cover all costs incurred by members, whilst they are in the hospital to receive pre-authorised treatment for certain medical conditions.

Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions and diseases, such as high blood pressure, cholesterol and asthma.

Day-to-day benefits cover the cost of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines.

Specialist benefits cover the cost of all visits by members to specialists and of the out of hospital procedures performed by specialists. Specialist benefits also include radiology and pathology benefits provided to the members.

The scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome.

The strategy is set out in the annual business plan, which specifies the benefits to be provided by each option, the preferred target market and demographic split of this market.

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25. MEDICAL INSURANCE RISK MANAGEMENT - continued

Risk management objectives and policies for mitigating insurance risk - continued

All the contracts are annual in duration and the scheme has the right to change the terms and conditions of the contract at renewal. Management information including insurance revenue and insurance service expense ratios by option, target market and demographic split is reviewed monthly. There is also an underwriting review programme that reviews a sample of contracts on a quarterly basis to ensure adherence to the scheme's objectives.

Expense risk

Expense risk is the risk of unexpected increases in policy maintenance, claim handling and other costs relating to fulfilment of insurance contracts. The risk is managed through budgeting and periodic cost evaluations.

Changes from the previous period

There were no significant changes in the scheme's objectives, policies and processes for managing risk and the methods used to measure risk.

Methods used and assumptions made

Methods used and assumptions made for insurance liabilities assessment are disclosed in note 3.1.2.

Impact of legislation and regulation

The medical scheme industry is governed by the Medical Schemes Act. The governance under the Act is fulfilled by a statutory body, the Council for Medical Schemes. Various legislative measures restrict the scheme from fully managing its insurance risk, the main factor being that the scheme is not allowed to risk rate its members at all. This severely increases the risk in a risk pool with a too high load of above average claimers.

Managed care initiatives such as disease management programmes and participation in wellness programmes, are implemented to reduce risk.

Insurance risk - description of benefit options

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

Benefit	Alpha	Medisave Max	Medisave Standard	Medisave Essential
In-hospital	Subject to pre-authorisation. PMB – unlimited at DSP. Non-PMB – unlimited at any Hospital.	Subject to pre-authorisation. PMB – unlimited at DSP. Non-PMB – unlimited at any Hospital.	Subject to pre-authorisation. PMB – unlimited at DSP. Non-PMB – unlimited at any Hospital.	Subject to pre-authorisation. PMB – unlimited at DSP.
Chronic	Subject to registration. PMB – unlimited through DSP. Non-PMB – Limited to R3 000 per beneficiary to a maximum of R6 000 per family with 25% member levy.	Subject to registration. PMB – unlimited through DSP. Non-PMB – Limited to R3 500 per beneficiary to a maximum of R7 000 per family.	Subject to registration. PMB – unlimited through DSP. Non-PMB – Limited to R2 000 per beneficiary to a maximum of R4 000 per family.	Subject to registration. PMB – unlimited through DSP. Non-PMB – unlimited in accordance with Medisave Essential Formulary through selected provider.
Day-to-day	Paid in accordance with the Scheme Tariff. Specific member levies and limits apply for different disciplines.	Paid in accordance with the Scheme Tariff. Paid from member's savings account and elective benefit.	Paid in accordance with the Scheme Tariff. Paid from member's savings account and elective benefit.	100% of Scheme Tariff if obtained through selected provider. Specific limits apply for non-capitated disciplines.

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25. MEDICAL INSURANCE RISK MANAGEMENT - continued

Sensitivity to Insurance Risk

The most significant medical insurance risk that the scheme faces is the risk that insurance revenue is not sufficient to cover the insurance service expenditure and other expenses, and still have a sufficient surplus to maintain the solvency ratio of the scheme at the required level.

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred, by age group and in relation to the type of risk covered / benefits provided:

As at 31 December 2024

Age grouping (in years)	Number of Beneficiaries	Chronic R	In Hospital R	Day to day R	Total R	Claims per Beneficiary R
0 - 4	985	78 497	10 686 148	3 827 618	14 592 263	14 814
5 - 19	4 039	828 340	12 156 609	12 083 965	25 068 914	6 207
20 - 39	3 571	1 834 453	29 436 350	21 771 549	53 042 352	14 854
40 - 59	4 311	6 235 228	57 914 830	32 141 278	96 291 336	22 336
60 - 79	1 170	2 748 608	36 563 207	11 397 668	50 709 483	43 341
>80	148	327 850	5 667 673	1 382 616	7 378 139	49 852
Total	14 224	12 052 976	152 424 817	82 604 694	247 082 487	

As at 31 December 2023

Age grouping (in years)	Number of Beneficiaries	Chronic R	In Hospital R	Day to day R	Total R	Claims per Beneficiary R
0 - 4	973	32 261	8 657 258	3 908 460	12 597 979	12 948
5 - 19	4 017	609 556	10 070 827	11 834 966	22 515 349	5 605
20 - 39	3 526	1 927 095	24 014 169	19 437 948	45 379 212	12 870
40 - 59	4 146	5 665 753	57 109 132	31 115 323	93 890 208	22 646
60 - 79	1 125	2 476 238	36 497 675	10 840 332	49 814 245	44 279
>80	140	274 957	5 973 332	1 395 481	7 643 770	54 598
Total	13 927	10 985 860	142 322 393	78 532 510	231 840 763	

Reinsurance contracts

The scheme entered into capitation agreements with ER 24, ECIPA, PEGP, Bay Radiology, Preferred Provider Negotiators and Momentum Health. The capitation agreements are in-substance, the same as a non-proportional commercial reinsurance contract.

Risk in terms of reinsurance contracts

The scheme cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. These contracts spread the risk and minimise the effect of losses. The amount of each risk retained depends on the scheme's evaluation of the specific risk, subject in certain circumstances, to maximum limits on the basis of characteristics of coverage. According to the terms of the contracts, the third party agrees to reimburse the ceded amount in the event the claim is paid. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to all scheme members, as and when required by the members. The scheme does, however, remain liable to its members with respect to ceded insurance if any reinsurer (or supplier) fails to meet the obligations it assumes. When selecting a reinsurer (or supplier), the scheme considers its relative security. The security of the reinsurer (or supplier) is assessed from public rating information and from internal investigations.

Underwriting risk

Underwriting risk is the risk that the actual exposure of the scheme in respect of outstanding incurred claims will exceed prudent estimates of such outstanding claims.

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25. MEDICAL INSURANCE RISK MANAGEMENT - continued

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year. In the majority of cases, claims are resolved within four months from the time they are reported to the scheme. At year-end, a provision is made for the liability for incurred claims.

Sensitivity analysis to insurance risk variables

The following table provides a sensitivity on the insurance contract liabilities. As the scheme is a mutual entity, the impact of any changes in the insurance liability to current members would impact the insurance liability to future members. The table presents information on how reasonably possible changes in risk confidence level made by the scheme will impact the risk adjustment.

Table for sensitivity analysis does not show the sensitivity before and after the impact of the scheme being a mutual entity.

As at 31 December 2024	LIC	Impact on LIC	Impact on comprehensive income
Insurance contract liabilities	68 714 312		
Unpaid claims and expenses - 5% increase			
Insurance contract liabilities		3 435 716	3 435 716
Expenses - 5% increase			
Insurance service expense			(13 774 340)

Risk adjustment with a 75% confidence level - as reported	1 134 440
Risk adjustment with a 80% confidence level	1 489 402

As at 31 December 2023	LIC	Impact on LIC	Impact on comprehensive income
Insurance contract liabilities	62 908 121		
Unpaid claims and expenses - 5% increase			
Insurance contract liabilities		3 145 406	3 145 406
Expenses - 5% increase			
Insurance service expense			(12 260 054)

Risk adjustment with a 75% confidence level - as reported	576 699
Risk adjustment with a 80% confidence level	744 902

The above analysis is based on a change in one assumption, whilst holding all other assumptions constant. This is unlikely to occur and changes in certain assumptions could be correlated. No further changes were made by the scheme in the methods and assumptions used in preparing the above analysis. To further demonstrate the sensitivity to insurance risk, the risk adjustment at a 80% confidence level has also been disclosed.

Any change in the risk adjustment will impact the incurred claims and other directly attributable expenses in insurance service expenses with an equal and opposite impact on the amounts attributable to future members in insurance services expenses. The net impact on profit or loss for any change in the risk adjustment would therefore be nil.

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26. FINANCIAL RISK MANAGEMENT

26.1 General

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

Risk management and investment decisions are carried out by the Board of Trustees. The Board of Trustees identifies, evaluates and economically hedges (where appropriate) financial risk associated with the scheme's investment portfolio. The Board of Trustees provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investing excess liquidity. The Board of Trustees approves all these written policies.

26.2 Market Risk

Market risk is the inherent risk associated with the underlying counterparty or asset class. These inherent risks will influence the levels of income and/or capital valuation achieved over time and therefore affect the scheme income and reserve levels. The investment management process employed seeks to manage the market risk with a view of optimising the risk/reward profile of the scheme, whilst being compliant with Annexure B of the Medical Schemes Act.

Diversification and concentration

The asset class diversifications and concentrations are shown below. The sensitivity of the market risks show the illustrated impact of the profit/loss of the various asset classes, excluding accrued interest.

Asset class	December 2024		December 2023	
	R	%	R	%
Cash	136 152 967	44.88	124 368 458	44.02
Bonds	95 678 321	31.54	107 384 493	38.00
Equity	71 544 224	23.58	50 805 294	17.98
Total	303 375 512	100.00	282 558 245	100.00

Asset manager allocation

Allocation as at December 2024

Manager	Mandate	Investment vehicle	Rand	%
Medimed Cash	Liquidity/Cash	Segregated	84 427 889	27.83
Sanlam Collective Investments (RF) (Pty) Ltd	Inflation Beater Fund	Pooled	39 733 682	13.10
Stanlib Collective Investments (RF) (Pty) Ltd	Fixed Income Fund	Pooled	17 602 836	5.80
M & G Investments Life South Africa (RF) Ltd	Fixed Income Fund	Pooled	60 130 491	19.82
Sanlam Collective Investments (RF) (Pty) Ltd	Equity Fund	Pooled	31 688 732	10.45
Nedgroup Investments (Pty) Ltd	Fixed Income Fund	Pooled	16 713 159	5.51
Allan Gray Life Limited	Multi asset class	Pooled	53 078 723	17.49
			303 375 512	100.00

Allocation as at December 2023

Manager	Mandate	Investment vehicle	Rand	%
Medimed Cash	Liquidity/Cash	Segregated	75 484 077	26.71
ABSA Fund Managers (RF) (Pty) Ltd	Inflation Beater Fund	Pooled	53 533 228	18.95
Stanlib Collective Investments (RF) (Pty) Ltd	Fixed Income Fund	Pooled	34 011 687	12.04
M & G Investments Life South Africa (RF) Ltd	Fixed Income Fund	Pooled	54 171 797	19.17
Sanlam Collective Investments (RF) (Pty) Ltd	Equity Fund	Pooled	18 035 449	6.38
Nedgroup Investments (Pty) Ltd	Fixed Income Fund	Pooled	25 593 794	9.06
Allan Gray Life Limited	Multi asset class	Pooled	21 728 213	7.69
			282 558 245	100.00

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26. FINANCIAL RISK MANAGEMENT - continued

26.2 Market Risk - continued

Counter party analysis

Asset Class	Top 5 Holdings as at December 2024	Ratings (Moody's at December 2024)	% of portfolio
Cash	FirstRand Bank Limited	Aaa.za	16.36
	ABSA Bank Limited	Aaa.za	12.15
	Nedbank Limited	Aaa.za	12.11
	The Standard Bank of South Africa	Aaa.za	2.32
	Investec Bank Limited	Aaa.za	1.10
Bonds	RSA Bond		14.65
	The Standard Bank of South Africa		2.97
	FirstRand Bank Limited		2.74
	Nedbank Limited		1.53
	ABSA Bank Limited		1.25
Property	Hyprop Investments Limited		0.18
	Fortress REIT Limited		0.18
	Amber House Fund 2 (RF) Limited		0.14
	NEPI Rockcastle Plc		0.13
	Redefine Properties Limited		0.12
Equity	Naspers Limited		1.97
	The Standard Bank Group Limited		1.42
	British American Tobacco		1.37
	FirstRand Limited		1.27
	Anglogold Ashanti Limited		1.07

Asset Class	Top 5 Holdings as at December 2023	Ratings (Moody's at December 2023)	% of portfolio
Cash	ABSA Bank Limited	Aa1.za	14.17
	Nedbank Limited	Aa1.za	12.71
	FirstRand Bank Limited	Aa1.za	11.45
	The Standard Bank of South Africa	Aa1.za	4.66
	Investec Bank Limited	Aa1.za	0.72
Bonds	RSA Bond		12.73
	The Standard Bank of South Africa		5.28
	FirstRand Bank Limited		3.77
	ABSA Bank Limited		2.64
	Nedbank Limited		2.27

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26. FINANCIAL RISK MANAGEMENT - continued

26.2 Market Risk - continued

Diversification and concentration - continued

Counter party analysis - continued

Asset Class	Top 5 Holdings as at December 2023	Ratings (Moody's at December 2023)	% of portfolio
Property	Amber House Fund 2 (RF) Limited		0.32
	Growthpoint Properties Limited		0.21
	Resilient Property Income Fund		0.20
	Equities Property Fund Limited		0.13
	Hyprop Investments Limited		0.12
Equity	Naspers Limited		1.26
	British American Tobacco		1.03
	ABSA Group Limited		0.88
	FirstRand Bank Limited		0.70
	Prosus NV		0.70

Sensitivity analysis: Cash

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of interest (see table below). i.e. +1% suggests the closing market value could have been R 137 407 692 if the interest had been higher by 1% during 2024 as compared to the actual interest rate. A one percent increase in the interest at the reporting date would have increased cash by R 1 254 724 (2023 an increase of R 1 151 240). An equal change in the opposite direction would have decreased cash by R 1 254 724 (2023 a decrease of R 1 151 240).

% Change	Return of Index	Adjusted closing value	Difference
		R	R
2%	10.51%	138 662 416	2 509 449
1%	9.51%	137 407 692	1 254 724
0%	8.51%	136 152 967	-
-1%	7.51%	134 898 243	(1 254 724)
-2%	6.51%	133 643 518	(2 509 449)

Sensitivity analysis: Bonds

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +1% suggests the closing market value could have been R 96 494 818 if the investment performance had been higher by 1% during 2024 as compared to the market investment performance. A one percent increase in the investment return at the reporting date would have increased bonds by R 816 497 (2023 an increase of R 978 892). An equal change in the opposite direction would have decreased bonds by R 816 497 (2023 a decrease of R 978 892).

% Change	Return of Index	Adjusted closing value	Difference
		R	R
2%	19.18%	97 311 315	1 632 994
1%	18.18%	96 494 818	816 497
0%	17.18%	95 678 321	-
-1%	16.18%	94 861 824	(816 497)
-2%	15.18%	94 045 327	(1 632 994)

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26. FINANCIAL RISK MANAGEMENT - continued

26.2 Market Risk - continued

Diversification and concentration - continued

Sensitivity analysis: Equity

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +2% suggests the closing market value could have been R 72 805 595 if the investment performance had been higher by 2% during 2024 as compared to the market investment performance.

All equity investments are listed on the JSE. A two percentage point increase in the investment return at the reporting date would have increased equity by R 1 261 371 (2023: an increase of R 930 074); an equal change in the opposite direction would have decreased equity by R 1 261 371 (2023: a decrease of R 930 074).

The change will have an impact on the fair value adjustment reserve and/or the surplus/deficit depending on the investment type.

% Change	Return of Index	Adjusted closing value	Difference
		R	R
4%	17.44%	74 066 965	2 522 742
2%	15.44%	72 805 595	1 261 371
0%	13.44%	71 544 224	-
-2%	11.44%	70 282 853	(1 261 371)
-4%	9.44%	69 021 482	(2 522 742)

Notes:

1. The 0% line reflects the actual closing value of the respective asset classes. The adjusted closing values are a reflection of the sensitivity of the return around the index. For the less volatile indices; i.e. Cash and bonds, a sensitivity of 1% and 2% is used and for the more volatile indices, i.e. equity, a sensitivity of 2% and 4% is used.
2. Investment Risk and Investment Return
Seeking higher investment returns is typically associated with taking additional risk through exposure to asset classes such as equities and bonds where the capital is at risk. Additional investment risk is typically associated with higher variability in asset prices. Also, the extent to which actual investment returns differ from expected returns is greater.

Unconsolidated structured entities

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

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26. FINANCIAL RISK MANAGEMENT - continued

26.2 Market Risk - continued

Unconsolidated structured entities - continued

The right of the scheme to request redemption of its investments in investee funds ranges in frequency from weekly to semi-annually. The exposure to investments in investee funds at fair value, by strategy employed, is disclosed in the following table. These investments are included in financial assets at FVTPL in the statement of financial position.

Fund	Number of investee funds	Net asset value of investee fund (range and weighted average) Rand	Fair value of scheme's assets of investment (Rand)	% of net assets attributable to holders of redeemable shares*
Stanlib Income Fund	1	60,067,088,742	17 602 836	0.03%
Sanlam Inflation Beater	1	2,019,207,594	39 733 682	1.97%
M & G Investments	1	1,235,601,523	60 130 491	4.87%
Nedgroup Core Income Fund	1	51,625,542,250	16 713 159	0.03%
Sanlam SIM Top Choice Equity Fund	1	1,542,099,921	31 688 732	2.05%
Allan Gray Life Stable Medical Scheme Portfolio	1	3,183,032,807	53 078 723	1.67%

*This represents the scheme's percentage interest in the total net assets of the investee funds.

The scheme's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in investee funds. Once the scheme has disposed of its shares in an investee fund, it ceases to be exposed to any risk from that investee fund.

Interest rate risk

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

	Up to 1 month R	1 - 3 months R	3 - 12 months and more R	Total R
As at 31 December 2024				
Cash and cash equivalents	39 427 889	-	-	39 427 889
Investments	-	-	263 947 623	263 947 623
Savings trust assets	12 600 000	-	43 000 000	55 600 000
Personal medical savings account monies managed by the scheme on behalf of its members	(6 455 354)	(607 279)	(46 242 408)	(53 305 041)
Total	45 572 535	(607 279)	260 705 215	305 670 471

	Up to 1 month R	1 - 3 months R	3 - 12 months and more R	Total R
As at 31 December 2023				
Cash and cash equivalents	25 484 077	-	-	25 484 077
Investments	-	12 000 000	245 074 168	257 074 168
Savings trust assets	8 500 000	16 000 000	27 000 000	51 500 000
Personal medical savings account monies managed by the scheme on behalf of its members	(5 657 815)	(806 333)	(41 753 072)	(48 217 220)
Total	28 326 262	27 193 667	230 321 096	285 841 025

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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26. FINANCIAL RISK MANAGEMENT - continued

26.3 Credit Risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The scheme doesn't have significant credit risk arising from reinsurance contract assets or insurance assets.

The capitation agreements entered into by the scheme is used to manage insurance risk. This does not, however, discharge the scheme's liability as the primary insurer. If the reinsurer fails to pay a claim for any reason, the scheme remains liable for the payment to the members.

Investments

Cash investments are limited to high credit quality financial institutions. The scheme has a policy of limiting the amount of credit exposure to any one financial institution. Investments at FVTPL are invested based on clearly defined terms in order to limit credit exposure to those investments.

Cash and cash equivalents

Credit risk is managed through transactions with South African financial institutions with investment grade ratings as assigned by internationally recognised rating agencies.

Due to these investment grade ratings, the Trustees do not generally expect any of the counterparties to fail to meet their obligations. Credit limits per institution are prescribed by annexure B of the Regulations to the Medical Schemes Act, 131 of 1998, as amended, which reduces the risk per individual institution. The utilisation of these credit limits are regularly monitored.

The scheme manages credit risk by:

- Actively pursuing all contributions not received after three days of becoming due, as required by Section 26(7) of the Medical Schemes Act 131 of 1998, as amended.
- Suspending benefits on all member accounts when contributions have not been received for 30 days.
- Terminating benefits on all member accounts when contributions have not been received for 60 days.
- Ageing and pursuing unpaid accounts on a monthly basis.

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26. FINANCIAL RISK MANAGEMENT - continued

26.3 Credit Risk - continued

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2024 R	Carrying amount 2023 R
Trade and other receivables	4 887	4 887
Cash and cash equivalents	39 576 085	25 564 241
Savings trust assets	57 996 526	53 884 409
Financial assets at amortised cost	49 235 353	51 314 441
Financial assets at fair value through profit or loss	218 947 623	207 074 168
	<u>365 760 474</u>	<u>337 842 146</u>

Contribution receivables are collected by means of debit orders, cash payments and receipts from payroll offices.

The maximum credit exposure to member and service provider claim receivables (included in other receivables) was:

Member claim receivables	11 746	13 654
Service provider claim receivables	164 423	100 498
	<u>176 169</u>	<u>114 152</u>

Allowance for impairment

The ageing of the components of insurance receivables at year-end was:

Description

	Gross 2024 R	Allowance for impairment 2024 R	Gross 2023 R	Allowance for impairment 2023 R
Contribution debtors				
Not past due	9 001 721	-	8 620 028	-
Past due 4 - 30 days	125 832	125 831	197 676	197 676
Past due 31 - 60 days	55 138	55 138	75 639	75 639
Past due 61 - 90 days	39 880	39 880	60 268	60 268
91 days to more than one year	179 125	179 125	179 659	179 659
Total	<u>9 401 696</u>	<u>399 974</u>	<u>9 133 270</u>	<u>513 242</u>
Withdrawn members				
Not past due	58 530	58 530	213 780	213 780
Past due 4 - 30 days	6 696	6 696	2 620	2 620
Past due 31 - 60 days	5 576	5 576	-	-
Past due 61 - 90 days	10 110	10 110	44 673	44 673
91 days to more than one year	48 867	48 867	95 323	95 323
Total	<u>129 779</u>	<u>129 779</u>	<u>356 396</u>	<u>356 396</u>
Total	9 531 475	529 753	9 489 666	869 638
Net included in LIC		9 001 722		8 620 028

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26. FINANCIAL RISK MANAGEMENT - continued

26.3 Credit Risk - continued

Exposure to credit risk - continued

Allowance for impairment - continued

The movement in the allowance for impairment, for each class of financial asset, during the year was as follows:

	Trade and other receivables		Total
	Contribution receivables		
	Contribution debtors	Withdrawn member contribution debtors	
	R	R	R
Balance 1 January 2023	320 484	164 556	485 040
Change to provision made during the year	192 758	227 163	419 921
Amounts utilised during the year	-	(35 323)	(35 323)
Balance 31 December 2023	513 242	356 396	869 638
Change to provision made during the year	(113 268)	(110 308)	(223 576)
Amounts utilised during the year	-	(116 309)	(116 309)
Balance 31 December 2024	399 974	129 779	529 753

Contribution debtors

The scheme collected 96.29% (2023: 95.01%) of outstanding debt in January 2025. Therefore we can reasonably establish that the credit quality of contribution debtors is high. Consequently no additional disclosure of the credit quality is provided.

The scheme applies the IFRS 9 simplified approach to measuring credit losses which uses a lifetime expected loss allowance for trade receivables, which includes contributions receivables (included in insurance contract liabilities). To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The scheme does not hold any collateral as security.

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26. FINANCIAL RISK MANAGEMENT - continued

26.3 Credit Risk - continued

Exposure to credit risk - continued

Investments

Cash transactions are limited to high credit quality financial institutions. The scheme has a policy of limiting the amount of credit exposure to any one financial institution.

Due to these high credit ratings the Trustees do not expect any counterparty to fail to meet its obligations. Credit limits per institution are prescribed by annexure B of the Regulations to the Medical Schemes Act, 131 of 1998, as amended which reduces the risk per individual institution. The utilisation of these credit limits are regulatory monitored.

The table below shows the limit and balance of cash and cash equivalents and investments with the major counterparties held at year-end. Accrued interest is excluded from these balances:

Counterparty	Limit	2024		2023	
		R Limit	R Balance	R Limit	R Balance
<i>Cash deposits</i>					
First National Bank	35%	106 181 429	49 632 246	98 895 386	32 357 034
Nedbank Limited	35%	106 181 429	36 733 261	98 895 386	35 915 128
Investec Bank Limited	35%	106 181 429	3 329 288	98 895 386	2 023 295
ABSA Bank Limited	35%	106 181 429	36 852 053	98 895 386	40 045 422
Standard Bank Limited	35%	106 181 429	7 053 290	98 895 386	12 900 866

The table below shows the limit and balance of savings trust assets held at the major counterparties at year-end:

Counterparty	2024		2023	
	R Limit	R Balance	R Limit	R Balance
First National Bank	n/a	22 600 000	n/a	18 500 000
ABSA Bank Limited	n/a	17 000 000	n/a	17 000 000
Investec Bank Limited	n/a	16 000 000	n/a	16 000 000

In terms of Circular 38 of 2011, the Annexure B restrictions are not applicable to savings trust assets.

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26. FINANCIAL RISK MANAGEMENT - continued

26.4 Liquidity Risk

Liquidity risk is the risk that the scheme will be unable to meet its obligations when they fall due as a result of member benefit payments or cash requirements from contractual obligations. Such outflows would deplete available cash resources for insurance activities. In extreme circumstances, lack of liquidity could result in reductions on the statement of financial position, or potentially an inability to fulfil commitments to members.

The scheme's liquidity management process, as carried out by the administrator and monitored by the scheme, includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows, and monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements.

The following tables present the estimated amount and timing of the remaining contractual undiscounted cash flows arising from insurance contract liabilities. When debt securities mature, the proceeds not needed to meet liability cash flows will be reinvested.

There were no significant changes in the scheme's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous period.

Members of the scheme are required to submit their claims within 4 months of the service date. Therefore the liability attributable to current members is expected to be settled within 12 months.

The scheme expects to achieve a net surplus (before taking into account amounts attributable to future members) for the period ending 31 December 2025 and therefore does not expect to utilise the liability attributable to future members within the next 12 months.

	R	
	0 - 12 months	12 months +
2024		
<i>Insurance contract balances</i>		
Insurance contract liabilities to current members	68 714 312	
Insurance contract liabilities to future members		295 850 297
2023		
<i>Insurance contract balances</i>		
Insurance contract liability to current members	62 908 121	
Insurance contract liabilities to future members		273 443 265

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26. FINANCIAL RISK MANAGEMENT - continued

26.4 Liquidity Risk - continued

The table below analyses financial assets and liabilities of the scheme into relevant maturity groupings based on the remaining period at financial position date to the contractual maturity date. For the purposes of this table accrued interest has been included in trade and other receivables:

As at 31 December 2024

	Up to 1 month R	1 - 3 months R	3 - 12 months R	Total R
Current assets	61 852 362	1 014 186	48 875 488	111 742 036
Trade and other receivables	9 824 473	1 014 186	5 875 488	16 714 147
Cash and cash equivalents	39 427 889	-	-	39 427 889
Investments	-	-	-	0
Savings trust assets	12 600 000	-	43 000 000	55 600 000
Total assets	61 852 362	1 014 186	48 875 488	111 742 036

Current liabilities	9 380 981	20 069 674	48 247 043	77 697 698
Trade and other payables	2 925 627	262 395	2 004 635	5 192 657
Personal medical savings account monies managed by the scheme on behalf of its members	6 455 354	607 279	46 242 408	53 305 041
Outstanding risk claims provision	-	19 200 000	-	19 200 000
Total liabilities	9 380 981	20 069 674	48 247 043	77 697 698

Net liquidity gap analysis	52 471 381	(19 055 488)	628 445	34 044 338
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As at 31 December 2023

	Up to 1 month R	1 - 3 months R	3 - 12 months R	Total R
Current assets	43 523 285	30 420 687	33 616 842	107 560 814
Trade and other receivables	9 539 208	2 420 687	1 616 842	13 576 737
Cash and cash equivalents	25 484 077	-	-	25 484 077
Investments	-	12 000 000	5 000 000	17 000 000
Savings trust assets	8 500 000	16 000 000	27 000 000	51 500 000
Total assets	43 523 285	30 420 687	33 616 842	107 560 814

Current liabilities	8 711 656	20 664 352	43 206 624	72 582 632
Trade and other payables	3 053 841	158 019	1 453 552	4 665 412
Personal medical savings account monies managed by the scheme on behalf of its members	5 657 815	806 333	41 753 072	48 217 220
Outstanding risk claims provision	-	19 700 000	-	19 700 000
Total liabilities	8 711 656	20 664 352	43 206 624	72 582 632

Net liquidity gap analysis	34 811 629	9 756 335	(9 589 782)	34 978 182
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These tables have been compiled based on the nature of the line items and not using IFRS 17.

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26. FINANCIAL RISK MANAGEMENT - continued

26.4 Liquidity Risk - continued

Cash and cash equivalents

Cash and cash equivalents are made up of the following:

	2024	2023
	R	R
Current accounts	8 427 889	3 484 077
Deposits on call account	3 500 000	-
Short term deposits	27 500 000	22 000 000
Accrued interest	148 196	80 164
Total	<u>39 576 085</u>	<u>25 564 241</u>

26.5 Capital adequacy risk

This represents the risk that there are insufficient insurance contract liabilities to future members to provide for adverse variations on future investments and claims experience. At the year end, the solvency ratio computed in terms of the Registrar's formula was 87.84% (2023: 93.01%). The Trustees believe that this cover is appropriate for the scheme's needs.

The scheme has complied throughout the year with the capital adequacy requirements as imposed by Regulation 29(2) of the Medical Schemes Act of 25% of annual contributions.

26.6 Fair values

The fair values of all financial instruments are substantially identical to the carrying values reflected in the statement of financial position.

26.7 Legal risk

Legal risk is the risk that the scheme will be exposed to contractual obligations which have not been provided for. At 31 December 2024 the scheme did not consider there to be any legal risk to which the scheme was exposed to.

26.8 Capital management

The scheme is subject to the capital requirements imposed by Regulation 29(2) of the Act, which requires a minimum solvency ratio of insurance contract liabilities to future members expressed as a percentage of gross contributions to be 25%.

The scheme's objectives when managing capital are to maintain the capital requirements of the Act, and to safeguard the scheme's ability to continue as a going concern in order to provide benefits for its stakeholders.

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26. FINANCIAL RISK MANAGEMENT - continued

26.8 Capital management - continued

The calculation of the regulatory capital requirement is set out below:

	2024 R		2023 R
The solvency ratio is calculated on the following basis:			
Insurance contract liabilities to future members	295 850 297		273 443 265
Less: cumulative unrealised net gains	(27 348 002)		(16 088 624)
Insurance contract liabilities to future members excluding unrealised gains	268 502 295		257 354 641
Gross contributions	305 656 204		276 688 319
Ratio of insurance contract liabilities (future members) to gross annual contribution income	87.84%		93.01%

The scheme is well above the statutory requirement of 25%.

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27. SURPLUS/(DEFICIT) FROM OPERATIONS PER BENEFIT OPTION

	2024 R	2024 R Medisave Essential	2024 R Medisave Max	2024 R Medisave Standard	2024 R Total
	Alpha				
Insurance revenue	61 409 712	28 831 592	10 901 750	148 415 298	249 558 352
Insurance service expenses (excluding amounts attributable to future members)	(58 520 677)	(31 505 867)	(13 017 030)	(150 036 190)	(253 079 764)
Net expense from reinsurance contracts held	74 453	(836 508)	8 034	169 527	(584 494)
Reinsurance expenses from reinsurance contracts held	(594 812)	(6 767 274)	(63 875)	(1 361 186)	(8 787 147)
Reinsurance income from reinsurance contracts held	669 265	5 930 766	71 909	1 530 713	8 202 653
Insurance service result (net healthcare result)	2 963 488	(3 510 783)	(2 107 246)	(1 451 365)	(4 105 906)
Investment income from financial assets	5 778 111	3 062 638	622 169	13 190 478	22 653 396
Net fair value gains on fair value investments	3 152 598	1 671 008	339 462	7 196 865	12 359 933
Net investment income	8 930 709	4 733 646	961 631	20 387 343	35 013 329
Finance expenses from insurance contracts issued - PMSA	-	(828 504)	(401 548)	(3 623 513)	(4 853 565)
Net insurance finance expenses	-	(828 504)	(401 548)	(3 623 513)	(4 853 565)
Net result after investment income and finance expenses	11 894 197	394 359	(1 547 163)	15 312 465	26 053 858
Investment consulting	(218 852)	(115 980)	(23 502)	(500 828)	(859 161)
Other operating expenses	(1 025 749)	(496 205)	(116 442)	(2 482 604)	(4 121 000)
Prescribed savings balances written off	-	465 422	19 439	543 346	1 028 207
Sundry income	77 828	41 252	8 380	177 668	305 128
Net surplus/(deficit) for the year	10 727 423	288 848	(1 659 287)	13 050 047	22 407 031
Members at 31 December 2024	1 572	785	168	3 601	6 126
	2023 R	2023 R Medisave Essential	2023 R Medisave Max	2023 R Medisave Standard	2023 R Total
	Alpha				
Insurance revenue	56 424 502	29 769 534	9 175 088	130 316 265	225 685 389
Insurance service expenses (excluding amounts attributable to future members)	(59 745 991)	(29 658 226)	(16 629 356)	(134 252 369)	(240 285 943)
Net expense from reinsurance contracts held	(61 994)	(762 137)	(5 753)	(128 780)	(958 664)
Reinsurance expenses from reinsurance contracts held	(577 382)	(7 509 556)	(53 575)	(1 196 984)	(9 337 497)
Reinsurance income from reinsurance contracts held	515 388	6 747 419	47 822	1 068 204	8 378 833
Insurance service result (net healthcare result)	(3 383 483)	(650 829)	(7 460 021)	(4 064 883)	(15 559 218)
Investment income from financial assets	5 888 554	3 266 233	546 367	12 205 584	21 906 738
Net fair value gains on fair value investments	1 320 205	732 285	122 495	2 736 474	4 911 459
Net investment income	7 208 759	3 998 517	668 862	14 942 059	26 818 197
Finance expenses from insurance contracts issued - PMSA	-	(788 804)	(401 778)	(3 024 651)	(4 215 233)
Net insurance finance expenses	-	(788 804)	(401 778)	(3 024 651)	(4 215 233)
Net result after investment income and finance expenses	3 825 276	2 558 884	(7 192 938)	7 852 524	7 043 746
Investment consulting	(170 106)	(94 410)	(15 784)	(352 651)	(632 952)
Other operating expenses	(804 695)	(434 506)	(75 988)	(1 698 479)	(3 013 668)
Prescribed savings balances written off	-	487 836	99 480	620 127	1 207 443
Sundry income	83 481	46 305	7 746	173 037	310 569
Net surplus/(deficit) for the year	2 933 956	2 564 109	(7 177 484)	6 594 558	4 915 138
Members at 31 December 2023	1 616	854	150	3 319	5 939

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27. SURPLUS/(DEFICIT) FROM OPERATIONS PER BENEFIT OPTION - continued

Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- insurance revenue
- insurance service expenses
- reinsurance expenses
- finance expenses from insurance contracts issued - PMSA
- prescribed savings balances written off

The following items are apportioned based on the total members for the period:

- sundry income
- other operating expenses
- net investment income
- investment consulting

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NOTES TO THE FINANCIAL STATEMENTS - continued
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28. ANALYSIS OF CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Financial assets							
	Amortised cost R	Financial assets at FVTPL R	Reinsurance contract assets R	Financial liabilities measured at amortised cost R	Reinsurance contract liabilities R	Insurance contract liabilities R	Total carrying amount R
2024							
Investments							
- Bonds and debentures	-	95 678 321	-	-	-	-	95 678 321
- Equity investments	-	71 544 224	-	-	-	-	71 544 224
Cash and cash equivalents	39 576 085	51 725 078	-	-	-	-	91 301 163
Deposits with banks	49 235 353	-	-	-	-	-	49 235 353
Trade and other receivables	4 887	-	-	-	-	-	4 887
Savings trust assets	57 996 526	-	-	-	-	-	57 996 526
Reinsurance contract assets	-	-	140 193	-	-	-	140 193
Trade and other payables	-	-	-	(673 675)	-	-	(673 675)
Reinsurance contract liabilities	-	-	-	-	(662 384)	-	(662 384)
Insurance contract liabilities	-	-	-	-	-	(364 564 608)	(364 564 608)
	146 812 851	218 947 623	140 193	(673 675)	(662 384)	(364 564 608)	-

Financial assets							
	Amortised cost R	Financial assets at FVTPL R	Reinsurance contract assets R	Financial liabilities measured at amortised cost R	Reinsurance contract liabilities R	Insurance contract liabilities R	Total carrying amount R
2023							
Investments							
- Bonds and debentures	-	107 384 493	-	-	-	-	107 384 493
- Equity investments	-	50 805 294	-	-	-	-	50 805 294
Cash and cash equivalents	25 564 241	48 884 381	-	-	-	-	74 448 622
Deposits with banks	51 314 441	-	-	-	-	-	51 314 441
Trade and other receivables	4 887	-	-	-	-	-	4 887
Savings trust assets	53 884 409	-	-	-	-	-	53 884 409
Reinsurance contract assets	-	-	190 536	-	-	-	190 536
Trade and other payables	-	-	-	(980 904)	-	-	(980 904)
Reinsurance contract liabilities	-	-	-	-	(700 392)	-	(700 392)
Insurance contract liabilities	-	-	-	-	-	(336 351 386)	(336 351 386)
	130 767 978	207 074 168	190 536	(980 904)	(700 392)	(336 351 386)	-

Investments are stated at quoted market prices. All investments are on level 1 * of the fair value hierarchy. This analysis is performed on the same basis for 2024 and 2023.

* Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

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29. NON-COMPLIANCE MATTERS

Section 59 (2)

Certain claims were paid in excess of 30 days after receipt by the administrator as a result of queries to be investigated/audited in relation thereto. Non-compliance could impact on the relationship with members and providers. Procedures and policies are in place to manage late payment of claims, including a weekly report of claims held for investigation which is checked and signed by management to ensure that the 30 day limit is not exceeded. This practice ensures accurate claims processing and is in the interest of the risk management of the scheme.

Section 26 (7)

Certain contributions were not received within three days of becoming due. Non-compliance could affect the cash flow of the scheme and lead to member benefits being suspended. Due to the short duration of the contributions being outstanding, this is not significant. The scheme has a credit control policy in place.

Section 33 (2)

Each benefit option should be financially sound and self supporting. In this financial year the Medisave Essential, Medisave Max and Medisave Standard options incurred insurance service deficits.

The Medisave Essential option is designed for the lower earning employees and their families and provides benefits through provider networks. Changes were agreed with the major Medisave Essential risk transfer counterparty which are expected to be beneficial for the option. It is important that the Medisave Essential option remains affordable for lower earning employees to ensure that the scheme can provide cover for all employees at participating employer groups. During 2024, this option had 16 high cost cases, with a combined total cost of R 5.2 million.

As the Medisave Max option is the highest benefit option it is selected by the higher risk/utilising members. The costs of the members on this option are therefore higher than on the Medisave Standard option. The contributions of this option are higher than the Medisave Standard option and should the Medisave Max option be closed, these members would move to the Medisave Standard option, which will result in the scheme receiving less insurance revenue in respect of these members, but the costs would not reduce to the same extent as Prescribed Minimum Benefits would need to be funded. The result would therefore be that the deficit for the scheme would be higher if the Medisave Max option were closed. During 2024, this option had 9 high cost cases, with a combined total cost of R 2.4 million.

The Medisave Standard option had 88 high cost cases during the year, with a combined total cost of R 31.7 million, which contributed significantly to the bigger than budgeted loss. This is not the norm, however, the option is still very much self-supporting.

The Board of Trustees are monitoring all the options very carefully with the support of the administrator's clinical team.

**MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

29. NON-COMPLIANCE MATTERS - continued

Section 35 (8) (a)

In terms of this section of the Medical Schemes Act 131 of 1998, as amended, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme. The scheme has an investment in a pooled fund which may invest in the shares and bonds of the ultimate holding companies of certain medical scheme administrators from time to time, at the discretion of the Fund Manager. The scheme has been granted exemption from section 35(8)(a) by the Council for Medical Schemes.

The Trustees do not consider that these non-compliance matters have had a significant impact on the operations of the scheme or on the Financial Statements.

30. CONTINGENCIES AND COMMITMENTS

The scheme did not have any contingencies or commitments at year end other than those disclosed.

31. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period that require disclosure, other than those already addressed.

32. SIGNIFICANT NON-CASH TRANSACTIONS

	2024	2023
	R	R
Reinsurance income from reinsurance contracts held	8 202 653	8 378 833
Incurred claims	(8 202 653)	(8 378 833)

Claims incurred that are subject to risk transfer arrangements are fulfilled by the service providers by providing services to the members, and thereby discharging its reinsurance obligations. As such the claims expense and the reinsurance income are non-cash transactions.



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