PG GROUP MEDICAL SCHEME

REGISTRATION NUMBER: 1186

AUDITED ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2024

PG GROUP MEDICAL SCHEME

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

The reports and statements set out below comprise the Board of Trustees report and annual financial statements presented to members:

REPORT OF THE BOARD OF TRUSTEES
for the year ended 31 December 2024

DESCRIPTION OF THE MEDICAL SCHEME

The PG Group Medical Scheme ("the Scheme") is a not for profit restricted membership medical scheme, registered in terms of the South African Medical Schemes Act 131 of 1998, as amended ("the Act").

BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW

Employer appointed Trustees

P Edge (Chairman)	
D Koster	Resigned: 30 April 2025
N Myburg (Alternate trustee)	
W Ntshangase	Resigned: 30 April 2025

Member elected Trustees

J Jacobs	Appointed: 1 March 2024
G Madumo	Appointed: 13 June 2024
O Moroke (Alternate trustee)	Resigned: 31 January 2025
C Olivier	
A Patterson	Term ended: 29 February 2024
B Page	Term ended: 12 June 2024

PRINCIPAL OFFICER

C Dunstan

Street Address	**Postal Address**
18 Skeen Boulevard	PO Box 2329
Bedfordview	Bedfordview
Johannesburg	Johannesburg
2007	2008

REGISTERED OFFICE AND POSTAL ADDRESS OF THE SCHEME

Street Address	**Postal Address**
18 Skeen Boulevard	PO Box 2329
Bedfordview	Bedfordview
Johannesburg	Johannesburg
2007	2008

ADMINISTRATOR

Momentum Health (Pty) Ltd

Street Address	**Postal Address**
Parc du Cap	PO Box 2212
Mispel Road	Bellville
Bellville	7535
7530	

INVESTMENT MANAGERS

Allan Gray Life Limited
Beach Road
V & A Waterfront
Cape Town
8081

Coronation Fund Managers
45 Main Road
Claremont
Cape Town
7708

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

INVESTMENT MANAGERS (continued)

Sanlam Investment Management
2 Strand Road
Bellville
Cape Town
7530

Stanlib Collective Investments Limited
17 Melrose Boulevard
Melrose Arch
2196

ACTUARIES

NMG Actuaries & Consultants (Pty) Ltd
Nicolway West Office Block
Corner Winnie Mandela Drive and Wedgewood Link
Bryanston
Gauteng
2021

AUDITORS

Deloitte & Touche
The Ridge
6 Marina Road
Portswood District
V&A Waterfront
Cape Town
8000

INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The overall objective of the Schemes investment policy is to maximize the return on its investments on a long-term basis at an appropriate risk, remaining cognizant of the preservation and enhancement of the future purchasing power of funds, capital protection and liquidity requirements of the Scheme. In this regard the following further objectives have been set for the Scheme's assets:

- To target overall net investment returns of 3% above CPI over three year rolling periods.

- To follow a reserving policy which targets a minimum solvency ratio of 65% of gross annual contributions.

- To ensure an appropriate allocation of reserves to be held in cash to meet the liquidity needs of the Scheme

The investment strategy takes into consideration the constraints imposed by legislation.

The Investment Committee assists the Board of Trustees in making decisions with regards to its investments.

Invested funds at 31 December:	**2024 R**	**2023 R**
Allan Gray	73,440,539	73,256,763
Coronation	32,023,156	31,809,919
Sanlam	38,006,400	38,157,530
	143,470,095	143,224,212
Stanlib	18,747,253	17,729,952
Total funds invested	162,217,348	160,954,164

The solvency ratio at 31 December 2024 as per CMS Regulations was 160.06% (2023: 132.49%). The Scheme had a two month contribution concession in 2024. If contributions are grossed up to a twelve month period, the solvency ratio would have been 133.38% at 31 December 2024.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

INSURANCE CONTRACT LIABILITY TO FUTURE MEMBERS

Reserves accumulated for the benefit of future members increased as follows through the year.

	2024 R	2023 R
Opening reserves (Insurance contract liability to future members)	121,765,654	104,452,072
Amount attributable to members (previously known as Net surplus)	2,276,604	17,313,582
Insurance service result (excluding Amount attributable to present members)	(12,650,933)	5,175,150
Other income	17,238,345	14,151,247
Other expenditure	(2,310,808)	(2,012,815)
Closing reserves (Insurance contract liability to future members)	124,042,258	121,765,654

Present members savings account balance (included in Insurance contract liability to present members)	36,298,814	37,148,140

For a detailed breakdown of Insurance contract liability to future members and Insurance contract liability to present members, refer to note 6.

REVIEW OF THE YEAR'S ACTIVITIES

The results of the Scheme are set out in the attached annual financial statements. The Trustees are pleased with the continued good performance of the Scheme. The two month contribution concession in 2024 was unprecedented in extending relief to members. Investment income has also been strong, which assisted the Scheme to maintain its very strong reserve position. This puts the Scheme in a healthy position going into 2025, with sufficient reserves to enable Trustees to contain annual contributions due by members, whilst continuing to optimise the Scheme's value offering to members.

SOLVENCY RATIO

The solvency ratio is calculated on the following basis:

	2024 R	2023 R
Insurance contract liability to future members	124,042,258	121,765,654
Less: Unrealised gains on financial assets at fair value through Profit or Loss	-	-
Accumulated funds per Regulation 29	124,042,258	121,765,654
Annual insurance revenue	77,497,938	91,907,263
Solvency ratio per CMS	160.06%	132.49%

(Insurance contract liability to future members less Unrealised gains on financial assets at fair value through Profit or Loss)/Annual insurance revenue x 100)

Due to the Scheme's high reserves, the Scheme applied to the Council for Medical Schemes (CMS) to grant its members a two month contribution concession in 2024. The Council for Medical Schemes granted the Schemes request and a contribution concession was effected for the months of March and April 2024. The contribution concession has been funded from the Insurance contract liability to future members (previously known as Accumulated funds). As a result the gross contributions comprises of contributions received for a ten month period.

If contributions are grossed up to a twelve month period, the solvency ratio would have been 133.38% at 31 December 2024.

RISK TRANSFER ARRANGEMENTS

For the year under review, the Scheme continued with the risk transfer arrangements with Dental Information Systems (Pty) Ltd (Denis), Preferred Provider Negotiators (Pty) Ltd (PPN) and Netcare 911 (Pty) Ltd.

Denis provides full management of the dental benefits to include authorising dental procedures as well as the payment of dental claims.

PPN provides full management of the optical benefit and the payment of claims.

Netcare 911 provides emergency rescue and ambulance services to members and manages the payment of claims.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2024

BOARD OF TRUSTEES, SUB-COMITTEES AND MEETING ATTENDANCES

The following schedule sets out the composition of the Board of Trustees and sub-committees, and their respective meeting attendances. None of the Trustees are remunerated for their participation in the Scheme.

	Board meetings		**Audit committee meetings**		**Investment committee meetings**	
	A	**B**	**A**	**B**	**A**	**B**
Trustees						
P Edge* @ (Chairperson)	6	6	4	4	2	1
J Jacobs* @ (Appointed: March 2024)	5	5	1	1	1	1
D Koster* @ (Resigned: April 2025	6	5	4	2	2	1
G Madumo (Appointed: June 2024)#	4	3	2	2		
W Ntshangase (Resigned: April 2025)	6	3				
C Olivier#	6	6			1	1
B Page* @ (Term ended: June 2024)	2	2	2	2	1	1
A Patterson (Term ended: February 2024)	0	0				
Alternate Trustees						
O Moroke# (Resigned: January 2025)	6	6	2	2	1	1
N Myburg#	6	6	4	4	1	1
Audit and Investment Committee members						
M Lefofane @ (Resigned: January 2024)			-	-		
E Luyt (Appointed: February 2025)			-	-		
S Masilela (Resigned: December 2024)			4	4		
L Massel @ (Chairperson - Investment Committee)	6	4	4	4	2	2
G Nyamah (Appointed: February 2024)			4	4		
T Rochussen#@ (Chairperson - Audit Committee)	6	5	4	4	2	2
R van der Mescht@ (Appointed: February 2024)					2	2
Principal officer						
C Dunstan	6	6	4	4	2	2

A - total possible number of meetings that could have been attended
B - actual number of meetings attended
* - also member of the audit committee
# - by invitation to the Board of Trustees and/or Investment Committee meetings
@ - also member of Investment Committee

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

OPERATIONAL STATISTICS

	2024	2023
Number of members at the end of the accounting period	1,232	1,310
Number of beneficiaries at the end of the accounting period	2,497	2,634
Average number of members for the accounting period	1,270	1,304
Average number of beneficiaries for the accounting period	2,579	2,649
Pensioner ratio (beneficiaries age > 65)	8.93%	8.58%
Average age per beneficiary	33.26	33.65
Dependants per member at the end of the accounting period	1.03	1.01
Insurance revenue per average beneficiary per month (pabpm)	R 2,004	R 2,314
Insurance service expense per average beneficiary per month (pabpm)	R 2,418	R 2,135
Directly attributable insurance service expenses per average beneficiary per month	R 164	R 137
Directly attributable insurance service expenses ratio	6.35%	5.17%
Relevant healthcare expenditure incurred per average beneficiary per month	R 2,286	R 2,032
Relevant healthcare expenditure ratio	114.07%	87.84%
Future member funds per member at the end of the accounting period	R 100,684	R 92,951
Return on investments as a % of investments	10.81%	8.74%
Insurance service expenses as a percentage of insurance revenue	120.63%	92.29%

LIABILITY FOR INCURRED CLAIMS

Movements in the liability for incurred claims are set out in Note 9 to the annual financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members.

AUDIT COMMITTEE

An Audit Committee is constituted in accordance with the provisions of the Act. The committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The committee consists of seven members of which three are members of the Board of Trustees. The majority of the members, including the Chairman, are not officers of the Medical Scheme or its third party administrator.

In accordance with the provisions of the Medical Schemes Act of South Africa, as amended, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme‘s accounting policies, internal control systems and financial reporting practices. The internal and external auditors formally report to the committee on critical findings arising from audit activities.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

AUDIT COMMITTEE (continued)

The committee met on four occasions during the course of the year, as follows:

29 April 2024;
8 May 2024;
28 August 2024; and
13 November 2024.

The Chairperson of the Board of Trustees, the Principal Officer, the Financial Manager of the administrator and the external auditors attend all audit committee meetings by invitation and have unrestricted access to the Chairman of the audit committee. Internal auditors also attend by invitation when necessary.

INVESTMENT COMMITTEE

The committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The committee consists of five members of which two are members of the Board of Trustees. Two of the members, including the Chairperson, are not officers of the Medical Scheme or its third party administrator.
The primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the investment strategy of the Scheme. The Scheme's Investment Committee meets to consider the Scheme's investment strategy and to monitor investment performance and compliance. The committee's decisions are considered and approved by the Board of Trustees.

The committee met twice during the course of the year in February and September 2024.

EVENTS AFTER REPORTING DATE

At the date of finalisation of the Annual Financial Statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

GOING CONCERN

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.

NON-COMPLIANCE MATTERS

The Trustees are of the opinion that there are no deviations from the Act except those listed below.

1. Outstanding contributions

Nature and impact

In terms of Section 26(7) of the Act all contributions should be received within 3 days of becoming due. Although majority of the contributions are received timeously, a limited number of individual payers paid after the due date.

Causes of failure

Contribution reconciliations typically take more than 3 days to be resolved, and instances of non-compliance might occur. This is common in the industry and is not viewed as material.

Corrective action

On-going follow up with affected parties has occurred. The Scheme has strict credit control policies to minimise the risk of non-recovery.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

NON-COMPLIANCE MATTERS (continued)

2. Investment in administrators

Nature and impact
In terms of the Medical Schemes Act and specifically Regulation 35(8)(c), a medical scheme shall not invest any of its assets in the business of any administrator. During the year the Scheme had pooled investments with exposure to medical scheme administrators.

Causes of failure
The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated objectives.

Corrective action
The Scheme has made application to the Council for Medical Schemes to receive an exemption from this section of the Medical Schemes Act. The Council for Medical Schemes has granted the Scheme a three year exemption until 30 November 2025.

3. Annexure B - sum of deposits held in categories 1(a)(i) and 1(a)(ii)

Nature and impact
In terms of the Medical Schemes Act and specifically Annexure B, the sum of deposits in categories 1(a)(i) and 1(a)(ii), excluding funds invested in policies of insurance, shall not be less than 20% of total investable funds i.e funds held in the Scheme's FNB current account and funds invested in banks by Stanlib should not be less than 20% of total investable funds. At 31 December 2024 the Scheme had 12% (2023: 12%) of total investable funds invested in categories 1(a)(i) and 1(a)(ii).

Causes of failure
The Scheme's funds are invested in investments termed as policies of insurance (Allan Gray, Coronation and Sanlam) where the Scheme can earn better interest rates than in current accounts, call accounts or money market funds. The Scheme has sufficient liquid funds available for its operational needs. Should additional funds be required, funds in policies of insurance are easily attainable.

Corrective action
The Scheme has made application to the Council for Medical Schemes in December 2024 to receive an exemption from this section of the Medical Schemes Act. The Scheme is still awaiting the outcome of its application to the Council for Medical Scheme.

4. Contravention of Section 33(2) of the Medical Schemes Act

Nature and impact
In terms of the Medical Schemes Act, each benefit option shall be self-supporting in terms of membership and financial performance and should be financially sound. As at the 31 December 2024, the Scheme reported a net healthcare loss position, thereby contravening Section 33(2) of the Act.
The Scheme reported a net healthcare loss of R14.3 million (2023 surplus: R3.7 million) as at 31 December 2024.
The Net healthcare loss is calculated as follows:

	2024	2023
Net surplus for the year	2,276,604	17,313,582
Less: Other income as per Statement of comprehensive income and loss	(17,238,345)	(14,151,247)
Add: Management fee as per Statement of comprehensive income and loss	710,798	531,347
Net healthcare (loss)/surplus	(14,250,942)	3,693,682

Causes of failure
During the financial year, due to the Schemes high reserves, the Council for Medical Schemes approved a two month contribution concession for the Schemes members. This was effected in the months of March and April 2024 and was funded from the Scheme's reserves. The contribution concession, that would have amounted to approximately R12.4 million, contributed to the net healthcare loss reported at the end of the year.

Corrective action
No corrective action is required as the Trustees believe that the Scheme has sufficient funds in cash and investments. Furthermore, the Scheme reported a healthy reserve ratio of 160.06% for the year ending 31 December 2024 when calculated as per CMS Regulations. The Scheme had a two month contribution concession in 2024. If contributions are grossed up to a twelve month period, the solvency ratio would be 133.38% at 31 December 2024.

GENERAL

In general, the Scheme had a financially sound year with no incidents of litigation.

The Trustees were briefed on all relevant aspects of the terms of reference of corporate governance during the course of the year.

The Chairperson of the Board of Trustees would like to thank the Trustees and the members of the Audit Committee for the positive and meaningful contributions during the year.

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of PG Group Medical Scheme. The financial statements have been prepared in accordance with International Financial Reporting Standards, the Medical Schemes Act of South Africa and include amounts based on judgements and estimates made by management.

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

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

The Trustees are responsible for ensuring that proper 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 annual financial statements comply with the relevant legislation.

PG Group 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 controlled.

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 auditors, Deloitte & Touche, are responsible for auditing the financial statements in terms of International Standards on Auditing and the Medical Schemes Act of South Africa.

The annual financial statements were approved by the Board of Trustees on 30 April 2025 and are signed on its behalf by:

P Edge
Chairman

D Koster
Trustee

C Dunstan
Principal Officer
30 April 2025

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The PG Group Medical Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The member Trustees are proposed and elected by the members of the Scheme, and the employer Trustees are proposed and elected by the employer group of the Scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the performance of the Scheme and the administrators. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

All Trustees have access to the advice and services of the Principal Officer and where appropriate, may seek independent professional advice at the expense of the Scheme.

INTERNAL CONTROL

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

A formal internal audit function exists with regular reporting to the Audit Committee. The administrators of the Scheme have documented and tested disaster recovery procedures and the Board is satisfied that the procedures are in place and tested.

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

P Edge
Chairman

D Koster
Trustee

C Dunstan
Principal Officer

30 April 2025

Deloitte.

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Gallo Manor 2052
South Africa

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5 Magwa Crescent
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Independent Auditor's Report

To the Members of PG Group Medical Scheme

Report on the Financial Statements

Opinion

We have audited the financial statements of PG Group Medical Scheme (the Scheme), set out on pages 17 to 46, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of PG Group 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 as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How the matter was addressed
Provision for Outstanding Claims component of the liability for incurred claims (LIC) As disclosed in note 9, the carrying amount of the Provision for Outstanding Claims at year end was R2,375,803 (2023: 2,899,179) IFRS requires the Scheme to determine the carrying amount for the liability for incurred claims which includes the expected cash flows represented by the Provision for	In evaluating the valuation of the Provision for Outstanding Claims component of the LIC, we audited the calculations and performed various procedures which included: • Testing the integrity of the information used in the calculation of the Provision for Outstanding Claims by performing substantive procedures to test the accuracy and completeness of data used

Outstanding Claims. The Scheme uses actuaries to determine calculate the best estimate of these cash flows. This amount is disclosed in note 9 of the annual financial statements. This matter is considered a key audit matter as the underlying calculation requires the use of significant assumptions, estimates and judgements by management.	in the valuation of the balance; • With the assistance of our actuarial specialists, assessed the appropriateness of the methodology and assumptions used in determining the Provision of Outstanding Claims, performed an independent calculation of the estimate of the provision under historical claims data and trends, and using this estimate as a basis of assessing the reasonableness of the Scheme's estimate of provision; and • Assessing the presentation and disclosure in respect of the provision and considered the adequacy of these disclosures. Based on the work performed, we are comfortable that the Provision for Outstanding Claims is appropriately valued and disclosed for 31 December 2024, in line with the requirements of IFRS 17.

Other information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the *Audited Financial Statements which includes the Report of the Board of Trustees, Statement of Responsibility by the Board of Trustees and Statement of Corporate Governance by the Board of Trustees*. 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 as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists 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[1]

Non-compliance with the Medical Schemes Act of South Africa
As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit. The instances of non-compliance have been fully disclosed in Note 29 of the Financial Statements to which the report refers.

Audit tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, *Audit Tenure*, we report that Deloitte & Touche has been the auditor of PG Group Medical Scheme for twenty-three years.

[1] ISA 700 (Revised), paragraphs 43 to 45.

The engagement associate director, Ilze De Villiers, has been responsible for PG Group Medical Scheme's audit for five years.

Deloitte & Touche
Registered Auditors
Per: Ilze De Villiers
Associate Director

02 May 2025

5 Magwa Crescent
Waterfall
2090

STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Notes	2024 R	2023 R
ASSETS			
Current assets		162,812,753	162,666,944
Financial assets at fair value through Profit or Loss	4	143,470,095	143,224,212
Cash and cash equivalents	5	19,227,865	19,309,815
Trade and other receivables	3	114,793	132,917
Total assets		162,812,753	162,666,944
LIABILITIES			
Non-current liabilities			
Insurance contract liability to future members	6.2	124,042,258	121,765,654
Current liabilities		38,770,495	40,901,290
Insurance contract liability to present members	6.1	38,464,293	40,548,350
Trade and other payables	8	306,202	352,940
Total funds and liabilities		162,812,753	162,666,944

STATEMENT OF COMPREHENSIVE INCOME AND LOSS
for the year ended 31 December 2024

	Notes	2024 R	2023 R
Insurance revenue	10	62,030,507	73,542,898
Insurance service expenses*		(74,829,488)	(67,872,075)
Claims incurred	11	(69,609,872)	(62,856,076)
Third party claims recoveries		11,551	32,406
Accredited managed healthcare services (no transfer of risk)	14	(1,294,080)	(1,249,763)
Attributables expenses incurred	15.1	(3,937,087)	(3,798,642)
Net income/(expense) from risk transfer arrangement	12	148,048	(495,674)
- Risk transfer arrangement expenses	12	(5,656,495)	(5,430,991)
- Claim recoveries from risk transfer arrangements	12	5,804,543	4,935,317
Insurance service result		(12,650,933)	5,175,149
Other income		17,238,345	14,151,247
Investment income	17	8,409,964	12,107,407
Net Realised and unrealised gains on investments at fair value through Profit or Loss	18	8,828,381	2,043,840
Other expenditure		(2,310,808)	(2,012,815)
Administration fees and other operating expenses	15.2	(1,888,810)	(1,066,033)
Asset management fees	19	(710,798)	(531,347)
Net impairment loss on healthcare receivables	16	288,800	(415,435)
Surplus for the year		2,276,604	17,313,582
Transfer to amounts attributable to future members*		(2,276,604)	(17,313,582)
Total comprehensive income for the year		-	-

As per IFRS 17, the total 'Insurance service expense' include 'Amounts attributable to future members' and therefore the total Insurance service expense is R77,106,091 (2023: R85,185,657).
Circular 6 of 2025 issued by the CMS requires medical schemes to present ‘Amounts attributable to future members’ separate from the 'Insurance service expenses' and the 'Insurance service result'.
This resulted in a representation of the prior year affected line items as follows:
'Amounts attributable to future members' to the value of R2,276,604 (2023: R17,313,582), are now being disclosed as a separate line item on the Statement of comprehensive income before the 'Surplus/deficit for the year'.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2024

	2024 R	2023 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	77,095,260	91,828,582
Cash receipts from members – contributions	77,452,952	91,752,046
Cash receipts from members and providers – other	(357,692)	76,536
Cash paid to providers, employees and members	(93,458,874)	(90,417,338)
Cash paid to providers and members – claims	(84,491,724)	(78,421,581)
Cash paid to providers and employees – non-healthcare expenditure	(6,515,359)	(7,113,927)
Cash paid to members – savings plan refunds	(2,451,791)	(4,881,830)
Cash (utilised in)/generated from operations	(16,363,614)	1,411,244
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(67,136,491)
Disposal of investments	15,000,000	-
Interest received	1,281,664	10,773,097
Dividend received	-	1,334,310
Other - Realised gains	-	21,838,592
Net cash from investing in/(used in) activities	16,281,664	(33,190,492)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(81,950)	(31,779,248)
Cash and cash equivalents at the beginning of the year	19,309,815	51,089,063
Cash and cash equivalents at the end of the year	19,227,865	19,309,815

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Fishing Industry Medical Scheme (the Scheme) Annual Financial Statements as set out below are in accordance with International Financial Reporting Standards (IFRS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Medical Schemes Act. In addition the statement of comprehensive income is prepared in accordance with Circular 41 of 2012 issued by the Council for Medical Schemes that set out their interpretation of IFRS as it relates to the statement of comprehensive income for Medical Schemes in South Africa.

The accounting policies adopted are consistent with those of the previous financial year, except as otherwise stated.

Refer to note 2 for amendments to standards in issue but not yet effective.

1.1 Basis of preparation

The financial statements are prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

1.2 Financial instruments

Initial recognition and subsequent measurements
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The Scheme classifies its financial instruments at fair value through profit or loss (FVTPL) and financial instruments at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Scheme's business model for managing them. With the exception of non-insurance trade receivables that do not contain a significant financing component or for which the Scheme has applied the practical expedient, the Scheme may initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Non-insurance trade receivables that do not contain a significant financing component or for which the Scheme has applied the practical expedient are measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Scheme commits to purchase or sell the asset.

Subsequent measurement
Financial assets are measured at amortised cost due to the objective of the financial assets held within the business model, is to collect contractual cash flows.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Scheme’s financial assets at amortised cost includes non insurance trade receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents consists of call accounts and current account, which forms an integral part of the Scheme's cash management.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Scheme had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised as investment income in the statement of profit or loss when the right of payment has been established.

The Scheme's financial instruments at fair value through profit or loss consists of investments in the statement of financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.2 Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Scheme's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Scheme has transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Scheme has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Scheme continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Scheme also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Scheme has retained.

Impairment

For insurance trade receivables, the Scheme assesses at each reporting date whether there is any objective evidence that a financial asset carried at amortised cost or a group of financial assets, excluding financial assets at fair value through profit or loss, is impaired. The Scheme applies a simplified approach in calculating expected credit losses (ECLs) for non-insurance receivables. Therefore, the Scheme does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Scheme has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of the financial assets.

If, in a subsequent year, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Scheme's financial liabilities consist of trade and other payables and the outstanding claims provision.

Financial liabilities at amortised cost

This is the category most relevant to the Scheme. These are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
The Scheme's financial liabilities at amortised cost include trade and other payables, and the outstanding claims provision.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.3 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.3 Provisions (continued)

Outstanding claims

Claims outstanding comprise provisions for the Scheme's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date. Claims outstanding are determined as accurately as possible based on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

The Scheme does not discount its provision for outstanding claims on the basis that claims must be submitted within four months of the medical event.

1.4 Insurance contracts

1.4.1 Transition to IFRS 17 and mutual entity considerations

A change in accounting policy as a result of the adoption of IFRS 17 has been applied using the full retrospective approach. The date of initial application, being the beginning of the annual reporting period in which the Scheme first applied IFRS 17, was 1 January 2023. The transition date, being the beginning of the annual reporting period immediately preceding the date of initial application, was 1 January 2022.

The Scheme has aligned with and adopted the reporting requirements of a mutual entity for the purposes of applying IFRS17 which is different to the accounting under IFRS 4. While the legal construct of a medical scheme and a mutual entity differ, there are certain similarities between the two which allow for the same accounting treatment and principles to be applied for the purposes of IFRS 17. One such similarity lies in their purpose to satisfy a common need while not making profits or providing a return on capital.

It is expected that the remaining assets of the Scheme will be used to pay current and future policyholders. As the Scheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members.

This liability is in essence incurred because the Scheme is obliged to:

- provide coverage to that member;
- pay incurred claims of that member; or
- provide coverage to future members.

On measurement of the liability to future members, the fulfilment cash flows of this liability are measured incorporating information about the fair value of the other assets and liabilities of the Scheme. As a consequence of recognising this liability, the Scheme's Accumulated Funds as previously reported were transferred to the insurance contract liability for future members on the transition date.

Where the following year's deficit exceeds the value of insurance contract liability for future members, an onerous contract liability would be raised. Where the amounts for insurance contract liability for future members exceed the following year's deficit the contracts would not be determined as onerous, and no provision would be raised as a liability is already recognised. The Scheme's has sufficient funds in insurance contract liability for future members, hence a liability has not been raised.

1.4.2.1 Identification of insurance contracts

The contracts issued by Scheme (the issuer) indemnify covered members (the policyholder) and their registered dependants against the risk of loss arising from the occurrence of a health event (insured event). The timing, frequency and severity of the health event covered is uncertain. These contracts fall under the scope of IFRS 17.

Whilst the timing, frequency, severity and type of health events are uncertain, the ultimate insurance risk covered by a medical scheme can be defined as a single risk – that of providing cover for a health event that the member may incur. The risk under the insurance contracts issued by medical schemes can be expressed as the probability that an insured event ("health event") occurs, multiplied by the expected amount of the resulting claim.

1.4.2.2 Separating components from an insurance contract

Under IFRS 17, Personal Medical Savings Accounts meet the definition of an investment component as it requires the Scheme to repay a member in all circumstances, regardless of whether an insured event occurs. The PMSA component on these benefit options do not meet the definition of a distinct investment component as they cannot be separated from the host insurance contract and are therefore non-distinct investment components.

1.4.2.3 Level of aggregation

IFRS 17 requires the Scheme to identify portfolios of insurance contracts. Such identification impacts the identification of groups of insurance contracts and the unit of account to which the requirements of IFRS 17 are applied. A portfolio comprises contracts subject to similar risks that are managed together.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4.2.3 Level of aggregation (continued)

The Scheme has applied the exemption under IFRS 17 to include all insurance contracts issued by the Scheme within the same group given that the Act prevents the Scheme from assessing the risks of an individual member and setting contributions or levels of benefits that fully reflect the risk of that member. As such, the Scheme does not group contracts into various profitability groupings.

The contracts issued by the Scheme are subject to similar risks and managed together and fall into the same portfolio with no further disaggregation into groups. The level of aggregation is set at the overall Scheme level for the Scheme.

1.4.2.4 Recognition and derecognition

IFRS 17 requires the Scheme to recognise a group of insurance contracts it issues from the earliest of the following:

(a) The beginning of the coverage period;

(b) The date when the first payment from a member becomes due; and

(c) For onerous contracts, when the contracts become onerous.

The Scheme is required to derecognise an insurance contract:

(a) When the obligation specified in the insurance contract expires or is discharged or cancelled; or

(b) If the terms are modified due to an agreement between the Scheme and its member or by Regulation.

The Scheme’s coverage period aligns to the financial reporting year and its benefit cycle as both begin on 1 January each year and conclude on 31 December of the same year.

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).

1.4.2.5 Onerous contracts

In the consideration of whether facts and circumstances indicate that a group of insurance contracts are 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 exceeds the following year's deficit, the contracts would not be determined as onerous and no provisionwould be raised, as a liability is already recognised.

1.4.2.6 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.

The contract boundary and the coverage period for the Scheme is one year or less. This is supported by the setting of contribution levels annually with the benefit cycle commencing on 1 January and ending on 31 December of each year.

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.

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

The insurance contracts issued by the Scheme to its members have a contract boundary of one year or less.

1.4.2.7 Measurement model - Premium allocation approach (PAA)

IFRS 17 introduces a default measurement model for insurance contract liabilities referred to as the General Measurement Model (GMM). An optional simplified approach referred to as the Premium Allocation Approach (PAA) is available to entities where their contracts have a coverage period of one year or less, or where the entity reasonably expects that applying the PAA would not produce a measurement of the Liability for Remaining Coverage (LRC) (a component of the insurance contract liability) that would differ materially from that under the GMM.

The Scheme meets the eligibility criteria above to apply the PAA as its contracts have a coverage period of one year or less.

The contract boundary for contracts issued to its members does not exceed 12 months and consequently the Scheme elected to apply the PAA. In applying the PAA, the Scheme chose to recognise any insurance acquisition cash flows as expenses when it incurs those costs.

The classification of the Scheme as mutual entities does not impact the extent of insurance contract services to be provided by the Scheme in terms of the member contracts and therefore the PAA is still applicable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4.2.7 Measurement model - Premium allocation approach (PAA) (continued)

The Scheme measures the Liability for incurred claims (LIC) as the fulfilment cash flows relating to incurred claims. The future cash flows are not adjusted for the time value of money and the effect of financial risk as these cash flows are expected to be paid in one year or less from the date the claims are incurred.

1.4.2.8 Liability for Remaining Coverage (LRC)

The LRC refers to the Scheme's obligation to:

(a) Investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the insurance coverage); and

(b) Pay amounts under existing insurance contracts that relate to:

- insurance contract services not yet provided (i.e., the obligations that relate to future provision of insurance contract services); or
- any investment components (PMSA) or other amounts that are not related to the provision of insurance contractservices and that have not been transferred to the liability for incurred claims.

As the coverage period of the Scheme’s insurance contracts does not extend beyond the financial year, the Scheme would have no obligation to pay for claims for insured events that have not occurred as there would be no unexpired portion of insurance coverage at the year-end reporting date.
No LRC is recognised for contributions received in advance at the year-end reporting date, as these contributions fall outside of the coverage period and result from a voluntary payment by the member in respect of a new contract effective from the following year and for which the Scheme has no obligation to provide future insurance contract services as at the preceding year end reporting date.
As the coverage period and the financial year of the Scheme are the same, there would be no LRC at the year-end reporting date.

1.4.2.9 Liability for Incurred Claims (LIC)

The LIC refers to the Scheme’s obligation to:

(a) Investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and

(b) pay amounts that relate to:

- insurance contract services that have already been provided, or
- any investment components (PMSA) or other amounts that are not related to the provision of insurance contract services and that are not in the LRC. The LIC includes the PMSA utilised (transferred from the LRC).

The Scheme’s Rules require claims to be submitted within four months following the date on which the service was rendered. Therefore, at the year-end reporting date, the Scheme is required to provide a LIC comprising the fulfilment cash flows related to the past service.

The LIC is measured at the fulfilment cash flows related to past service for cash flows within the contract boundary (best estimate of fulfilment cash flows) and adjusted to reflect the compensation that the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Scheme fulfils its insurance contracts (risk adjustment).

The Scheme estimates which cash flows are expected and the probability that they will occur as at the measurement date. The uncertainty in the insurance contracts lies in the number, severity, and timing of claims. The estimation is based on historical information, current conditions, and forecasts of future conditions. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons may include:

- Changes in processes that affect the development or recording of claims paid and incurred (such as changes in claims submission mechanisms);
- Changes in composition of members and their dependants;
- Variations in the nature and average cost incurred per claim;
- Legislative changes (e.g., expansion of the definition of a Prescribed Minimum Benefit (PMB) / Chronic Disease List (CDL) condition); and
- Random fluctuations.

The risk adjustment for non-financial risk is calculated at portfolio level as the Act limits the Scheme’s ability to set a price that reflects the risk at member level.
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%.
As the Scheme is applying the PAA and the coverage period of each contract does not exceed one year, no discounting is applied.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4.2.10 Reinsurance contracts - Risk transfer arrangements

IFRS 17 requires the Scheme to apply the standard to the reinsurance contracts that it holds. A reinsurance contract is defined under IFRS 17 as an insurance contract issued by one entity to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.
Whilst the capitation providers of the Scheme's Risk Transfer Arrangements (RTAs) are not reinsurers as defined in the Act, these RTAs meet the definition of a reinsurance contract under IFRS 17 and therefore are required to be accounted for as such.

IFRS 17 requires the Scheme to present income or expenses from reinsurance contracts held, separately from the expenses or income from the underlying insurance contracts issued by the Scheme.

Risk transfer arrangements are contractual arrangements entered into by the Scheme with providers. The providers are paid a fixed fee per member 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.

Contracts entered into by the Scheme with third party service providers under which the Scheme is compensated for losses/claims (through the provision of services to members) on one or more contracts issued by the Scheme and that meet the classification requirements of insurance contracts are classified as risk transfer arrangements (reinsurance contracts). Only contracts that give rise to a significant transfer of insurance risk are accounted for as risk transfer arrangements. Risk transfer premiums/fees are recognised as an expense over the indemnity period.

The Scheme’s RTA’s have similar risks to the Scheme and are managed at Scheme level. The unit of account does not differ from the unit of account of the underlying insurance contracts which have been assessed at Scheme level.
The contract boundary and/or coverage period of the Scheme's RTAs do not differ from the contract boundary and/or coverage period of the underlying insurance contracts. As these contracts have a boundary of one year or less, they are accounted for using the PAA.

Risk transfer premiums are recognised as an expense over the indemnity period.

Risk transfer claims and benefits reimbursed are presented in the statement of profit or loss and other comprehensive income and statement of financial position on a gross basis.

Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the insurance contracts and are assessed for non-performance at each reporting date.

1.4.2.11 Insurance revenue

When an entity applies the PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) adjusted to reflect the time value of money and the effect of financial risk, if applicable, allocated to the period.

The entity shall allocate the expected premium receipts to each period of insurance contract services on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.
Insurance revenue for the period is the amount of expected premium receipts (excluding the PMSA) allocated to the period. The Scheme allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

1.4.2.12 Insurance service expenses

The Scheme presents insurance service expense in profit or loss in insurance service expenses comprising incurred claims and other incurred insurance service expenses.

In applying the PAA, an entity may choose to recognise any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year.
The Scheme presents in profit or loss insurance service expenses comprising:

- Incurred claims;
- Changes that relate to past service - changes in fulfilment cash flows relating to the LIC;
- Third party claims recoveries;
- Accredited managed healthcare services (no risk transfer) - comprises amounts paid or payable to third parties for managing the utilisation, costs and quality of healthcare services to the members and their registered dependants;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4.2.12 Insurance service expenses (continued)

- Other incurred directly attributable insurance service expenses – expenses that are directly attributable to the fulfilment of the obligations of the insurance contract. Expenses that are not directly attributable are classified as other operating expenses; and
- Transfer to members fund.

1.5 Managed care: Management Services expenses

These expenses represent internal expenditure and the amounts paid or payable to the third party administrator, related parties and other third parties for managing the utilisation, costs and quality of healthcare services provided to the members of the Scheme.

1.6 Reimbursements from the Road Accident Fund (RAF)

The Scheme grants assistance to its members in defraying expenditure incurred in connection with the rendering of any 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. If the member is reimbursed by the RAF, they are obliged contractually to refund that payment to the Scheme to the extent that they have already been compensated.

A reimbursement from the RAF is a possible asset that arises from claims submitted to the RAF. Its 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 Annual Financial Statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the Annual Financial Statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Scheme discloses the contingent asset. Amounts received in respect of reimbursements from the RAF are recognised as part of net claims incurred in the surplus or deficit.

1.7 Investment income

Interest is recognised on a yield-to-maturity basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Scheme. Dividend income is recognised when the right to receive payments is established.

1.8 Functional and presentation currency

Items included in the Annual Financial Statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The Annual Financial Statements are presented in South African Rand ("the presentation currency"), which is the functional currency of the Scheme.

1.9 Taxation

The Scheme is registered under the Medical Schemes Act. It therefore falls within the definition of a benefit fund as defined in the Income Tax Act. The receipts and accruals of the Scheme are exempt from taxation under Section 10(1)(d) of the Income Tax Act.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

2. NEW STANDARDS AND AMENDMENTS TO STANDARDS

Standards issued and effective

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current:
Under existing IAS 1 requirements, companies 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.
IAS1 has no material impact to the Scheme's Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

3. TRADE AND OTHER RECEIVABLES

	2024 R	2023 R
Loans and receivables		
Sundry accounts receivable	107,785	126,243
Prepaid expenses	7,008	6,674
	114,793	132,917

The carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets. The estimated future cash flow receipts have not been discounted as the effect would be immaterial.

The movement in the allowance for impairment during the year was as follows:

2024	Contribution debt	Member and supplier debt	Total
Balance as at 1 January	227,510	461,764	689,274
Amount recognised in the statement of comprehensive income for the period (Note 13)	(134,100)	(175,494)	(309,594)
Additional provisions made in the period	-	-	-
Unused amounts reversed during the period	(134,100)	(175,494)	(309,594)
Balance as at 31 December	93,410	286,270	379,680

2023	Contribution debt	Member and supplier debt	Total
Balance as at 1 January	-	339,687	339,687
Amount recognised in the statement of comprehensive income for the period (Note 13)	227,510	122,078	349,588
Additional provisions made in the period	227,510	122,078	349,588
Unused amounts reversed during the period	-	-	-
Balance as at 31 December	227,510	461,764	689,274

At year-end the carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

4. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

	2024 R	2023 R
Fair value at the beginning of the year	143,224,212	96,004,963
Additions	-	67,136,491
Disposals	(15,000,000)	(30,400,000)
Capitalised interest and dividends	7,128,300	8,970,265
Unrealised loss on financial assets at fair value through profit and loss	2,908,443	(19,794,752)
Realised gain on financial assets at fair value through profit and loss	5,919,938	21,838,592
Asset managers fees	(710,798)	(531,347)
	143,470,095	143,224,212
The investments included above represent investments in:		
Allan Gray	73,440,539	73,256,763
Coronation	32,023,156	31,809,919
Sanlam	38,006,400	38,157,530
	143,470,095	143,224,212
The investments included above represent investments in:		
Cash and deposits	40,065,513	42,984,469
Bonds	64,648,230	63,403,817
Equity funds	38,756,352	36,835,926
Fair value at the end of the year	143,470,095	143,224,212

A register of investments is available for inspection at the registered office of the Scheme. The investment managers actively trade the underlying portfolios with reference to the market values of the underlying investments. The Scheme's investments are classified as held at fair value through profit and loss.

The overall weighted average effective return on the above investments was 10.81% for the year ended 31 December 2024 (2023: 8.47%).

5. CASH AND CASH EQUIVALENTS

	2024 R	2023 R
Money market instruments	18,747,253	17,729,952
Current accounts	480,612	1,579,863
	19,227,865	19,309,815

The weighted average effective interest rate on money market instruments was 8.72% (2023: 8.49%).

The average effective interest rate on the current accounts was 7.73% (2023: 7.60%).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

6. ANALYSIS OF INSURANCE LIABILITIES

	2024 R	2023 R
INSURANCE CONTRACT LIABILITIES		
Insurance contract liabilities - Liability attributable to future members	124,042,258	121,765,654
Insurance contract liabilities - Liability attributable to current members	38,464,293	40,548,350
	162,506,552	162,314,004

6.1 INSURANCE CONTRACT LIABILITIES - LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

				2024
	Liability for Remaining Coverage	Liability for Incurred Claims		
		Best estimate Liability	Risk adjustment	Total
	R	R	R	R
Net opening balance	**-**	**40,301,684**	**246,666**	**40,548,350**
Insurance revenue	(62,030,507)	-	-	(62,030,507)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	74,782,799	(89,808)	74,692,991
Third party claims recoveries	-	(11,551)	-	(11,551)
Insurance service result	**(62,030,507)**	**74,771,248**	**(89,808)**	**12,650,933**
Premium debtors to LIC	44,986	(44,986)	-	-
Personal Medical Savings Allocation	(15,467,431)	15,467,431	-	-
Cash flows				
Premiums received	77,452,952		-	77,452,952
Incurred claims and other insurance service expenses paid	-	(92,187,942)	-	(92,187,942)
Total cash flows	**77,452,952**	**(92,187,942)**	**-**	**(14,734,990)**
Net closing balance	**-**	**38,307,435**	**156,858**	**38,464,293**
Net closing balance per balance	**-**	**38,307,435**	**156,858**	**38,464,293**

Comprising of:	2024 R	2023 R
Trade receivables		
Contributions outstanding	1,007,815	962,829
Recoveries due from members	1,050	75,999
Due from suppliers	287,163	393,866
Savings plan account advances (Note 7)	693,062	253,359
Risk transfer arrangements - liability for incurred claims (Note 9)	100,346	101,307
Less: Allowance for impairment losses	(379,680)	(689,274)
	1,709,756	1,098,086
Trade payables		
Credit balances in trade and other receivables	7,110	6,432
Amounts payable to members	1,050	75,999
Amounts payable to suppliers	567,069	551,657
Accrued expenses	666,999	617,056
Balance due to members on PMSA monies (Note 7)	36,298,814	37,148,140
Liability for incurred claims (Note 9)	2,633,007	3,247,152
	40,174,049	41,646,436
Net liabilities	38,464,293	40,548,350

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

6. ANALYSIS OF INSURANCE LIABILITIES (continued)

6.1 INSURANCE CONTRACT LIABILITIES - LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS (continued)

				2023
	Liability for Remaining Coverage	Liability for Incurred Claims		
		Best estimate Liability	Risk adjustment	Total
	R	R	R	R
Net opening balance	**-**	**42,041,520**	**173,895**	**42,215,415**
Insurance revenue	(73,542,898)	-	-	(73,542,898)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	85,640,965	72,771	85,713,736
Third party claims recoveries	-	(32,406)	-	(32,406)
Insurance service result	**(73,542,898)**	**85,608,559**	**72,771**	**12,138,433**
Premium debtors to LIC	155,217	(155,217)	-	-
Personal Medical Savings Allocation	(18,364,365)	18,364,365	-	-
Cash flows				
Premiums received	91,752,046	-	-	91,752,046
Incurred claims and other insurance service expenses paid	-	(105,557,543)	-	(105,557,543)
Total cash flows	**91,752,046**	**(105,557,543)**	**-**	**(13,805,497)**
Net closing balance	**0**	**40,301,684**	**246,666**	**40,548,350**
Net closing balance per balance	**0**	**40,301,684**	**246,666**	**40,548,350**

6.2 INSURANCE CONTRACT LIABILITIES - LIABILITY ATTRIBUTABLE TO FUTURE MEMBERS

	2024	2023
	R	R
Opening balance	121,765,654	104,452,072
Movement in insurance contract liability attributable to future members	2,276,604	17,313,582
Closing balance	124,042,258	121,765,654

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

7. PERSONAL MEDICAL SAVINGS ACCOUNT LIABILITY	2024 R	2023 R
Balance of Personal Medical Savings Accounts (PMSA) liability at beginning of the year	37,148,140	38,793,597
Less: Advances on savings plan accounts	(253,359)	(297,669)
Net balance of PMSA liability at the beginning of the year	36,894,781	38,495,928
Add: Savings plan account contributions received	15,467,431	18,364,365
Less: Repayments on death or resignation	(2,451,791)	(4,881,830)
Less: Claims paid on behalf of members	(14,304,669)	(15,083,682)
	35,605,752	36,894,781
Advances on savings plan accounts	693,062	253,359
Balance due to members on PMSA monies held at end of year	36,298,814	37,148,140

It is estimated that claims to be paid out of members' savings accounts in respect of claims incurred in 2024 but not yet recorded will amount to R399,836 (2023: R262,187) (refer note 9).

The savings plan liability represents funds held on behalf of members by the Scheme. The savings plan facility assists members in managing the cash flows for day to day costs to be borne by them during the year, meeting provider service expenses not covered in the Scheme's approved benefits and meeting or self funding member co-payments for provider services rendered.

Unexpended savings at the year-end are carried forward to meet future expenses for which the members are responsible. In terms of the Act, as amended, balances standing to the credit of members are only refundable in terms of Regulation 10 of the Regulations to the Act, as amended. In accordance with the rules of the Scheme, the bad debt risk of savings plans advances is underwritten by the Scheme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

8. TRADE AND OTHER PAYABLES	2024 R	2023 R
Financial liabilities		
Other payables and accrued expenses	306,202	352,940

At the year end the carrying value of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

9. LIABILITIES FOR INCURRED CLAIMS	2024 R	2023 R
Analysis of movements provision for oustanding claims		
Balance at beginning of year	2,899,179	1,684,971
Estimated gross claims	3,161,366	1,874,087
Less: Estimated recoveries from personal savings accounts	(262,187)	(189,116)
Payments in respect of prior year	(2,843,221)	(1,162,920)
Over provision in prior year	55,958	522,051
Adjustment for the current year	2,319,845	2,377,128
Balance at end of year	2,375,803	2,899,179
Estimated gross claims	2,775,639	3,161,366
Less: Estimated recoveries from personal savings accounts	(399,836)	(262,187)
Balance at end of year	2,375,803	2,899,179
Analysis of movements in outstanding claims risk adjustment		
Balance at the beginning of the year	246,666	173,895
Payments in respect of the prior year	(246,666)	(173,895)
Adjustment for the current year	156,858	246,666
Balance at the end of the year	156,858	246,666
Analysis of movements in outstanding risk transfer claims		
Balance at the beginning of the year	101,307	183,578
Payments in respect of the prior year	(101,307)	(183,578)
Payment for the current year	100,346	101,307
Balance at the end of the year	100,346	101,307
Total liabilities for incurred claims	2,633,007	3,247,152

Basis for determination of the liabilities for incurred claims

The liabilities for incurred claims is a provision for the estimated cost of healthcare benefits that have occurred before the statement of financial position date but have not been reported to the Scheme by that date. The provision is determined as accurately as possible based on a number of assumptions which are outlined below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

9. LIABILITIES FOR INCURRED CLAIMS (continued)

Process used to determine the assumptions
The process used to determine the assumptions is intended to result in realistic estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out on a regular basis. There is more emphasis on current trends, and where in early years there is insufficient information to make a reliable best estimate of claims development, prudent assumptions are used.

The actual method or blend of methods used varies by category of claims and observed historical claims development. To the extent that the historical claims development method is used, we assume that the historical pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- changes in processes that affect the development or recording of claims paid and incurred (such as changes in claims submission mechanisms);
- changes in composition of members and their dependants;
- changes to legislation;
- variations in the nature and average cost incurred per claim; and
- random fluctuations.

Notified claims are assessed with due regard to the claim circumstances, category, anticipated development, expected seasonal fluctuations, and information available from managed care services. The provisions are best estimates based on the most recent information available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provision estimation difficulties also differ by category of claims (i.e. hospital (major medical benefit), chronic, and day-to-day) due to differences in the underlying insurance contract, claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

Assumptions
The assumptions that have the greatest effect on the measurement of the liabilities for incurred claims are the claim "run-off factors" for the most recent benefit years (split by discipline). The run-off factor is the expected percentage of claims paid out of total claims incurred in a specific month. This factor is then used to project the remainder of the outstanding claims relating to the specified service month. A "seasonality factor" is further incorporated into the calculation, also based on past claims experience. These assumptions have been used for assessing the liabilities for incurred claims for the 2023 and 2024 benefit years.

Where variables are considered to be immaterial, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present. However, should the materiality level of an individual variable change, assessment of changes to that variable in the future may be required.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

9. LIABILITIES FOR INCURRED CLAIMS (continued)

Assumptions (continued)

An analysis of sensitivity around various scenarios for the general medical insurance business provides an indication of the adequacy of the Scheme's estimation process. The Scheme believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise. Consequently, if for example the estimates of the unreceived portion of claims costs for the year was inaccurate, the impact on the net deficit of the Scheme would be as follows:

Impact on reported losses due to changes in key variables

	Change in liability 2024 R	Change in liability 2023 R
3% Change in estimates	71,274	86,975
4% Change in estimates	95,032	115,967
5% Change in estimates	118,790	144,959

This analysis has been prepared for a change in a specified variable with other assumptions remaining constant.

The sensitivity is reduced by the value of the claims paid subsequent to the year end related to the period ended 31 December, as detailed below:

	2024 R	2023 R
Liability for incurred claims	2,375,803	2,899,179
Portion of liabilities for incurred claims paid to date	(1,913,830)	(2,695,794)
Residual estimate of claims incurred but not paid	461,973	203,385

10. INSURANCE REVENUE

Insurance revenue from contracts measured under the PAA	77,497,938	91,907,263
Less: Savings contributions	(15,467,431)	(18,364,365)
Net insurance revenue from contracts measured under the PAA	62,030,507	73,542,898

11. NET CLAIMS INCURRED

Current year claims paid	75,879,961	70,554,542
Movement in liabilities for incurred claims	2,319,845	2,377,128
- Overprovision in prior year	(55,958)	(522,051)
- Provision for current year	2,375,803	2,899,179
Movement in risk adjustment - liabilities for incurred claims	(89,808)	72,771
Claims incurred in respect of risk transfer arrangements	5,804,543	4,935,317
Less: Claims paid from savings accounts	(14,304,669)	(15,083,682)
	69,609,872	62,856,076

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

12. RISK TRANSFER ARRANGEMENTS

	2024		
	R	R	R
	Asset for Remaining Coverage	**Assets for Incurred Claims**	**Total**
Opening risk transfer arrangement assets	-	-	-
Opening risk transfer arrangement liabilities	-	-	-
Net opening balance	-	-	-
Net expense from risk transfer arrangement held			-
Reinsurance expenses	(5,656,494)	-	(5,656,494)
Claims recovered	-	5,804,543	5,804,543
Total amounts recognised in comprehensive income	(5,656,494)	5,804,543	148,049
Cash flows			
Premiums paid	5,656,494	-	5,656,494
Amounts received	-	(5,804,543)	(5,804,543)
Total cash flows	5,656,494	(5,804,543)	(148,049)
Net closing balance	-	-	-
Closing risk transfer arrangement assets	-	-	-
Closing risk transfer arrangement liabilities	-	-	-
Net closing balance	-	-	-

	2023		
	R	R	R
	Asset for Remaining Coverage	**Assets for Incurred Claims**	**Total**
Opening risk transfer arrangement assets	-	-	-
Opening risk transfer arrangement liabilities	-	-	-
Net opening balance	-	-	-
Net income from risk transfer arrangement held			-
Reinsurance expenses	(5,430,991)	-	(5,430,991)
Claims recovered	-	4,935,317	4,935,317
Total amounts recognised in comprehensive income	(5,430,991)	4,935,317	(495,674)
Cash flows			
Premiums paid	5,430,991	-	5,430,991
Amounts received	-	(4,935,317)	(4,935,317)
Total cash flows	5,430,991	(4,935,317)	495,674
Net closing balance	-	-	-
Closing risk transfer arrangement assets	-	-	-
Closing risk transfer arrangement liabilities	-	-	-
Net closing balance	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

13. NET (EXPENSE)/INCOME ON RISK TRANSFER ARRANGEMENTS	2024 R	2023 R
Dental Information Systems (Pty) Ltd	(290,116)	(527,253)
Claim recoveries from risk transfer arrangements	3,385,055	3,035,265
Risk transfer arrangement expenses	(3,675,171)	(3,562,518)
Preferred Provider Negotiators (Pty) Ltd	402,116	(8,204)
Claim recoveries from risk transfer arrangements	2,073,918	1,559,310
Risk transfer arrangement expenses	(1,671,802)	(1,567,514)
Netcare 911 (Pty) Ltd	36,048	39,783
Claim recoveries from risk transfer arrangements	345,570	340,742
Risk transfer arrangement expenses	(309,522)	(300,959)
	148,048	(495,674)

Dental Information Systems (Pty) Ltd (Denis) provides full management of the dental benefits to include authorising dental procedures as well as the payment of dental claims.

Preferred Provider Negotiators (Pty) Ltd (PPN) provides full management of the optical benefit and the payment of claims.

Netcare 911 provides emergency rescue and ambulance services to members and manages the payment of claims.

14. ACCREDITED MANAGED HEALTHCARE SERVICES (NO TRANSFER OF RISK)		
Active Disease Risk Management	259,947	277,006
Hospital Benefit Management	483,871	536,364
Managed care network management services and risk management	340,099	-
Pharmacy Benefit Management	210,163	436,393
	1,294,080	1,249,763

15.1 ATTRIBUTABLE EXPENSES INCURRED		
Actuarial fees		
- Pricing and benefit design	187,928	179,193
Administration fees paid in respect of accredited services:		
- Administrator	3,596,998	3,473,955
- Administration expenditure: benefit management services (not accredited managed care)	131,193	125,243
Third party claims recovery administration fees	20,968	20,251
	3,937,087	3,798,642

15.2 ADMINISTRATION FEES AND OTHER OPERATING EXPENSES		
Association fees	21,903	21,112
Audit expense:		
- Audit services	444,204	366,421
Audit expense (internal)	67,082	64,767
Compliance and governance services	445,526	430,275
Council for Medical Schemes expenses	66,262	63,895
Fidelity guarantee insurance premiums	13,681	13,348
Fraud Investigation fees (including forensic services)	95,699	92,460
Principal Officer fees & remuneration	690,000	-
Publication costs	44,453	13,755
	1,888,810	1,066,033
Total administration fees and other expenses	5,825,897	4,864,675

16. NET IMPAIRMENT LOSS ON HEALTHCARE RECEIVABLES		
Movement in provision	(309,594)	349,588
Written off	20,794	65,847
	(288,800)	415,435

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

17. INVESTMENT INCOME

	2024 R	2023 R
Interest income	7,529,229	10,773,097
- Cash and cash equivalents	1,281,664	3,137,142
- Financial asset held at fair value through profit and loss	6,247,565	7,635,955
Dividend income	880,735	1,334,310
	8,409,964	12,107,407

18. FAIR VALUE ADJUSTMENTS

Unrealised gain/(loss) on revaluation of investments	2,908,443	(19,794,752)
Realised gain on revaluation of investments	5,919,938	21,838,592
	8,828,381	2,043,840

19. INVESTMENT MANAGEMENT FEES

Fees paid to investment managers	710,798	531,347

20. RELATED PARTY TRANSACTIONS

Momentum Health Solutions (Pty) Ltd, as third party administrator of the Scheme, is deemed a related party, and received market related administration fees. NMG Actuaries & Consultants (Pty) Ltd are the Scheme's actuaries and are deemed a related party that received market related actuarial fees.

Managed care fees	1,294,080	1,249,763
Administration fees	4,260,605	4,114,902
Board of trustees and Principal Officer contributions	793,172	859,452
Board of trustees and Principal Officer claims	1,426,800	779,993
Principal Officer remuneration and considerations	690,000	-
Actuarial fees	187,928	179,193
	8,652,585	7,183,303
Amount payable at year end		
Administration fees	293,459	292,844
Managed care fees	106,712	106,502
Board of trustees and Principal Officer savings	234,220	263,855
	634,391	663,201

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

20. RELATED PARTY TRANSACTIONS (continued)

Contributions billed to, contributions received from, and claims paid in respect of the Trustees and Principal Officer of the Scheme during the year, were done so in accordance with the rules of the Scheme and the provisions of the Medical Schemes Act. Accordingly, all Trustees and the Principal Officer were treated in the same manner by the Scheme as would any member have been, at arms length.

21. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Scheme's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Net impairment losses - outstanding contributions that are not recoverable

The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience is evidence of a reduction in the recoverability of the cash flows. The Scheme has a policy of limiting the amount of credit exposure to any one financial institution. An identified loss event comprises a receivable being outstanding for more than 120 days. This amount represents R379,680 as at 31 December 2024 (2023: R689,274).

Net impairment losses - members' and service providers' portions
Accounts receivable from off benefit members are impaired fully. Accounts receivable from on benefit (i.e. current) members are not impaired. Service providers with accounts outstanding longer than 60 days are fully impaired on a case by case basis.

Net impairment losses - advances from savings plan accounts

Advances from savings plan accounts for off benefit members are impaired where the account is outstanding longer than 60 days. There is no impairment of advances from savings plan accounts for on benefit members.

Liability for incurred claims
The liability for incurred claims is an estimate of the potential liability at statement of financial position date for claims that have been incurred by members but not yet received by the Scheme. The full details of the liability for incurred claims are disclosed in note 9.

There are no key areas of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Expected credit losses (ECL)
The Scheme recognises a loss allowance for expected credit losses on:
· Debt investments measured subsequently at amortised cost or at fair value through other comprehensive income; and
· Trade receivables and contract assets.

The Scheme measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Scheme is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Scheme has write offs that are insignificant, hence the ECL model did not have a significant impact on the Scheme. Due to this no forward looking information was incorporated and the Scheme creates a provision for all debt greater than 120 days as per the Scheme's debt mandate. Debt is written off after Board approval is obtained.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

22. INSURANCE RISK MANAGEMENT

Risk management objectives and policies for mitigating medical insurance risk
The primary medical 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 medical insurance and investment activities.

The Scheme manages its medical 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 risk transfer arrangements as well as the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor medical insurance risk exposures both for individual types of risks 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 medical 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 events during any one year may vary from those estimated.

Risk in terms of risk transfer arrangements
The Scheme cedes medical insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks and defined blocks of risk, on a co-insurance, yearly renewable term. These risk transfer arrangements 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 based on characteristics of coverage. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to Scheme members, as and when required by the members. The Scheme does, however, remain liable to its members with respect to ceded medical insurance if any capitation provider fails to meet the obligations it assumes. When selecting a capitation provider the Scheme considers its stability from public rating information and from internal investigations.

The following table summarises the concentration of medical insurance risk on a beneficiary level, with reference to the net carrying amount of medical insurance claims paid in the financial year, by age group and in relation to the type of risk covered or benefits provided.

Age grouping (in years) 2024	**Medical specialist**	**General Practitioners**	**Hospitals**	**Medicine**	**Other**	**Total**
	R	**R**	**R**	**R**	**R**	**R**
< 26	2,795,151	160,473	5,418,385	387,497	608,691	9,370,197
26 - 35	1,841,152	138,402	2,204,936	219,404	798,378	5,202,272
36 - 50	5,036,217	209,652	7,403,129	821,856	2,240,147	15,711,001
51 - 65	5,602,869	214,192	7,251,731	1,902,145	1,111,143	16,082,080
> 65	5,486,437	184,756	6,370,156	1,772,499	1,466,184	15,280,032
Total amount	20,761,826	907,475	28,648,337	5,103,401	6,224,543	61,645,582

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Age grouping (in years) 2023	**Medical specialist**	**General Practitioners**	**Hospitals**	**Medicine**	**Other**	**Total**
	R	**R**	**R**	**R**	**R**	**R**
< 26	2,119,453	101,170	3,282,786	603,391	349,012	6,455,813
26 - 35	1,871,514	109,896	2,292,000	411,924	366,564	5,051,898
36 - 50	4,231,572	204,639	6,409,635	1,232,916	1,254,917	13,333,679
51 - 65	4,522,358	148,208	5,549,573	1,744,938	498,881	12,463,958
> 65	5,357,554	244,052	8,590,920	3,020,775	952,211	18,165,513
Total amount	18,102,451	807,966	26,124,915	7,013,944	3,421,584	55,470,860

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

22. INSURANCE RISK MANAGEMENT (continued)

Reconciliation of net claims to current year claims incurred:	**2024 R**	**2023 R**
Total claims as above	61,645,582	55,470,860
Hospital discounts	(70,290)	-
IBNR Provision	2,375,803	2,899,179
Overprovision prior year	(55,958)	(522,051)
Movement in risk adjustment	(89,808)	72,771
Claims recoveries from risk transfer arrangements	5,804,543	4,935,317
Net claims incurred (Note 11)	69,609,872	62,856,076

The Scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. The strategy is set out in the annual business plan, which specifies the benefits to be provided, the preferred target market and demographic split thereof.

All the contracts are annual in nature and the Scheme has the right to change the terms and conditions of the contract at renewal. Management information including contribution income and claims ratios, target market and demographic split, is reviewed monthly. There is also a program that regularly reviews contractual premium and benefit data to ensure adherence to the Scheme's objectives.

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.

23. FINANCIAL RISK MANAGEMENT

Interest Rate Risk
Interest rate risk is the exposure that the Scheme has to changes in interest rates. This is not a significant risk to the Scheme as it holds no debt. The main exposure to the Scheme would be a reduction in interest income on investments if interest was to decrease. In order to reduce the impact of any potential interest rate changes, the Scheme holds a diversified portfolio of investments both long and short term.

The table below summarises the Scheme's exposure to interest rate risks. Included in the table are the Scheme's investments in interest bearing instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month R	**1 - 12 months R**	**Greater than 12 months R**	**Total R**
As at 31 December 2024				
Cash and cash equivalents	19,227,865	-		19,227,865
Total	19,227,865	-	-	19,227,865
As at 31 December 2023				
Cash and cash equivalents	19,309,815	-		19,309,815
Total	19,309,815	-	-	19,309,815

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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23. FINANCIAL RISK MANAGEMENT (continued)

If interest rates changed by 1% (increase or decrease), assuming all other variables remain constant, and the recent past is predictive of the future, the impact on return on investment and the resulting impact on the results of the Scheme is as follows:

	2024 R	2023 R
Change in investment income	192,279	193,098

The interest rate sensitivity analysis is based on a rate change of 1% which is viewed as a likelihood in the South African environment.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Scheme operates in South Africa and therefore its cash flows are denominated in South African Rand (ZAR). The Scheme is not directly exposed to currency risk in relation to investments as all are denominated in South African Rand, and the diversified investment strategy currently precludes any foreign investments.

Credit risk
The Scheme has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and members. The maximum exposure to credit risk at the reporting date without taking account of any collateral or other credit enhancements was R1,824,549 (2023: R1,231,002).

The Scheme's credit risk is primarily attributable to trade receivables and cash. The amounts presented in the statement of financial position are net of allowances for possible impairment losses, estimated by the Scheme's management based on prior experience and the current economic environment.

Trade and other receivables	**2024** **R**	**2023** **R**
Fully performing	1,822,785	1,155,538
Past due but not impaired	1,764	75,465
Past due and impaired	379,680	689,274
	2,204,229	1,920,277
Allowance for impairment of trade and other receivables	(379,680)	(689,274)
Trade and other receivables	1,824,549	1,231,002

For detailed explanation of impairment procedures for the scheme, refer Note 21. The Scheme has write offs that are insignificant, hence the ECL model did not have a significant impact on the Scheme.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit rating agencies.

Moody's deposit ratings	**Credit Rating**		**2024**	**2023**
Financial institution	**2024**	**2023**	**R**	**R**
First National Bank	Ba2	Ba2	480,612	1,579,863
Standard Bank	Ba2	Ba2	18,747,253	17,729,952

Equity Risk

Equity risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market place.

Equities are reflected at market values, which are susceptible to fluctuations. The Scheme manages it's equity risk by employing the following procedures:

- mandating a specialist fund manager to invest in equities, where there is an active market and where access is gained to a broad spectrum of financial information relating to the companies invested in;
- diversifying across many securities to reduce risk. Diversification is guided by the Medical Schemes Act and;
- considering the risk-reward profile of holding equities and bearing the risk in order to obtain higher expected returns on assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

23. FINANCIAL RISK MANAGEMENT (continued)

Should the South African equities market change by 5% (increase or decrease) (2023:5%), assuming all other variables remain constant, and the recent past is predictive of the future, the impact on the market value of the Scheme's investments would be as follows:

	2024 R	2023 R
Equity	1,937,818	1,841,796

The equity risk sensitivity analysis is based on a 5% change in equity values which is viewed as a conservative but likely return on the South African stock exchange.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents by monitoring the availability of funding through liquid-holding cash positions with various financial institutions. This ensures that the Scheme has the ability to fund its day-to-day operations.

The table below analyses the assets and liabilities of the Scheme into relevant maturity groupings based on the remaining period at statement of financial position date to the contractual maturity date:

As at 31 December 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 year**	**Total**
Current Assets	162,812,753	-	-	162,812,753
Financial assets at fair value through Profit or Loss	143,470,095			143,470,095
Cash and cash equivalents	19,227,865	-	-	19,227,865
Other receivables	114,793	-	-	114,793
Current Liabilities	38,770,496	-	-	38,770,496
Insurance contract liability to present members	38,464,293	-	-	38,464,293
Other payables	306,202	-	-	306,202
Net positive liquidity				124,042,257

As at 31 December 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 year**	**Total**
Current Assets	162,666,944	-	-	162,666,944
Financial assets at fair value through Profit or Loss	143,224,212	-	-	143,224,212
Cash and cash equivalents	19,309,815	-	-	19,309,815
Trade and other receivables	132,917	-	-	132,917
Current Liabilities	40,901,290	-	-	40,901,290
Insurance contract liability to present members	40,548,350	-	-	40,548,350
Trade and other payables	352,940	-	-	352,940
Net positive liquidity				121,765,654

Fair value estimation

The fair value of publicly traded financial instruments, are based on quoted market prices at the statement of financial position date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

23. FINANCIAL RISK MANAGEMENT (continued)

	2024		2023	
	Carrying amount R	Fair Value R	Carrying amount R	Fair Value R
Investments held at fair value through profit and loss	143,470,095	143,470,095	143,224,212	143,224,212
Cash and cash equivalents	19,227,865	19,227,865	19,309,815	19,309,815
Trade and other receivables	114,793	114,793	132,917	132,917
Savings plan liability	36,298,814	36,298,814	37,148,140	37,148,140
Trade and other payables	306,202	306,202	352,940	352,940

At year-end the carrying amounts approximate their fair values due to the short-term maturities of these assets and liabilities.

Fair value of financial assets and liabilities by hierarchy level

The fair value of publicly traded financial instruments held as investments held at fair value through profit or loss, is based on quoted market prices at the statement of financial position date. Instruments classified as held at fair value through profit or loss in the statement of financial position are held at fair value. All financial assets held at fair value are level 1 in the fair value hierarchy.

	2024 R	2023 R
Financial Assets - Level 1		
Investments held at fair value through profit or loss		
Cash and deposits	40,065,513	42,984,469
Bonds	64,648,230	63,403,817
Equity funds	38,756,352	36,835,926
	143,470,095	143,224,212

Investment structures

The Scheme has determined that its investment pooled portfolios are an investment in unconsolidated structured entity. The Scheme invests in these portfolio, whose objectives range from achieving medium to long-term capital growth. The portfolios are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The Scheme may request full or part redemption of these investments if the need arises. The change in fair value is included in the statement of comprehensive income in 'Net gains/ (losses) on financial instruments held at fair value through profit or loss'.

The Scheme's investment in pooled portfolios are subject to terms and conditions of the investment institution. All funds in these portfolios are managed by the asset managers who are compensated for their services based on performance.

The exposure the Scheme has to these portfolios are listed in the table below. The Scheme's maximum exposure to loss from its interests in these portfolios are limited to the total fair value of its investment in the portfolio.

Portfolio	As at 31 December 2024			As at 31 December 2023		
	Total portfolio value	**Fair value**	**% exposure**	**Total portfolio value**	**Fair value**	**% exposure**
Allan Gray	2,941,918,123	73,440,539	2.50%	2,820,930,681	73,256,763	2.60%
Coronation	1,029,114,683	32,023,156	3.11%	815,189,114	31,809,919	3.90%
Sanlam	931,755,677	38,006,400	4.08%	772,134,168	38,157,530	4.94%

Capital adequacy risk

This represents the risk that there are insufficient reserves to provide for adverse variations on actual and future experience. The Scheme manages its capital to ensure that it will be able to continue as a going concern as well as meet the solvency ratio of 25%, as regulated by the Medical Schemes Act of 1998. The Scheme had R124.0 million (2023: R121.8 million) of insurance contract liability to future members at 31 December 2023, which translated to a solvency ratio of 160.06% (2023: 132.49%) when calculated as per CMS Regulations. The Scheme had a two month contribution concession in 2024. If contributions are grossed up to a twelve month period, the solvency ratio would have been 133.38% at 31 December 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2024

24. FIDELITY COVER

The Scheme was covered under a fidelity insurance and professional indemnity policy provided through Camargue Underwriting Managers (Pty) Ltd. amounting to R10 million (2023: R10 million).

25. CONTINGENT ASSETS

The Scheme has approximately R1.9 million (2023: R1.9 million) in recoveries outstanding from the Road Accident Fund (RAF) for claims paid on behalf of members. The general likelihood of recovery of these amounts is uncertain, and the Trustees have elected not to recognise a debtor on the statement of financial position as any future recoveries are highly contingent on a multitude of factors.

26. INCOME TAX

The Scheme is exempt from Income Tax in terms of Section 10(1)(d) of the Income tax Act.

27. EVENTS AFTER REPORTING DATE

At the date of finalisation of the Annual Financial Statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

28. GOING CONCERN

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.

29. NON-COMPLIANCE MATTERS

The Trustees are of the opinion that there are no deviations from the Act except those listed below.

1. Outstanding contributions

Nature and impact

In terms of Section 26(7) of the Act all contributions should be received within 3 days of becoming due. Although majority of the contributions are received timeously, a limited number of individual payers paid after the due date.

Causes of failure

Contribution reconciliations typically take more than 3 days to be resolved, and instances of non-compliance might occur. This is common in the industry and is not viewed as material.

Corrective action

On-going follow up with affected parties has occurred. The Scheme has strict credit control policies to minimise the risk of non-recovery.

2. Investment in administrators

Nature and impact

In terms of the Medical Schemes Act and specifically Regulation 35(8)(c), a medical scheme shall not invest any of its assets in the business of any administrator. During the year the Scheme had pooled investments with exposure to medical scheme administrators.

Causes of failure

The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated objectives.

Corrective action

The Scheme has made application to the Council for Medical Schemes to receive an exemption from this section of the Medical Schemes Act. The Council for Medical Schemes has granted the Scheme a three year exemption until 30 November 2025.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2024

29. NON-COMPLIANCE MATTERS (continued)

3. Annexure B - sum of deposits held in categories 1(a)(i) and 1(a)(ii)

Nature and impact
In terms of the Medical Schemes Act and specifically Annexure B, the sum of deposits in categories 1(a)(i) and 1(a)(ii), excluding funds invested in policies of insurance, shall not be less than 20% of total investable funds i.e funds held in the Scheme's FNB current account and funds invested in banks by Stanlib should not be less than 20% of total investable funds. At 31 December 2024 the Scheme had 12% (2023: 12%) of total investable funds invested in categories 1(a)(i) and 1(a)(ii).

Causes of failure
The Scheme's funds are invested in investments termed as policies of insurance (Allan Gray, Coronation and Sanlam) where the Scheme can earn better interest rates than in current accounts, call accounts or money market funds. The Scheme has sufficient liquid funds available for its operational needs. Should additional funds be required, funds in policies of insurance are easily attainable.

Corrective action

The Scheme has made application to the Council for Medical Schemes to receive an exemption from this section of the Medical Schemes Act. The Scheme is still awaiting the outcome of its application to the Council for Medical Scheme.

4. Contravention of Section 33(2) of the Medical Schemes Act

Nature and impact

In terms of the Medical Schemes Act, each benefit option shall be self-supporting in terms of membership and financial performance and should be financially sound. As at the 31 December 2024, the Scheme reported a net healthcare loss position, thereby contravening Section 33(2) of the Act.

The Scheme reported a net healthcare loss of R14.3 million (2023 surplus: R3.7 million) as at 31 December 2024.

The Net healthcare loss is calculated as follows:

	2024	2023
Net surplus for the year	2,276,604	17,313,582
Less: Other income as per Statement of comprehensive income and loss	(17,238,345)	(14,151,247)
Add: Management fee as per Statement of comprehensive income and loss	710,798	531,347
Net healthcare (loss)/surplus	(14,250,942)	3,693,682

Causes of failure
During the financial year, due to the Schemes high reserves, the Council for Medical Schemes approved a two month contribution concession for the Schemes members. This was effected in the months of March and April 2024 and was funded from the Scheme's reserves. The contribution concession, that would have amounted to approximately R12.4 million, contributed to the net healthcare loss reported at the end of the year.

Corrective action

No corrective action is required as the Trustees believe that the Scheme has sufficient funds in cash and investments. Furthermore, the Scheme reported a healthy reserve ratio of 160.06% for the year ending 31 December 2024 when calculated as per CMS Regulations. The Scheme had a two month contribution concession in 2024. If contributions are grossed up to a twelve month period, the solvency ratio would have been 133.38% at 31 December 2024.