SUREMED HEALTH

(Registration Number 1464)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUREMED HEALTH
REGISTRATION NUMBER 1464
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The report and statements set out below comprise the annual financial statements presented to the members of Suremed Health.

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

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

The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the ability of the scheme to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The scheme’s external auditor is responsible for auditing the financial statements in terms of International Standards on Auditing and their report is presented on pages 4 to 9. PricewaterhouseCoopers Inc. was given unrestricted access to all financial records and related data, including minutes of all meetings of members, the Board of Trustees and Committees of the Board. The Board believes that all representations made to the independent auditor during their audit were valid and appropriate.

Approval of annual financial statements

The annual financial statements of Suremed Health, as identified in the first paragraph, were approved by the Board of Trustees on 15 April 2025 and are signed on its behalf by

AB VERMEULEN	**JLO FERNANDES**	**J JANSE VAN RENSBURG**
CHAIRPERSON	**TRUSTEE**	**PRINCIPAL OFFICER**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Suremed Health has established a Code of Ethics and is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are satisfied that these standards have been met. The Trustees are proposed and elected by the members of the scheme in terms of the rules of the scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the performance of the Administrator and other providers according to service level agreements. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive. The performance of the Board and individual Trustees is evaluated annually against agreed terms of reference and performance targets.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

The scheme conducts its affairs in accordance with standards of acceptable Corporate Practice and Conduct as it applies to medical schemes and trustees.

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

AB VERMEULEN	**JLO FERNANDES**	**J JANSE VAN RENSBURG**
CHAIRPERSON	**TRUSTEE**	**PRINCIPAL OFFICER**

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 R	2023 R
ASSETS			
Non-current assets			
Financial assets at amortised cost	5	38 409 495	51 799 507
Current assets		24 562 337	18 268 744
Financial assets at amortised cost	5	16 303 231	12 413 793
Trade and other receivables	6	61 308	29 035
Cash and cash equivalents	7	8 197 798	5 825 916
Total assets		62 971 832	70 068 251
LIABILITIES			
Non-current liability			
Insurance contract liabilities	10.2	51 376 483	61 762 361
Current liabilities		11 595 349	8 305 890
Trade and other payables	8	255 185	269 074
Reinsurance contract liabilities	9	82 424	28 024
Insurance contract liabilities	10.1	11 257 740	8 008 792
Total liabilities		62 971 832	70 068 251

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 R	2023 R
Insurance revenue	11, 12	44 947 522	52 004 851
Insurance service expenses	12	(48 404 522)	(54 734 277)
Net income/(expense) from reinsurance contracts held	16	517 867	(629 283)
Reinsurance expenses from reinsurance contracts held	16	(2 710 946)	(6 847 526)
Reinsurance income from reinsurance contracts held	16	3 228 813	6 218 243
Insurance service result (net healthcare result)		(2 939 133)	(3 358 709)
Interest income from financial assets	17	5 899 216	5 880 629
Net investment income		5 899 216	5 880 629
Finance expenses from insurance contracts issued - PMSA	18	(87 768)	(89 222)
Net insurance finance expenses		(87 768)	(89 222)
Net result after investment income and finance expenses		**2 872 315**	**2 432 698**
Sundry income	20	623 265	795 221
Other operating expenses	19	(3 495 580)	(3 227 919)
Total comprehensive income for the year		-	-
Amounts attributable to future members	10.2	(10 385 878)	(789 713)

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 R	2023 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members		49 636 352	55 932 747
Cash paid to providers, employees and members		(62 664 261)	(62 393 098)
Cash paid for claims		(52 341 244)	(47 861 539)
Cash paid to providers - accredited administration fees		(2 527 578)	(2 778 864)
Cash paid to providers - managed care fees		(778 458)	(793 103)
Cash payments to brokers for insurance acquisition costs		(556 509)	(752 548)
Cash payments to reinsurers		(2 656 546)	(6 837 327)
Cash paid to providers and employees - other expenditure		(3 659 201)	(3 173 391)
Cash paid to members - savings plan refunds		(144 724)	(196 326)
Net cash flows used in operating activities		(13 027 909)	(6 460 351)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4 362 405	3 850 804
Proceeds from investments - current	5	12 000 000	48 000 000
Proceeds from investments - non-current	5	15 000 000	-
Purchases of investments - current	5	(16 000 000)	(12 000 000)
Purchases of investments - non-current		-	(33 000 000)
Cash flows from investing activities		15 362 405	6 850 804
NET INCREASE IN CASH AND CASH EQUIVALENTS		2 334 496	390 453
Cash and cash equivalents at the beginning of the year		5 814 096	5 423 642
Total cash and cash equivalents at the end of the year	7	8 148 592	5 814 096

General information

Refer to the Board of Trustees report for general information related to the scheme.

1. Basis of preparation

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

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

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

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

The preparation of the financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 26. Refer to notes 2 and 3 for the significant judgements and estimates applicable to the scheme. Management does not have the power to amend the audited financial statements once issued.

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

- IAS 1 Presentation of Financial Statements

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

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

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

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

1. Basis of preparation – continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Basis of preparation – continued

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

- IFRS 18 Presentation and Disclosure in Financial Statements

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

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

  - Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses - operating, investing and financing - to improve the structure of the income statement, and a requirement for all entities to provide new defined subtotals, including operating profit.

  - Enhanced transparency of management-defined performance measures with a requirement for entities to disclose explanations of those entity-specific measures that are related to the income statement.

  - More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for entities to provide more transparency about operating expenses.

  - This Standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

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

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

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

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

2. Significant judgements

2.1.1 *Assessment as to whether the scheme is a mutual entity*

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

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

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

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

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

2. Significant judgements - continued

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

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

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

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

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

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

2.1.2 *Unit of account*

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

The above is demonstrated by the following:

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

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

2. Significant judgements - continued

2.1.3 *Risk adjustment - liability for incurred claims (LIC)*

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

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

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

2.1.4 *Risk adjustment - risk transfer arrangements*

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

3. Significant estimates

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

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. Future cash flows are estimated using deterministic scenarios.

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 26.

3.1.1 *Estimates of future cash flows to fulfil insurance contracts*

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

3. Significant estimates - continued

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

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

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

3.1.2 *Methods used to measure the insurance contracts*
The scheme estimates insurance liabilities in relation to claims incurred for healthcare contracts.

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

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

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

The following was taken into account when estimating the LIC:
- The homogeneity of the data;
- Changes in the pattern of claims;
- Changes in the composition of members and their beneficiaries;
- Changes in benefit limits; and
- Changes in the prescribed minimum benefits.

4. Principle accounting policies

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

4.1 Insurance contracts

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.2 *Unit of account*

The scheme has assessed its portfolio to be at a scheme level as a whole. Please refer to note 2 for the assessment.

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

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

IFRS 17 requires that the investment component and insurance component are highly correlated. In this respect, the one component cannot be measured without considering the other. Under Navigator, once the risk component of benefits are exhausted, the PMSA component will become available. The two benefits are therefore highly interrelated.

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

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

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

4.1.3 *Contract boundary*

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

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

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

In assessing the practical ability to reprice, risks transferred from the member to the scheme are considered.

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.4 *Recognition and derecognition*

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

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

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

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

An insurance contract is derecognised when it is:

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

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

4.1.5 *Initial and subsequent measurement*

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

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

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

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

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

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

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

The insurance contract liabilities consist of two components:

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.5 *Initial and subsequent measurement - continued*

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

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

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

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

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

4.1.6 *Insurance revenue*

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

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

4.1.7 *Expenses*

Insurance service expenses include:

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.8 *Insurance interest income and expenses*
The non-distinct investment component (PMSA) accrues interest. This is disclosed within the insurance finance expense line item.

4.2 Reinsurance contracts

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

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

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

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

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

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

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

4.2.4 *Initial and subsequent measurement*
For reinsurance contracts held, on initial recognition, the scheme measures the remaining coverage at the amount of ceding contributions paid.

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

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.2 Reinsurance contracts - continued

4.2.4 *Initial and subsequent measurement - continued*

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

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

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

4.2.5 *Contract boundary*

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

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

Net income/(expense) from reinsurance contracts held:
The scheme presents the financial performance of groups of reinsurance contracts held on a gross basis.

Reinsurance income consists of:

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

Reinsurance expenses consists of:

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

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding contributions the scheme expects to pay in exchange for those services.

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

4.3 Financial assets

The scheme's financial assets comprise of financial assets at amortised cost and trade and other receivables.

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Financial assets - continued

Recognition and initial measurement

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

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

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

Classification and subsequent measurement

The scheme classifies its financial assets at amortised cost. Management determines the classification of its financial assets at initial recognition.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:
- it is held within a business model whose objective it is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on principle amounts outstanding on specified dates.

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

Subsequent measurement and gains and losses

a. *Financial assets at fair value through profit or loss*

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Financial assets - continued

Subsequent measurement and gains and losses - continued

b. *Financial assets at amortised cost*

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

Derecognition

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

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

Impairment

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

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

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

b. *Debt instruments and other instruments carried at amortised cost*

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Financial assets - continued

Offsetting financial instruments

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

4.4 Cash and cash equivalents

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

4.5 Trade and other receivables

Trade receivables are amounts due from financial institutions for accrued interest on investments and sundry debtors, such as expenses paid in advance. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

4.6 Provisions

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

4.7 Trade and other payables

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

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

4.8 Investment income from financial assets

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.9 Impairment losses

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

4.10 Reimbursement from the Road Accident Fund (RAF)

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

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

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

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

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

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

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

As per the scheme rules, savings assets are part of scheme assets. The scheme therefore writes off unclaimed savings balances once these balances have prescribed.

4.12 Income tax

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

4.13 Insurance contract liabilities to future members

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

5. FINANCIAL ASSETS AT AMORTISED COST

	2024 R	2023 R
Non-current investments		
Investec Limited fixed deposit	-	15 000 000
Nedbank Limited fixed deposit	13 000 000	13 000 000
Standard Bank Limited fixed deposit	14 000 000	14 000 000
GBS Mutual Bank fixed deposit	6 000 000	6 000 000
Accrued interest	5 409 495	3 799 507
	38 409 495	51 799 507
Current investments		
ABSA Bank Limited fixed deposits	16 000 000	12 000 000
Accrued interest	303 231	413 793
	16 303 231	12 413 793
	54 712 726	64 213 300

The weighted average effective return on short term deposits was 8.65% (2023: 9.54%). The weighted average effective return on long term deposits was 9.50% (2023: 9.33%).

6. TRADE AND OTHER RECEIVABLES

	2024	2023
Other receivables		
Sundry debtors	61 308	29 035
	61 308	29 035

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

7. CASH AND CASH EQUIVALENTS

	2024	2023
Deposits on call account	1 631 434	29 496
Current accounts	1 717 158	984 600
Short term deposits	4 800 000	4 800 000
Accrued interest	49 206	11 820
	8 197 798	5 825 916
Cash and cash equivalents excluding accrued interest	8 148 592	5 814 096

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

The weighted average effective interest rate on short-term deposits was 7.68% (2023: 8.17%).

The effective interest rate on current accounts was 7.35% (2023: 7.85%) and on deposits on call accounts 7.33% (2023: 6.85%).

Unclaimed amounts which had not been presented for payment due to banking details not having been loaded on the system yet, amounted to R 554 970 (2023: R 175 851) at year-end. The 2024 unclaimed amount has been written back to creditors as the amount was significant.

8. TRADE AND OTHER PAYABLES

	2024	2023
Other payables		
Accrued expenses	13 404	1 490
Audit fee provision	224 445	157 066
Scheme creditors	17 336	110 518
	255 185	269 074

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

9. REINSURANCE CONTRACT LIABILITIES

2024	Remaining Coverage Component R	Incurred claims for contracts under the PAA R	Total R
Opening reinsurance contract liabilities	-	(28 024)	(28 024)
Net income of reinsurance contracts held			
Reinsurance expense	(2 710 946)	-	(2 710 946)
Claims recovered	-	3 228 813	3 228 813
Net income of reinsurance contracts held	(2 710 946)	3 228 813	517 867
Cash flows			
Premiums paid	2 656 546	-	2 656 546
Recoveries from reinsurance	-	(3 228 813)	(3 228 813)
Total cash flows	2 656 546	(3 228 813)	(572 267)
Transfer of remaining coverage to incurred claims	54 400	(54 400)	-
Net balance as at 31 December	-	(82 424)	(82 424)
Closing reinsurance contract liabilities	-	(82 424)	(82 424)
Net balance as at 31 December	-	(82 424)	(82 424)

2023	Remaining Coverage Component R	Incurred claims for contracts under the PAA R	Total R
Opening reinsurance contract liabilities	-	(17 825)	(17 825)
Net (expense) of reinsurance contracts held			
Reinsurance expense	(6 847 526)	-	(6 847 526)
Claims recovered	-	6 218 243	6 218 243
Net (expense) of reinsurance contracts held	(6 847 526)	6 218 243	(629 283)
Cash flows			
Premiums paid	6 837 327	-	6 837 327
Recoveries from reinsurance	-	(6 218 243)	(6 218 243)
Total cash flows	6 837 327	(6 218 243)	619 084
Transfer of remaining coverage to incurred claims	10 199	(10 199)	-
Net balance as at 31 December	-	(28 024)	(28 024)
Closing reinsurance contract liabilities	-	(28 024)	(28 024)
Net balance as at 31 December	-	(28 024)	(28 024)

	2024 R	2023 R
The risk adjustment factors on the reinsurance contracts are as follows:		
IBNR provision (included in claims recovered)	42 624	1 042 011
Risk adjustment %	5.71%	9.59%
Risk adjustment value	2 433	99 929

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

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NOTES TO THE FINANCIAL STATEMENTS - continued
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10. INSURANCE CONTRACT LIABILITIES

	2024 R	2023 R
Insurance contract liabilities is made up of the following two components:		

- Liability attributable to current members; and
- Liability attributable to future members.

	2024 R	2023 R
Insurance contract liabilities - Current liability attributable to current members	11 257 740	8 008 792
Insurance contract liabilities - Non-current liability attributable to future members	51 376 483	61 762 361
	62 634 223	69 771 153

10.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

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

	2024			
Insurance contracts issued	**Liability for Remaining Coverage** **R**	**Liability for Incurred Claims** **R**	**Risk adjustment factor**	**Total** **R**
Insurance contract liabilities as at 1 January	683 222	7 037 820	287 751	8 008 792
Insurance revenue				
New contracts and contracts measured under the PAA	(44 947 522)	-	-	(44 947 522)
Total insurance revenue	(44 947 522)	-	-	(44 947 522)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	54 630 216	287 730	54 917 946
Changes that relate to past service - adjustment to the LIC	-	150 240	(287 751)	(137 511)
Insurance acquisition expense	531 795	-	-	531 795
Changes that relate to PMSA - prescribed savings balances	-	(487 853)	-	(487 853)
Total insurance service expenses	531 795	54 292 603	(21)	54 824 377
Insurance service result	(44 415 727)	54 292 603	(21)	9 876 855
Finance expenses from insurance contracts issued	-	87 768	-	87 768
Total amounts recognised in comprehensive income	(44 415 727)	54 380 371	(21)	9 964 623
Investment components (savings contributions) - refer note 11	(3 773 760)	3 773 760	-	-
Other changes: Premium debtors to LIC	(825 967)	825 967	-	-
Other changes: PMSA year-end adjustment	-	(3 513)	-	(3 513)
Cash flows				
Premiums received	49 636 352	-	-	49 636 352
Insurance acquisition cash flows paid	(556 509)	-	-	(556 509)
Incurred claims and other directly attributable expenses paid - refer to note 10.3	-	(55 792 005)	-	(55 792 005)
Total cash flows	49 079 843	(55 792 005)	-	(6 712 162)
Insurance contract liabilities as at 31 December	747 610	10 222 400	287 730	11 257 740

Comprising of:

Trade and other receivables	
Net contribution receivables	(1 697 342)
Net amounts receivable: Providers/Members	(3 820)
Net advance payments on savings plan accounts	(85 289)
Trade and other payables	2 266 163
Contributions refundable	161 245
Contributions received in advance	747 610
Remittances initiated but not yet paid	1 021 088
Accredited administration and managed care fees payable	294 189
Accrued broker commission	42 031
Personal Medical Savings Account Monies managed by the scheme on behalf of its members	5 450 298
Outstanding claims provision	5 040 000
Risk adjustment factor for non-financial risk	287 730
	11 257 740

10.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS - continued

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

	2023			
Insurance contracts issued	**Liability for Remaining Coverage R**	**Liability for Incurred Claims R**	**Risk adjustment factor**	**Total R**
Insurance contract liabilities as at 1 January	387 715	7 253 626	196 997	7 838 339
Insurance revenue				
New contracts and contracts measured under the PAA	(52 004 851)	-	-	(52 004 851)
Total insurance revenue	(52 004 851)	-	-	(52 004 851)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	48 323 075	287 751	48 610 826
Changes that relate to past service - adjustment to the LIC	-	(19 208)	(196 997)	(216 205)
Insurance acquisition expense	759 022	-	-	759 022
Changes that relate to PMSA - prescribed savings balances	-	(581 453)	-	(581 453)
Total insurance service expenses	759 022	47 722 414	90 754	48 572 190
Insurance service result	(51 245 829)	47 722 414	90 754	(3 432 661)
Finance expenses from insurance contracts issued	-	89 222	-	89 222
Total amounts recognised in comprehensive income	(51 245 829)	47 811 636	90 754	(3 343 439)
Investment components (savings contributions) - refer note 11	(4 085 415)	4 085 415	-	-
Other changes: Premium debtors to LIC	446 551	(446 551)	-	-
Other changes: PMSA year-end adjustment	-	(36 475)	-	(36 475)
Cash flows				
Premiums received	55 932 747	-	-	55 932 747
Insurance acquisition cash flows paid	(752 548)	-	-	(752 548)
Incurred claims and other directly attributable expenses - refer to note 10.3		(51 629 832)	-	(51 629 832)
Total cash flows	55 180 199	(51 629 832)	-	3 550 368
Insurance contract liabilities as at 31 December	683 222	7 037 820	287 751	8 008 792
Comprising of:				
Trade and other receivables				
Net contribution receivables				(2 299 681)
Net amounts receivable: Providers/Members				(8 364)
Net advance payments on savings plan accounts				(70 998)
Trade and other payables				1 646 810
Contributions refundable				87 038
Contributions received in advance				683 222
Remittances initiated but not yet paid				426 946
Accredited administration and managed care fees payable				382 859
Accrued broker commission				66 745
Personal Medical Savings Account Monies managed by the scheme on behalf of its members				5 703 274
Outstanding claims provision				2 750 000
Risk adjustment factor for non-financial risk				287 751
				8 008 792

10.2 INSURANCE CONTRACT LIABILITIES - LIABILITY ATTRIBUTABLE TO FUTURE MEMBERS

Reconciliation of the insurance liability attributable to future members:

	2024 R	**2023 R**
Opening balance	61 762 361	62 552 074
Amounts settled in the current year	(10 385 878)	(789 713)
Closing balance	51 376 483	61 762 361

10.3 CASH FLOWS - INCURRED CLAIMS AND OTHER DIRECTLY ATTRIBUTABLE EXPENSES (EXCLUDING INSURANCE ACQUISITION CASH FLOWS)

	Notes	2024 R	2023 R
Cash paid for claims		(52 341 244)	(47 861 539)
Cash paid to providers - accredited administration fees		(2 527 578)	(2 778 864)
Cash paid to providers - managed care fees		(778 458)	(793 103)
Cash paid to members - savings plan refunds		(144 724)	(196 326)
Total cash flows - incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows)		(55 792 005)	(51 629 832)

11. INSURANCE REVENUE

	Notes	2024 R	2023 R
Gross contributions per registered rules		48 803 775	56 083 095
Less: Savings contributions received	22	(3 773 760)	(4 085 415)
Net impairment losses: Trade and other receivables	21	(82 493)	7 171
Insurance revenue per statement of comprehensive income	12	44 947 522	52 004 851

The savings contributions are received by the scheme in terms of Regulation 10(1) and the scheme's registered Rules. Refer to note 22 to the financial statements for more detail on how these monies were utilised.

12. INSURANCE REVENUE AND SERVICE EXPENSES

	Notes	2024 R	2023 R
Insurance revenue			
Insurance revenue from contracts measured under the PAA	11	44 947 522	52 004 851
Total insurance revenue		44 947 522	52 004 851
Insurance service expenses			
Incurred claims and other directly attributable expenses	13	(58 108 365)	(54 784 176)
Changes that relate to past service - adjustment to the LIC	14	(150 240)	19 208
Insurance acquisition cash flows expensed	15	(531 795)	(759 022)
Amounts attributable to future members		10 385 878	789 713
Total insurance service expenses		(48 404 522)	(54 734 277)
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses - contracts measured under the PAA	16	(2 710 946)	(6 847 526)
Total expenses from reinsurance contracts held		(2 710 946)	(6 847 526)
Claims recovered	16	3 228 813	6 218 243
Total income from reinsurance contracts held		3 228 813	6 218 243
Total insurance service result		(2 939 133)	(3 358 709)

13. INCURRED CLAIMS AND OTHER DIRECTLY ATTRIBUTABLE EXPENSES

	Notes	2024 R	2023 R
Incurred claims (scheme risk)		(46 615 652)	(42 152 958)
Current year claims per registered rules		(50 116 706)	(45 894 006)
Claims paid/charged to savings accounts (refer note 22)		3 493 399	3 741 048
Third party claim recoveries		7 655	-
Incurred claims (reinsurance contracts)	16	(3 228 813)	(6 218 243)
Managed care: management services		(785 286)	(797 311)
Case management		(305 609)	(325 657)
Diabetes management		(73 830)	(77 901)
Disease management		(27 033)	(29 515)
HIV management		(91 523)	(94 749)
Pharmacy benefit management		(287 291)	(269 489)
Accredited administration services		(2 438 635)	(2 774 910)
Member record management		(162 781)	(201 480)
Contribution management		(184 163)	(226 147)
Claims management		(524 015)	(563 472)
Financial management		(332 758)	(389 207)
Information management and data control		(633 078)	(745 118)
Broker remuneration management		(20 836)	(24 682)
Customer services		(581 004)	(624 804)
Outstanding claims provision at year end		(5 040 000)	(2 750 000)
Reversal of risk adjustment factor (opening balance)		287 751	196 997
Recognition of risk adjustment factor (closing balance)		(287 730)	(287 751)
Adjustments to the risk adjustment factor		21	(90 754)
Incurred claims and other incurred insurance service expenses	12	(58 108 365)	(54 784 176)

It is estimated that claims to be paid out of members' personal medical savings accounts in respect of claims incurred in 2024 but not recorded amount to R 28 778 (2023: R 46 782).

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

	Notes	2024 R	2023 R
Outstanding claims provision			
Balance at beginning of year		2 750 000	2 200 000
Payments in respect of prior year		(2 900 240)	(2 180 792)
(Under)/overprovision in prior year	12	(150 240)	19 208

15. INSURANCE ACQUISITION CASH FLOWS EXPENSED

	Notes	2024 R	2023 R
Brokers' commission	12	(531 795)	(759 022)

16. NET INCOME/(EXPENSE) REINSURANCE CONTRACTS HELD

The scheme entered into the following reinsurance contracts during the respective years.

	2024 R	2023 R
ER24 REINSURANCE CONTRACT		
Reinsurance expenses from reinsurance contracts held	(298 814)	(312 457)
Reinsurance income from reinsurance contracts held	318 835	358 760
Net income	20 021	46 303

16. NET INCOME/(EXPENSE) REINSURANCE CONTRACTS HELD - continued

	Notes	2024 R	2023 R
PRIME CURE REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(1 367 274)	(6 535 069)
Reinsurance income from reinsurance contracts held		2 382 084	5 859 483
Net income/(expense)		1 014 810	(675 586)
MOMENTUM HEALTH REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(1 044 858)	-
Reinsurance income from reinsurance contracts held		527 894	-
Net expense		(516 964)	-
SUMMARY			
Reinsurance expenses from reinsurance contracts held	12	(2 710 946)	(6 847 526)
Reinsurance income from reinsurance contracts held	12, 13	3 228 813	6 218 243
Net income/(expense)	12	517 867	(629 283)

During the year under review, the scheme had capitation agreements in place for the duration of the financial year with ER24 in respect of emergency and ambulance benefits, Primecure (Pty) Ltd up to 30 April 2024 in respect of primary care benefits on the Explorer and Shuttle options, and Momentum Health (Pty) Ltd from 1 May 2024 in respect of network management, risk management services and a transfer of risk in respect of primary care services to beneficiaries on the Explorer and Shuttle options.

Reinsurance income relating to the contracts in place are calculated on the basis of:

- ER24: utilisation figures calculated at scheme rates.
- Primecure (Pty) Ltd: utilisation figures calculated at scheme rates.
- Momentum Health (Pty) Ltd: utilisation figures calculated at scheme rates.

17. INVESTMENT INCOME FROM FINANCIAL ASSETS

	2024 R	2023 R
Interest on call and cash investments	5 780 410	5 762 222
Interest on current bank account	118 806	118 407
	5 899 216	5 880 629

18. FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED - PMSA

	2024 R	2023 R
Interest paid on savings plan account balances (refer note 22)	(87 768)	(89 222)

19. OTHER OPERATING EXPENSES

	2024 R	2023 R
Actuarial fees	(380 328)	(498 102)
Audit committee fees	(128 340)	(108 425)
Audit fee	(366 169)	(255 902)
Audit services - current year	(362 445)	(253 182)
- prior year	(3 724)	(2 720)
Bank charges	(49 010)	(81 649)
BHF fees	(18 175)	(15 755)
Fidelity guarantee and professional indemnity insurance	(59 941)	(58 389)
Legal fees	-	-
Management fee (emergency services)	(15 389)	(16 056)
Marketing expenses	(11 863)	(13 738)
Merger costs	(137 902)	-
Other expenses	(41 149)	(41 970)
Postage and courier costs	(40 674)	(19 349)
Principal officer's fees and expenses	(771 229)	(743 609)
Printing and stationery	(9 284)	(9 403)
Real time processing	(40 708)	(38 224)
Registrar's levies	(64 232)	(47 148)
Telephone expenses	(4 621)	(4 377)
Total trustees' remuneration and consideration expenses (refer note 23)	(1 335 728)	(1 251 141)
Other administration services	(20 838)	(24 682)
Secretarial	(20 838)	(24 682)
	(3 495 580)	(3 227 919)

20. SUNDRY INCOME

	2024 R	2023 R
Stale claims written back	99 117	171 312
Terminated members with prescribed credit balances written back	35 240	39 858
Other sundry income	1 055	2 598
Prescribed savings balances written back	487 853	581 453
	623 265	795 221

21. NET IMPAIRMENT LOSSES: TRADE AND OTHER HEALTHCARE RECEIVABLES

	2024 R	2023 R
Contributions that are not collectable	(95 430)	35 932
Movement in provision	(95 430)	35 932
Amounts written off during the year	-	-
Movement in provision for impairment on provider receivables	13 631	(21 683)
Provision for impairment on terminated members with negative savings	(694)	(7 078)
	(82 493)	7 171

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

	2024 R	2023 R
Balance on personal medical savings account liability at beginning of year	5 703 274	6 069 098
Add:		
Savings contributions received (refer note 11)	3 773 760	4 085 415
Interest and other income earned (refer note 18)	87 768	89 222
Increase/(decrease) in advances on savings plan accounts	14 985	14 841
Year end adjustment	-	-
Less:		
Savings claims paid on behalf of members (refer note 13)	(3 493 399)	(3 741 048)
Prescribed savings balances written back	(487 853)	(581 453)
Refunds on death or resignation in terms of Regulation 10	(144 724)	(196 326)
Year end adjustment	(3 513)	(36 475)
Balance at the year end	5 450 298	5 703 274

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

Interest is accrued in terms of the rules of the scheme on the personal medical savings accounts on a monthly basis.

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

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

A Constitutional Court judgement on 6 June 2017 found that Personal Medical Savings Account (PMSA) funds enter the scheme's bank account without being impressed by a trust or fiduciary relationship. Once paid into the scheme's bank account, these funds become assets of the scheme, regardless of whether a proportion is later allocated by the scheme to a PMSA. Consequently there is no distinction between scheme and PMSA assets and all assets must be invested in accordance with the Medical Schemes Act and Regulations.

23. TRUSTEE REMUNERATION AND EXPENSES

Year ended 31 December 2024	Fees for holding of office	Accommodation, travelling and meals	Fees for meeting attendance	Total
AB Vermeulen	494 220	14 774	113 705	622 699
JLO Fernandes	234 060	8 752	113 705	356 517
N Louw	247 560	7 402	101 550	356 512
Total	975 840	30 928	328 960	1 335 728

Year ended 31 December 2023	Fees for holding of office	Accommodation, travelling and meals	Fees for meeting attendance	Total
AB Vermeulen	470 520	19 520	98 900	588 940
JLO Fernandes	228 960	6 181	98 900	334 041
N Louw	229 260	-	98 900	328 160
Total	928 740	25 701	296 700	1 251 141

24. RELATED PARTY TRANSACTIONS

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the scheme. Key management personnel include the Board of Trustees and the Principal Officer. The amounts include those relating to close family members of the Board of Trustees and the Principal Officer. (Refer to Note 23 for Trustee remuneration and expenses).

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

	2024 **R**	**2023** **R**
Key management personnel		
Transactions		
Remuneration and expenses - Board of Trustees	1 335 728	1 251 141
Remuneration and expenses - Principal Officer	771 229	743 609
Contributions received	414 228	380 160
Claims incurred	394 308	444 499
Accumulated Savings	34 487	33 805
Transactions with parties that have significant influence over the Scheme		
Administrator		
Momentum Thebe Ya Bophelo (Pty) Ltd		
- Administration fees	2 459 473	2 799 592
- Managed care fees	619 933	624 661
Momentum Health (Pty) Ltd - risk transfer arrangement fees	1 044 858	-
Outstanding balances at 31 December		
Administrator		
Momentum Thebe Ya Bophelo (Pty) Ltd		
- Administration fees	232 086	321 961
- Managed care fees	50 578	50 597
Momentum Health (Pty) Ltd - risk transfer arrangement fees	117 117	-
Amounts due to the administrator are payable on the first working day of the following month		

Definitions:
Contributions received : contributions received are as per the rates and benefits table.
Claims incurred : claims are medical expenses paid on behalf of trustees as per the rules of the scheme.
Administration fees : administration fees are due under the administration contract between the scheme and Momentum Thebe Ya Bophelo (Pty) Ltd, for the administration of the scheme.
Managed care fees : managed care fees are due under the contract between the scheme and Momentum Thebe Ya Bophelo (Pty) Ltd for the management of pharmacy benefits, disease management and hospital referrals and authorisations.

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

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

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

	Change in variable	Impact on insurance contract liability to future members 2024 R	Impact on insurance contract liability to future members 2023 R
In hospital PMB claims incurred	1% increase in incurred claims	359 541	314 697
Chronic claims incurred	1% increase in incurred claims	29 189	26 329
Day to day claims incurred	1% increase in incurred claims	112 437	117 914

26. MEDICAL INSURANCE RISK MANAGEMENT

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

Risk management objectives and policies for mitigating insurance risk

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

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

Certain risks are mitigated by entering into reinsurance contracts. In this regard the scheme specifically decided to transfer all risks relating to emergency and ambulance services, and primary care of the Explorer and Shutttle members to an external service provider.

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

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

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

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

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Risk management objectives and policies for mitigating insurance risk - continued

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

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

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

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

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

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

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

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

Expense risk

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

Changes from the previous period

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

Methods used and assumptions made

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

Impact of legislation and regulation

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

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

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Prescribed Minimum Benefits (PMB's)

In terms of this regulation, a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions. Section 29 (1) (p) of the Act provides that the rules of a medical scheme may, in respect of any benefit option provide that the diagnosis, treatment and care costs of a prescribed minimum benefit condition will only be paid in full by the medical scheme if those services are obtained from a designated service provider in respect of that condition. Payment of these claims is potentially higher than the standard claims at the tariffs agreed by the scheme.

Sensitivity to Insurance Risk

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

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

As at 31 December 2024

Age grouping (in years)	In hospital PMB R	Chronic R	Day to day R	Total R
0 - 4	497 820	-	153 513	651 333
5 - 19	1 462 291	89 787	1 074 079	2 626 157
20 - 39	2 064 773	443 863	1 256 877	3 765 513
40 - 59	8 950 221	1 068 663	3 669 154	13 688 038
60 - 79	18 238 858	1 092 411	4 042 257	23 373 526
>79	4 740 117	224 164	1 047 858	6 012 139
Total	**35 954 080**	**2 918 888**	**11 243 738**	**50 116 706**

As at 31 December 2023

Age grouping (in years)	In hospital PMB R	Chronic R	Day to day R	Total R
0 - 4	927 379	-	203 603	1 130 982
5 - 19	1 311 344	55 413	1 280 181	2 646 938
20 - 39	1 616 573	361 369	1 354 974	3 332 916
40 - 59	7 975 215	962 762	4 075 600	13 013 577
60 - 79	15 949 652	1 091 181	4 067 419	21 108 252
>79	3 689 519	162 202	809 620	4 661 341
Total	**31 469 682**	**2 632 927**	**11 791 397**	**45 894 006**

Underwriting risk

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

Reinsurance contracts

The scheme entered into capitation agreements with ER24, Prime Cure (Pty) Ltd (terminated 30 April 2024) and Momentum Health (Pty) Ltd (from 1 May 2024). The capitation agreements are in substance, the same as a non-proportional commercial reinsurance contract.

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Reinsurance contracts - continued

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

Claims development

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

Sensitivity analysis to insurance risk variables

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

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

As at 31 December 2024	**LIC**	**Impact on LIC**	**Impact on surplus/deficit**
Insurance contract liabilities	11 257 740		
Unpaid claims and expenses - 5% increase			
Insurance contract liabilities		562 887	562 887
Expenses - 5% increase			
Insurance service expense			(2 420 226)

Risk adjustment with a 75% confidence level - as reported	287 730
Risk adjustment with a 80% confidence level	320 756

As at 31 December 2023	**LIC**	**Impact on LIC**	**Impact on surplus/deficit**
Insurance contract liabilities	8 008 792		
Unpaid claims and expenses - 5% increase			
Insurance contract liabilities		400 440	400 440
Expenses - 5% increase			
Insurance service expense			(2 736 714)

Risk adjustment with a 75% confidence level - as reported	287 751
Risk adjustment with a 80% confidence level	363 319

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Sensitivity analysis to insurance risk variables - continued

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

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

27. FINANCIAL RISK MANAGEMENT

General

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

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

Market Risk

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

Diversification and concentration
The asset class diversifications and concentrations are shown below. The sensitivity of the market risks show the illustrated impact of the surpluses/deficit of the various asset classes.

	December 2024		December 2023	
Asset class	**R**	**%**	**R**	**%**
Cash	62 910 524	100.00	70 039 216	100.00
Total	**62 910 524**	**100.00**	**70 039 216**	**100.00**

Allocation as at December 2024

Manager	**Mandate**	**Investment vehicle**	**R**	**%**
Suremed Health	Liquidity/Cash	Segregated	62 910 524	100.00
			62 910 524	**100.00**

Allocation as at December 2023

Manager	**Mandate**	**Investment vehicle**	**R**	**%**
Suremed Health	Liquidity/Cash	Segregated	70 039 216	100.00
			70 039 216	**100.00**

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27. FINANCIAL RISK MANAGEMENT - continued

Market Risk - continued

Counter party analysis

Asset Class	Holdings as at December 2024	Ratings (Moody's at December 2024)	% of portfolio
Cash	ABSA Bank Limited	Aaa.za	28.05
	Standard Bank Limited	Aaa.za	24.50
	Nedbank Limited	Aaa.za	22.75
	First National Bank Limited	Aaa.za	14.20
	GBS Mutual Bank	Not available	10.50

Asset Class	Holdings as at December 2023	Ratings (Moody's at December 2023)	% of portfolio
Cash	Investec Bank Limited	Aa1.za	22.79
	Standard Bank Limited	Aa1.za	21.27
	Nedbank Limited	Aa1.za	19.75
	ABSA Bank Limited	Aa1.za	18.28
	GBS Mutual Bank	Not available	9.12
	First National Bank Limited	Aa1.za	8.79

Variable rate instruments

	Carrying amount 2024 R	Carrying amount 2023 R
Financial assets	62 910 524	70 039 216

Cash flow sensitivity
A positive/(negative) change of 100 basis points in interest rates at the reporting date would have increased/(decreased) net results by amounts shown below. This analysis assumes that all other variables remain constant.

	Deficit	
31 December 2024	**100bp increase**	**100bp decrease**
Variable rate instruments	629 105	(629 105)
Cash flow sensitivity	629 105	(629 105)
31 December 2023		
Variable rate instruments	700 392	(700 392)
Cash flow sensitivity	700 392	(700 392)

27. FINANCIAL RISK MANAGEMENT - continued

Market Risk - continued

Interest rate risk

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

	Up to 1 month R	1 - 3 months R	3 - 12 months R	1 - 5 years R	Total R
As at 31 December 2024					
Cash and cash equivalents	8 148 592	-	-	-	8 148 592
Financial assets at amortised cost	-	14 000 000	35 000 000	-	49 000 000
Personal medical savings account monies managed by the scheme on behalf of its members	(936 683)	(54 390)	(4 459 225)	-	(5 450 298)
Total	**7 211 909**	**13 945 610**	**30 540 775**	**-**	**51 698 294**

	Up to 1 month R	1 - 3 months R	3 - 12 months R	1 - 5 years	Total R
As at 31 December 2023					
Cash and cash equivalents	5 814 096	-	-	-	5 814 096
Financial assets at amortised cost	-	2 000 000	25 000 000	33 000 000	60 000 000
Personal medical savings account monies managed by the scheme on behalf of its members	(756 253)	-	(4 947 021)	-	(5 703 274)
Total	**5 057 843**	**2 000 000**	**20 052 979**	**33 000 000**	**60 110 822**

Credit Risk

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

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

The capitation agreements with ER24, Prime Cure (up to 30 April 2024) and Momentum Health (from 1 May 2024) are used to manage insurance risk. This does not, however, discharge the scheme's liability as the primary insurer. If the reinsurers fail to pay a claim for any reason, the scheme remains liable for the payment to the members.

27. FINANCIAL RISK MANAGEMENT - continued

Credit Risk - continued

Financial assets at amortised cost

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

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

Cash and cash equivalents

The credit risk on cash and cash equivalents is managed as the counterparties, the largest banks in South Africa, are significant financial institutions with high credit ratings assigned by international rating agencies.

The scheme has a policy of limiting the amount of credit exposure to any one financial institution.

Contribution receivables

The scheme manages credit risk by:

- Actively pursuing all contributions not received after three days of becoming due, as required by Section 26(7) of the Medical Schemes Act 131 of 1998, as amended;
- Suspending benefits on all member accounts where contributions are outstanding after 10 days of being due;
- Terminating benefits on all member accounts when contributions have not been received for 60 days; and
- Ageing and pursuing unpaid accounts on a monthly basis.

Exposure to credit risk

Financial assets

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

	Carrying amount 2024 R	Carrying amount 2023 R
Trade and other receivables	61 308	29 035
Cash and cash equivalents	8 197 798	5 825 916
Financial assets at amortised cost	54 712 726	64 213 300
	62 971 832	70 068 251

27. FINANCIAL RISK MANAGEMENT - continued

Credit Risk - continued

Exposure to credit risk - continued

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

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

	Carrying amount 2024 R	Carrying amount 2023 R
Service provider claim receivables	15 281	33 456
	15 281	33 456

Allowance for impairment

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

Description	Gross 2024 R	Allowance for impairment 2024 R	Gross 2023 R	Allowance for impairment 2023 R
Contribution debtors				
Not past due	1 697 342	-	1 963 957	-
Past due 4 - 30 days	50 385	50 385	87 183	44 204
Past due 31 - 60 days	14 564	14 564	34 610	17 510
Past due 61 - 90 days	548	548	12 220	1 466
91 days to more than one year	-	-	3 330	-
Total	1 762 839	65 497	2 101 300	63 180
Withdrawn members				
Not past due	18 880	18 880	251 930	11 912
Past due 4 - 30 days	-	-	5 730	2 181
Past due 31 - 60 days	2 459	2 459	5 730	-
Past due 61 - 90 days	565	565	5 730	520
91 days to more than one year	106 358	106 358	27 590	20 536
Total	128 262	128 262	296 710	35 149
Total	1 891 101	193 759	2 398 010	98 329
Net included in LIC		1 697 342		2 299 681

27. FINANCIAL RISK MANAGEMENT - continued

Allowance for impairment - continued

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

	Trade and other receivables			
	Contribution receivables			
	Contribution debtors	Withdrawn member contribution debtors	Sundry debtors	Total
	R	R	R	R
Balance 1 January 2023	65 756	68 505	81 416	215 677
Net movement in allowance for impairment	(2 576)	(33 356)	28 761	(7 171)
Balance 31 December 2023	63 180	35 149	110 177	208 506
Net movement in allowance for impairment	2 317	93 113	(12 937)	82 493
Balance 31 December 2024	65 497	128 262	97 240	290 999

Contribution debtors

The scheme collected 91.84% (2023: 96.26%) of outstanding debt in January 2025. Therefore we can reasonably establish that the credit quality of contribution debtors is high. Consequently no additional disclosure of the credit quality is provided.

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

Investments

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

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

27. FINANCIAL RISK MANAGEMENT - continued

Investments - continued

The table below shows the limit and balance of cash and cash equivalents and investments with the major counterparties held at year-end - these balances exclude accrued interest:

	2024		2023	
	R	R	R	R
Counterparty	Limit	Balance	Limit	Balance
Cash deposits				
First National Bank Limited	20 002 007	8 117 158	24 513 726	5 784 600
Nedbank Limited	20 002 007	13 000 000	24 513 726	13 000 000
ABSA Bank Limited	20 002 007	16 031 434	24 513 726	12 029 496
Standard Bank Limited	20 002 007	14 000 000	24 513 726	14 000 000
Investec Bank Limited	20 002 007	-	24 513 726	15 000 000
GBS Mutual Bank	5 714 859	6 000 000	7 003 922	6 000 000

Liquidity Risk

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

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

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

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

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

The scheme expects to achieve a net deficit of R 996 261 (before taking into account amounts attributable to future members) for the period ending 31 December 2025 and therefore expects to utilise a portion of the liability attributable to future members within the next 12 months.

	R	
	0 - 12 months	**12 months +**
2024		
Insurance contract balances		
Insurance contract liabilities to current members	11 257 740	
Insurance contract liabilities to future members		51 376 483
2023		
Insurance contract balances		
Insurance contract liabilities to current members	8 008 792	
Insurance contract liabilities to future members		61 762 361

27. FINANCIAL RISK MANAGEMENT - continued

Liquidity Risk - continued

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

As at 31 December 2024

	Up to 1 month R	1 - 3 months R	3 - 12 months R	Total R
Current assets	**9 919 036**	**16 389 482**	**38 449 765**	**64 758 282**
Trade and other receivables	1 770 444	2 389 482	3 449 765	7 609 690
Cash and cash equivalents	8 148 592	-	-	8 148 592
Investments	-	14 000 000	35 000 000	49 000 000
Total assets	**9 919 036**	**16 389 482**	**38 449 765**	**64 758 282**
Current liabilities	**5 128 117**	**1 565 140**	**4 936 983**	**11 630 241**
Trade and other payables	436 723	225 461	477 758	1 139 943
Personal medical savings account monies managed by the scheme on behalf of its members	936 683	54 390	4 459 225	5 450 298
Outstanding risk claims provision	3 754 711	1 285 289	-	5 040 000
Total liabilities	**5 128 117**	**1 565 140**	**4 936 983**	**11 630 241**
Net liquidity gap analysis	**4 790 918**	**14 824 342**	**33 512 781**	**53 128 042**

As at 31 December 2023

	Up to 1 month R	1 - 3 months R	3 - 12 months R	Total R
Current assets	**8 047 301**	**2 167 941**	**29 232 053**	**39 447 294**
Trade and other receivables	2 233 205	167 941	4 232 053	6 633 198
Cash and cash equivalents	5 814 096	-	-	5 814 096
Investments	-	2 000 000	25 000 000	27 000 000
Total assets	**8 047 301**	**2 167 941**	**29 232 053**	**39 447 294**
Current liabilities	**3 421 681**	**818 440**	**5 386 799**	**9 626 920**
Trade and other payables	733 868	-	439 778	1 173 646
Personal medical savings account monies managed by the scheme on behalf of its members	756 253	-	4 947 021	5 703 274
Outstanding risk claims provision	1 931 560	818 440	-	2 750 000
Total liabilities	**3 421 681**	**818 440**	**5 386 799**	**9 626 920**
Net liquidity gap analysis	**4 625 620**	**1 349 501**	**23 845 254**	**29 820 374**

These tables have been compiled based on the nature of the line items and not using IFRS 17.

27. FINANCIAL RISK MANAGEMENT - continued

Cash and cash equivalents

Cash and cash equivalents are made up of the following:

	2024 R	2023 R
Current accounts	1 717 158	984 600
Deposits on call account	1 631 434	29 496
Short term deposits	4 800 000	4 800 000
Accrued interest	49 206	11 820
Total	8 197 798	5 825 916

Capital adequacy risk

This represents the risk that there are insufficient insurance contract liabilities to future members to provide for adverse variations on future investments and claims experience. At the year end the solvency ratio computed in terms of the Registrar's formula was 105.27% (2023: 110.13%). The Trustees believe that this cover is appropriate for the scheme's needs.

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

Other price risk

The scheme has no significant exposure to other price risk.

Legal risk

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

Capital management

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

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

27. FINANCIAL RISK MANAGEMENT - continued

Capital management - continued

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

	2024 R		2023 R
The solvency ratio is calculated on the following basis:			
Insurance contract liabilities to future members	51 376 483		61 762 361
Insurance contract liabilities to future members excluding unrealised gains	51 376 483		61 762 361
Gross contributions	48 803 775		56 083 095
Ratio of insurance contract liabilities (future members) to gross annual contribution income	105.27%		110.13%

The scheme is above the statutory requirement of 25%.

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

	2024 R Challenger	2024 R Navigator	2024 R Shuttle	2024 R Explorer	2024 R Total
Insurance revenue	14 262 046	24 425 320	2 597 154	3 663 002	44 947 522
Insurance service expenses (excluding amounts attributable to future members)	(19 074 988)	(30 779 101)	(3 693 841)	(5 242 471)	(58 790 400)
Net income from reinsurance contracts held	3 401	9 820	890 480	(385 834)	517 867
Reinsurance expenses from reinsurance contracts held	(51 048)	(151 990)	(1 355 091)	(1 152 817)	(2 710 946)
Reinsurance income from reinsurance contracts held	54 449	161 810	2 245 571	766 983	3 228 813
Insurance service result (net healthcare result)	(4 809 541)	(6 343 961)	(206 207)	(1 965 303)	(13 325 011)
Interest income from financial assets	1 875 284	3 204 225	338 993	480 714	5 899 216
Net investment income	1 875 284	3 204 225	338 993	480 714	5 899 216
Finance expenses from insurance contracts issued - PMSA	-	(87 596)	(172)	-	(87 768)
Net insurance finance expenses	-	(87 596)	(172)	-	(87 768)
Net result after investment income and finance expenses	(2 934 257)	(3 227 331)	132 614	(1 484 588)	(7 513 563)
Sundry income	43 046	559 899	9 286	11 034	623 265
Other operating expenses	(1 018 961)	(2 015 497)	(185 223)	(275 899)	(3 495 580)
Net surplus/(deficit) for the year	(3 910 173)	(4 682 930)	(43 323)	(1 749 453)	(10 385 878)
Members at 31 December 2024	**122**	**362**	**80**	**123**	**687**

	2023 R Challenger	2023 R Navigator	2023 R Shuttle	2023 R Explorer	2023 R Total
Insurance revenue	14 612 331	26 438 370	6 298 100	4 648 879	51 997 680
Insurance service expenses (excluding amounts attributable to future members)	(16 337 561)	(27 573 291)	(5 323 129)	(6 282 838)	(55 516 819)
Net expense from reinsurance contracts held	7 996	26 064	(316 678)	(346 665)	(629 283)
Reinsurance expenses from reinsurance contracts held	(50 668)	(167 459)	(5 228 150)	(1 401 249)	(6 847 526)
Reinsurance income from reinsurance contracts held	58 664	193 523	4 911 472	1 054 584	6 218 243
Insurance service result (net healthcare result)	(1 717 234)	(1 108 857)	658 293	(1 980 624)	(4 148 422)
Interest income from financial assets	1 652 568	2 990 023	712 278	525 761	5 880 629
Net investment income	1 652 568	2 990 023	712 278	525 761	5 880 629
Finance expenses from insurance contracts issued - PMSA	-	(89 005)	(217)	-	(89 222)
Net insurance finance expenses	-	(89 005)	(217)	-	(89 222)
Net result after investment income and finance expenses	(64 666)	1 792 161	1 370 354	(1 454 863)	1 642 985
Sundry income	60 073	682 139	33 897	19 112	795 221
Other operating expenses	(836 286)	(1 751 997)	(358 378)	(281 258)	(3 227 919)
Net surplus/(deficit) for the year	(840 880)	722 303	1 045 873	(1 717 009)	(789 713)
Members at 31 December 2023	**134**	**426**	**261**	**260**	**1 081**

Note: Expenses have been allocated between the various options based on membership figures.

29. ANALYSIS OF CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

2024	Financial assets Amortised cost R	Financial liabilities measured at amortised cost R	Reinsurance contract liabilities R	Insurance contract liabilities R	Total carrying amount R
Cash and cash equivalents	8 197 798	-	-	-	8 197 798
Short term deposits	16 303 231	-	-	-	16 303 231
Long term deposits	38 409 495	-	-	-	38 409 495
Trade and other receivables	61 308	-	-	-	61 308
Trade and other payables	-	(255 185)	-	-	(255 185)
Reinsurance contract liabilities	-	-	(82 424)	-	(82 424)
Insurance contract liabilities	-	-	-	(62 634 223)	(62 634 223)
	62 971 832	(255 185)	(82 424)	(62 634 223)	-

2023	Financial assets Amortised cost R	Financial liabilities measured at amortised cost R	Reinsurance contract liabilities R	Insurance contract liabilities R	Total carrying amount R
Cash and cash equivalents	5 825 916	-	-	-	5 825 916
Short term deposits	12 413 793	-	-	-	12 413 793
Long term deposits	51 799 507	-	-	-	51 799 507
Trade and other receivables	29 035	-	-	-	29 035
Trade and other payables	-	(269 074)	-	-	(269 074)
Reinsurance contract liabilities	-	-	(28 024)	-	(28 024)
Insurance contract liabilities	-	-	-	(69 771 153)	(69 771 153)
	70 068 251	(269 074)	(28 024)	(69 771 153)	-

This analysis is performed on the same basis for 2024 and 2023.

Note that all financial assets and liabilities carrying amounts approximate their fair values.

30. NON-COMPLIANCE MATTERS

Section 33 (2)

Each benefit option should be financially sound and self supporting. In respect of this scheme the Challenger, Navigator, Shuttle and Explorer options incurred net insurance deficits for the current financial year. Non-compliance results in benefit options making a surplus subsidising benefit options making a deficit.

The Challenger option saw 20 high cost cases during the year, Navigator option 27 high cost cases during the year, Shuttle option 2 high cost cases during the year and the Explorer option 4 high cost cases. The high cost case with the highest total hospital cost was in excess of R3 million and it was on the Challenger option. These cases are not the norm. Appropriate adjustments have been made to the Challenger, Navigator, Shuttle and Explorer options for 2025.

Regulation 5(F)

In terms of this regulation diagnostic and such other code numbers that relate to relevant health services, need to be stated on all accounts. Non-compliance results in the scheme not complying with the Act. Certain accounts received from members who do not reside in South Africa do not have diagnostic and such other code numbers that relate to relevant health services. The administrator applies suitable codes where applicable.

Section 26 (7)

In terms of this section all contributions are to be received within 3 days of becoming due. Non-compliance could result in possible cash flow strain and have an impact on interest income. Late payments of contributions by members are not within the scheme’s control, however a credit control policy is in place to address this matter and late payments are followed up by the administrator.

Section 59 (2)

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

Regulation 30 and Annexure B of the Regulations

In terms of this regulation and the annexure, medical schemes may not have more than 10% of its investable assets invested in a bank inside the Republic with net qualifying capital and reserve funds per the Reserve Bank DI900 return greater than R 100 million. In this respect, the scheme held 10.50% of its investable assets in a fixed deposit with GBS Mutual Bank. Non-compliance results in the scheme not complying with the regulations to the Act. It was considered whether an early withdrawal would be beneficial to the scheme, however, the early withdrawal fee and lost interest would not have been to the scheme's benefit. This particular fixed deposit matures in May 2025, at which time an appropriate amount will be withdrawn to ensure compliance.

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

31. GOING CONCERN

The trustees have made an assessment of the ability of the scheme to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

32. CONTINGENCIES AND COMMITMENTS

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

33. EVENTS AFTER THE REPORTING PERIOD

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

34. SIGNIFICANT NON-CASH TRANSACTIONS

	2024 R	2023 R
Reinsurance income from reinsurance contracts held	3 228 813	6 218 243
Less: Incurred claims	(3 228 813)	(6 218 243)

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

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