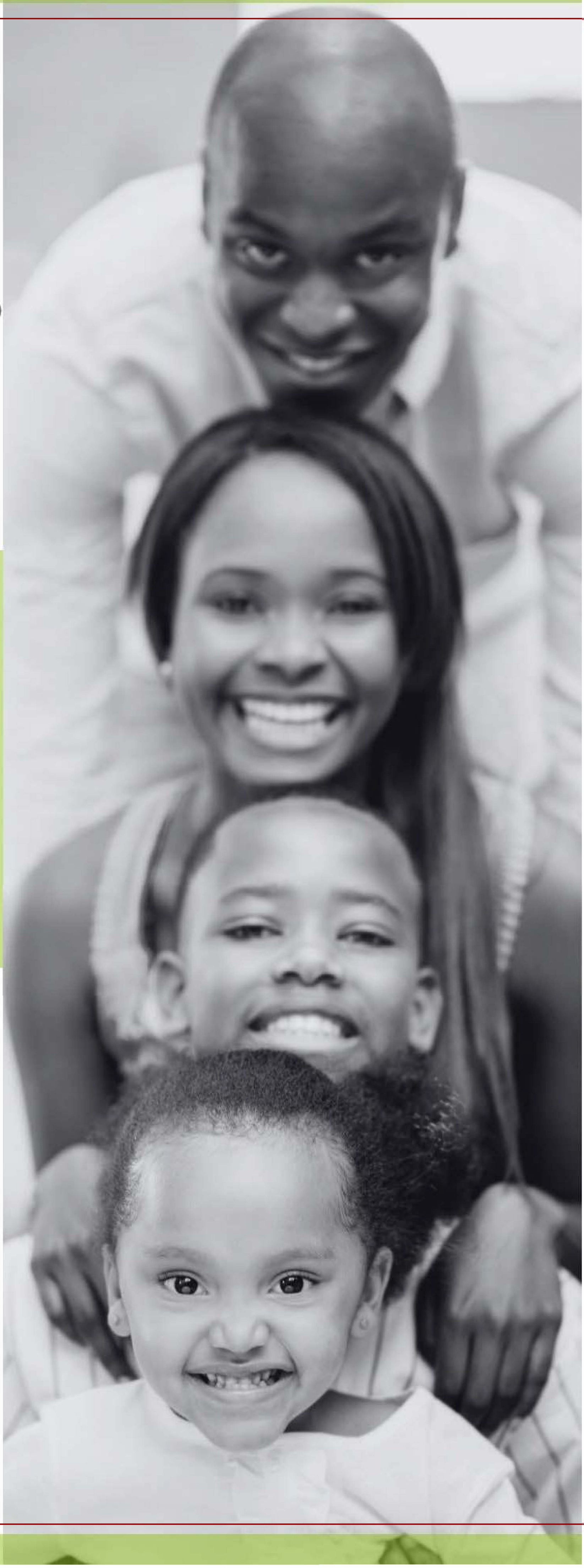
WCMAS
Our members Our passion
Witbank Coalfields Medical Aid Scheme

ANNUAL REPORT

2023



This report is pending approval by the Council for Medical Schemes.

Contents

Snapshot

25 316
total beneficiaries

5.1%
pensioner ratio

29.5
average age

2.6
average family size

5 415
hospital cases authorised

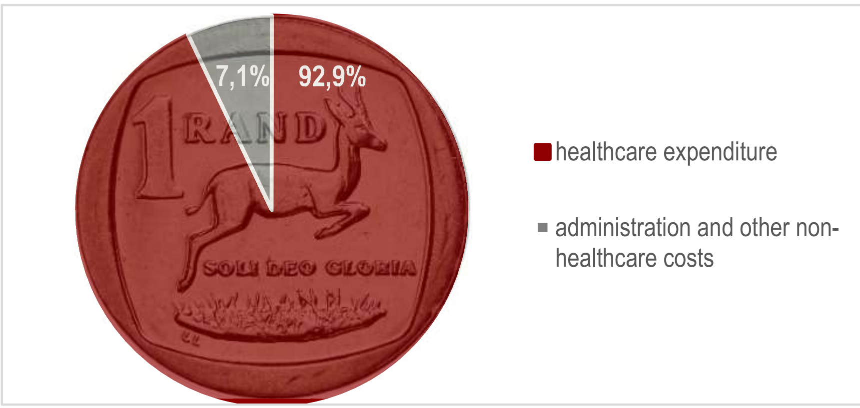
8 279
chronic medicine registrations

R676 579 110
claims paid

R621 234 299
in reserves

78.3%
solvency ratio

how each Rand you contributed was spent



Report of the Board of Trustees

The Board of Trustees hereby presents its report for the year ended 31 December 2023.

1. ABOUT THE WITBANK COALFIELDS MEDICAL AID SCHEME ('WCMAS')

The Witbank Coalfields Medical Aid Scheme (WCMAS) is a non-profit, restricted membership, self-administered medical aid scheme governed by the Medical Schemes Act of South Africa, as amended, (the Act) and is regulated by the Council for Medical Schemes. It has been serving its members, associated employer groups and the coal mining industry, for over 80 years.

Serving a niche market and being managed by a Board of Trustees representing major stakeholders and members, the Scheme has designed cover to meet both the healthcare and affordability needs of a broad spectrum of coal mining employees to provide value that significantly surpasses that which can be offered by most open schemes. This superior product set is underpinned by personalized service from a regional team who understand the coal mining industry and the region. The Scheme has robust reserves, making WCMAS a solid and trusted medical scheme for the coal mining industry.

2. OPERATIONAL AND BUSINESS REVIEW

As a not-for-profit entity with large reserves, the Scheme budgeted to break even with a marginal surplus of R1 million after investment income. The result for the 2023 financial year was a net surplus of R1million which was transferred to the liability for future members in the statement of profit or loss. The drivers impacting the year's result are covered in the subsections below.

2.1 Operational statistics per benefit option

2023		Comprehensive	Midmas	Ntsika	Scheme
Average number of members during the accounting period		6,630	639	2,269	9,538
Number of members at 31 December		6,652	686	2,257	9,595
Average number of beneficiaries during the accounting period		17,457	1,804	5,823	25,085
Number of beneficiaries at 31 December		17,544	1,911	5,861	25,316
Average family size at 31 December		2.6	2.8	2.6	2.6
Average beneficiary age as at 31 December		30.9	25.3	26.4	29.5
Pensioner ratio at 31 December	%	7.2	0.3	0.5	5.1
Insurance revenue per average beneficiary per month (pabpm)	R	2,024	1,273	1,093	1,754
Insurance service expenses pabpm	R	2,252	1,295	1,167	1,931
Relevant healthcare expenditure incurred pabpm	R	2,178	1,180	1,047	1,844
Directly attributable insurance service expenses pabpm	R	102	92	105	102
Insurance service expense ratio	%	111.3	101.7	106.8	110.1
Relevant healthcare expenditure ratio	%	107.6	92.7	95.8	105.2
Directly attributable insurance service expenses ratio	%	5.1	7.2	9.6	5.8
Average members' funds per member as at 31 December*	R		64,746		
Return on investments as a percentage of investments*	%		9.5%		

2022		Comprehensive	Midmas	Ntsika	Scheme
Average number of members during the accounting period		6,558	397	2,364	9,319
Number of members at 31 December		6,496	452	2,405	9,353
Average number of beneficiaries during the accounting period		17,350	1,043	5,986	24,379
Number of beneficiaries at 31 December		17,152	1,234	6,065	24,451
Average family size at 31 December		2.6	2.7	2.5	2.6
Average beneficiary age as at 31 December		31.1	26.2	26.5	29.7
Pensioner ratio at 31 December	%	7.3	0.3	0.4	5.3
Insurance revenue per average beneficiary per month (pabpm)	R	1,899	1,290	1,018	1,656
Insurance service expenses pabpm	R	2,099	957	973	1,774
Relevant healthcare expenditure incurred pabpm	R	1,899	786	862	1,597
Directly attributable insurance service expenses pabpm	R	108	105	108	108
Insurance service expense ratio	%	110.6	74.2	95.6	107.1
Relevant healthcare expenditure ratio	%	100.0	61.0	84.7	96.4
Directly attributable insurance service expenses ratio	%	5.7	8.1	10.7	6.5
Average members' funds per member as at 31 December*	R	66,619			
Return on investments as a percentage of investments**	%	5.7%			

* Restated after transition to IFRS 17. Previously reported R66,563 per member.
**Average accumulated funds per member and return on investments are only calculated for the total Scheme and not per option.

2.1.1 Benefit options.

The Scheme's benefit options remained largely unchanged during the 2023 year.

The Scheme's Comprehensive option provides complete peace of mind benefits at competitive subsidization of continuation members who retire on the option. The day-to-day component of cover is funded largely by a Medical Savings Account (MSA) accumulating at 25% of contributions.

The Ntsika option is designed to provide lower earning employees an affordable primary care focused insurance option. Members make use of private healthcare facilities of their choice within the Ntsika network, which is managed by Universal Care. Day to day expenditure focuses largely on primary care and is funded from insured benefits. Contributions are based on income and members would be hard pressed to find a similar product offering at such low premiums.

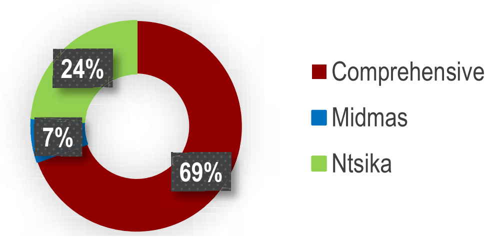
The Midmas option allows for middle-range in hospital benefits and a discretional MSA for day to expenditure at 25% of contributions.

2.1.2 Membership

The membership of the Scheme experienced positive organic growth of 2.3% with the addition of 219 new members. The average age of beneficiaries at year end is 29.5 years old (2022: 29.7) and remains extremely low when compared to the industry average of 33.9 years old[1]. Likewise, the Scheme's pensioner ratio has declined to 5.1% of beneficiaries (2022: 5.3%) and is below the industry average of 9.3%[1]. The Scheme's growth in beneficiaries over a five-year period of 8.5% and sustained favourable risk profile is testament to the exceptional value offered by WCMAS to its members.

[1] CMS Annual Report 2022/3

The distribution between benefit options has remained relatively stable with Comprehensive maintaining its dominance as most preferred option at 69% of the membership (2022: 70%). The Scheme continues to enhance the benefits on the Midmas option while maintaining Comprehensive's position as the option of choice in our product range.



2.1.3 Insurance revenue

The Scheme budgeted for an annual contribution increase of 6.9%. The actual contribution increase on a per beneficiary basis was 5.9%. The variance is due to a change in membership with a higher weighting of child dependants.

2.1.4 Insurance service expenses

Medical inflation tends to exceed consumer inflation by between one and three basis points per annum. The Scheme budgeted for an increase in claims expenditure of 7.0% for 2023. The actual increase in claims incurred per beneficiary was 11.5%. The volume of hospital admissions was less than anticipated but the Scheme experienced an increase in the number of high value claims. The Scheme defines as high-cost claim as a claim cost for single beneficiary exceeding R350,000 in a benefit year. The value of high-cost claims increased by 22.8% to R47.5 million (2022: R38.7 million) and was driven by an increase in the number of cases by 31.4% from 51 cases in 2022 to 67 cases in 2023. The largest cost drivers were related to and increase in the number of premature babies requiring extended stays in neonatal care, and respiratory illness in elderly patients requiring ventilation in ICU.

2.1.5 Administration and operative expenses

The Scheme is self-administered with some components of its administration and risk management functions outsourced to third party experts. To ensure maximum value to members within this category of spend, the Board actively monitor administrative and operative expenses through a detailed review of actual itemized costs versus budget. The scheme's directly attributable expenditure within insurance service expenses decreased by 2.5% whilst other operative expenses incurred decreased by 14%, leading to an overall saving of 5.9% compared to 2022. This is largely due to the reduction in the Scheme's legal fees. The Scheme's non-healthcare expenditure per beneficiary per month for 2023 was R139.23 which is 25% lower than the industry average[2].

2.1.6 Investment income

The Scheme's investment strategy targets a return of CPI+3% over a rolling three-year period whilst guaranteeing capital preservation. The Scheme's investments yielded 9.2% net off fees over the three years ending 31 December 2023, just ahead of the target of 9.1%. Performance was bolstered in 2023 with returns of 9.5% being well ahead of the 8.1% target for the year. The Scheme's high levels of accumulated reserves generate enough investment income to offset administrative and operative expenses so that more of the members' contributions may be utilised for their healthcare claims. The Investment Committee undertook a review of its asset managers and investment strategy and are satisfied that the current asset managers and CPI+3% target remains appropriate.

[2] CMS Annual Report 2022/3

3 SOLVENCY RATIO (IN TERMS OF THE ACT)

In accordance with Regulation 29(2) in the Medical Schemes Act 131 of 1998, as amended, the Scheme must maintain accumulated funds excluding unrealised investment reserves at a minimum of 25%. The solvency ratio calculations for 2023 and 2022 are set out in the table below:

	2023 R	2022 restated R	2022 as previously reported R
Total members' funds	621,234,299	623,085,663	622,565,872
Less: Cumulative net unrealised non-distributable reserve movements recognised in the statement of income	(90,784,755)	(60,485,186)	(60,485,185)
Accumulated funds per regulation 29	530,449,544	562,600,477	562,080,687
Gross contributions (including savings contributions)	677,047,537	619,840,902	619,840,902
Solvency ratio	78.3%	90.8%	90.7%

Members' funds were impacted by the first-time adoption of IFRS 17: Insurance Contracts as set out in note 4. There were no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

4 MEDICAL SAVINGS ACCOUNTS

The Scheme provides personal medical savings account options through the Comprehensive and Midmas options. The savings plan was established to meet day-to-day healthcare costs not fully covered by the risk pool.

Personal medical savings are managed on the members' behalf in terms of the Scheme rules and the Medical Schemes Act, as amended. Unexpended savings amounts are accumulated for the long-term benefit of the member and interest is accumulated on the effective interest method. The liability to the members in respect of the savings plan is reflected as a current liability in the financial statements, in terms of Regulation 10. In terms of the rules of the Scheme, the Scheme carries some risk relating to forward allowance of savings account utilisation.

Savings contributions are refundable when a member enrols in another benefit option or another medical scheme without a personal medical savings account, or does not enrol in another medical scheme, and the accumulated unutilised personal medical savings account balance will be transferred to the member in terms of the Scheme's rules.

5 SCHEME MANAGEMENT AND THIRD-PARTY SERVICE PROVIDERS

Trustees in office during the year under review:

Member elected	
RV Mnguni (Chairperson)	Re-elected 27 June 2023
JC de Carvalho	Term of office expired 27 June 2023
KL Leripa	Term of office expired 27 June 2023
S Lupuwana	Elected 27 June 2023
MB Mazibuko	Elected 27 June 2023

MBL Modise		
R Prinsloo		
JL Snyman		Elected 27 June 2023
M Wenum		Term of office expired 27 June 2023

Employer appointed

CIA Maslo (Vice-Chairperson)	Thungela	Appointed 1 April 2023
M Dugmore	Thungela	Resigned 21 February 2023
L Gumede	Glencore	Appointed 27 June 2023
S Kekana	Glencore	Appointed 27 June 2023
MM Makgolane	Thungela	Appointed 1 April 2023
OA Maritz	Thungela	Resigned 1 April 2023
TM Masike	Seriti	Resigned 27 June 2023
K Msimeki	Seriti	Appointed 27 June 2023
N Pitjeng	Seriti	
HG Schoeman	Glencore	Resigned 27 June 2023
S Viljoen	Glencore	Resigned 27 June 2023
AR Bates (Alternate to HG Schoeman and S Viljoen)	Glencore	Resigned 27 June 2023
JT Musie (Alternate to M Dugmore)	Thungela	Resigned 21 February 2023
S Seakamela (Alternate to OA Maritz)	Thungela	Resigned 1 April 2023

Non-voting stakeholder representatives invited to observe Board of Trustee meetings during the year under review:

S Matthews	SACMA

Executive Management

MA Anthony	Principal Officer	Appointed 1 August 2023
M Perestrelo Javed	Chief Financial Officer	

Actuaries

3One Consulting Actuaries
52 Grosvenor Road
Bryanston
Sandton

Principal Bankers

Nedbank Limited

Administration

WCMAS was self-administered for this financial year ending 31 December 2023. Select administration functions and network management for the Ntsika option:

Universal Healthcare Administrators (Pty) Ltd
Universal House
15 Tambach Road
Sunninghill Park
Sandton

Managed Healthcare

Universal Care (Pty) Ltd
Universal House
15 Tambach Road
Sunninghill Park
Sandton

Medikredit Integrated Healthcare Solutions (Pty) Ltd (formerly Performance Health)
10 Kikuyu Road
Sunninghill
Sandton

Asset Managers and Consultants

Aluwani Capital Partners
Aluwani House
24 Georgian Crescent East
Bryanston East
Johannesburg

NinetyOne Investment Managers
100 Grayston Drive
Sandown
Sandton

Willis Towers Watson
Ilovo Edge
1 Harries Road
Illovo
Sandton

Coronation Fund Managers
7th Floor
MontClare Place
Cnr Campground & Main Road
Claremont
Cape Town

M&G Investments
Formerly Prudential Investment Managers
Loft Offices East
31 Tyrwhitt Avenue
Rosebank
Johannesburg

External Auditor

PricewaterhouseCoopers Inc
WCMAS Building
Cnr Susanna and OR Tambo
Emalahleni
Mpumalanga

Internal Auditor

Nexia SAB&T Inc
119 Witch-Hazel Avenue
Highveld Technopark
Centurion

WCMAS Registered Office

WCMAS Building
corner Susanna Street and OR Tambo Road
eMalahleni

WCMAS Postal Address

PO Box 26
eMalahleni
1035

6 CORPORATE GOVERNANCE

The WCMAS Board of Trustees is committed to the principles and practice of fairness, responsibility, transparency and accountability in all dealings with its stakeholders. The Board of Trustees is also fully committed to, and has applied, the Principles and the Code of Corporate Practices and Conduct as set out in the King Report on Governance where applicable to Medical Schemes.

6.1 Board of Trustees

The Board of Trustees comprises at least ten members, fifty percent of whom are appointed by participating employer groups and fifty percent who are nominated and elected by the members of the Scheme at an Annual General Meeting for a two-year term of office. Trustees may serve a maximum of three successive terms. Prospective trustees are reviewed by the Nominations and Advisory Committee. The Chairperson and Vice-Chairperson are elected by their fellow trustees. All changes to the Board of Trustees are noted in section 5 of this report.

The Board of Trustees met regularly and critically monitored the performance of the management of the Scheme. The Board of Trustees addressed a range of key issues and ensured that discussion on items of policy, strategy, risk management and service delivery were informed and constructive. To assist in the performance of their duties, the Board of Trustees received actuarial and legal advice from experienced and well-qualified consultants. All Trustees have access to the advice and services of the Principal Officer and Chief Financial Officer, and when required may seek independent professional advice at the expense of the Scheme. The Principal Officer and Chief Financial Officer attend all meetings of the Board of Trustees.

6.2 Board Meetings

The Board held nine Board meetings during the year. Trustees are required to make every effort to attend meetings and prepare thoroughly for such meetings. Trustees are expected to actively participate openly and constructively in discussions, and to bring the benefit of their knowledge and expertise to the meetings. The table below reflects the attendance of the Trustees at Board and Committee meetings.

	Board of Trustees	Audit and Governance Committee	Clinical Governance and Ex Gratia Committee	Investment Committee	Nominations and Advisory Committee	Remuneration Committee	Total
Number of meetings	9	5	1	4	0	3	22
RV Mnguni (Chairperson)	8	-	-	-	-	-	8
CIA Maslo (Vice chairperson)	6	-	1	-	-	-	7
JC de Carvalho	4	-	-	-	-	-	4
M Dugmore	2	-	-	-	-	-	2
L Gumede	1	-	-	-	-	-	1
S Kekana	2	-	-	-	-	-	2
KL Leripa	4	-	-	-	-	-	4
S Lupuwana	2	-	-	-	-	1	3
M Makgolane	5	2	1	-	-	-	8
OA Maritz	3	1	-	1	-	-	5
TM Masike	5	-	-	-	-	1	6
S Matthews	9	-	-	-	-	-	9
MB Mazibuko	3	-	-	-	-	-	3
BML Modise	6	-	-	-	-	-	6
K Msimeki	2	-	1	-	-	-	3
N Pitjeng	7	-	-	-	-	-	7
R Prinsloo	7	5	-	2	-	-	14
JL Snyman	3	-	0	-	-	-	3
HG Schoeman	6	-	-	-	-	-	6
S Viljoen	2	-	-	-	-	3	5
M Wenum	6	-	-	-	-	-	6

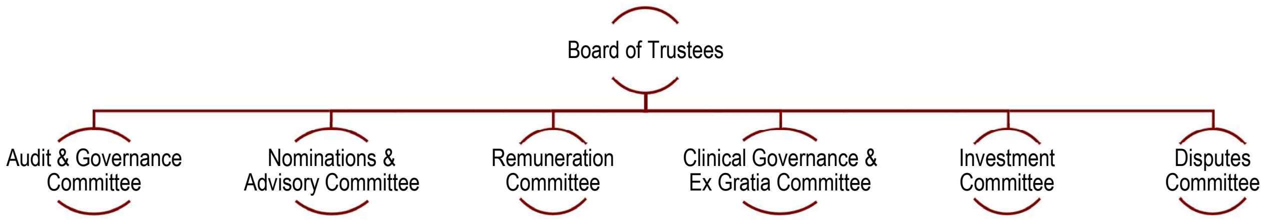
6.3 Evaluation of the Board of Trustees and Committees

The Principal Officer circulated a comprehensive evaluation questionnaire to all Trustees and Committee chairpersons. The content of the questionnaire made provision for the self-assessment of the Board of Trustees and its Committees. Inter alia, the following topics were reviewed: leadership, ethics, governance, compliance, Board composition, and the skill and expertise of Trustees. The Board of Trustees reviewed the results of the evaluation. In addition, the Nominations and Advisory Committee has been established to annually review the performance of the Board of Trustees, Chairperson and Executive.

6.4 Committees of the Board of Trustees

The Board of Trustees has established sub-committees to assist it in its duties. All committees meet regularly and consist of both Trustees and non-trustee members who have been appointed for their skills relating to the responsibilities of each committee. Each committee is mandated by the Board of Trustees by means of a written charter as to its membership, authority and duties. The Principal Officer and Chief Financial Officer attend all committee meetings. The Committee Chairpersons provides a verbal or written report on the Committee's work to the Board of Trustees after each meeting. The minutes of the Committee meetings are also circulated to the Board of Trustees for review.

The Scheme's governance structure is currently:



6.5 Audit and Governance Committee

The Scheme has an established Audit and Governance Committee, which was set up in accordance with Section 36 of the Act. The Committee consisted of five members during the year, two of whom are members of the Board of Trustees. The chairperson of the Committee may not be a trustee. Representatives of Scheme management and the auditors attend meetings, by invitation. The Principal Officer, auditors, and Scheme management have unrestricted access to the Chairperson of the Committee.

In accordance with the provisions of the Act, the primary functions and responsibilities of the Committee are to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the Committee on significant findings regarding accounting matters and any significant internal control deficiencies arising from the auditing activities. The internal auditors formally report any findings to the Committee. The internal audit function provides independent and objective assurance, primarily regarding internal controls over financial, operational and governance processes.

The Audit and Governance Committee reported that:

- It has performed its duties in terms of the Medical Schemes Act and the Board of Trustees written Terms of Reference.
- It is of the opinion that the external auditors are independent.
- Based on combined assurances received from internal audit, external audit, and scheme management, it is of the opinion that there were no material breakdowns in internal controls, including financial controls and systems, during the year.
- The risk register was reviewed and monitored.
- It has reviewed the Scheme's Annual Financial Statements and accounting policies and has obtained assurance from the external auditor. The Committee has recommended the adoption of the Annual Financial Statements by the Board of Trustees for presentation to members.

The Committee comprised of the following members during the year under review:

AJ de Klerk	Chairperson	Non-trustee member
RC Joseph	Vice-chairperson	Non-trustee member
OA Maritz	Resigned 1 April 2023	Trustee member
M Makgolane	Appointed 27 July 2023	Trustee member
A Nienaber		Non-trustee member
MH Pearson	Term of office expired 31 August 2023	Non-trustee member
R Prinsloo		Trustee member

6.6 Nominations and Advisory Committee

The Committee is mandated to advise the Board of Trustees on the trustee nominations received from members and employer groups, and skills or diversity gaps of current membership of the Board of Trustees and the composition of the committees of the Board of Trustees. The Committee also reviews the performance of all committees, chairpersons, Trustees and executive management. The Committee operates under a written Terms of

Reference which defines its composition, authority and duties. The Committee was constituted by the Board of Trustees on 27 July 2023 and comprised:

J Perkes	Chairperson	Non-trustee member
BML Modise		Trustee member
S Viljoen		Non-trustee member

6.7 Remuneration Committee

The Committee is mandated to advise the Board of Trustees on all remuneration and remuneration related matters for Trustees and Scheme employees by recommending appropriate remuneration values and strategies to the Board of Trustees for approval.

The Committee comprised of the following members during the year under review:

J Perkes	Chairperson	Non-trustee member
M Dugmore	Resigned 23 February 2023	Trustee member
S Lupuwana	Appointed 27 July 2023	Trustee member
TM Masike		Trustee member
S Viljoen		Trustee member

6.8 Clinical Governance and Ex Gratia Committee

The Clinical Governance and Ex Gratia Committee provides direction, oversight and guidance to the Board of Trustees on all strategic and operating matters relating to the Scheme's clinical risk and managed healthcare activities to ensure that these activities are managed in the best interests of the Scheme's members. The Scheme aims to provide comprehensive care, including preventative, rehabilitative, and curative care that is both clinically appropriate and cost effective. The Committee also advises the Board on requests for ex gratia funding received from members.

The Committee was constituted by the Board of Trustees on 27 July 2023 and comprised:

CIA Maslo	Chairperson	Trustee member
M Makgolane		Trustee member
K Msimeki		Trustee member
JL Snyman		Trustee member
MB Mazibuko		Trustee member

6.9 Investment Committee

The Investment Committee is mandated to manage the Scheme's investments in line with its stated investment objectives and strategy, as approved by the Board of Trustees. The Scheme's investment objectives are to maximize the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration the constraints imposed by legislation and the strategies of the Board of Trustees with the following mandate:

- achieve a return that exceeds consumer price inflation ("CPI") by 3.0% per annum (net of fees) over a three-year period,
- capital preservation over a 12-month period.
- investments are only made in highly rated institutions with moderate risk; and
- investments are made in compliance with the regulations of the Act.

The Committee comprised of the following members during the year under review:

WL Skosana	Chairperson	Non-trustee member
RC Joseph		Non-trustee member
OA Maritz	Resigned 1 April 2023	Trustee member
A Nienaber		Non-trustee member
MH Pearson		Non-trustee member
R Prinsloo	Appointed 27 July 2023	Trustee member

6.10 Disputes Committee

The committee consisted of three members. The members are not members of the Board of Trustees and only meet when a dispute arises that necessitates their meeting. The disputes committee comprised of the following members during the year under review:

M Botha	Non-trustee member
F Kruger	Non-trustee member
E Wiese	Non-trustee member

6.11 Trustees' and Committee Members' Remuneration

The members of the Board of Trustees and Committee have been remunerated for services rendered to the Scheme based on expertise, skills and time needed to serve as a Trustee or Committee member. The Scheme's Remuneration Committee was tasked with implementing a remuneration philosophy and policy for the Trustees and officers of the Scheme, which is approved by the members at the Annual General Meeting. Not all Trustee and Committee members exercise their right to remuneration due to alternative arrangements with their employers. Trustee and Committee member remuneration is disclosed in note 17 to the Annual Financial Statements.

6.12 CMS Inspection Update

In 2020 the CMS commissioned an investigation into the Scheme's governance in terms of section 44(4)(a) of the Medical Schemes Act. The Regulator made various recommendations and recommended the appointment of a Statutory Manager in terms of section 5A of the Financial Institutions (Protection of Funds) Act, 28 of 2001 to oversee their implementation. The appointment of Mr Juanito Damons as the Statutory Manager was jointly concluded by the Scheme and the CMS on 18 July 2022. The Statutory Manager attended all Board of Trustee and Audit and Governance meetings of the Scheme. He also held ad hoc meetings with Scheme officials as required. The Statutory Manager recommended measures to improve the Scheme's governance functions and capability which the Scheme implemented by 31 July 2023. The work of the Statutory Manager being concluded, the CMS has submitted the court application for the removal of the Statutory Manager.

7 RISK MANAGEMENT

The Board of Trustees understand the importance of sound risk management and are committed to the principles of ethical leadership and good corporate governance to protect the Scheme and to ensure the sustainability of its operations. The Board of Trustees review the risks facing the Scheme on a regular basis to manage the risks insofar as it is within their control.

In developing the strategies of the Scheme, the major inherent risks identified are:

7.1 Member retention

The risk of a decrease in membership due to employer groups decreasing their employee numbers due to changes in the industry. This possible risk is monitored by the Scheme's onsite relationship managers and through continued discussions with the main member firms. The impact is assessed by the Scheme at the annual pricing meetings of the Board.

7.2 Member risk profile

The Scheme requires adequate growth of younger, healthier member profile to counter the impact of the natural ageing of the existing membership and to maintain the competitive value offered by its product range. The Board of Trustees has instituted a responsible growth strategy requiring that any employer groups targeted for membership be aligned to the Scheme's eligibility criteria, risk and capital tolerances.

7.3 Regulatory change

The risk of new regulation or regulatory changes that have a negative impact on the Scheme's ability to provide a sustainable benefit offering to members, including the implementation of a National Health Insurance (NHI) system that is not sustainable. The risk is being managed through ongoing interaction with the Regulator and participation in the industry representative body, the Board of Healthcare Funders.

7.4 Cost of prescribed minimum benefits

The risk of increasing costs charged by healthcare service providers for prescribed minimum benefits without mitigating legislation or regulation remains a concern. Cost containment initiatives within appropriate clinical outcomes are consistently being monitored and researched. The Scheme monitors cases relating to Prescribed Minimum Benefits and engages directly with providers where the rates charged are more than the Scheme's expected rates.

7.5 Each benefit option not being financially sound to the extent that it would jeopardize the Scheme.

The risk of having inappropriate pricing as contributions are set ahead of actual claims experience, and the risk of costs continuing to increase faster than inflation due to the increased demand of an ageing population. The Scheme manages its claims through risk management policies and procedures such as tariff negotiations, pre-authorization, case management, benefit limits and sub-limits, provider networks, and managed care providers to receive the lowest possible rates. Pricing is reviewed annually, and five-year projections are run during this exercise to ensure the pricing strategy is sustainable in the long term.

7.6 Poor economic conditions negatively impacting members and employer groups.

The risk of the negative impact of poor economic conditions resulting in members' inability to afford contributions and/or selecting inappropriate benefit options based on affordability. The Scheme endeavours to offer products that are designed to be flexible, catering to both healthcare needs and affordability. This is achieved through benefit design, provider networks and managed healthcare initiatives.

7.7 Poor service delivery from key service providers

The risk key service providers in managed care and administration fail to perform their duties in a way that impedes the member from accessing healthcare benefits. Service level agreements are in place with all key service providers and are monitored by Scheme management monthly. Frequent meetings are held to discuss performance, service issues and any other delivery matters.

7.8 Partial or total electricity/water grid failure

The risk of a national or regional power or water outages impacting the Scheme's operations and providers' ability to service members. The Scheme has backup power and water supply as well as a detailed business continuity plan in place to maintain operations without interruption to members. The Scheme has engaged the major hospital groups and is satisfied that business continuity plans at key hospitals are in place.

The Board of Trustees believe that adequate controls are in place to manage the above risks.

8 MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme is that of assuming the risk of certain claims costs from members and their dependants as these directly relate to their health. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Scheme managed its medical insurance risk through benefit limits and sub-limits, approval procedures for transactions that involved pricing guidelines, pre-authorisation and case management, negotiations with all major service providers as well as the monitoring of emerging issues.

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

The Scheme's affairs are governed by a set of rules, registered with the Council for Medical Schemes, which set out the benefits provided by each option and the definition of the restricted membership group. Benefits provided include the following:

- In-hospital benefits cover costs incurred by members, whilst they are in hospital.
- Chronic disease benefits cover medication and consultations on all options. Disease management programs have been designed to assist, educate, and support members in managing their chronic illness.
- Day-to-day benefits cover the cost of out-of-hospital medical attention, such as visits to general practitioners and dentists as well as acute and over-the-counter medicines, subject to the benefit limits and Scheme tariffs contained in the Rules of the Scheme; and
- Other benefits such as the Scheme's disease management programs, preventative wellness benefits and external appliances are available.

The Scheme has the right to change the terms and conditions of the contract in terms of the Scheme Rules. Management information, including contribution income, expenditure and claims ratios by option, is reviewed monthly.

9 ACTUARIAL INFORMATION

An actuarial review of the Scheme is not required in terms of the Act; however, the Scheme had the budgeted contributions and assumptions used in the benefit design process prepared by 3One Consulting Actuaries to confirm the appropriateness of the contribution increases for 2023 and 2024. The actuaries have also provided the valuation of the post-retirement employment benefit liability.

10 OUTSTANDING CLAIMS

Movement on the outstanding claims provision and the basis of the calculation of the outstanding claims provision is set out in Note 12 to the Annual Financial Statements. The basis of calculation is consistent with the prior year but now caters for a non-financial risk adjustment as required with the adoption of IFRS 17. There were no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

11 FIDELITY INSURANCE

The Scheme maintains fidelity insurance at a level which the Board of Trustees considers to be appropriate.

12 RELATED PARTY TRANSACTIONS

Refer to related party disclosure in note 19 to the Annual Financial Statements. Trustee remuneration is disclosed in note 17 to the Annual Financial Statements.

13 SIGNIFICANT EVENTS

In 2019 the Scheme reported a significant event relating to alleged fraudulent activities committed by a member of senior management. The alleged fraudulent activities included misuse of the Scheme's property, expenses incurred without the appropriate authorisation, non-compliance with the Scheme's internal procurement policies and theft of the Scheme's monetary assets. The Scheme commissioned an independent forensic investigation on the matter. The Scheme was able to recover some funds following legal proceedings and had made a criminal complaint.

In terms of section 5(2) of the Financial Institutions Act, the Registrar, CMS, and the Board of Trustees of WCMAS agreed that a statutory manager be appointed with effect from 18 July 2022. The Statutory Manager has made recommendations to improve the Scheme's governance functions and capability. The Scheme implementation of these recommendations in 2023 and the Statutory Manager concluded their work on 31 July 2023. The Registrar has applied to the High Court to remove the Scheme from Statutory Management.

14 NON-COMPLIANCE MATTERS

All non-compliance matters identified have been listed in this report irrespective of whether they have a material impact or not.

Section 26(7) of the Act requires that "All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due." Non-compliance could result in possible cash flow constraints and have an impact on interest income. During 2023, not all contributions billed were received within three days of the due date. The Scheme continuously follows up on outstanding contributions and applies its credit control policy in managing overdue contributions.

Section 59(2) of the Act states that "a medical scheme shall pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme." The scheme endeavours to pay all claims within 30 days of receipt, however processing of a few claims is occasionally delayed due to procedures to ensure their validity. The claims paid outside of 30 days are investigated by management to ensure this matter is effectively managed.

Section 33(2)(b) of the Act states that "The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option – (b) shall be self-supporting in terms of membership and financial performance…". The non-compliance could result in benefit options with a surplus cross-subsidising benefit options with a deficit. Two out of three benefit options of the Scheme have recorded insurance service deficits for the 2023 financial year.

Section 35(8) (a, c & d) of the Act prohibits a medical scheme from holding any investments in the business of any administrator of a Medical Scheme or any holding company of an administrator or any employer group. The Scheme has underlying investments in administrators of medical schemes amounting to 0.07% (Momentum Metropolitan Holdings and Liberty Group) and employer groups of 1.1% (Glencore and Exxaro Resources) of total net asset value. The Scheme has obtained an exemption from the Council for Medical Schemes to hold these investments.

15 GOING CONCERN

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

The Board of Trustees assess the business plan, key performance indicators and strategic targets annually to ensure that all material risk areas are comprehensively addressed and that contingency plans are implemented. The Scheme's risk register and management accounts are regularly reviewed. The Board of Trustees has reviewed budgets and cash flow projections to date, together with any additional information, and assessed its likely impact on the remainder of 2024, and has concluded that the going concern assumption is appropriate for the next twelve months from the date of approval of the Annual Financial Statements.

16 EVENTS AFTER THE REPORTING PERIOD

No adjusting or non-adjusting events occurred after the reporting period.

Statement of Responsibility by the Board of Trustees

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Witbank Coalfields Medical Aid Scheme ("the Scheme"), comprising the statement of financial position at 31 December 2023 and the statements of comprehensive income, changes in funds and reserves and 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 required in accordance with IFRS® Accounting Standards ("IFRS Accounting Standards") and the requirements of the Medical Schemes Act of South Africa No. 131 of 1998, as amended ("the Act").

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

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

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

Witbank Coalfields Medical Aid Scheme operates in a well-established control environment which is well documented. This incorporates risk management and internal control procedures which are designed to provide reasonable but not absolute assurance that assets are safeguarded and the risks facing the business are adequately mitigated.

The Trustees, with the support of the independent actuarial advisors, have assessed the ability of the Scheme to continue as a going concern and have no reason to believe, given its solvency position, that the Scheme will not be a going concern in the year ahead.

The Audit and Governance committee functioned effectively throughout the year.

The Scheme's external auditor is responsible for auditing the fair presentation of the financial statements in terms of International Reporting Standards on Auditing in accordance with the applicable financial reporting framework of the Scheme.

Approval of financial statements

The financial statements set out on pages 27 to 74, which have been prepared on the going concern basis, were approved and authorised for issue by the Board of Trustees and on 24 July 2024 and were signed on their behalf by:

RV Mnguni
Chairperson

CIA Masto
Vice-chairperson

MA Anthony
Principal Officer

Statement of Corporate Governance by the Board of Trustees

Witbank Coalfields Medical Aid Scheme is committed to the principles and practice of fairness, responsibility, transparency, and accountability in all dealings with its stakeholders. Where practical, the Scheme strives to comply with the King IV Code of Corporate Governance. Reporting in terms of King IV is guided by the Council for Medical Schemes.

In meeting Corporate Governance requirements, the Scheme's management, Board of Trustees and sub-committees have access to governance experts as and when the need arises. This is deemed to be adequate for appropriately governing the affairs of the Scheme.

1. ETHICS

The industry experiences high levels of waste and abuse of members' benefits by certain healthcare professionals. There is also a high incidence of fraudulent claims due to collusion between healthcare professionals and, in some instances, members. This behaviour undermines the financial sustainability of the Medical Schemes Industry, and, as such, has a negative impact on all members. The Scheme therefore has stringent fraud policies in place and processes to prevent, detect and discipline any fraudulent activities.

The Scheme minimises the impact of this risk by adopting a zero-tolerance approach to fraud, waste and abuse. The Scheme has applied deterrent measures to curb unethical behaviour and reinforce the principles of ethical billing and claims behaviour during the provision of services to medical aid members.

The deterrent measures include:

- raising awareness about fraud, waste and abuse.
- applying abuse prevention tactics; and
- using analytical software to identify outlier behavior.

The Scheme has stringent fraud policies and processes in place to prevent, detect and discipline any fraudulent activities. All investigations or interviews/interrogations related to suspected fraudulent acts are confidential and the identity of whistle blowers remain anonymous.

2. CORPORATE CITIZENSHIP

In terms of the King IV code on corporate governance, corporate citizenship is defined as the recognition that the Scheme is an integral part of the broader society in which it operates, affording the organisation standing as a juristic person in that society with rights but also responsibilities and obligations. It is also the recognition that the broader society is the licensor of the Scheme.

The Scheme acknowledges its responsibility for being a responsible and ethical corporate citizen and management and the Trustees make decisions with this in mind.

2.1 Stakeholder engagement

Stakeholder relationships are governed by contracts with the relevant parties and by policies put in place to ensure that the Scheme staff, management and Board of Trustees are on par with the highest priority set to good stakeholder relationships. The Scheme enforces:

- regular communication with all stakeholder groups.
- adequate representation by major groups on the Scheme's Board of Trustees.
- queries are routed to the correct person with fast turnaround times and prompt resolution; and
- complaints received from any stakeholder, is followed up on and escalated to management where necessary.

2.2 Responsible business practices

The Scheme is committed to responsible business practices to ensure the future success and sustainability of the Scheme by:

- employing competent, adequately trained staff to run and manage its day-to-day operations.
- maintaining the highest standards of ethics, honesty, and integrity; and
- assessing the impact of its decisions on all relevant third parties.

Due to the Scheme placing great value on its stakeholders and its corporate citizenship, extensive quality control procedures are in place along with staff and Trustee performance reviews and monitoring of complaints and queries from key stakeholders.

3. PRINCIPAL OFFICER

The Principal Officer's duties and responsibilities are governed by her Service Level Agreement in addition to the Act and the Scheme's Rules. She is contractually required to give the Scheme 30 days' notice in the event of resigning, but sufficient succession planning is in place to ensure that the position will not be vacant for extended periods of time. The Principal Officer is employed in an executive capacity and is employed on a full-time basis by the Scheme. She does not hold other positions or memberships of other governing bodies outside the Scheme.

4. BOARD OF TRUSTEES

The primary governing body of the Scheme is the Board of Trustees. Even though they delegate some of their functions to other committees in an appropriate delegation of authority framework, they remain the primary decision maker and the party where the ultimate responsibility rests for the proper functioning of the Scheme.

The Board of Trustees has the appropriate balance of knowledge, skills, experience, diversity and independence to adequately manage the affairs of the medical scheme and its members. The Trustees are proposed and elected by members of the Scheme and participating employers and are governed by an agreed Terms of Reference. The Trustees meet regularly and monitor the performance of the Scheme. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive. All the Trustees have access to the advice and services of the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

The Board of Trustees believes that the delegation of authority framework contributes to the role clarity and the effective exercise of authority and responsibilities of the Board's duties. To assist the Trustees in the execution of their fiduciary duties, the following Board committees were in place:

- Audit and Governance Committee.
- Clinical Governance and Ex Gratia Committee.
- Disputes Committee.
- Investment Committee.
- Nominations and Advisory Committee; and
- Remuneration Committee.

Performance evaluations

The Board of Trustees, Committees and Executive are evaluated through an annual review process whereby they are required to complete a set of questions pertaining to their functioning and performance. These are reviewed by the Nominations and Advisory Committee whereafter feedback and remedial actions, if any, are provided to the Board of Trustees. The Board of Trustees, Committees and Executive were found to be fit and proper and functioning within their mandate. There were no remedial actions necessary as all members were found to be acting satisfactorily. The governing body believes this process to be sufficient and efficient in evaluating its performance and motivating it to improve output.

Remuneration

As from 1 June 2012, Board of Trustees and sub-committee members are compensated for their time, input and the responsibilities that they bear. To qualify for these fees, committee members must complete all the required training and orientation courses defined by the Council for Medical Schemes and the Scheme's rules. The King IV report on Corporate Governance was considered in drafting the policy for remuneration of committee members.

Board of Trustees (voting members only) and sub-committee members may be paid R 2 220 (2022: R 2 075) per meeting fully attended. However, no fees will be paid for consulting services performed by trustees. Not all Trustee and committee members exercise their right to remuneration due to alternative arrangements with their employers. Chairpersons of committees may be paid R 3 329 (2022: R 3 112) per meeting fully attended. This is also applicable to the acting chairperson at any meeting. Committee members are paid travel costs at the standard AA rate for members who do not qualify for travel allowances through other institutions. All remuneration paid to Trustee and committee members are detailed in note 17 of the Annual Financial Statements.

5. RISK MANAGEMENT

The Scheme faces inherent and business risks that must be identified, mitigated and/or managed to ensure that the Scheme is sustainable. The Scheme's risk management processes include:

- management identifies risks on a continual basis.
- the Scheme has formal strategic planning processes.
- management is charged with putting appropriate controls in place to mitigate risks.
- the Audit and Governance committee performs quarterly reviews of risk assessments.
- an annual review is performed of internal policies and procedures; and
- A review of committee terms of reference is performed at least every three years.

The Scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial information 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.

The Scheme monitors the effectiveness of controls and resultant deficiencies (if any) by:

- maintaining monthly, quarterly, bi-annual, and annual quality control processes.
- conducting internal audit reviews on internal control processes, and
- conducting regular Audit and Governance Committee meetings where internal control reports and internal audit feedback are presented.

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

6. INVESTMENT STRATEGY

The Scheme's investment objectives are to maximize the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration the constraints imposed by legislation and the strategies of the Board of Trustees with the following mandate:

- achieve a return that exceeds consumer price inflation ("CPI") by 3.0% per annum (net of fees) over a rolling three-year period, but with minimal risk of losing capital over a 12-month period.

- savings account trust funds should be ring-fenced and invested separately in liquid funds and net returns on these funds are allocated to savings account balances of members.
- maintain liquidity levels as required by the Scheme.
- invest only in highly rated institutions with low to moderate risk.
- make investments in compliance with the regulations of the Act; and
- perform risk assessments with feedback from the Board of Trustees with recommendations on the risks identified.

7. INFORMATION TECHNOLOGY

The Scheme's information technology functionality is administered internally, under the guidance of Scheme Management. The Scheme licenses a reputable administration system from a provider who has sufficient skill and expertise in the Medical Schemes industry to ensure regulatory compliance and achieving of the required service levels. Scheme Management have enforced stringent change management and cost control measures including structured incident logging with defined severity levels and agreed response resolution times.

This statement was approved by the Board of Trustees and is signed on their behalf by:

RV Mnguni
Chairperson

CIA Maslo
Vice-chairperson

MA Anthony
Principal Officer

24 July 2024

Independent Auditor's Report

To the Members of Witbank Coalfields Medical Aid Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of *Witbank Coalfields Medical Aid* ("the Scheme"), set out on pages 27 to 74, which comprise *the statement of financial position* as at *31 December 2023*, and *the comprehensive income*, *the statement of changes in members' funds and the statement of cash flows* for the *year* then ended, and notes to the financial statements including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2023, and its financial performance and cash flows for the *year* then ended in accordance with IFRS® Accounting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims in relation to insurance contract liabilities Refer to the following disclosure in the financial statement for details: ● Note 7 - Investments at Fair Value through profit or Loss and Note 10 – Insurance Contract Liabilities. ● Note 3.6 – Insurance Contracts; and ● Note 10 – Insurance Contract Liabilities.	Our audit addressed this key audit matter as follows: We obtained an understanding from the Scheme's *actuaries* regarding the process followed in calculating the LIC from healthcare events that have occurred but have not yet been reported, which included

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2023 the Scheme recognised insurance contract liabilities amounting to R957,035,465. The Scheme applied IFRS 17 - *Insurance Contract Liabilities* (“IFRS 17”) retrospectively for the first time in the current financial year ended in accounting for its insurance contract liabilities. . The Scheme’s insurance contract liabilities comprise the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC). In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported. The value of the LIC from healthcare events that have occurred but have not yet been reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC reported is calculated by the Scheme’s *actuaries* which is reviewed by management and the Audit and Governance Committee and recommended to the Board of Trustees for approval. The LIC from healthcare events that have occurred but are not yet reported amounts to R333,444,929. The most significant assumptions made in the determination of the LIC are: ● the future cash flow projections; and ● the risk adjustment for non-financial risk. *Future cash flow projections* The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Scheme’s *actuaries* use *an actuarial* model, based on the Scheme’s actual claim development patterns throughout the *year*, to determine the probability-weighted estimate of expected future cash flows. This model applies *a Chain Ladder Method (CLM) or Bornhuetter Ferguson Method (BFM).* *Risk adjustments for non-financial risk*	the design and implementation of controls within the process. We obtained the actual claims data from the member administration system covering the *year* ended 31 December 2023 used in calculating the LIC from healthcare events that have occurred but are not yet reported. We assessed the completeness of the claims data on the member administration system by understanding management’s controls. We selected a sample of claim transactions from the claim source and agreed these to the member administration system. No material inconsistencies were noted. We substantively tested a sample of claims received by the Scheme in the 31 December 2023 financial *year*, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted. We assessed the completeness of the claims data in the Scheme’s actuarial model by obtaining an understanding of management’s controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted. To assess the reasonableness of the Scheme *actuaries’* estimation process, we compared the actual claim results in the current *year* to the prior *year* LIC from healthcare events that have occurred but are not yet reported. We noted no matters for further consideration with respect to the estimation process. With the assistance of our internal actuarial experts we independently calculated the Scheme’s probability-weighted estimate of future cash flow projections of the LIC from healthcare events that have occurred but are not yet reported, taking into account the claims data tested above. We compared our results with that of the Scheme and did not note any material exceptions.

Key audit matter	**How our audit addressed the key audit matter**
In determining the Scheme’s risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under IFRS 17. The Scheme’s calibrated risk adjustment (using value at risk) is such that the insurance contract liabilities are held to be sufficient at the 50th percentile of the ultimate loss distribution. We considered the valuation of the LIC from healthcare events that have occurred but have not yet been reported to be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties in determining the future cash flow projections and the risk adjustments for non-financial risk.	With the assistance of our internal actuarial experts we tested the risk adjustment component of the LIC from healthcare events that have occurred but are not yet reported by performing the following procedures: • We evaluated the Scheme’s methodology relative to the principles of IFRS 17 to assess whether this approach is consistent with the principles of the risk adjustment under IFRS 17. The risk adjustment covers non-financial risk relating to insurance contracts and the compensation required by the Scheme in lieu of this risk, with reference to Scheme’s risk appetite. We did not identify any matters requiring further consideration; • We tested the risk adjustment by performing independent calculations using the Scheme’s data and taking into consideration the Scheme’s risk adjustment methodology. Based on the work we performed, we did not identify any matters requiring further consideration; and • Based on the output of our independent stochastic models, we assessed whether our independently calculated liabilities are sufficient at the 50th percentile. We noted no matters requiring further consideration.

Other Information

The Scheme’s trustees are responsible for the other information. The other information comprises the information included in the document titled “Witbank Coalfields Medical Aid Scheme Annual Report 2023”. The other information does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme’s Trustees for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit.

Audit Tenure
As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of *Witbank Coalfields Medical Aid Scheme* for 10 years.

The engagement partner, *Stephan Eicker*, has been responsible for *Witbank Coalfields Medical Aid Scheme*'s audit for *two* years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Stephan Eicker
Registered Auditor
eMalahleni
6 August 2024

Statement of Financial Position

As at 31 December 2023

	Note	2023 R	Restated 2022 R	Restated 1 January 2022 R
ASSETS				
Non-current assets				
Equipment and other fixed assets	5	801,341	1,592,850	2,688,763
Investment properties	6	13,193,933	13,710,745	14,210,598
Investments at fair value through profit or loss	7	649,578,532	634,795,849	572,473,589
Total non-current assets		**663,573,806**	**650,099,444**	**589,372,951**
Current assets				
Investments at fair value through profit or loss	7	227,339,903	239,701,718	287,114,039
Trade and other receivables	8	459,207	626,627	436,263
Cash and cash equivalents	9	70,184,080	61,266,459	48,505,083
Total non-current assets		**297,983,190**	**301,594,804**	**336,055,384**
TOTAL ASSETS		**961,556,996**	**951,694,248**	**925,428,335**
LIABILITIES				
Non-current liabilities				
Insurance liability for future members	10	621,234,299	623,085,663	636,837,424
Retirement benefit obligation	11	1,510,000	1,499,000	1,608,000
Total non-current liabilities		**622,744,299**	**624,584,663**	**638,445,424**
Current liabilities				
Insurance contract liability for current members	12	335,801,166	323,817,490	284,452,879
Trade and other payables	13	2,675,531	2,983,095	2,509,032
Retirement benefit obligation	11	336,000	309,000	21,000
Total current liabilities		**338,812,697**	**327,109,584**	**286,982,911**
TOTAL LIABILITIES		**961,556,996**	**951,694,248**	**925,428,335**
TOTAL EQUITY		**-**	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**961,556,996**	**951,694,248**	**925,428,335**

Please refer to note 4 for further details on the prior period restatement.

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2023

	Note	2023 R	Restated 2022 R
Insurance revenue	*14*	527,865,620	484,523,450
Insurance service expenses	*14*	(579,492,438)	(505,154,500)
INSURANCE SERVICE RESULT		**(51,626,818)**	**(20,631,050)**
Investment income	*15*	91,542,440	53,362,187
Gain on disposal of equipment		160,611	-
Sundry income		257,357	496,408
OTHER INCOME		**91,960,408**	**53,858,594**
Impairment losses on insurance receivables		(288,777)	300,879
Insurance finance expenses	*12.3*	(20,561,012)	(12,253,045)
Administration fees and operative expenses	*16*	(11,150,277)	(12,971,989)
Asset management fees		(4,888,717)	(4,363,290)
Costs incurred on rental property		(3,444,807)	(3,940,099)
OTHER EXPENSES		**(40,333,590)**	**(33,227,544)**
PROFIT FOR THE YEAR		**-**	**-**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**

Please refer to note 4 for further details on the prior period restatement.

Statement of Changes in Members' Funds and Reserves

For the year ended 31 December 2023

	Accumulated funds	Total members' funds
Balance as at 31 December 2021 before implementation of IFRS 17 (as previously reported)	634,846,027	634,846,027
Adjustment due to the implementation of IFRS 17*	(634,846,027)	(634,846,027)
BALANCE AS AT 1 JANUARY 2022 (RESTATED)	-	-
Total comprehensive income for the year	-	-
BALANCE AS AT 31 DECEMBER 2022 (RESTATED)	-	-
Total comprehensive income for the year	-	-
BALANCE AS AT 31 DECEMBER 2023	**-**	**-**

*Please refer to note 4 for further details on the transition to IFRS 17.

Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 R	2022 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members - Contributions		654,661,302	639,220,526
Cash receipts from members and providers - Other		247,921	1,912,041
Cash receipts from members and providers		654,909,223	641,132,567
Cash paid to members and providers - Claims		(666,377,515)	(594,655,828)
Cash paid to providers and employees - Directly attributable expenses		(31,008,466)	(32,230,472)
Cash paid to providers and employees - Other operative expenditure		(10,898,837)	(11,389,746)
Cash paid to members - Personal medical savings refunds	12.3	(19,396,868)	(20,337,874)
Cash paid to providers, employees and members		(727,681,686)	(658,613,921)
Cash utilised in operations		**(72,772,463)**	**(17,481,354)**
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		**(72,772,463)**	**(17,481,354)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to equipment and other assets	5	(196,912)	(140,688)
Proceeds on disposals of equipment and other assets		160,611	1,589
Additions to investment properties	6	(10,589)	-
Additions to investments at fair value through profit or loss	7	-	(97,000,000)
Proceeds on disposals of investments at fair value through profit or loss	7	78,000,000	127,000,000
Investment income received on investments at amortised cost	15	2,730,114	556,986
Investment manager fees paid		(510,600)	(483,000)
Receipts from sundry debtors		249,872	-
Rental income received		4,184,996	3,748,089
Cost incurred in provision of own facilities to external parties		(3,444,807)	(3,940,099)
Non-cash flow item: depreciation on investment property	6	527,400	499,854
NET CASH GENERATED FROM INVESTING ACTIVITIES		**81,690,084**	**30,242,730**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,917,621**	**12,761,376**
Cash and cash equivalents at the beginning of the year	9	61,266,459	48,505,083
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**70,184,080**	**61,266,459**

1 The contribution receipts include R149,181,917 (2022: R135,317,453) Personal Medical Savings contributions from members.

2 The claims paid include R131,887,966 (2022: R117,867,299) Personal Medical Savings claim payments.

Notes to the Financial Statements

1. GENERAL INFORMATION

Witbank Coalfields Medical Aid Scheme (the Scheme) is a not-for-profit, restricted medical scheme available to employees of participating employer groups in the coal mining and related industries. It is self-administered and provides insurance for healthcare services.

The Scheme is registered in terms of the Medical Schemes Act of South Africa No. 131 of 1998, as amended (MSA) and is domiciled in South Africa.

1.1 BASIS OF PREPARATION

1.1.1. Compliance with IFRS

The financial statements of the Scheme have been prepared in accordance with IFRS® Accounting Standards (IFRS) and IFRIC® Interpretations applicable to schemes reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The financials statements comply with the MSA, which requires additional disclosures for registered medical schemes.

1.1.2. Historical cost

The financial statements have been prepared on the historic cost basis, except for

- investments reflected at fair value.
- Insurance assets and liabilities measured in terms of IFRS 17 estimates.

1.1.3. New and amended standards adopted by the Scheme.

IFRS 17: Insurance Contracts – please refer to note 4.

1.1.4. Standards and interpretations issued but not yet effective.

The following IFRS Accounting Standards, amendments and interpretations are not yet effective but relevant to the Scheme's operations:

Effective date	Standard, Amendment or Interpretation	Impact on the Scheme
Annual periods beginning on or after 1 January 2024	IAS 1 Presentation of Financial Statements	*Classification of Liabilities as Current or Non-current:* Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

Effective date	Standard, Amendment or Interpretation	Impact on the Scheme
		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.

2. SIGNIFICANT JUDGMENTS AND ESTIMATES

In the process of applying the Scheme's accounting policies, management are required to make critical assumptions regarding the future and accounting judgements.

2.1 SIGNIFICANT JUDGMENTS

2.1.1 Assessment as to whether a medical 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.

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 paragraph BC265 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 MSA 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 MSA 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 MSA 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" (IFRS 17.2). 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.

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.

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 profit or losses 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 Profit or Loss and Other Comprehensive Income reflects no total comprehensive income for the year. The movement in the insurance liability attributable to future members is included in the insurance service expenses line.

Due to the Scheme being a mutual entity, the assessment of onerous contracts are also affected.

2.1.2 Unit of account

Judgement has been applied to how the Scheme determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio as the scheme as a whole due to the holistic pricing methodologies and risk management strategy that manages the risk on a scheme level. This 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.
- 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.
- Risk (utilization and concentration) is managed holistically.

The Scheme decided to apply the exemption to grouping as allowed by IFRS 17 paragraph 20: law or regulation specifically constrains the entity's practical ability to set different prices or levels of benefits for members with different characteristics. The MSA prohibits the Scheme to set different prices for its members. As such, the Scheme does not group contracts in various profitability groupings.

2.1.3 Risk adjustment to the Liability for Incurred Claims (LIC)

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Scheme requires for bearing the uncertainty about the amount and timing of the 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 reflects the risk the Scheme is bearing for the uncertainty of timing, severity and number of reported claims as at 31 December and claims to be reported in the four months after year-end. The risk adjustment was calculated at the portfolio level as the Scheme does not have groups due to laws that constrain 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 60%. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2022 and 2023.

2.2 SIGNIFICANT ESTIMATES

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

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios.

The sensitivities regarding the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 10 and 12.

2.2.1 Estimates of future cash flows to fulfil insurance contracts.

Included in the measurement of the portfolio are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The 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 range of scenarios.

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.

2.2.2 Methods used to measure the insurance contracts.

The Rules of the Scheme provide that claims may only be paid if the Scheme is notified of the claim and documentation is submitted within 4 months of the date of the healthcare service.

Each notified claim is assessed on a separate, case by case basis with due regard to the Rules of the Scheme, the claim circumstances, information available from managed care services (especially hospital preauthorisation), pricing protocols and historic evidence of claims of similar size and nature. The detailed claims information is recorded in the Scheme's claims data base. This data is used to determine claims payment patterns for the date of treatment versus the date of payment.

The Scheme estimates insurance liabilities in relation to claims incurred but not yet received for healthcare contracts. Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The Scheme has applied the Bornhuetter-Ferguson method (BFM) in the calculation of the Scheme's liability for incurred claims (LIC). The BFM uses loss ratios represented by the proportion of claims paid to earned premiums to estimate the expected outstanding claims amount. The primary assumption is that patterns in claims activities and the rate of claims payment in the past will continue to be seen in the future.

The BFM produces an estimate that considers a balance between a pure Chain Ladder Method approach, and consideration of expected claims volumes and seasonality. This thereby removes the volatility relative to a pure Chain Ladder approach, where events artificially leading to low claims payments result in turn in a low level of LIC, where the LIC should in fact be increased (and vice versa). This is particularly valuable when determining a "zero-month lag" estimate, where no claims payment information is available after the effective date of the LIC estimate.

The Scheme did not only produce a point-estimate of LIC, but also produced a distribution of results based on a stochastic statistical process named bootstrapping. 1,000 simulated estimates were produced. This allows for an enhanced understanding of the probable range of LIC results in addition to the calculation of a reasonable estimate.

Considering IFRS17 requirements, the Scheme evaluated the LIC provision at various percentiles of the simulated LIC estimates, each allowing for a different assumed risk adjustment. The risk adjustment has been introduced to allow for compensation that the Scheme requires for bearing the uncertainty about the timing and amount of cashflows that arises from non-financial risk including claims risk, membership risk, and expense risk. However, it is not expected that membership risk and expense risk would have a significant impact on the risk adjustment given the nature of these risks.

An LIC provision at the 60th percentile of the simulated LIC estimates has been selected. The risk adjustment provision, as per IFRS17, would then be set as the difference between a more conservative percentile and the 60th percentile. The 60th percentile was elected by the Board of Trustees based on the Scheme's risk appetite.

All LIC calculations were performed per high level benefit category (in-hospital, out of hospital and medication) and benefit option. This enhances the accuracy of results as these groupings are expected to exhibit different claims run-off experience. The LIC provisions for each of these cohort groups were then rolled-up to determine the total provision for the Scheme.

The following was considered when estimating the LIC:

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

3. ACCOUNTING POLICIES

3.1. EQUIPMENT AND OTHER FIXED ASSETS

An item of equipment and other fixed assets is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Scheme, and the cost of the item can be measured reliably. Equipment and other fixed assets are reflected at historic cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the

Scheme and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance and repairs, which neither materially add to the value of assets, nor appreciably prolong their useful lives, are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged on the straight-line basis over the estimated useful lives of items of equipment and other fixed assets after considering the assets' residual values. The following are the estimated useful lives of equipment and other fixed assets:

Item	Depreciation method	Estimated useful life
Motor vehicles	Straight line	5 years
Office equipment	Straight line	4 years
Computer equipment	Straight line	3 years
Mailroom equipment	Straight line	5 years
Generator	Straight line	10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Surpluses and deficits on disposal of equipment and other assets are determined by comparing the proceeds with the carrying amount and are recognised within other operating income/expenses in the statement of profit or loss and other comprehensive income.

3.2. INVESTMENT PROPERTIES

Investment properties are recognised as assets when, and only when, it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise, and the cost of the investment properties can be measured reliably. Investment properties are held to earn rental income and for capital appreciation and are initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment properties, the carrying amount of the replaced part is derecognised.

3.2.1. Cost model

Investment properties are carried at historical cost less accumulated depreciation less any accumulated impairment losses. Depreciation is charged on the straight-line basis over the estimated useful life of the property after taking into consideration the asset's residual value as follows:

Item	Depreciation method	Estimated useful life
Air conditioners	Straight line	6 years
Lifts	Straight line	15 years
Partitioning and electrical	Straight line	10 years

Land is not depreciated. Management assesses the residual value of buildings constituting investment properties on an annual basis and as the residual value exceeds carrying value buildings are not depreciated. The residual values and useful lives of the assets are reviewed on an annual basis.

3.2.2. Register of investment properties

A register of all investment properties is available for inspection at the registered office of the Scheme.

3.3. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Scheme assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Scheme estimates the recoverable amount of the asset.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit.

3.4. FINANCIAL INSTRUMENTS

3.4.1. Classification, recognition, and measurement

The Scheme has the following financial instrument categories:

- Fair value through profit or loss.
- Loans and receivables; and
- Financial liabilities.

The Scheme has classified its financial instruments into the following classes:

- Financial assets held at fair value through profit or loss.
- Trade and other receivables.
- Cash and cash equivalents; and
- Trade and other payables.

The classification and measurement of the financial instruments depend on the objective of the Scheme's business model whether it is to hold assets only to collect cash flows, or to collect cash flows and to sell and whether the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. Management applies this assessment on financial instruments at initial recognition and re-evaluates this for financial assets when the objective of the Scheme's business model changes.

Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to acquisition or issue of the financial asset or liability. After initial recognition, these instruments are measured as set out below.

Regular-way purchases and sales of financial assets and liabilities are recognised on trade date, being the date that the Scheme becomes a party to the contractual rights or obligations of the instrument.

3.4.1.1. Financial assets held at fair value through profit or loss.

Financial assets at fair value through profit or loss comprise 'Investments at fair value through profit or loss'.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for selling in the short term.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.
These financial assets are initially recorded at fair value excluding transaction costs, which are immediately expensed. These financial assets are subsequently measured at fair value. The fair value adjustments are recognised in profit or loss during the financial period.

3.4.1.2. Loans and receivables

Loans and receivables comprise of 'Trade and other receivables' and 'Cash and cash equivalents'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Scheme intends to sell in the short term. Trade and other receivables are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less impairment losses.

a. Trade and other receivables
Trade and other receivables are reviewed for impairment as part of the impairment review conducted on loans and receivables.

b. Cash and cash equivalents.
Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value and have an original maturity of 90 days or less.

3.4.1.3. Financial liabilities

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Financial liabilities comprise of 'Trade and other payables'. Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost, using the effective interest method.

3.4.2. Impairment of financial assets

3.4.2.1. Loans and receivables

The Scheme's loans and receivables do not contain a significant financing component and therefore the loss allowance is measured at initial recognition as expected credit losses that result from all possible default events over the expected life of a financial instrument (ECL) in accordance with IFRS 9. As a practical expedient, IFRS 9 allows a provision matrix to be used to estimate ECL for these financial instruments.

The provision matrix is based on historical observed default rates, adjusted for forward looking estimates. At every reporting date, the historical observed rates are updated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Scheme about the following events: the Scheme is unable to collect all amounts due according to the original terms of the receivables; significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in payments by the debtor; the disappearance of an active market for that financial asset because of financial difficulties; or national or local economic conditions that correlate with defaults on the assets in the Scheme.

The provision matrix considers contributions receivable, member and service provider debit balances and advances on savings plan accounts to members. The Scheme utilises readily available economic information such as consumer price index, healthcare inflation, national credit rating and unemployment indicators as a basis for determining the future expectations of the observable data.

If it is determined that a possible impairment loss will be incurred on loans and receivables measured at amortised cost, the amount of the loss is measured as the difference between the present value of the cash flows due under the contract and the present value of the cash flows that the entity expects to receive. These losses are recognised at initial recognition in profit or loss and reflected in an allowance account.

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 improved credit rating), the previously recognised impairment loss is reversed directly to profit or loss.

3.4.3. Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired, the right to receive cash flows has been retained but an obligation to pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Scheme has retained substantially all the risks and rewards of ownership of the transferred asset, the Scheme continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Scheme recognises any income on the transferred asset and any expense incurred on the financial liability.

Where the Scheme neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Scheme determines whether it has retained control of the financial asset. If the Scheme has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer; and if the Scheme has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The Scheme derecognises a financial liability when the contractual obligations are discharged, cancelled, or expire.

3.4.4. Offset

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.5. STRUCTURED ENTITIES

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

A structured entity often has some or all of the following features or attributes:

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

The Scheme has certain investments in other funds (investee funds), which are investments in unconsolidated structured entities. The Scheme invests in investee funds whose objectives range from achieving medium- to long-term capital growth. The investee funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

3.6. INSURANCE CONTRACTS

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 on a present value basis) and whether the accepted insurance risk is significant.

3.6.1. Unit of account

The Scheme has assessed their portfolio to be at a scheme level as a whole. Please refer to note 2.1.2 for the assessment.

The Scheme has applied the exemption not to perform profitability groupings as allowed by IFRS 17.20 and included all contracts in the same group. The Scheme has further assessed that there are no facts and circumstances to indicate that the group was onerous at inception date.

Before the Scheme accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that must be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated.
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Scheme applies IFRS 17 to all remaining components of the contract.

The Scheme does not have any contracts that require separation or combination of insurance contracts.

3.6.2.Personal medical savings accounts (PMSA)

Medical schemes generally do not have any contracts with specified embedded derivatives. Certain contracts contain a PMSA contribution, which is meets the definition of an investment component. The PMSA is managed by the Scheme on behalf of its members and represents savings contributions (which are a deposit component of the insurance contracts), and accrued interest thereon in terms of the rules of the Scheme, net of any savings claims paid on behalf of members in terms of the Scheme's registered rules. 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 Scheme will assess the advances for impairment in terms of its accounting policy on impairment in note 3.4.2. The PMSA are invested (on behalf of members) in money market instruments with asset managers in terms of the rules of the Scheme.

The investment component and the insurance component are only accounted for separately where they are not highly interrelated. The investment component and the insurance component are highly interrelated where the one component cannot be measured without considering the other. For benefit plan options offering PMSAs, the PMSA can be measured separately; however, under certain benefit plan options, there is a risk component that is available once the PMSA has been exhausted and once certain conditions are met (above threshold benefits). This indicates that the level of certain risk benefits available is dependent on the PMSA, meaning that the value of risk benefits cannot be measured without considering the PMSA resulting in the two components being highly interrelated.

The second indicator that the two components are highly interrelated is that the member is unable to benefit from one component unless the other component is also present. Under benefit options that offer PMSAs, the PMSA and the risk portion of the plan cannot be bifurcated and the member, if electing a benefit plan with a PMSA, must take both the PMSA and risk component. To cancel a component of the contract, the member must cancel the entire contract (both components).

The condition whereby an investment component can be separated from the insurance component if not highly interrelated is not met when considering the PMSA component. PMSAs cannot be separated from the insurance component, and IFRS 17 is therefore applied to the entire contract including the PMSA. Hence PMSA is a non-distinct investment component with the balances included in Insurance Contract Liabilities in the Statement of Financial Position.

3.6.3. 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 every reporting period.

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 criteria are satisfied:

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

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

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

The Scheme has assessed all its contracts and determined all contracts have a boundary of one year. Therefore, the insurance contract liabilities consist of two components:
- the insurance liability attributable to current members; and
- the insurance liability attributable to future members.

3.6.4. 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.

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 17.72.

If the modification does not comply with any of the requirements of IFRS 17.72 the Scheme shall treat the changes in cash flow as changes in estimates of fulfilment cash flows (FCF).

3.6.5. Initial and subsequent measurement

The Scheme uses the Premium Allocation Approach (PAA) to measure its insurance contracts. This approach is used for all healthcare insurance contracts as each of these contracts has a coverage period of one year or less. IFRS 17.59(b) allows a policy choice whether to adjust the measurement for the impact of the time value of money and other financial risks if the settlement of the claims is expected within 12 months. The Scheme has made the choice not to discount the group of contracts.

3.6.5.1. The insurance liability attributable to current members

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

The carrying amount of the group of insurance contracts issued at each reporting period is the sum of:
- the LFRC; and
- the liability for incurred claims (LIC), comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LFRC is:
- increased for contributions received in the period;
- decreased for insurance acquisition cash flows paid in the period; and
- decreased for the amounts of expected contributions received recognized as insurance revenue for the services provided in the period.

For insurance contracts issued, at each of the subsequent reporting dates, the insurance liability attributable to current members (the LIC) is:

- the probability-weighted estimate of fulfilment cash flows; and
- the risk adjustment.

The Scheme has elected to include premium debtors in the LIC.

Refer to notes 2.1.3 and 2.2.1. For the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

3.6.5.2. The insurance liability attributable to future members

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

- increased by net profits for the period; and
- decreased by the net losses for the period.

Contribution income received for a future contract period (income received in advance) are also classified as insurance liabilities to future members.

3.6.6. Onerous contract assessment

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.

3.6.7. Insurance revenue

As the Scheme provides services under the group of insurance contracts, it reduces the LFRC 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.

3.6.8. Insurance service expenses

Insurance service expenses include:

- incurred claims and benefits excluding investment components.
- other incurred directly attributable insurance service expenses.
- changes that relate to past service (i.e., changes in the FCF relating to the LIC).
- changes that relate to future service (i.e., losses/reversals on onerous group of contracts from changes in the loss components); and
- amounts attributable to future members.

Cash flows that are not directly attributable to a group of insurance contracts, such as some governance, compliance 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; and

- costs directly attributable to the group of insurance contracts, which are allocated on a reasonable and consistent basis.

Insurance acquisition costs are expensed by the Scheme when it incurs the cost.

3.6.9. Insurance interest income and expenses

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

3.7. CASH AND CASH EQUIVALENTS

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.8. PROVISIONS

Provisions are recognised when:

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money, where material, and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

If the Scheme has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

3.9. EMPLOYEE BENEFITS

3.9.1. Short-term employee benefits

The cost of short-term employee benefits, salaries, and bonuses are recognised in the period in which the related service was delivered. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonuses if the Scheme has a present legal or constructive obligation to pay amounts because of past service provided by the employee and the obligation can be estimated reliably.

3.9.2. Defined contribution plans

Employees all belong to a defined contribution pension fund. Contributions to the fund are recognised in the statement of comprehensive income in the period in which they are incurred.

3.9.3. Post-retirement medical benefits

On retirement the staff employed by the Scheme as at 31 January 2011, will receive a medical aid subsidy equal to 50% of their contribution for the remainder of their lives. Surviving spouses of employees entitled to the subsidy will continue to receive the benefit. The benefit will cease upon the death of the surviving spouse. Payments in terms of this liability has been effective from 1 January 2012.

The post-retirement medical aid contribution benefit liability is measured at the present value of the amount payable for the remaining lives of the beneficiaries and their surviving spouses. Employees become eligible at retirement age of 60.

An actuarial valuation is performed every second year to determine the value of the liability and the liability is unfunded. For the year ended 31 December 2023 the Projected Unit Credit discounted cash flow method was used.

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

3.11. ROAD ACCIDENT FUND RECOVERIES

The Scheme grants advances 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 Road Accident Fund by the member, administered in terms of the Road Accident Fund Act, 1996. If the member is reimbursed by the Road Accident Fund, they are obliged contractually to cede that payment to the Scheme to the extent that they have already been compensated.

A reimbursement from the Road Accident Fund is a contingent asset that arises from claims submitted to the Road Accident Fund and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Scheme. If an inflow of economic benefits becomes possible, the Scheme discloses a contingent asset. Recoveries from the Road Accident Fund are recognised on a receipt basis and are netted off against claims incurred.

3.12. ALLOCATION OF INCOME AND EXPENDITURE TO BENEFIT OPTIONS

The following items are directly allocated to benefit options:

- Insurance revenue.
- Claims incurred.
- Net income/(expense) on risk transfer arrangements.
- Third party claim recoveries.
- Accredited managed healthcare services.
- Directly attributable expenses.
- Broker fees.
- Interest paid in terms of the rules of the Scheme on personal medical savings account monies.

Investment income is allocated to an option based on the proportion of that option's gross contribution relative to the Scheme total.

The remaining items are apportioned based on the number of members on each option:
- Other administration and operative expenditure.
- Other income; and
- Other expenditure.

3.13. INVESTMENT INCOME

Interest income is recognised using the effective interest method, taking account of the principal amount outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Scheme.

Dividend income is recognised when the right to receive payment is established.

Rental income from investment properties is recognised in profit or loss on a contractual basis over the lease term. All leases with tenants are linked to the Consumer Price Index (CPI) and therefore straight-line recognition of rental income cannot be calculated.

3.14. UNALLOCATED FUNDS

Unallocated funds arise on the receipt of unidentified deposits in favour of the Scheme. Unallocated funds that have legally prescribed, that is, funds older than three years, are written back and are included under other income in profit or loss.

4. TRANSITION TO IFRS 17

The Scheme has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within three years prior to the transition. Accordingly, the Scheme has recognised and measured the group of insurance contracts as if IFRS 17 had always applied; derecognised any existing balances that would not exist had IFRS 17 always applied; and recognised any resulting net difference in equity.

The classification of the Scheme as a mutual entity resulted in the Scheme not having a Statement of Changes in Members' Funds and Reserves beyond the opening statement in its financial statements.

The Scheme applied the transition provision in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item.

5. EQUIPMENT AND OTHER FIXED ASSETS

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Motor vehicles	564,317	(459,271)	105,046	564,317	(374,121)	190,196
Office equipment	4,252,617	(4,194,751)	57,866	4,661,589	(3,914,109)	747,480
Computer equipment	4,085,172	(3,849,632)	235,539	4,782,873	(4,583,277)	199,596
Generator	1,267,594	(864,705)	402,889	1,267,594	(812,016)	455,578
Total	**10,169,700**	**(9,368,359)**	**801,341**	**11,276,373**	**(9,683,523)**	**1,592,850**

Reconciliation of equipment and other fixed assets

2023	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Motor vehicles	190,196	-	-	(85,149)	105,046
Office equipment	747,480	44,978	-	(734,592)	57,866
Computer equipment	199,596	151,933	-	(115,990)	235,539
Generator	455,578	-	-	(52,689)	402,889
Total	**1,592,850**	**196,912**	**-**	**(988,421)**	**801,341**
2022					
Motor vehicles	275,345	-	-	(85,149)	190,196
Office equipment	1,513,036	5,998	(933)	(770,621)	747,480
Computer equipment	392,114	134,690	(980)	(326,228)	199,596
Generator	508,268	-	-	(52,689)	455,578
Total	**2,688,763**	**140,688**	**(1,913)**	**(1,234,688)**	**1,592,850**

6. INVESTMENT PROPERTIES

	2023			2022		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Land and buildings	13,139,815	(1,647,475)	11,492,340	13,139,815	(1,647,475)	11,492,340
Partitioning, electrical and fittings	1,530,967	(821,316)	709,652	1,520,378	(683,956)	836,422
Lift	1,486,448	(854,741)	631,707	1,486,448	(755,650)	730,798
Air conditioners	4,113,549	(3,753,314)	360,235	4,113,549	(3,462,364)	651,185
Total	**20,270,779**	**(7,076,846)**	**13,193,933**	**20,260,190**	**(6,549,445)**	**13,710,745**

Reconciliation of investment properties

2023	Opening balance R	Additions R	Depreciation R	Total R
Land and buildings	11,492,340	-	-	11,492,340
Partitioning, electrical and fittings	836,422	10,589	(137,360)	709,651
Lift	730,798	-	(99,091)	631,707
Air conditioners	651,185	-	(290,949)	360,236
Total	**13,710,745**	**10,589**	**(527,400)**	**13,193,934**
2022				
Land and buildings	11,492,340	-	-	11,492,340
Partitioning, electrical and fittings	942,147	-	(105,725)	836,422
Lift	829,889	-	(99,091)	730,798
Air conditioners	946,222	-	(295,038)	651,185
Total	**14,210,598**	**-**	**(499,854)**	**13,710,745**

Investment properties comprise the land and buildings on the corner of OR Tambo Road and Susanna Street, erf 5091 and erf 286, Emalahleni (Witbank) and the vacant land in Susanna Street, erf 5090.

The fair value of the properties as valued by a Professional Associated Valuer is R 56,4 million (2022: R56,4 million). Management has assessed the residual value of the building to be R16.5 million. This is greater than the current carrying value of the building and therefore no depreciation has been processed.

Direct operating expenses arising from the property that generated rental income amount to R3 371 497 (2022: R3 874 253) and which did not generate rental income amount to R69 998 (2022: R 65 847).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments are held at fair value through profit and loss and comprise:

	2023 R	2022 R
Segregated multiclass portfolio	166,643,173	185,056,165
Linked fund policies	482,935,359	449,739,684
Money market instruments	227,339,903	239,701,718
	876,918,435	**874,497,567**

The underlying asset allocation, on a look-through basis, is as follows:

Cash	348,734,353	353,493,663
Investments in property	10,588,774	15,699,094
Interest-bearing investments, including bonds	291,850,006	259,075,548
Listed equities	225,745,301	246,229,261
	876,918,435	**874,497,567**

The split between the non-current and current portions of investments is as follows:

	2023 R	2022 R
Non-current assets	649,578,532	634,795,849
Current assets	227,339,903	239,701,718
	876,918,435	**874,497,567**

Refer to note 3.4 Financial Instruments, for details of valuation policies and processes.

Reconciliation of fair value of investments

Balance at the beginning of the year	874,497,567	859,587,628
Additions	-	97,000,000
Proceeds on disposal	(78,000,000)	(127,000,000)
Dividend income capitalised (note 15)	10,193,829	11,758,667
Interest income capitalised (note 15)	44,136,039	32,377,753
Fair value adjustments (note 15)	30,299,569	4,883,950
Management fees	(4,208,570)	(4,110,431)
Balance at the end of the year	**876,918,435**	**874,497,567**

8. TRADE AND OTHER RECEIVABLES

Financial assets		
Prepayments	239,012	151,142
Sundry debtors	-	249,872
Deposits paid	99,666	99,666
Rental income receivable	1,146,624	1,148,730
Provision for impairment loss on rental income receivable	(1,026,095)	(1,022,783)
	459,207	**626,627**
Reconciliation of provision for impairment loss		
Balance at the beginning of the year	(1,022,783)	(1,049,898)
Amounts owing by tenants for rental not recoverable	-	25,184
Net impairment gain/(loss) on financial assets	(3,312)	1,931
Balance at the end of the year	**(1,026,095)**	**(1,022,783)**

The fair value of trade and other receivables approximates their carrying amounts due to the short- term maturities of these assets. Further detail on the Scheme's credit risk related to a customer or other counter party to a financial instrument failing to meet their current obligations to the Scheme is disclosed in note 20.2.

9. CASH AND CASH EQUIVALENTS

Current accounts	34,529,497	61,176,349
Call accounts	35,654,584	90,110
	70,184,080	**61,266,459**

The effective interest rate on current accounts was 1.1% (2022: 0.6%) and call accounts was 10.6% (2022: 4.6%). The carrying amount of the cash and cash equivalents approximates the fair values due to the short-term maturities of these balances.

10. INSURANCE LIABILITY FOR FUTURE MEMBERS

	2023 R	2022 R
Balance as at 1 January	623,085,663	636,837,424
Amounts attributable to future members	(1,851,364)	(13,751,763)
Balance as at 31 December	**621,234,299**	**623,085,661**

11. RETIREMENT BENEFIT OBLIGATION

Post-retirement medical aid benefit

On retirement the staff employed by the Scheme as at 31 January 2011, will receive a medical aid subsidy equal to 50% of their medical aid contribution per month for the remainder of their lives. Surviving spouses of employees entitled to the subsidy will continue to receive the benefit. The benefit will cease upon the death of the surviving spouse. The actuarial valuation to determine the liability is performed every year and the liability is unfunded. The post-retirement medical aid benefit liability is measured at the present value of the amount payable for the remaining lives of the beneficiaries and their surviving spouses. Employees become eligible for the medical aid subsidy on normal retirement at any age after 60.

Movements in the post-retirement medical aid benefit for the year are as follows:

Balance at the beginning of the year	1,808,000	1,629,000
Expenses in respect of the current year:		
Service cost	99,000	90,000
Interest cost	233,000	200,000
Benefits paid	(23,000)	(21,000)
Remeasurements	(271,000)	(90,000)
	1,846,000	**1,808,000**
Employee costs	**23,000**	**21,000**
Non-current liabilities	1,510,000	1,499,000
Current liabilities	336,000	309,000
	1,846,000	**1,808,000**

If the assumed future rate of medical inflation was 1% higher, the liability would have been R341,510 (2022: R334,480) higher. The five-year summary of the post-retirement medical aid benefit liability as at 31 December 2023 is as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Present value of liability	1,846,000	1,808,000	1,629,000	1,478,000	2,810,000
Actuarial gain/(loss)	271,000	90,000	93,000	189,000	633,000

Post retirement benefit liability projection:

	> 1 year	1-2 years	3-5 years	6-10 years
Projected service costs for the period	96,000	234,000	307,000	942,000
Projected interest costs for the period	265,000	683,000	951,000	4,092,000
Projected employer benefit payments for the period	(25,000)	(58,000)	(73,000)	(849,000)
Projected liability at the end for the period	2,182,000	3,041,000	4,226,000	8,411,000

Key assumptions used:

An actuarial valuation was performed by independent valuators, 3One Actuaries (Pty) Ltd, on 31 December 2023, using the Projected Unit Credit discounted cashflow method. The projections contained in the valuation was consistent with those used in the prior year. The key assumptions used were:

	2023	2022
Discount rate	14.43%	13.00%
Real discount rate	3.58%	4.58%
Health care cost inflation	10.48%	9.55%
Long-term price inflation	8.98%	8.05%
Expected increase in salaries	10.48%	15.00%
Retirement age	63 years old	
Mortality rates	Pre-retirement: SA 85-90 (light) with a 3-year age reduction for females Post-retirement: PA (90)	

12. INSURANCE CONTRACT LIABILITY FOR CURRENT MEMBERS

2023 Insurance contracts issued	LFRC Excluding loss component	LIC BEL	RA	TOTAL
Opening insurance contract liabilities	**-**	**321,511,066**	**2,306,424**	**323,817,490**
Amounts recognised in comprehensive income				
New contracts issued in the year	(527,865,620)	-	-	(527,865,620)
Total insurance revenue (Note 14)	**(527,865,620)**	**-**	**-**	**(527,865,620)**
Incurred claims and other directly attributable expenses (Note 14)	-	577,147,413	2,065,387	579,212,800
Changes that relate to past service - adjustments to the LIC (Note 14)	-	4,255,535	(2,306,424)	1,949,111
Insurance acquisition cash flows	181,892	-	-	181,892
Total insurance service expenses	**181,892**	**581,402,948**	**(241,037)**	**581,343,803**
Insurance service result	**(527,683,728)**	**581,402,948**	**(241,037)**	**53,478,183**
Finance expense from insurance contracts issued (Note 12.3)	-	20,561,012	-	20,561,012
Total amounts recognised in comprehensive income	**(527,683,728)**	**601,963,959**	**(241,037)**	**74,039,195**
Investment components: PMSA contributions received (Note 14)	**(149,181,917)**	**149,181,917**	**-**	**-**
Other changes				
Insurance debtors to LIC	**22,386,235**	**(22,386,235)**	**-**	**-**
Cash flows				
Contributions received	654,661,302	-	-	654,661,302
Claims and other directly attributable expense paid	-	(697,385,981)	-	(697,385,981)
Other receipts from members and providers	-	247,921	-	247,921
Saving plan refunds (Note 12.3)	-	(19,396,868)	-	(19,396,868)
Insurance acquisition cash flows expensed	(181,892)	-	-	(181,892)
Total cash flows	**654,479,410**	**(716,534,928)**	**-**	**(62,055,518)**
Closing insurance contract liabilities	**-**	**333,735,779**	**2,065,387**	**335,801,166**

2022 Insurance contracts issued	LFRC Excluding loss component	LIC BEL	 RA	TOTAL
Opening insurance contract liabilities	**-**	**282,198,222**	**2,254,657**	**284,452,879**
Amounts recognised in comprehensive income				
New contracts issued in the year	(484,523,450)	-	-	(484,523,450)
Total insurance revenue (Note 14)	**(484,523,450)**	**-**	**-**	**(484,523,450)**
Incurred claims and other directly attributable expenses (Note 14)	-	512,799,186	2,306,424	515,105,610
Changes that relate to past service - adjustments to the LIC (Note 14)	-	6,055,310	(2,254,657)	3,800,653
Insurance acquisition cash flows	-	-	-	-
Total insurance service expenses	**-**	**518,854,496**	**51,767**	**518,906,263**
Insurance service result	**(484,523,450)**	**518,854,496**	**51,767**	**34,382,813**
Finance expense from insurance contracts issued (Note 12.3)	-	12,253,045	-	12,253,045
Total amounts recognised in comprehensive income	**(484,523,450)**	**531,107,541**	**51,767**	**46,635,858**
Investment components: PMSA contributions received (Note 14)	**(135,317,453)**	**135,317,453**	**-**	**-**
Other changes				
Insurance debtors to LIC	**(19,379,624)**	**19,379,624**	**-**	**-**
Cash flows				
Contributions received	639,220,526	-	-	639,220,526
Claims and other directly attributable expense paid	-	(626,886,300)	-	(626,886,300)
Other receipts from members and providers	-	732,401	-	732,401
Saving plan refunds (Note 12.3)	-	(20,337,874)	-	(20,337,874)
Insurance acquisition cash flows expensed	-	-	-	-
Total cash flows	**639,220,526**	**(646,491,774)**	**-**	**(7,271,248)**
Closing insurance contract liabilities	**-**	**321,511,066**	**2,306,424**	**323,817,490**

12.1. Liability for incurred claims

	2023 R	2022 R
Claims incurred but not yet received (Note 12.2)	47,928,875	52,601,074
Claims reported but not yet settled	34,920,430	14,336,982
Insurance payables for directly attributable costs incurred	1,954,807	2,179,161
Personal medical savings liability (Note 12.3)	271,352,846	252,853,635
Insurance receivables	(20,355,793)	1,846,639
Liability for incurred claims (LIC)	**335,801,166**	**323,817,490**

12.2. Claims incurred but not yet received

Assumptions and sensitivities of variables

The Board of Trustees believes that the outstanding claims provision is adequate. However, the Board of Trustees recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise. Even though a large proportion of the likely claims relating to the financial year have already been processed, the Board of Trustees considers the most significant variable is the pattern of claim submission.

The below elements included in the LIC carrying amount (Note 12.1) are subject to high levels of assumptions:

Claims incurred but not yet reported excluding risk adjustment	45,863,488	50,294,650
Risk adjustment (60th percentile)	2,065,387	2,306,424
Claims incurred but not yet received	**47,928,875**	**52,601,074**

If volatility is in line with that observed since the beginning of 2022, there is a 95% probability that the ultimate risk claims experience for 2023 will be at worst R31.3 million higher than that incorporated in the recommended LIC provision at a 50th percentile. This represents 6.1% of the total risk claims estimate for 2023.

It is however worth noting that the experience since the beginning of 2022 may not capture the full possible degree of claim run-off volatility.

12.3. Personal medical savings liability

Balance of the PMSA liability at 1 January	252,853,636	242,436,287
PMSA contributions received or receivable (Note 14)	149,181,917	135,317,453
Transfers from other schemes in terms of Regulation 10(4)	41,116	1,052,024
Finance expense from insurance contract	20,561,012	12,253,045
Claims paid to and on behalf of members (Note 14)	(131,887,966)	(117,867,299)
Refunds on death or resignation in terms of regulation 10(5)	(19,396,868)	(20,337,874)
Balance of PMSA liability at 31 December	**271,352,846**	**252,853,636**

13. TRADE AND OTHER PAYABLES

	2023 R	2022 R
Financial liabilities		
Provision for audit fees	616,744	609,546
Provision for employee costs	632,390	792,551
Accruals	1,337,923	1,518,906
Deposits received from tenants	54,504	36,204
VAT liability	33,971	25,889
	2,675,531	**2,983,095**

The fair value of trade and other payables approximate their carrying amounts due to the short-term nature of these liabilities.

14. INSURANCE REVENUE AND SERVICE EXPENSES

14.1. Insurance revenue

	2023 R	2022 R
Gross contributions per registered rules	677,047,537	619,840,902
PMSA contributions received or receivable* (Note 12.3)	(149,181,917)	(135,317,453)
Insurance revenue	**527,865,620**	**484,523,450**

*The personal medical savings account contributions are received by the Scheme in terms of Regulation 10(1) and the Rules of the Scheme.

14.2. Insurance service expenses

	2023	2022
Risk claims per the rules of the Scheme:		
Direct benefits for the current period	622,028,925	538,240,318
Direct benefits for the previous period	54,550,185	36,191,802
Claims paid from personal medical savings accounts	(131,887,966)	(117,867,299)
Discount received	(256,802)	(669,717)
Adjustment to LIC provision	(4,672,199)	20,209,925
Claims incurred	539,762,143	476,105,029
Third party claims recoveries	(836,462)	(1,446,685)
Accredited managed healthcare services(Note 14.2.1)	9,526,006	8,885,130
Attributable expenses incurred (Note 14.2.2)	30,761,112	31,562,136
Incurred claims and other directly attributable expenses	579,212,800	515,105,610
Broker fees	(181,890)	-
Amounts attributable to future members	1,851,362	13,751,763
Insurance service expenses	**(579,492,438)**	**(505,154,500)**

14.2.1. Accredited managed healthcare services (no risk transfer)

	2023	2022
Active risk management services	2,910,808	3,210,726
Hospital benefit management services	3,616,493	3,289,060
Pharmacy benefit management services	1,683,598	1,000,339
Disease risk management support services	821,918	749,399
Managed care network management services and risk management	493,190	635,605
Accredited managed healthcare services	**9,526,006**	**8,885,130**

These expenses were incurred for the management of the utilisation, costs and quality of healthcare services of the Scheme.

14.2.2. Attributable expenses incurred

	2023	2022
	R	R
Actuarial fees	635,973	601,680
Administration expenditure: benefit management services (not accredited managed care)	2,128,853	1,755,516
Administration fees in respect of accredited services	1,872,134	1,793,560
ITC expenditure	5,894,420	6,237,645
IT project implementation	-	2,944,665
Member communication	594,863	518,167
Staff remuneration and employment costs	19,517,295	17,596,578
Third party claims recovery administration fees	117,575	114,325
Attributable expenses incurred	**30,761,112**	**31,562,136**

15. INVESTMENT INCOME

	2023	2022
	R	R
Financial assets at fair value though profit or loss		
Dividend income	10,193,829	11,758,667
Interest income	44,136,039	32,377,753
	54,329,869	44,136,420
Financial assets at amortised cost		
Interest income	2,730,114	556,986
Net fair value gains on financial assets at fair value though profit or loss	30,299,569	4,883,950
Rental income on investment property	4,182,890	3,784,830
Investment income	**91,542,440**	**53,362,187**

16. OTHER OPERATIVE EXPENSES

	2023 R	2022 R
Association fees	70,787	-
Audit fees	1,033,973	1,110,694
Bank charges	154,647	257,626
Consulting fees	539,371	881,874
Council for Medical Schemes levies	435,731	412,143
Debt collection fees	84,930	5,175
Depreciation, amortisation and impairments	988,421	1,234,688
Fidelity guarantee insurance	32,691	30,253
Insurance	158,225	137,380
Internal audit fees	625,101	640,195
Legal fees	1,056,590	1,711,974
Marketing	442,420	493,749
Meeting expenses	70,123	59,684
Motor vehicle expenses	97,015	72,260
Office expenses, repairs and maintenance	249,512	175,441
Operating leases - office equipment	71,470	72,249
Principal officers' conference and travel costs	-	31,988
Principal officers' remuneration	2,678,232	3,616,058
Professional indemnity insurance	59,223	53,829
Recruitment and selection	66,952	-
Statutory manager's fees	1,954,000	1,530,605
Training and development	218,158	249,471
Travel, accommodation and conferences	650	13,426
Trustees' and Committee Members' remuneration and considerations	62,052	181,227
	11,150,277	**12,971,989**

17. TRUSTEES' AND COMMITTEE MEMBERS' REMUNERATION AND CONSIDERATIONS

	Fees for meeting attendance R	Travelling and other expenses for meetings and conferences R	Total R
2023			
BOARD OF TRUSTEES			
JC de Carvalho	10,375	-	**10,375**
R Mnguni	-	9,002	**9,002**
BM Modise	-	9,002	**9,002**
	10,375	**18,005**	**28,380**
AUDIT AND GOVERNANCE COMMITTEE			
AJ de Klerk (non-trustee)	**12,882**	**1,684**	**14,566**
REMUNERATION COMMITTEE			
J Perkes (non-trustee)	**19,106**	**-**	**19,106**
Total	**42,363**	**19,689**	**62,052**

	Fees for meeting attendance R	Travelling and other expenses for meetings and conferences R	Total R
2022			
BOARD OF TRUSTEES			
A Bates (alternate trustee)	-	2,855	**2,855**
JC de Carvalho	45,540	14,793	**60,333**
M Dugmore	-	3,142	**3,142**
OA Maritz	-	3,142	**3,142**
TM Masike	-	12,343	**12,343**
S Matthews	-	3,142	**3,142**
R Mnguni	-	13,143	**13,143**
BM Modise	-	15,895	**15,895**
T Musie (alternate trustee)	-	15,144	**15,144**
N Pitjeng	-	2,855	**2,855**
MN Prinsloo	-	3,142	**3,142**
HG Schoeman	-	2,855	**2,855**
S Seakamela (alternate trustee)	-	5,655	**5,655**
S Viljoen	-	2,855	**2,855**
M Wenum	-	2,855	**2,855**
	45,540	**103,813**	**149,353**
AUDIT AND GOVERNANCE COMMITTEE			
AJ de Klerk (non-trustee)	13,445	5,827	**19,272**
R Joseph (non-trustee)	-	9,489	**9,489**
	13,445	**15,316**	**28,761**
REMUNERATION COMMITTEE			
J Perkes (non-trustee)	**3,112**	**-**	**3,112**
Total	**62,097**	**119,130**	**181,227**

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

2023	Comprehensive	Midmas	Ntsika	Scheme
Gross contribution income	565,110,881	35,559,040	76,377,617	677,047,537
Savings contributions	(141,183,817)	(7,998,099)	-	(149,181,917)
Insurance revenue	423,927,063	27,560,940	76,377,617	527,865,620
Claims incurred excluding claims incurred in respect of risk transfer arrangements	(450,580,864)	(25,086,155)	(70,716,434)	(546,383,453)
Third party claim recoveries	836,462	-	-	836,462
Accredited managed healthcare expenses	(6,592,792)	(467,520)	(2,465,693)	(9,526,006)
Attributable expenses incurred	(21,449,731)	(1,986,724)	(7,324,658)	(30,761,112)
Movement in the liability for incurred claims provision	6,131,767	(409,448)	(1,050,120)	4,672,199
Insurance acquisition cash flows (broker fees)	(68,789)	(89,734)	(23,370)	(181,892)
Insurance service expenses	(471,723,947)	(28,039,581)	(81,580,275)	(581,343,803)
INSURANCE SERVICE RESULT	**(47,796,883)**	**(478,641)**	**(5,202,658)**	**(53,478,183)**
Net investment income	79,304,206	3,942,799	8,006,660	91,253,665
Net insurance finance expenses	(20,291,194)	(269,818)	-	(20,561,012)
NET HEALTHCARE RESULT	**11,216,129**	**3,194,340**	**2,804,002**	**17,214,471**
Gain/(loss) on disposal of equipment and other assets	111,643	10,760	38,208	160,611
Sundry income	178,893	17,242	61,223	257,357
Administration fees and operative expenses	(7,750,717)	(747,015)	(2,652,546)	(11,150,277)
Asset management fees	(3,398,217)	(327,520)	(1,162,980)	(4,888,717)
Costs incurred on rental property	(2,394,534)	(230,785)	(819,487)	(3,444,807)
NET HEALTHCARE RESULT*	**(2,036,804)**	**1,917,021**	**(1,731,580)**	**(1,851,362)**

*Before mutualisation

2022	Comprehensive R	Midmas R	Ntsika R	Scheme R
Gross contribution income	526,568,971	20,179,044	73,092,887	619,840,902
Savings contributions	(131,290,232)	(4,027,221)	-	(135,317,453)
Insurance revenue	395,278,740	16,151,823	73,092,887	484,523,450
Claims incurred excluding claims incurred in respect of risk transfer arrangements	(390,622,894)	(9,565,806)	(59,507,056)	(459,695,757)
Third party claim recoveries	1,446,685	-	-	1,446,685
Accredited managed healthcare expenses	(6,214,670)	(279,263)	(2,391,196)	(8,885,130)
Attributable expenses incurred	(22,456,659)	(1,312,137)	(7,793,341)	(31,562,136)
Movement in the liability for incurred claims provision	(19,189,276)	(823,922)	(196,727)	(20,209,925)
Insurance acquisition cash flows (broker fees)	-	-	-	-
Insurance service expenses	(437,036,815)	(11,981,128)	(69,888,320)	(518,906,263)
INSURANCE SERVICE RESULT	**(41,758,075)**	**4,170,695**	**3,204,567**	**(34,382,813)**
Net investment income	45,655,028	1,705,518	6,302,520	53,663,066
Net insurance finance expenses	(12,193,633)	(59,412)	-	(12,253,045)
NET HEALTHCARE RESULT	**(8,296,680)**	**5,816,801**	**9,507,087**	**7,027,207**
Gain on disposal of equipment and other assets	110,436	6,682	39,806	160,611
Sundry income	176,959	10,706	63,784	496,408
Administration fees and operative expenses	(7,666,936)	(463,864)	(2,763,507)	(12,971,989)
Asset management fees	(3,361,484)	(203,376)	(1,211,629)	(4,363,290)
Costs incurred on rental property	(2,368,651)	(143,308)	(853,768)	(3,940,099)
NET HEALTHCARE RESULT*	**(21,406,356)**	**5,023,640**	**4,781,773**	**(13,591,152)**

*Before mutualisation

19. RELATED PARTIES

Relationships

Key management personnel	Trustees and their close family members Principal Officer and her close family members Statutory Manager and his close family members

Related party balances and transactions

	2023 R	2022 R
Trustee Remuneration (note 17)	28,380	149,353
Payments to related parties of trustees	314,242	734,942
Contributions received in terms of the Scheme's Rules	2,626,800	1,036,834
Claims paid in terms of the Scheme's Rules	1,586,946	837,772
Principal officers' remuneration (note 16)	2,678,232	3,616,058
Principal officers' travel, accommodation and conferences (note 16)	-	31,988
Statutory Manager's Fees (note 16)	1,954,000	1,530,605
Savings account balances	667,527	542,396
Loan receivable (note 8)	-	249,872

All costs were charged at market related prices in accordance with the provisions of the Act. Related party transactions with key management personnel, other than transactions related to their membership of the medical scheme, are reviewed and preauthorised by the Board of Trustees, and Remuneration Committee where applicable.

20. RISK MANAGEMENT

20.1. FAIR VALUES AND FINANCIAL INSTRUMENTS

For financial assets held at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. Fair value disclosures are based on the level within which an instrument falls in the fair value hierarchy. The inputs are categorised into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority given to unobservable inputs.

The three fair value hierarchy levels are:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are either directly or indirectly (that is, derived from prices) observable for the asset or liability.
- Level 3 inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Scheme's assets held at fair value on a look-through basis:

	Level 1 R	Level 2 R	Level 3 R	Total R
2023				
Assets				
Financial assets held at fair value through profit or loss (note 7)				
Listed equities	225,745,301			225,745,301
Bonds	291,850,006			291,850,006
Listed property holding	10,588,774			10,588,774
Money market instruments		348,734,353		348,734,353
Total assets	**528,184,081**	**348,734,353**	**-**	**876,918,435**
2022				
Assets				
Financial assets held at fair value through profit or loss (note 7)				
Listed equities	246,229,261			246,229,261
Bonds	259,075,548			259,075,548
Listed property holding	15,699,094			15,699,094
Money market instruments		353,493,663		353,493,663
Total assets	**521,003,904**	**353,493,663**	**-**	**874,497,567**

Financial assets held at fair value through profit or loss held by the Scheme categorised as level 2:

- unlisted money market instruments and valued using discounted cash flows based on applicable interest rates.

20.2. FINANCIAL RISK MANAGEMENT

The Scheme's activities expose it to the following financial risks:

- Credit risk.
- Liquidity risk; and
- Market risk from equity market prices (price risk) and interest rate risk.

The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments which the Scheme holds to meet its obligations to its members.

Financial risk management and investment decisions are made under the guidance and policies approved by the Board of Trustees together with the Scheme's Executive Management who establish and oversee the Scheme's financial and non-financial risk management framework.

The Investment Committee is responsible for assisting the Board to manage the investment portfolio in accordance with the agreed policies of the Scheme and to ensure compliance with the regulations of the Act. Refer to page 12 of the annual report for further details on the Scheme's investment strategy.

20.2.1. Credit risk

Credit risk refers to the risk that the Scheme will suffer a financial loss is a customer (insurance or trade receivable) or other counter party to a financial instrument fails to meet their current obligations to the Scheme. Credit risk arises principally from the Scheme's investment securities (excluding the equity instruments), cash and cash equivalents and insurance assets.

Exposure to credit risk

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

	Fair value/ Amortised cost	Impairment	Carrying amount
	R	R	R
2023			
Investments (note 7)	876,918,435	-	876,918,435
Non-insurance receivables (note 8)	1,485,302	(1,026,095)	459,207
Cash and cash equivalents (note 9)	70,184,080	-	70,184,080
Insurance receivables	23,030,534	(318,504)	22,712,030
	971,618,350	**(1,344,599)**	**970,273,752**
2022			
Investments (note 7)	874,497,567	-	874,497,567
Non-insurance receivables (note 8)	1,649,410	(1,022,783)	626,627
Cash and cash equivalents (note 9)	61,266,459	-	61,266,459
Insurance receivables	2,936,748	(191,730)	2,745,018
	940,350,183	**(1,214,513)**	**939,135,671**

Investments

Risk is managed by limiting exposure as well as the quality of instruments that the Scheme's assets can be invested in, limiting the impact of a default on the overall portfolio. The following guidelines provide the current limits on each instrument:

Domestic equity investments

- Domestic Equity Investments shall be restricted to securities that are actively traded on the Johannesburg Stock Exchange (JSE) and readily marketable.
- Not more than 5% of the total share portfolio may be invested in the share of any one company at the time of purchase.
- For investee companies that have a market capitalization of below R5 billion no more than 2.5% of the total Scheme investment portfolio may be invested in the share instrument of any one investee company; and
- In cases of investments into a pooled fund, the Scheme may invest in accordance with Regulation 30 requirements, in which case the Scheme may waive strict adherence to the guidelines above.

Domestic fixed-income and cash investments

- At the time of purchase, debt instruments should have a minimum quality rating of Ba or equivalent as rated by Moody's in accordance with their long-term rating definition. Split-rated issues will be governed by the lower quality designation. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. Modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Obligations rated Ba and Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
- Debt instruments which are downgraded for which the asset manager believes it should continue to hold the instrument, a report providing reasons should be provided within one

month.

- Instruments that are rated Aa and above are limited to no more than 20% per issuer. Instruments below A but not lower than Ba are limited to not more than 10% and no instruments rated below B may be held; and
- Except for those situations involving reorganization of Scheme assets, debt securities should be made only in issuers with an outstanding value of at least R50 million, valued at par, at the time of purchase.

The Scheme defines default in accordance the Moody's risk management product definition, for which default includes these three types of credit events:

- A missed or delayed disbursement of interest and/or principal, including delayed payments made within a grace period.
- Bankruptcy, administration, legal receivership, or other legal blocks (perhaps by regulators) to the timely payment of interest and/or principal; or
- A distressed exchange occurs where:
  (i) the issuer offers debt holders a new security or package of securities that amount to a diminished financial obligation (such as preferred or common stock, or debt with a lower coupon or par amount, lower seniority, or longer maturity); or
  (ii) the exchange had the apparent purpose of helping the borrower avoid default.

The quality rating of the domestic fixed income and cash investments held at the reporting date was:

Top 5 holdings at 31 December	Rating (long term)	Risk of default	Percentage of portfolio	
			2023	2022
Current accounts				
Nedbank Ltd	Baa3	Moderate	100.0%	100.0%
Money market accounts				
Nedbank Ltd	Baa3	Moderate	29.8%	24.5%
ABSA Bank Ltd	Baa3	Moderate	21.9%	24.6%
Standard Bank Ltd	Baa3	Moderate	21.6%	24.9%
FirstRand Bank Ltd	Baa3	Moderate	14.0%	14.6%
Investec Bank Ltd	Aa1	Very low	8.7%	9.5%
			96.0%	98.1%

Insurance, trade and other receivables

The Scheme's exposure to credit risk is influenced by the individual characteristics of each member. The demographics of the Scheme's membership base, including the default risk of the industry in which the member operates, has less of an influence on credit risk.

Exposures to individual members are managed by adhering to the requirements of Section 26(7) of the MSA, i.e. actively pursuing all contributions not received within three days of becoming due, suspending benefits for all members where contributions have not been received for 30 days and terminating benefits for all members where contributions have not been received for 60 days. The credit risk is considered when the expected contribution is calculated.

Age analysis of insurance receivables

	Gross carrying amount	Impairment	Carrying amount
	R	R	R
2023			
Not past due	21,267,944	-	21,267,944
Past due 1 - 30 days	303,257	-	303,257
Past due 31 - 60 days	57,280	-	57,280
Past due 61 - 90 days	308,445	-	308,445
Past due more than 90 days	1,093,607	(318,504)	775,103
	23,030,533	(318,504)	22,712,030
2022			
Not past due	1,170,338	-	1,170,338
Past due 1 - 30 days	121,564	-	121,564
Past due 31 - 60 days	218,077	-	218,077
Past due 61 - 90 days	211,064	-	211,064
Past due more than 90 days	1,215,705	(191,730)	1,023,975
	2,936,748	(191,730)	2,745,018

Age analysis of trade and other receivables

	Gross carrying amount	Impairment	Carrying amount
	R	R	R
2023			
Not past due	212,489	-	212,489
Past due 1 - 30 days	11,078	(3,371)	7,707
Past due 31 - 60 days	-	-	-
Past due 61 - 90 days	-	-	-
Past due more than 90 days	1,022,723	(1,022,723)	-
	1,246,290	(1,026,094)	220,196
2022			
Not past due	472,845		472,845
Past due 1 - 30 days	2,317		2,317
Past due 31 - 60 days	383	(60)	323
Past due 61 - 90 days	-	-	-
Past due more than 90 days	1,022,723	(1,022,723)	-
	1,498,268	(1,022,783)	475,485

With respect to the receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations based on, the nature of the counterparty, the historical information about the counterparty default rates and other information used to assess credit quality.

The Scheme establishes an allowance for impairment that represents its estimate of expected credit losses (IFRS 9) in respect of receivables. The collective loss allowance is determined based on a set policy, while bearing in mind historical data of payment statistics for similar financial assets. The provision for impairment at 31 December 2023 was determined in accordance with the guidelines of the simplified approach (lifetime expected losses) of the expected credit loss model as required by IFRS 9. It is in respect of contributions receivable, member and service provider debit balances and advances from savings plan accounts recoverable by management.

For the Scheme to determine lifetime expected losses, a provision matrix was used. The provision matrix is based on historical observed default rates, adjusted for forward looking estimates. At every reporting date, the historical observed rates are updated. The provision matrix is split for the following categories:

- Active member contributions and savings debtors
- Resigned member contributions and savings debtors
- Provider debtors
- Tenant debtors
- Sundry debtors

The expected credit loss estimates were updated to account for future economic conditions relative to historic conditions. Payment defaults were managed according to the Credit Policy. Scheme management will write off debt on the recommendation of the debt collector following their attempt to recover outstanding amounts.

20.2.2 Liquidity risk

Liquidity risk is the risk that the Scheme will be unable to meet its obligations when they fall due because of member benefit payments, cash requirements from contractual commitments or other cash outflows such as debt maturities. 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 and sales of assets, or potentially an inability to fulfil member commitments.

The Scheme's liquidity management process, as carried out within the Scheme and monitored by the Board of Trustees, 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.

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.

The financial liabilities posing a liquidity risk are insurance liabilities and trade and other payables.

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 PMSA balances are payable on demand when a member exits the Scheme.

The Scheme expects to achieve a net surplus (before considering amounts attributable to future members) for the period ending 31 December 2024 and therefore does not expect to utilise the liability attributable to future members within the next months, other than the portion relating to insurance premiums received in advance.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Insurance liabilities

	0 - 12 months R	+12 months R	Total R
2023			
Liabilities attributable to current members	335,801,237	-	335,801,237
Liabilities attributable to future members		621,234,299	621,234,299
	335,801,166	**621,234,299**	**957,035,465**
2022			
Liabilities attributable to current members	326,681,989	-	326,681,989
Liabilities attributable to future members		620,221,166	624,812,822
	326,681,989	**620,221,166**	**946,903,155**

Trade and other payables

	0 - 12 months R	+12 months R	Total R
2023			
Trade and other payables	2,675,531	-	2,675,531
2022			
Trade and other payables	2,983,095	-	2,983,095

20.2.3 Interest rate risk

The Scheme's investment policy during the year under review was to hold most of investments in interest bearing instruments when assessed on a look-through basis in accordance with Annexure B of Regulation 30 to the Medical Schemes Act. The Scheme's investments were therefore exposed to changes in the market interest rates. Except for the Scheme's investments in interest-bearing instruments, cash and cash equivalents also expose the Scheme to 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 categorised by earlier of contractual repricing or maturity dates.

	Carrying amount R	
	2023	**2022**
Investments in property (note 7)	10,588,774	15,699,094
Interest-bearing investments, including bonds (note 7)	291,850,006	259,075,548
Cash and cash equivalents (notes 7 and 9)	418,918,433	414,760,122
	721,357,213	**689,534,765**

The money market and cash and cash equivalents are managed on a net returns basis by the Scheme's asset managers. The balance of fixed and variable instruments being held in these portfolios is adjusted in response to movements in market interest rates to maintain an acceptable level of risk as well as returns. The net returns are benchmarked against the SteFi Composite index.

The carrying amounts of fixed-rate instruments in these portfolios approximate their fair values due to the short period to maturity, and no fair value adjustments are processed to the statement of profit or loss in respect of these instruments. Variable-rate instruments are not linked to one specific market interest rate. The reported returns on these investments will vary in response to movements in market rates.

The Scheme does not discount insurance, trade or other receivables or payables as they are all settled or fall due within one year.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2023		2022	
	Increase	**Decrease**	**Increase**	**Decrease**
	R	R	R	R
Impact of a change in interest rates by 100 basis points on surplus/deficit	7,213,572	(7,213,572)	6,895,348	(6,895,348)

The following table presents analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17, as well as the net impact on profit or loss and equity. A change in an interest rate would impact the return on the PMSA, which in turn impacts the liability to the policyholders.

	2023		2022	
	Insurance contract liabilities	**Profit or loss**	**Insurance contract liabilities**	**Profit or loss**
	R	R	R	R
0.5% increase in interest rates:				
Insurance contract liabilities	13,567,642	(13,567,642)	12,642,682	(12,642,682)

The analysis is based on a change in an assumption while holding all the assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the Scheme in the methods and assumptions used in preparing the above analysis.

20.2.4 Market price risk

Market price risk arises from fair value through profit or loss in equity securities held for partially meeting the Scheme's financial obligations. The Scheme is exposed to market price risk because of investments held by the Scheme which are classified as at fair value through profit or loss. The Scheme was not exposed to commodity risk.

To manage its market price risk arising from investments, the Scheme diversifies its portfolio. The Scheme's assets are managed by various asset managers on behalf of the Scheme. Diversification of the portfolio is done by the asset manager. All buy and sell decisions are measured in terms of the investment mandate of the Scheme.

The Scheme strives to minimise market risk as follows:

- The Scheme has established an investment strategy and in line with this strategy, the Scheme diversifies its investment portfolio by investing in domestic equities, domestic bonds, derivative instruments, and domestic cash to achieve a balance investment portfolio.

- Diversifying the management of the Schemes investment portfolio to specific specialized mandates thus mitigating the risk through diversification.
- Structuring the investment portfolio so that sufficient cash and cash like securities are available to meet cash requirements for ongoing cash flow needs, thereby avoiding the need to sell securities on the open market during periods of market volatility.

The market price risk sensitivity analysis has been determined based on the exposure to price risks at the reporting date on investments. The analysis assumes that all other variables remain constant. The method remained consistent with the prior period.

The Scheme uses a sensitivity analysis technique for financial market risks that measures the estimated change to profit or loss and accumulated funds. If the equity indexes had been 3% lower, the Scheme's surplus and accumulated funds for the year would reduce by R 7 million (2022: R 7 million) because of the change in the market value of instruments.

20.3. CAPITAL RISK MANAGEMENT

The Scheme manages its capital to maintain the capital requirements of the Act. Regulation 29 of the Act requires a minimum ratio of accumulated funds expressed as a percentage of gross annual contribution income to be 25%. The calculation of the regulatory requirement is set out in the Report of the Board of Trustees.

20.4. 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. Based on the risk the Scheme undertakes to compensate the members and their beneficiaries the Scheme has insurance risk.

The Board of Trustees has developed and documented a policy to manage insurance risk. Included in this policy are:

- The Scheme rules.
- The requirements of the MSA; and
- Acceptance and management of the risk the Scheme is exposed to.

The policy is amended for any changes to the MSA or the Scheme rules.

The Board monitors the adequate application of the policy and reviews the trends in pricing, loss ratios and insurance risks on a regular basis to ensure that the trends fall within the limits of the policy. The Board also monitors the benefit options and approves changes to the benefit options in consultation with the actuaries.

Insurance risk is managed by benefit limits and sub-limits, following the Scheme rules, pre-authorisation, case management and pricing guidelines. The risk is further managed via monitoring emerging legislative, actuarial and environmental issues. The principal risk is that the frequency and the severity of the claims is greater than expected. This risk can be aggravated by unexpected epidemics, price increases and new technologies/research/medicine.

There are several methods the Scheme utilises to assess and monitor insurance risk. These risks are analysed on:

- Average age of the member.
- Category of claims.
- Composition of age per benefit option.

- Geographical area of members; and
- Number of beneficiaries per member.

Probability is applied to the group of insurance contracts. History shows that a highly diversified group is less likely to be affected by a change in the underlying group. However, the inverse is also true, a group that is not diversified is affected by the change in the underlying group. Experience has ensured that underwriting decisions adequately address the risk and the diversification in the group.

20.4.1 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.

20.4.2 Changes from the previous period

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

20.4.3 Methods used and assumptions made.

Methods used and assumptions made for insurance liabilities assessment are disclosed in note 2.2.2.

20.4.4 Concentration of insurance risk

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

In-hospital benefits cover all cost incurred by members, whilst they are in 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/diseases, such as high blood pressure, cholesterol and asthma. Day-to-day benefits cover the cost (up to 100% of the Scheme tariff) of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines. Savings account claims are excluded. All the contracts are annual in nature and the Scheme has the right to change the terms and conditions of the contract at renewal. Management information, including contribution income, claims ratios and demographic split, is reviewed monthly.

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

Age group	Unique beneficiaries	In-hospital		Chronic		Day to day		Total
		PMB	Non-PMB	PMB	Non-PMB	PMB	Non-PMB	
		R	R	R	R	R	R	R
2023								
< 25	8,660	40,909,722	-	19,509,625	242,971	14,398	15,430,769	76,107,484
25 - 34	1,361	72,961,238	14,448	42,148,163	2,791,410	6,542	14,273,472	132,195,272
35 - 49	2,594	20,920,004	-	9,756,244	1,357,596	10,161	9,013,178	41,057,182
50 - 64	6,289	58,986,357	1,537	38,373,935	3,282,672	44,373	22,014,626	122,703,500
> 65	3,049	51,025,187	9,839	34,834,786	2,405,651	22,909	15,575,894	103,874,266
	21,953	**244,802,508**	**25,824**	**144,622,752**	**10,080,299**	**98,383**	**76,307,939**	**475,937,705**
2022								

Age group	Unique beneficiaries	In-hospital		Chronic		Day to day		Total
		PMB	Non-PMB	PMB	Non-PMB	PMB	Non-PMB	
< 25	8,117	42,335,667	14,950,186	5,241,290	1,520,690	7,348,655	6,066,142	77,462,629
25 - 34	2,665	22,849,181	5,829,498	812,291	549,122	3,281,196	2,948,066	36,269,354
35 - 49	6,466	65,428,645	16,504,373	5,994,534	3,348,659	9,351,619	7,088,493	107,716,324
50 - 64	3,153	58,374,248	16,038,315	8,388,271	3,329,384	7,322,787	5,262,688	98,715,691
> 65	1,420	64,638,616	13,933,428	6,845,660	2,720,651	7,875,602	5,007,406	101,021,362
	21,821	**253,626,356**	**67,255,799**	**27,282,045**	**11,468,506**	**35,179,859**	**26,372,795**	**421,185,360**

20.4.5 Sensitivity analysis

The following table provides a sensitivity on the insurance contract liabilities. The table provides the sensitivity before and after the impact of the Scheme being a mutual entity. 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.

20.4.5.1 If unpaid claims and insurance expenses increase by 5%

	LIC as at 31 December	Impact on LIC	Impact on SOCI*
2023			
Insurance contract liabilities	333,444,929	-	333,444,929
Insurance contract liabilities (before mutualisation)		16,672,246	16,672,246
Insurance contract liabilities (after mutualisation)		-	-
Insurance service expense (before insurance service expense relating to future members)	(580,505,575)		
Insurance service expense (before mutualisation)			(29,025,279)
Insurance service expense (after mutualisation)		-	-
2022			
Insurance contract liabilities	322,090,332	-	322,090,332
Insurance contract liabilities (before mutualisation)		16,104,517	16,104,517
Insurance contract liabilities (after mutualisation)		-	-
Insurance service expense (before insurance service expense relating to future members)	(493,101,960)		
Insurance service expense (before mutualisation)			(24,655,098)
Insurance service expense (after mutualisation)		-	-

*Statement of Profit or Loss and Comprehensive Income

20.4.5.2 Risk adjustment sensitivities.

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.

	2023 R	2022 R
Risk adjustment with a 60% confidence level - as reported	2,065,387	2,344,708
Risk adjustment with a 65% confidence level	3,535,042	4,013,118

The analysis is based on a change in an assumption while holding all the assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No 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 65% confidence level has also been disclosed.

20.4.5.3 Claims development

Claims development tables have not been presented as the uncertainty regarding the amounts and timing of claims payments is typically resolved within a year. In most cases, claims are resolved within four months from the time they are reported to the Scheme. At year-end, a provision is made for those claims outstanding that have been incurred but not yet been reported.

21. STRUCTURED ENTITIES

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

The exposure of the investments in investee funds at fair value is disclosed in the following table:

Investee funds	2023 R	2022 R
Coronation Medical Absolute	241,993,524	222,958,996
M&G Medical Aid Inflation Plus 5%	240,941,835	226,780,688
NinetyOne Stable Money Fund	166,643,173	185,056,165

The strategy of the investee funds is to protect the capital of investors in an absolute sense, whilst providing income in excess of short-term bank deposit rates. The Scheme is not exposed to any further risks of financial loss beyond the fair value of its share in the investee funds as outlined in the preceding table.

22. LIABILITY AND ADEQUACY TESTS

The liability adequacy test was considered and concluded not to be material. This is because current estimates of future cash flows relating to the recognised liability equals the recognised liability because of the settlement of the recognised liability taking place within four months of report date.

23. COMMITMENTS AND CONTINGENCIES

23.1 OPERATING LEASE COMMITMENTS

	2023 R	2022 R
Minimum lease payments due:		
- within one year	29,620	71,077
- in the second to the fifth year inclusive	-	29,620
	29,620	100,697

The Scheme entered into an operating lease agreement for printers. The lease is for a period of three years ending 1 May 2024. Low value and short-term leases were recognised in surplus or deficit in accordance with IFRS 16. No contingent rent is payable.

23.2 CONTINGENT ASSETS

Claims against the Road Accident Fund for benefits paid on behalf of the Scheme's members are disclosed as a contingent asset as the inflow of economic benefits is probable, but not virtually certain. At the reporting date Road Accident Fund claims of R9,832,337 (2022: R8,681 ,333) had been submitted but not yet concluded.

24. FIDELITY COVER

In accordance with the Rules of the Scheme, the fidelity cover at 31 December 2023 amounts to R 800,000 (2022: R 800,000). The cover is provided under a group Fidelity Policy covering the scheme.

25. MATTERS OF NON-COMPLIANCE WITH THE ACT

The Scheme places high priority to meeting requirements set by the Act. In this regard, the Scheme subjects itself to an independent external audit to ensure compliance. Due to this approach, the Scheme does not focus on one area of compliance only, but on all areas that affect the Scheme and ensures compliance in this way.

The following are non-compliance with the that arose during the year under review. The Scheme has not incurred any regulatory penalties, sanctions or fines for any contraventions. The details of each matter of non-compliance are disclosed below:

Section 26(7) of the Act requires that "All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due." Non-compliance could result in possible cash flow constraints and have an impact on interest income. During 2023, not all contributions billed were received within three days of the due date. The Scheme continuously follows up on outstanding contributions and applies its credit control policy in managing overdue contributions.

Section 59(2) of the Act states that "a medical scheme shall pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme." The scheme endeavours to pay all claims within 30 days of receipt, however processing of a few claims is occasionally delayed due to procedures to ensure their validity. The claims paid outside of 30 days are investigated by management to ensure this matter is effectively managed.

Section 33(2)(b) of the Act states that "The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option – (b) shall be self-supporting in terms of membership and financial performance…". The non-compliance could result in benefit options with a surplus cross-subsidising benefit options with a deficit. Two out of three benefit options of the Scheme have recorded insurance service deficits for the 2023 financial year.

Section 35(8) (a, c & d) of the Act prohibits a medical scheme from holding any investments in the business of any administrator of a Medical Scheme or any holding company of an administrator or any employer group. The Scheme has underlying investments in administrators of medical schemes amounting to 0.07% (Momentum Metropolitan Holdings and Liberty Group) and employer groups of 1.1% (Glencore and Exxaro Resources) of total net asset value. The Scheme has obtained an exemption from the Council for Medical Schemes to hold these investments.

26. GOING CONCERN

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

The Board of Trustees assess the business plan, key performance indicators and strategic targets annually to ensure that all material risk areas are comprehensively addressed and that contingency plans are implemented. The Scheme's risk register and management accounts are regularly reviewed. The Board of Trustees has reviewed budgets and cash flow projections to date, together with any additional information, and assessed its likely impact on the remainder of 2024, and has concluded that the going concern assumption is appropriate for the next twelve months from the date of approval of the Annual Financial Statements.

27. SIGNIFICANT EVENTS

In 2019 the Scheme reported a significant event relating to alleged fraudulent activities committed by a member of senior management. The alleged fraudulent activities included misuse of the Scheme's property, expenses incurred without the appropriate authorisation, non-compliance with the Scheme's internal procurement policies and theft of the Scheme's monetary assets. The Scheme commissioned an independent forensic investigation on the matter. The Scheme was able to recover some funds following legal proceedings and had made a criminal complaint.

In terms of section 5(2) of the Financial Institutions Act, the Registrar, CMS, and the Board of Trustees of WCMAS agreed that a statutory manager be appointed with effect from 18 July 2022. The Statutory Manager has made recommendations to improve the Scheme's governance functions and capability. The Scheme implementation of these recommendations in 2023 and the Statutory Manager concluded their work on 31 July 2023. The Registrar has applied to the High Court to remove the Scheme from Statutory Management.

28. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting period.