BESTMED MEDICAL SCHEME
(Registration Number: 1252)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

BESTMED MEDICAL SCHEME
(Registration Number: 1252)

(REGISTERED UNDER THE MEDICAL SCHEMES ACT 131 OF 1998, AS AMENDED)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

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BESTMED MEDICAL SCHEME
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The Board of Trustees is responsible for the preparation, integrity and fair presentation of the financial statements of Bestmed Medical Scheme. The financial statements presented on pages 18 to 62 have been prepared in accordance with International Financial Reporting Standards (IFRS), in the manner required by the Medical Schemes Act and Regulations thereto and include amounts based on judgements and estimates made by management.

The Board considers that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards that they consider to be applicable have been followed.

The Board is satisfied that the information contained in the financial statements fairly presents the results of operations and cash flows for the year and the financial position of the Scheme at year-end. The Board also prepared the rest of the information included in the report and is responsible for both its accuracy and its consistency with the financial statements. The financial statements have been audited by the Scheme's external auditors, who were given unrestricted access to all financial records and related data, including all minutes of meetings of the Board of Trustees and committees of the Board. The Trustees believe that all representations made to the external auditors during their audit are valid and appropriate. The audit report is presented on pages 13 to 17.

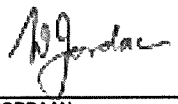
The Board is responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme, which enables the Board to ensure that the financial statements comply with the relevant legislation.

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

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

The financial statements were approved by the Board of Trustees on 26 May 2025 and are signed on its behalf:

GS DU PLESSIS
CHAIRPERSON



LD JORDAAN
VICE-CHAIRPERSON

LB DLAMINI
PRINCIPAL OFFICER

BESTMED MEDICAL SCHEME
(Registration Number: 1252)

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Bestmed Medical Scheme is committed to the principles of fairness, independence, openness, integrity and accountability in all dealings with its stakeholders. The Board conducts all its affairs according to ethical values and within a recognised governance framework. The affairs of the Scheme are managed according to the Rules of the Scheme and also adhere to all aspects of governance, as required by the Medical Schemes Act 131 of 1998, as amended. The Board complies with aspects of the Code of Corporate Practices and Conduct as set out in the King Report on Governance (King IV).

BOARD OF TRUSTEES

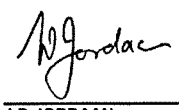
The Board of Trustees consists of member representatives, who are nominated and elected by the members of the Scheme, and appointed members, who are elected by members of the Board of Trustees. The Board meets regularly and monitors the performance of the Scheme, their own performance and that of the Board sub-committees, against agreed terms of reference and performance targets. The Board addresses a range of key issues and ensures that discussion of items of policy, strategy and performance is critical, informed and constructive.

INTERNAL CONTROL

The adequacy and effectiveness of the internal controls are evaluated by the Scheme's internal auditors and, as and when required, experts are consulted for professional advice.

The Scheme maintains internal controls and accounting systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain adequate accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel, with the appropriate segregation of duties. The Board concludes performance agreements annually with managerial staff to evaluate the outcome of existing control measures.

GS DU PLESSIS
CHAIRPERSON



LD JORDAAN
VICE-CHAIRPERSON

LB DLAMINI
PRINCIPAL OFFICER

The Board of Trustees hereby presents its report for the year ended 31 December 2024.

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of Registration

Bestmed Medical Scheme ("the Scheme") is a not-for-profit, open medical scheme, registered in terms of the Medical Schemes Act 131 of 1998, as amended ("Medical Schemes Act"), and complies with the Regulations made in terms of section 67 of the Medical Schemes Act, registration number 1252. The Scheme is self-administered and the administration accreditation number is 62.

1.2 Benefit Options

The Scheme offered thirteen benefit options for the year under review, ten original options and three Efficiency Discounted Options (EDOs). The EDOs are included in the original ten options for reporting purposes.

Beat1
Beat1 Network - EDO
Beat2
Beat2 Network - EDO
Beat3
Beat3 Network - EDO
Beat3 Plus
Beat4
Pace1
Pace2
Pace3
Pace4
Rhythm1
Rhythm2

1.3 Savings Plan

In order to provide a facility for medical scheme members to set funds aside to meet future healthcare costs not covered in the benefit options, the Board of Trustees has made the savings plan option available for some of its benefit options.

Members pay an agreed sum into this savings account. These amounts differ per option and comprise the following percentage of gross contributions:

Beat1	None
Beat1 Network - EDO	None
Beat2	16%
Beat2 Network - EDO	16%
Beat3	15%
Beat3 Network - EDO	15%
Beat3 Plus	25%
Beat4	14%
Pace1	19%
Pace2	14%
Pace3	14%
Pace4	3%
Rhythm1	None
Rhythm2	None

Savings are refundable upon a member enrolling in another benefit option or medical scheme without a personal medical savings account, or does not enrol in another medical scheme, in which case the accumulated unutilised personal medical savings account balance will be transferred to the member in terms of the Scheme Rules.

1.3 Savings Plan (continued)

Unexpended savings amounts are accumulated for the long-term benefit of the member. Interest is payable on credit balances equal to the interest earned on cash and cash equivalents and money market funds invested and no interest is charged on savings advances to members.

The insurance contract liability to the members in respect of the savings plan is considered a non-distinct investment component (in terms of IFRS 17 Insurance Contracts) and as such included in the measurement of insurance contract liabilities in the financial statements, but constitutes trust money and is managed on the members' behalf in terms of the Scheme Rules. All unspent personal medical savings balances are invested in a separate trust account and are not managed as part of the assets of the Scheme. Except for the aforementioned changes introduced by IFRS 17, this treatment of members savings accounts is consistent with prior year's accounting treatment in line with guidance provided by the Council for Medical Schemes ("CMS") which allows either for the recognition of members savings as assets of the Scheme or as members' funds.

1.4 Reinsurance contracts

The Scheme had the following reinsurance contracts in 2024:

ER24 provided transportation or emergency medical response to the Scheme's members. Claims incurred and recoveries received were calculated based on utilisation figures obtained from ER24. The contract was terminated on 31 December 2023 and net income on the reinsurance contract was R4,394,215.

Netcare 911 provided transportation or emergency medical response to the Scheme's members. Claims incurred and recoveries received were calculated based on utilisation figures obtained from Netcare 911. The net income on the reinsurance contract was R16,204,972.

Preferred Provider Negotiators provided members on the Beat3 Plus, Beat4 and all of the Pace and Rhythm options optical services which include consultations, frames, lenses and contact lenses. Claims incurred and recoveries received were calculated based on utilisation figures obtained from Preferred Provider Negotiators. The net income on the reinsurance contract was R12,226,011 (2023: net expense R2,616,650).

Europ Assistance provided international transportation or emergency medical response to the Scheme's members. The Scheme contracted with Europ Assistance at a rate of R5.40 (2023: R5.90) per member. The net expense on the reinsurance contract was R6,332,174 (2023: R7,322,457).

Refer to Note 9 to the financial statements for further disclosure.

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review:

2.1.1 Elected by the members	**Term of Office**
E Marx	2020 - 2024
Term of office ended 26 June 2024	
A Hartzenberg	2022 - 2026
M Slabbert	2022 - 2026
L De Vries	2022 - 2026
C Lombard	2024 - 2028
TH du Buisson	2024 - 2028
Term of office commenced 26 June 2024	

2.1.2 Board-appointed Trustees	**Term of Office**
CM Mowatt - CA(SA) (Chairperson)	2020 - 2024
Term of office ended 26 June 2024	
GS du Plessis - CA(SA) (Chairperson)	2022 - 2026
Term of office as Chairperson commenced 26 June 2024	
BE Legobye	2022 - 2026
L Shah	2023 - 2026
M Brewis	2024 - 2028
Term of office commenced 26 June 2024	
LD Jordaan	2024 - 2028
Re-elected for second term of office 26 June 2024	

2.2 Principal Officer

LB Dlamini

2.3 Registered office address and postal address

Bestmed Medical Scheme
Block A
Glenfield Office Park
361 Oberon Avenue
Faerie Glen
Pretoria
0081

PO Box 2297
Pretoria
0001

2.4 Investment Advisors

Willis Towers Watson (Pty) Ltd
Illovo Edge
1 Harries Road
Illovo
Johannesburg
2196
FSP number: 2545

Postnet Suite 154
Private Bag x 1
Melrose Arch
2076

2.5 Investment Managers

M&G Investment Managers (Pty) Ltd
7th Floor
Protea Place
30 Dreyer Street
Claremont
7708
FSP number: 45199

PO Box 44813
Claremont
Cape Town
7735

Allan Gray Life Limited
1 Silo Square
V&A Waterfront
Cape Town
8001
FSP number: 6663

PO Box 51318
V & A Waterfront
Cape Town
8002

Ninety One Fund Managers SA (RF) (Pty) Ltd
36 Hans Strijdom Avenue
Foreshore
Cape Town
8001
FSP number: 587

PO Box 1655
Cape Town
8000

Aluwani Capital Partners (Pty) Ltd
EPPF Office Park
24 Georgian Crescent East
Bryanston East
2152
FSP Number: 46196

Private Bag X 75
Bryanston
2021

27four Life Limited (ABAX)
Cavendish Links Building 2
1 Cavendish Street,
Claremont
7708
FSP Number: 856

P O Box 522417
Saxonworld
Johannesburg
2132

Sanlam Investment Management (Pty) Ltd
55 Willie Van Schoor Road
Bellville
Cape Town
7530
FSP number: 579

Private Bag X8
Tyger Valley
Bellville
7536

STANLIB Collective Investments (RF) (Pty) Ltd
17 Melrose Boulevard
Melrose Arch
2076
FSP Number: 590

P O Box 202
Melrose Arch
2076

2.6 Actuaries

Insight Actuaries & Consultants
2nd Floor Gateway West
22 Magwa Crescent
Waterval City
Midrand
2066

Private Bag X17
Halfway House

2.7 Auditors

Deloitte & Touche
5 Magwa Crescent
Waterval City
Midrand
2090

Private Bag X6
Gallo Manor
2052

3. INVESTMENT STRATEGY OF THE SCHEME

The Scheme's investment objectives are to maximise the return on its investments on a long-term basis at limited risk. The investment strategy takes into consideration the restrictions imposed by the Medical Schemes Act and those imposed by the Board of Trustees.

The Investment Committee monitors the performance of the Scheme's investments in conjunction with the Scheme's investment advisors to ensure maximum returns are achieved. Expert advice is obtained from Willis Towers Watson to assist in developing an appropriate investment strategy and portfolio.

Given that the central purpose of the Scheme is to provide medical benefits to members, rather than to maximise investment returns, a limited risk appetite is adopted. The Investment Committee believes the primary objective the Scheme needs to manage, is to earn a sufficient investment return in excess of inflation over a five-year period, without losing focus on downside capital protection over a one-year period. As part of the Investment Committee's mandate, the Committee constantly review returns achieved and alters the investment decisions in the best interests of the members.

4. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

4.1 Solvency Ratio

The solvency ratio is calculated as follows:

	2024 R'000	2023 R'000
Insurance liability attributable to future members	3,619,568	3,413,470
Less: Cumulative unrealised investment gains	(785,454)	(600,969)
Accumulated funds as per Regulation 29	2,834,114	2,812,501
Gross insurance revenue from contracts measured under the PAA	8,528,023	7,624,600
Solvency ratio calculated as the ratio of accumulated funds/Gross insurance revenue from contracts measured under the PAA x 100	**33.23%**	**36.89%**

4.2 Results of Operations

The results of the operation of the Scheme are set out in the financial statements and the Board of Trustees is of the opinion that no further clarification is required. The objectives, policies and procedures for managing insurance risk and the method used to manage those risks are included in Note 26 to the financial statements.

4.3 Insurance contract liabilities

Movements on the liability for incurred claims are set out in Note 11 to the financial statements. The basis of calculation of the liability for incurred claims is discussed in Note 26 to the financial statements.

5. ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels, the outstanding claims provision as well as the IAS 19 retirement benefit obligations.

6. RELATED PARTY TRANSACTIONS

Refer to related parties disclosure in Note 23 to the financial statements, and trustee remuneration disclosure in Note 22 to the financial statements.

7. CORPORATE GOVERNANCE

The Scheme, through its Board, is committed to the principles of fairness, ethical conduct, integrity, accountability and good governance in all its dealings with stakeholders. The Scheme complies to aspects of good governance as espoused in the Medical Schemes Act and its regulations as amended.

During 2024, the Board relied on the committees listed below to oversee different aspects of the Scheme's operations. The committees do not assume the functions of management, these remain the responsibility of the Principal Officer and other members of senior management. Further information on each committee of the Board is provided below:

7. CORPORATE GOVERNANCE (continued)

AUDIT COMMITTEE

The Scheme has an Audit Committee in accordance with the provisions of the Medical Schemes Act.

The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the Chairperson, are not officers of the Scheme. The Principal Officer, Internal and External Auditors, attended all Audit Committee meetings except for three "in committee" meetings and have unrestricted access to the Chairperson of the Committee.

The Committee met four times during the year and comprised the following members:

G Nzalo - CA(SA)	Independent member
GS du Plessis - CA(SA)	Trustee member (effective till 26 June 2024)
M Brewis	Trustee member (effective from 26 June 2024)
S Mlangeni - CA(SA)	Independent member
S Thomas - CA(SA)	Independent member - Chairperson
LD Jordaan	Trustee member

RISK MANAGEMENT COMMITTEE

The role of the Committee is to ensure that the Scheme has implemented an effective policy and plan for risk management that will enhance the Scheme's ability to achieve its strategic objectives and that disclosure regarding risk is comprehensive, timely and relevant. The Committee is mandated by the Board of Trustees by means of formal terms of reference as to its membership, authority and duties. The Principal Officer, Chairperson of the Audit Committee, and senior management attend meetings of the Committee.

The Committee held four times and one special meeting during the year and comprised the following members:

BE Legobye	Trustee member
CM Mowatt - CA(SA)	Trustee member (term of office ended 26 June 2024)
L de Vries	Trustee member (effective 26 June 2024)
LD Jordaan	Trustee member - Chairperson
M Slabbert	Trustee member
S Thomas - CA(SA)	Independent member

INVESTMENT COMMITTEE

The role of the Committee is to advise the Board of Trustees and Management on the best possible investment of the Scheme's resources available for that purpose, amendments to, or the re-investment of existing investments and possible steps that may be considered in respect of the investment of available funds. The Committee is mandated by the Board of Trustees by means of formal terms of reference as to its membership, authority and duties. The Principal Officer, senior management and Willis Towers Watson attend meetings of the Committee.

The Committee met four times during the year and comprised the following members:

A Hartzenberg	Trustee member - Chairperson
C Lombard	Trustee member
GS du Plessis - CA(SA)	Trustee member
L Shah	Trustee member
M Brewis	Trustee member (effective 26 June 2024)

REMUNERATION AND HUMAN RESOURCES COMMITTEE

The role of the Committee is to ensure the remuneration policy and practices are regularly reviewed, that the Scheme remunerates the Board of Trustees, senior management and its employees fairly and responsibly and that disclosure of trustee and senior management remuneration is accurate, complete and transparent. The Committee is mandated by the Board of Trustees by means of formal terms of reference as to its membership, authority and duties.

The Committee met three times during the year and comprised the following members:

C Lombard	Trustee member
CM Mowatt - CA(SA)	Trustee member (term of office ended 26 June 2024)
E Marx	Trustee member (term of office ended 26 June 2024)
GS du Plessis - CA(SA)	Trustee member
M Slabbert	Trustee member (effective 26 June 2024)
S Stevens	Independent member - Chairperson
TH du Buisson	Trustee member (effective 26 June 2024)

7. CORPORATE GOVERNANCE (continued)

DISPUTES COMMITTEE

The role of the Disputes Committee is to adjudicate medical aid claim related disputes concerning membership status and medical scheme benefits of a member that may arise against the Scheme. The Committee is mandated by the Board of Trustees by means of formal terms of reference as to its membership, authority and duties.

The Committee met twice during the year and comprised the following members:

C Green-Thompson	Independent member
H van Rooyen	Independent member - Chairperson
C Slump	Independent member (effective 26 June 2024)

SOCIAL AND ETHICS COMMITTEE

The role of the Committee is to oversee and monitor, rather than be responsible for the implementation of operational responsibilities for which Executive Management is accountable. The Committee is mandated by the Board of Trustees by means of formal terms of reference as to its membership, authority and duties.

The Committee held two meetings and one special meeting during the year and comprised the following members:

A Hartzenberg	Trustee member
BE Legobye	Trustee member - Chairperson
E Marx	Trustee member (term of office ended 26 June 2024)
L de Vries	Trustee member
L Shah	Trustee member
TH du Buisson	Trustee member (effective 26 June 2024)

8. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

No material events took place between the Statement of Financial Position as at 31 December 2024 and the date of this report.

9. AMALGAMATIONS

No amalgamations occurred in 2024.

10. COUNCIL FOR MEDICAL SCHEMES: ANNUAL FINANCIAL STATEMENTS AND ANNUAL RETURN SUBMISSION

As per the CMS Circular 12 of 2025 issued on 16th April 2025, the deadline for the Annual Statutory return, given IFRS17 enhancements, has been extended to 13th June 2025.

11. BESTMED'S POSITION ON THE NHI

The Scheme continues to remain abreast of developments and acknowledges and supports the importance of adopting Universal Healthcare principles and believe that all medical schemes have a fundamental role to contribute to what is a national imperative.

The Scheme is of the view that the public and private healthcare sectors can work together in providing quality healthcare to its citizens and is committed to continuous engagement and partnership with Government to collaboratively find a path that allows Schemes to continue to fulfil a meaningful role in the healthcare value chain, but also contribute to enabling access to high-quality healthcare into the future.

12. TRUSTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustees meeting attendances and attendances by members of Board subcommittees. A quorum was present for all Board of Trustees' meetings held in 2024. Trustee remuneration is disclosed in Note 22 to the financial statements.

A - Total possible number of meetings that could have been attended.
B - Actual number of meetings attended.

Trustee member	Board meetings		Audit Committee		Risk Committee		Investment Committee		Remuneration Committee		Social and Ethics Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
M Brewis	4	4	2	2			2	2				
L de Vries	7	7			2	2					2	2
TH du Buisson	4	4							1	1	1	1
GS du Plessis	7	7	2	2			4	4	1	1		
A Hartzenberg	7	7					4	4			2	2
L Jordaan	7	7	4	4	4	4						
T Legobye	7	6			4	4					2	2
C Lombard	7	7					4	4	3	3		
E Marx	3	3							2	2	1	1
CM Mowatt	3	3			2	2			2	2		
L Shah	7	7					4	4			1	1
M Slabbert	7	7			4	4			1	1		

Independent members	Audit Committee		Risk Committee		Remuneration Committee		Disputes Committee	
	A	B	A	B	A	B	A	B
G Nzalo - CA(SA)	4	4						
S Mlangeni - CA(SA)	4	4						
S Thomas - CA(SA) - Chairperson of Audit committee	4	4	4	4				
S Stevens					3	2		
C Green-Thompson							2	2
H van Rooyen							2	2
C Slump - Chairperson of Dispute committee							2	2

Apologies were received in instances where Trustees and Independent Members were unable to attend a meeting.

13. OPERATIONAL STATISTICS PER BENEFIT OPTION

2024	Beat1	Beat2	Beat3	Beat3 Plus	Beat4	Pace1	Pace2	Pace3	Pace4	Ryhthm1	Ryhthm2	Total Scheme
Members at 31 December	11,940	52,979	7,981	747	2,323	29,620	7,738	4,609	1,608	714	1,448	121,707
Average number of members for the accounting period	11,494	51,403	7,988	659	2,390	29,629	7,904	4,650	1,635	657	1,487	119,896
Dependants at 31 December	11,973	54,269	8,414	766	2,417	43,812	4,803	3,805	668	344	794	132,065
Average number of dependants for the accounting period	11,490	52,884	8,364	699	2,474	43,873	4,940	3,872	684	313	832	130,424
Average beneficiaries for the accounting period	22,984	104,287	16,352	1,358	4,864	73,502	12,844	8,522	2,319	970	2,318	250,320
Ratio of average dependants at 31 December	1.00	1.03	1.05	1.06	1.04	1.48	0.62	0.83	0.42	0.48	0.56	1.09
Average age of beneficiaries for the accounting period	37.00	31.70	38.10	39.31	47.53	35.31	58.20	58.04	67.30	34.52	48.46	36.81
Ratio of beneficiaries older than 65 years	10.20%	4.70%	14.20%	15.07%	26.33%	11.47%	48.74%	48.15%	69.02%	13.71%	31.71%	12.71%
Insurance revenue per average member per month	3,252	3,238	4,759	5,002	8,052	6,497	8,704	10,501	13,471	2,029	3,923	5,035
Insurance revenue per average beneficiary per month	1,626	1,596	2,325	2,426	3,956	2,619	5,356	5,730	9,499	1,374	2,516	2,412
Insurance service expenses per average member per month	3,262	3,164	4,626	5,514	8,439	6,003	9,588	11,369	15,115	2,228	4,844	5,011
Insurance service expenses per average beneficiary per month	1,631	1,560	2,260	2,675	4,146	2,420	5,900	6,204	10,659	1,509	3,107	2,400
Insurance service expenses as a percentage of insurance revenue	100.3%	97.7%	97.2%	110.2%	104.8%	92.4%	110.2%	108.3%	112.2%	109.8%	123.5%	99.5%
Relevant healthcare expenditure per average beneficiary per month	1,517	1,440	2,133	2,549	4,030	2,313	5,745	6,049	10,485	1,376	2,960	2,280
Relevant healthcare expenditure as a percentage of insurance revenue	93%	90%	92%	100%	102%	88%	107%	105%	110%	101%	118%	94%
Directly attributable insurance service expenses per average beneficiary per month	115	120	127	126	115	107	155	155	174	132	147	120
Directly attributable insurance service expenses as a percentage of insurance revenue	7.06%	7.50%	5.47%	5.19%	2.92%	4.09%	2.90%	2.70%	1.83%	9.63%	5.85%	4.97%

2023	Beat1	Beat2	Beat3	Beat3 Plus	Beat4	Pace1	Pace2	Pace3	Pace4	Pulse1	Pulse2	Total Scheme
Members at 31 December	11,015	48,656	8,245		2,572	29,331	8,150	4,772	1,716	545	1,597	116,599
Average number of members for the accounting period	10,497	46,971	8,099		2,639	29,383	8,330	4,815	1,752	438	1,637	114,560
Dependants at 31 December	10,869	49,913	8,544		2,678	43,261	5,210	3,988	731	278	917	126,389
Average number of dependants for the accounting period	10,382	48,337	8,379		2,755	43,352	5,369	4,069	746	242	954	124,585
Average beneficiaries for the accounting period	20,879	95,307	16,479		5,393	72,735	13,700	8,883	2,498	679	2,591	239,145
Ratio of average dependants at 31 December	0.99	1.03	1.03		1.04	1.48	0.64	0.85	0.43	0.55	0.58	1.09
Average age of beneficiaries for the accounting period	36.75	31.26	38.39		46.88	35.28	57.79	57.36	66.48	34.52	48.46	36.81
Ratio of beneficiaries older than 65 years	9.73%	4.44%	13.57%		24.99%	11.22%	47.49%	46.64%	66.73%	14.95%	30.31%	12.84%
Insurance revenue per average member per month	2,961	2,957	4,347		7,353	5,936	8,002	9,588	12,307	1,901	3,624	4,715
Insurance revenue per average beneficiary per month	1,489	1,458	2,136		3,598	2,398	4,866	5,197	8,632	1,225	2,290	2,259
Insurance service expenses per average member per month	2,896	2,902	4,357		7,236	5,540	9,066	10,746	13,705	1,991	4,373	4,742
Insurance service expenses per average beneficiary per month	1,456	1,430	2,142		3,540	2,238	5,513	5,824	9,613	1,283	2,763	2,271
Insurance service expenses as a percentage of insurance revenues	97.8%	98.1%	100.2%		98.4%	93.3%	113.3%	112.1%	111.4%	104.8%	120.7%	100.6%
Relevant healthcare expenditure per average beneficiary per month	1,344	1,329	2,038		3,477	2,188	5,451	5,766	9,505	1,164	2,631	2,189
Relevant healthcare expenditure as a percentage of insurance revenue	91%	91%	94%		95%	89%	110%	109%	109%	95%	114%	96%
Directly attributable insurance service expenses per average beneficiary per month	112	111	133		114	103	144	146	160	121	137	114
Directly attributable insurance service expenses as a percentage of insurance revenue	7.55%	7.65%	6.23%		3.16%	4.28%	2.97%	2.81%	1.86%	9.91%	5.97%	5.07%

OPERATIONAL STATISTICS FOR THE SCHEME

	2024	2023
Average accumulated funds per average member at 31 December	23,638	24,550
Average accumulated funds per average beneficiary at 31 December	11,322	11,761
Return on investments as a percentage of investments	8.55%	7.99%
Directly attributable and non-attributable expenses as a percentage of gross insurance revenue	6.99%	6.99%

14. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998, AS AMENDED

NON-COMPLIANCE	NATURE AND CAUSE	MANAGEMENT ACTION
Non-Compliance with Regulation 8 of the Medical Scheme Act & Scheme Rule 13.5.4	Regulation 8 of the Medical Schemes Act No 31 of 1998, as amended, states the following: "(1) Subject to the provisions of the regulation, any benefit option that is offered by a Medical Scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions". Furthermore Rule 13.5.4 of the Scheme Rules states that: "The balance standing to the credit of a Member in terms of any option which provides for individual medical savings accounts shall be for the exclusive benefit of the Member and his Dependents: Provided that such savings account; shall not be used to pay for the costs of prescribed minimum benefits". Instances were identified where certain prescribed minimum benefit "PMB's" claims were incorrectly paid from savings.	Reversals to savings were subsequently effected.
Non-compliance with Section 59(2) of the Medical Schemes Act & Scheme Rule 16.3	Section 59(2) of the Medical Schemes Act states the following: "A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, 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". Furthermore Scheme rule 16.3 states the following: Subject to the respective provisions of Rules 12.7, 17.2 and 17.4, the Scheme shall, where an account has been correctly rendered, pay any benefit that is due to a Member, either to that Member or to the supplier of the relevant health service who rendered the account, within 30 (thirty) days after the date of receipt of the claim pertaining to such benefit. Instances were identified where claims were paid 30 Days after the day on which the claim was received by the scheme.	Claims are paid bi-weekly and where further investigation is required, this could result in the claim being paid after 30 days from notification
Non-compliance with Section 33(2)(b) of the Medical Schemes Act	Section 33(2)(b) of the Medical Schemes Act states the following: The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option— (a) includes the prescribed benefits; (b) shall be self-supporting in terms of membership and financial performance; (c) is financially sound; and will not jeopardise the financial soundness of any existing benefit option within the medical scheme. During the year under review eight benefit options of the Scheme, namely During the year under review eight benefit options of the Scheme, namely Beat 1, Beat 3 Plus, Beat 4, Rhythm 1, Rhythm 2, Pace 2, Pace 3 and Pace 4 incurred a Net Deficit.	The Scheme monitors the results of all options and evaluates different strategies to improve the financial outcomes of all options. The strategy on sustainability of options must balance short and long-term financial considerations, with fairness to both healthy and sick members and with continued affordability of cover for members on different levels of income and needs. The Scheme remains committed to comply with the applicable legislation, as far as possible, but also focuses on the overall stability and financial position of the Scheme as a whole and not only on individual options.
Non-compliance with Regulation 6 of the Medical Schemes Act and Scheme Rule 15.3.1	Per Regulation 6 of the Medical Schemes Act, a medical scheme must not in its rules or in any other manner in respect of any benefit to which a member or former member of such medical scheme or a dependant of such member is entitled, limit, exclude, retain or withhold, as the case may be, any payment to such member or supplier of service as a result of the late submission or late re-submission of an account or statement, before the end of the fourth month— (a) from the last date of the service rendered as stated on the account, statement or claim; or (b) during which such account, statement or claim was returned for correction. Instances were identified where Covid-19 claims were received more than 120 days after treatment date and subsequently processed and paid by the Scheme. The Council for Medical Schemes (CMS) via Circular 56 of 2022 appraised the industry that it has granted an extended exemption to the National Department of Health (NDOH) to ensure that all COVID-19 vaccine claims are eventually paid despite these claims being submitted outside the ambit of Regulation 6 of the Medical Schemes Act (131 of 1998) (MSA). Medical schemes were therefore authorised to process claims received on or before 210 days. Furthermore, the NDOH is allowed to submit claims after 120 days as required by regulation 6(1) and (2) but must do so within 210 days. The exemption will be valid for a period of three years or will expire once the NDOH has recovered all vaccine-related costs on all insured members of medical schemes.	The Scheme has complied with Circular 56 of 2022.

14. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998, AS AMENDED (continued)

NON-COMPLIANCE	NATURE AND CAUSE	MANAGEMENT ACTION
Non-compliance with Section 35(6)(a) of the Medical Schemes Act	Section 35(6)(a) states that "A medical scheme shall not encumber its assets The Scheme registered as a financial service provider with the Financial Sector Conduct Authority (FSCA). Registration number 44058. The FSCA required a guarantee of R1 million in terms of section 8(7) of the FSCA Board notice 106 of 2008. The terms of the Scheme building lease agreement required a guarantee to an amount of R2 523 036.	The Scheme obtained CMS exemption for guarantees in respect of the building lease (until 31 December 2025) and FSCA (until 28 February 2025) respectively.
Non-compliance with Section 35(8)(a), (c) and (d) of the Medical Schemes Act	Section 35(8) of the Medical Schemes Act states that "A medical scheme shall not invest any of its assets in the business of or grant loans to (a) An employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme; (b) any other medical scheme; (c) any administrator and (d) any person associated with any of the above. Due to some of the Scheme's employer groups being listed on the JSE, investments were made in a certain number of its employer groups listed on the JSE through the portfolios of the investment products the Scheme utilises. This is also applicable to a JSE listed medical scheme administrators groups.	The CMS has granted the Scheme an exemption from section 35(8)(a), (c) and (d) of the Medical Schemes Act until November 2025.
Non-compliance with Section 32 of the Medical Schemes Act and Scheme Rule 3.4.13	Section 32 of the Medical Schemes Act, Binding force of rules, states that "The rules of a medical scheme and any amendment thereof shall be binding on the medical scheme concerned, its members, officers and on any person who claims any benefit under the rules or whose claim is derived from a person so claiming." The following two areas were isolated instances of non-compliance to the scheme rules occurred: 1. As per Rule 13.1 of the Scheme, The total monthly subscriptions payable to the Scheme by or in respect of a Member are as stipulated in Annexure A of these Rules, as amended from time to time: Provided that subscriptions shall be determined on the basis of income or the number of Dependants or both income and number of Dependants: Provided further that contribution penalties for persons joining late in life may be applied in accordance with the provisions of the Act. A member was charged two contributions for the month of July 2024, once as an adult dependent registered on their parents medical scheme membership and again as an individual principal member on a new separate membership. 2. As per rule 1.2.5 of the scheme (Annexture B.1. Beat Benefit Options) Treatment of chemical and substance abuse - the benefits shall be at 100% of the scheme tariff/cost, subject to the following: -Pre-authorisation; -DSP Network; -The length of stay shall be limited to 21 (twenty-one) days for in hospital or limited to R37 352 per beneficiary per financial year, whichever comes first. OR -15 (fifteen) contact session for out-patient psychotherapy per condition, per beneficiary per financial year. It was identified that a member utilised both the benefits for in and out of hospital for the treatment of chemical and substance abuse which is in contravention of the rule.	This was an isolated instance with the indexing of the member's join date. The member was erroneously transferred in as a principal member in the same month whilst still being a dependent on their parents' Scheme membership. This occurrence has been escalated to the PMB and Pre-Authorisation teams for case notes to be included on the administration system. The process is being implemented in order to resolve and ensure approval of the appropriate benefits for this and other members.

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Independent Auditor's Report
To the Members of Bestmed Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bestmed Medical Scheme (the Scheme), set out on pages 18 to 62, which comprise the statement of financial position as at 31 December 2024, the statement of profit and loss and comprehensive income, and the statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

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

Final Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality:	R72 million (2023: R76 million).
How we determined it:	1% of Insurance revenue for the year. The insurance revenue balance is Gross Insurance Revenue less Personal Medical savings contributions.
Rationale for the materiality benchmark applied:	A key judgement in determining materiality is the determination of the appropriate benchmark to use which should be based on our understanding of the needs of the users of the financial statements. We have determined the users of the financial statements to be the members of Bestmed Medical Scheme. We chose insurance revenue as the primary benchmark as it is the benchmark against which the performance of the Scheme is measured by users.

Key Audit Matters

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter **Note 11 of the Annual Financial Statements**	**How the matter was addressed in the audit**
Valuation of the liability for incurred claims ("LIC") included in the Insurance Contract Liability. The Insurance Contract Liability as per Note 11 is made up of the following 3 components: • The Present Value of Future Cash Flows of R1 687 743 864. • The Risk adjustment of R9 912 533 and • The Liability for remaining coverage of R49 726 623 recognised for the estimated cost of healthcare benefits that have been incurred prior to year-end but that were only reported to the Scheme after year-end. The provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme and the Risk adjustments (RA) are components that make up the liability for incurred claims ("LIC"). The LIC includes the component recognised for the estimated cost of healthcare benefits that have been incurred prior to year-end but are only reported to the Scheme after year-end. The LIC also includes a risk adjustment for non-financial risk. The determination of the provision for the estimated costs of healthcare benefits that have occurred before the year end but have not been reported to the Scheme by that date, requires the Scheme's Trustees to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported at the Statement of Financial Position date.	We obtained an understanding from the Scheme's actuaries regarding the process followed in calculating the provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme and the Risk Adjustment for Non-financial Risk. We evaluated the calculations approved by the Board of Trustees and performed procedures which included: • Considering the design and implementation of the Scheme's key controls within the provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme process and RA calculation though gaining an understanding of the end-to end claims and LIC provision business process. • Evaluated the competence, capabilities, and objectivity of the Scheme's actuary. • We obtained the report of the Scheme's actuary relating to the provision at year end and tested the appropriateness of the estimate as follows: ○ Obtained an understanding of the method and models used in calculating the provision estimate. With the assistance of our actuarial specialists, we assessed the appropriateness of the methodology and assumptions used in determining the provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme and RA components in terms of acceptable methodologies, industry standards, and that they meet the measurement objectives of IFRS 17.

This is an estimate of the future payments to be made on claim events that have taken place during the reporting period but have yet to be reported and paid. The calculation is based on a number of factors which include: • Previous experience in claims patterns; • Claims settlement patterns; • Changes in the nature and number of members according to gender and age; • Trends in claims frequency. • Changes in the claims processing cycle; • Variations in the nature and average cost per claim; and • Other factors such as expectations of future • events that are believed to be reasonable to be taken into account in the valuation of the provision for the estimated costs of healthcare benefits that have occurred before the year end but have not been reported to the scheme by that date. Under IFRS 17, Insurance Contracts ("IFRS 17"), a risk adjustment reflects the compensation that the entity requires for bearing the uncertainty for the amount and the timing of the cashflows that arise from non-financial risk during the coverage period. The RA is principle-based and exhibits the following main properties: Reflects risks and uncertainty as viewed by the Scheme; Considers all aspects of non-financial risk and uncertainty; and Excludes financial risks, such as investment returns (cash flows not directly tied to contract). The abovementioned factors require judgement and assumptions to be made by the Scheme's Trustees and therefore accordingly, for the purposes of our audit, we identified the valuation of the provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme and the RA for Non-financial Risk as representing a key audit matter.	○ Our audit specialist performed an independent calculation of the estimate of the provision by utilising historical claims data and trends and using this estimate as a basis of assessing the reasonableness of the board of trustees' estimate of the provision. ○ On a sample basis we tested the integrity of the information used in the calculation of the estimated future cash flows included in the provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme and the RA applied, by performing substantive procedures to test the accuracy and completeness of data used in the determination of the estimation of future cash flows and the RA.. • Assessed the presentation and disclosure in respect of the LIC provision and considered the adequacy of these disclosures against the requirements of IFRS17 and relevant industry guidance. Based on the procedures performed above, we are satisfied that the methodology and assumptions applied in calculating the provision for the estimated cost of healthcare benefits that had occurred before the year-end, but that had not been reported to the Scheme and RA components of the LIC are appropriate.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the document titled "Bestmed Medical Scheme Financial Statements for the year ended 31 December 2024", which includes the Statement of Responsibility by the Board of Trustees, Statement of Corporate Governance by the Board of Trustees and the Report of the Board of Trustee as required by the Medical Schemes Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Scheme's Trustees for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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 the Deloitte
firm has been the auditor of Bestmed Medical Scheme for 4 years.

The engagement partner Nokuthula Mavuso has been responsible for Bestmed Medical Scheme's audit for 2 years.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditors
Per: Nokuthula Mavuso
Partner

26 May 2025

5 Magwa Crescent
Waterfall
2090

BESTMED MEDICAL SCHEME
(Registration Number: 1252)

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	Notes	2024 R	2023 R
ASSETS			
Non-current assets		**2,663,484,049**	**2,635,839,275**
Property and equipment	2	27,716,222	35,982,344
Intangible assets	3	21,989,333	20,660,929
Lease assets	5	11,249,062	27,633,373
Financial assets at fair value through profit or loss	4(a)	2,063,840,727	1,997,347,299
Financial assets at fair value through other comprehensive income	4(b)	538,688,705	554,215,330
Current assets		**2,763,290,905**	**2,260,943,451**
Financial assets at fair value through profit or loss		2,369,795,080	1,894,651,110
Scheme	4(a)	1,435,358,236	1,039,880,047
Personal medical savings account trust monies invested	4(a)	934,436,843	854,771,063
Trade and other receivables	6	29,411,008	24,890,910
Reinsurance contract assets	9	6,527,128	4,943,259
Cash and cash equivalents		357,557,688	336,458,172
Scheme	8	16,960,129	39,516,976
Personal medical savings account trust monies invested	8	340,597,559	296,941,196
Total assets		**5,426,774,954**	**4,896,782,727**
FUNDS AND LIABILITIES			
Non-current liabilities		**3,565,199,783**	**3,263,084,141**
Insurance liability to future members	11	3,556,132,204	3,243,176,180
Retirement benefit obligations	10	7,614,915	7,781,824
Lease liability	5	1,452,663	12,126,137
Current liabilities		**1,861,575,172**	**1,633,698,586**
Insurance liability due to future members	11	63,435,925	170,293,692
Insurance liability for current members	11	1,747,383,021	1,382,105,766
Reinsurance contract liabilities	9	2,591,612	4,433,733
Lease liability	5	12,613,057	21,635,457
Trade and other payables	12	35,551,558	55,229,939
Total funds and liabilities		**5,426,774,954**	**4,896,782,727**

BESTMED MEDICAL SCHEME
(Registration Number: 1252)

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 R	2023 R
Insurance revenue	13	**7,244,488,100**	**6,481,967,730**
Insurance service expense*	13	(7,209,639,226)	(6,518,282,476)
Net income/(expenses) from reinsurance contracts held		22,132,335	(5,535,478)
Reinsurance expenses from reinsurance contracts held	9	(100,805,766)	(125,670,583)
Reinsurance income from reinsurance contracts held	9	122,938,101	120,135,105
Insurance service result	13	**56,981,209**	**(41,850,224)**
Net finance expenses from insurance contracts issued - PMSA	17	(105,466,847)	(91,761,734)
Other income		**457,124,357**	**386,697,748**
Investment income		456,972,703	385,482,367
Scheme	15	351,505,856	293,720,633
Net personal medical savings account trust monies invested	17	105,466,847	91,761,734
Sundry income	16	151,654	1,215,381
Other expenditure		**(244,246,041)**	**(214,348,242)**
Non-attributable expenses	14	(236,038,984)	(204,299,718)
Interest expense	18	(2,013,179)	(3,264,279)
Asset management fees	19	(6,193,878)	(6,784,245)
Net surplus before amounts attributable to future members		**164,392,677**	**38,737,548**
Amounts attributable to future members*		(164,392,677)	(38,737,548)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**0**	**0**
Other comprehensive income		**41,705,580**	**15,968,965**
Items that will not be reclassified to profit and loss		**41,705,580**	**15,968,965**
Unrealised gains/(losses) on equity instruments designated at FVOCI	15 (c)	30,651,314	(11,454,069)
Cumulative gains upon disposal of equity instruments designated at FVOCI	15 (c)	11,054,266	27,423,034
Items that will be reclassified to profit or loss		-	-
Amounts attributable to future members		**(41,705,580)**	**(15,968,965)**
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**-**	**-**

* Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expenses.
"Amounts attributable to future members" are now presented as a separate line item in the Statement of Comprehensive Income before "Total comprehensive income for the year", rather than being included within insurance service expenses.
This change enhances transparency in medical scheme reporting as required by the CMS regulations.
The prior year comparative figures have been restated for consistency.
- Amounts attributable to future members total R164,392,677 (2023: R38,737,548);
- Total insurance service expenses, which under IFRS 17 would include amounts attributable to future members, amount to R7,374,031,904 (2023: R6,557,020,024); and
- Total insurance service result, which under IFRS 17 would include amounts attributable to future members, would result in a loss of R107,411,468 (2023: R80,587,772).

BESTMED MEDICAL SCHEME
(Registration Number: 1252)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 R	Restated* 2023 R
CASH FLOW FROM OPERATING ACTIVITIES*			
Cash receipts from members*	21	7,247,084,691	6,450,136,063
Cash receipts/(payments) from members and providers - other loans and receivables	21	2,888,555	(2,419,541)
Cash paid for claims, acquisition and directly attributable expenses*	21	(6,890,189,668)	(6,351,179,240)
Cash paid to providers and employees - non-attributable expenses	21	(211,078,711)	(181,445,886)
Cash payments to reinsurers*	21	(93,073,587)	(131,877,412)
Increase in personal savings account liabilities**	21	55,378,962	36,110,956
Cash generated from/(utilised in) operations		111,010,241	(180,675,059)
Interest paid		(28,138,165)	(24,775,623)
Scheme	18	(2,013,179)	(3,264,279)
Net finance expenses from insurance contracts issued - PMSA**	17	(26,124,985)	(21,511,345)
Net cash generated from/(utilised in) operating activities		**82,872,076**	**(205,450,683)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for financial assets**		(5,463,583,743)	(4,710,272,784)
Proceeds from sale of financial assets**		5,407,000,000	4,959,000,000
Purchase of personal medical savings trust financial assets**		(323,919)	(967,283)
Purchase of property and equipment	2	(7,706,899)	(13,311,781)
Proceeds from disposal of property and equipment	2	205,342	390,096
Purchase of intangible assets	3	(4,772,573)	(5,605,479)
Interest income		29,475,170	24,713,754
Scheme**	15	3,350,184	3,202,409
Net finance expenses from insurance contracts issued - PMSA**	17	26,124,985	21,511,345
Net cash flows (utilised in)/generated from investing activities		**(39,706,622)**	**253,946,523**
CASH FLOW FROM FINANCING ACTIVITIES			
Principal element of lease payments	5	(22,065,938)	(19,816,580)
Net cash flows utilised in financing activities		**(22,065,938)**	**(19,816,580)**
Net increase in cash and cash equivalents		21,099,516	28,679,261
Cash and cash equivalents at beginning of year		336,458,172	307,778,912
CASH AND CASH EQUIVALENTS AT END OF YEAR		**357,557,688**	**336,458,172**
CASH AND CASH EQUIVALENTS		**357,557,688**	**336,458,172**
Scheme	8	16,960,129	39,516,976
Personal medical savings account trust monies invested	8	340,597,559	296,941,196

* Following Circular 6 of 2025 issued by the Council for Medical Schemes, which addressed general concerns around 2023 Annual Financial Statements, the Scheme has corrected classification errors identified in the prior year Cash Flow presentation.
To ensure proper reconciliation between the cash flow amounts in Note 11 (LFRC and LIC) and the Statement of Cash Flows, the following corrections have been made:

- Cash receipts from members (previously disclosed as R6,451,911,912);
- Cash receipts (payments) from members and providers - other loans and receivables (previously disclosed as R377,194);
- Cash paid for claims, acquisitions and directly attributable expenses (previously disclosed as R6,363,566,622);
- Cash paid to providers and employees - non attributable expenses (previously disclosed as R173,631,087);
- Cash payments to reinsurers are now disclosed separately instead of being included in claims paid;
- Insurance acquisition cash flows have been correctly classified from directly attributable expenses; and
- Contributions received in advance of R12.1 million (2023) have been reclassified from cash paid for claims to cash receipts from members.

These changes have been reflected in the Statement of Cash Flows and Note 21 - Cash Flows from Operating Activities, with prior year comparatives restated for consistency.

** Refer to Note 28

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

Bestmed Medical Scheme is an open medical scheme registered under the Medical Schemes Act 131 of 1998, as amended. The Scheme is self-administered and offers the insurance of hospital, chronic illness and day-to-day cover benefits.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement, or areas where estimates are material to the financial statements, are disclosed under 1.3.

The financial statements are prepared on a going concern basis using the historical cost convention, except for certain financial assets and liabilities which include:

- Financial assets at fair value through profit & loss;
- Financial assets at fair value through other comprehensive income;
- Financial instruments classified as originated loans carried at amortised cost;
- Insurance assets and liabilities; and
- Retirement benefit obligation.

All monetary information and figures presented in these financial statements are stated in Rand, unless otherwise indicated.

The following amended standards are expected to be applicable to the Scheme in the current and/or future periods:

International Financial Reporting Standards and amendments effective for the first time for 31 December 2024 year-end			
Number	**Effective date**	**Executive summary**	**Impact**
IAS 1 Presentation of Financial Statements 'Classification of Liabilities as Current or Non-current':	1 January 2024	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.	Not material to the Scheme.
IAS 1 Presentation of Financial Statements 'Disclosure of Accounting Policies':	1 January 2024	The amendments require schemes to disclose their material accounting policy information rather than their material 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.	Not material to the Scheme.
IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024	Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.	Not applicable to the Scheme.

1. ACCOUNTING POLICIES (continued)

1.1 BASIS OF PREPARATION (continued)

The Scheme has not early adopted these standards and it is not expected that they will have any material impact to the Scheme's results but may result in additional disclosure in the financial statements.

International Financial Reporting Standards and amendments issued but not effective for 31 December 2024 year-end relevant to the Scheme			
Number	**Effective date**	**Executive summary**	**Impact**
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2025	The amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities. The amendments make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Not material to the Scheme.
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	The new IFRS Accounting Standard IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The standard will improve the quality of financial reporting by: - requiring defined subtotals in the statement of profit or loss; - requiring disclosure about management-defined performance measures; and - adding new principles for aggregation and disaggregation of information. The IASB expects these improvements will enable investors to make more informed decisions leading to better allocations of capital that will contribute to long-term financial stability.	Not material to the Scheme.

1.2 SIGNIFICANT JUDGEMENTS AND ESTIMATES IN APPLYING IFRS 17

In the process of adopting IFRS 17, the Board of Trustees has made a number of judgements and estimates that had the most significant effect on the amounts recognised in the financial statements.

(i) Significant judgements

Assessment as to whether the Scheme is a mutual entity

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

IFRS 3 defined 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 Act is not explicit that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the medical scheme. Section 64 of the Act requires the medical scheme rules to be followed in the event of liquidation.

The rules of the Scheme do not contain specific guidance on how the assets of the scheme should be distributed on liquidation. The Act prohibits the disposal of assets of a medical scheme except in limited, listed circumstances, one of them being the liquidation of the scheme. Members can opt for voluntary liquidation and can distribute the scheme's remaining assets amongst themselves. As Bestmed 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 Bestmed 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, Bestmed meets the definition of a mutual entity in IFRS.

Bestmed 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 are included in the insurance service expenses line.

1. ACCOUNTING POLICIES (continued)

1.2 SIGNIFICANT JUDGEMENTS AND ESTIMATES IN APPLYING IFRS 17 (continued)

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.

The above is demonstrated by the following:

- All contracts - regardless of option - cover similar risks on the basis that they all provide cover for medical / health risk.
- 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.
- Reinsurance contracts are based on services to be rendered and not on benefit options.
- Pricing and benefit option changes are determined at a scheme level to manage member migration between different benefit options to ensure each option is sustainable.
- Risk (utilisation and concentration) is managed holistically.

The Scheme has decided to apply the exemption to grouping as allowed by IFRS 17 paragraph 20 as the Medical Scheme Act (MSA) regulation specifically constrains the scheme's practical ability to set different prices for members with different characteristics. As such, Bestmed does not group contracts in various profitability groupings.

In order to determine whether the group of contracts is onerous, the Scheme will consider applicable facts and circumstances, including information available from their budgeting model, with an allowance for the existing accumulated member funds, budgeted contributions, claims and IFRS 17 attributable expenses, as well as an allowance for the risk adjustment.

Risk adjustment - 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 it fulfils insurance contracts. Because 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 Schemes' degree of risk aversion. The Scheme estimates an adjustment for non-financial risk separately from all other estimates. The risk adjustment is included in the LIC and disclosed separately from the outstanding claims provision within the LIC.

The risk adjustment was calculated at the portfolio level as the Scheme doesn't 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 75%.

The Scheme does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The methods and assumptions used to determine the risk adjustment for non-financial risk were consistently applied in the 2024 and 2023 financial years for the purpose of IFRS 17 implementation.

(ii) Methods used and judgements applied in determining the IFRS 17 transition amounts

The Scheme has adopted IFRS 17 retrospectively, applying the full retrospective approach.

The Scheme has determined that reasonable and supportable information was available for all contracts in force at the transition date. In addition, all insurance contracts are eligible for the Premium Allocation Approach and therefore the Scheme has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable.

Accordingly, the Scheme has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied and recognised any resulting net difference in reserves.

(iii) 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 assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 27.

Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of the group of contracts are all the future cash flows within the boundary of the group of 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 scenarios representing the probability weighted mean of a full 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.

Methods used to measure the insurance contracts

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

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

The chain ladder method involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each period that is not yet fully developed to produce an estimated ultimate claims cost for each healthcare year. The chain ladder method is the most appropriate for this claim pattern.

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

The following was taken into account when estimating the LIC:

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

1. ACCOUNTING POLICIES (continued)

1.3 CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Scheme's accounting policies, the Board of Trustees has made a number of judgements that had the most significant effect on the amounts recognised in the financial statements.

Certain critical accounting judgements in applying the Scheme's accounting policies and key assumptions concerning the future and other key sources of estimating uncertainty at the statement of financial position date, are discussed below:

(a) Insurance contract assets

Detailed disclosure of judgements on insurance contracts is made under Note 11.

(b) Liability for incurred claims

There are some sources of uncertainty that need to be considered in the estimate of the liability that the Scheme will ultimately pay for such claims. Provisions for such liabilities are made by the Actuaries, and derived as the claims process develops. All estimates are revised and adjusted at year-end by management. Details are disclosed under Note 11.

(c) Risk adjustment

Detailed disclosure of risk adjustment is made under Note 11.

(d) Reinsurance contracts assumptions

Detailed disclosure of the reinsurance contracts assumptions is made under Note 9.

(e) Post-retirement medical benefits

The Scheme provides post-retirement healthcare benefits to retired employees. An independent qualified actuary carries out valuations of the obligations on an annual basis. Details are disclosed under Note 10.

1.4 PROPERTY AND EQUIPMENT

Property and equipment are reflected at cost less accumulated depreciation and accumulated impairments. 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. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into account the assets' residual values. The estimated maximum useful lives are:

Furniture	10 years
Leasehold Improvements	Between 5 and 7 years
Computer equipment	Between 3 and 6 years
Office equipment	Between 3 and 5 years
Medical equipment	10 years
Motor vehicles	5 years
Security equipment	5 years
Telephone system	3 years

The useful lives and residual values are assessed annually and adjusted appropriately. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are expensed in the statement of comprehensive income.

Surpluses and deficits on the disposal of property and equipment are recognised in profit/loss in the statement of comprehensive income.

Carrying amounts of all items of property and equipment are reduced to their recoverable amount, where this is lower than the carrying amount. Where components of an item of property and equipment have different useful lives, they are accounted for as separate items.

1.5 INTANGIBLE ASSETS

Computer software internally developed

Costs associated with researching or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Scheme are recognised as intangible assets when the following criteria are met as per IAS38:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as expenses as and when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Intangible assets that have an indefinite useful life or that are not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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 of disposal and value in use.

Intangible assets are reflected at cost less accumulated amortisation and accumulated impairments. Amortisation begins once the assets are ready for use or to sell on the straight-line basis over the estimated useful lives of the assets after taking into account the assets' residual values. The useful life of intangible assets is estimated to be 10 years.

1.6 CLASSIFICATION, RECOGNITION, PRESENTATION AND DERECOGNITION OF FINANCIAL INSTRUMENTS

A Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Scheme's statement of financial position when it becomes a party to the contractual provisions of the instrument. The Scheme has grouped its financial instruments into the following classes:

- Financial assets;
- Cash and cash equivalents; and
- Trade and other payables.

1. ACCOUNTING POLICIES (continued)

1.7 FINANCIAL ASSETS: INITIAL AND SUBSEQUENT MEASUREMENT

Definition and classification

The Scheme classifies its financial assets in the following categories: at fair value through profit or loss, at fair value through other comprehensive income and amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial measurement unless the scheme changes its business model for managing financial assets, in which cases all effected financial assets are reclassified in the first day of the first reporting period following the change in the business model.

(a) Financial assets at fair value through other comprehensive income (FVOCI)

Equity instruments which are not held for trading, and which the Scheme has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Scheme considers this classification to be more relevant.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

(b) Financial assets at fair value through profit or loss (FVTPL)

Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income.

Equity investments that are held for trading and equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(c) Amortised cost (AC)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

The Scheme's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Scheme holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Scheme commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Scheme has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Scheme measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement

Despite the foregoing, the Scheme may make the following irrevocable election/designation at initial recognition of a financial asset:

The Scheme may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

The Scheme may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Debt instruments
Subsequent measurement of debt instruments depends on the Scheme's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Scheme classifies its debt instruments, i.e. AC, FVOCI and FVTPL.

(b) Equity instruments
The Scheme subsequently measures all equity investments at fair value. Where the Scheme's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Scheme's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Derecognition

The Scheme derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Scheme neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Scheme recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Scheme retains substantially all the risks and rewards of ownership of a transferred financial asset, the Scheme continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Derecognition of an investment in an equity instrument which the group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to insurance liability attributable to future members.

1. ACCOUNTING POLICIES (continued)

1.7 FINANCIAL ASSETS: INITIAL AND SUBSEQUENT MEASUREMENT (continued)

Impairment of financial assets

Debt instruments that are measured subsequently at amortised cost are subject to impairment. In relation to the impairment of financial assets an expected credit loss model is required. The expected credit loss model requires the Scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

In addition, IFRS 9 requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables. The current model adapted by the Scheme approximates the IFRS 9 method in computing the provision for impairment.

1.8 TRADE AND OTHER RECEIVABLES

The Scheme holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables do not contain a significant financing component and therefore are not subject to impairment.

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and 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.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of twelve months or less from the date of acquisition.

1.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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 cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.11 INSURANCE CONTRACTS LIABILITIES

Definition and classification

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 health 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 (that is, 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.

All contracts currently issued by Bestmed meet this definition.

Unit of account

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 have to 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 services other than insurance contract services.

While the Scheme has identified that the Member Savings Accounts meet the definition of Investment Components under IFRS 17, these are non-distinct and as such Bestmed does not have any contracts that require further separation or combination of insurance contracts and thus all components of the contracts are measured under IFRS 17.

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.

The portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts).

The Scheme has decided to apply the exemption to grouping as allowed by IFRS 17 paragraph 20 as the MSA regulation specifically constrains the scheme's practical ability to set different prices for members with different characteristics. As such, Bestmed does not group contracts in various profitability groupings.

1. ACCOUNTING POLICIES (continued)

1.11 INSURANCE CONTRACTS LIABILITIES (continued)

Contract boundary

Bestmed 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 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 month with an annual option benefit entitlement. The annual option benefit entitlement coincides with the Scheme's financial year.

Recognition and derecognition

Groups 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.

No insurance contracts have been acquired in a business combination within the scope of IFRS 3 or a portfolio transfer.
Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

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 all the requirements of IFRS 17.72 the Scheme shall treat the changes in cash flow as changes in estimates of fulfilment cash flows (FCF).

Initial and subsequent measurement

The insurance contract liabilities consist of two components:

a. the insurance liability attributable to current members.

b. the insurance liability attributable to future members.

(a) Insurance contract liability attributable to current members

The Scheme uses the Premium Allocation Approach (PAA) for all its contracts. The basis for this is that the coverage period of all contracts is 1 year or less.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are expensed as they are incurred.

For insurance contracts issued, on initial recognition, the carrying amount of the group of insurance contracts issued at each reporting period is the sum of:

a. the liability for remaining coverage; and

b. the liability for incurred claims, comprising the fulfilment cashflows (future cashflows adjusted for the risk adjustment for non-financial risk).

For insurance contracts issued, on initial recognition, the Scheme measures the liability for remaining coverage (LRC) at the amount of contributions received.

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

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

a. increased for contributions received in the period; and

b. decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

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

a. present value of future cash flows; and

b. risk adjustment for non-financial risk.

Refer to 1.2 above for the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

Where a group of insurance contracts has contributions receivables that relate to past service – or contributions payable in respect of reinsurance contracts held – these amounts are transferred to the LIC from the LRC.

The Scheme does not adjust the LRC or LIC for insurance contracts issued for the effect of the time value of money, because contributions are due within one year of providing coverage and claims are settled within 1 year of services being provided.
The personal medical saving accounts (PMSA) within member contracts issued meet the definition of non-distinct investment components. These balances are disclosed as such in the LIC.

(b) Insurance contract liability attributable to future members

As the Scheme is a mutual entity, all the accumulated funds are attributable to future members. The insurance liability attributable to future members consists of accumulated surpluses (losses) of the Scheme and it is increased by net surpluses for the period; and correspondingly decreased by the net deficit for the period. Cumulative gains/(losses) on equity instruments designated at FVOCI are also allocated to insurance liability attributable for future members upon disposal.

The historical cost basis of accounting for intangible assets and property, plant and equipment, does not have a material impact on the fair value measurement of the insurance contract liability to future members.

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

a. increased by net profits for the period;

b. decreased by the net losses for the period; and

c. decreased or increased by the cumulative gains/(losses) upon disposal of equity instruments designated at FVOCI.

1. ACCOUNTING POLICIES (continued)

1.11 INSURANCE CONTRACT LIABILITIES (continued)

(c) Onerous contract assessment

In the consideration of whether facts and circumstances indicate that a group of insurance contracts is onerous, Bestmed 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.

(d) IFRS 17 accounting policy choices made:

Classification of contribution receivables

The Scheme has accounted for all contribution debtors that relate to insurance services already rendered in Liability for Incurred Claims (LIC) at year-end.

Classification of expenditures/income outstanding at year end that meet the definition of financial liabilities or financial assets

The fulfilment cash flows may include expenditures incurred in accounting standards other than IFRS 17, for example broker commission. When broker commission is outstanding, this would meet the definition of a financial liability. Where expenditures/income outstanding at year-end meet the definition of financial liabilities or financial assets, the Scheme has an accounting policy choice to either include the payable/receivables in the insurance contract liabilities or to recognise it as a separate IFRS 9 liability/asset such as trade and other payables/receivables. The Scheme has chosen to include these payables in the insurance contract liabilities.

Personal medical savings accounts: trust monies managed by the Scheme on behalf of its members

Members' personal medical savings accounts represent a financial liability of funds due to members by the Scheme. The savings account facility assists members in managing cash flows for costs to be borne by them during the year and meeting provider service expenses not covered by the Scheme's approved benefits. Advances on personal medical savings contributions are funded from the Scheme's funds and the risk of impairment is carried by the Scheme.

Unspent personal medical savings accounts 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 Medical Schemes Act.

The personal medical savings accounts are invested on behalf of members in a current bank account and money market instruments with banks.

Unclaimed payments

Unallocated funds that have legally prescribed, i.e. funds older than three years, are written back and are included under other income in the statement of comprehensive income. These amounts are treated as insurance contract liabilities.

Insurance revenue

As the Scheme provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period shall depict the consideration to which a scheme expects to receive over the coverage period of the contracts. Insurance revenue presented in profit or loss shall exclude any investment components, i.e. PMSA contributions.

Gross insurance revenue from contracts measured under the PAA are determined and approved annually and included in the medical scheme rules. Insurance revenue is represented after the deduction of PMSA contributions.

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.

Risk contributions are not adjusted for non collectability given the immateriality of the anticipated write-offs.

Insurance service expense

Insurance service expense include:

- incurred claims and benefits excluding investment components, i.e. PMSA claims;
- 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 groups of contracts from changes in the loss components); and

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

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

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

Insurance interest income and expenses

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

The Scheme does not disaggregate insurance finance income or expenses into amounts presented in profit loss and amounts presented in other comprehensive income.

1.12 RISK TRANSFER ARRANGEMENTS (REINSURANCE CONTRACT ASSETS/(LIABILITIES))

Definition and classification

Risk transfer arrangements are contractual arrangements entered into by the Scheme with a provider. The provider is paid a fixed fee per member to cover the risk of the number of incidents that occur during a specified period and the cost of providing the service. Risk transfer arrangements do not reduce the Schemes' primary obligations to its members and their dependents. These arrangements meet the definition of reinsurance contracts held per IFRS 17. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Unit of account

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

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis.

The Scheme tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Recognition and derecognition

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

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

The Scheme does not recognise reinsurance contracts until it has recognised at least one of the underlying insurance contracts.

1. ACCOUNTING POLICIES (continued)

1.12 RISK TRANSFER ARRANGEMENTS (REINSURANCE CONTRACT ASSETS/(LIABILITIES) (continued))

Initial and subsequent measurement

The Scheme uses the PAA for all risk transfer arrangements. The basis for this is that the coverage period of all contracts is 1 year or less.

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

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

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date adjusted for the risk adjustment for non-financial risk.

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

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

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

All risk transfer contracts held by the Scheme has a coverage period aligning to the financial reporting period.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is increased for contributions received in the period and decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

Contract boundary

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

The Schemes' capitation agreements held have a duration of one year but are cancellable with a 30-day notice period by either party.

Net income/ (expense) from reinsurance contracts held

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

Reinsurance income consists of:

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

Reinsurance expenses consist of:

a. reinsurance expenses;
b. other incurred directly attributable insurance service expenses;
c. effect of changes in risk of reinsurer non-performance.

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

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

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis.

1.13 LEASES

IFRS 16 established the principles for the recognition, measurement, presentation and disclosure of all lease arrangements within the scope of the standard. Under the standard, an asset (the right to use the leased item) and the liability to pay rentals are recognised. The only exceptions are short-term leases (defined as leases with a lease term of 12 months or less), and low-value leases which are accounted for as operating leases using the straight-line method unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed in the statement of comprehensive income.

The lease payments are discounted using the average prime rate as proxy for the incremental borrowing rate. Incremental borrowing rate is the rate that the Scheme would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Scheme. Each lease payment is allocated between the liability and finance cost. The finance cost charged on the lease agreements is the effective interest rate. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Agreements where the counterparty retains control of the underlying asset are classified as leases. The Scheme leases various offices and office equipment. Offices consist mainly of head office buildings and branches. Rental contracts are typically made for fixed periods of three to seven years but may have extension options that exist. Head office buildings are typically leased for longer periods than branches and are the main contributor to the carrying value of the right-of-use asset. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Scheme does not sub-lease any of its leased space.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments.

1.14 FINANCIAL LIABILITIES - INITIAL AND SUBSEQUENT MEASUREMENT

Financial liabilities are initially recognised at fair value net of transaction costs incurred. After initial recognition, financial liabilities are measured at fair value, with gains and losses through profit and loss. The fair value is determined as the present value of cash flows required to settle the liabilities. However, due to their short-term maturities, their fair value approximates cost. In addition, the Scheme is not permitted to borrow in terms of Section 35 of the Medical Schemes Act 131 of 1998, as amended. Therefore the Scheme has no long-term financial liabilities. As a result, no fair value adjustments arise.

Trade payables

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

1.15 PROVISIONS

Provisions are recognised when the Scheme has a present legal or contractual obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

1. ACCOUNTING POLICIES (continued)

1.16 ADMINISTRATION AND OTHER OPERATING EXPENSES

Expenses for administration and other operating expenses are expensed as incurred.

1.17 INVESTMENT INCOME

Investment income comprises dividends, interest on cash and cash equivalents, fixed interest securities, realised and unrealised gains and losses on financial assets through profit and loss.

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

Dividend income from investments is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

Investment income is disclosed as cash flows from investing activities in the statement of cashflows.

1.18 REIMBURSEMENTS FROM THE ROAD ACCIDENT FUND (RAF)

The Scheme grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health service. Such expenditure may be in connection with a claim that is also made to the RAF, administered in terms of the Road Accident Fund Act 56 of 1996 (the RAF). If the member is reimbursed by the RAF, the member is obliged contractually to cede that payment to the Scheme to the extent that he or she has already been compensated.

A reimbursement from the RAF is a possible asset that arises from a claim submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Scheme. The contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. Due to the uncertainty around the confirmation and measurability of the Road Accident Fund amounts, the Scheme accounts for these amounts on a cash basis. These amounts are recognised as a reduction of net claims incurred.

1.19 EMPLOYEE BENEFITS

Pension obligations

All the employees of the Scheme contribute towards a defined contribution fund. A defined contribution fund is a pension fund under which the Scheme pays fixed contributions into a separate entity. The Scheme has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution fund are recognised in the statement of comprehensive income for the year in which they are incurred.

Other post-employment obligations

The Scheme provides for medical scheme defined benefits upon retirement of employees who qualify. The provision comprises annual funding upon actuarial advice to provide for the future liability of medical benefits after retirement. Post-employment medical scheme benefits are defined benefits therefore the risk lies with the Scheme.

Leave pay accrual

The Scheme recognises in full employees' rights to annual leave entitlement in respect of past service.

Bonuses

Management and staff bonuses are recognised as an expense in staff costs as incurred.

1.20 INCOME TAX

In terms of Section 10(1)(d) of the Income Tax Act 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax.

1.21 ALLOCATION OF INCOME AND EXPENDITURE TO BENEFIT OPTIONS

The following items are directly allocated to benefit options:

- Insurance revenue;
- Insurance service expenses;
- Reinsurance expenses from reinsurance contracts held;
- Broker service fees; and
- Interest paid on personal medical savings account balances.

The following items are apportioned based on the average number of members per option:

- Managed care management services; and
- Attributable and non-attributable expenses.

1. ACCOUNTING POLICIES (continued)

1.21 ALLOCATION OF INCOME AND EXPENDITURE TO BENEFIT OPTIONS (continued)

The following items are apportioned based on a percentage of gross insurance revenue per option:

- Investment income;
- Other income;
- Expenses for asset management services rendered;
- Finance costs excluding interest paid on personal medical savings account balances; and
- Other expenditure.

IFRS 17 requires expenses to be classified into the following categories:

- Attributable acquisition expenses which are expenses incurred in "selling, underwriting and starting a group of insurance contracts."
- Attributable maintenance expenses which are policy administration, claims handling costs and an allocation of fixed and variable overhead expenses.
- Non-attributable expenses are all remaining expenses, including development and training costs.

Attributable acquisition expenses:
The methodology to identify whether acquisition expenses are attributable is to assess if the expense relates to acquiring new business for the current contracts on book, i.e. within the current contract boundary.

The costs of selling (mainly broker fees) the insurance contracts are classified as acquisition expenses and the Scheme choose to recognise insurance acquisition cash flows as expenses when it incurs those costs. Broker fees may only be paid once contributions have been received and therefore only after the insurance contract has been recognised.

Attributable expenses:
The methodology to identify whether expenses are attributable is to identify whether or not it is expected that such expense is unavoidable due to entering the insurance contract. Where it is not obvious whether an expense is avoidable or not, the Scheme will consider whether the activity resulting in the expense will continue if Bestmed were in run-off.

Expenses paid from activities still expected to take place in a run-off scenario would represent the cash flows required for the scheme to fulfil its obligations under such a contract.

Non-attributable expenses:
This will be all remaining expenses.

The Scheme considered the SAICA guidance in determining the classification of the expenses between attributable and non-attributable expenses.

1.22 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.
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

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

The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

The change in fair value of each fund is included in the statement of profit or loss and other comprehensive income in 'Net gains/ (losses) on financial assets'.

2. PROPERTY, PLANT AND EQUIPMENT

	Furniture R	Leasehold improvements R	Computer, office and medical equipment R	Motor vehicles R	Security and telephone system R	Total R
Year ended 31 December 2024						
Cost						
At the beginning of the year	8,542,764	10,504,684	69,558,987	1,048,823	6,650,920	**96,306,178**
Additions	217,225	644,253	6,551,838	154,000	139,583	**7,706,899**
Disposals	(567,526)	-	(618,954)	(128,053)	(436,810)	**(1,751,344)**
At the end of the year	**8,192,462**	**11,148,937**	**75,491,870**	**1,074,770**	**6,353,694**	**102,261,733**
Accumulated depreciation						
At the beginning of the year	6,825,867	9,337,922	37,617,371	946,086	5,596,589	**60,323,834**
Disposals	(567,376)	-	(591,582)	(128,052)	(434,982)	**(1,721,993)**
Depreciation charges	285,728	983,953	13,977,222	109,366	587,402	**15,943,670**
At the end of the year	**6,544,218**	**10,321,875**	**51,003,010**	**927,400**	**5,749,008**	**74,545,512**
Carrying amount at the end of the year	**1,648,244**	**827,062**	**24,488,860**	**147,370**	**604,685**	**27,716,221**

	Furniture R	Leasehold improvements R	Computer, office and medical equipment R	Motor vehicles R	Security and telephone system R	Total R
Year ended 31 December 2023						
Cost						
At the beginning of the year	8,547,221	12,027,428	71,219,698	1,031,823	6,379,784	**99,205,953**
Additions	94,568	204,984	12,542,760	17,000	452,469	**13,311,781**
Disposals	(99,024)	(1,727,729)	(14,203,470)		(181,333)	**(16,211,556)**
At the end of the year	**8,542,764**	**10,504,684**	**69,558,987**	**1,048,823**	**6,650,920**	**96,306,178**
Accumulated depreciation						
At the beginning of the year	6,550,009	10,247,618	39,270,905	855,819	5,100,413	**62,024,764**
Disposals	(91,840)	(1,727,720)	(14,018,929)		(164,659)	**(16,003,148)**
Depreciation charges	367,698	818,024	12,365,395	90,266	660,835	**14,302,218**
At the end of the year	**6,825,867**	**9,337,922**	**37,617,371**	**946,086**	**5,596,589**	**60,323,834**
Carrying amount at the end of the year	**1,716,897**	**1,166,762**	**31,941,616**	**102,737**	**1,054,331**	**35,982,344**

3. INTANGIBLE ASSETS

	2024 R	2023 R
Year ended 31 December 2024		
Cost		
At the beginning of the year	31,047,123	25,441,643
Additions	4,772,573	5,605,479
At the end of the year	35,819,696	31,047,123
Accumulated amortisation		
At the beginning of the year	(10,386,194)	(7,465,100)
Amortisation for the year	(3,444,169)	(2,921,094)
At the end of the year	(13,830,363)	(10,386,194)
Carrying value at the end of the year	**21,989,333**	**20,660,929**

The intangible asset consists of development costs incurred for the member administration IT system. The developments are immediately put into use by the Scheme.

4. FINANCIAL ASSETS

	2024 R	2023 R
(a) Financial assets at fair value through profit or loss represent investments in:		
Scheme:		
Listed bonds	257,044,715	296,551,948
Linked insurance policies	1,505,979,277	1,348,243,149
Collective investment schemes	1,479,789,830	1,197,421,383
Money market instruments	256,385,142	195,010,868
	3,499,198,964	**3,037,227,347**
Non-current	2,063,840,727	1,997,347,299
Current	1,435,358,236	1,039,880,047
	3,499,198,964	**3,037,227,346**
Personal medical savings investments:		
Money market instruments	411,709,385	377,316,992
Linked insurance policies	522,727,458	477,454,071
	934,436,843	**854,771,063**
Non-current*	-	-
Current*	934,436,843	854,771,063
	934,436,843	**854,771,063**

The personal medical savings accounts were invested on behalf of members in money market instruments and Linked insurance policies. The effective interest rate on the investments was 8.86% (2023: 7.53%).

* The carrying amount of the personal medical savings account trust investments approximates the fair values due to the short-term nature of the investments. The personal medical savings trust investments are presented as current assets on the face of the Statement of Financial Position due to the short -term liquidity of the instruments therein.

(b) Financial assets at fair value through other comprehensive income represent investments in:		
- Listed equities	507,939,804	531,409,726
- SA Listed properties	30,748,902	22,805,605
	538,688,705	**554,215,330**

Non-compliance with Section 35(8)(a), (c) and (d) of the Medical Schemes Act relates to the above investment balances.

A register of investments is available for inspection at the registered office of the Scheme. Refer to Note 27 for Financial Risk Management disclosures.

5. LEASES

Under IFRS 16, an asset (the right to use the leased item) and the liability to pay rentals, are recognised at the inception of the lease. The asset is disclosed separately and the liability to pay rentals is disclosed separately as lease liabilities. The Scheme has elected to apply an exemption on leases for which the underlying asset is of low value, being individual assets which are valued at less than R65 000. These are treated as operating leases and are accounted for as operating leases using the straight-line method in the statement of comprehensive income.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce the constant periodic rate of interest on the remaining balance of the liability for each period. The weighted average of the prime rate is used as the proxy for the incremental borrowing rate applied to the lease liabilities on 31 December 2024 was 7.2% (2023: 7.2%).

IMPACT ON STATEMENT OF FINANCIAL POSITION

The statement of financial position shows the following amounts relating to leases:

	2024 R	2023 R
The carrying amount of lease assets and new lease assets during the reporting period are presented in the table below:		
Lease assets*		
Carrying amount of Right-of-use assets:		
Opening Balance	27,633,373	45,028,588
Additions to the right-of use of assets[1]	2,370,063	1,470,729
Depreciation	(18,754,374)	(18,865,944)
Total	**11,249,062**	**27,633,373**

* Leased assets comprise of buildings.
[1] New leases entered into and lease modification during the financial year.

	2024 R	2023 R
Lease liabilities		
Opening Balance	33,761,595	52,107,445
Cash movements		
Principal element of lease payments	(22,065,938)	(19,816,580)
Non-cash movements		
New leases entered into and lease modifications during the year	2,370,063	1,470,729
Lease liability at the end of the year	**14,065,720**	**33,761,595**
Current	12,613,057	21,635,457
Non-current	1,452,663	12,126,137
Total	**14,065,720**	**33,761,595**

AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following amounts relating to leases:

	2024 R	2023 R
Depreciation charge of right-of-use assets:		
Buildings	18,754,374	18,865,944
Interest expense on lease liabilities	2,013,179	3,264,279
Expenses relating to short-term leases and low-value assets[1]	1,521,033	1,507,433
	22,288,587	**23,637,655**

[1]The Scheme leases computer equipment on a short-term basis and has elected to exempt these leases from IFRS 16.

The following table summarises the contractual maturity analysis for lease liabilities over the contractual period. The maturity analysis is presented on an undiscounted contractual cash flow basis.

	Within 1 year R	1 – 5 years R	Total R
31 December 2024			
Lease liability	13,111,247	1,565,819	14,677,066
31 December 2023			
Lease liability	23,489,989	12,470,566	35,960,554

6. TRADE AND OTHER RECEIVABLES

	2024 R	2023 R
Prepaid expenses and deposits	16,238,066	13,495,582
Accrued interest	13,126,503	11,330,879
Sundry accounts receivable	46,439	64,448
	29,411,008	**24,890,910**

Trade and other receivables represent financial assets held at amortised cost. The carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets. Estimated cash flow receipts have not been discounted as the effect would be immaterial.

7. CONTINGENT ASSET

Road Accident Fund

Claims for third party debtors (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. No claims were recovered in 2024 (2023: R1.3M) due to the termination of service provider contract.

8. CASH AND CASH EQUIVALENTS

	2024 R	2023 R
Scheme		
Call accounts	5,487,609	7,974,623
Current accounts	11,472,520	31,542,352
	16,960,129	**39,516,976**

The weighted average effective interest rate on short-term cash deposits was 6.86% (2023: 6.5%) and had an average maturity of 29.50 days (2023: 29.25 days). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

The total interest earned on the Schemes' call and current accounts was R3,350,184 (2023: R3,202,409), which is included in investment income in profit or loss. Refer to Note 15 for full disclosure on investment income.

	2024 R	2023 R
Personal medical savings account		
Current account	340,597,559	296,941,196
	340,597,559	**296,941,196**

The weighted average effective interest rate on the short-term cash was 7.78% (2023: 7.65%) and the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term nature of these assets.

The total interest earned on the personal medical savings current account was R26,124,985 (2023: R21,511,345), which is included in investment income in profit or loss. Refer to Note 15 for full disclosure on investment income.

9. REINSURANCE CONTRACTS ASSETS/(LIABILITIES)

Reconciliation of the remaining coverage and incurred claims
2024

Total - Reinsurance contracts held	LRC	LIC		Total
	Excluding loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	
	R	R	R	R
Opening reinsurance contract assets	-	(4,790,458)	(152,801)	(4,943,259)
Opening reinsurance contract liabilities	-	4,433,733	-	4,433,733
Reinsurance contract liabilities/(assets) as at 1 January	-	(356,726)	(152,801)	(509,526)
Net (income)/expenses from reinsurance contracts held				
Reinsurance expenses	100,805,766	-	-	100,805,766
Other incurred directly attributable expenses	-	-	-	-
Incurred claims recovery	-	(125,739,170)	(186,327)	(125,925,497)
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	2,834,595	152,801	2,987,396
Net (income)/expenses from reinsurance contracts held	100,805,766	(122,904,575)	(33,526)	(22,132,335)
Total amounts recognised in comprehensive income	100,805,766	(122,904,575)	(33,526)	(22,132,335)
Investment components	-	-	-	-
Other changes Transfer of Premium payables to LIC	(2,591,612)	2,591,612	-	-
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	(98,214,154)	(4,433,733)	-	(102,647,887)
Cash claims recovered through risk transfer arrangements	-	11,158,168	-	11,158,168
Total cash flows	(98,214,154)	6,724,436	-	(91,489,718)
Non-cash claims recovered through risk transfer arrangements	-	110,196,064	-	110,196,064
Reinsurance contract liabilities/(assets) as at 31 December	-	(3,749,189)	(186,327)	(3,935,516)
Closing reinsurance contract assets	-	(6,340,801)	(186,327)	(6,527,128)
Closing reinsurance contract liabilities	-	2,591,612	-	2,591,612

Reconciliation of the remaining coverage and incurred claims
2023

Total - Reinsurance contracts held	LRC	LIC		Total
	Excluding loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	
	R	R	R	R
Opening reinsurance contract assets	-	-	-	-
Opening reinsurance contract liabilities	-	5,840,689	(143,387)	5,697,302
Reinsurance contract liabilities/(assets) as at 1 January	-	5,840,689	(143,387)	5,697,302
Net (income)/expenses from reinsurance contracts held				
Reinsurance expenses	125,670,583	-	-	125,670,583
Other incurred directly attributable expenses	-	-	-	-
Incurred claims recovery	-	(120,204,767)	(152,801)	(120,357,567)
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	79,075	143,387	222,463
Net (income)/expenses from reinsurance contracts held	125,670,583	(120,125,691)	(9,414)	5,535,478
Total amounts recognised in comprehensive income	125,670,583	(120,125,691)	(9,414)	5,535,478
Investment components	-	-	-	-
Other changes Transfer of Premium payables to LIC	(4,433,733)	4,433,733	-	-
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	(121,236,850)	(9,996,300)	-	(131,233,150)
Total cash flows	(121,236,850)	(9,996,300)	-	(131,233,150)
Non-cash claims recovered through risk transfer arrangements	-	119,490,844	-	119,490,844
Reinsurance contract liabilities/(assets) as at 31 December	-	(356,726)	(152,801)	(509,526)
Closing reinsurance contract assets	-	(4,790,458)	(152,801)	(4,943,259)
Closing reinsurance contract liabilities	-	4,433,733	-	4,433,733

9. REINSURANCE CONTRACTS ASSETS/(LIABILITIES) (continued)

Details pertaining to reinsurance contracts:*

2024	Europ Assistance R	Netcare 911 R	Preferred Provider Negotiators R	Total R
Capitation fees paid	7,769,245	22,860,833	70,175,689	100,805,766
Recoveries received	(1,437,071)	(39,065,805)	(82,401,700)	(122,904,575)
Risk adjustment				(33,526)
Net expense/(income) from reinsurance contracts held	**6,332,174**	**(16,204,972)**	**(12,226,011)**	**(22,132,335)**

2023	Europ Assistance R	ER24 R	Preferred Provider Negotiators R	Total R
Capitation fees paid	8,015,112	45,102,614	72,552,857	125,670,583
Recoveries received	(692,655)	(49,496,828)	(69,936,207)	(120,125,691)
Risk adjustment				(9,414)
Net (income)/expense from reinsurance contracts held	**7,322,457**	**(4,394,215)**	**2,616,650**	**5,535,478**

* The Reinsurance Contract Note has been represented to include detail information on each reinsurance arrangement contracted, and the value provided by these contracts (by virtue of the disclosure of the capitation fees paid and the estimated recoveries per individual contract) as per circular 6 of 2025 as issued by the Council for Medical Schemes.

A reinsurance contract is an insurance contract issued by one insurer (the reinsurer) to compensate another insurer (the cadent) for losses on one or more contracts issued by the cadent. IFRS 17 clarifies that significant insurance risk is transferred under a reinsurance contract even when the entity is not exposed to the possibility of a significant loss as a result of the contract.

The cost the Medical Scheme would have incurred to deliver the specified benefits had it not entered into the capitation agreement, primarily represents the Scheme's exposure to its members, as the capitation agreement cannot absolve the Medical Scheme from its responsibility towards its members. The Scheme would have incurred this "cost" (had it not entered into the capitation agreement) to deliver the specified benefits and as such it represents the Scheme's recovery in kind from the managed healthcare provider. This recovery in kind, of cost incurred, is disclosed as reinsurance income from reinsurance contracts held.

The Scheme has assessed its risk transfer arrangements and noted that they meet the IFRS 17 definition of reinsurance contracts held. The above reinsurance contracts held are assessed relative to IFRS 17 requirements on an annual basis. On the basis that the unexpired risk (and hence incurred claims asset) in respect of the reinsurance contract is limited as at each financial year end, the Scheme have decided to apply the same factor in calculating the risk adjustment as was calibrated for the claims reserve not covered by reinsurance contracts.

The Scheme entered into the above reinsurance contracts whereby the parties agreed that the above service providers will render services to beneficiaries on certain options of the Scheme. A fixed fee was paid monthly to ER24, Netcare 911, Europ Assistance,and the Preferred Provider Negotiators per beneficiary to provide emergency transport, international emergency transport and optical services respectively.

The methodologies used to determine the claims covered by these arrangements are set out below:

ER24

The cost that the Scheme would have incurred for ambulance services are disclosed by ER24. Detailed records are kept of all services to every member of a medical scheme with a contracted capitation agreement. The fixed cost per member per month paid to ER24 includes administration costs, which consist of marketing cost, the pre-authorisation system and administration fees. The contract was terminated on 31 December 2023.

Netcare 911

The cost that the Scheme would have incurred for ambulance services are disclosed by Netcare 911. Detailed records are kept of all services to every member of a medical scheme with a contracted capitation agreement. The fixed cost per member per month paid to Netcare 911 includes administration costs, which consist of marketing cost, the pre-authorisation system and administration fees.

Europ Assistance

The Scheme took out insurance for International Travel at a rate of R5.40 (2023: R5.90) per member with Europ Assistance.

Preferred Provider Negotiators

Preferred Provider Negotiators are to provide Optometric Services by the participating providers to Bestmed members, which include consultations, frames, lenses and contact lenses. Claims incurred and recoveries received were calculated based on utilisation figures obtained from Preferred Provider Negotiators.

10. RETIREMENT BENEFIT OBLIGATIONS

Pension Fund

All the employees of the Scheme contribute towards a defined contribution fund. A defined contribution fund is a pension fund under which the Scheme and employees pay fixed percentage contributions into a separate entity. The Scheme has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-retirement medical obligation

The Scheme did make provision for contributions towards medical benefits after normal retirement. Provision is made for the estimated benefits of the existing 13 (2023:14) pensioners as this liability is unfunded. There is no plan asset for this obligation. The total present value of the liability based on a projected-unit-credit basis as at 31 December 2024 is R7,614,915 (2023: R7,781,824).

		2024	2023
The independent actuarial assumptions and valuation at year-end were:			
Number of pensioner members		13	14
Future long-term medical inflation		7.2% p.a	7.6% p.a.
Expected yield on assets		10.4%	10.1%
Mortality assumptions			
Post-retirement Male	Rated down by 1 year	PA 90	PA 90
Post-retirement Female	Rated down by 2 years	PA 90	PA 90
Life expectancy - present age 62			
Male		12.51	13.27
Female		15.36	16.29

Other assumptions

No significant changes would occur in the structure of the medical arrangements. Current contribution scales for members have been used as a basis for the calculations and was assumed that the scales will remain unchanged, with the exception of annual adjustments for medical inflation.

10. RETIREMENT BENEFIT OBLIGATIONS

Contribution tables

The monthly medical scheme contributions for 2025 used in the valuation of the contributions liability are as follows:

	Income Band	Principal Member R	Adult Dependant R	Child Dependant R
Beat2 Network	All	2,581	2,006	1,086
Beat2	All	2,869	2,228	1,208
Beat3	All	4,199	2,995	1,482
Pace1	All	5,706	4,008	1,440
Pace2	All	8,132	7,974	1,793

	2024 R	2023 R
The reconciliation of the value recognised in the statement of financial position is:		
Liability at 1 January	7,781,824	7,852,102
Actual Disbursements	(757,534)	(735,434)
Interest cost	747,670	823,282
Actuarial gain	(157,046)	(158,127)
Liability at year-end in the statement of financial position	7,614,915	7,781,824

Actual Disbursements

Actual Disbursements are the amounts paid with respect to the monthly subsidies of pensioners' medical scheme contributions.

Interest cost

The interest cost is the assumed investment return on the unfunded liability. A rate of 10.1% per annum was used for the year ended 31 December 2024 (2023: 10.3%).

Actuarial gain

The liabilities are based on projections of future experience. Any difference between the actual experience since the date of previous valuation and that assumed in the previous projections will emerge as actuarial gains or losses. In addition, any changes to the assumptions will manifest as an actuarial gain or loss.

An actuarial gain of R157,046 (2023: gain of R158,127) is reported over the past year in the statement of comprehensive income. This gain is due to the following factors:

	2024 R	2023 R
* Demographic experience (including option changes) and that assumed in the previous valuation gave rise to an actuarial (gain)/loss.	(119,838)	20,293
* Changes made to assumptions, the increase in the discount rate from 10.1% to 10.4% (2023: 11.0% to 10.0%) and a decrease in the medical cost inflation assumption from 7.6% to 7.2% (2023: 8.4% to 7.6%).	(364,329)	69,589
* Actual contribution increases on 1 January 2025 averaged 12.75% as opposed to the assumption of 8.4% used (2023: 9.7% vs 8.4%).	327,923	(258,590)
*Lower than expected disbursements paid during the year.	(802)	10,582
	(157,046)	(158,127)

Sensitivity analysis

The following table illustrates the impact of a 1% and 0.5% increase and decrease in the assumed future rate of medical inflation:

2024	Base	Inflation plus 1%	Inflation plus 0.5%	Inflation minus 1%	Inflation minus 0.5%
	R	R	R	R	R
Liability at 1 January 2024	7,781,824	7,781,824	7,781,824	7,781,824	7,781,824
Disbursements	(757,534)	(757,534)	(757,534)	(757,534)	(757,534)
Interest cost	747,670	747,670	747,670	747,670	747,670
Actuarial loss/(gain)	(157,046)	362,987	(397,653)	(626,375)	96,222
Liability as at 31 December 2024	7,614,915	8,134,947	7,374,308	7,145,586	7,868,183

2025	Base	Inflation plus 1%	Inflation plus 0.5%	Inflation minus 1%	Inflation minus 0.5%
	R	R	R	R	R
Liability at 1 January 2025	7,614,915	8,134,947	7,374,308	7,145,586	7,868,183
Disbursements	(787,849)	(787,849)	(787,849)	(787,849)	(787,849)
Interest cost	750,983	805,066	725,960	702,173	777,323
Liability as at 31 December 2025	7,578,049	8,152,165	7,312,419	7,059,910	7,857,657

For the purposes of this disclosure, all other assumptions shall be held constant. For plans operating in a high inflation environment, the disclosure shall be the effect of a percentage increase or decrease in the assumed medical cost trend rate of a significance similar to one percentage point in a low inflation environment.

11. INSURANCE CONTRACTS LIABILITIES

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

(a) Liability attributable to current members; and

(b) Liability attributable to future members.

	2024 R	2023 R
Insurance contract liabilities - Liability attributable to current members	1,747,383,021	1,382,105,766
Insurance contract liabilities - Liability attributable to future members - Current	63,435,925	170,293,692
Insurance contract liabilities - Liability attributable to future members - Non current	3,556,132,204	3,243,176,180
Insurance contract liabilities at the end of the year	**5,366,951,150**	**4,795,575,637**

(a) Liability attributable to current members

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

2024

Total - Insurance contracts issued	LRC	LIC		Total
	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
	R	R	R	R
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	27 789,381	1 345,232,166	9,084,218	1,382 105,766
Scheme		165,745,656		
Investment components		1,179,486,511		
Insurance contract liabilities/(Insurance contract assets) as at 1 January 2023	**27,789,381**	**1,345,232,166**	**9,084,218**	**1,382,105,766**
Insurance revenue				
New contracts and contracts measured under the full retrospective approach at transition	(7,244,488,100)	-	-	(7,244,488,100)
Total insurance revenue	**(7,244,488,100)**	**-**	**-**	**(7,244,488,100)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	7 023,127,640	9,912,533	7,033,040,173
Changes that relate to past service - adjustments to the LIC	-	29,681,605	(9,084,218)	20,597,387
Losses on onerous contracts and reversals of those losses	-	-	-	-
Insurance acquisition cash flows	-	156,001,666	-	156,001,666
Total insurance service expenses	**-**	**7,208,810,911**	**828,315**	**7,209,639,226**
Insurance service result	**(7,244,488,100)**	**7,208,810,911**	**828,315**	**(34,848,873)**
Finance income/(expenses) from insurance contracts issued	-	105,466 847	-	105,466,847
Effect of movements in exchange rates	-	-	-	-
Investment return	-	-	-	-
Other operating expenses	-	-	-	-
Total amounts recognised in comprehensive income	**(7,095,518,440)**	**7,165,308,099**	**828,315**	**70,617,974**
Investment components	(1,286,460,169)	1,286,460,169	-	-
Other changes Transfer of contributions receivable to LIC	148,969 660	(148 969,660)	-	-
Cash flows				
Premiums received	7,117,455,682	129 629,009	-	7 247,084,691
Scheme	7,244,488,100			
Outstanding contributions	(147,561,437)			
Personal medical savings account advances	(1,408 223)			
Contributions received in advance prior year	(27 789,381)			
Contributions received in advance current year	49,726,623			
Claims and other directly attributable expenses paid	-	(6,890,189,668)	-	(6,890,189,668)
Claims paid	-	*(6,527,460,088)*	-	*(6,527,460,088)*
Relevant insurance expenses		*(6,737,842,462)*		
Reported not yet paid		*(20,861,975)*		
Increase in liability for incurred claims		*100,912,184*		
Insurance contracts - Other payables and accrued expenses		*121,566,305*		
Unclaimed payments		*8,765,861*		
Directly attributable expenses paid	-	*(206,727,914)*		*(206,727,914)*
Other directly attributable maintenance expenses		*(192,720,492)*		
Changes in the expected non-recoverability of healthcare receivables in SOCI		*(11,294,672)*		
Less Expected non-recoverability		*(2,932,917)*		
Insurance contracts - Trade creditors payable		*244,505*		
Unclaimed credits write off		*(24,337)*		
Insurance acquisition cash flows paid	-	*(156,001,666)*	-	*(156,001,666)*
Cash Payments to reinsurers		*(91,489,718)*	-	*(91,489,718)*
Investment components received/(paid)	1,286,460,169	(1,257,206,193)	-	29,253,977
Personal medical savings claims paid on behalf of members		(1,221,598,395)		
Transfers to other schemes		(3 515 019)		
Refunds on death or resignations		(40,923,779)		
Advances on personal medical savings accounts written off or in debt recovery process		11 145,609		
Advances on personal medical savings accounts		(2,314 609)		
Total cash flows	**7,117,455,682**	**(8,109,256,570)**	**-**	**294,659,281**
Insurance contract liabilities/(Insurance contract assets) as at 31 December 2024	**(1,236,733,546)**	**1,687,743,864**	**9,912,533**	**460,922,851**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	49,726,623	1,687,743,864	9 912 533	1 747,383 021
Scheme		373,536,530		
Investment components		1 314,207,335		
Insurance contract liabilities/(Insurance contract assets) as at 31 December 2024	**49,726,623**	**1,687,743,864**	**9,912,533**	**1,747,383,021**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	49,726 623	1,687,743,864	9,912,533	1 747,383 021
Scheme		373,536,530		
Investment components		1,314,207,335		

11. INSURANCE CONTRACTS LIABILITIES

(a) Liability attributable to current members (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims closing balances consist of:*

	2024 R
Insurance contract payables	
Contributions received in advance	49,726,623
Unclaimed payments	30,423,894
Reported claims not yet paid	4,840,402
Other payables and accrued expenses	144,820,667
Trade creditors payable	5,018,168
	234,829,753
Liability for incurred claims	
Incurred but not yet reported	342,840,801
Risk adjustment	10,098,860
Investment components - Personal medical savings accounts	1,314,207,335
	1,667,146,996
Insurance contract receivables	
Contributions outstanding	147,561,437
Recoveries from providers	2,799,552
Recoveries from members	13,394,003
Personal medical savings account advances	1,408,223
Sundry accounts receivable	656,938
	165,820,153
Less: Provision for impairment	(11,226,424)
Total receivables arising from insurance contracts	154,593,729
Net closing balance - 31 December 2024	**1,747,383,021**

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

2023

Total - Insurance contracts issued	LRC	LIC		Total
	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
	R	R	R	R
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	39,881,180	1,223,913,619	8,458,385	1,272,253,184
Insurance contract liabilities/(insurance contract assets) as at 1 January 2023	39,881,180	1,223,913,619	8,458,385	1,272,253,184
Insurance revenue				
New contracts and contracts measured under the full retrospective approach at transition	(6,481,967,730)	-	-	(6,481,967,730)
Total insurance revenue	(6,481,967,730)	-	-	(6,481,967,730)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	6,286,617,194	9,084,218	6,295,701,412
Changes that relate to past service - adjustments to the LIC	-	(7,741,285)	(8,458,385)	(16,199,670)
Losses on onerous contracts and reversals of those losses	-	-	-	-
Insurance acquisition cash flows	-	238,771,322	-	238,771,322
Total insurance service expenses	-	6,517,647,230	625,833	6,518,273,063
Insurance service result	(6,481,967,730)	6,517,647,230	625,833	36,305,333
Finance (income)/expenses from insurance contracts issued	-	91,761,734	-	91,761,734
Effect of movements in exchange rates	-	-	-	-
Investment return	-	-	-	-
Other operating expenses	-	-	-	-
Total amounts recognised in comprehensive income	(6,352,338,721)	6,479,779,955	625,833	128,067,067
Investment components	(1,146,563,779)	1,146,563,779	-	-
Other changes: Transfer of contributions receivable to LIC	129,629,009	(129,629,009)	-	-
Cash flows*	-	-	-	-
Premiums received	6,340,246,923	109,889,140	-	6,450,136,063
Scheme	6,481,967,730			
Outstanding contributions	(125,906,177)			
Personal medical savings account advances	(3,722,832)			
Contributions received in advance prior year	(39,881,179)			
Contributions received in advance current year	27,789,381			
Investment components				
Claims and other directly attributable expenses paid	-	(6,351,179,240)	-	(6,351,179,240)
Claims paid	-	*(6,022,163,704)*		*(6,022,163,704)*
Relevant insurance expenses		*(6,069,791,246)*		
Reported not yet paid		*7,886,929*		
Increase in liability for incurred claims		*26,144,811*		
Insurance contracts - Other payables and accrued expenses		*10,225,056*		
Unclaimed payments		*3,370,747*		
Directly attributable expenses paid	-	*(185,883,758)*	-	*(185,883,758)*
*Other directly attributable maintenance expenses**		*(180,417,460)*		
Changes in the expected non-recoverability of healthcare receivables in SOCI		*(4,806,888)*		
Less: Expected non-recoverability		*(2,712,327)*		
Insurance contracts - Trade creditors payable		*1,019,223*		
Unclaimed credits write off		*1,033,693*		
Insurance acquisition cash flows paid*	-	*(143,131,777)*	-	*(143,131,777)*
Cash Payments to reinsurers		*(131,233,150)*	-	*(131,233,150)*
Investment components received/(paid)	1,146,563,779	*(1,131,964,168)*	-	*14,599,611*
Personal medical savings claims paid on behalf of members		(1,098,962,699)		
Transfers to other schemes		(2,987,448)		
Refunds on death or resignations		(40,127,907)		
Advances on personal medical savings accounts written off or in debt recovery process		9,727,191		
Advances on personal medical savings accounts		386,695		
Insurance contract liabilities/(insurance contract assets) as at 31 December 2023	27,940,455	1,345,081,093	9,084,218	1,382,105,766
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	27,789,381	1,345,232,166	9,084,218	1,382,105,766
Scheme		165,745,656		
Investment components		1,179,486,511		

11. INSURANCE CONTRACTS LIABILITIES

(a) Liability attributable to current members (continued)

* Following Circular 6 of 2025 issued by the Council for Medical Schemes, which addressed general concerns around 2023 Annual Financial Statements, the Scheme has corrected classification errors identified in the prior year Cash Flow presentation.
To ensure proper reconciliation between the cash flow amounts in Note 11 (LFRC and LIC) and the Statement of Cash Flows, the following corrections have been made to Note 11:

Detailed disclosure has been provided in the reconciliation of the cash flows for items that are included in the premiums received, claims and other directly attributable expenses paid and the investment components received and paid. Therefore, the prior year comparatives were restated for consistency. This resulted in the following changes in the 2023 financial information:

- Premiums received was previously disclosed as R7,596,699,842. The change was implemented in order for the separate disclosure of the investment components received at an amount of R1,146,563,779;
- Claims paid were previously disclosed as R6,153,922,292. The change occurred as cash payments to reinsurers of R131,233,150 are now disclosed separately and not included as part of the claims paid;
- Directly attributable expenses were previously disclosed as R89,718,778 (please refer to Note 13 on the reclassification of expenses between maintenance expenses and insurance acquisition cash flows); and
- Insurance acquisition cash flows paid were previously disclosed as R238,922,395 (please refer to Note 13 on the reclassification of expenses between maintenance expenses and insurance acquisition cash flows).

^ Claims management and Information Technology management expenses of R95.6 million have been reclassified from "Other directly attributable acquisition cash flows" to "Other directly attributable maintenance expenses" to align with the Scheme's accounting policy (Note 1.21). This correction ensures expenses are classified according to their nature and function within the Scheme's operations.

Reconciliation of the liability for remaining coverage and the liability for incurred claims closing balances consist of:*

	2023 R
Insurance contract payables	
Contributions received in advance	27,789,381
Unclaimed payments	21,658,034
Reported claims not yet paid	25,702,377
Other payables and accrued expenses	10,397,138
Trade creditors payable	4,773,662
	90,320,591
Liability for incurred claims	
Incurred but not yet reported	242,790,458
Risk adjustment	9,237,019
Investment components - Personal medical savings accounts	1,179,486,511
	1,431,513,988
Insurance contract receivables	
Contributions outstanding	125,906,177
Recoveries from providers	1,855,207
Recoveries from members	20,242,525
Personal medical savings account advances	3,722,832
Sundry accounts receivable	2,161,414
	153,888,155
Less: Provision for impairment	(14,159,341)
Total receivables arising from insurance contracts	139,728,814
Net closing balance - 31 December 2023	**1,382,105,766**

* The reconciliation has been disclosed to provide details on the balances that represent the liability, as required by Circular 6 of 2025, issued by the Council for Medical Schemes.

	2024 R	2023 R
Investment components - Personal medical savings accounts		
Monies managed by the Scheme on behalf of its members		
Balance on personal medical savings account liability at the beginning of the year	1,179,486,511	1,073,125,166
Less		
Advances on personal medical savings accounts	(3,722,832)	(3,336,137)
Balance on personal medical savings account liability at the beginning of the year	1,175,763,679	1,069,789,030
Add		
Personal medical savings account contributions received or receivable (Note 11)	1,283,535,324	1,142,632,452
Personal medical savings account balances received from other Schemes	2,924,845	3,931,327
Interest on personal medical savings account trust funds invested paid to members (Note 15)	106,383,201	92,604,158
Advances on personal medical savings accounts written off or in debt recovery process	11,145,609	9,727,191
Less		
Personal medical savings claims paid on behalf of members	(1,221,598,395)	(1,098,962,699)
Transfers to other schemes	(3,515,019)	(2,987,448)
Refunds on death or resignations	(40,923,779)	(40,127,907)
Personal medical savings payable to the Guardians Fund	-	-
Bank charges and management fees (Note 19)	(916,354)	(842,424)
Contributions relief payment from savings	-	-
Add		
Advances on personal medical savings accounts	1,408,223	3,722,832
Balances due to members on personal medical savings accounts held in trust at the end of the year	**1,314,207,335**	**1,179,486,511**

The Personal Medical Savings Accounts ("PMSA") have been identified as a investment component, however these are non-distinct and as such do not require separation from the main insurance contract. PMSA are measured under IFRS 17. Refer to Note 1.2 for detailed disclosures and significant judgements made in transition to IFRS 17.

In accordance with the Rules of the Scheme, the personal medical savings accounts are underwritten by the Scheme.

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

The carrying amount of the personal medical savings account trust investments approximates their fair values due to the short-term nature of the investments. Interest earned on all personal medical savings account funds invested as cash and cash equivalents and financial assets investments are allocated to members' personal medical saving account balances, and are not recognised as income for the Scheme.

The Scheme does not charge interest on debit personal medical savings plan balances and advances on personal medical savings accounts are funded by the Scheme and are included and disclosed in insurance contracts.

The difference between the personal medical savings account trust liability and the personal savings trust account assets (Note 4 and 11), is attributable to the timing of the collection of savings contributions versus the transfer of funds from the Scheme's bank account to the Personal medical savings account.

11. INSURANCE CONTRACTS LIABILITIES (continued)

	2024 R	2023 R
(b) Insurance contract liabilities – Liability attributable to future members		
Opening balance	3,413,469,872	3,358,763,359.54
Movement in insurance liability attributable for future members	206,098,258	54,706,512
Amounts attributable to future members	164,392,677	38,737,548
Unrealised (losses)/gains on equity instruments designated at FVTOCI	30,651,314	(11,454,069)
Cumulative gains/(losses) on equity instruments designated at FVOCI transferred to insurance liability attributable to future members upon disposal	11,054,266	27,423,034
Closing balance	**3,619,568,129**	**3,413,469,872**
Current	63,435,925	170,293,692
Non-current	3,556,132,204	3,243,176,180
Total	**3,619,568,129**	**3,413,469,872**

The current portion of the insurance liability for future members represents the Schemes' budgeted net underwriting deficit for the next financial period as submitted to Council for Medical Schemes.

12. TRADE AND OTHER PAYABLES

	2024 R	2023 R
Financial liabilities		
Other payables and accrued expenses	19,984,704	36,344,509
Trade creditors payable	330,217	6,370,395
	20,314,920	42,714,904
Provisions		
Leave provision at the beginning of the year	12,515,033	12,179,374
Movement for the year	2,721,604	335,659
Leave provision at the end of the year	15,236,638	12,515,033
Total trade and other payables	**35,551,558**	**55,229,937**

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

13. INSURANCE REVENUE AND SERVICE EXPENSES

	2024 R	2023 R
Insurance revenue	**7,244,488,100**	**6,481,967,730**
Insurance service expenses	**(7,209,639,226)**	**(6,518,282,477)** *
Net claims incurred	(6,849,622,396)	(6,189,926,351)
Risk claims incurred	(6,660,143,312)	(6,047,630,018)
Third party claims recoveries	700,491	1,313,472
Accredited managed healthcare services^^	(169,582,188)	(159,809,476)
Hospital benefit management services	(51,685,437)	(46,317,179)
Pharmacy benefit management services	(86,276,884)	(80,831,496)
Managed care network management services & risk management	(13,900,171)	(12,678,153)
Active disease risk management	(17,719,695)	(19,982,647)
Changes that relate to past service - adjustments to the LIC	(20,597,387)	16,199,670
Insurance acquisition cash flow	(156,001,666)	(143,131,777)
Attributable maintenance expenses	(204,015,164)	(185,224,348)
Reinsurance Insurance Service Result	**22,132,335**	**(5,535,478)**
Reinsurance expenses – contracts measured under the PAA	(100,805,766)	(125,670,583)
Reinsurance income - contracts measured under the PAA	122,938,101	120,135,105
Recovered claims	125,925,497	120,357,567
Changes that relate to past service - adjustments to the LIC	(2,987,396)	(222,463)
Total insurance service result	**56,981,209**	**(41,850,225)**

* Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expenses.
"Amounts attributable to future members" are now presented as a separate line item in the Statement of Comprehensive Income before "Total comprehensive income for the year", rather than being included within insurance service expenses.
This change enhances transparency in medical scheme reporting as required by the CMS regulations.
The prior year comparative figures have been restated for consistency.
- Amounts attributable to future members total R164,392,677 (2023: R38,737,548);
- Total insurance service expenses, which under IFRS 17 would include amounts attributable to future members, amount to R7,374,031,904 (2023: R6,557,020,024); and
- Total insurance service result, which under IFRS 17 would include amounts attributable to future members, would result in a loss of R107,411,468 (2023: R80,587,772).

^^ Separate disclosure was provided of the accredited services provided under The Accredited Managed Healthcare Services line as required by Circular 56 of 2015. This was further requested as per circular 6 of 2025 as issued by the Council for Medical Schemes.

(a) Insurance revenue		
Gross insurance revenue from contracts measured under the PAA	8,528,023,424	7,624,600,182
Less: Investment component - Personal medical savings account contributions (Note 11)	(1,283,535,324)	(1,142,632,452)
	7,244,488,100	**6,481,967,730**

The personal medical savings account contributions are received by the Scheme in terms of Regulation 10(1) and the Scheme's Registered Rules and it is held in a trust on behalf of the members of the Scheme.

13. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

	Note	2024 R	2023 R
(b) Insurance acquisition cash flow^			
Brokers' fees		124,504,665	113,747,147
Other directly attributable acquisition cashflows:	14	31,497,002	29,384,631
Employee benefits expenses		30,432,932	28,454,971
Other directly attributable acquisition expenses		1,064,070	929,659
		156,001,666	**143,131,777**
(c) Attributable maintenance expenses^			
Employee benefits expenses		90,513,980	86,987,861
Other directly attributable maintenance expenses		102,206,512	93,429,599
	14	192,720,492	180,417,460
Changes in the expected non-recoverability of healthcare receivables		11,294,672	4,806,888
		204,015,164	**185,224,348**

Other directly attributable acquisition cashflows comprise of direct sales and member record management. Attributable maintenance expenses comprise of broker relation, information technology costs, claims, client service management and accredited wellness expenses.

^ Claims management and Information Technology management expenses of R95.6 million have been reclassified from "Other directly attributable acquisition cash flows" to "Other directly attributable maintenance expenses" to align with the Scheme's accounting policy (Note 1.21). This correction ensures expenses are classified according to their nature and function within the Scheme's operations.

14. ADMINISTRATION EXPENSES

	Notes	2024 R		2023 R	
		Directly attributable acquisition and maintenance expenses	Not directly attributable expenses	Directly attributable acquisition and maintenance expenses	Not directly attributable expenses
Managed care management services		8,524,419	-	7,756,817	-
Wellness and preventative care		4,733,808	-	5,100,807	-
Maternity programme		3,790,611	-	2,656,010	-
Actuarial fees		2,764,681	-	2,610,663	-
Audit fees		-	3,113,947	-	3,166,103
External audit services for previous year's audit		-	1,991,686	-	1,990,318
External audit services for current year audit		-	1,122,261	-	1,175,785
Bank charges		-	8,044,266	-	7,638,073
Consultation fees		232,551	6,597,929	221,635	10,394,307
Investigation Fees		-	7,106,389	-	-
Debt collection fees		-	570,228	-	621,302
Amortization	3	-	3,444,170	-	2,921,094
Depreciation	2	-	34,698,044	-	33,168,163
Employee benefit expenses		120,946,912	93,684,407	115,442,832	80,840,201
Employee recruitment, training and development		-	5,842,735	-	4,602,095
Insurance premiums		-	1,710,833	-	1,467,388
Information Technology		52,703,945	-	49,553,491	-
IT maintenance		3,194,872	-	6,871,769	-
License fees		27,443,870	-	18,014,012	-
Legal fees		-	820,111	-	879,562
Marketing and advertising expenses		379,073	35,109,761	1,608,173	25,974,161
Rent paid		-	1,728,131	-	1,507,433
Building expenses		1,060,349	3,706,263	1,018,842	3,508,920
Other expenses		1,069,698	5,077,593	1,008,909	3,353,132
Principal Officers' fees		-	7,837,787	-	7,271,802
Printing and stationery expenses		352,384	2,241,258	325,852	2,702,334
Registrar's levies and other fees		-	5,675,779	-	5,169,565
Telephone and postage fees		2,287,575	2,610,989	1,873,240	5,572,634
Total trustee remuneration and travel and accommodation expenses		-	4,106,007	-	3,016,926
Trustees vetting expenses		-	1,941,129	-	-
Travel, accommodation and conferences		3,257,166	371,226	3,495,857	524,523
		224,217,494	**236,038,984**	**209,802,091**	**204,299,718**

15. INVESTMENT INCOME

	2024 R	2023 R
Scheme:		
Financial assets at fair value through profit or loss:		
- Interest income	145,904,304	145,252,480
Income from financial assets at fair value through other comprehensive income:		
- Dividend income	29,120,424	24,375,087
Cash and cash equivalents - interest income	3,350,184	3,202,409
Net realised (losses)/gains on financial assets at fair value through profit or loss(a)	19,296,692	(1,042,342)
Net unrealised gains on financial assets at fair value through profit or loss(b)	153,834,252	121,932,998
	351,505,856	**293,720,633**
Personal medical savings account trust monies invested		
Financial assets at fair value through profit or loss:		
- Interest income	80,258,216	71,092,814
Cash and cash equivalents - interest income	26,124,985	21,511,345
	106,383,201	**92,604,158**

15. INVESTMENT INCOME (continued)

	2024 R	2023 R
(a) Net realised (losses)/gains on financial assets at fair value through profit or loss		
- Listed bonds	(3,005,802)	(3,365,787)
- Linked insurance policies	10,812,603	-
- Collective investment schemes	11,489,891	2,323,445
	19,296,692	**(1,042,342)**
(b) Net unrealised gains on financial assets at fair value through profit or loss		
- Listed bonds	3,161,073	8,956,165
- Linked insurance policies	146,923,526	105,172,629
- Collective investment schemes	3,749,653	7,804,204
	153,834,252	**121,932,998**
(c) Income from financial assets at fair value through other comprehensive income:		
- Unrealised gains (losses) on equity instruments designated at FVOCI	30,651,314	(11,454,069)
- Cumulative gains upon disposal of equity instruments designated at FVOCI	11,054,266	27,423,034

16. SUNDRY INCOME

Unclaimed credits written off	(24,337)	1,033,693
Net profit on disposal of fixed assets	175,991	181,688
	151,654	**1,215,381**

17. FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED - PMSA

Net finance expenses from insurance contracts issued - PMSA	79,341,862	70,250,389
Cash and cash equivalents - interest income	26,124,985	21,511,345
	105,466,847	**91,761,734**

18. INTEREST EXPENSE

Finance costs - lease liability	5	2,013,179	3,264,279
		2,013,179	**3,264,279**

19. ASSET MANAGEMENT FEES

Scheme		
Expenses for asset management services rendered	6,193,878	6,784,245
	6,193,878	**6,784,245**
Personal medical savings account trust monies invested		
Expenses for asset management services rendered	916,354	842,424
	916,354	**842,424**

20. EMPLOYEE BENEFIT EXPENSES

As at 31 DECEMBER 2024	Directly attributable acquisition and maintenance expenses R	Non-attributable expenses R	Total R
Salaries and Bonuses	95,964,027	75,889,156	171,853,183
Retirement benefits	12,454,394	9,080,587	21,534,981
Medical and other benefits	12,528,491	7,402,415	19,930,906
Increase in leave pay accrual	-	8,559,411	8,559,411
Retirement benefit obligations	-	590,625	590,625
	120,946,912	101,522,193	222,469,105
Less: Principal Officer's compensation and benefits		(7,837,787)	(7,837,787)
- Salary	-	(3,908,438)	(3,908,438)
- Bonuses paid and provided for	-	(2,993,901)	(2,993,901)
- Retirement benefits	-	(702,214)	(702,214)
- Medical and other benefits	-	(233,233)	(233,233)
Total	**120,946,912**	**93,684,407**	**214,631,318**

As at 31 DECEMBER 2023	Directly attributable acquisition and maintenance expenses R	Non-attributable expenses R	Total R
Salaries and Bonuses	91,447,187	65,750,530	157,197,717
Retirement benefits	12,281,379	8,423,184	20,704,563
Medical and other benefits	11,714,266	6,773,160	18,487,426
Increase in leave pay accrual	-	6,499,974	6,499,974
Retirement benefit obligations	-	665,156	665,156
	115,442,832	88,112,003	203,554,836
Less: Principal Officer's compensation and benefits		(7,271,802)	(7,271,802)
- Salary	-	(3,793,377)	(3,793,377)
- Bonuses paid and provided for	-	(2,694,192)	(2,694,192)
- Retirement benefits	-	(574,788)	(574,788)
- Medical and other benefits	-	(209,446)	(209,446)
Total	**115,442,832**	**80,840,201**	**196,283,033**

21. CASH FLOWS FROM OPERATING ACTIVITIES*	Note	2024 R	Restated* 2023 R
Insurance revenue	13	7,244,488,100	6,481,967,730
Increase in insurance receivables		(19,340,651)	(19,739,869)
Increase/(decrease) in liability for remaining coverage		21,937,242	(12,091,798)
Cash Receipts from members - Insurance revenue		7,247,084,691	6,450,136,063
Decrease/(increase) in insurance receivables - Other		5,904,177	(1,800,366)
Decrease in other loans and receivables		1,504,476	(996,369)
Increase/decrease in trade and other receivables	6	(4,520,099)	377,194
Cash Receipts from members and providers - Trade and other receivables		2,888,555	(2,419,541)
Reinsurance contracts expenditure		(100,805,766)	(125,670,583)
Reinsurance contracts receipts		11,158,168	-
(Increase) in recovery under reinsurance contracts		(1,583,869)	(644,262)
Decrease in reinsurance contracts liabilities		(1,842,121)	(5,562,567)
Cash Payments to reinsurers		(93,073,587)	(131,877,412)
Investment components - received	11	1,286,460,169	1,146,563,779
Investment components - paid	11	(1,257,206,193)	(1,131,964,168)
Net receipts		29,253,977	14,599,611
Cash and cash equivalents - interest income	17	26,124,985	21,511,345
Increase in personal savings account liabilities**		55,378,962	36,110,955
Increase in insurance contract liabilities		210,626,880	48,646,765
Unclaimed payments		8,765,861	3,370,747
Reported not yet paid		(20,861,975)	7,886,929
Insurance contracts - Other payables and accrued expenses		121,566,305	10,225,056
Insurance contracts - Trade creditors payable		244,505	1,019,223
Increase in liability for incurred claims		100,912,184	26,144,811
Unclaimed credits write off	16	(24,337)	1,033,693
Insurance service expenses		(7,100,792,210)	(6,400,859,698)
Relevant insurance expenses		(6,737,842,462)	(6,069,791,246)
Insurance acquisition cash flow		(156,001,666)	(143,131,777)
Other directly attributable maintenance expenses		(192,720,492)	(180,417,460)
Changes in the expected non-recoverability of healthcare receivables in SOCI		(11,294,672)	(4,806,888)
Less: Expected non-recoverability		(2,932,917)	(2,712,327)
Cash paid for claims and acquisition cost		(6,890,189,668)	(6,351,179,240)
Expenses incurred for providers and employees - non-attributable expenses		(242,232,862)	(211,083,963)
Eliminate non cash items:			
Depreciation		34,698,044	33,168,163
Amortisation of intangible assets	3	3,444,170	2,921,094
Decrease/ (Increase) in provision for leave	12	2,721,604	335,659
Decrease in provision for retirement benefit obligation	10	(166,909)	(70,279)
(Decrease)/increase in trade and other payables	12	(9,542,759)	(6,716,560)
Cash paid to providers and employees - non-attributable expenses		(211,078,711)	(181,445,886)

* Following Circular 6 of 2025 issued by the Council for Medical Schemes, which addressed general concerns around 2023 Annual Financial Statements, the Scheme has corrected classification errors identified in the prior year Cash Flow presentation.
To ensure proper reconciliation between the cash flow amounts in Note 11 (LFRC and LIC) and the Statement of Cash Flows, the following corrections have been made:

- Cash receipts from members (previously disclosed as R6,451,911,912);
- Cash receipts (payments) from members and providers - other loans and receivables (previously disclosed as R377,194);
- Cash paid for claims, acquisitions and directly attributable expenses (previously disclosed as R6,363,566,622);
- Cash paid to providers and employees - non attributable expenses (previously disclosed as R173,631,087);
- Cash payments to reinsurers are now disclosed separately instead of being included in claims paid;
- Insurance acquisition cash flows have been correctly classified from directly attributable expenses; and
- Contributions received in advance of R12.1 million (2023) have been reclassified from cash paid for claims to cash receipts from members.

These changes have been reflected in the Statement of Cash Flows and Note 21 - Cash Flows from Operating Activities, with prior year comparatives restated for consistency.

** Refer to Note 28

22. TOTAL TRUSTEE REMUNERATION AND CONSIDERATION EXPENSES

	Fees for attending Board meetings	Annual Retainer Fees	Fees for attending subcommittee meetings	Total Remuneration	Travel & Accommodation	Gifts	Total Considerations
	R	R	R	R	R	R	R
2024							
L de Vries	132,619	-	170,048	302,667	44,549	-	**347,216**
GS Du Plessis	176,733	59,424	256,248	492,405	-	-	**492,405**
A Hartzenberg	132,619	-	213,785	346,404	-	-	**346,404**
L Jordaan	145,479	25,506	292,267	463,253	8,588	-	**471,841**
T Legobye	111,185	-	259,057	370,242	-	-	**370,242**
C Lombard	132,619	-	221,692	354,311	25,972	-	**380,283**
E Marx	59,817	-	113,774	173,591	-	10,000	**183,591**
CM Mowatt	88,907	33,210	242,604	364,720	7,988	10,000	**382,708**
M Slabbert	132,619	-	249,444	382,063	-	-	**382,063**
L Shah	132,619	-	191,303	323,922	5,623	-	**329,545**
TH du Buisson	72,802	-	116,285	189,087	-	-	**189,087**
M Brewis	72,802	-	150,535	223,337	7,286	-	**230,623**
	1,390,821	**118,140**	**2,477,041**	**3,986,001**	**100,006**	**20,000**	**4,106,007**

22. TOTAL TRUSTEE REMUNERATION AND CONSIDERATION EXPENSES (continued)

	Fees for attending Board meetings	Annual Retainer Fees	Fees for attending subcommittee meetings	Total Remuneration	Travel & Accommodation	Training	Total considerations
2023	R	R	R	R	R	R	R
L de Vries	133,544	-	62,888	196,432	8,809	-	**205,241**
GS Du Plessis	158,074	45,510	190,493	394,078	-	-	**394,078**
A Hartzenberg	133,544	-	131,750	265,294	-	-	**265,294**
L Jordaan	133,544	-	215,916	349,460	-	-	**349,460**
T Legobye	133,544	-	130,528	264,072	-	-	**264,072**
C Lombard	133,544	-	177,346	310,890	9,866	-	**320,756**
E Marx	133,544	-	148,926	282,470	-	-	**282,470**
CM Mowatt	194,870	63,708	240,041	498,619	10,149	-	**508,767**
M Slabbert	133,544	-	126,932	260,476	-	-	**260,476**
L Shah	67,724	-	92,352	160,076	6,238	-	**166,314**
	1,355,476	**109,218**	**1,517,171**	**2,981,865**	**35,062**	**-**	**3,016,926**

Annual retainer fees are amounts paid in accordance with the provisions of the Trustee Remuneration Policy

The 2024 and 2023 amounts are disclosed as per the 2024 SAICA guide categories.

Travel & Accommodation expenses are paid in order for members to attend Board/Subcommittee meetings/other meetings in Pretoria, or if needed at another location

23. RELATED PARTY TRANSACTIONS

The Scheme is governed by the Board of Trustees which is elected by the members and appointed by the Board of Trustees and employers.

Parties with significant influence over the Scheme:

- Key management personnel of the Scheme and their close family members.

  Key management personnel being those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees, the Principal Officer and Executives of the Scheme. The disclosure deals with full-time personnel who are compensated on a salary basis (Principal Officer and Executive Managers) and part-time personnel who are compensated on a fee basis (Board of Trustees).

- Close family members include family members of the Board of Trustees, Principal Officer and Executives of the Scheme.

The terms and conditions of the related party transactions were as follows:

Insurance revenue
This constitutes the contributions paid by the related party, in his or her individual capacity as a member of the Scheme. All contributions were on the same terms applicable to other members.

Insurance service expenses
This constitutes amounts claimed by the related parties, in their individual capacity as members of the Scheme. All claims were paid out in terms of the Rules of the Scheme, as applicable to other members.

Personal medical savings account balances
The amounts owing to the related parties relate to personal medical savings account balances to which the parties have a right. In line with the terms applied to other members, the balances earn monthly interest on the savings funds invested, on an accrual basis. The amounts are all current, and would need to be payable on demand should an appropriate claim be issued, or should the member resign from the Scheme, as applicable to other members.

Service provider fees paid/payable
These constitute fees paid to a healthcare provider (medical practitioner). Fees are paid on the same basis as applicable to third parties. Invoices paid for non-healthcare providers are also included.

Principal Officer's compensation

This total includes salary cost, retirement benefits, medical benefits, leave encashment, other benefits and a performance bonus.

The following related party transactions occurred during the financial year:

	2024 R	2023 R
Board of Trustees		
Gross medical scheme contributions received	634,110	668,429
Medical scheme insurance revenue - risk portion	541,836	579,186
Medical scheme insurance revenue - personal medical savings portion	92,274	89,243
Gross benefits paid out	584,156	653,269
Benefits paid from risk pool	488,737	558,049
Benefits paid from personal medical savings available	95,419	95,220
Saving available at year-end	12,908	8,469
Trustee remuneration and travel and accommodation expenses (Note 22)	4,106,007	3,016,926
Trustee other expenses	63,657	269,706
Principal Officer		
Gross medical scheme contributions received	134,040	122,364
Medical scheme insurance revenue - risk portion	108,564	99,108
Medical scheme insurance revenue - personal medical savings portion	25,476	23,256
Gross benefits paid out	187,830	78,995
Benefits paid from risk pool	162,354	55,739
Benefits paid from personal medical savings available	25,476	23,256
Saving available at year-end		-
Principal Officer's compensation (Note 23)	7,837,787	7,271,802
Leave provision at end of year	773,162	530,995
Key management		
Gross medical scheme contributions received	395,490	436,572
Medical scheme insurance revenue - risk portion	312,978	356,988
Medical scheme insurance revenue - personal medical savings portion	82,512	79,584
Gross benefits paid out	328,236	320,835
Benefits paid from risk pool	247,706	258,220
Benefits paid from personal medical savings available	80,530	62,615
Saving available at year-end	131,352	118,964
Compensation to key management personnel	25,796,827	24,957,236
Leave provision at end of year	1,763,307	1,332,599
Service providers connected to key management and Board of Trustees		
Gross benefits paid to related party service providers for consultation	278,767	433,574

24. MATTERS OF NON-COMPLIANCE

NON-COMPLIANCE	NATURE AND CAUSE	
Non-Compliance with S26(7) of the Medical Schemes Act & Scheme Rule 13.2.1	Section 26(7) of the Medical Schemes Act states that Contributions must be received within three days of becoming due. Furthermore Scheme rule 13.2.1 stated that Subscriptions shall be due monthly in advance, or in arrears as shall be determined and approved by the Scheme, on the following dates: 13.2.1.1 On the 20th (twentieth); or 13.2.1.2 On the 25th (twenty-fifth); or 13.2.1.3 On the 1st (first); or 13.2.1.4 As agreed upon between the Scheme and an Employer, and be payable by not later than the 3rd (third) day after each respective due date of each month. There were instances whereby the Scheme, in absence of any agreement or understanding received contributions more than 3 days after due date.	Employer group discrepancies are actively monitored and rectified on a monthly basis.
Non-Compliance with Regulation 8 of the Medical Scheme Act & Scheme Rule 13.5.4	Regulation 8 of the Medical Schemes Act No 31 of 1998, as amended, states the following: "(1) Subject to the provisions of the regulation, any benefit option that is offered by a Medical Scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions". Furthermore Rule 13.5.4 of the Scheme Rules states that: "The balance standing to the credit of a Member in terms of any option which provides for individual medical savings accounts shall be for the exclusive benefit of the Member and his Dependents: Provided that such savings account; shall not be used to pay for the costs of prescribed minimum benefits". Instances were identified where certain prescribed minimum benefit "PMB's" claims were incorrectly paid from savings.	Reversals to savings were subsequently effected.
Non-compliance with Section 59(2) of the Medical Schemes Act & Scheme Rule 16.3	Section 59(2) of the Medical Schemes Act states the following: "A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, 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". Furthermore Scheme rule 16.3 states the following: Subject to the respective provisions of Rules 12.7, 17.2 and 17.4, the Scheme shall, where an account has been correctly rendered, pay any benefit that is due to a Member, either to that Member or to the supplier of the relevant health service who rendered the account, within 30 (thirty) days after the date of receipt of the claim pertaining to such benefit. Instances were identified where claims were paid 30 Days after the day on which the claim was received by the scheme.	Claims are paid bi-weekly and where further investigation is required, this could result in the claim being paid after 30 days from notification
Non-compliance with Section 33(2)(b) of the Medical Schemes Act	Section 33(2)(b) of the Medical Schemes Act states the following: The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option— (a) includes the prescribed benefits; (b) shall be self-supporting in terms of membership and financial performance; (c) is financially sound; and will not jeopardise the financial soundness of any existing benefit option within the medical scheme. During the year under review eight benefit options of the Scheme, namely During the year under review eight benefit options of the Scheme, namely Beat 1, Beat 3 Plus, Beat 4, Rhythm 1, Rhythm 2, Pace 2, Pace 3 and Pace 4 incurred a Net Deficit.	The Scheme monitors the results of all options and evaluates different strategies to improve the financial outcomes of all options. The strategy on sustainability of options must balance short and long-term financial considerations, with fairness to both healthy and sick members and with continued affordability of cover for members on different levels of income and needs. The Scheme remains committed to comply with the applicable legislation, as far as possible, but also focuses on the overall stability and financial position of the Scheme as a whole and not only on individual options.

24. MATTERS OF NON-COMPLIANCE (continued)

Non-compliance with Regulation 6 of the Medical Schemes Act and Scheme Rule 15.3.1	Per Regulation 6 of the Medical Schemes Act, a medical scheme must not in its rules or in any other manner in respect of any benefit to which a member or former member of such medical scheme or a dependant of such member is entitled, limit, exclude, retain or withhold, as the case may be, any payment to such member or supplier of service as a result of the late submission or late re-submission of an account or statement, before the end of the fourth month— (a) from the last date of the service rendered as stated on the account, statement or claim; or (b) during which such account, statement or claim was returned for correction. Instances were identified where Covid-19 claims were received more than 120 days after treatment date and subsequently processed and paid by the Scheme. The Council for Medical Schemes (CMS) via Circular 56 of 2022 appraised the industry that it has granted an extended exemption to the National Department of Health (NDOH) to ensure that all COVID-19 vaccine claims are eventually paid despite these claims being submitted outside the ambit of Regulation 6 of the Medical Schemes Act (131 of 1998) (MSA). Medical schemes were therefore authorised to process claims received on or before 210 days. Furthermore, the NDOH is allowed to submit claims after 120 days as required by regulation 6(1) and (2) but must do so within 210 days. The exemption will be valid for a period of three years or will expire once the NDOH has recovered all vaccine-related costs on all insured members of medical schemes.	The Scheme has complied with Circular 56 of 2022.
Non-compliance with Section 35(6)(a) of the Medical Schemes Act	Section 35(6)(a) states that "A medical scheme shall not encumber its assets. The Scheme registered as a financial service provider with the Financial Sector Conduct Authority (FSCA). Registration number 44058. The FSCA required a guarantee of R1 million in terms of section 8(7) of the FSCA Board notice 106 of 2008. The terms of the Scheme building lease agreement required a guarantee to an amount of R2 523 036.	The Scheme obtained CMS exemption for guarantees in respect of the building lease (until 31 December 2025) and FSCA (until 28 February 2025) respectively.
Non-compliance with Section 35(8)(a), (c) and (d) of the Medical Schemes Ac	Section 35(8) of the Medical Schemes Act states that "A medical scheme shall not invest any of its assets in the business of or grant loans to (a) An employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme; (b) any other medical scheme; (c) any administrator and (d) any person associated with any of the above. Due to some of the Scheme's employer groups being listed on the JSE, investments were made in a certain number of its employer groups listed on the JSE through the portfolios of the investment products the Scheme utilises. This is also applicable to a JSE listed medical scheme administrators groups.	The CMS has granted the Scheme an exemption from section 35(8)(a), (c) and (d) of the Medical Schemes Act until November 2025.
Non-compliance with Section 32 of the Medical Schemes Act and Scheme Rule 3.4.13	Section 32 of the Medical Schemes Act, Binding force of rules, states that "The rules of a medical scheme and any amendment thereof shall be binding on the medical scheme concerned, its members, officers and on any person who claims any benefit under the rules or whose claim is derived from a person so claiming." The following two areas were isolated instances of non-compliance to the scheme rules occurred: 1. As per Rule 13.1 of the Scheme, The total monthly subscriptions payable to the Scheme by or in respect of a Member are as stipulated in Annexure A of these Rules, as amended from time to time: Provided that subscriptions shall be determined on the basis of income or the number of Dependants or both income and number of Dependants: Provided further that contribution penalties for persons joining late in life may be applied in accordance with the provisions of the Act. A member was charged two contributions for the month of July 2024, once as an adult dependent registered on their parents medical scheme membership and again as an individual principal member on a new separate membership. 2. As per rule 1.2.5 of the scheme (Annexture B.1. Beat Benefit Options) Treatment of chemical and substance abuse - the benefits shall be at 100% of the scheme tariff/cost, subject to the following: -Pre-authorisation; -DSP Network; -The length of stay shall be limited to 21 (twenty-one) days for in hospital or limited to R37 352 per beneficiary per financial year, whichever comes first. OR -15 (fifteen) contact session for out-patient psychotherapy per condition, per beneficiary per financial year. It was identified that a member utilised both the benefits for in and out of hospital for the treatment of chemical and substance abuse which is in contravention of the rule.	This was an isolated instance with the indexing of the member's join date. The member was erroneously transferred in as a principal member in the same month whilst still being a dependent on their parents' Scheme membership. This occurrence has been escalated to the PMB and Pre-Authorisation teams for case notes to be included on the administration system. The process is being implemented in order to resolve and ensure approval of the appropriate benefits for this and other members.

25. SURPLUS/ (DEFICIT) PER BENEFIT OPTION

2024	Beat1*	Beat2*	Beat3*	Beat3 Plus	Beat4	Pace1	Pace2	Pace3	Pace4	Rhythm1	Rhythm2	Total Scheme
	R	R	R	R	R	R	R	R	R	R	R	R
Average members for the financial year	11,494	51,403	7,988	659	2,390	29,629	7,904	4,650	1,635	657	1,487	119,896
Insurance revenue	448,597,788	1,997,416,934	456,134,510	39,533,473	230,906,944	2,310,064,694	825,532,547	585,969,577	264,351,533	15,998,546	69,981,554	7,244,488,100
Insurance service expense	(449,957,254)	(1,951,966,675)	(443,428,950)	(43,579,154)	(241,988,890)	(2,134,321,690)	(909,380,788)	(634,395,807)	(296,624,526)	(17,567,506)	(88,427,988)	(7,209,639,226)
Net claims incurred	(418,275,938)	(1,802,133,166)	(418,490,582)	(41,525,626)	(235,252,668)	(2,039,780,933)	(885,445,904)	(618,559,874)	(291,795,985)	(16,026,422)	(82,335,299)	(6,849,622,396)
Risk claims incurred	(400,044,066)	(1,720,596,665)	(405,820,218)	(40,480,976)	(231,462,160)	(1,993,483,144)	(872,908,914)	(611,184,139)	(289,202,006)	(14,984,019)	(79,977,004)	(6,660,143,312)
Third party claims recoveries	-	-	-	-	-	700,491	-	-	-	-	-	700,491
Accredited managed healthcare services	(16,257,271)	(72,705,695)	(11,298,101)	(931,509)	(3,379,977)	(41,908,134)	(11,179,172)	(6,576,906)	(2,313,038)	(929,506)	(2,102,880)	(169,582,188)
Changes that relate to past service - adjustments to the LIC	(1,974,602)	(8,830,806)	(1,372,263)	(113,141)	(410,531)	(5,090,146)	(1,357,818)	(798,828)	(280,941)	(112,897)	(255,415)	(20,597,387)
Insurance acquisition cash flow	(12,611,317)	(64,065,179)	(11,388,916)	(924,877)	(2,539,814)	(43,139,572)	(9,959,721)	(7,459,673)	(1,838,986)	(463,527)	(1,610,084)	(156,001,666)
Attributable maintenance expenses	(19,069,998)	(85,768,331)	(13,549,452)	(1,128,651)	(4,196,407)	(51,401,185)	(13,975,163)	(8,376,260)	(2,989,555)	(1,077,557)	(2,482,605)	(204,015,164)
Net income/expenses from reinsurance contracts held	339,903	(1,164,278)	562,449	1,853,886	93,771	9,080,081	5,709,222	4,187,277	1,580,507	(165,662)	55,178	22,132,335
Reinsurance expenses from reinsurance contracts held	(2,935,953)	(13,131,246)	(2,040,262)	(778,754)	(4,038,411)	(49,713,944)	(14,392,777)	(9,276,397)	(2,967,490)	(339,279)	(1,191,253)	(100,805,766)
Reinsurance income from reinsurance contracts held	3,562,247	13,247,767	2,801,741	2,649,050	4,191,724	59,532,287	20,298,934	13,579,534	4,588,744	189,992	1,283,477	125,925,497
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	(286,392)	(1,280,799)	(199,030)	(16,410)	(59,542)	(738,263)	(196,935)	(115,860)	(40,747)	(16,374)	(37,045)	(2,987,396)
Insurance service result**	(1,019,563)	44,285,981	13,268,009	(2,191,795)	(10,988,175)	184,823,086	(78,139,019)	(44,238,953)	(30,692,486)	(1,734,621)	(16,391,255)	56,981,209
Net finance expenses from insurance contracts issued - PMS	(179,871)	(14,435,353)	(6,145,414)	(263,902)	(3,525,529)	(53,175,780)	(15,344,499)	(10,381,211)	(1,746,548)	(36,908)	(231,834)	(105,466,847)
Other income	18,690,663	112,274,988	28,245,049	2,444,705	14,586,357	170,709,038	54,906,602	38,464,226	12,983,714	697,804	3,121,210	457,124,357
Investment income	18,682,680	112,232,794	28,235,519	2,443,764	14,581,587	170,658,352	54,889,541	38,452,115	12,978,868	697,519	3,119,964	456,972,703
Scheme	18,502,809	97,797,442	22,090,104	2,179,863	11,056,058	117,482,572	39,545,042	28,070,905	11,232,320	660,611	2,888,130	351,505,856
Personal medical savings account trust accounts	179,871	14,435,353	6,145,414	263,902	3,525,529	53,175,780	15,344,499	10,381,211	1,746,548	36,908	231,834	105,466,847
Other operating income	7,983	42,194	9,531	940	4,770	50,687	17,061	12,111	4,846	285	1,246	151,654
Other expenditure	(23,060,268)	(103,481,403)	(18,241,428)	(1,347,450)	(4,962,681)	(61,074,339)	(16,483,436)	(9,809,707)	(3,481,739)	(1,309,189)	(2,994,400)	(244,246,041)
Non-attributable expenses	(22,628,259)	(101,198,001)	(15,725,662)	(1,296,554)	(4,704,541)	(58,331,323)	(15,560,127)	(9,154,299)	(3,219,484)	(1,293,765)	(2,926,967)	(236,038,984)
Asset management fees	(326,038)	(1,723,287)	(389,249)	(38,411)	(194,819)	(2,070,158)	(696,822)	(494,637)	(197,925)	(11,641)	(50,892)	(6,193,878)
Finance costs	(105,971)	(560,115)	(126,517)	(12,485)	(63,321)	(672,858)	(226,486)	(160,770)	(64,331)	(3,784)	(16,541)	(2,013,179)
NET SURPLUS/(DEFICIT) FOR THE YEAR	(5,569,039)	38,644,213	19,126,216	(1,358,442)	(4,890,028)	241,282,005	(55,060,352)	(25,965,645)	(22,937,059)	(2,382,914)	(16,496,279)	164,392,677

* The Scheme offered thirteen benefit options for the year under review, ten original options and three Efficiency Discounted Options (EDO's). The EDO's namely Beat1 Network, Beat2 Network and Beat3 Network are included in the original ten options for reporting purposes.

** Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expenses.
"Amounts attributable to future members" are now presented as a seperate line item in the Statement of Comprehensive Income before "Total comprehensive income for the year", rather than being included within insurance service expenses.
This change enhances transparency in medical scheme reporting as required by the CMS regulations.
The prior year comparative figures have been restated for consistency.
•Amounts attributable to future members total R164,392,677 (2023: R38,737,548);
•Total insurance service expenses, which under IFRS 17 would include amounts attributable to future members, amount to R7,374,031,904 (2023: R6,557,020,024); and
•Total insurance service result, which under IFRS 17 would include amounts attributable to future members, would result in a loss of R107,411,468 (2023: R80,587,772).

25. SURPLUS/ (DEFICIT) PER BENEFIT OPTION	Beat1*	Beat2*	Beat3*	Beat3 Plus	Beat4	Pace1	Pace2	Pace3	Pace4	Rhythm1	Rhythm2	Total Scheme
2023	R	R	R	R	R	R	R	R	R	R	R	R
Average members for the financial year	10,497	46,971	8,099	-	2,639	29,383	8,330	4,815	1,752	438	1,637	114,560
Insurance revenue	372,979,667	1,666,928,349	422,468,629	-	232,839,622	2,092,982,691	799,944,071	553,947,514	258,707,743	9,984,441	71,185,005	6,481,967,730
Insurance service expense**	(364,788,880)	(1,635,876,052)	(423,506,966)	-	(229,119,537)	(1,953,439,172)	(906,264,814)	(620,813,026)	(288,115,424)	(10,458,784)	(85,899,823)	(6,518,282,477)
Net claims incurred	(336,615,870)	(1,508,357,670)	(397,177,626)	-	(221,756,548)	(1,863,816,646)	(882,541,254)	(605,228,599)	(283,313,227)	(9,469,351)	(81,649,560)	(6,189,926,352)
Risk claims incurred	(323,456,870)	(1,449,742,039)	(387,090,572)	-	(218,448,569)	(1,827,311,211)	(872,584,902)	(599,360,422)	(281,117,170)	(8,920,702)	(79,597,560)	(6,047,630,018)
Third party claims recoveries	-	265,475	66,078	-	-	328,293	486,461	167,165	-	-	-	1,313,472
Accredited managed healthcare services	(14,643,379)	(65,523,093)	(11,298,440)	-	(3,681,130)	(40,988,697)	(11,620,797)	(6,716,150)	(2,443,779)	(610,538)	(2,283,472)	(159,809,476)
Changes that relate to past service - adjustments to the LIC	1,484,379	6,641,987	1,145,308	-	373,151	4,154,969	1,177,984	680,807	247,723	61,889	231,473	16,199,670
Insurance acquisition cash flow	(11,406,178)	(52,297,623)	(13,260,939)	-	(3,036,565)	(41,719,883)	(10,017,951)	(7,596,163)	(1,875,153)	(293,870)	(1,627,453)	(143,131,777)
Attributable maintenance expenses	(16,766,832)	(75,220,759)	(13,068,401)	-	(4,326,424)	(47,902,642)	(13,705,609)	(7,988,264)	(2,927,043)	(695,564)	(2,622,810)	(185,224,348)
Net income/expenses from reinsurance contracts held	(2,312,729)	(7,949,824)	(458,574)	-	(8,779)	770,057	2,287,843	898,543	894,380	(23,669)	367,275	(5,535,478)
Reinsurance expenses from reinsurance contracts held	(4,841,387)	(21,743,758)	(3,760,607)	-	(5,352,433)	(56,052,806)	(17,412,361)	(10,814,043)	(3,685,364)	(329,036)	(1,678,787)	(125,670,583)
Reinsurance income from reinsurance contracts held	2,533,340	13,819,477	3,308,148	-	5,353,549	56,928,086	19,736,684	11,734,275	4,588,225	305,933	2,049,851	120,357,568
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	(4,682)	(25,543)	(6,115)	-	(9,895)	(105,223)	(36,480)	(21,689)	(8,481)	(565)	(3,789)	(222,463)
Insurance service result	5,878,058	23,102,473	(1,496,911)	-	3,711,306	140,313,576	(104,032,899)	(65,966,969)	(28,513,301)	(498,012)	(14,347,544)	(41,850,224)
Net finance expenses from insurance contracts issued - PMS	(191,403)	(11,695,738)	(5,736,574)	-	(3,260,571)	(46,189,066)	(13,544,039)	(9,397,076)	(1,566,763)	(17,239)	(163,265)	(91,761,734)
Other income	14,618,798	88,283,746	24,940,588	-	13,728,031	146,097,317	49,515,750	34,310,647	11,882,723	403,459	2,916,688	386,697,747
Investment income	14,559,346	87,968,140	24,861,452	-	13,684,897	145,685,612	49,367,516	34,207,982	11,840,213	401,867	2,905,342	385,482,366
Scheme	14,367,942	76,272,402	19,124,877	-	10,424,326	99,496,546	35,823,478	24,810,906	10,273,450	384,628	2,742,076	293,720,632
Personal medical savings account trust accounts	191,403	11,695,738	5,736,574	-	3,260,571	46,189,066	13,544,039	9,397,076	1,566,763	17,239	163,265	91,761,734
Other operating income	59,453	315,606	79,136	-	43,135	411,705	148,233	102,665	42,510	1,592	11,346	1,215,381
Other expenditure	(19,211,574)	(86,373,796)	(15,098,159)	-	(5,062,569)	(55,803,659)	(16,081,538)	(9,434,706)	(3,475,583)	(793,668)	(3,012,990)	(214,348,241)
Non-attributable expenses	(18,720,030)	(83,764,429)	(14,443,875)	-	(4,705,940)	(52,399,766)	(14,855,975)	(8,585,896)	(3,124,117)	(780,509)	(2,919,181)	(204,299,718)
Asset management fees	(331,865)	(1,761,710)	(441,739)	-	(240,777)	(2,298,133)	(827,437)	(573,073)	(237,292)	(8,884)	(83,335)	(6,784,245)
Finance costs	(159,679)	(847,657)	(212,545)	-	(115,851)	(1,105,760)	(398,126)	(275,737)	(114,174)	(4,275)	(30,474)	(3,264,279)
NET SURPLUS/(DEFICIT) FOR THE YEAR	1,093,879	13,316,685	2,608,943	-	9,116,198	184,418,168	(84,142,727)	(50,488,105)	(21,672,924)	(905,460)	(14,607,111)	38,737,548

* The Scheme offered thirteen benefit options for the year under review, ten original options and three Efficiency Discounted Options (EDO's). The EDO's namely Beat1 Network, Beat2 Network and Beat3 Network are included in the original ten options for reporting purposes.

^ Claims management and Information Technology management expenses of R95.6 million have been reclassified from "Other directly attributable acquisition cash flows" to "Other directly attributable maintenance expenses" to align with the Scheme's accounting policy (Note 1.21). This correction ensures expenses are classified according to their nature and function within the Scheme's operations.

26. INSURANCE RISK MANAGEMENT REPORT

Nature and extent of risks arising from insurance contracts

The primary insurance activity of the Scheme is to indemnify covered members and their dependants against the risk of loss arising as the result of the occurrence of a health related event. The Scheme is exposed to the uncertainty surrounding the timing and severity of claims. Insurance events are by nature random and the actual number and size of events during one year may vary from those estimated using established techniques.

Insurance risk - description of benefit options

The types of benefits offered by the Scheme in return for monthly contributions are:

Hospital benefits

The hospital benefit covers medical expenses for admission to hospital, provided that the Scheme has authorised the treatment, except in the case of a medical emergency where all admissions are covered.

Chronic illness benefit

Approved medication for 45 listed conditions of which 27 conditions on the Chronic Disease List (CDL) are covered by this benefit. These include conditions such as asthma, cholesterol and hypertension.

Day-to-day benefits

The day-to-day benefits include both the Joint Benefit Account and an insurance risk element - Protocol Treatment and Above Threshold Benefits (ATB). These benefits cover healthcare services where the cost occurs outside the hospital, such as visits to general practitioners and dentists. It also covers the cost of prescribed non-chronic medicine.

The primary insurance activity carried out by the Scheme assumes risks related to the health of the Scheme members and their registered dependants. As such, the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

All the contracts are annual in nature and the Scheme has the right to change the terms and conditions of the contract at renewal.

Risk management objectives and policies for mitigating insurance risk

When assessing and managing insurance risk the Scheme takes the following main factors into account:

1. The size and composition of the risk pool for each type of contract

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

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

2. Frequency and severity of claims

Insurance events are by their nature random and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. The principal risk is that the frequency and severity of claims are greater than expected.

For insurance contracts issued, climatic and seasonal changes, as well as the spread of pandemics give rise to more frequent and severe claims. However, the data shows that the frequency and severity of claims stay relatively stable year-on-year. The quality and availability of effective private healthcare services further reduces the risk of sudden severe claim patterns.

3. Benefit utilisation

The Scheme manages this risk through pre-authorisation and case management for hospitalisation, approval of registration for chronic medicine benefits, applying medicine formularies as well as various disease management programmes for high-risk/high-cost diseases such as cancer.

Various data sets are used to monitor utilisation. These include:

Hospitalisation

Hospitalisation accounts for more than 46.5% of the risk benefits paid by the Scheme. When the cost of service providers caring for patients in hospital is added, the percentage of risk benefits covered increases to 74.6%. This risk is managed through pre-authorisation of procedures and case management, the objective being to provide appropriate and cost-effective care for members of the Scheme.

In managing this risk the average cost per admission, number of admissions per 1 000 lives, average cost per 1 000 lives and average number of bed days per admission are monitored on a monthly basis.

Medicine

Medicine for chronic diseases accounts for 6.0% of the risk benefits paid. This risk is managed through pre-authorisation of utilisation and the use of a medicine formulary. Members are also required to re-apply for medicine after a prescribed period thus ensuring that the clinical necessity of continuing with the treatment is frequently assessed.

Average cost per beneficiary, average number of items per prescription and average cost per item are monitored on a monthly basis.

Claims ratio

Claims paid expressed as a percentage of contributions received, is an important indicator of the stability of the risk pool and the ability of the Scheme to fulfil its obligation under the insurance contract it sells.

26. INSURANCE RISK MANAGEMENT REPORT (continued)

4. Impact of legislation and regulation

The medical scheme industry is governed by the Medical Schemes Act 131 of 1998,as amended. The governance under the Medical Schemes Act is fulfilled by a statutory body, the Council for Medical Schemes. Various legislative measures restrict the Scheme to fully manage its insurance risk, the main factor being the fact that the Scheme is not allowed to risk rate its members at all. This severely increases the risk in a risk pool with a too high load of above average claimers.

Managed care initiatives such as disease management programmes and preventative programmes such as a training programme for potential cardiovascular patients are implemented to reduce risk.

Sensitivity to insurance risk

The Scheme's profitability, reserves and, consequently, its solvency are sensitive to variables that arise from contribution increases relative to medical inflation and changes in the level of insurance events as well as the composition of the risk pool, all of which could have a material impact on the business of the Scheme.

Over and above daily and monthly management information on claims ratios and composition of the risk pool, the Scheme also makes use of the monitoring of the relative insurance events by the Scheme's actuaries. The actuaries provide estimates based on statistical models, on the probability of the occurrence of future events, thus predicting the profitability to year-end.

The accumulation of claims to the next claims payment run is monitored on a daily basis, both by volume and value. This ensures that any unexpected increase in utilisation is reported timeously. Furthermore, all severe cases of hospital admissions are monitored daily to ensure that treatment is done as effectively as possible. This also ensures that the Scheme is informed of possible high-value hospital claims in time.

The Scheme also has an independent monthly analysis of claims which is done by its actuaries. The actuaries also provide the Scheme with a monthly prediction of the outcome for the remainder of the financial year. This analysis is done based on the available data for the year together with the data for the past three years. The combined data set is run through a stochastic model which takes into account the expected behaviour of each beneficiary of the Scheme. The assumptions in the stochastic model are based on the past behaviour patterns of beneficiaries from different Schemes that participated in the same program, thus ensuring the reliability of the outcome.

The table below summarises the concentration of insurance risk, with reference to net claims incurred, by age group and type of benefits provided.

2024 Age group	General Practitioners	Specialists	Pathology	Medicines	Hospitals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<30	21,622	164,095	60,223	63,659	489,988	134,418	934,006
30-39	14,975	139,556	46,734	52,424	330,518	94,359	678,565
40-49	17,898	146,831	62,802	79,143	348,647	133,759	789,080
50-59	20,003	189,346	69,539	114,798	427,710	163,809	985,205
60-69	22,714	275,283	85,552	140,259	595,787	214,251	1,333,846
70 +	31,004	363,984	122,205	161,351	869,593	299,422	1,847,558
Total	128,216	1,279,094	447,056	611,634	3,062,243	1,040,017	6,568,260

2023 Age group	General Practitioners	Specialists	Pathology	Medicines	Hospitals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<30	21,344	145,304	51,684	59,914	441,744	122,172	842,161
30-39	14,583	121,527	42,318	51,100	293,064	87,167	609,759
40-49	16,059	122,067	53,328	69,648	298,973	115,584	675,658
50-59	18,530	176,678	64,048	109,357	384,799	156,015	909,427
60-69	20,295	246,577	74,953	134,603	519,964	191,279	1,187,671
70 +	29,469	328,558	114,222	154,073	789,873	269,111	1,685,306
Total	120,280	1,140,711	400,552	578,694	2,728,417	941,328	5,909,982

Sensitivity to insurance risk (continued)

General Practitioners benefits cover the cost of all visits by members to and of the procedures performed by them, both in and out-of-hospital.

Specialists benefits cover the cost of all visits by members to specialists and of the procedures performed by them, both in and out-of-hospital.

Pathology benefits cover the cost of pathology tests performed, mainly in hospital but also out-of-hospital where a specific option covers such benefits from the risk pool.

Medicine benefits cover the costs of chronic medicine benefits as well as acute medicine where a specific option covers such benefits from the risk pool.

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

Reinsurance contracts

The Scheme entered into various capitation agreements with medical service providers (refer Note 9). These reinsurance contracts spread the risk and minimise the effect of losses and are on annually renewable terms. The amount of each risk retained depends on the Scheme's evaluation of the specific risk, subject in certain circumstances to maximum limits on the basis of characteristics of coverage.
According to the terms of the reinsurance contracts, the third party agrees to reimburse the ceded amount in the event the claim is paid. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to the Scheme members, as and when required by the members.

The Scheme does, however, remain liable to its members if any supplier fails to meet the obligations it assumes. When selecting suppliers, the Scheme considers their relative security and their ability to provide the relevant service. The security of the supplier is assessed from public rating information and from internal investigations such as considering capital adequacy, solvency, capacity and appropriate resources.

26. INSURANCE RISK MANAGEMENT REPORT (continued)

The following tables summarises the concentration of insurance risk transferred, with reference to the amount of the insurance claims incurred by option and in relation to the type of risk covered/benefits provided:

2024 Options	Optometry	Emergency Evacuation
Beat1	-	100%
Beat2	-	100%
Beat3	100%	100%
Beat4	100%	100%
Pace1	100%	100%
Pace2	100%	100%
Pace3	100%	100%
Pace4	100%	100%
Rhythm1	100%	100%
Rhythm2	100%	100%

Claims development

Claims development tables are not presented as the uncertainty regarding the amount and timing of claim payments is typically resolved within one year and in the majority of cases within four months. At year-end, a provision is made for those claims outstanding that are not yet reported at that date.

Underwriting risk

Underwriting risk is the risk that the actual exposure of the Scheme in respect of outstanding claims will exceed the present value of future cash flows of the amounts provided for the cash flows required to settle them. External actuaries have been consulted in setting these estimates at year-end, including the estimate for those claims outstanding at year-end, which had not yet been reported.

The Scheme participates in it's external actuaries, Insight Actuaries & Consultants (Insight) risk management model. This model is a stochastic risk management model that was specifically designed and developed for medical schemes. Insight runs on detailed beneficiary-level demographic data and claims data on claim-line level. The database is updated on a monthly basis and reconciled to the Scheme's financial statements. Actual claims experience is compared to Insight's projected claims experience every month to ensure that the model provides a reliable basis from which to project expected claims experience. Allowance is made within the setup of Insight for inflation (both the severity and utilisation of claims) and seasonal variation of claim patterns. The impact that demographic changes are expected to have on claims incurred is automatically incorporated in all projected results.

Insight estimates claims incurred by service date based on the Scheme's actual demographic structure and past claims. It has been used by the Scheme for more than eight years, and has proven to be a reliable predictor of claims incurred. Results from Insight are reconciled with the actual claims paid on a monthly basis and adjustments are made where necessary to ensure that the results remain accurate. By comparing the claims predicted by Insight to actual claims paid by the Scheme, the actuaries are able to calculate an appropriate provision for outstanding claims. The outstanding claims provision is calculated using traditional "chain ladder" methods based on claims development patterns derived from a period of 12 months prior to the calculation date.

The outstanding claims provision is calculated after considering the results of both Insight's model and the chain ladder techniques. In general terms, chain ladder methods tend to be reliable when claims administration processes are stable, whether or not this is the case for beneficiaries' claims propensities. Conversely, using methodology based on Insight's' projections (which bear some similarity to traditional Loss Ratio methods) tend to be more reliable when beneficiaries' claims propensities are stable, whether or not this is the case for administrative processes. Insight's model also adjusts for demographic and benefit changes, whereas these are not automatically reflected by traditional chain ladder methods.

As opposed to claims for 2024 that have already been paid, the claims for 2024 estimated to be paid in future payment months are still subject to uncertainty.

Risk adjustment

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2023. Refer to Note 28 for detailed disclosures on IFRS 17 risk adjustment transition amounts.

Sensitivity analysis

An analysis of sensitivity around various scenarios for the general medical insurance business provides an indication of the adequacy of the Scheme's estimation process. The Scheme believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

This analysis is prepared for a change in a specified variable with other assumptions remaining constant. The change in liability also represents the absolute change in surplus for the period. It should be noted that increases in liabilities will result in decreases in surplus and vice versa. These reasonable possible changes in key variables do not result in any direct changes directly in reserves.

Risk adjustment at different levels of confidence

The risk adjustment at a higher level of confidence would provide a greater certainty of the sufficiency of the provision, by including a higher risk adjustment. The sensitivity of the risk adjustment to the level of confidence is given in the table below.

Risk adjustment at different levels of confidence

Scenario	Claims for 2024 services paid from Jan 2024 to Dec 2024	Total expected claims for 2024 services	Liability for Incurred Claims	Risk adjustment at different levels of confidence	Outstanding claims provision	Change in outstanding claims provision	% change in outstanding claims provision
Base scenario – RA at 75%	R6 215 667 008	R6 557 007 410	R341 340 402	R9 912 533	R351 252 934		
Confidence at 80%	R6 215 667 008	R6 557 007 410	R341 340 402	R13 789 268	R355 129 670	R3 876 735	1.1%
Confidence at 85%	R6 215 667 008	R6 557 007 410	R341 340 402	R19 694 943	R361 035 345	R9 782 411	2.8%
Confidence at 90%	R6 215 667 008	R6 557 007 410	R341 340 402	R28 616 102	R369 956 504	R18 703 570	5.3%
Confidence at 95%	R6 215 667 008	R6 557 007 410	R341 340 402	R46 327 774	R387 668 175	R36 415 241	10.4%

27. FINANCIAL RISK MANAGEMENT REPORT

Financial risk factors

The Scheme's activities expose it to a variety of financial risks as its financial assets include the effects of changes in equity market prices, creditworthiness and interest rates. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, interest rate risk, market risk and liquidity 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 that the Scheme holds to meet its obligations to its members.

The Board of Trustees has overall responsibility for the establishment and oversight of the risk management framework of the Scheme. The carrying amounts of the financial assets and financial liabilities per category are disclosed in the statement of financial position.

Risk management and investment decisions are made under the guidance and policies approved by the Investment Committee and Board of Trustees. The Investment Committee identifies, evaluates and economically hedges (where appropriate) financial risks associated with the Scheme's investment portfolio. The Investment Committee provides a statement of investment principles for approval by the Board of Trustees.

Investment risk

Investment risk is the risk that the investment value and its related returns on accumulated assets will be insufficient to cover future liabilities. Continuous monitoring takes place to ensure that appropriate assets are held where the Scheme's liabilities are dependent upon the performance of the investment portfolio and that a suitable match of assets exists for all liabilities.

The Scheme's Investment Committee invests funds in line with the Medical Schemes Act 131 of 1998, as amended. Expert advice is obtained from Willis Towers Watson to assist in developing an appropriate investment strategy and portfolio.

Given that the central purpose of the Scheme is to provide medical benefits to members rather than to maximise investment returns, a moderate risk appetite is adopted, on a risk adjusted basis. The Committee believes that the primary objective that the Scheme needs to manage is to earn a sufficient investment return in excess of inflation over a five-year period, without losing focus on downside protection over a one-year period. The Committee believes that risk should be managed in part by holding a diversified portfolio, with a significant proportion of the assets providing returns that offer protection against inflation over the longer term.

In appointing active managers, the Committee believes that the better investment strategy is to select fundamental research orientated managers with a long-term focus, where the focus is on assessing the intrinsic value of an asset, or buying shares that have strong "value" characteristics (i.e. low price/earnings ratio, high dividend yield, low price to book ratio).

To achieve this goal, the Board has identified that an amount not exceeding the reserves of the Scheme as defined by Regulation 29, will be allocated to a strategic investment portfolio which will be managed by an Investment Committee in conjunction with the Scheme's appointed investment advisors. The balance of the available cash is held in cash and short-term investments to meet the daily operational needs of the Scheme.

The Investment Committee monitors the performance of the Scheme's investments in conjunction with the Scheme's investment advisors to ensure that maximum returns are achieved.

Personal medical savings trust investment risk is the risk that the investment balances and returns on the trust monies will not be sufficient to cover the trust liability. The trust monies are not a direct Scheme risk as these monies belong to the members and are held through trust accounts. However, the Scheme still has an obligation to oversee the investment performance of these trust assets to ensure that the personal medical savings liabilities towards members are sufficiently covered. The Scheme has adopted a conservative investment approach in this regard by investing in low risk bank accounts and money market instruments.

Breakdown of investments

The investments managed by the Investment Committee are split between the following categories in the financial statements:

* Financial assets investments; and
* Cash and cash equivalents.

Financial assets investments

The Scheme invests in various assert classes through linked insurance policies with a registered long-term insurers and through segregated portfolios. The performance of the investments are measured against the Consumer Price Index (CPI) with the objective to outperform CPI as follows over any rolling five-year period:

* Domestic only portfolios - CPI + 3%
* Domestic with global components portfolios - CPI + 4%

To better understand the risks associated with these investments, the following disclosure is presented under each category.

	2024 R	2023 R
Scheme		
Financial assets at fair value through other comprehensive income:		
- SA Listed equities	507,939,804	531,409,726
- SA Listed properties	30,748,902	22,805,605
	538,688,705	554,215,330
Financial assets at fair value through profit or loss:		
Scheme:		
Listed bonds	257,044,715	296,551,948
Linked insurance policies	1,505,979,277	1,348,243,149
Collective investment schemes	1,479,789,830	1,197,421,383
Money market instruments	256,385,142	195,010,868
	3,499,198,964	3,037,227,347
Personal medical savings account trust monies invested		
Money market instruments	411,709,385	377,316,992
Linked insurance policies	522,727,458	477,454,071
Total	934,436,843	854,771,063

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

MARKET RISK

Market risk refers to the risk that changes in market prices such as interest rates, equity prices and foreign exchange rates will affect the value of the Scheme's holdings in financial instruments or its income. The objective of the management of market risk is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

The insurance liabilities of the Scheme are settled within one year. No insurance liabilities are discounted and therefore changes in market interest rates would not affect the Scheme's surplus or deficit.

Risks identified per investment and cash instrument	Currency Risk	Price Risk	Interest Rate Risk
Segregated portfolio			
- SA Listed equities	-	Yes	-
- Money market instruments	-	-	Yes
Listed bonds	-	-	Yes
- SA Listed properties	-	Yes	Yes
- International fixed interest	Yes	Yes	Yes
Linked insurance policies	-	Yes	Yes
Money market instruments - International)	Yes	-	Yes
Money market instruments - local	-	-	Yes
Collective investment schemes	-	Yes	Yes
Cash and cash equivalents.	-	-	Yes

Currency risk

The majority benefits of the Scheme are Rand-denominated and therefore the Scheme does not have material net currency risk on its benefits. The Scheme is however exposed to net currency risk through its foreign investment in international fixed interest funds.

Price risk

The Scheme is indirectly exposed to equity securities price risk, SA properties and commodities because of investments via linked insurance policies.

The Scheme is directly exposed to equity price risk through its segregated portfolios.

This risk is managed by the mandates issued to the investment managers which are utilised by the Scheme. Investment managers are required to invest within the restrictions of Regulation 30 of the Medical Schemes Act. Furthermore, investment risks and exposure are reviewed and assessed on a regular basis by the Investment Committee of the Scheme, management as well as by the Scheme's Investment Advisors - Willis Towers Watson.

Equity sensitivity analysis table

Effect on equity if the listed equities index strengthens/weakens by 10%

2024	Carrying value at year-end	Effect on equity if the listed equities index strengthens/(weakens) by 10%
	R	R
SA Listed equities	507,939,804	50,793,980
SA Listed properties	30,748,902	3,074,890

2023	Carrying value at year-end	Effect on equity if the listed equities index strengthens/(weakens) by 10%
	R	R
SA Listed equities	531,409,726	53,140,973
SA Listed properties	22,805,605	2,280,560

Linked insurance policies sensitivity analysis

The Scheme acquired units in linked insurance policies with exposure to assets in domestic equity amongst other asset classes such as interest bearing assets. The value of each unit is calculated as the aggregate market value of all underlying assets at the end of the day, with due allowances being made where applicable for accrued interest and dividend income. From the aggregate market value is deducted any direct costs the manager may incur in the management of the portfolio. The resultant net aggregate market value is then divided by the number of units to derive the Unit Price. The table below shows the effect of changes in the market on the Unit Price.

	Linked Insurance Policies	Percentage effect on amount of Accumulated Funds					
		% Decrease in market			% Increase in market		
		30%	15%	5%	5%	15%	30%
	R	R	R	R	R	R	R
2024	1,505,979,277	(451,793,783)	(225,896,892)	(75,298,964)	75,298,964	225,896,892	451,793,783
2023	1,348,243,149	(404,472,945)	(202,236,472)	(67,412,157)	67,412,157	202,236,472	404,472,945

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

Interest rate risk

The Scheme is exposed to interest rate risk through various interest bearing investments. The cashflow interest rate risk is managed by maintaining an appropriate combination of fixed and floating rate investments.

This risk is managed by regular reviews by the Investment Committee of the Scheme, management as well as by the Scheme's Investment Advisors - Willis Towers Watson. The performance of the investments are measured against the Consumer Price Index (CPI) with the objective to outperform CPI over any rolling five-year period.

Sensitivity analysis table

The following table summarises the Scheme's cash and cash equivalents and financial assets investments that are exposed to interest rate risks, disclosed at carrying amounts and categorised by the earlier of contractual repricing or maturity dates.

As at 31 DECEMBER 2024	1 - 3 months R	4 - 12 months R	1 - 5 years R	Carrying value at year-end Total R
Money market instruments				
Scheme	32,738,578	27,125,934	196,624,222	256,488,734
Personal medical savings account trust monies invested	125,219,943	286,489,443	-	411,709,386
Listed bonds				
Scheme	-	12,786,999	244,154,124	256,941,123
Linked insurance policies				
Scheme	-	-	1,505,979,277	1,505,979,277
Personal medical savings account trust monies invested	122,374,772	123,898,133	276,454,553	522,727,458
Collective investment schemes	1,065,059,076	297,647,650	117,083,104	1,479,789,830
Cash and cash equivalents				
Scheme	16,960,129	-	-	16,960,129
Personal medical savings account trust monies invested	340,597,559	-	-	340,597,559
Total	**1,702,950,057**	**747,948,159**	**2,340,295,280**	**4,791,193,496**

A sensitivity analysis has been performed on the effect a 1% increase/decrease in the interest rate would have on the investment income recognised by the Scheme:

	1% increase in interest rate R	1% decrease in interest rate R
Net impact on investment income for all portfolios	(48,611,118)	50,497,394

Interest rate risk is presented to reflect the total interest rate risk exposure of the total portfolio (fair value and cash flow interest rate risk), considering the mix of floating and fixed rate instruments.

As at 31 DECEMBER 2023	1 - 3 months R	4 - 12 months R	1 - 5 years R	Carrying value at year-end Total R
Money market instruments				
Scheme	18,735,632	21,704,767	154,570,468	195,010,868
Personal medical savings account trust monies invested	72,478,592	304,838,400	-	377,316,992
Listed bonds				
Scheme	217,397	247,096	296,087,456	296,551,948
Linked insurance policies				
Scheme	-	-	1,348,243,149	1,348,243,149
Personal medical savings account trust monies invested	82,096,993	141,232,676	254,124,402	477,454,071
Collective investment schemes	729,465,125	269,510,031	198,446,226	1,197,421,382
Cash and cash equivalents				
Scheme	39,516,976	-	-	39,516,976
Personal medical savings account trust monies invested	296,941,196	-	-	296,941,196
Total	**1,239,451,910**	**737,532,969**	**2,251,471,701**	**4,228,456,581**

A sensitivity analysis has been performed on the effect a 1% increase/decrease in the interest rate would have on the investment income recognised by the Scheme:

	1% increase in interest rate R	1% decrease in interest rate R
Net impact on investment income for all portfolios	(19,229,152)	20,190,970

Interest rate risk is presented to reflect the total interest rate risk exposure of the total portfolio (fair value and cash flow interest rate risk), considering the mix of floating and fixed rate instruments.

	2024 %	2023 %
Summary of effective interest rate at year-end across applicable Scheme financial assets.		
Financial assets		
Scheme	8.0%	7.4%
Personal medical savings account trust monies invested	8.6%	8.9%
Cash and cash equivalents		
Scheme	6.9%	6.5%
Personal medical savings account trust monies invested	7.8%	7.7%

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Scheme's principal financial assets are trade and other receivables, investments and cash and cash equivalents.

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

Credit risk (continued)

Exposure to credit risk

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

	2024 R	2023 R
Financial assets at fair value through profit or loss	4,624,167,673	4,061,561,393
Scheme	3,499,198,964	3,037,227,347
Personal medical savings account trust monies invested	934,436,843	854,771,063
Insurance contract assets	154,593,729	139,728,814
Trade and other receivables	29,411,008	24,890,910
Recovery under reinsurance contract assets	6,527,128	4,943,259
Cash and cash equivalents	357,557,688	336,458,172
Scheme	16,960,129	39,516,976
Personal medical savings account trust monies invested	340,597,559	296,941,196
	4,981,725,361	**4,398,019,564**

It should be noted that the full value of insurance policies (classified as financial assets at fair value through profit or loss) which have underlying credit and equity assets have been included above.

A. Insurance contract assets

In adoption of IFRS 17, the Scheme account for cash inflows receivables related to current and past service under insurance liabilities.
The main components of insurance contract assets are:

- Receivables for contributions due from members;
- Personal medical saving advances;
- Receivables for amounts recoverable from service providers and members in respect of claims debt and personal medical savings over-utilisation.

The Scheme manages credit risk by:

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

Contribution receivables are collected by means of debit orders or cash payments. Amounts which are past 120 days or more are not expected to be recovered.

Insurance contract receivables disclosed by quantitative analysis and maximum credit exposure at the end of the year:

2024	Insurance contracts receivables R	Recoveries from members and providers R	Total R
Insurance contracts assets that are neither past due	145,751,497	1,033,018	**146,784,515**
Insurance contracts assets that are past due:			
Past due 30 days	1,308,340	1,392,428	**2,700,768**
Past due 60 days	400,346	1,454,271	**1,854,617**
Past due 90 days	77,796	1,110,872	**1,188,668**
Insurance contracts assets that are not expected to be recovered:			
Past due 120 days and more	23,459	11,202,965	**11,226,424**
	147,561,437	16,193,555	**163,754,992**

2023	Insurance contracts receivables R	Recoveries from members and providers R	Total R
Insurance contracts assets that are neither past due	128,234,337	6,749,586	**134,983,923**
Insurance contracts assets that are past due:			
Past due 30 days	1,041,876	1,557,125	**2,599,001**
Past due 60 days	267,621	854,895	**1,122,516**
Past due 90 days	50,453	972,922	**1,023,375**
Insurance contracts assets that are not expected to be recovered:			
Past due 120 days and more	34,722	14,124,618	**14,159,340**
	129,629,009	24,259,145	**153,888,154**

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

B. Investments

Transactions are limited to high-quality financial institutions and the amount of exposure to any one financial institution is limited.

The Scheme limits its exposure to credit risk by investing in liquid securities and only with counterparties that have a credit rating of no less than Aaa.za as rated by Moody's Ratings. Owing to these high credit ratings the Board of Trustees does not expect any counterparty to fail to meet its obligations. Credit limits per institution are prescribed by Annexure B of the Regulations to the Medical Schemes Act 131 of 1998, as amended, which reduces the risk per individual institution. The utilisation of these credit limits are regularly monitored.

The table below shows the credit limit and balance of cash and cash equivalents as well as money market instruments held at five major counterparties at year-end. No credit limits as per Regulation 30 were exceeded during the reporting period and the Board of Trustees does not expect any losses from non-performance of these counterparties.

		2024		2023	
Counterparty	Credit rating	Credit limit R	Balance R	Credit limit R	Balance R
Nedbank	Aaa.za	1,899,371,234	203,810,784	1,713,873,954	142,199,573
ABSA	Aaa.za	1,899,371,234	158,859,106	1,713,873,954	208,973,842
Standard Bank	Aaa.za	1,899,371,234	214,033,330	1,713,873,954	214,333,654
FNB	Aaa.za	1,899,371,234	85,185,634	1,713,873,954	106,901,133
Investec	Aaa.za	1,899,371,234	27,931,403	1,713,873,954	92,572,853

P-1.za means highest short-term credit quality on the Moody's national scale. It indicates the strongest intrinsic capacity for the timely payment of financial commitments.

C. Cash and cash equivalents

	2024 R	2023 R
Counterparties with external credit ratings (Moody's)		
Aaa.za	357,557,688	336,458,172
	357,557,688	336,458,172

The Scheme applies the National Scale Short -Term Issue Credit Ratings for its short-term obligations. The rating relates to the capacity of the Scheme to meet its financial obligations.

Aaa.za means highest short-term credit quality on the Moody's national scale. It indicates the strongest intrinsic capacity for the timely payment of financial commitments.

Financial assets

The credit ratings of financial assets are linked to the underlying investment Funds within the segregated portfolios, linked insurance policy and money market instruments. The Scheme's investment portfolios managed by Investec, Allan Gray, Stanlib, Sanlam, NinetyOne, Precient and M&G Investments are all managed in compliance with Annexure B of Regulation 30 of the Medical Schemes Act. As such the per issuer limits per Annexure B applies to all the mandates. The credit rating exposures are monitored by the Scheme's Investment Advisor, Willis Towers Watson, which ensures mandate compliance.

Fair values of financial assets by hierarchy level
Assets measured at fair value: 2024

	Level 1 R	Level 2 R	Level 3 R
Financial assets			
Scheme			
Financial assets at fair value through other comprehensive income:			
Listed shares	507,939,804	-	-
SA Listed properties	30,748,902	-	-
Financial assets at fair value through profit or loss:			
Listed bonds	257,044,715	-	-
Linked insurance policies	-	1,505,979,277	-
Collective investment schemes	-	1,479,789,830	-
Money market instruments	-	256,385,142	-
Personal medical savings account trust monies invested			
Financial assets at fair value through profit or loss:			
Money market instruments	-	411,709,385	-
Linked insurance policies	-	522,727,458	-
	795,733,420	4,176,591,092	-

Fair values of financial assets by hierarchy level
Assets measured at fair value: 2023

	Level 1 R	Level 2 R	Level 3 R
Financial assets			
Scheme			
Financial assets at fair value through other comprehensive income:			
Listed shares	531,409,726	-	-
SA Listed properties	22,805,605	-	-
Financial assets at fair value through profit or loss:			
Listed bonds	296,551,948	-	-
Linked insurance policies	-	1,348,243,149	-
Collective investment schemes	-	1,197,421,383	-
Money market instruments	-	195,010,868	-
Personal medical savings account trust monies invested			
Financial assets at fair value through profit or loss:			
Money market instruments	-	377,316,992	-
Linked insurance policies	-	477,454,071	-
	850,767,278	3,595,446,462	-

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

Analysis of carrying amounts of assets and liabilities per category

The Scheme invests in funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

2024	Cash and cash equivalents	Financial assets	Trade and other receivables	Trade payables and other payables	Insurance contract assets and liabilities	Total carrying amount
		R	R	R		R
Investments						
- Financial assets at fair value through FVOCI	-	538,688,705	-	-	-	538,688,705
- Financial assets at FVTPL	-	3,499,198,964	-	-	-	3,499,198,964
Personal medical savings account trust investment						
- Financial assets at FVTPL	-	934,436,843	-	-	-	934,436,843
Cash and cash equivalents						
- Scheme	16,960,129	-	-	-	-	16,960,129
- Personal medical savings account trust investment	340,597,559	-	-	-	-	340,597,559
Trade and other receivables	-	-	29,411,008	-	-	29,411,008
Reinsurance contract assets	-	-	-	-	154,593,729	154,593,729
Insurance liability attributable to future members	-	-	-	-	(3,619,568,129)	(3,619,568,129)
Insurance liability attributable to current members	-	-	-	-	(1,901,976,750)	(1,901,976,750)
Reinsurance contract liabilities	-	-	-	-	(2,591,612)	(2,591,612)
Trade and other payables	-	-	-	(35,551,558)	-	(35,551,558)
	357,557,688	**4,972,324,512**	**29,411,008**	**(35,551,558)**	**(5,369,542,762)**	**(45,801,111)**

2023	Cash and cash equivalents	Financial assets	Trade and other receivables	Trade payables and other payables	Insurance contract assets and liabilities	Total carrying amount
		R	R	R		R
Investments						
- Financial assets at fair value through FVOCI	-	554,215,330	-	-	-	554,215,330
- Financial assets at FVTPL	-	3,037,227,347	-	-	-	3,037,227,347
Personal medical savings account trust investment						-
- Financial assets at FVTPL	-	854,771,063	-	-	-	854,771,063
Cash and cash equivalents						-
- Scheme	39,516,976	-	-	-	-	39,516,976
- Personal medical savings account trust investment	296,941,196	-	-	-	-	296,941,196
Trade and other receivables	-	-	24,890,910	-		24,890,910
Reinsurance contract assets	-			-	4,943,259	4,943,259
Insurance liability attributable to future members	-	-	-	-	(3,413,469,872)	(3,413,469,872)
Insurance liability attributable to current members	-	-	-	-	(1,382,105,766)	(1,382,105,766)
Reinsurance contract liabilities	-	-	-	-	(4,433,733)	(4,433,733)
Trade and other payables	-	-	-	(55,229,937)	-	(55,229,937)
	336,458,172	**4,446,213,740**	**24,890,910**	**(55,229,937)**	**(4,795,066,111)**	**(42,733,226)**

Analysis of carrying amounts of assets and liabilities per category

Insurance receivables and payables included amounts due from/to:

- Contribution debtors
- Brokers
- MVA recoveries
- Recoveries from members for co-payments
- Provider balances
- Member balances excluding balances arising from personal medical savings accounts
- Reported claims not yet paid

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

Pooled Investment Funds excluding personal medical savings account trust monies invested (Unconsolidated Structured Entities)

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

The right of the Scheme to request redemption of its investments in funds ranges in frequency from weekly to annually. The exposure to investments in funds at fair value, by strategy employed, is disclosed in the following table:

Strategy 2024	Total pool of investee funds R	Fair value of asset investment at 31 December 2024* R	% of net assets attributable to holders of units ** %
Allan Gray Linked Insurance Policy Absolute mandate portfolios investing in various instruments	3,183,032,808	581,360,202	18.26%
Prescient Linked Insurance Policy Absolute mandate portfolios investing in various instruments	105,600,000,000	584,785,456	0.55%
Ninety One Market Fund Class F Conservative maturity profile investing in money market instruments	37,059,722,807	497,699,077	1.34%
Ninety One High Income Fund Class A Conservative maturity profile investing in money market instruments	25,778,000,148	567,359,999	2.20%
Ninety One Stable Money Market Stable returns over the medium term, with a focus on conservative money market instruments	1,966,068,783	7,425,005	0.38%
Ninety One Stable Income	226,517,483	226,459,452	99.97%
Ninety One Multi Asset Credit Stable	278,991,955	105,949,163	37.98%
Stanlib Unit Trusts	60,067,088,742	297,647,650	0.50%
M&G Corporate Bond Fund	5,591,013,080	6,462,538	0.12%
M&G High Interest Fund	10,461,090,887	72,535,877	0.69%
M&G Global Fixed Income Fund	407,736,064	38,084,689	9.34%
	250,619,262,756	**2,985,769,107**	

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

Strategy	Total pool of investee funds	Fair value of asset investment at 31 December 2023 *	% of net assets attributable to holders of units **
	R	R	%
2023			
Allan Gray Linked Insurance Policy Absolute mandate portfolios investing in various instruments	2,948,509,799	521,164,500	17.68%
Prescient Linked Insurance Policy Absolute mandate portfolios investing in various instruments	95,009,268,913	521,340,630	0.55%
Ninety One Money Market Fund Class F Conservative maturity profile investing in money market instruments	44,629,163,501	257,232,746	0.58%
Ninety One High Income Fund Class A Conservative maturity profile investing in money market instruments	21,813,154,457	472,232,379	2.16%
Ninety One Stable Money Market Stable returns over the medium term, with a focus on conservative money market instruments	1,698,166,467	6,784,353	0.40%
Ninety One Stable Income	338,645,949	298,953,666	88.28%
Stanlib Unit Trusts	54,495,804,207	269,510,031	0.49%
M&G Corporate Bond Fund	5,573,084,399	11,553,092	0.21%
M&G High Interest Fund	14,093,115,174	127,556,735	0.91%
M&G Global Fixed Income Fund	1,284,500,717	59,336,399	4.62%
	241,883,413,582	**2,545,664,531**	

* The fair value of financial assets is included in financial assets in the statement of financial position.
** This represents the entity's percentage interest in the total net assets of the investee funds.

The fair value of publicly traded financial instruments held as financial assets securities is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Scheme is the current bid price.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure that the Scheme has the ability to fund its day-to-day operations. The Scheme manages liquidity risk by monitoring forecast cash flows and ensuring that adequate free cash is available.

The contractual maturities of liabilities at reporting date are tabled below.

As at 31 December 2024	1 - 3 months R	4 - 12 months R	1 - 5 years R	Total R
LIABILITIES				
Insurance liability attributable to future members	-	63,435,925	3,556,132,204	3,619,568,129
Insurance liability attributable to current members	433,175,686	1,314,207,335	-	1,747,383,021
Reinsurance contract liabilities	6,527,128	-	-	6,527,128
Trade and other payables	35,551,558	-	-	35,551,558
Total liabilities	**475,254,372**	**1,377,643,260**	**3,556,132,204**	**5,409,029,836**

As at 31 December 2023	1 - 3 months R	4 - 12 months R	1 - 5 years R	Total R
LIABILITIES				
Insurance liability attributable to future members	-	170,293,692	3,243,176,180	3,413,469,872
Insurance liability attributable to current members	202,619,255	1,179,486,511	-	1,382,105,766
Reinsurance contract liabilities	4,433,733	-	-	4,433,733
Trade and other payables	55,229,937	-	-	55,229,937
Total liabilities	**262,282,924**	**1,349,780,203**	**3,243,176,180**	**4,855,239,307**

Cash and cash equivalents	2024 R	2023 R
Cash and cash equivalents consist of the following:		
Current accounts	352,070,079	328,483,549
Scheme	11,472,520	31,542,352
Personal medical savings account trust monies invested	340,597,559	296,941,196
Deposits on call account	5,487,609	7,974,623
Scheme	5,487,609	7,974,623
Total	**357,557,688**	**336,458,172**

Legal risk

Legal risk is the risk that the Scheme will be exposed to contractual obligations which have not been provided for. At 31 December 2024 the Scheme did not consider there to be any significant concentration of legal risk that had not been provided for.

27. FINANCIAL RISK MANAGEMENT REPORT (continued)

Capital adequacy risk

The Scheme's objectives for managing capital are to maintain the capital requirements as prescribed by the Medical Schemes Act 131 of 1998, as amended, and to safeguard the ability of the Scheme to continue as a going concern for the benefit of its stakeholders.

Regulation 29(2) of the Medical Schemes Act 131 of 1998, as amended, requires a minimum solvency ratio of accumulated funds expressed as a percentage of gross insurance revenue of 25%.

The solvency ratio was 33.23% of gross insurance revenue from contracts measured under the PAA at 31 December 2024 and 36.89% at 31 December 2023.

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

	2024 R	2023 R
Insurance liability attributable to future members	3,619,568,129	3,413,469,872
Less: Unrealised investment gains	(785,454,225)	(600,968,659)
Accumulated funds as per Regulation 29	2,834,113,905	2,812,501,213
Gross insurance revenue from contracts measured under the PAA	**8,528,023,424**	**7,624,600,182**
Solvency ratio calculated as the ratio of accumulated funds/Gross insurance revenue from contracts measured under the PAA x 100	**33.23%**	**36.89%**

28. RESTATEMENT

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, non cash flow items have been retrospectively adjusted by correctly removing the interest capitalised, dividend income and unrealised gains/(losses) on investments as they are not included in the Cash and Cash Equivalents as disclosed in note 8.

The following table summarises the impact on the statement of cash flows:

	31 December 2023		
	As previously reported R	Adjusted R	Restated amount R
Cash Flow from Operating activities:			
Personal medical savings investments:			
Increase in personal savings account liabilities	106,361,345	(70,250,389)	36,110,956
Net finance expenses from insurance contracts issued - PMSA	(91,761,734)	70,250,389	(21,511,345)
Cash Flow from Financing activities:			
Personal medical savings investments:			
Purchase of personal medical savings trust financial assets	(71,217,673)	70,250,389	(967,283)
Net finance income from insurance contracts issued – PMSA	91,761,734	(70,250,389)	21,511,345
Scheme:			
Payments for financial assets	(4,879,900,351)	169,627,567	(4,710,272,784)
Interest income	148,454,889	(145,252,480)	3,202,409
Dividend income	24,375,087	(24,375,087)	-

29. GOING CONCERN

The Scheme's objectives for managing capital are to maintain the capital requirements as prescribed by the Medical Schemes Act 131 of 1998, as amended, and to safeguard the ability of the

30. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

No material events took place between the Statement of Financial Position as at 31 December 2024 and the date of this report.