



ANGLOVAAL

GROUP MEDICAL SCHEME

NOTICE OF THE ANNUAL GENERAL MEETING

TO BE HELD ON 27 MAY 2025 AT 10H00 AT

THE OFFICES OF AVI LTD,

2 HARRIES ROAD, ILLOVO, SANDTON



ANGLOVAAL GROUP MEDICAL SCHEME

NOTICE OF THE ANNUAL GENERAL MEETING OF THE ANGLOVAAL GROUP MEDICAL SCHEME

The 28th Annual General Meeting of the members of the Anglovaal Group Medical Scheme will take place at 10h00 on 27 May 2025 at the offices of AVI Ltd, 2 Harries Road, Illovo, Sandton.

A quorum for the meeting will be fifteen members of the Scheme, present in person (which includes being present by means of such electronic or other communication facility or media as permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously and persons so participating shall be deemed to be present at such meeting).

Attached please find your copy of the Agenda, the Annual Financial Statements (incorporating the Auditors' Report and the Trustees' Annual Report), and a Proxy Form. AVI reserves the right to refuse entry to any person or to ask any person to leave the premises.

Notice of any motions to be placed before the Annual General Meeting must reach the Principal Officer by no later than 12h00 on 20 May 2025. Such motions must be lodged with or posted to:

The Principal Officer c/o Nadine Naidoo

Anglovaal Group Medical Scheme,

AGM Motions,

P O Box 652509, Benmore, 2010 or

1 Discovery Place, Sandton or

fax to (011) 539-1018 or

email to avgmsagm@discovery.co.za

Please note that you will be required to produce your membership card and identity document when registering for the AGM.

AGENDA

**Annual General Meeting of the Anglovaal Group Medical Scheme
to be held on 27 May 2025 at 10h00 at the offices of AVI Ltd, 2 Harries Road, Illovo,
Sandton.**

1. Welcome and additions to the Agenda
2. Apologies
3. Minutes of the previous meeting
4. Report of the Board of Trustees
5. Annual Financial Statements
6. Appointment of the auditors
7. Submitted motions
8. General
9. Close

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF THE
ANGLOVAAL GROUP MEDICAL SCHEME HELD ON 24 MAY 2024 AT 10H00 AT
THE OFFICES OF AVI LIMITED, 2 HARRIES ROAD, ILLOVO, AND
ELECTRONICALLY BY MS TEAMS (IN ACCORDANCE WITH THE SCHEME RULES)**

PRESENT

M Koursaris	(Chairman, Trustee and member)
V Crystal	(Principal Officer and member)
I Masike	(Trustee and member)
G Bergman	(Trustee) (MS Teams)
H de Groot	(Trustee and member)
K Tshepe	(Trustee and member) (MS Teams)
A Mills	(Trustee and member)
B Jales	(Trustee and member) (MS Teams)
S Esterhuizen	(Member)
T Tuininga	(Member)
W Germanus	(Member)
L Thipe	(Member)
R Sowell	(Member)
S Mariti	(Member)
B Smit	(Member)
S Nulliah	(Member)
A Broadbent	(Member)
D Moss	(Member)
G Boyiatjis	(Member)
M Wright	(Member)
T Vadi	(Member)
S Pretorius	(Member)
J Fourie	(Member)
M Brownie	(Member) (MS Teams)
C Coetzee	(Member)
S Haffajee	(Member)
X Nkosi	(Member)
M Stevenson	(Member)
G Barnard	(Member) (MS Teams)
K Mokoatedi	(CMS) (MS Teams)

IN ATTENDANCE

N Naidoo	(Discovery Health)
A Rogers	(Discovery Health) (MS Teams)
M Buckingham	(Discovery Health)
K Mokoatedi	(CMS) (MS Teams)
K Spangenberg	(Discovery Finance)

APOLOGIES

None

1. WELCOME

Mr. Koursaris introduced himself as the Chairman of the Board of Trustees and welcomed all present to the Scheme's 27th Annual General Meeting (AGM).

With proper notice having been given and a quorum of at least 15 members being present, the meeting was declared properly constituted.

The Chairman indicated that copies of the AGM pack and Annual Financial Statements were available at the back of the room for any members who required a copy.

2. APOLOGIES

There were no apologies.

3. MINUTES OF THE PREVIOUS MEETING

The Chairman took the members through the minutes of the previous AGM held on 24th of May 2023, and the minutes were approved without change.

4. REPORT OF THE BOARD OF TRUSTEES

The Chairman referred to pages 59 to 66 of the pack, which contained the report of the Board of Trustees included in the 2023 Annual Financial Statements.

The Chairman reported that the Scheme remained a going concern. The trustees monitor the overall performance of the Scheme on a monthly basis and the investment policy was reviewed annually against the expected returns. The Scheme's solvency level as at 31 December 2023 was 61.17%, against the required statutory solvency level of 25%. The trustees do not believe in making short term decisions based on limited information, but to rather take a well-considered, long term view in order to ensure the sustainability of the Scheme. This prudent approach allows the Scheme to be managed through any short term adverse claims experiences, whilst minimising the potential negative impact on the members. As at 31 December 2023 the Scheme's total investments and operating cash stood at R201,5 million.

The Chairman also drew attention to item 16 of the report on pages 57, 58, 64 and 65 of the financial statements where the non-compliance matters were outlined and stated that, as advised in previous years, none of these issues were material to the continued operations of the Scheme or its sustainability and arose largely as a result of the highly regulated environment in which the Scheme operates.

	<p>The Chairman confirmed that the Trustees were satisfied with the results of the year-end audit. The report of the Board of Trustees, included in the Annual Financial Statements for the period ending 31 December 2023, was approved by the members.</p>
<p>5.</p>	<p>ANNUAL FINANCIAL STATEMENTS</p> <p>The Chairman referred to the Annual Financial Statements for the period under review and advised that the Scheme’s financial administrator was present to answer questions from the floor.</p> <p>With no questions being raised, the Annual Financial Statements for the period ending 31 December 2023 were approved by the members.</p>
<p>6.</p>	<p>APPOINTMENT OF THE TRUSTEES</p> <p>The Chairman advised that, in terms of the rules of the Scheme, trustees are appointed every 2 years at the AGM and retiring trustees are eligible for re-election. Mr. B Jales, Ms. K Tshepe, Ms. H de Groot and Mr. G Bergman were appointed by the company for a further two-year term. At the beginning of April 2024, the Scheme called for nominations for member elected trustees and no new nominations were received. The current member elected trustees made themselves available for re-election and, in the absence of any new nominations, Messrs. M Koursaris, I Masike, A Mills and J Laubscher were re-elected as member elected trustees for a further two-year term.</p>
<p>7.</p>	<p>APPOINTMENT OF THE AUDITORS</p> <p>The recommendation from the Board of Trustees to reappoint PwC as the Scheme’s external auditor was approved by the members. The Chairman thanked PwC for their services over the past year.</p>
<p>8.</p>	<p>SUBMITTED MOTIONS</p> <p>No motions were submitted.</p>
<p>10.</p>	<p>GENERAL</p> <p>10.1 Complaints or disputes</p> <p>The Chairman advised that, as required by the Council for Medical Schemes, members were informed that any member complaints or disputes may be lodged with the Scheme in writing. Should the complaint not be resolved to the member’s satisfaction, the Principal Officer would appoint a Disputes Committee and convene a meeting of this Committee to hear and resolve the complaint. The Disputes Committee would consist of three Scheme members, who are not Trustees, employees of Discovery Health, or officers of the Scheme. One of the three members would be a person with legal expertise.</p>

Members would have the right to appeal the decision of the Disputes Committee to the Council for Medical Schemes.

10.2 The Chairman then gave members the opportunity to discuss any other items under general.

Mr. Brownie raised a concern with regard to own paying pensioners and his concern that increased contributions and reduced benefits affected this group of members more than pensioners with employer subsidies. He requested that the matter be discussed at the Scheme's next benefit meeting. The Chairman noted that benefits had not been reduced and that the contribution tables were considered annually across the board with all constituents in mind, with contributions being applied equally across all income bands. He also noted that the Trustees ensured that the Scheme's reserves were utilized carefully as the sustainability of the Scheme was the paramount objective.

Mr. Broadbent asked a question regarding gap cover as he had tried to apply for this on the Discovery website but was informed that the Scheme was not recognized as part of Discovery. Ms. Crystal advised that the Scheme itself did not offer gap cover and that this was in any event an insurance product for which Mr. Broadbent would have to apply through Discovery Insure. Ms. Crystal requested Ms. Naidoo to please provide information on the process, which she undertook to do.

11. CLOSING

In conclusion the Chairman thanked everyone present for their attendance and time. He also extended thanks to the Board of Trustees, the Principal Officer, the members of the Audit and Investment Committee, the administrator (Discovery Health), as well as the independent service providers, Insight Actuaries and Consultants, for their services during this period.

There being no further matters to discuss, the meeting was closed.

Minutes accepted

M. Koursaris
CHAIRMAN

DATE

ANGLOVAAL GROUP MEDICAL SCHEME

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

FINANCIAL STATEMENTS

for the year ended 31 December 2024

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ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

FINANCIAL STATEMENTS

for the year ended 31 December 2024

TRUSTEES' RESPONSIBILITY AND APPROVAL

The Trustees are responsible for the preparation and fair presentation of the financial statements of Anglovaal Group Medical Scheme ("the Scheme"), comprising the Statement of financial position as at 31 December 2024, the statements of comprehensive income and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards (IFRS) and the requirements of the Medical Schemes Act, of South Africa. In addition, the Trustees are responsible for preparing the report of the Board of Trustees and Statement of Corporate Governance.

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

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

The independent auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

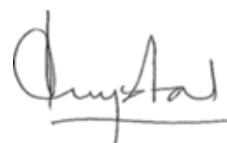
The financial statements of Anglovaal Group Medical Scheme, as identified in the first paragraph, were approved by the Trustees on 30 April 2025 and are signed on their behalf by:



M Koursaris
CHAIRMAN



TRUSTEE



Vivien Crystal
PRINCIPAL OFFICER

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

FINANCIAL STATEMENTS

for the year ended 31 December 2024

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The Anglovaal Group Medical Scheme is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are either appointed by the respective employers or elected by the members of the Scheme. The Scheme adopts good corporate governance practices in all aspects.

THE BOARD OF TRUSTEES

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

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

The Trustees have appointed an audit and investment committee to assist in executing its duties.

INTERNAL CONTROL

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

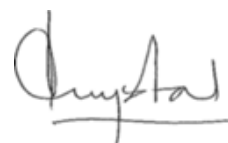
No event or item has come to the attention of the Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



M Koursaris
CHAIRMAN



TRUSTEE



Vivien Crystal
PRINCIPAL OFFICER

30 April 2025

Independent Auditor's Report

To the Members of Anglovaal Group Medical scheme

Report on the financial statements

Opinion

We have audited the financial statements of Anglovaal Group Medical scheme (the Scheme), set out on pages 9 to 55, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, and the statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported</p> <p>Refer to the following disclosure in the financial statement for details:</p> <ul style="list-style-type: none"> Significant judgements and estimates note 1.3; Insurance contracts scope and grouping note 1.4; and Note 4 Insurance contract liabilities. 	<p>Our audit addressed this key audit matter as follows:</p> <p>We obtained an understanding from the Scheme's actuaries regarding the process followed in calculating the LIC from healthcare events that have occurred, including events that have occurred but are not reported, which included the design and implementation of controls within the process.</p>

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Private Bag X36, Sunninghill, 2157, South Africa
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Chief Executive Officer: L S Machaba

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

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2024 the Scheme recognised insurance contract liabilities amounting to R27,316,830.</p> <p>The Scheme's insurance contract liabilities comprise the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).</p> <p>In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported.</p> <p>The value of the liability for incurred claims incurred but not yet reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC report is calculated by the Scheme's actuaries which is reviewed by management and the Audit and Investment Committee and recommended to the Board of Trustees for approval. The liability for incurred claims incurred but not yet reported amounts to R5,164,865.</p> <p>The most significant assumptions made in the determination of the LIC are:</p> <ul style="list-style-type: none"> • the future cash flow projections; and • the risk adjustment for non-financial risk. <p><i>Future cash flow projections</i></p> <p>The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Scheme's actuaries use an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to determine the probability-weighted estimate of expected future cash flows. The model applied is the Chain Ladder method.</p> <p><i>Risk adjustments for non-financial risk</i></p> <p>In determining the Scheme's risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under IFRS 17. The Scheme's calibrated risk adjustment is such that the insurance contract liabilities are held to be sufficient at the 75th percentile of the ultimate loss distribution.</p> <p>We considered the valuation of the LIC from healthcare events that have occurred, including events that have occurred but are not reported to</p>	<p>We obtained the actual claims data from the member administration system covering the year ended 31 December 2024 used in calculating the LIC from healthcare events that have occurred, including events that have occurred but are not reported.</p> <p>We assessed the completeness of the claims data on the member administration system by understanding management's controls. We selected a sample of claim transactions from the claim source and agreed these to the member administration system. No material inconsistencies were noted.</p> <p>We substantively tested a sample of claims received by the Scheme in the 31 December 2024 financial year, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted.</p> <p>We assessed the completeness of the claims data in the Scheme's actuarial model by testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted.</p> <p>To assess the reasonableness of the Scheme actuaries' estimation process, we compared the actual claim results in the current year to the prior year LIC from healthcare events that have occurred, including events that have occurred but are not reported. We noted no matters for further consideration with respect to the estimation process.</p> <p>With the assistance of our internal actuarial experts we independently calculated the Scheme's probability-weighted estimate of future cash flow projections of the LIC from healthcare events that have occurred, including events that have occurred but are not reported taking into account the claims data tested above. We compared our results with that of the Scheme and did not note any material exceptions.</p> <p>With the assistance of our internal actuarial experts we tested the risk adjustment component of the LIC from healthcare events that have occurred, including events that have occurred but are not reported by performing the following procedures:</p> <ul style="list-style-type: none"> • We evaluated the Scheme's methodology relative to the principles of IFRS 17 to assess

Key audit matter	How our audit addressed the key audit matter
<p>be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties in determining the future cash flow projections and the risk adjustments for non-financial risk.</p>	<p>whether this approach is consistent with the principles of the risk adjustment under IFRS 17. The risk adjustment covers non-financial risk relating to insurance contracts and the compensation required by the Scheme in lieu of this risk, with reference to Scheme's risk appetite. We did not identify any matters requiring further consideration;</p> <ul style="list-style-type: none"> • We tested the risk adjustment by performing independent calculations using the Scheme's data and taking into consideration the Scheme's risk adjustment methodology. Based on the work we performed, we did not identify any matters requiring further consideration; and • Based on the output of our independent stochastic models, we assessed whether our independently calculated liabilities meets the 75th percentile. We noted no matters requiring further consideration. <p>We performed the following procedure(s) to assess the adequacy of the LIC from healthcare events that have occurred, including events that have occurred but are not reported;</p> <ul style="list-style-type: none"> • We obtained the actual claims run-off report up to 31 March 2025 from the Scheme's administrator and compared the claims paid post year-end to the LIC from healthcare events that have occurred, including events that have occurred but are not reported as part of subsequent event procedures. No material inconsistencies were noted. • For a sample of claims from the claims run-off report, we tested the occurrence and accuracy of the claims as well as the accuracy of the related service dates by agreeing the claims to underlying supporting documents on the policy administration system and we identified no material inconsistencies. • We inquired from the Scheme's administrator whether there were delays in processing claims at year-end that could possibly impact the claims run-off pattern subsequent to year-end. No such delays were identified. <p>We obtained a list of pre-authorisations approved prior to year-end from the administrator. For a sample of pre-authorisations with a service date before year-end, we requested the related claim documentation and assessed if the related claim had been included correctly in the claims run-off report up to 31 March 2025. No material inconsistencies were noted.</p>

Other Information

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

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

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

Responsibilities of the Scheme's Trustees for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

- **Non-compliance with Section 33 (2) (b) of the Act:**
A benefit option was not self-supporting in terms of financial performance.
- **Non-compliance with Annexure B to Regulation 30 of the Medical Schemes Act:**
Policies of Insurance held in category 6(a)(ii) exceeded the limitation of 90% of the aggregate of the fair value of liabilities and the minimum accumulated funds.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of Anglovaal Group Medical scheme for six years.

The engagement partner, Francois Kruger, has been responsible for Anglovaal Group Medical scheme's audit for two years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc

Partner: F.J. Kruger
Registered Auditor
Johannesburg, South-Africa
30 April 2025

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

	Notes	2024 R	2023 R
ASSETS			
Non-current assets		188,172,071	185,935,034
Financial assets at fair value through profit or loss	1	188,172,071	185,935,034
Current assets		22,563,939	15,581,122
Financial assets at amortised cost	2	285,706	238,592
Cash and cash equivalents	3	22,278,233	15,342,530
TOTAL ASSETS		210,736,010	201,516,156
LIABILITIES			
Non-current liabilities			
Insurance liability for future members	5	176,657,146	165,927,152
Current liabilities		34,078,864	35,589,004
Insurance liability for future members	5	5,973,939	3,183,494
Insurance contract liabilities	4	27,316,830	30,790,530
Financial liabilities at amortised cost	7	788,095	1,614,980
TOTAL LIABILITIES		210,736,010	201,516,156

ANGLOVAAL GROUP MEDICAL SCHEME
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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	Notes	2024 R	2023 Restated R
Insurance revenue	8	131,824,620	123,222,832
Insurance service expense	8	(136,199,747)	(141,311,724)
Net income/(expense) from reinsurance contracts held	8	35,153	(3,383)
Reinsurance expense		(1,534,458)	(1,500,372)
Reinsurance income		1,569,611	1,496,989
Insurance service result		(4,339,974)	(18,092,275)
Interest from financial assets not measured at fair value through profit and loss	9	1,464,900	1,049,593
Fair value gains from investments held at fair value through profit or loss	9	12,912,434	13,879,559
Fair value gains from investments held at fair value through profit or loss - realised gains	9	6,561,940	2,257,417
Net investment income		20,939,274	17,186,569
Net insurance and investment result		16,599,300	(905,706)
Asset management fees		(1,237,337)	(1,528,461)
Other operating expenses	10	(1,841,523)	(2,509,465)
Net result for the year before amounts attributable to future members		13,520,440	(4,943,632)
Amounts attributable to future members (Note 5)		(13,520,440)	4,943,632
Net result*		-	-

*See mutual entity disclosure on page 15

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	2024 R	2023 R
Cash flows from operating activities			
<i>Cash receipts from members and providers</i>		163,935,497	154,685,119
Cash receipts from members – gross contributions	4.2	164,311,639	154,308,505
Cash (payments)/receipts (to)/from members and providers – other		(376,142)	376,614
<i>Cash paid to providers, employees and members</i>		(174,413,924)	(171,751,642)
Cash paid to providers and members – claims	4.2	(168,364,339)	(166,698,880)
Cash paid to providers – non-healthcare expenditure		(2,288,608)	(1,980,613)
Cash paid to providers – reinsurance expense	8	(1,534,458)	(1,500,372)
Cash paid to members – savings plan refunds	4.3	(2,226,519)	(1,571,777)
Net cash used in operating activities		(10,478,427)	(17,066,523)
Cash generated from operations			
Interest received		1,414,130	1,113,947
Net cash used in operations		(9,064,297)	(15,952,576)
 Proceeds on disposal of investments	1	16,000,000	5,000,000
Net cash from investing activities		16,000,000	5,000,000
Net increase/(decrease) in cash and cash equivalents		6,935,703	(10,952,576)
Cash and cash equivalents at beginning of the year		15,342,530	26,295,106
Cash and cash equivalents at end of the year	3	22,278,233	15,342,530

ANGLOVAAL GROUP MEDICAL SCHEME
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for the year ended 31 December 2024

GENERAL INFORMATION

Anglovaal Group Medical Scheme (the Scheme) is a medical scheme that offers insurance of hospital, chronic illness and day-to-day benefits and is administered by Discovery Health (Pty) Ltd, a wholly owned subsidiary of Discovery Limited, listed in the insurance sector of the Johannesburg Stock Exchange (JSE) Limited.

The Scheme is a restricted membership medical scheme registered in terms of the Medical Schemes Act No.131 of 1998, as amended, (the Act) and is domiciled in the Republic of South Africa.

1.1 BASIS OF PREPARATION

The Financial statements have been prepared in accordance with IFRS® Accounting Standards and IFRIC® Interpretations, which are set by the International Accounting Standards Board (IASB). The Financial statements are also prepared in accordance with the Act, which requires additional disclosures for registered medical schemes.

The accounting policies applied in the preparation of these Financial statements are set out below. These policies have been applied consistently to all years presented, except for changes required by the mandatory adoption of new and revised IFRS.

The preparation of the Financial statements in conformity with IFRS® Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies.

The Financial statements are prepared in accordance with the going concern principle using the historical cost basis except for certain financial assets and liabilities, which include:

- Financial instruments at fair value through profit or loss; and
- Insurance and reinsurance assets and liabilities – measured in terms of IFRS 17.
- All monetary information and figures presented in these Financial Statements are stated in South African Rand, which is the Scheme's functional currency, unless otherwise indicated.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

1.2 IMPLEMENTATION OF NEW STANDARDS

New standards, amendments and interpretations not yet effective in 2024 relevant to the Scheme:

Title	Effective date
<p>These amendments to IFRS 9 and IFRS 7 address feedback from the post-implementation review of classification and measurement requirements. They clarify the treatment of financial liabilities settled via electronic payment systems and refine the assessment of contractual cash flows, particularly for financial assets with ESG-linked features. Additionally, they enhance disclosure requirements for equity investments designated at fair value through other comprehensive income and introduce new disclosures for financial instruments with contingent features unrelated to basic lending risks and costs.</p> <p>This amendment has no further impact on the Scheme.</p>	1 Jan 2026
<p>The Standard was issued in April 2024 and supersedes IAS 1 Presentation of Financial Statements. The Standard provides additional requirements for the presentation and disclosure of information in the primary financial statements and the notes to improve transparency and comparability of information.</p> <p>IFRS 18 will impact the Scheme's Income statement and related note disclosures. The Scheme will assess the additional disclosure requirements.</p>	1 Jan 2027

New standards, amendments and interpretations effective from 1 January 2024:

Amendments to IAS 1- Non-current liabilities with covenants

The following new standards, amendments and interpretation to the existing standards have been published and are effective for the current financial year.

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

This amendment has no further impact on the Scheme.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

The Scheme discloses the accounting policy for each note as well as the critical judgements and estimates applicable to the individual financial statement line items.

The standard has no further impact on the Scheme.

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

1.3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Scheme's accounting policies, which are described below and in the notes, the Board of Trustees is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the Scheme's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Significant Judgements

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 the portfolio of 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:

- Hospital claims are managed on a scheme level.
- Chronic conditions are managed on a scheme level and all members have access to the chronic condition management benefit.
- Reinsurance contracts are based on conditions and include all beneficiaries.
- Risk (utilisation and concentration) is managed holistically.

Risk adjustments - Liability for incurred claims (LIC)

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Scheme fulfils insurance contracts. 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 Scheme's degree of risk aversion. The Scheme estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level as the Scheme does not have groups due to laws 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%.

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

1.3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Significant judgements (continued)

Risk adjustments - Liability for incurred claims (LIC)(continued)

The Scheme presents the changes in the risk adjustment for non-financial risk in the insurance service result.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023 and 2024.

Risk adjustments - reinsurance contracts

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

Classification of the Scheme as a mutual entity

A medical scheme is not legally defined as a mutual entity and the classification of the Scheme as a mutual entity remains 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 the Scheme does not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases.

Consequently the Statement of comprehensive income reflects no total comprehensive income for the year as this is accounted for in the movement for Liability attributable to future members as included in the insurance service expenses.

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

1.3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Significant judgements (continued)

Classification of the Scheme as a mutual entity (continued)

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

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 a scheme should be distributed to the members on liquidation if there are any and if the scheme does not amalgamate with another scheme. Even if the assets are distributed by a regulator or by the policyholders to an independent third party e.g. another medical scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder.

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

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

The Scheme has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities and the educational material as issued by the IASB and the Scheme recognises any cumulative profits or losses as part of the Liability attributable to future members (which forms part of the Insurance contract liabilities on the face of the Statement of financial position).

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

1.3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Significant estimates

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

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

The sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, are detailed in the Insurance Risk Management note in the Financial statements.

Estimates of future cash flows to fulfil insurance contracts

Included in the measure of the Liability for incurred claims of a 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 scenario 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.

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

1.3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Method 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.

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 outstanding claims provision is calculated using the traditional 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. It is assumed that claims are fully run-off after 12 months. The use of the chain ladder method makes the implicit assumption that historical development patterns will apply in the future.

The basic chain ladder method is used with no allowance for inflation. This is deemed appropriate given the time period considered.

The following was taken into account when estimating the Liability for incurred claims :

- 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.

1.4 INSURANCE CONTRACTS SCOPE AND GROUPING

Definition and classification

Contracts under which the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. 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 and whether the accepted insurance risk is significant.

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NOTES TO THE FINANCIAL STATEMENTS
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1.4 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Separating components within insurance contracts

Before the Scheme accounts for an insurance contract it analyses whether the contract contains components that should be separated. There are 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 non-insurance services.

The Scheme does not have contracts with specified embedded derivatives. Certain of the contracts with members contain a Personal Medical Savings Account (PMSA) component. The PMSA, an investment component, and the insurance component of the insurance contract are highly interrelated.

The PMSA is a non-distinct investment component with the balances included in Insurance Contract Liabilities in the Statement of financial position. While the cash flows are not recorded in the Statement of comprehensive income, they are considered in assessing onerous contracts.

Level of aggregation

The level of aggregation has a significant impact on accounting for the insurance contract, including the measurement of insurance contracts and the extent of offsetting or cross subsidisation to determine onerous contracts. A portfolio comprises contracts subject to similar risks and managed together. These are then divided into groups depending on their level of profitability. Once the group of insurance contracts has been established, it becomes the unit of account.

The contracts issued by the Scheme are subject to similar risks and managed together thus falling into the same portfolio with no further disaggregation into groups. The level of aggregation is assessed to be at a Scheme level.

Contract boundary

The Scheme uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

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

- the Scheme has the practical ability to reassess the risks of the portfolio of insurance contracts and set a price or level of benefits that fully reflects the risks 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.

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1.4 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Contract boundary (continued)

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

The Scheme has assessed its portfolio of insurance contracts to have a contract boundary of one year, which coincides with the Scheme's financial year.

Recognition and derecognition

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

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

An insurance contract is derecognised when it is:

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

If the modification does not comply with all the requirements of IFRS 17 the Scheme shall treat the changes in cash flow as changes in estimates of fulfilment cash flows.

Initial and subsequent measurement

The coverage period of each contract in the Scheme's portfolio of insurance contracts is one year or less. Therefore, the Scheme has made the accounting policy choice to simplify the measurement of its group of contracts using the Premium Allocation Approach (PAA).

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

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

- the Liability for remaining coverage decreased by any investment component paid or transferred to the Liability for incurred claims; and
- the Liability for incurred claims, comprising the fulfilment cashflows related to past service allocated to the group at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS
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1.4 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Initial and subsequent measurement (continued)

For insurance contracts issued, at each of the subsequent reporting dates, the Liability for remaining coverage is:

- increased for contributions received in the period;
- decreased by any investment component paid or transferred to the Liability for incurred claims; and
- 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 Liability for incurred claims is:

- profitability weighted estimate of the present value of the future cash flows; and
- risk adjustment for non-financial risk.

Refer to Judgements and Estimates earlier in this note for the significant judgements and estimates used to determine the Liability for incurred claims and the estimates to determine the fulfilment cash flow.

Onerous contract assessment

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

Insurance revenue

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

For the group of insurance contracts measured under the PAA, the Scheme recognises insurance revenue based on the passage of time over the coverage period of the group of contracts.

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1.4 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Insurance Service Expenses

Insurance service expenses include:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- changes that relate to past service (i.e. changes in the fulfilment cashflows relating to the Liability for incurred
- changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components);

Net of:

- Recoveries from third parties (including reimbursement from the Road Accident Fund).

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.

Other incurred directly attributable insurance service expenses include:

Accredited managed care healthcare services (no risk transfer)

Accredited managed healthcare services (no risk transfer) fees comprise amounts paid or payable to a third party for managing the utilisation, costs and quality of healthcare services to the members of the Scheme and are expensed as incurred. Accredited managed healthcare services are part of healthcare expenditure as they directly impact on the delivery of cost-effective and appropriate healthcare benefits to beneficiaries of the Scheme.

Accredited administration services

Expenses for accredited administration services are paid to the Scheme administrator.

Cash flows that are not directly attributable to a group of insurance contracts are recognised in other operating expenses as incurred and include the Scheme's operating expenses and other administration services fees paid to the Scheme administrator.

Classification of contribution receivables

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

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

The fulfilment cash flows may include expenditure incurred in accounting standards other than IFRS 17. Where expenditure/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.

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1.5 REINSURANCE CONTRACTS

Definition

Reinsurance contracts 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. Reinsurance contracts do not reduce the Scheme's primary obligations to its members and their dependents.

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 gain position without a significant possibility of a net cost 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 their reinsurance contract held until it has recognised at least one of the underlying insurance contracts.

Initial and subsequent measurement

The coverage period of each reinsurance contract in the Scheme's group of reinsurance contracts, is one year or less. Therefore the Scheme has made the accounting policy choice to simplify the measurement of its group of reinsurance contracts using the PAA.

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

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1.5 REINSURANCE CONTRACTS (continued)

Initial and subsequent measurement (continued)

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

- the remaining coverage; and
- the incurred claims, comprising the fulfilment cashflows related to past service allocated to the group at the reporting date.

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

- increased for ceding contributions paid in the period; and
- 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.

Contract boundary

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

The Scheme's Reinsurance contracts held have a duration of one year or less.

Net income/(expense) from reinsurance contracts held

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

Reinsurance expenses consist of:

- reinsurance and expenses; and
- 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.

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1.6 FINANCIAL INSTRUMENTS

Recognition

The Scheme recognises a financial instrument when, and only when, it becomes a party to the contractual provisions of the instrument. The Scheme classifies its financial instruments into the following categories: financial assets or financial liabilities at fair value through profit or loss and other receivables. Other receivables are receivables other than those arising from insurance contracts and include sundry accounts receivable and interest receivable.

Classification

The classification depends on the purpose for which the financial instruments are acquired. Management determines the classification of financial instruments at initial recognition. All purchases and sales of financial instruments are recognised on the trade date, which is the date on which the Scheme commits to purchase the financial asset or assume financial liability.

Offsetting financial instruments

This applies where a legally enforceable right to set off exists for recognised financial assets and financial liabilities, and there is an intention to realise the asset and settle the liability simultaneously or to settle on a net basis. The Scheme will disclose the net asset or liability in the Statement of financial position and on a gross basis in the accompanying notes if the above conditions are met.

Derecognition of financial assets and liabilities

- The Scheme derecognises a financial asset when the contractual rights to the asset expire, where there is a transfer of the contractual rights that comprise the asset;
- The Scheme retains the contractual rights of the asset but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and benefits associated with the asset.
- The Scheme derecognises a financial liability when the contractual obligations are discharged or expire.

1.7 INSURANCE LIABILITY TO FUTURE MEMBERS

The insurance liability to future members represents the accumulated funds of the Scheme. The funds are mainly held as statutory reserves in lieu of the solvency requirement as required by the Act.

1.8 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value net of transaction costs incurred. After initial recognition, the financial liabilities are measured at amortised cost, using the effective interest method. In addition, the Scheme is not permitted to borrow, in terms of Section 35(6)(c) of the Act. The Scheme therefore has no long-term financial liabilities.

1.9 PROVISIONS

The Scheme recognises provisions once the following conditions are met:

- It has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate of the amount of the obligation can be made.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

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1.10 IFRS 12 UNCONSOLIDATED INVESTMENT STRUCTURES

The Scheme has determined that 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.

1.11 INCOME TAX

In terms of Section 10(1)(d) of the Income Tax Act, No 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from income tax. A medical scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax.

1.12 CHANGE IN ACCOUNTING POLICY RELATING TO THE FORMAT OF THE STATEMENT OF COMPREHENSIVE INCOME DUE TO IFRS 17

Insurance service expenses in the prior year included Amounts attributable to future members. To enhance transparency in the presentation of the Statement of Comprehensive Income, Amounts attributable to future members have been excluded from the Insurance services expenses and presented separately, with a retrospective adjustment to ensure consistency in financial reporting. The affected line items are presented in the table below.

This change in accounting policy will be applied in preparing the Financial Statements for the year ended 31 December 2024. The change is applied retrospectively, with the comparative period presented as if this accounting policy had always been applied.

	2023 Previously R	Adjustments R	2023 Restated R
Insurance revenue	123,222,832	-	123,222,832
Insurance service expenses	(136,368,092)	(4,943,632)	(141,311,724)
Net expense from reinsurance contracts held	(3,383)	-	(3,383)
Insurance service result	(13,148,643)	(4,943,632)	(18,092,275)
Net investment income	17,186,569	-	17,186,569
Net insurance and investment result	4,037,926	(4,943,632)	(905,706)
Asset management fees	(1,528,461)	-	(1,528,461)
Other operating expenses	(2,509,465)	-	(2,509,465)
Net result for the year before amounts attributable to future members	-	(4,943,632)	(4,943,632)
Amounts attributable to future members (Note 5)			4,943,632
Net result			-

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NOTES TO THE FINANCIAL STATEMENTS
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1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy

The Scheme's investment strategy ("business model objective") is determined by means of an allocation across different asset classes and grouping of financial assets into specific portfolios. Independent asset managers manage these portfolios under fully discretionary, active mandates with performance evaluated at portfolio level on a fair value basis. All asset managers are remunerated based on the fair value of the portfolios under management. The business model objective is achieved through the selling of assets per the documented strategy for realisation of gains with the collection of contractual cash flows being incidental to the primary business model objective. The financial assets are managed together and grouped into specific portfolios. Based on the business model objective the financial assets are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recognised at fair value and the transaction costs, if applicable, are expensed in the Statement of comprehensive income.

The fair value of the financial instruments traded in an active market is determined by using quoted market prices or dealer quotes. The fair value of financial instruments not traded in an active market is determined by using valuation techniques that maximise the use of observable market data and rely as little as possible on entity specific estimates.

Gains or losses arising from subsequent changes in fair value are recognised under Fair value gains from investments held at fair value through profit or loss in the Statement of comprehensive income within the period in which they arise.

The Scheme's Financial assets at fair value through profit or loss are summarised as follows:

Non-current assets	2024	2023
	R	R
Fair value at the beginning of the year	185,935,034	176,326,519
Disposals	(16,000,000)	(5,000,000)
Fair value adjustment on financial assets at fair value through profit or loss	12,912,434	13,879,559
Realised gain on disposal of financial assets at fair value through profit or loss	6,561,940	2,257,417
Asset management service fees	(1,237,337)	(1,528,461)
Fair value at the end of the year	188,172,071	185,935,034
The investments included above represent investments in:		
Linked insurance policies	188,172,071	185,935,034
	188,172,071	185,935,034

A register of investments is available for inspection at the registered office of the Scheme.

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2. FINANCIAL ASSETS AT AMORTISED COST

Accounting policy

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those the Scheme intends to sell in the short term.

Receivables are initially recognised at fair value, plus transaction costs. The Scheme holds its other receivables with the objective to collect the contractual cash flows and measures them subsequently at amortised cost using the effective interest method.

Impairment of other receivables

The Scheme applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for other receivables. To measure the expected credit losses, other receivables are grouped based on shared credit risk characteristics and days past due. There are no impairments of other receivables.

Current assets	2024	2023
	R	R
Interest receivable	141,552	90,782
Other accounts receivable	144,154	147,810
	285,706	238,592

At 31 December the carrying amounts of loans and receivables approximate their fair values due to the short-term maturities of these assets. Interest is not charged on overdue balances.

3. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Statement of Cash Flows, cash and cash equivalents comprise:

- Current accounts
- Money market instruments

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes and are carried at cost, which, due to their short-term nature, approximates fair value.

Current assets	2024	2023
	R	R
Current accounts	3,086,251	2,979,030
Short-term money market instruments	19,191,982	12,363,500
	22,278,233	15,342,530

The weighted average interest rate on cash and cash equivalents was 7.90% (2023: 7.84%).

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4. INSURANCE CONTRACT LIABILITIES

2024

Insurance contracts issued

	Liability for incurred claims (LIC)			
	Liability for remaining coverage (LRC)	Present value of future cash flows	Risk adjustment	Total
Net opening balance	(64,925)	30,660,753	194,702	30,790,530
Insurance revenue	(131,824,620)	-	-	(131,824,620)
Insurance service expense	-	136,229,584	(29,837)	136,199,747
Incurred claims and third party claims recoveries	-	123,073,274	-	123,073,274
Other directly attributable expenses	-	9,896,577	-	9,896,577
Changes in fulfilment cash flows relating to the Liability for incurred claims - past service	-	(1,740,267)	(194,702)	(1,934,969)
Changes in fulfilment cash flows relating to the Liability for incurred claims - current service	-	5,000,000	164,865	5,164,865
Total amounts recognised in the Statement of comprehensive income	(131,824,620)	136,229,584	(29,837)	4,375,127
Transfers from other medical schemes - PMSA	(269,502)	269,502	-	-
Investment component - PMSA	(32,809,751)	32,809,751	-	-
Total movement	(164,903,873)	169,308,837	(29,837)	4,375,127
<i>Cash flows</i>				
Contributions received	164,311,639	-	-	164,311,639
Refunds on resignation or death - PMSA	-	(2,226,519)	-	(2,226,519)
Claims and other directly attributable expenses paid	-	(168,364,339)	-	(168,364,339)
Claims related to recoveries from reinsurance (Note 7)	-	(1,569,611)	-	(1,569,611)
Total cash flows	164,311,639	(172,160,469)	-	(7,848,830)
Net closing balance	(657,156)	27,809,121	164,865	27,316,830

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4. INSURANCE CONTRACT LIABILITIES (continued)

2023

Insurance contracts issued

Net opening balance

Insurance revenue

Insurance service expense

Incurrd claims and third party claims recoveries

Other directly attributable expenses

Changes in fulfilment cash flows relating to the Liability for incurred claims -
past service

Changes in fulfilment cash flows relating to the Liability for incurred claims -
current service

Total amounts recognised in the Statement of comprehensive income

Transfers from other medical schemes - PMSA

Investment component - PMSA

Total movement

Cash flows

Contributions received

Refunds on resignation or death - PMSA

Claims and other directly attributable expenses paid

Claims related to recoveries from reinsurance (Note 7)

Total cash flows

Net closing balance

	Liability for incurred claims (LIC)		
Liability for remaining coverage (LRC)	Present value of future cash flows	Risk adjustment	Total
(376,180)	28,187,473	349,486	28,160,779
(123,222,832)	-	-	(123,222,832)
-	141,466,508	(154,784)	141,311,724
-	126,619,613	-	126,619,613
-	10,197,299	-	10,197,299
-	(1,750,404)	(349,486)	(2,099,890)
-	6,400,000	194,702	6,594,702
(123,222,832)	141,466,508	(154,784)	18,088,892
(204,258)	204,258	-	-
(30,570,160)	30,570,160	-	-
(153,997,250)	172,240,926	(154,784)	18,088,892
154,308,505	-	-	154,308,505
-	(1,571,777)	-	(1,571,777)
-	(166,698,880)	-	(166,698,880)
-	(1,496,989)	-	(1,496,989)
154,308,505	(169,767,646)	-	(15,459,141)
(64,925)	30,660,753	194,702	30,790,530

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	2024	2023
	R	R
4. INSURANCE CONTRACT LIABILITIES (continued)		
4.1 Breakdown of the present value of future cash flows		
Amounts due from members and suppliers	(1,229,108)	(1,571,502)
Forensic receivables	(29,966)	(92)
Impairment losses	776,286	1,316,810
Liability for incurred claims	5,000,000	6,400,000
Personal Medical Savings Account (Note 4.3)	21,732,401	21,644,776
Reported claims not yet paid	754,585	2,043,443
Directly attributable expenses payable	804,916	827,318
	<u>27,809,114</u>	<u>30,660,753</u>
4.2 Breakdown of cashflows		
Contribution income		
Contributions received	164,311,639	154,308,505
Debtors movement	592,234	(311,255)
PMSA contributions and transfers	(33,079,253)	(30,774,418)
	<u>131,824,620</u>	<u>123,222,832</u>
Claims and directly attributable expenses		
Risk claims	(129,959,995)	(129,494,412)
PMSA claims	(30,765,104)	(29,333,098)
Other directly attributable expenses	(7,639,240)	(7,871,370)
	<u>(168,364,339)</u>	<u>(166,698,880)</u>
4.3 Included in Insurance Contracts issued:		
Personal Medical Savings Account monies		
Balance on savings account liability at the beginning of the year	21,644,771	21,775,228
Add:		
- Savings account contributions	32,809,751	30,570,160
- Transfers	269,502	204,258
	<u>54,724,024</u>	<u>52,549,646</u>
Less:		
- Claims paid to or on behalf of members	(30,765,104)	(29,333,098)
- Refunds on death or resignation	(2,226,519)	(1,571,777)
Balance on savings account liability at the end of the year	<u>21,732,401</u>	<u>21,644,771</u>

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4. INSURANCE CONTRACT LIABILITIES (continued)

4.4 Included in the insurance contract liabilities is the Liability for incurred claims (LIC):

	2024	2023
	R	R
Opening balance	6,400,000	4,900,000
Payments in respect of prior year	(4,659,733)	(6,650,404)
Over/(under) provision	1,740,267	(1,750,404)
Adjustment	3,424,598	8,150,404
	<u>5,164,865</u>	<u>6,400,000</u>

5. INSURANCE LIABILITY FOR FUTURE MEMBERS

Balance at the beginning of the year	169,110,646	174,054,278
Amounts attributable to future members	13,520,439	(4,943,632)
Balance at the end of the year	<u>182,631,085</u>	<u>169,110,646</u>
Current liabilities *	5,973,939	3,183,494
Non-current liabilities	176,657,146	165,927,152

* The current liability represents the portion of the insurance liability for future members that will likely be needed in the short term (twelve months).

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6. REINSURANCE CONTRACT ASSETS

2024

Healthcare Risk – Reinsurance contracts held

Net opening balance

Net income/(expenses) from reinsurance contracts held

Reinsurance expenses

Claims recovered

Total amounts recognised in comprehensive income

Cash flows

Premiums paid

Recoveries from reinsurance

Total cash flows

Net closing balance

2023

Healthcare Risk – Reinsurance contracts held

Net opening balance

Net income/(expenses) from reinsurance contracts held

Reinsurance expenses

Claims recovered

Total amounts recognised in comprehensive income

Cash flows

Premiums paid

Recoveries from reinsurance

Total cash flows

Net closing balance

	Remaining Coverage Component	Incurred claims for contracts under the PAA		Total
		Present value of future cash flows	Risk adjustment	
Net opening balance	-	-	-	-
Net income/(expenses) from reinsurance contracts held	1,534,458	(1,569,611)	-	(35,153)
Reinsurance expenses	1,534,458	-	-	1,534,458
Claims recovered	-	(1,569,611)	-	(1,569,611)
Total amounts recognised in comprehensive income	1,534,458	(1,569,611)	-	(35,153)
<i>Cash flows</i>				
Premiums paid	(1,534,458)	-	-	(1,534,458)
Recoveries from reinsurance	-	1,569,611	-	1,569,611
Total cash flows	(1,534,458)	1,569,611	-	35,153
Net closing balance	-	-	-	-
2023				
Healthcare Risk – Reinsurance contracts held				
Net opening balance	-	-	-	-
Net income/(expenses) from reinsurance contracts held	1,500,372	(1,496,989)	-	3,383
Reinsurance expenses	1,500,372	-	-	1,500,372
Claims recovered	-	(1,496,989)	-	(1,496,989)
Total amounts recognised in comprehensive income	1,500,372	(1,496,989)	-	3,383
<i>Cash flows</i>				
Premiums paid	(1,500,372)	-	-	(1,500,372)
Recoveries from reinsurance	-	1,496,989	-	1,496,989
Total cash flows	-	1,496,989	-	(3,383)
Net closing balance	-	-	-	-

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7. FINANCIAL LIABILITIES AT AMORTISED COST

Accounting policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Unallocated funds

Unallocated funds arise on the receipt of unidentified deposits in favour of the Scheme.

Unallocated funds that have legally prescribed, that is funds older than three years, are written back and included under Sundry income on the face of the Statement of Comprehensive Income.

A liability for unallocated funds that have not legally prescribed is recognised below. The liability is measured at amortised cost using the effective interest method.

Note

	2024	2023
	R	R
<i>Financial liabilities</i>		
<i>Current liability</i>		
Related party balances	61,865	63,587
Discovery Health (Pty) Ltd	61,865	63,587
Accruals	524,112	969,474
Unallocated funds	202,118	581,919
Total arising from financial liabilities	788,095	1,614,980

At 31 December the carrying amounts of insurance and other payables approximate their fair values due to the short-term maturities of these liabilities.

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8. INSURANCE REVENUE AND SERVICE EXPENSES

	2024	2023
	R	R
Insurance revenue	131,824,620	123,222,832
Insurance service expenses	(136,199,747)	(141,311,724)
Incurred claims	(127,080,103)	(131,761,531)
Third party claim recoveries	776,933	647,106
Other directly attributable expenses	(9,896,577)	(10,197,299)
Accredited managed healthcare services (no risk transfer)	(2,257,337)	(2,325,929)
Accredited administration services	(7,639,240)	(7,871,370)
Total insurance expenses	(136,199,747)	(141,311,724)
Net income/(expense) from reinsurance contracts held	35,153	(3,383)
Reinsurance expense	(1,534,458)	(1,500,372)
Reinsurance income	1,569,611	1,496,989
Total insurance service result	(4,339,974)	(18,092,275)
<i>Included in other directly attributable expenses above</i>		
Accredited managed healthcare services (no risk transfer)		
Pharmaceutical benefit management	225,866	232,729
Specialist, hospital referrals and pre-authorisations	700,079	721,352
Disease management	722,030	743,970
Network management	609,362	627,878
	2,257,337	2,325,929
Accredited administration services		
Member record management	787,621	811,554
Contribution management	692,409	713,449
Claims management	871,197	897,670
Financial management	28,299	29,159
Information management and data control	1,412,588	1,455,511
Customer services	3,847,126	3,964,027
	7,639,240	7,871,370

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9. INVESTMENT INCOME

Accounting policy

Investment income comprises interest received and accrued on Financial assets at fair value through profit or loss and interest on financial assets not measured at fair value through profit or loss.

Investment income received are disclosed as cash flows from operating activities in the Statement of cash flows because they enter into the determination of profit or loss. The income from investments are considered operating activities as it generates cash flows to maintain the operating capability of the scheme.

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

Realised gains and losses represent amounts realised when investments at fair value through profit or loss have been derecognised through disposal. Unrealised gains or losses represent changes in fair value of these investments.

Note

	2024	2023
	R	R
Investment income from cash and cash equivalents		
- Interest earned	1,464,900	1,049,593
Investment income from investments at fair value though profit or loss		
- Fair value adjustment on financial assets	12,912,434	13,879,559
- Realised gains on disposal of financial assets	6,561,940	2,257,417
	<u>20,939,274</u>	<u>17,186,569</u>

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10. OTHER OPERATING EXPENDITURE

Accounting policy

Other operating expenses are expensed as incurred.

Note

Administration services (Note 13)	587,145	604,987
Other services		
Internal audit services	116,900	120,452
Forensic investigations and recoveries	146,257	150,702
Governance and compliance	23,274	23,981
Additional services		
Quality management and monitoring services	110,288	113,639
Advanced data analytics	92,304	95,108
Digital service offering	34,118	35,155
Enhanced service offering	18,249	18,804
Enterprise risk management services	18,249	18,804
Legal services	5,554	5,723
Product innovation	21,952	22,619
Association fees	6,166	6,026
Audit fees	524,109	1,120,325
Audit services - current year	524,109	1,077,194
Audit services - prior year under provision	-	43,131
Bank charges	72,885	71,599
Consulting fees	470,891	307,879
Council for Medical Schemes	110,010	108,064
Fidelity guarantee and professional indemnity insurance premium	57,023	54,308
Legal fees	-	6,113
Sundry expenses	13,294	230,164
	1,841,523	2,509,465

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11. COMMITMENTS AND OTHER CONTINGENT LIABILITIES

The Scheme does not have any commitments or contingent liabilities outstanding at 31 December 2024.

12. EVENTS AFTER THE REPORTING DATE

There have been no events that occurred subsequent to the end of the accounting period that affect the statements and that the Trustees consider should be reported.

13. RELATED PARTY TRANSACTIONS

The Scheme is controlled by the Board of Trustees who are appointed by the employers or elected by the members of the Scheme.

Parties with significant influence over the Scheme:

Administrator and managed care organisation

Discovery Health (Pty) Ltd has significant influence over the Scheme as Discovery Health (Pty) Ltd participates in the Scheme's financial and operating policy decisions, but does not control the Scheme. Discovery Health (Pty) Ltd provides administration and managed care services.

Discovery Third Party Recovery Services Proprietary Limited

The Scheme has contracted Discovery Third Party Recovery Services Proprietary Limited (DTPRS), a wholly owned subsidiary of Discovery Health Proprietary Limited, to manage the identification and collection of third party recoveries from the Road Accident Fund.

Specialist Pharmaceutical Services

The Scheme paid claims for specialist pharmaceutical services to Southern RX Pharmacy, a wholly owned subsidiary of Discovery Health (Pty) Ltd.

Consultants

Mr Christoff Raath - Consulting Actuary has significant influence over the Scheme as he participates in the Scheme's financial and operating policy decisions, but does not control the Scheme.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees and the Principal Officer.

Close family members include family members of the Board of Trustees and Principal Officer.

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13. RELATED PARTY TRANSACTIONS (continued)

Parties with significant influence over the Scheme (continues):

Transactions with key management personnel

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	2024 R	2023 R
Key management personnel		
Contributions and claims (Trustees and their beneficiaries)		
- Statement of comprehensive income		
Gross contributions received	676,922	591,812
Gross claims incurred	(886,860)	(645,033)
- Statement of financial position		
Medical savings account balances	49,892	21,400

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

Transaction	Nature of transactions and terms and conditions thereof
Contributions received	This constitutes the contributions paid by the related parties as members of the Scheme in their individual capacity. All contributions were on the same terms as those applicable to other members.
Claims incurred	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.
Medical savings account balances	The amounts owing to the related parties relate to medical savings account balances to which the parties have a right. 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.

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13. RELATED PARTY TRANSACTIONS (continued)

	2024	2023
	R	R
Transactions with parties that have significant influence over the Scheme		
<i>Discovery Health (Pty) Ltd - administrator</i>		
Statement of comprehensive income		
Administration fees	(8,226,385)	(8,476,357)
Other directly attributable expenses (Note 8)	(7,639,240)	(7,871,370)
Other operating expenditure (Note 10)	(587,145)	(604,987)
<i>Discovery Health (Pty) Ltd - managed care organisation</i>		
Statement of comprehensive income		
Managed care fees (Note 8)	(2,257,337)	(2,325,929)
Statement of financial position		
Balance due to Discovery Health (Pty) Ltd	866,774	890,904

The terms and conditions of the transactions with entities with significant influence over the Scheme were as follows:

Administration and managed care management service agreements

The administration and managed care management service agreements are in terms of the rules of the Scheme and in accordance with instructions given by the Board of Trustees. The agreements are automatically renewed each year unless notification of termination is received or following the cancellation of the Administrator's accreditation or the issue of a lawful directive to this effect by the Council for Medical Schemes in terms of the Medical Schemes Act of South Africa. The Scheme and the Administrator/Managed Healthcare Organisation shall be entitled to terminate the agreement by giving notice in writing of not less than 90 days and not more than 180 days. The outstanding balance bears no interest and is due within 7 days.

Southern RX Distributors (Pty) Ltd

Statement of comprehensive income		
Claims paid from the Scheme	(509,132)	(472,323)

Insight Actuaries and Consultants - Mr Christoff Raath

Statement of comprehensive income		
Consulting fees	(470,891)	(307,879)
Statement of financial position		
Balance due to Insight Actuaries and Consultants	-	25,657

NOTES TO THE FINANCIAL STATEMENTS
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14. INSURANCE RISK MANAGEMENT REPORT

Nature and extent of risks arising from insurance contracts

The primary insurance activity carried out by the Scheme indemnifies covered members and their dependants against the risk of loss arising as a result of the occurrence of a health event (i.e. an event relating to the health of the Scheme member and his or her registered dependants). As such, the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. Insurance events are, by nature, random and the actual number and size of events during any one year may vary.

This section summarises these risks and the way they are managed.

Insurance risk

The risk under any insurance contract can be expressed as the probability that an insured event occurs, multiplied by the expected amount of the resulting claim. Insurance events are random and therefore the actual number and size of events during any year are unknown and vary from those estimated. The principal risk that the Scheme faces under its insurance contracts is that the actual claim payments exceed the projected amount of the insurance liabilities. This could occur because the frequency and severity of claims are greater than estimated. A larger number of members will result in smaller variability of the actual claims experience relative to expected levels.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Factors that aggravate insurance risk include unanticipated demographic movements, adverse experience due to an unexpected epidemic, changes in members' disease profiles, unexpected price increases, prevalence of fraud, supplier induced demand and the cost of new technologies or drugs.

Risk management objectives and policies for mitigating insurance risk

The Scheme's annual budget is prepared under strict actuarial supervision which determines the contributions against claims projections, taking the statutory solvency requirements into account. The performance against the budget is closely monitored by the Board of Trustees and appointed sub-committees. Should any deviations occur, they are investigated with the necessary interventions implemented.

The methods employed by the Scheme to monitor and manage its insurance risk, inherent in the medical scheme environment, include the following:

- A Committee of Management which monitors and reviews all financial and operational performance on a monthly basis;
- All claims and demographic movements are monitored on a monthly basis via a multi-simulation actuarial model;
- Actuarial projections of the Scheme's year-end financial position are done monthly;
- The Scheme also applies a number of managed care programmes to monitor and manage the appropriateness, cost and quality of the healthcare services provided to the beneficiaries of the Scheme; and
- The need for re-insurance is considered on an ongoing basis within the existing regulatory environment.

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14. INSURANCE RISK MANAGEMENT REPORT (continued)

Insurance risk - description of benefit option

The Scheme offers members one benefit option. The types of benefits offered by the Scheme in return for monthly contributions are indicated below:

Prescribed Minimum Benefits (PMBs)

This benefit covers the benefits contemplated in section 29(1)(o) of the Act and consists of the provision of the diagnosis, treatment and care costs of the diagnosis and treatment pairs listed in Annexure A of the Regulations, subject to any limitations specified therein and any emergency medical condition.

The Scheme applies guidelines and protocols for appropriate clinical management under Designated Service Provider (DSP) agreements.

Major Medical Expenses (insured benefits)

Hospital Benefit

The hospital benefit covers medical expenses incurred if members are admitted to hospital and the Scheme has authorised the treatment.

Clinical protocols and provider contracting are applied to pre-authorisations and the management of the benefit.

The Administrator negotiates hospital tariffs annually on behalf of the Scheme to allow for benefit of scale.

Chronic Illness Benefit (CIB)

The chronic illness benefit covers approved medication for up to 48 listed conditions. These are the 27 PMBs chronic conditions and other non-prescribed chronic conditions.

This benefit and approval are managed by an appointed accredited Managed Care Organisation for drug utilisation, medicine management and adherence to compliance with regard to the PMB conditions.

Other services (insured procedure benefits)

These services provide cover for non-hospital expenses, subject to prior approval from the Scheme, which is managed and monitored by an appointed clinical committee.

Personal Medical Savings Account

This benefit provides cover for out-of-hospital healthcare services, such as visits to a general practitioner. The savings plan facility assists members in managing cash flows for costs to be borne by them during the year.

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

14. INSURANCE RISK MANAGEMENT REPORT (continued)

Hospital benefit risk

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant factor is the admission rate which has a direct impact on the cost of claims.

A 2% increase or decrease in the admission rate is estimated to increase or decrease the Scheme's loss ratio by 1.60%. The introduction of new hospital technologies could also increase variability of claims. In some instances, the new technology has a beneficial impact on costs, whether in-hospital or consequent costs. In other instances the new technologies will increase costs.

The change in the admission rate is shown in the following table.

Plan type	2024 Admission rate	2023 Admission rate	% Increase/ (decrease)
Anglovaal Group Medical Scheme	30.7%	31.6%	-3.03%

Other factors that impact on hospital claims are shown below.

Key indicators	2024	2023	% Increase/ (decrease)
Average length of stay	4.46 days	4.48 days	-0.45%
Average cost per event	R 45,828	R 42,039	9.01%
Hospital cost per life per month	R 1,172	R 1,108	5.72%

Initiatives used by the Scheme to manage the risk associated with admission rate include:

- The development of protocols around admissions, including funding protocols for various treatments and procedures;
- The “See Your Doctor First” initiative which requires members to see their doctor prior to an elective admission; and
- The amendment to the pre-authorisation length of stay benchmarks.

Chronic Illness Benefit (CIB) risk

Frequency and severity of claims

The main factors impacting the frequency and / or severity of chronic claims are the number of claimants and the cost per claimant. An increase in the number of claimants results in an increase in the frequency and / or severity of claims. Higher increases in claimants can be attributed to increases in the number of claimants at older ages. Increases in the number of items per claimant drives up the cost of chronic claims per claimant.

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14. INSURANCE RISK MANAGEMENT REPORT (continued)

The mix between the various chronic conditions impacts the frequency and severity of claims. The following table shows the change in the chronic prevalence for key measures.

Measures	2024	2023	% Increase/ (decrease)
Cost per claimant	R 4,448	R 4,349	2.28%
Claimants per 1000 lives	26.72	26.43	1.10%
Per life per member (PLPM) cost	R 119	R 115	3.39%

Day-to-day benefit risk

Frequency and severity of claims

The risk to the Scheme is limited up to an annual limit per benefit per family via individualised medical savings accounts, as prescribed by the rules of the Scheme.

Concentration of insurance risk

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred (net of adjustments per beneficiary) for service years 2024 and 2023, by age group and in relation to the type of risk cover/benefits provided.

Claims incurred for 2024 service year per beneficiary

Age grouping (in years)	Avg number of beneficiaries	In-hospital R	Chronic R	Day-to-day R	Total R
< 26	1,350	7,890	115	1,178	9,183
26 – 35	504	10,152	275	1,590	12,017
36 – 50	1,041	14,638	880	2,649	18,167
> 50	1,407	48,483	3,495	11,010	62,988

Claims incurred for 2023 service year per beneficiary

Age grouping (in years)	Avg number of beneficiaries	In-hospital R	Chronic R	Day-to-day R	Total R
< 26	1,419	9,900	88	1,272	11,260
26 – 35	519	8,573	254	1,622	10,449
36 – 50	1,065	12,169	1,006	2,372	15,548
> 50	1,481	46,293	3,273	10,233	59,799

Contracts with providers are negotiated by the Administrator on behalf of the Scheme to benefit from scale and ultimately the rates. Such contracts are reviewed annually.

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14. INSURANCE RISK MANAGEMENT REPORT (continued)

Reinsurance contracts

The Scheme has a reinsurance contract to cover specific risks. The Scheme has contracted with the Centre for Diabetics and Endocrinology (CDE) for the disease management of registered diabetic patients.

Risk in terms of reinsurance contracts

According to the terms of the reinsurance contract the provider provides certain benefits to Scheme members, as and when required by the members. The Scheme does however remain liable to its members if the supplier should fail to meet its obligations.

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 probability weighted best estimate is made for those claims outstanding that are not yet reported at that date.

The methodology followed in determining the probability weighted best estimate of the claims incurred but not yet reported is the actuarial methodology of chain ladder estimation. This methodology is the most objective, but the accuracy of the estimate is sensitive to changes in the average time from treatment to payment of claims. For hospital claims in the latest service month, another method using the estimated cost per event and pre-authorised admissions is also utilised/applied.

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

	2024		2023	
	R		R	
	LIC as at December	Impact on SOCI*	LIC as at December	Impact on SOCI
Insurance contract liabilities	27,316,830		30,790,530	
Change in LIC provision - 10% increase #		500,000		640,000

* Statement of Comprehensive Income

the impact increases the LIC by the same value

Sensitivity of risk adjustment

	2024	2023
	R	R
Risk adjustment with a 75% confidence level - as reported	164,865	194,702
Risk adjustment with a 90% confidence level	374,580	648,109

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

15. FINANCIAL RISK MANAGEMENT REPORT

Overview

The Scheme is exposed to financial risk through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk, credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's statutory solvency requirement.

The Board of Trustees has overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Scheme manages these risks through various risk management processes. These processes have been developed to ensure that the long-term investment return on assets supporting the insurance liabilities is sufficient to fund members' reasonable benefit expectations.

An Audit and Investment Committee has been established by the Board of Trustees to assist in the implementation and monitoring of these risk management processes.

Market risk

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

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT REPORT (continued)

Currency risk

All of the Scheme's benefits are Rand-denominated and therefore the Scheme does not have significant net currency risk.

Price risk

The Scheme is exposed to equity security price risk because of investments held by the Scheme which are classified as financial assets through profit or loss. To manage its price risk arising from investments in equity securities, the Scheme diversifies its portfolio. Diversification of the portfolio is done by the relevant asset manager in accordance with the mandate set by the Scheme.

The Scheme continues to pursue a strategy that maximizes returns on a long-term basis at an acceptable risk.

Interest rate risk

The Scheme is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate investments within the Scheme's money market investment portfolio.

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

	Up to 1 month	1 to 3 months	3 and more months	Total
As at 31 December 2024	R	R	R	R
Cash and cash equivalents	3,086,251	19,191,982	-	22,278,233
Total	3,086,251	19,191,982	-	22,278,233

	Up to 1 month	1 to 3 months	3 and more months	Total
As at 31 December 2023	R	R	R	R
Cash and cash equivalents	2,979,030	12,363,500	-	15,342,530
Total	2,979,030	12,363,500	-	15,342,530

The following table below summarises the effective interest rate for monetary financial instruments:

2024	2023
7.90%	7.84%

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

15. FINANCIAL RISK MANAGEMENT REPORT (continued)

Cash and cash equivalents

Sensitivity analysis for variable rate instruments

Due to the short-term duration of these instruments, a reasonably possible change in interest rates is 100 basis points. At the reporting date, the effect of this change on the Scheme's accumulated funds and deficit is shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2023.

	Surplus or deficit		Accumulated funds	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
	R	R	R	R
As at 31 December 2024				
Cash and cash equivalents	222,782	(222,782)	222,782	(222,782)
Sensitivity (net)	222,782	(222,782)	222,782	(222,782)
	Surplus or deficit		Accumulated funds	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
	R	R	R	R
As at 31 December 2023				
Cash and cash equivalents	153,425	(153,425)	153,425	(153,425)
Sensitivity (net)	153,425	(153,425)	153,425	(153,425)

Credit risk

Credit risk is the risk of financial loss to the Scheme if a counterparty to a financial instrument fails to meet its contractual obligations.

The Scheme does not have significant credit risk arising from reinsurance contract assets or insurance assets.

The reinsurance contracts are used to manage insurance risk. This does not, however, discharge the Scheme's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Scheme remains liable for the payment to the members.

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

The Scheme's principal financial assets are cash and cash equivalents, financial assets at amortised cost and investments. The Scheme's credit risk is primarily attributable to its trade and other receivables.

Other receivables

Other receivables comprises:

- Interest receivable: and
- Sundry receivables.

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT REPORT (continued)

The Scheme manages credit risk by:

- Actively pursuing all contributions after 3 days of becoming due, as required by S26(7) of the Medical Schemes Act, of South Africa;
- Suspending benefits on members' accounts whose contributions have not been received for 30 days;
- Terminating benefits on members' accounts whose contributions have not been received for 60 days; and
- Ageing and pursuing unpaid accounts on a monthly basis.

Cash and cash equivalents

The Scheme has no significant concentration of credit risk. Cash transactions are limited to financial institutions with a high credit rating. The Scheme has a policy of limiting the amount of credit exposure to any one financial institution.

Exposure to credit risk

The carrying amount of Insurance contract assets, as included in the Insurance contract liabilities, and Financial assets at amortised cost represents the maximum credit exposure.

The Scheme ages and pursues unpaid accounts in terms of the Scheme's approved debt policy. The tables below highlight Insurance contract assets which are due, past due (by number of days) and are used to project the insurance contract cash flows that are not recoverable.

	2024	2023
	Gross	Gross
	R	R
Insurance contract assets		
Not past due	949,802	228,559
Past due 0 - 30 days	126,172	57,531
Past due 31 - 60 days	47,723	10,496
Past due 61 - 150 days	58,850	185,323
151 days to more than 1 year	780,707	1,182,127
Past due, not impaired	173,895	68,027
Past due, expected credit loss	63,271	50,640
	2,200,420	1,782,703

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT REPORT (continued)

Investments

The Scheme limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit ratings. The Trustees do not expect any counterparty to fail to meet its obligations. Annexure B to Regulation 30 to the Medical Schemes Act of South Africa, prescribes the credit limits per institution which reduces the individual risk per institution. The utilisation of these limits are regularly monitored.

The table below shows the credit limit and balances of cash and cash equivalents and money market instruments held at five major counterparties at year end which is in compliance with Annexure B of the Regulations. The statutory credit limit is calculated as 35% of the aggregate fair value of liabilities and accumulated funds.

Counterparty	2024		2023	
	Credit limit R	Balance R	Credit limit R	Balance R
Firststrand Bank Limited	73,657,606	9,660,080	70,447,147	6,761,102
ABSA Bank Limited	73,657,606	15,475,593	70,447,147	10,182,478
Standard Bank Limited	73,657,606	6,554,771	70,447,147	12,698,642
Nedbank Limited	73,657,606	18,716,732	70,447,147	12,989,306
Investec Bank Limited	73,657,606	5,892,300	70,447,147	3,196,976

No credit limits were exceeded during the reporting period and the Trustees do not expect any losses from non-performance of these counterparties.

Credit quality of insurance contract assets

The credit quality of insurance contract asset fulfilment cash flows that are neither past due nor an expected credit loss can be assessed by reference to historical information about counterparty default rates:

	2024 R	2023 R
<i>Insurance contract asset</i>		
Counterparties without external credit ratings		
Contribution debtors	734,146	92,534
Member claims debtors	523,006	554,394
Provider claims debtors	706,102	1,017,108
	<u>1,963,254</u>	<u>1,664,036</u>

Contribution debtors

On analysing the credit quality of contribution debtors, the Scheme collected 100% of these amounts in January 2025. This indicates a high credit quality rating of these debtors.

Active member claims debtors

These debtors are members of the Scheme and therefore are expected to have a similar credit quality to the contribution debtors.

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT REPORT (continued)

		2024	2023
		R	R
Counterparties with external credit ratings (Moody's)			
<i>Cash and cash equivalents</i>			
Current accounts	Baa3	3,086,251	2,979,030
Money Market	Baa3	19,191,982	12,363,500
		<u>22,278,233</u>	<u>15,342,530</u>
<i>Financial assets at fair value through profit or loss</i>			
Allan Gray Life Domestic Equity Portfolio Fund	Not rated	126,568,754	113,553,746
Allan Gray Life Stable Medical Scheme Portfolio Fund	Not rated	61,603,317	72,381,288
		<u>188,172,071</u>	<u>185,935,034</u>

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

Approximately 99% of the Scheme's insurance liabilities are settled within four months after the claim was incurred and the remaining liability is settled within eight months.

A maturity analysis for liabilities is provided below:

As at 31 December 2024	Up to 1 month	2-12 months	> 12 months	Total
	R	R	R	R
Insurance contract liabilities	2,695,039	24,621,791	-	27,316,830
Insurance liability for future members	-	5,973,939	176,657,146	182,631,085
Financial liabilities at amortised cost	788,095	-	-	788,095
As at 31 December 2023	Up to 1 month	2-12 months	> 12 months	Total
	R	R	R	R
Insurance contract liabilities	3,451,775	27,338,755	-	30,790,530
Insurance liability for future members	-	3,183,494	160,983,519	164,167,013
Financial liabilities at amortised cost	1,614,980	-	-	1,614,980

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.

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NOTES TO THE FINANCIAL STATEMENTS
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15. FINANCIAL RISK MANAGEMENT REPORT (continued)

Capital management

The Scheme is subject to the capital requirement imposed by Regulation 29(2) to the Medical Schemes Act of South Africa, which requires a minimum solvency ratio of accumulated funds expressed as a percentage of gross contributions to be at least 25%.

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

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

	2024	2023
	R	R
Total Insurance liability for future members as per Statement of financial position	182,631,085	169,110,646
Less: Fair value adjustment on financial assets at fair value through profit or loss	(87,952,465)	(75,040,031)
Accumulated funds per Regulation 29	<u>94,678,620</u>	<u>94,070,615</u>
Gross annual contributions	164,634,371	153,792,992
Solvency margin		
= Accumulated funds/gross annual contributions x 100	<u>57.51%</u>	<u>61.17%</u>

Investment risk

The Scheme's Audit and Investment Committee invests excess funds in line with the Medical Schemes Act of South Africa.

The Scheme's investment objectives are to maximise the return on its investments on a long-term basis at acceptable risk, subject to any constraints imposed by legislation or the Trustees. The Scheme continues to diversify its investment portfolio by investing in money market instruments and equity portfolios managed by various asset managers.

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.

Assets measured at fair value

The fair value assets are classified using a fair value hierarchy that reflects the significance of the inputs used in determining the measurements:

- Level 1: These are assets measured using quoted prices in an active market
- Level 2: These are assets measured using inputs other than quoted prices included within Level 1 that are either directly or indirectly observable ;and
- Level 3: These are assets measured using inputs that are not based on observable market data.

Fair value hierarchy for financial assets measured at fair value (Level 2)

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT REPORT (continued)

Investment risk (continued)

The investments for the purposes of the financial statements comprise of financial assets at fair value through profit and loss.

Financial assets at fair value through are made up of the following:

Investments in linked insurance policies (Level 2)

2024	2023
R	R
188,172,071	185,935,034
188,172,071	185,935,034

Fair value estimation

Analysis of carrying amounts of financial assets and financial liabilities per category

The following table compares the fair value and carrying amounts of assets and liabilities per class of asset and liability. The carrying amount approximates the fair value.

	Financial assets at fair value through profit or loss R	Financial assets at amortised cost R	Insurance contract liability R	Financial liabilities at amortised cost R
31 December 2024				
Financial assets at fair value through profit or loss	188,172,071	-	-	-
Financial assets at amortised cost	-	285,706	-	-
Cash and cash equivalents	-	22,278,233	-	-
Insurance liability for future members	-	-	(182,631,085)	-
Insurance contract liabilities	-	-	(27,316,830)	-
Financial liabilities at amortised cost	-	-	-	(788,095)
	188,172,071	22,563,939	(209,947,915)	(788,095)
31 December 2023				
Financial assets at fair value through profit or loss	185,935,034	-	-	-
Financial assets at amortised cost	-	238,592	-	-
Cash and cash equivalents	-	15,342,530	-	-
Insurance liability for future members	-	-	(169,110,646)	-
Insurance contract liabilities	-	-	(30,790,530)	-
Financial liabilities at amortised cost	-	-	-	(1,614,980)
	185,935,034	15,581,122	(199,901,176)	(1,614,980)

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

16. NON-COMPLIANCE MATTERS

16.1 Contributions not received within three days of them becoming due

In terms of Section 26(7) of the Medical Schemes Act of South Africa (the Act), all subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Although the majority of contribution payments were made within the stipulated payment deadlines, there were a small number of instances where the Scheme received contributions after three days of becoming due. These contributions equate to less than 0.45% of the gross contributions billed and were received within the month of them becoming due. Such arrear payments are outside the agreed contribution collection agreements with paying parties and are actively addressed as and when they occur.

The procedures that the Scheme follows for collection of these arrear contributions are aligned with its credit risk management policies in Note 15.

16.2 Payment of claims within 30 days

In terms of Section 59(2) of the Medical Schemes Act of South Africa, 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.

Management have implemented a process to monitor claims made by members and providers on a monthly payment cycle and ensure that payment is performed within 30 days.

16.3 Investment in participating employer

As at 31 December 2024, the Scheme indirectly through its holdings in the Allan Gray portfolios held shares in AVI Ltd, a participating employer of the Scheme, amounting to R642 117 (2023: R1 305 120) and R409 080 (2023: R744 050) in African Rainbow Minerals Ltd.

Ordinarily this would be in contravention of Section 35(8) of the Act, which, inter alia, prohibits a medical scheme from investing any of its assets in an employer that participates in that scheme. However, as funds in these specific portfolios are structured at the sole discretion of the asset manager in a manner that maximizes the return on investment, and neither the Scheme nor these employers provide input into the structuring of the portfolio, the Scheme has received exemption from the Council for Medical Schemes for compliance with this Section of the Act.

16.4 Investment in medical scheme Administrators

At 31 December 2024, the Scheme indirectly through its holdings in the Allan Gray portfolios held shares in Momentum Metropolitan Holdings Limited R1 240 784 (2023: R1 014 259).

Ordinarily this would be in contravention of Section 35(8) of the Act which, inter alia, prohibits medical schemes from holding shares in any other medical scheme, any administrator and any person associated with any of these. However, as funds in these portfolios are structured at the sole discretion of the asset manager in a manner that maximises returns and the Scheme provides no input into the structuring of the portfolios, the Scheme has received exemption from the Council for Medical Schemes for compliance with this Section of the Act.

ANGLOVAAL GROUP MEDICAL SCHEME
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

16. NON-COMPLIANCE MATTERS (continued)

16.5 Sustainability of benefit option

In terms of Section 33(2) of the Medical Schemes Act, No 131 of 1998, as amended, each option shall be self-supporting in terms of membership and financial performance and be financially sound. The Anglovaal Group Medical Scheme only has one option.

At 31 December 2024, the Scheme reported a net insurance service deficit amounting to R4 339 972. After taking into account investment income, other income and other expenses, the Scheme reported a total comprehensive surplus of R13 520 440 for the year ended 31 December 2024.

The Trustees continuously monitor the overall performance of the Scheme. On a monthly basis, the management accounts are scrutinised; the investment returns are analysed in line with the overall market performance; and claims patterns are analysed by the actuaries and administrator against what the expected claims should be, given the demographics and claiming behaviour of the Scheme members. In addition, the Scheme's investment policy is reviewed annually against expected returns. The solvency level at 31 December 2024 is 57.51% against the legislated requirement of 25%. The Trustees do not believe in making short term decisions based on limited information, but to rather take a well thought out, well considered, long term view in order to ensure the sustainability of the Scheme. This prudent approach allows the Scheme to be managed through any short term adverse claims experience, whilst minimizing the potentially negative impact on the members. The solvency level at 31 December 2024 of 57.51% allows the Trustees the leeway to take a medium to long term view whilst protecting the members' interests in the short term. The Trustees are of the opinion that increasing member contributions to address what could be a short term anomaly, while having a high solvency level, is not in the interests of the members. Finally, the Scheme undergoes an independent, annual actuarial review to determine the appropriate level of contributions given the benefits provided, which allows the Trustees the opportunity to review the sustainability of the Scheme and to adjust the contributions for the following year accordingly.

The Trustees are comfortable that the Scheme is financially sound and sustainable.

16.6 Limitation of assets – Policies of Insurance

In terms of the explanatory notes and conditions for Annexure B to Regulation 30 of the Act, the Policies of Insurance held in category 6(a)(ii) shall not be more than 90% of the aggregate of the fair value of liabilities and the minimum accumulated funds to be maintained by a medical scheme in accordance with Regulation 29 of the Act. As at 31 December 2024, the Schemes' total investments in Policies of Insurance exceeded the limitation as per category 6(a)(ii) per Annexure B.

Regulation 30(3A) states that a certified statement, from a suitably qualified professional, that indicates that alternative percentages should apply to such assets, can be provided to the Registrar of Medical Schemes. The Scheme will update its annual Regulation 30(3A) certificate in order to include these excess investments in Policies of Insurance.

ANGLOVAAL GROUP MEDICAL SCHEME
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REPORT OF THE BOARD OF TRUSTEES

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

1 DESCRIPTION OF THE SCHEME

1.1 Terms of registration

The Anglovaal Group Medical Scheme is a not-for-profit restricted membership Scheme registered in terms of the Medical Schemes Act of South Africa ("the Act").

1.2 Benefit options within the Anglovaal Group Medical Scheme

The Scheme offers one (1) benefit option.

1.3 Savings plan

To provide a facility for Scheme members to set funds aside to meet day-to-day and other healthcare costs not covered by the 'risk' benefits in the option, the Trustees have made a personal medical savings account available.

Contributions to the personal medical savings accounts (MSA) are set and the total available amount is based on family size and the member's income level. The amounts contributed to the personal MSA do not exceed 20% (twenty percent) of the member's total medical scheme contribution.

The liability to the members in respect of the savings plan is reflected as part of the insurance contract liability as required by IFRS 17, and is repayable in terms of Regulation 10.

In terms of the rules of the Scheme, the savings plan is underwritten by the Scheme.

2 MANAGEMENT

2.1 Board of Trustees in office during the year and at the date of this report was:

M Koursaris	Chairman - Member Elected	
I Masike	Member Elected Trustee	
H de Groot	Employer Appointed Trustee	
B Jales	Employer Appointed Trustee	Deceased 29 September 2024
O Bergman	Employer Appointed Trustee	
A Mills	Member Elected Trustee	
K Tshepe	Employer Appointed Trustee	Resigned 30 November 2024
J Laubscher	Member elected trustee	
A Ahmed	Employer Appointed Trustee	Appointed 21 October 2024
M Stevenson	Employer Appointed Trustee	Appointed 1 December 2024

2.2 Principal Officer

V Crystal

ANGLOVAAL GROUP MEDICAL SCHEME
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REPORT OF THE BOARD OF TRUSTEES (continued)

2 MANAGEMENT (continued)

2.3 Registered office address and postal address

2 Harries Road Illovo 2196	PO Box 1897 Saxonwold 2132
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2.4 Scheme administrator during the year

Discovery Health (Pty) Limited	
1 Discovery Place Sandton 2146	PO Box 786722 Sandton 2146

2.5 Investment managers during the year

Allan Gray Proprietary Limited	
1 Silo Square V&A Waterfront Cape Town 8001	PO Box 51318 V&A Waterfront Cape Town 8002

2.6 Actuaries

Mr André Bellingan	Insight Actuaries and Consultants
2nd Floor Gateway West 22 Magwa Crescent Waterval City Midrand 2066	Private Bag X17 Halfway House 1685

2.7 Independent Auditors during the year

PricewaterhouseCoopers Inc. 4 Lisbon Lane Waterfall City Jukskei View 2090	Private Bag X36 Sunninghill 2157
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3 INVESTMENT AND FIXED ASSET POLICY OF THE SCHEME

The Trustees continue to invest funds in line with the requirements of the Act. The Scheme continues to pursue a strategy that maximizes returns on a long-term basis at an acceptable risk.

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

REPORT OF THE BOARD OF TRUSTEES (continued)

4 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

4.1 Operational statistics

	2024	2023
Number of members at the end of the accounting period	2,205	2,242
Number of beneficiaries at the end of the accounting period	4,281	4,428
Average number of members for the accounting period	2,209	2,273
Average age of beneficiaries for the accounting period	40.68	40.69
Pensioner ratio (beneficiaries > 65 years)	20.2%	20.8%
Average net contributions per member per month	R 4,972.07	R 4,517.63
Average net contributions per beneficiary per month	R 2,566.08	R 2,319.01
Relevant healthcare expenditure per member per month *	R 4,847.64	R 4,892.35
Relevant healthcare expenditure per beneficiary per month *	R 2,501.86	R 2,511.36
Directly attributable insurance service expenses as a percentage of insurance revenue	103.3%	114.7%
Directly attributable insurance service expenses per beneficiary per month	R 2,639.53	R 2,659.43
Average administration costs per member per month	R 357.59	R 380.58
Average administration costs per beneficiary per month	R 184.55	R 195.36
Average managed care: Management services per member per month	R 85.14	R 85.27
Accumulated funds per member at 31 December	R 80,117	R 74,009
Beneficiary ratio at 31 December	1.94	1.98
Relevant healthcare expenditure as a percentage of net contributions *	97.5%	108.3%
Managed care: Management services as a percentage of gross contributions	1.4%	1.5%
Administration expenses as a percentage of gross contributions	5.8%	6.7%

* Relevant healthcare expenditure includes all claims and managed care expenditure as defined in the Act.

4.2 Results of operations

The results of the Scheme are set out in the financial statements and the Trustees believe that no further clarification is required.

4.3 Solvency ratio

	2024 R	2023 R
The solvency ratio is calculated on the following basis:		
Total Insurance liability for future members as per Statement of financial position	182,631,085	169,110,646
- Less fair value adjustment on investments held at fair value through profit or loss	(87,952,465)	(75,040,031)
Accumulated funds per Regulation 29	<u>94,678,620</u>	<u>94,070,615</u>
Gross annual contributions	<u>164,634,371</u>	<u>153,792,992</u>
Solvency ratio		
= Accumulated funds/gross annual contributions x 100	<u>57.51%</u>	<u>61.17%</u>

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

REPORT OF THE BOARD OF TRUSTEES (continued)

4 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

4.3 Solvency ratio (continued)

Cumulative net gains on re-measurement to fair value are calculated as follows:

	2024 R	2023 R
Net cumulative gain at the beginning of the period	(75,040,031)	(61,160,473)
Total fair value adjustment on financial assets at fair value through profit or loss	(19,474,374)	(16,136,975)
Realised gains on derecognition of financial assets at fair value through profit or loss	6,561,940	2,257,417
Cumulative net gain on remeasurement to fair value of financial assets at fair value through profit or loss in accumulated funds	(87,952,465)	(75,040,031)

4.4 Liabilities for incurred claims

The basis of calculation of the Liability for incurred claims is set out in Note 14 to the Financial statements. There have been no unusual movements which the Trustees believe should be brought to the attention of the members of the Scheme.

5 ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels. The Scheme's actuaries also calculate the annual budget and monthly actuarial reports of the Scheme, including the monthly Liability for incurred claims.

6 EVENTS AFTER THE REPORTING DATE

There have been no events that occurred subsequent to the end of the accounting period that affect the statements and that the Trustees consider should be reported.

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

REPORT OF THE BOARD OF TRUSTEES (continued)

7 INVESTMENTS IN PARTICIPATING EMPLOYERS AND OTHER RELATED PARTIES

The Scheme had invested in various portfolios, which in turn held shares in African Rainbow Minerals Ltd and AVI Ltd, participating employers of the Scheme.

Discovery Health (Pty) Ltd is the administrator of the Scheme.

Payments are made in terms of the administration and managed care agreements, reviewed for 2024 at the end of 2023, with Discovery Health (Pty) Ltd. Fees were paid as follows:

	2024 R	2023 R
Discovery Health (Pty) Ltd	10,483,723	10,802,286
Administration fees	8,226,386	8,476,357
Managed care: management services fees	2,257,337	2,325,929

The Scheme appointed consultants to the Scheme and their fees were paid as follows:

Consultation fees		
Insight Actuaries and Consultants	470,891	307,879

8 AUDIT AND INVESTMENT COMMITTEE

An audit and investment committee (the Committee) was established in accordance with the provisions of the 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 Committee met on three occasions during the course of the year as follows:

- 11 April 2024
- 14 August 2024
- 21 November 2024

The Principal Officer, Chairman of the Board of Trustees and the Administrator attend all Committee meetings and have unrestricted access to the Chairman of the Committee. The external auditors of the Scheme attend meetings on invitation only.

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

This Committee also acts as an investment committee.

The Committee presently comprises: J O'Meara (resigned 11 April 2024) ; M Koursaris, S Chatrooghoon, J Fourie , I Masike and R van der Laan.

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

REPORT OF THE BOARD OF TRUSTEES (continued)

9 NON-COMPLIANCE MATTERS

9.1 Contributions not received within three days of them becoming due

In terms of Section 26(7) of the Medical Schemes Act of South Africa (the Act), all subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Although the majority of contribution payments were made within the stipulated payment deadlines, there were a small number of instances where the Scheme received contributions after three days of becoming due. These contributions equate to less than 0.45% of the gross contributions billed and were received within the month of them becoming due. Such arrear payments are outside the agreed contribution collection agreements with paying parties and are actively addressed as and when they occur.

The procedures that the Scheme follows for collection of these arrear contributions are aligned with its credit risk management policies in Note 15.

9.2 Payment of claims within 30 days

In terms of Section 59(2) of the Medical Schemes Act of South Africa, 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.

Management have implemented a process to monitor claims made by members and providers on a monthly payment cycle and ensure that payment is performed within 30 days.

9.3 Investment in participating employer

As at 31 December 2024, the Scheme indirectly through its holdings in the Allan Gray portfolios held shares in AVI Ltd, a participating employer of the Scheme, amounting to R642 117 (2023: R1 305 120) and R409 080 (2023: R744 050) in African Rainbow Minerals Ltd.

Ordinarily this would be in contravention of Section 35(8) of the Act, which, inter alia, prohibits a medical scheme from investing any of its assets in an employer that participates in that scheme. However, as funds in these specific portfolios are structured at the sole discretion of the asset manager in a manner that maximizes the return on investment, and neither the Scheme nor these employers provide input into the structuring of the portfolio, the Scheme has received exemption from the Council for Medical Schemes for compliance with this Section of the Act.

ANGLOVAAL GROUP MEDICAL SCHEME
(Registration no. 1571)

REPORT OF THE BOARD OF TRUSTEES (continued)

9 NON-COMPLIANCE MATTERS (continued)

9.4 Investment in medical scheme Administrators

At 31 December 2024, the Scheme indirectly through its holdings in the Allan Gray portfolios held shares in Momentum Metropolitan Holdings Limited R1 240 784 (2023: R1 014 259).

Ordinarily this would be in contravention of Section 35(8) of the Act which, inter alia, prohibits medical schemes from holding shares in any other medical scheme, any administrator and any person associated with any of these. However, as funds in these portfolios are structured at the sole discretion of the asset manager in a manner that maximises returns and the Scheme provides no input into the structuring of the portfolios, the Scheme has received exemption from the Council for Medical Schemes for compliance with this Section of the Act.

9.5 Sustainability of benefit option

In terms of Section 33(2) of the Medical Schemes Act, No 131 of 1998, as amended, each option shall be self-supporting in terms of membership and financial performance and be financially sound. The Anglovaal Group Medical Scheme only has one option.

At 31 December 2024, the Scheme reported a net insurance service deficit amounting to R4 339 972. After taking into account investment income, other income and other expenses, the Scheme reported a total comprehensive surplus of R13 520 440 for the year ended 31 December 2024.

The Trustees continuously monitor the overall performance of the Scheme. On a monthly basis, the management accounts are scrutinised; the investment returns are analysed in line with the overall market performance; and claims patterns are analysed by the actuaries and administrator against what the expected claims should be, given the demographics and claiming behaviour of the Scheme members. In addition, the Scheme's investment policy is reviewed annually against expected returns. The solvency level at 31 December 2024 is 57.51% against the legislated requirement of 25%. The Trustees do not believe in making short term decisions based on limited information, but to rather take a well thought out, well considered, long term view in order to ensure the sustainability of the Scheme. This prudent approach allows the Scheme to be managed through any short term adverse claims experience, whilst minimizing the potentially negative impact on the members. The solvency level at 31 December 2024 of 57.51% allows the Trustees the leeway to take a medium to long term view whilst protecting the members' interests in the short term. The Trustees are of the opinion that increasing member contributions to address what could be a short term anomaly, while having a high solvency level, is not in the interests of the members. Finally, the Scheme undergoes an independent, annual actuarial review to determine the appropriate level of contributions given the benefits provided, which allows the Trustees the opportunity to review the sustainability of the Scheme and to adjust the contributions for the following year accordingly.

The Trustees are comfortable that the Scheme is financially sound and sustainable.

9.6 Limitation of assets – Policies of Insurance

In terms of the explanatory notes and conditions for Annexure B to Regulation 30 of the Act, the Policies of Insurance held in category 6(a)(ii) shall not be more than 90% of the aggregate of the fair value of liabilities and the minimum accumulated funds to be maintained by a medical scheme in accordance with Regulation 29 of the Act. As at 31 December 2024, the Schemes' total investments in Policies of Insurance exceeded the limitation as per category 6(a)(ii) per Annexure B.

Regulation 30(3A) states that a certified statement, from a suitably qualified professional, that indicates that alternative percentages should apply to such assets, can be provided to the Registrar of Medical Schemes. The Scheme will update its annual Regulation 30(3A) certificate in order to include these excess investments in Policies of Insurance.

10. MEETING ATTENDANCE

The following schedules set out Board of Trustee meeting attendances and attendances by members of Sub-Committees:

Board of Trustees meetings	Number of meetings
Number of meetings for the year	4
M Koursaris	4
I Masike	3
H de Groot	4
B Jales	2
O Bergman	4
A Mills	4
K Tshepe	3
J Laubscher	3
Attendees:	
V Crystal	4

Audit and Investment Committee meetings	Number of meetings
Number of meetings for the year	3
J O'Meara (Chairperson) Resigned 11 April 2024	1
R van der Laan (Chairperson)	2
M Koursaris	3
J Fourie	2
S Chatrooghoon	2
I Masike	2
Attendees:	
V Crystal	3

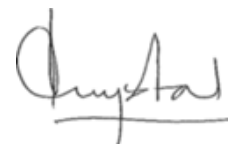
Committee of Management meetings	Number of meetings
Number of meetings for the year	3
M Koursaris (Chairperson)	2
V Crystal	3



.....
M Koursaris
CHAIRMAN



.....
TRUSTEE



.....
Vivien Crystal
PRINCIPAL OFFICER

30 April 2025

**Anglovaal Group Medical Scheme
Proxy Form for the Annual General Meeting
27 May 2025**

Membership Number

I (Name in block letters).....

Of Address:

Being a principal member of Anglovaal Group Medical Scheme, hereby appoint:

1.,with member number.....; or failing him/her
2.,with member number.....; or failing him/her
3. The Principal Officer of the Scheme; or failing him/her
4. The Chairman of the Annual General Meeting;

as my proxy to vote for me on my behalf at the Annual General Meeting of the Scheme to be held on 27 May 2025 at 10h00.

Signed at on this day of 2025

Signature:

NOTES

- ☐ The person whose name is listed first on the Proxy Form and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- ☐ The completion and lodging of this Proxy Form will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such members wish to do so.
- ☐ Proxy Forms must be lodged at, or posted to the Principal Officer c/o Nadine Naidoo, Anglovaal Group Medical Scheme, AGM Motions, P O Box 652509, Benmore, 2010, faxed to (011) 539-1018, or emailed to avgmsagm@discovery.co.za. Proxies to be received no later than 12h00 on 23 May 2025.