

2021



**ANNUAL
REPORT**



The New App features enable Members to access and download among others, the following:

- Tax Certificates, Membership certificates and statements
- Claims history
- Status of recent claims
- Option to update member contact details on the go via the App
- Available Member Benefits
- Geo map and access to service providers ie. GPs, pharmacies etc.
- Scheme contact details



SAMWUMED
Real Heritage. Real People. Real Health Care.

WHO WE ARE

The South African Municipal Workers Union National Medical Scheme (SAMWUMED) is a financially healthy, fully-funded, national-accredited and self-administered medical aid scheme, which covers approximately **76 396** lives throughout South Africa. The Scheme's reserve levels remain above **90%**, exceeding the required statutory threshold of **25%**. Our Scheme continually strives to maintain its standing as one of the most cost effective Schemes in its category without compromising the quality of our Member Benefits. In this way, we see ourselves not just as a medical aid scheme, but as an advocate of our members' interests and their right to a healthy life.

MISSION STATEMENT

We commit ourselves to service excellence by providing the most affordable, member friendly, accessible and accountable scheme and administration.

VISION

- + To be the leading medical scheme in the local government sector.
- + To provide a holistic and progressive primary health service nationally.
- + To provide guaranteed affordability by offering appropriate benefits and access to the best medical services.
- + To create healthy and satisfied members through education and efficient administration in a member friendly environment.
- + Commitment to the principle of non-profit and to remain sustainable.
- + To be one of the most desired organisations to work for in South Africa.
- + To promote clean, healthy and sustainable environment.

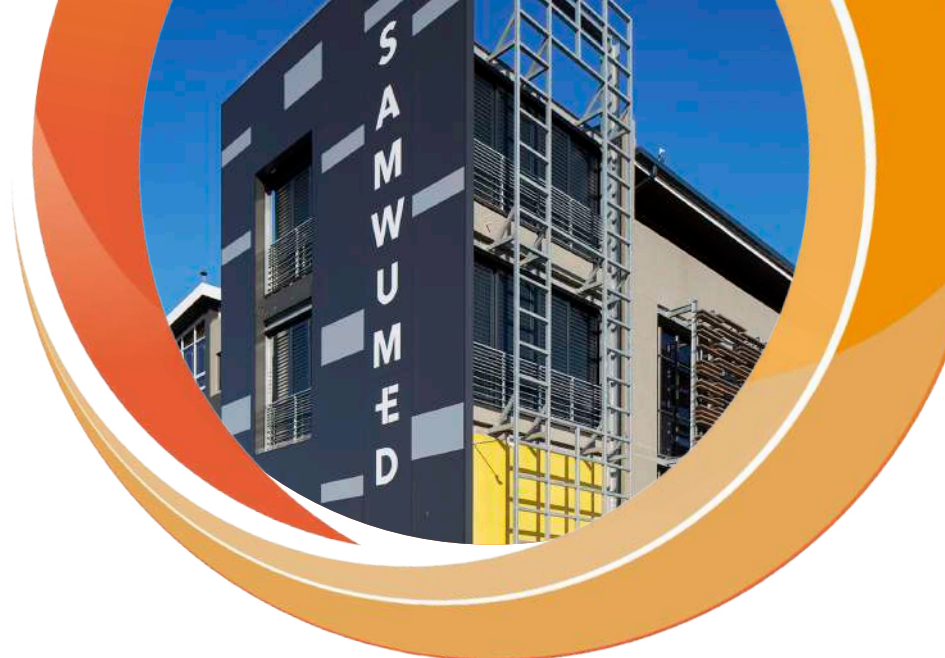


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ANNUAL GENERAL MEETING 9TH SEPTEMBER 2022 NOTICE TO CONVENE MEETING

Notice is hereby given that the **Annual General Meeting (AGM)** of the members of the South African Municipal Workers Union National Medical Scheme (SAMWUMED) will be held on **9th September 2022, at 09h30 via TMS Virtual Meeting Platform** for the purpose of transacting the following business:

AGENDA

1. Opening and singing of the South African National Anthem
2. Confirmation of the meeting credentials and the reading of notice to convene the AGM
3. Agenda
4. Minutes
 - a. Matters arising
5. Chairperson's Message
6. Principal Officer's Review
7. Scheme's overview
8. Financial Report for the year ended 31 December 2021
9. Appointment of External Auditors for the 2022 financial year
10. Discuss and approve the following special resolutions:
 - a. Proposed annual increase for the Board of Trustees
11. Notices of Motion
12. Closure

Important:

- Notices of motion to be considered for placing before the AGM must reach the Principal Officer, at the registered address of the Scheme, or by email to agm2022@samwumed.org, **by no later than 26th August, 2022**. These shall be vetted against the Scheme Rules and the Medical Schemes Act.
- **Identification: members attending the Annual General Meeting (AGM) at a venue must bring along any of the following together with their valid membership cards to secure admission and participation at the AGM:**
 - A South African green bar - coded ID book or Smart card; or
 - A South African Driver's License; or
 - A Passport.

By order of the Board of Trustees.



Francina Mosoeu
Principal Officer

MINUTES SAMWUMED ANNUAL GENERAL MEETING

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1. OPENING AND SINGING OF THE NATIONAL ANTHEM

The meeting opened with the singing of the South African National Anthem.

The Chairperson of the Board of Trustees (BoT) declared the Annual General Meeting (AGM) open at 09:30.

Attendance:

The Chairperson welcomed all attendees to the 2021 AGM which was held in accordance with the provisions of the Scheme Rules. It was held both virtually and physically due to Covid-19 restrictions. The BoT and members participating online and at venues were requested to confirm their attendance.

The Chairperson acknowledged the presence of Mr Cele, who was in attendance as an observer from the Council for Medical Schemes (“CMS”).

SAMWUMED Board of Trustees

Mr. L Sibiyi	Chairperson	LS
Ms. NP Ntsuba	Deputy Chairperson	NPN
Ms. A Ntuli	Trustee	AN
Ms. N Bhozo	Trustee	NB
Ms. M Marule	Trustee	MM
Mr. M Nzuzi	Trustee	MN
Ms. S Dube	Trustee	SD
Mr. S Kwanyana	Trustee	SK
Ms. R Letsoalo	Trustee	RL
Ms. MF Mosoeu	SAMWUMED Principal Officer	MFM

By invitation:

Mr. N Qwabe	SAMWUMED REMCO Chair	NQ
Mr. S Cele	CMS Compliance and Investigations	SC
Mr. T Malatji	Malatji & Co Attorneys	TM
Mr. I van Schoor	The Meeting Specialist (Pty) Ltd	IVS
Mr. M Wenner	The Meeting Specialist (Pty) Ltd	MW
Ms. F Adam	The Meeting Specialist (Pty) Ltd	FA
Mr. A Ben-Nathan	Moderator - Digital Cabinet (Pty) Ltd	ABN
Mr. D Spiller	Moderator - Digital Cabinet (Pty) Ltd	DS
Ms. M Naicker	William Radcliffe External Scribe	MN

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Apologies:

None.

2. CONFIRMATION OF THE MEETING CREDENTIALS AND THE READING OF THE NOTICE TO CONVENE THE AGM

- The Principal Officer announced the AGM credentials and confirmed that the notice to convene the meeting had been submitted to the members timeously on the various communication platforms. It was noted that SAMWUMED had retained the services of The Meeting Specialist (Pty) Ltd to host the AGM on an interactive electronic platform in order to facilitate remote participation and voting by members.
- The Notice of the AGM was read into the record.
- A quorum in terms of the Scheme Rules was noted. It was confirmed that there were 337 members in good standing who were in attendance.
- The Chairperson afforded members of the Scheme an opportunity to confirm receipt of the Agenda and Notice of the AGM along with the attached documents outlining the business of the meeting.
- The Principal Officer provided in-depth feedback as per the request from the Chairperson in relation to the AGM pack, notices, and updates to members.
- In light of the information provided by the Principal Officer, the Chairperson confirmed that the notice of the meeting and the meeting credentials were submitted on time, and in accordance with the Scheme Rules. He further confirmed that reasonable steps were taken by the Scheme to ensure that the required documents were submitted to the members of the Scheme.
- The meeting credentials were accepted, and the meeting was confirmed as quorate in terms of Scheme Rule 32.1.3. Rule 32.1.3. provided follows: *'At least 30 members present in person at the Annual General Meeting shall constitute a quorum.'*
- The Principal Officer confirmed that no proxies were received from members of the Scheme.

3. CONFIRMATION OF THE AGENDA

The meeting adopted the Agenda, with no additions.

4. MINUTES AND MATTERS ARISING

4.1 The Minutes of the Previous Annual General Meeting held on 18 September 2020

- The minutes of the previous Annual General Meeting held on 18 September 2020 were tabled.
- Some members raised concern that they had not received the minutes on the scheme's SMS platform and were therefore unable to comment on the minutes. The Chairperson requested the meeting facilitators to ensure that the members mobile numbers were updated to facilitate communication with members.
- **A majority of the members participating at the meeting confirmed receipt, accepted, and approved the minutes of the AGM held on 18 September 2020, with no changes thereto.**

4.2 Matters arising from the Annual General Meeting Minutes of 18 September 2020

- The Chairperson invited members to engage and submit queries on the minutes and matters arising from the AGM of 18 September 2020.
- A member addressed the meeting and raised a matter relating to communication to members that had been discussed and not recorded in the minutes. The Chairperson noted the concern raised by some of the attendees at the Riverclub, Cape Town venue, who had reported not having received the minutes, and their request that the AGM had to be postponed.

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- The Chairperson informed the meeting that members could access multiple platforms to communicate and receive Scheme information, and that further member engagement would be necessitated to identify a preferred channel for future communication.
- A member addressed the meeting and raised a matter relating to feedback on the Scheme's growth objectives and interventions to ensure the Scheme's visibility in all regions. The Chairperson responded that the Scheme had achieved significant member growth in the regions, and this was further evidenced by the active member engagement at the various AGM venues. It was noted that the Scheme was committed to maintaining contact with its members.
- It was further noted that the Principal Officer would provide a report to the members outlining feedback on the issues raised at the previous meeting.
- The Chairperson thanked the members for their comments and continued with the proceedings.

5. THE CHAIRPERSON MESSAGE

- The Chairperson, began his address by acknowledging the passing of one of the BoT, Mr Benjamin Mdhuli. He acknowledged Mr Mdhuli for his tireless service to the Scheme, and he also expressed his condolences to the members whose families had succumbed to Covid-19.
- The Chairperson presented the 2020 Financial Year Annual Report to the AGM. He commended management and staff for their dedicated commitment towards achieving the objectives of the Scheme.
- The year under review demonstrated the consistent review of the Scheme's operational structure had resulted in the Scheme ensuring all its departments were running optimally to ensure excellent service provision to all stakeholders, especially during the Covid-19 pandemic year. The changes to Hospital Designated Service Provider (DSP) arrangements gave members further access to much needed healthcare services during a time of extreme uncertainty in the healthcare industry.
- The Chairperson highlighted the introduction of the Family Practitioner's Network which was introduced in line to assist with the monitoring and management of members' healthcare outcomes.
- Upgrades to communication channels continued during the period under review, thus enabling access to members and service providers through the website chat channel, which has a call functionality or typing mode to save time when submitting queries.
- The Chairperson noted that 2020 saw the Scheme successfully convene its first Virtual AGM. Additional accolades included the Scheme's nomination and shortlisting for the Board of Healthcare Funders (BHF) Titanium Award for excellence in creating access to healthcare. The Scheme's reserves remained over **90%**, well above the statutory requirement of **25%**.
- The Scheme paid out **R1.3 billion** in claims in 2020, an increase of **R106 million** when compared to 2019 claims of **R1.2 billion**. The Scheme's solvency ratio for 2020 was **99.28%** whilst its reserves increased to **R1.48 billion**, from **R1.40 billion** in 2019; and principal members grew from **33 313** to **34 403** whilst the total covered lives grew from **73 570** to **75 342**.
- The Chairperson reported on the negative impact of Fraud, Waste and Abuse on schemes and members. These were highlighted as contributing factors to the rising cost of claims and the negative financial impact on members. Members were therefore requested to ensure that their mobile numbers be constantly updated with the Scheme to prevent irregular claims from being submitted.
- It was noted that member queries on the Chairperson's report and Principal Officer's Review would be addressed simultaneously.
- In conclusion, the Chairperson thanked the SAMWUMED Board of Trustees, members, Principal Officer, management and staff for their support.

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6. THE PRINCIPAL OFFICER'S REVIEW

- The Principal Officer presented her report to the AGM. It highlighted the Scheme's journey during the 2020 financial year. She also provided the Scheme's performance overview and its future outlook.
- It was noted that 2020 had been an unprecedented year for the Scheme as it navigated through a myriad of challenges brought about by the global pandemic. While the fallout from the crisis amplified existing risks, it also created new ones. The Scheme created a balance of opportunities by adopting new ways of running its operations from different environments and locations, at the same time it sought not to compromise the health and safety of its staff or quality of service to its members.
- The Principal Officer reported that member claims during the 2020 financial year had increased significantly during the Covid-19 outbreak, as opposed to the previous year. Engaging with various service providers ensured that members continued to receive access to healthcare services during the pandemic.
- The Principal Officer highlighted that as a Caring Essential Healthcare Service Provider, the Scheme realigned its workplace culture and developed new staff values. It implemented prescribed Covid-19 safety protocols, and it prioritised systems security and stability to facilitate effective remote working. The Principal Officer reported that the Scheme had supplied staff with Personal Protective Equipment (PPE).
- The Scheme utilised digital platforms for communication. As a precautionary measure, the Scheme closed its walk-in centres to the public. These functions became available to the public once the alert levels of lockdown regulations had eased and it was considered safe to do so.
- The Principal Officer reported that the Scheme continued with an interactive call centre and website chat services. It opened up its Hospital Network to include more hospitals. As such the Scheme introduced Day Clinic networks, Mental Health Hospital networks, and it facilitated the use of unspecified ambulance services and lifted the restriction to Netcare 911. The Scheme also introduced an inclusive Pharmacy network.
- It was reported that the cost of claims were elevated during the pandemic due to the challenge of accessing and providing related treatment to members, and in certain instances, relocation and air transportation costs to regional hospitals.
- It was further reported that several other challenges contributed to the high complexity of running a successful, self-administered medical aid scheme. These factors included an ageing population, newer diseases such as Covid-19 and its related conditions, as well as increased cases of related mental health diseases. All of these negatively impacted on the scheme's claims. The Scheme was also challenged by the burden and limitations placed on national hospital networks during Covid-19 to ensure healthcare access for members. The Scheme had to continue to address the looming implementation of the National Health Insurance (NHI) and the possible changes to the regulatory framework.
- The Principal Officer reported on the Scheme's performance during Covid-19. The Scheme was nominated and shortlisted for the 2020 BHF Titanium Awards for excellence in creating access to healthcare. Its membership had increased and there was no significant decline of membership during Covid-19. **98%** of member contributions were collected despite employer groups facing some challenges and the Scheme remained sustainable and solvent.
- The Principal Officer provided an update on Covid-19 Vaccinations and Dashboard Statistics. It was reported that the cost of vaccine doses administered at Private and Public sectors were subsidised by the Scheme. **33 227** Covid-19 tests had been administered, and **7 579** Covid-19 positive cases had been identified. There were **2 745** hospital admissions, of which **582** members were admitted to ICU, **13** remained in ICU as at September 2021, and **622** members had been admitted to high care.
- It was further reported that **520** deaths were recorded as at September 2021. The majority of deaths were in the Western Cape (**368** Principal members and **152** Dependents).

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Total deaths were equal from both male and female members between the ages of **50-69 years**. **228** deceased members had no comorbidities.

- The Scheme paid a total vaccination cost of **R1 968 190** as at 17 September 2021. This was in respect of **2 231** partially vaccinated members, and **1 245** fully vaccinated members. Statistics indicated a low percentage of members were vaccinated, this suggested the possibility that beneficiaries were below the age of 18 or older members who would vaccinate over time. These statistics were also possibly attributable to vaccinations administered in public hospitals, whose data was not available to the Scheme as yet.
- The Principal Officer reported that **4%** of SAMWUMED members in the private sector had been vaccinated. Public sector data had not yet been received, and the assumption was that the vaccination uptake was still low. It was noted that the scheme had the lowest vaccination uptake when compared to other schemes.
- The Principal Officer highlighted that the newly established Board of Trustees and its Committees had enhanced the Scheme's Corporate Governance oversight of its operations to safeguard sustainability. The Scheme would continue to engage in national hospital network arrangements to ensure healthcare access for members.
- Whilst 2020 was a daunting year, set goals of formulating a Family Practitioners' Network had been achieved. The network aimed to promote comprehensive and sustainable primary healthcare outcomes for members. Members were therefore encouraged to notify their preferred Family Practitioner's to join the Scheme's network which was being managed by the Scheme's Managed Care Partner, Medscheme.
- The Scheme had prioritised efforts to invest in automation and improved communication access channels for its members. The appointment of Forensic Investigators and Actuaries were finalised, with a tender for an improved Call Centre solution under way. It was indicated that over time, the Scheme's intention was to provide multi-channel platforms that would enable the scheme's members to access their benefits conveniently, including but not limited to self-service Interactive Voice Recording (IVR) options, downloading and usage of a revamped Mobile App, and usage of its ever evolving and user friendly web chat services, which were available on the Scheme's website.
- The Principal Officer encouraged members to vaccinate and continue to adhere to Covid-19 protocols. She concluded by thanking the Board of Trustees, Chairperson and Deputy Chairperson for their sound guidance and leadership during the 2020 financial year. She also thanked members and in particular the Scheme's loyal pensioner members for their patience during the upheaval of the pandemic.
- The Chairperson thanked the Principal Officer for her presentation.
- The Principal Officer addressed queries emanating from the previous AGM. She advised that the Board of Trustees had approved the funding request for OTC medication out of benefits for Multivitamins for the 2022 financial year. This was pending approval from CMS. Further, the restrictions placed on hospital networks had been opened to anchor and filler hospitals.
- Members sought clarity on how the Scheme monitored corruption, and there was a request for the Scheme to review the cover for additional dependents, in excess of the current limitation of three dependents. The Chairperson addressed all the questions and concerns and further advised that the Scheme, amongst other things, had engaged a service provider to monitor and investigate matters of corruption. The Chairperson also indicated that the Board of Trustees had regular robust engagements on the issues of Environmental, Social and Corporate Governance (ESG) and agreed that environmental discussions would be prioritised.
- In terms of cover for additional dependents, the Chairperson considered the social and demographic practices within South Africa and suggested that the scheme needed to review a possible relaxation on the limit number for dependents. In addition, the Principal Officer commented that the Scheme benefits for 2022 had already been finalised and that this would be taken into consideration when finalising the Scheme benefits for 2023.
- The Chairperson thanked the members for their interaction.

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7. OPERATIONS & MANAGED CARE REPORT

- It was noted that the Principal Officer had touched on Operational matters and issues of Managed Care in her report.

8. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

- The AGM noted the Summarised Annual Financial Statements (AFS) of the Scheme for the year ended 31 December 2020, which were included in the 2020 Annual Report. The SAMWUMED Finance Manager, Ms. U Singapi, tabled the Scheme's AFS and highlighted the salient points thereof.
- Ms Singapi reported that the Scheme had healthy reserves as well as a high solvency ratio of **99.28%** in spite of the challenges experienced during Covid-19. It was reported that the Scheme was able to meet its obligations for the year as there were sufficient reserves to permit the Scheme to continue operating as a going concern.
- Membership increased from **33 313** in **2019 to 34 403**. Contribution income increased from **R1,331 billion** in 2019 to **R1,483 billion**, and Healthcare costs increased from **R1,270 billion** in **2019 to R1,376 billion** with a claims ratio of **92,74%**.
- Ms. Singapi reported that the Non-healthcare costs ratio was **6,54%** of gross contributions, which was a **5%** reduction from 2019. Lower investment income was experienced during the first quarter of 2020 due to market uncertainty during the pandemic.
- The Scheme recorded a net surplus for the year ended 31 December 2020 of **R68 047 228**. Claims paid out amounted to **R1,3 billion**, this was an increase of **R106 million** compared to 2019. Investments showed an increase during the second quarter of 2020 to **R1.35 billion** at financial year end.
- Ms. Singapi reported that reserves had increased from **R1.44 billion** in 2019 to **R1.48 billion**. The sale of the Mitchell's Plain property, marketed at **R9 million**, was concluded during the 2021 financial year and the proceeds of that sale were allocated to cover members claims.
- Comments were received from two members regarding "the declining solvency ratio" and "fraudulent claims" and these comments were attended to by the Chairperson.
- **The Annual Financial Statements for the year ended 31 December 2020 were accepted and adopted by the members of the Scheme.**

9. APPOINTMENT OF EXTERNAL AUDITOR'S FOR THE 2021 FINANCIAL YEAR

- It was reported that In terms of Section 36 (1) of the Medical Schemes Act 131 of 1998, a medical scheme was required to appoint at least one auditor. Section 36 (2) provided that, "The appointment of an auditor shall not take effect unless it has been approved by the Registrar, subject to such terms and conditions as he or she may deem fit."
- It was further reported that the requirement for the authorisation and approval of auditors by the Registrar was an annual requirement.
- It was also reported that on 25 November 2019, the external audit firm, PricewaterhouseCoopers Inc. (PwC) was appointed by the previous Board of Trustees as the Scheme's External Auditors.
- The Board of Trustees had therefore resolved to re-appoint PwC as the external auditors of SAMWUMED on the 21st May 2021 for the 2021 financial year. This resolution was therefore recommended to the AGM to confirm the re-appointment of PwC as the external auditors of SAMWUMED for the 2021 financial year.
- **After due consideration, the members approved the re-appointment of PricewaterhouseCoopers (PwC) as the Scheme's external auditors of SAMWUMED for the 2021 financial year.**

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MATTERS FOR NOTING AND APPROVAL

10. DISCUSSION, NOTING, AND APPROVAL OF SPECIAL RESOLUTIONS

10.a. Filling of the casual vacancy on the SAMWUMED Board of Trustees in terms of Rule 25.4.2

Background to the Resolution:

- During December 2020, Ms Nadine Adams, being one of the Board members advised the Scheme and the Chairperson of the Board that her employment was terminated by her employer. Given that the Scheme's Rules (Rule 6.1 read together with Rule 7) provide that membership of the Scheme is restricted to participating employers, who are listed under Rule 4.27, Ms Adams, was no longer an employee as defined. She was therefore accordingly no longer eligible for membership, or as a continuing member given the circumstances relating to her employment. In relation to her trusteeship, the provisions of Rule 24.1.2.1 read together with Rule 24.6.1.11 were clear. They provided that elected trustees had, at all times, to be members of SAMWUMED. Given that Ms Adams was no longer eligible to be a member of SAMWUMED, she could no longer continue to serve as a trustee.

Filling of the Casual Vacancy

- The termination of Ms Adams' trusteeship caused a casual vacancy in the constitution of the Board of Trustees. In this regard, in terms of Rule 24.5.1, the Board had a right to fill any casual vacancy which occurred on the Board as soon as possible after the vacancy occurred. Rule 24.5.2 provided that such a trustee should retire at the first ensuing AGM unless that meeting confirmed their appointment and remained in office for the unexpired duration of the period of office of their predecessor.
- It was recorded that the Curator of the Scheme called for a trustee nomination and election process to be conducted during 2019, as required in terms of Rule 24.4 of the Schemes Rules. The results of the election of trustees were communicated to the members after the 2019 AGM. As provided under Rule 24.4.12, the 6 candidates who received the most votes in descending order, were elected as trustees. The remaining four trustees were appointed by the Central Executive Committee of SAMWU.
- In line with the voting results, Ms Mapula Rose Letsoalo was the next person to have received the most votes after the top 6 nominees, with her being the 7th nominee with the highest votes. As a result, and in accordance with Rule 24.5.1 the BoT filled the casual vacancy, by having regard to the provisions of Rule 24.4.12 regarding the election of trustees based on candidates who received the most votes until all vacancies had been filled. The BoT addressed a letter to Ms Letsoalo on 15 February 2021 enquiring on whether she accepted her election on the Board. She confirmed and accepted the election on the same day.
- It was noted that Ms Letsoalo was a member of the Scheme in good standing.

Basis for Seeking Member's Approval

- *It was submitted that Rule 24.5.2 provided that: "A person so appointed to fill a casual vacancy shall assume all the rights, obligations and powers of the trustee in whose position he is appointed, provided that such a trustee shall retire at the first ensuing annual general meeting of the Scheme, unless that meeting confirms his appointment, in which case, the trustee appointed to fill the casual vacancy shall be confirmed as a trustee and shall remain in office as such for the unexpired duration of the period of the office of the trustee who he was appointed to replace."*
- Consequently, Ms Letsoalo would have to retire at the 2021 AGM, unless the AGM confirmed her appointment. Members were accordingly requested to confirm her appointment, so that she could continue with her duties as a trustee for the remainder of Ms Adam's term of office which was set to expire in 2025.

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MATTERS FOR NOTING AND APPROVAL

The Proposed Resolution

- It was proposed that the members resolve as follows:

“On 15 February 2021, the Board filled a casual vacancy which occurred on the Board arising from Ms Adams ineligibility as a member of SAMWUMED as provided for in terms of Rule 24.5.1. Ms Mapula Rose Letsoalo was appointed by the Board to fill the vacancy having been the next nominee with the highest votes during the 2019 trustee nomination and election process which had been undertaken by the Curator. Ms Letsoalo accepted her appointment to the Board of Trustees.

The members present at the AGM hereby confirm Ms Letsoalo’s appointment to fill the casual vacancy as a trustee and that she shall remain in office as such for the unexpired duration of the period of the office of Ms Adams.”

- After due consideration, **the majority of members present at the AGM approved Ms Letsoalo’s appointment to fill the casual vacancy as a trustee and that she shall remain in office as such for the unexpired duration of the period of the office of Ms. Adams.**
- In terms of the proposed resolution, it was recorded that **308** members voted yes, **30** members abstained and **60** members voted no.

10.b. Replacement of the Central Executive Committee (CEC) appointed Trustee

Background to the Resolution:

- The Scheme noted the passing of SAMWUMED Board of Trustee (BOT) member, Mr. Benjamin Mdhuli.
- It was recorded that Rule 24.1.2.3, allowed for 4 (four members) appointed (“Union Appointed Trustees”) by the Central Executive Committee of the Union. It was further recorded that Mr. Mdhuli had been appointed in terms of Rule 24.1.2.3.

Replacement of a Trustee

- With the passing of Mr. Mdhuli, from a fiduciary point of view, the Scheme was required to fill the vacant position. The replacement trustee would be required to serve for the remainder of Mr. Mdhuli’s remaining term of office.
- As Mr. Mdhuli was a trustee appointed by the Central Executive Committee of SAMWU, the Scheme engaged the Union to request a replacement trustee.
- The Union recommended candidates for the replacement of Mr. Mdhuli. These recommended candidates were subjected to assessments to determine that they met the Fit and Proper requirements which entailed the necessary screening and vetting procedures to serve on the SAMWUMED Board of Trustees.
- **The AGM noted that upon conclusion of the vetting process, a replacement trustee would be appointed.**

10.c. The Remuneration of the Board of Trustees

- The Chairperson recused himself on this matter in order to avoid any ‘conflict of interest’ and temporarily handed over the meeting to the Principal Officer in order to conclude the matter.

Background to the Resolution

- Before their amendment, Rule 24.17 and Rule 25.20 did not allow for the remuneration of the SAMWUMED BoT.

Rule 24.17 provided as follows:

“ Members of the Board are entitled to reimbursement of expenses incurred in their capacity as Members of the

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Board in accordance with such policy as may be approved by the Board from time to time and subject to Members' approval at an Annual General Meeting, for attending meetings of the Board, and committees of the Board. Members of the Board are further entitled to remuneration using an honorarium in respect of services rendered in their capacity as Members of the Board. Any other costs/expenses incurred by a Member of the Board on the instruction of the Board shall be payable in accordance with the policy as determined by the Board from time to time."

- **Rule 25.20 provided as follows:**

"Members of the Board are not entitled to any remuneration, honorarium, or any other fee regarding services rendered in their capacity as Members of the Board. Members of the Board are entitled to reimbursement of expenses, in accordance with Rule 21.16."

- The Rules provided for reimbursement for travel, accommodation, and costs related to Scheme business.

Change and Amendment Application

- The policy referred to in Scheme Rule 24.17 was the SAMWUMED BoT Remuneration Policy which dealt with the payment of expenses and the remuneration of the BoT.
- On 18 September 2020, the BoT proposed and tabled to the members at the AGM the amendment of the SAMWUMED BoT Remuneration Policy. In order to amend the Policy an amendment to Rules 24.17 and 25.20 was required.
- The 2020 AGM resolved that Rules 24.17 and 25.20 and the SAMWUMED BoT Remuneration Policy could be amended to allow the BoT to be remunerated. The amended Rules were subsequently lodged with CMS and they were approved by CMS.
- The amended Rule 24.17 and Rule 25.20 therefore made provision for the remuneration of the SAMWUMED BoT.

They were amended to read as follows:

Rule 24.17 Remuneration of Board Members

"Members of the Board are entitled to reimbursement of expenses incurred in their capacity as Members of the Board in accordance with such policy as may be approved by the Board from time to time and subject to Members' approval at an Annual General Meeting, for attending meetings of the Board, and committees of the Board. Members of the Board are further entitled to remuneration using an honorarium in respect of services rendered in their capacity as Members of the Board. Any other costs/expenses incurred by a Member of the Board on the instruction of the Board shall be payable in accordance with the policy as determined by the Board from time to time."

Rule 25.20

"Members of the Board are entitled to remuneration in the form of an honorarium regarding services rendered in their capacity as Members of the Board. Members of the Board are entitled to reimbursement of expenses, in accordance with Rule 24.17."

- The BoT resolved to refer this matter to the SAMWUMED Remuneration Committee (REMCO) for consideration, the outcome of which was to make a recommendation to members at an AGM. The BoT made this referral to REMCO to ensure transparency and independence in determining the actual quantum.
- Once determined, the quantum would be approved by the AGM. The subsequent annual increase would be presented to the AGM every year. The BoT would also disclose any payments or considerations made to them in that particular year by the Scheme. This would have to be done in writing on an annual basis to CMS in terms of Section 57(8) of the Medical Schemes Act 131 of 1998.

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MATTERS FOR NOTING AND APPROVAL

PwC Benchmark and Remuneration Committee Report

- In order to assist REMCO to make recommendations to the AGM, the Scheme approached an independent consulting firm PricewaterhouseCoopers (PwC) to benchmark the remuneration of trustees' fees.
- PwC was briefed to compare SAMWUMED to similar closed schemes of similar size in respect to members, dependents, income, and assets. They also had to consider fee structures of open schemes, and assess the number of meetings per year and their duration thereof. PwC were advised to utilise information from the latest CMS Reports.
- The PwC Report tabled with REMCO based on the brief that was provided, also included their consideration of the CMS Benchmark Methodology As A Guide to Trustee Remuneration. Further to that, at least twelve (12) Closed Schemes were considered in the benchmarking exercise. They were considered as a Comparator Group to SAMWUMED in terms of closeness metrics similar in size - membership, dependents, income, and assets. A comparison was also made with at least four (4) Open South African Local Government Association (SALGA) accredited schemes to assess the fee structures within these groups.
- It was reported that the Chairperson of the Board, Principal Officer and other Scheme officials were recused from REMCO's meeting when it considered the recommendations made on Trustee Remuneration. Accordingly, the recommendations on Trustee Remuneration were made by the independent members of REMCO.
- REMCO considered the information provided in the PwC Report relating to what is termed Trustee fee build-up, which took into account the factors that schemes needed to consider when setting fee levels for trustees. These factors included a consideration of the attendance and the amount of time spent on official Scheme meetings. The complexity and size of the Scheme in terms of the degree of regulation, assets, and turnover. The contribution of trustees based on their role as trustees.
- REMCO thus considered the PwC Benchmarking Report, The Medical Schemes Act, No 103 of 1998 and Regulation 6, CMS Circulars **45 of 2011** and **41 of 2014**, and The SAMWUMED Board Remuneration Policy.
- REMCO resolved that the quantum of remuneration of the BoT had to be based on the following aspects, namely, the PwC benchmark results. REMCO deliberated on the results and resolved to use them as a basis for determining the correct market positioning of the BoT remuneration.
- It was noted that the Scheme's remuneration philosophy and position was that new entrants should be paid at the 35th percentile and then progressively move them to the 50th percentile over time taking into account the performance of the employee. The 35th percentile was arrived at by reducing the 50th percentile by 15%. A summary of the benchmark results of the PwC report's findings on Trustee Remuneration was presented to the AGM and was also included on page **107** of the Annual Report.

The Trustee Fee Structure

- It was recommended that the structure of the fees had to be a combination of a retainer fee and a per meeting fee. The retainer fee would be paid per month and the meeting fee only if the member attended the meeting. The meeting fee had to be all-inclusive irrespective of the number of committees the Trustee served on, i.e. no additional fees would be payable for attending committee meetings. The meeting fee would be based on a total of 6 meetings per annum, i.e., no additional fees would be payable for additional meetings held. The meeting fee was inclusive of a preparation fee.

MINUTES SAMWUMED ANNUAL GENERAL MEETING

HELD 21 SEPTEMBER 2021

MATTERS FOR NOTING AND APPROVAL

The Financial Status of the Scheme

- REMCO was advised by management during the initial proposal by REMCO, that the Scheme could afford the proposed BoT remuneration.

Scope and Nature

- REMCO considered the different roles played by members of the BoT, namely, the roles of the Board Chairperson, Deputy Chairperson, and Trustees.

Competence and Work Performance

- Management provided REMCO with the Trustees' biographies. REMCO noted that the Board assessment was yet to be concluded hence REMCO recommended that the BOT remuneration be based on the 35th percentile.

Recommendation to the AGM:

- The recommended quantum of remuneration for Trustees was presented to the AGM and it was included on page 107 of the Annual Report.
- Based on the submissions made, REMCO recommended a retainer/meeting fee remuneration mix model. The split between the retainer and meeting fee was pegged at 50/50.
- The meeting fee was based on the assumption that there would be 6 BoT meetings in a year. It was noted that the SAMWUMED Pay Philosophy was to pay new entrants at the 35th percentile.
- Based on the PwC Remuneration Benchmark, REMCO recommended the 35th Percentile by reducing the 50th percentile by 15%.
- The Principal Officer requested the members to engage on this matter prior to a vote being taken.
- **A majority of the members of the Scheme approved the quantum of remuneration payable to the Board of Trustees, on the recommendation of REMCO.**
- With respect to REMCO's recommendation it was recorded that 265 members voted yes, 12 members abstained and 33 members voted no.
- The Principal Officer handed the meeting back to the Chairperson.

11. NOTICES OF MOTION

The Principal Officer informed the meeting, through the Chairperson, that no motions were received.

12. CLOSURE

- The Chairperson thanked the Board of Trustees, Management and Members of the Scheme for their attendance and participation in the 2021 AGM. He encouraged members to vaccinate, communicate with the Scheme, and continue to represent the Scheme as ambassadors.
- There being no further business to discuss, the Chairperson declared the meeting closed at 13:40pm.

SIGNED AS A TRUE RECORD OF THE PROCEEDINGS

Mr. Sibiya
CHAIR:

DATE: 9 September 2022

MINUTES SAMWUMED ANNUAL GENERAL MEETING

HELD 21 SEPTEMBER 2021

13. RESOLUTION REGISTER

Do hereby take notice of the resolution register of the Annual General Meeting of the South African Municipal Workers Union National Medical Scheme held virtually on Tuesday, 21 September 2021 at 09:30, coordinated at SAMWUMED head office, main executive boardroom, C/O Trematon and Lascelles Streets, Athlone, Cape Town.

ITEM	RESOLUTION	DETAIL
1.	Approval of the Minutes of the Annual General Meeting held on 18 September 2020	A majority of the members participating at the meeting confirmed receipt, accepted, and approved the minutes of the AGM held on 18 September 2020.
2.	Noting of the SAMWUMED Annual Financial Statements for the year ended 31 December 2020,	The Annual Financial Statements for the year ended 31 December 2020 were accepted and adopted by the members of the Scheme.
3.	Appointment of External Auditor's for the 2021 Financial Year	The members approved the re-appointment of PricewaterhouseCoopers as the Scheme's External Auditors for the 2021 financial year.
4.	Filling of the casual vacancy on the SAMWUMED Board of Trustees in terms of Rule 25.4.2	The majority members present at the AGM approved Ms Letsoalo's appointment to fill the casual vacancy as a Trustee and that she shall remain in office as such for the unexpired duration of the period of the office of Ms Adams. In respect of the proposal to appoint Ms Letsoalo to fill the casual vacancy, it was recorded that 308 members voted in favour, 30 members abstained and 60 members voted not in favour.
5.	Replacement of the Central Executive Committee (CEC) appointed Trustee	The AGM noted that upon conclusion of the vetting process, a replacement Trustee would be appointed.
6.	The Remuneration of the Board of Trustees	A majority of the members of the Scheme approved the quantum of remuneration payable to the Board of Trustees, on the recommendation of REMCO. In respect of the proposal on the quantum of remuneration payable to the BoT, it was recorded that 265 members voted in favour, 12 members abstained and 33 members voted not in favour.

SIGNED AS A TRUE RECORD OF THE PROCEEDINGS

Mr. Sibiya
CHAIR:

DATE: 9 September 2022

MINUTES SAMWUMED ANNUAL GENERAL MEETING

HELD 21 SEPTEMBER 2021

14. MATTERS ARISING

The Annual General Meeting of the South African Municipal Workers Union National Medical Scheme held virtually on Tuesday, 21 September 2021 at 09:30, coordinated at SAMWUMED head office, main executive boardroom, C/O Trematon and Lascelles Streets, Athlone, Cape Town.

ITEM NO	ACTION ITEM	PROGRESS	ACTION DUE DATE	RESPONSIBLE
10.b	<p>Replacement of the Central Executive Committee (CEC) appointed Trustee</p> <ul style="list-style-type: none"> The AGM noted that upon conclusion of the vetting process, a replacement Trustee would be appointed. 	Mr. Ishmael Solomon was appointed to the BoT on 15 October 2021	September 2022	LS



CHAIRPERSON'S REPORT

Chairperson's Message

The financial period under review (2021) was a challenging one and no doubt had been preceded by one of the most unprecedented years in our history. By the end, we had all reached what was referred to as Covid-19 fatigue. Further to that, much of the challenges faced were beyond the external factors but driven by our inability to finalise the strategic goals of the Scheme, which had been set out at the end of 2020, some seven (7) months since the new Board of Trustees were inducted into SAMWUMED. This was largely due to travel restrictions, health issues, and the constant uncertainties that came with last year.

SAMWUMED has always stood above the rest for being one of the most resilient medical Schemes in the local government sector. With a deliberate application of a risk matrix approach in undertaking its operations, which are premised on a three-year business plan, and which are reviewed by the Board annually, the Scheme was able to put together agile plans that allowed it to re-engineer its operations as the need arose. The challenge of bringing down costs whilst simultaneously trying to protect our members' pockets, during the second year of an unexpected pandemic, was the biggest challenge to date.

As a self-administered medical scheme, it became more apparent that we were facing one of the toughest years in our efforts of ensuring that we honour our members' claims and at the same time, trying to grow the Scheme. Municipality employees were working from home, causing a disruption to the usual processes that schemes are accustomed to. We continued to achieve better healthcare outcomes for our members – by ensuring low administration spend. Our aim is not only to be an affordable medical funding provider but to be one that puts our members first, in alignment with our values.

Our biggest threat remains the inability of the Scheme to attract younger and “healthier” members in order to offset the costs of the high claiming members. We also realise the importance of member servicing as a primary focus for the Scheme and as a result, each Board member has been mandated to report if there are any gaps in servicing of our existing members as the very same members, help to keep this Scheme sustainable.

The Scheme may have seen a difficult period over the past four years, but our intentional actions as guided by our strategic objectives, have allowed for the Scheme to keep the members who truly believe in our ethos and founding principles. Ours was not to be a 'one hit wonder' Scheme but to ensure that the founders of the Scheme, their children, grandchildren, and future great-grandchildren, and more, reap the benefits that the Scheme was founded upon. Our values, and especially that of Ubuntu, are keeping the Scheme true to what we stand for.

Having had the privilege to be Chairperson of the Scheme for the past two years, I feel proud to be a member of the Scheme, but as a leader of the governing body of the Scheme, I know that my role would not exist without our members. I sincerely believe that with the implementation of our strategic objectives and our collective efforts, we can only take SAMWUMED to new heights. I am also eternally grateful for the support that I receive from the Board of Trustees and our stakeholders.

I am grateful to have reached the second year of tenure with an incredible team including that of my fellow Board of Trustee members, the Principal Officer, Management, and all of SAMWUMED employees.

I salute and thank you for conquering these very challenging past two years, and look forward to our growth, and being a part of one of the strongest medical Schemes within the SALGBC space.



Lindani Sibiyi

SAMWUMED Board Chairperson



PRINCIPAL OFFICER'S REVIEW

Principal Officer's Review

My attraction to this organisation since being appointed in late 2019 was the energy of its people. By people, I mean both the employees and members of this Scheme. The passion that I have witnessed from both ends is what inspires one to get up each day and look at what can be done to take this great organisation, to even greater heights.

That said, one cannot ignore the realities of the past two (2) years, and specifically the year under review. 2021 was a year of surprises as at one moment, we thought we were out of the woods from the Covid-19 pandemic, until such time we were hit by yet another Covid-19 wave. For many service-oriented businesses, Covid threw one of the biggest curve balls we could never plan for. However, due to our team's immense determination we were able to carry out our operations, albeit at times we could really see the drop in our service standards, due to some of our employees having been working from home, for most of the period under review, which despite, we were able to execute our mandate in as far as paying our members' claims.

Service excellence is a fundamental principle at SAMWUMED! This principle I can say has unfortunately been compromised particularly during this period, although I am pleased to advise that we kept our focus on ensuring we come out stronger on the other side, with concrete plans that would ensure we change the narrative. I am pleased to advise that we have already implemented some of the service improvement plans that we initiated.

These include the following but not limited to: -

- An enhancement to our Call Centre which includes a self-service option
- Introduction of a WhatsApp video communication messages
- Introduction of a Monthly Mobile member education e-booklet

- Enhancement of our mobile application
- Continuing to deliver our Monthly stakeholder Imbizo e-newsletter

The biggest gap we have been working on to mitigate was the Call Centre and for us to manage the influx of calls that we were receiving from service providers, whilst able to assist members expeditiously and efficiently. The Scheme has thus taken the following steps to resolve the issues that have risen:

1. We have employed additional Call Centre agents to ensure there are no calls left unanswered. The long waits into the Call Centre queues were a pain point for our members, service providers, and staff and therefore all efforts have been made to rectify the frustration.
2. Part of this includes the next phase of our Call Centre to be able to separate the members and service provider lines, to ensure there is no congestion into our Call Centre through the self-service offering.
3. The Scheme is in the process of going to the market for a National Market research study amongst other things that will establish the preferred method of communication by our members, service needs, product enhancement needs, and market relevance, etc.
4. National road shows continue to be in our activity plan for those members who wish to come for in-person customer service.
5. Enhancement of our Mobile Application which gives members access to their information anytime, anywhere.
6. Last but not least, our revamped website continues to be the best website amongst our competitors.

We can assure you that SAMWUMED's mission of committing to service excellence, remains our main focus for the Scheme.

Whilst our membership has increased year on year – we are not pleased with the number of resignations that the Scheme has experienced, which by default has caused a decrease in membership. With our comprehensive and affordable product range, we believe that SAMWUMED still has a big chance of being the leading Scheme in local government.

This, we believe, we will achieve because our employees have been presented with our current financial position and all are putting in the effort, to ensure we retain the members that we currently have. We are also devising strategies to attract a younger membership base through product improvement workshops, sponsorships, stakeholder relations initiatives, wellness programmes and road shows. Our new innovations, improved service delivery, and staff training initiatives give confidence that we will be able to grow this Scheme to be the leading Scheme within the local government sector.

I wish to express my gratitude on behalf of the management and Staff of SAMWUMED to the Board of Trustees for good leadership and all of our important stakeholders. I would also like to express our sincere gratitude to all our members for your loyalty to SAMWUMED. We do not take it for granted.



Yours sincerely,

Francina Mosoeu
Principal Officer



ANNUAL PERFORMANCE AT A GLANCE

AS AT 31 DECEMBER 2021

THE 2021 ANNUAL REPORT

The SAMWUMED 2021 Annual Report has been released.
See the Scheme's major performance indicators and milestones at a glance.



MEMBERSHIP STATISTICS

Total Membership - **35 201**
Total Beneficiaries - **76 396**
Average Age **48** (Principal Member)
Average Age **34** (Beneficiary)



MEMBERSHIP PER OPTION

Option A - **13 542** members
Option B - **21 659** members



SOLVENCY

We registered a solvency level of **94.04%** in 2021.
Way above CMS's requirement of 25%



CLAIMS PAID

In 2021 SAMWUMED paid a **R1.6 billion** in claims



RESERVES

The Scheme is financially healthy with **R1.52 billion** reserves



SURPLUS

SAMWUMED achieved a surplus of **R44.7 million** for the year ended 31 December 2021



**SCHEME'S
OVERVIEW**

SCHEME'S OVERVIEW

Standing Committee structure and responsibilities

The Board of Trustees has its own governance practices and standing committee structure that comply with governance and regulatory requirements. These committees fulfil key roles in ensuring good corporate governance.

The Structure is based on

- Statutory Requirements
- KING IV Report on Corporate Governance
- SAMWUMED Rules and Operating Model

The Committees are mandated by the Board of Trustees through written charters on membership, authority and duties. A standing committee charter clarifies and demarcates standing committees' responsibility areas.

The Committees meet at least quarterly as stipulated in the year planner approved for each year. Committee meetings are attended by Scheme management in keeping with the Boards requirements.

The committees in Operation during 2021 were:

Audit and Risk Committee

The primary responsibility of the Audit and Risk 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 Audit and Risk Committee on critical findings arising from their audit activities. One of the significant responsibilities of this Committee is to oversee the audit process. SAMWUMED implements the functions of an Audit Committee and those of a Risk Committee in an integrated manner.

Composition

The Audit and Risk Committee has three independent members who are not members of the Board of Trustees, nor employees of SAWMUMED and two members who are also members of the Board of Trustees. The Chairperson and independent members of the Audit and Risk Committee are specialists in this field. The table below summarises the qualifications and experience of the Committee members.

Qualifications and experience of independent Audit and Risk Committee members

Independent Member	Highest qualification	Years of experience
Mr. CM Phehlukwayo (Chairperson as from December 2020)	B. Compt (Unisa) PGDA (Natal) CA (SA)	30
Ms. Fikile Mkhize (Member as from December 2020)	B. Comm (Natal) MBL (Unisa), Applied Directorship Programme (Sirdar)	27
Mr. Patrick Ganesan (Member as from December 2020)	BSC (UKZN) CISA, CRISC, CISM, CGEIT, CDPSE	20

SCHEME'S OVERVIEW

Trustee Member	Highest qualification	Years of experience
Mr. Mthokozisi Nzuzi (Member as from December 2020)	B. Admin (Hons - University of Zululand, Project Management Certificate (University of Pretoria), Municipal Finance Management Program (University of Pretoria)	20
Ms. Mampho Marule (Member as from December 2020)	NDIP Office Management and Technology, Payroll Certificate (ACCYS), Municipal Finance Management	10

The Committee met five times during 2021. All meetings were held virtually:

- 11 February 2021 (quarterly meeting)
- 08 April 2021 (special meeting)
- 10 June 2021 (quarterly meeting)
- 16 September 2021 (quarterly meeting)
- 04 November 2021 (quarterly meeting)

Roles and responsibilities of the Audit and Risk Committee

Internal control

The Audit and Risk Committee is responsible for monitoring and determining whether the internal control recommendations made by the internal and external auditors were implemented by Management.

Financial reporting

The primary responsibility of the Audit and Risk Committee is overseeing the financial reporting process. The Audit and Risk Committee seeks reasonable assurance that financial disclosures made by Management are objective, complete and timely, and indicate SAMWUMED's financial position, and the results of operations, plans and long-term commitments.

Annual Financial Statements

- Reviewing the Annual Financial Statements to determine whether they are complete and consistent with the information known to Committee members;
- assessing whether the statements reflect appropriate accounting principles;
- focusing on judgemental areas, such as assumptions and estimates, for example the valuation of assets and liabilities, as well as warranty, product and environmental liability;
- attending to litigation reserves, as well as to other commitments and contingencies;
- evaluating any changes made to accounting policies or practices;
- reviewing the Annual Report as a whole prior to its release, in order to ensure that the information contained therein is clear, accurate and consistent with the members' knowledge of SAMWUMED and its operations.

SCHEME'S OVERVIEW

Responsibilities relating to auditing

a) Internal auditing

The Audit and Risk Committee ensures that the Internal Audit Division performs its responsibilities effectively and efficiently by:

- ensuring that the Internal Audit Division, in consultation with the Audit and Risk Committee, and for the Committee's approval, prepares the following:
 - a three-year rolling Strategic Internal Audit Plan based on its assessment of key areas of risk for The Board of Trustees, considering its current operations, and those proposed in its Strategic Plan and Risk Management Strategy;
 - an Annual Internal Audit Plan;
 - plans indicating the proposed scope of each audit in the Annual Internal Audit Plan; and
 - a quarterly report to the Committee, detailing its performance against the Annual Internal Audit Plan, to allow for effective monitoring, and possible intervention.
- annually reviewing the Internal Audit Charter;
- considering and evaluating the adequacy performance of the internal audit function, including the degree of co-operation with external auditors;
- ensuring that no restrictions or limitations are placed on the Internal Audit Division;
- ensuring that Management responds to recommendations made by the internal auditors;
- facilitating the resolution of any disputes between the internal audit function and other sections within SAMWUMED;
- ensuring that a combined assurance model is applied as a co-ordinated approach to all assurance activities; and
- evaluating the performance of the internal auditors.

b) External audit

- Reviewing the external auditors' proposed audit scope and approach, audit budget to ensure that there are no unjustified restrictions or limitations;
- making recommendations to the SAMWUMED's Board of Trustees regarding the appointment of external auditors;
- ensuring that any significant findings and recommendations by the external auditors are received and discussed in a timely manner;
- ensuring that Management responds to recommendations made by the external auditors;
- facilitating the resolution of any disputes between the external auditors and SAMWUMED;
- approving the contracts applicable to all non-audit services to be provided by the external auditors;
- ensuring that a combined assurance model is applied as a co-ordinated approach to all assurance activities; and
- evaluating the performance of the external auditors.

Enterprise Risk Management

The Committee reviews and monitors the institution's risk management progress and maturity, the effectiveness of risk management activities, the key risks faced by the institution, and the responses to such risks.

SCHEME'S OVERVIEW

Integrated reporting

The following functions are applicable:

- reviewing the financial results, to ensure that the information is reliable, and that no conflicts or differences arise on comparison;
- understanding how materiality is evaluated by The Board of Trustees and the external auditors, and any other relevant external assurance providers, for integrated reporting purposes;
- commenting on the Annual Financial Statements, including the accounting practices and the effectiveness of internal financial controls;
- reviewing the summarised information to determine whether the contents reflect a balanced viewpoint;
- reviewing the Annual Financial Statements, summarised integrated information, and similar documents;
- recommending the integrated report to The Board of Trustees for approval;
- engaging the external auditors to provide assurance on the summarised financial information; and
- in the Annual Report, commenting on:
 - the effectiveness of internal control;
 - the quality of in-year management and monthly/quarterly reports submitted; and
 - its evaluation of the Annual Financial Statements.

Combined assurance

The Committee ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. In particular, the Committee:

- ensures that the combined assurance received is appropriate to address all significant risks faced; and
- monitors the relationship between the external and internal assurance providers.

Other reporting

The Committee ensures that the Board of Trustees is aware of any matters that may have a significant impact on the financial situation or affairs of SAMWUMED, and reports on the following:

- effectiveness with which the Committee performs its duties;
- whether the external auditors' level of independence is satisfactory;
- the Committee's opinion on the financial statements and accounting policies, as well as any commentary considered appropriate in relation to the financial statements, accounting policies and internal financial controls; and
- the effectiveness of the internal control

The Committee has satisfied its responsibilities for year in compliance with the terms of reference.

Compliance with laws and regulations

- The Committee reviews the effectiveness of the system for monitoring compliance with laws and regulations, as well as the results of Management's investigation and follow-up, of any fraudulent acts or non-compliance.
- The Committee reviews the findings of any investigation undertaken by a regulatory agency.

The Committee complied with its legal, regulatory and all other responsibilities during the period under review

Compliance with the Code of Ethics

- The Committee reviews the process for monitoring compliance with SAMWUMED's Code of Ethics.
- The Committee obtains regular updates from Management regarding compliance and disclosure and reviews the scheme's ethical performance in the integrated report.

The Committee has a transparent and good working relationship with the Financial Manager who is in charge of the Finance Function

Auditor Independence

The Audit and Risk Committee is satisfied that the external auditors of SAMWUMED were sufficiently independent of the institution.

SCHEME'S OVERVIEW

Annual Financial Statements and Accounting Practices

The Audit and Risk Committee is satisfied that the Annual Financial Statements of the year ended 31 December 2021 were a fairly presented and that appropriate accounting policies were applied, and accordingly recommended to the Board of Trustees for their approval.

Internal Financial Controls

The Audit and Risk Committee continually monitors that all internal control recommendations by the auditors get implemented timeously. In this regard, the Committee is satisfied that the internal financial control environment is adequate, effective, and sufficiently responsive to identified weaknesses.

Enterprise-wide Risk Management

SAMWUMED did not have an enterprise-wide Risk Management function during the financial year ended 31 December 2021. The Audit and Risk Committee recommended to the Board of Trustees for such risk management function to be established and the Board accepted the recommendation. An external service provider was appointed and has commenced the process of drafting the relevant policies and running initial risk workshops.

Internal Audit

SAMWUMED did not have an Internal Audit function during the financial year ended 31 December 2021. The Audit and Risk Committee recommended to the Board of Trustees for such internal audit function to be established and the Board accepted the recommendation. The internal audit function was subsequently established in 2022.

Clinical Governance & Ex-gratia committee

The Committee is tasked to assist the Board of Trustees to develop a comprehensive programme of quality improvement systems including clinical audit, supporting & applying evidence-based practice, implementing clinical standards and workforce planning and to ensure that contracted Managed Care Organisation (MCO) are accredited and perform their duties in accordance with evidence based clinical practices, the Medical Scheme Act 131 of 1998 (MSA) and the applicable service level agreements.

The Committee consists of three (3) members. One (1) independent member, one (1) Board of Trustee member and the Officer of the Scheme with Clinical Risk experience.

Composition of the Clinical Governance and Ex-Gratia Committee:

Dr Malebo Majatladi (Independent member)	Appointed November 2020
Ms Sharon Dube (Trustee member)	Appointed November 2020
Clinical Risk Manager	Appointed November 2020

The Committee met five times during 2021. All meetings were held virtually:

- 04 February 2021 (quarterly meeting)
- 02 June 2021 (quarterly meeting)
- 31 August 2021 (quarterly meeting)
- 11 October 2021 (special meeting)
- 02 November 2021 (quarterly meeting)

The Principal Officer and the Compliance Officer are ex officio members of the Committee. The Scheme staff members, the contracted managed care organisation and the actuarial team are invited to meetings by invitation.

SCHEME'S OVERVIEW

Clinical Governance & Ex-gratia Committee (continued)

The Committee executed its duties and responsibilities by:

- Reviewing the performance of the managed care organisation on a quarterly basis;
- Objectively considering all applications made in accordance with authorised processes for ex gratia applications;
- Ensure that contracted MCOs are accredited and perform their duties in accordance with evidence based clinical practices, the MSA and the applicable service level agreement with a view to facilitating appropriateness and cost-effectiveness of relevant health services within the constraints of what is affordable, through the use of rules-based and clinical management based programmes;
- Developing a comprehensive programme of quality improvement systems (including clinical audit, supporting and applying evidence-based practice, implementing clinical standards and guideline, workforce planning and development)

Finance and Investment Committee

The Finance and Investment Committee was established up by the Board of Trustees in November 2020. This Committee assists the Board of Trustees in fulfilling its oversight responsibilities of the Scheme's investment activities, considers investment decisions and activities and lastly monitors the Schemes organisational and financial performance. The Committee also oversees the performance of the contracted asset managers of the Scheme. The Board of Trustees has mandated the Finance and Investment Committee by means of a written charter.

The Committee consists of eight (8) members. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Scheme Charter and two (2) independent committee members that are not officers of the Scheme and five members being officers of the Scheme or part of the management of the Scheme.

Composition of the Finance and Investment Committee:

Mr. L. Sibiya (Chairperson - Trustee)	Appointed September 2020
Mr. M. Nzuza (Committee member - Trustee)	Appointed September 2020
Ms. N. Ntsuba (Committee member – Trustee)	Appointed September 2020
Mr. J. Mbonani (Independent Committee member)	Appointed November 2020
Mr. A. Wakaba (Independent Committee member)	Appointed November 2020
Finance Manager	
Clinical Risk and Operations Manager	
Premiums Manager	

The Committee met seven times during 2021. All meetings were held virtually:

- 10 February 2021 (quarterly meeting)
- 03 March 2021 (special meeting)
- 04 May 2021 (special meeting)
- 09 June 2021 (quarterly meeting)
- 14 September 2021 (quarterly meeting)
- 09 November 2021 (quarterly meeting)
- 23 November 2021 (special meeting)

SCHEME'S OVERVIEW

Benefit Review Committee

The Committee is tasked with the responsibility of rule amendments relative to the annual benefits and contributions. The Benefit Review Committee also assists the Board of Trustees in investigating and maintaining appropriate benefit and pricing on behalf of the Scheme.

The Committee consist of six (6) members. The Chairperson of the Committee is the Officer of the Scheme with Clinical Risk experience, and the other members comprise of Board of Trustees members including the Chairperson of the Board.

Composition of the Benefit Review Committee:

Clinical Risk manager (Chairperson)	Appointed September 2020
Mr. L. Sibiyi (Committee member - Trustee)	Appointed September 2020
Ms. A. Ntuli (Committee member - Trustee)	Appointed September 2020
Mr. S. Kwanyana (Committee Member – Trustee)	Appointed September 2020
Ms. N. Bhozo (Committee Member – Trustee)	Appointed September 2020
Ms. R. Letsoalo (Committee member – Trustee)	Appointed September 2020

The Committee met four times during 2021. All meetings were held virtually:

- 08 June 2021
- 08 July 2021
- 10 August 2021
- 07 September 2021

Remuneration Committee

The Committee is tasked to assist the Board of Trustees to set out guidelines and have an open and transparent model of remuneration which is in line with the legislative framework and the rules of the Scheme.

The Committee is also tasked to lead a formal process to establish fair, reasonable, and transparent models of remuneration for employees and independent Committee members in the short, medium, and long-term interest of the Scheme.

The Committee consist of three (3) members. The Chairperson of the Committee and the two other members of the Committee are independent members and not officers of the Scheme.

Composition of the Remuneration Committee:

Ms N. Ngwenya (Independent Chairperson)	Appointed November 2020
Ms N. Madiba (Independent member)	Appointed November 2020
Mr. N. Qwabe (Independent member)	Appointed November 2020

The Committee met eight times during 2021. All meetings were held virtually:

- 16 February 2021 (quarterly meeting)
- 7 May 2021 (special meeting)
- 15 June 2021 (quarterly meeting)
- 09 July 2021 (special meeting)
- 22 July 2021 (special meeting)
- 9 September 2021 (quarterly meeting)
- 11 November 2021 (quarterly meeting)

REFLECTION ON SAMWUMED'S 2021 MILESTONES



FINANCIAL STABILITY

Milestone 2021

Provided our members with a financially viable medical scheme and built a reserve level that meets statutory requirements.

Achievements

Our reserve levels are still above the required statutory threshold of **25%** at **94.04%**. This is a commendable performance which will enhance our prospects for growth, notwithstanding the pressure of a growing claims ratio – the Scheme has however applied caution. Covid 19 remained to be a dominant risk to the claims experience.



OPERATIONAL EFFICIENCY

Our operations shifted from remote work environment to hybrid working model (Office / work from home)

Our Scheme continued to work through the adjusted levels during Covid 19 and our drive as the Scheme was to bridge and drive transformation through progressive procurement efficiencies. Our Scheme continued the enhancement of its member communication through improved technological capabilities.



STAKEHOLDER MANAGEMENT

We utilised effective and creative ways to engage with all of our stakeholders

Our Scheme continued to improve our established communication channels with the employer groups, enhancement of our website to ensure that we are a compliant Scheme with relevant legislation (POPIA). Our Scheme conducted workshops with different structures and forums to solidify the Scheme Risk Register. Our monthly e-newsletter Imbizo continued to be a source of important information for all Scheme stakeholders and grew in number of readers.



GOOD CORPORATE GOVERNANCE

SAMWUMED continued to implement the principles of King IV where relevant to the medical scheme's environment, to reflect good corporate governance.

The Board of Trustees has its own governance practices and standing committee structure that comply with governance and regulatory requirements. These committees fulfil key roles in ensuring good corporate governance.

The Committees are mandated by the Board of Trustees through a written charter on membership, authority, and duties. A standing committee charter clarifies and demarcates standing committees' responsibility areas.

The Committees meet at least quarterly as stipulated in the year planner approved for each year.

REFLECTION ON SAMWUMED'S 2021 MILESTONES



MEMBER CENTRIC VALUE PROPOSITION

Milestone 2021

We prioritize members' experiences above all else. Making much emphasis on what members want and continue to anticipate their needs.

Achievements

Member satisfaction has continued to improve however, there are still areas that need further improvement such as member education pertaining to co-payments and Scheme introduction of the Networks.



NHI

The Scheme continues to monitor the impact of NHI and its impact on our members.

External factors such as NHI remain a reality for the Scheme, and SAMWUMED supports the advancement of the NHI and the Scheme initiatives & programmes.



ETHICAL LEADERSHIP

Our Scheme adopted ethical leadership, principles and values which created a positive ethical culture

The Board of Trustees have adopted the Board Charter which outlines the behaviour required of Board members and the Board is satisfied that it has fulfilled its responsibility in terms of its Charter.

The evaluation of the performance of the Board was conducted in Quarter 4 of 2021.

The Scheme had finalised its conflict-of-interest policy and to solidify that the Board Members are required to declare their conflict of interest on all the meetings that they attend on behalf of the Scheme.

A woman with dark hair pulled back, wearing glasses and a grey blazer, is focused on her work. She is looking down at a desk where a calculator and some papers are visible. The background is a bright, out-of-focus office window. The entire scene is framed by a large, stylized orange circular graphic that overlaps the bottom and left sides of the image.

**SUMMARISED
ANNUAL
FINANCIAL
STATEMENTS**

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business	SAMWUMED is a self-administered medical scheme registered with the Council for Medical Schemes in Compliance with the Medical Schemes Act 131 of 1998.
Board of Trustees	N Bhozo S Dube S T Kwanyana R Letsoalo M Marule N P Ntsuba A Ntuli G M Nzuzza L Sibiya M I Solomon
Registered office	Cnr. Lascelles Road and Trematon Street Athlone 7764
Postal address	P.O. Box 134 Athlone Cape Town 7760
Bankers	First National Bank, a division of First Rand Bank Limited
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Scheme registration number	394
Attorneys	Malatji & Co. Attorneys
Level of assurance	These summarised financial statements have been audited in compliance with the applicable requirements of the Medical Scheme's Act.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Trustees hereby presents its report for the year ended 31 December 2021.

Registration number: 394

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

SAMWUMED (the Scheme) is a non-profit restricted medical scheme registered in terms of the Medical Scheme's Act 131 of 1998 (the Act), as amended.

1.2 Benefit options within SAMWUMED

The Scheme offers two benefit options to members:

- **Option A**
- **Option B**

2. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its funds on a long-term basis at minimal risk. The investment strategy takes into consideration both the requirements set by legislation and those imposed by the Board of Trustees.

All investments decisions are approved by the Board of Trustees based on the following holding true:

- The Scheme remains liquid.
- Investments are placed at minimum risk and the best possible rate of return.
- Investments are made in compliance with the Regulations of the Act; and
- Premised on our commitment and contribution to a just and fair society.

During the year under review the Scheme had placed its funds under asset management and a portion in call deposits. The Scheme's investment policy is reviewed taking into consideration compliance with the Act, the risk and returns of various investment instruments and the surplus funds available.

3. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the healthcare needs of Scheme members. As such, the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract.

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

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks and insured overall risks. These methods include internal risk measurement models, sensitivity analysis, scenario analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the summarised financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.

4. MANAGEMENT

4.1 Board of Trustees

The Board of Trustees is appointed in terms of the Scheme Rules. The table below sets out the changes in the composition of the Board of trustees during the year under review:

Trustees	Designation	Changes
N Bhozo	(member elected)	
S Dube	(member elected - pensioner trustee)	
S T Kwanyana	(trade union appointed)	
R Letsoalo	(member elected)	Appointed Monday, 15 February 2021, confirmed at the Annual General Meeting held on 21 September 2021
M Marule	(member elected)	
E B Mdhuli	(trade union appointed)	Termination (deceased) Monday, 12 April 2021
N P Ntsuba	(trade union appointed)	
A Ntuli	(trade union appointed)	
G M Nzuzza	(member elected)	
L Sibiya	(Chairperson - member elected)	
M I Solomon	(trade union appointed)	Appointed Friday, 15 October 2021

Governance Matters

The Scheme Board of Trustees are elected as per Scheme rule number 24.1 to 24.8.

4.2 . Principal Officer

M.F. Mosoeu
Cnr. Lascelles Road and Trematon Street
Athlone
7764

P.O. Box 134
Athlone
7760

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

4.3 Actuaries

4.3 .1. Alexander Forbes Health (Proprietary) Ltd

40 Dorp Street
Stellenbosch
7760

Terminated: 30 September 2021

P.O. Box 700
Stellenbosch
7600

4.3.2. Insight Actuaries & Consultants

2nd Floor Gateway West
22 Magwa Crescent
Waterval City, Midrand
2066

Appointed: 01 October 2021

Private bag X17.O. Box 700
Halfway House
1685

4.4. Auditors

PricewaterhouseCoopers Inc.
5 Silo Square
V & A Waterfront
Cape Town
8002

P.O. Box 2799
Cape Town
8000

4.5 Asset Managers

4.5.1. Argon Asset Management (Proprietary) Limited

1st Floor - Colinton House
The Oval
1 Oakdale Road
Newlands
7700
FSP 835

4.5.2. M & G Investments Southern Africa (Pty) Ltd previously known as Prudential Portfolio Managers (South Africa) Life Limited

5th Floor Protea Place
Protea Place
40 Dreyer Street
Claremont
7700
FSP 45199

P.O. Box 44813
Claremont
7735

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

4.5.3. Ninety-One Fund Managers SA (RF) (Proprietary) Limited

36 Hans Strijdom Avenue
Cape Town
8001
FSP 587

P.O. Box 1826
Cape Town
8000

4.5.4. Mazi Asset Management (Proprietary) Ltd

4th Floor North Wing
90 Rivonia Road
Sandton
2196
FSP 46405

P.O. Box 784583
Sandton
2146

4.5.5. Allan Gray Life Limited

1 Silo Square
V&A Waterfront
Cape Town
8001
FSP 6663

P.O. Box 51318
Cape Town
8002

4.5.6. STANLIB Unit Trust

17 Melrose Boulevard
Melrose Arch
2196
FSP 719

P.O. Box 202
Melrose Arch
2076

4.5.7. Aluwani Capital Partners (Proprietary) Ltd

EPPF Office Park
24 Georgian Crescent East
Bryanston East
2152
FSP 46196

4.6. Investment Consultants

Old Mutual Wealth Trust Company (Proprietary) Limited
2 Oxbow Crescent
The Estuaries
Century City
7441
FSP 18427

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

4.7 Call Account Managers

4.7.1. Rand Merchant Bank

1 Merchant Place
Cnr. Fredman Dr & Rivonia
Sandton
2196

4.7.2. Standard Bank Limited

10th Floor, The Tower
Tower North
Cape Town
8001
FSP 11287

5. ACTUARIAL SERVICES

During the financial year, the Scheme's actuaries were Alexander Forbes Health (Proprietary) Ltd and Insight Actuaries & Consultants. They were consulted in the determination of the contribution increases and the benefit levels of the Scheme. The actuarial services were secured on a retainer basis for the year under review. The work also included conducting risk assessments, budget reviews, provision for outstanding claims as well as the IAS 19 valuation of the retirement benefit obligations. Alexander Forbes Health (Proprietary) Ltd was terminated as of 30th September 2021 and Insight Actuaries & Consultants appointed effectively from 01 October 2021.

6. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

There are no guarantees received by the Scheme from a third party.

7. INVESTMENT IN AND LOANS TO PARTICIPATING EMPLOYERS AND OTHER RELATED PARTIES

The Scheme holds no investment in the participating employers of the Scheme's members.

8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Scheme recorded a net surplus for the year ended 31 December 2021 of **R44 716 334**. This represented a decrease of **28,87%** from the net surplus of the prior year of **R62 528 063 (prior year R68 047 228)**.

Scheme risk contribution income increased by **9,10%** from **R1 483 380 706** in the prior year to **R1 618 369 168** for the year ended 31 December 2021.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

8. Review of financial results and activities (continued)

8.1. Operational Statistics per option

Operational Statistics per option 2021	Option A	Option B	Total
Number of members at year end	13 542	21 659	35 201
Number of dependants at year end	13 377	27 818	41 195
Number of beneficiaries at year end	26 919	49 477	76 396
Average number of members for the year	12 513	22 999	35 512
Average number of dependants for the year	14 681	26 984	41 665
Average number of beneficiaries for the year	27 194	49 983	77 177
Number of new members	1 855	1 681	3 536
Number of members leaving the Scheme	1 269	1 469	2 738
Average age of principal members	48	48	48
Average age of dependants	21	20	21
Average age of beneficiaries	34	33	34
Risk contribution per average beneficiary per month*	1 258	1 652	1 488
Risk contribution per principal member per month*	2 501	3 774	3 284
Relevant healthcare expenditure as a percentage of risk contributions	98.6%	100.95%	100.26%
Healthcare expenditure per average beneficiary per month*	1 432	1 926	1 752
Healthcare expenditure per principal member per month*	3 113	4 186	3 808
Broker fees as a percentage of risk contributions	0.34%	0.23%	0.26%
Broker fees per average beneficiary per month*	5	4	5
Broker fees per principal member per month*	11	9	17
Non-healthcare expenditure per average beneficiary per month*	117	102	107
Non-healthcare expenditure per average principal member per month*	254	221	233
Non-healthcare expenditure as percentage of risk contributions	8.05%	5.33%	6.13%
Average accumulated funds per member at 31 December*	43 099	43 099	43 099
Pensioner ratio at year end	1.48%	2.36%	3.84%
Dependent ratio to members at year end	0.99	1.28	1.17
Return on investments as percentage of investment	10.42%	10.42%	10.42%
Solvency Ratio			94,04%

* These figures are Rand denominated.

Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

8. Review of financial results and activities (continued)

8.1. Operational Statistics per option

Operational Statistics per option 2020	Option A	Option B	Total
Number of members at year end	12 956	21 447	34 403
Number of dependants at year end	12 958	27 981	40 939
Number of beneficiaries at year end	25 914	49 428	75 342
Average number of members for the year	11 865	22 630	34 495
Average number of dependants for the year	14 105	26 940	41 009
Average number of beneficiaries for the year	25 970	49 534	75 504
Number of new members	434	828	1 262
Number of members leaving the Scheme	477	910	1 387
Average age of principal members	32	32	32
Average age of dependants	21	20	21
Average age of beneficiaries	34	32	33
Risk contribution per average beneficiary per month*	1 359	1 788	1 641
Risk contribution per principal member per month*	2 719	4 121	3 593
Relevant healthcare expenditure as a percentage of risk contributions	88.75%	94.33%	92.74%
Healthcare expenditure per average beneficiary per month*	1 206	1 687	1 522
Healthcare expenditure per principal member per month*	2 413	3 888	3 332
Broker fees as a percentage of risk contributions	0.29%	0.19%	0.22%
Broker fees per average beneficiary per month*	4	3	4
Broker fees per principal member per month*	4	8	8
Non-healthcare expenditure per average beneficiary per month*	123	107	113
Non-healthcare expenditure per average principal member per month*	247	247	247
Non-healthcare expenditure as percentage of risk contributions	8.51%	5.62%	6.44%
Average accumulated funds per member at 31 December*	42 931	42 931	42 931
Pensioner ratio at year end	5.22%	3.78%	4.28%
Dependent ratio to members at year end	1.00	1.30	1.19
Return on investments as percentage of investment	4.28%	4.28%	4.28%
Solvency Ratio			98,50%

*These figures are Rand denominated.

Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

8.2 Results of operations

The results of operations are set out in the summarised annual financial statements.

8.3 Solvency ratio

	2021 R	2020 Restated R
Total members' funds per Statement of Financial Position	1 536 589 392	1 492 143 220
Unrealised non-distributable reserve	(7 750 020)	(14 815 702)
Cumulative net gain on re-measurement to fair value of properties and investments included in accumulated funds	4 734 263	(4 281 617)
Cumulative net gain on re-measurement of post-retirement medical benefit	(11 710 838)	(11 981 000)
Accumulated funds per Regulation 29	1 521 862 797	1 461 064 901
Risk contributions	1 618 369 168	1 483 380 706
Solvency ratio	94,04%	98,50%
Opening balance of revaluation reserves	14 815 702	14 815 702
Transfer of accumulated gains on sale of property	(7 065 682)	-
Cumulative net gain on re-measurement to fair value of properties and investments included in accumulated funds	7 750 020	14 815 702

8.4 Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. During the year under review, there was an impairment loss adjustment made in respect of property, this resulted in a reduction in revaluation reserve and retained income.

8.5 Provision for outstanding claims

The basis of calculation and movements on the provision for outstanding claims are set out in Note 11 to the summarised financial statements. There have been no unusual movements that the Board of Trustees believe should be brought to the attention of the members of the Scheme.

9. GOVERNANCE

9.1 Audit and risk committee

The Audit and Risk Committee was established in accordance with Section 36 (10) 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. The Chairperson of the committee and two other independent members are not officers of the Scheme or part of administration management. The committee met five (5) times during the year.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

Audit and risk committee (continued)

In accordance with 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 Audit & Risk Committee on critical findings arising from their audit activities.

9.2. Finance and investment committee

The Finance and Investment Committee is also mandated by the Board of Trustees by means of written terms of reference to provide recommendations with regards to the financial operations of the Scheme and the investment of excess funds and due compliance to the Medical Schemes Act of 1998, as amended.

The committee consist of eight (8) members. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Scheme Charter and two (2) independent members that are not officers of the Scheme and five members being officers of the Scheme or part of the management of the Scheme. The Committee met seven (7) times during the year under review with three (3) Special Meetings.

9.3. Benefit review committee

The Committee is tasked with the responsibility of rule amendments relative to the annual benefits and contributions. The Benefit Review Committee also assists the Board of Trustees in investigating and maintaining appropriate benefit and pricing on behalf of the Scheme.

The Committee consist of six (6) members. The Chairperson of the Committee is the Officer of the Scheme with Clinical Risk experience, and the other members comprises of Board of Trustees members including the Chairperson of the Board serving on this Committee. The Committee met four (4) times during the year under review.

9.4. Clinical governance & ex-gratia committee

The Committee is tasked to assist the Board of Trustees to develop a comprehensive programme of quality improvement systems including clinical audit, supporting and applying evidence-based practice, implementing clinical standards and workforce planning and also to ensure that contracted Managed Care Organisation are accredited and perform their duties in accordance with evidence based clinical practices, the Medical Scheme Act and the applicable service level agreements. The Committee consists of three (3) members. One (1) independent member, one (1) Board of Trustee member and the Officer of the Scheme with Clinical Risk experience. The Committee met five (5) times during the year under review with one (1) Special Meeting.

9.5. Remuneration committee

The Committee is tasked to assist the Board of Trustees to set out guidelines and have an open and transparent model of remuneration which is in line with the legislative framework and the rules of the Scheme. The Committee is also tasked to lead a formal process to establish fair, reasonable, and transparent models of remuneration for employees and independent Committee members in the short, medium, and long-term interest of the Scheme.

The Committee consist of three (3) members. The Chairperson of the Committee and the two other members of the Committee are independent members and not officers of the Scheme. The Committee met eight (8) times during the year under review with four (4) Special Meetings.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

10. TRUSTEE MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out the Board of Trustees meeting attendances. Trustees' expenses are disclosed in Note 16 of the summarised financial statements.

	Board Meetings		Special Board of Trustees meetings		Audit & Risk Committee meetings		Finance & Investment Committee meetings		Benefit Review Committee meetings		Clinical Governance & Ex-gratia committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
N Bhozo	6	5	6	6	-	-	-	-	4	3	-	-	-	-
S Dube	6	5	6	6	-	-	-	-	-	-	5	5	-	-
S T Kwanyana	6	5	6	6	-	-	-	-	4	3	-	-	-	-
R Letsoalo	5	5	5	5	-	-	-	-	4	4	-	-	-	-
M Marule	6	5	6	5	6	3	-	-	-	-	-	-	-	-
B Mdhuli	2	0	2	0	-	-	1	-	-	-	-	-	-	-
N P Ntsuba	6	5	6	6	-	-	7	5	-	-	-	-	-	-
A Ntuli	6	5	6	5	-	-	-	-	4	4	-	-	-	-
G M Nzuzza	6	5	6	6	6	6	7	5	-	-	-	-	-	-
L Sibiyi	6	5	6	6	6	6	7	3	4	3	-	-	8	5
M I Solomon	1	1	1	1	-	-	-	-	-	-	-	-	-	-

A= Number of meetings eligible to attend

B= Total number of meetings attended

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

11. BOARD OF TRUSTEE – COMMITTEE MEETINGS AND REMUNERATION

The table below sets out the meetings attended by the Independent delegates to the Board Committees.

Name	Committee	Number of meetings attended	Costs
M Ngwenya	Remuneration (Chair)	11	180 000
N Madiba	Remuneration	8	96 000
N Qwabe	Remuneration	12	150 000
A Wakaba	Finance and Investment	5	60 000
V Mbonani	Finance and Investment	7	84 000
M Mathibe	Procurement (Chair)	13	216 000
M Majatladi	Clinical Governance and Ex-Gratia (Chair)	12	158 160
C Phehlukwayo	Audit and Risk (Chair)	12	186 334
P Ganesan	Audit and Risk	6	72 000
S Mkhize	Audit and Risk	6	72 047
Total			1 274 541

12. AUDITORS

PricewaterhouseCoopers Inc. were appointed as external auditors of the Scheme for 2021 financial year by the Board of Trustees in compliance with the Medical Scheme Act and the Scheme Rules.

13. ISSUES OF NON-COMPLIANCE

13.1 Contravention of Section 26(7) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Cause of non-compliance

The Scheme encounters Employer Groups who do not make their contribution payments within the statutory prescribed time. For the Employer Groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme's Management continuously follow up with these Employer Groups until payment is received. The outstanding contributions are however received, but not in compliance to the statutory prescribed time.

Corrective action

Non-compliant Employer Groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the Debt Management Policy to mitigate the risk.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

Issues of non-compliance (continued)

13.2 Contravention of Section 33(2) of Medical Scheme Act

Nature and impact of non-compliance

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

Cause of non-compliance

During the financial year under review, Option A and Option B of the Scheme did not comply with Section 33(2) in terms of financial performance.

BENEFIT OPTION

Benefit Option	Net healthcare deficit	Net surplus for the year
Option A	(33 274 339)	25 458 208
Option B	(74 678 385)	19 258 126
Total	(107 952 724)	44 716 334

Corrective action

The financial performance, risk profile and claims experience of all benefit options are monitored and evaluated on a continuous basis, through risk management, monitoring of fraud and waste outcomes from claims experience analysis. Strategies are formulated to address loss making benefit options through benefits and contribution increase review processes whereby affordability, chronic prevalence, and aging are considered. At pricing, the design of these benefit options are carefully considered, including the strategic risk management interventions currently in place to manage the demographic profile, burden of disease and utilization risk. In setting contribution increases, the Scheme has to balance affordability of benefit options with access to healthcare and risk of buy-downs. The Scheme provides feedback to the Council of Medical Scheme (CMS) on the performance of its benefit options monthly.

Benefits and contribution review was completed for 2022, and a pricing report submitted to Council of Medical Scheme (CMS) with an average **6,8%** contribution increase which was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2022 year due to the high claims experience as a result of previous benefit enhancements made. Members are starting to understand and utilise these benefits.

13.3 Contravention of Section 35 (8) of the Medical Scheme Act

Nature and impact of non-compliance

Section 35(8) of the Act states that: "A medical scheme shall not invest any of its assets in the business of or grant loans to:

- (a) an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme;
- (b) any other medical scheme
- (c) any administrator; and
- (d) any person associated with any of the above mentioned".

As of 31 December 2021, the Scheme indirectly holds investments in the holding company of the Administrator or any other Administrator. The companies include Discovery Limited and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

Issues of non-compliance (continued)

Cause of non-compliance

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

Corrective action

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years, effective 1 December 2019 until 30 November 2022, subject to renewal.

13.4 Contravention of Section 57(4) of the Medical Schemes Act

Nature and impact of non-compliance

Section 57(4)(f) requires the Board of Trustees to take out and maintain professional indemnity insurance and fidelity guarantee insurance.

Cause of non-compliance

The Scheme did not have the professional indemnity insurance cover for the period 01 January 2021 to 30 June 2021 which is in contravention with section 57(4) of the Medical Scheme Act.

The Scheme elected the Board of Trustees and applied for the professional indemnity insurance and fidelity guarantee insurance to ensure compliance to Section 57(4) of the Medical Scheme's Act as amended. The Scheme approached various insurers that offer the Trustees professional indemnity insurance, however all insurers that were approached declined to offer this insurance cover to the Scheme's Board of Trustees due to their risk appetite. The Scheme was in contravention of section 57(4) of the Medical Schemes Act as amended up until the date it secured professional indemnity and fidelity guarantee insurance on 01 July 2021.

Corrective action

The Scheme has applied to the Council of Medical Schemes to be exempted to Section 57(4) of the Medical Scheme's Act as amended until such time that the insurance cover is sourced successfully. The application for an exemption has not been granted by the Council of Medical Schemes. The Scheme continued to approach insurers and seek the cover to ensure compliance with Section 57(4) of the Medical Schemes Act. The Scheme successfully sourced the professional indemnity insurance cover on 01 July 2021.

14. GOING CONCERN

We draw attention to the fact that on 31 December 2021, the Scheme had accumulated income of **R1 517 128 534** and that the Scheme's total assets exceed its liabilities by **R1 536 589 392**.

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

The ability of the Scheme to continue as a going concern is dependent on several factors. The most significant of these is the Scheme's ability to grow its membership base, collect contributions and yield investment returns to pay claims and other obligations as they fall due.

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

15.COVID 19 Impact

The impact of COVID 19 had no negative effect on the going concern status of the Scheme. The Scheme's growth remained constant. The Scheme experienced an increase in number of terminations due to COVID 19 related deaths. For the period under review, the members buying down were less than expected. No contributions holidays were implemented, and the Scheme continued to collect contributions with **98%** collection rate for the year under review. For the year under review a total of **5 830** beneficiaries were affected by COVID 19. **1 815** beneficiaries were admitted in hospital of which **1 554** recovered and **376** beneficiaries died. In total the Scheme paid **R 292 982 249** in respect of COVID 19 related claims. In December 2021 the government announced the implementation of the COVID 19 booster dose of vaccine after an interval of two (2) months (60 days). The Scheme has made a provision for the booster dosage for its beneficiaries. This anticipated increase has been considered and included in the 2022 Scheme claims revised budget.

16.EVENTS AFTER REPORTING DATE

There were no events that occurred after the reporting date that need to be disclosed.

2022



STATEMENT OF RESPONSIBILITY BY BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Trustees of the Scheme is responsible for the preparation, integrity, and fair presentation of the summarised financial statements of SAMWUMED. The summarised financial statements presented on pages 55 to 110 have been prepared in accordance with International Financial Reporting Standards (IFRS), in the manner required by the Medical Schemes Act and Regulations thereto and include amounts based on estimates and judgments made by management.

The Board of Trustees confirms that in preparing the summarised financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Board of Trustees has the responsibility for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme which enables the Board of Trustees to ensure that the summarised financial statements comply with the relevant legislation.

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

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

The Scheme's external auditor is responsible for independently auditing and reporting on the Scheme's summarised financial statements in terms of International Standards on Auditing and their report is presented on pages 53 to 54.

The summarised financial statements set out on page 55 to 110, were adopted and signed by the Board of Trustees on 4 August 2022.



L Sibiyi
Chairperson



G.M Nzuzi
Trustee



M.F Mosoeu
Principal Officer

Cape Town
Thursday, 4 August 2022

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2021

SAMWUMED is committed to the principles and practice of fairness, transparency, integrity, and accountability in all dealings with its stakeholders.

1. BOARD OF TRUSTEES

The Board of Trustees has full control of the management of operations and financial affairs of the Scheme to meet regularly and monitor the administration of the Scheme. The Board of Trustees met with management to address a range of key issues to ensure that policies, strategy, and performance are implemented. The Board of Trustees also consult with the Council of Medical Schemes from time to time.

The Board of Trustees have access to the advice and services of the Principal Officer and where appropriate, may seek independent professional advice at the expense of the Scheme. The Board of Trustees meet regularly and monitors the performance of the Scheme and other Service Providers.

2. RISK MANAGEMENT AND INTERNAL CONTROL

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

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



L Sibiyi
Chairperson

Cape Town
Thursday, 4 August 2022



Independent auditor's report on the Summarised Financial Statements

To the Members of the SAMWUMED

Opinion

The summarised financial statements, as set out on pages 55 to 110, which comprise the summarised statement of financial position as at 31 December 2021, the summarised statement of surplus or deficit and other comprehensive income, the summarised statement of changes in funds and reserves, the summarised statement of cash flows for the year then ended and related notes, are derived from the audited financial statements of SAMWUMED (the Scheme) for the year ended 31 December 2021.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes.

Summarised Financial Statements

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Medical Schemes Act of South Africa. Reading the summarised financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summarised financial statements and audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 April 2022. That report also includes the communication of key audit matters.

Trustees' Responsibility for the Summarised Financial Statements

The trustees are responsible for the preparation of the summary financial statements in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes.

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T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, www.pwc.co.za*

Chief Executive Officer: L S Machaba

The Firm's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of the partners' names is available for inspection.

Reg. no.1998/012055/21, Vat reg.no. 4950174682



Report on Other Legal and Regulatory Requirements

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of SAMWUMED Medical Scheme for three years.

The engagement partner, Nicolette Jacobs, has been responsible for SAMWUMED's audit for three years.

PricewaterhouseCoopers Inc.
Director: NA Jacobs
Registered Auditor
Cape Town, South Africa
4 August 2022

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Notes	2021	2020	2019
	R	Restated R	Restated R
Assets			
Non-Current Assets			
Property, plant and equipment	2	25 364 182	30 587 296
Intangible assets	3	107 780	229 168
Investments at fair value through profit or loss	4	919 878 162	741 070 838
		945 350 124	771 887 302
Current Assets			
Cash and cash equivalents	5	71 437 560	211 203 926
Investments	4	582 990 475	615 555 720
Trade and other receivables	6	97 069 531	37 778 892
		751 497 566	864 538 538
Assets classified as held for sale	7	5 680 000	11 000 000
Total Assets		1 702 527 690	1 647 425 840
EQUITY AND LIABILITIES			
Equity			
Reserves	8	19 460 858	26 796 702
Retained income		1 517 128 534	1 465 346 518
		1 536 589 392	1 492 143 220
Non-Current Liabilities			
Finance lease liability	9	2 506 811	2 672 607
Post-retirement medical aid benefits	10	3 468 515	2 795 771
		5 975 326	5 468 378
Current Liabilities			
Provision for outstanding claims	11	126 039 832	115 562 227
Trade and other payables	12	33 629 940	32 789 991
Lease liabilities	9	293 201	1 462 024
		159 962 973	149 814 242
Total Liabilities		165 938 299	155 282 620
Total equity and liabilities		1 702 527 690	1 647 425 840

SUMMARISED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 R	2020 Restated R
Risk contribution income	13	1 618 369 168	1 483 380 706
Relevant healthcare expenditure		(1 622 621 006)	(1 375 700 529)
Net claims incurred	14	(1 622 621 006)	(1 375 700 529)
Gross healthcare result		(4 251 838)	107 680 177
Administration expenses: benefit management services		(717 562)	(1 487 600)
Broker service fees	15	(4 232 246)	(3 296 590)
Administration expenses	16	(98 481 299)	(94 562 253)
Net impairment losses on healthcare receivables	17	(269 779)	730 978
Net healthcare result		(107 952 724)	9 064 712
Other income		155 675 927	65 802 659
Investment income	18	155 470 084	64 707 456
Sundry income	19	205 843	1 095 203
Other expenditure		(3 006 869)	(12 339 308)
Other realised and unrealised losses on property, plant and equipment	20	2 062 065	(8 729 494)
Investment management fees	21	(4 366 857)	(3 497 038)
Interest paid	22	(177 066)	(112 776)
Expenses paid on sale of property		(525 011)	-
Net surplus for the year		44 716 334	62 528 063
Other comprehensive income :			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability /asset	9	(270 162)	453 000
Total items that will not be reclassified to profit or loss		(270 162)	453 000
Total comprehensive income for the period		44 446 172	62 981 063

SUMMARISED STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2021

	Reserve for revaluation of property	Reserve for valuation of liabilities	Total reserves	Retained income	Total members' funds
	R	R	R	R	R
Balance as at 31 December 2019	23 699 039	11 528 000	35 227 039	1 408 909 750	1 444 136 789
Correction of error	(8 883 337)	-	(8 883 337)	(6 091 295)	(14 974 632)
Restated balance as at 31 December 2019	14 815 702	11 528 000	26 343 702	1 402 818 455	1 429 162 157
Restated net surplus for the year	-	-	-	62 528 063	62 528 063
Other Comprehensive Income	-	453 000	453 000	-	453 000
Total Comprehensive Income for the year	-	453 000	453 000	62 528 063	62 981 063
Balance as at 31 December 2020	14 815 702	11 981 000	26 796 702	1 465 346 518	1 492 143 220
Balance as at 31 December 2020 as previously reported	14 305 241	11 981 000	26 286 241	1 476 956 978	1 503 243 219
Correction of error	510 461	-	510 461	(11 610 460)	(11 099 999)
Restated balance as at 31 December 2020	14 815 702	11 981 000	26 796 702	1 465 346 518	1 492 143 220
Net surplus for the year	-	-	-	44 716 334	44 716 334
Remeasurements on net defined benefit liability /asset	-	(270 162)	(270 162)	-	(270 162)
Transfer from revaluation reserve	(7 065 682)	-	(7 065 682)	7 065 682	-
Balance as at 31 December 2021	7 750 020	11 710 838	19 460 858	1 517 128 534	1 536 589 392
Notes	8				

SUMMARISED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 R	2020 Restated R
Cash flows from operating activities			
Cash receipts from members – contribution		1 559 264 285	1 555 438 987
Cash receipts from members and providers – other		344 943	(2 973 127)
Cash paid to providers and employees - claims		(1 612 495 063)	(1 349 649 865)
Cash paid to providers and employees - non healthcare expenditure		(98 056 295)	(117 406 514)
Cash (used in) / generated from operations		(150 942 130)	85 409 481
Interest received		4 099 521	5 624 747
Net cash (used in) / from operating activities		(146 842 609)	91 034 228
Cash flow from investing activities			
Purchase of property, plant and equipment	2	(133 684)	(536 951)
Proceeds on sale of property, plant and equipment	2	81 716	87 284
Purchase of other intangible assets	3	-	(43 125)
Proceeds on sale of assets classified as held for sale	7	9 000 000	-
Purchase of financial assets		(110 000 000)	(299 173 189)
Sale of financial assets		110 000 000	259 173 189
Net cash from investing activities		8 948 032	(40 492 792)
Cash flow from financing activities			
Lease payments		(1 705 970)	(507 796)
Interest paid		(165 819)	(112 776)
Net cash from financing activities		(1 871 789)	(620 572)
Net increase in cash and cash equivalents		(139 766 366)	49 920 864
Cash and cash equivalents at the beginning of the year		211 203 926	161 283 062
Cash and cash equivalents at the end of the year	5	71 437 560	211 203 926

As per Circular **52 of 2021** from the Council of Medical Scheme Act, Medical Schemes are required to prepare the Cash flow from operating activities using the Direct Method for the year ended 31 December 2021. This change in method has impacted the 2020 comparatives however, this is not a restatement in terms of IAS 8 .

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Accounting policies

1. BASIS OF PREPARATION

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

The summarised financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the Medical Schemes Act 131 of 1998 (the Act). The summarised financial statements are prepared on the going concern principle using the historical cost basis except where stated otherwise for investments at fair value through profit or loss and property, plant and equipment that is stated at revalued amounts.

The preparation of summarised financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the summarised financial statements set out those areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the Scheme’s summarised financial statements.

These summarised financial statements are presented in Rands, which is the Scheme’s functional currency.

1.1 Critical accounting judgments, estimates and assumptions

In the process of applying the Scheme’s accounting policies, the management has made several judgments that had the most significant effect on the amounts recognised in the summarised financial statements.

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

Impairment Provision on Debtors

The detailed disclosure of the annual impairment review of the Scheme is disclosed under note 6. The carrying amounts of the Scheme’s assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

Property, plant and equipment

Judgment and estimates are used in determining the useful life, revaluation and residual values of property, plant and equipment as set out in Note 1.2 and Note 2. The carrying amounts of the Scheme’s assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

The ultimate liability arising from claims made under insurance contracts

There are some sources of uncertainty that need to be considered in the estimate of the liability that the Scheme will ultimately pay for such claims. Initial estimates are made by the Scheme relating to the best calculations on reported claims as the claims process develops. All estimates are revised and adjusted at year-end by management. Refer to Note 11 for assumptions made.

Provision for outstanding claims

The detailed disclosure of the provision for outstanding claims assumptions is made under Note 11.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Post-retirement medical aid benefit

The Scheme provides post-retirement healthcare benefits to retired employees. An independent qualified actuary carries out valuations of the obligations every three years. Refer to Note 10 for detailed disclosure.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Scheme holds for its own use and are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the scheme, and the cost of the item can be measured reliably.

Property consists of land and buildings held for administrative purposes and is stated in the Statement of Financial Position at its revalued amount, being the fair value at the date of valuation less any subsequent accumulated depreciation and accumulated impairment. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at year end.

Plant and equipment are reflected at cost less accumulated depreciation and accumulated impairments. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be measured reliably. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after considering the assets' residual values.

The estimated maximum useful lives are:

Item	Useful life minimum	Useful life maximum	Residual value
Land	not depreciated	not depreciated	0%
Buildings	50 years	50 years	0%
Computer equipment	3 years	5 years	0%
Furniture and fittings	5 years	10 years	0%
Motor vehicles	3 years	5 years	20%
Office equipment	5 years	5 years	10%
Canteen equipment	6 years	6 years	10%

The useful lives and residual values are assessed annually and adjusted appropriately. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are recognised in the Statement of Comprehensive Income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the disposal is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Surpluses or Deficits on the disposal of property and equipment are recognised in the Statement of Other Comprehensive Income.

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

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Property, plant and equipment (continued)

Subsequent expenditure

Subsequent expenditure is capitalised only if it is measurable, and it is probable that future economic benefits associated with property plant and equipment will flow to the Scheme. Expenditure incurred to replace a component of an item of equipment is capitalised to the cost of the item of equipment and the part that is derecognised.

Revaluation

The carrying amount of land and buildings is revalued every three years by a qualified appraiser and appropriate adjustments are reflected accordingly in the revaluation reserve and Statement of Surplus or Loss and Other Comprehensive Income, as Other Comprehensive Income.

Any revaluation increase is recognised in Other Comprehensive Income, and accumulated in Members' Funds, except to the extent that it reverses a revaluation decrease previously recognised in profit and loss. A decrease in the carrying amount arising from revaluation is recognised in profit and loss, to the extent that it exceeds the balance held in the revaluation reserve relating to previous revaluations.

1.3 Intangible assets

Costs associated with researching or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Scheme are recognised as intangible assets when the following criteria are met as per IAS 38:

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the software include the software development employee costs and an appropriate portion of relevant overheads. Research and development costs are recognised as an expense in the Statement of Surplus or Loss during the period they are incurred.

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

Intangible assets that have an indefinite useful life or that are not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Amortisation is provided to write down the intangible assets, on a straight line basis, as follows:

Item	Useful life
Warranties and computer software	3 years

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Impairment losses

The carrying amounts of the Scheme's assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.4 Financial instruments - IAS 39

Financial assets under IAS 39 (the Scheme elected to defer IFRS 9 adoption)

The scheme initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions. The scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the scheme is recognized as a separate asset or liability.

Initial measurement

Financial assets are initially measured at fair value plus any directly attributable transaction costs except for financial asset through profit and loss where the directly attributable transaction costs are recognised in profit or loss as incurred.

Classification and subsequent measurement

The Scheme classifies its financial assets in the following categories:

At fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss - designated

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve (12) months, otherwise they are classified as non-current.

Financial assets at fair value are measured at fair value and changes therein, including any interest and dividend income are recognised in profit or loss.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'investment income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income as part of investment income when the scheme's right to receive payments is established.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial investments (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. The interest earned on these investments is disclosed as accrued interest at year end until the funds are reinvested with the capital portion.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments are recognised in Other Comprehensive Income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised as part of investment income. Dividends on available-for-sale equity instruments are recognised as part of investment income when the scheme's right to receive payments is established (IAS 39).

d) Held to maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

(a) Assets carried at amortised cost

The scheme assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. Where the carrying amount of the asset is reduced using an allowance account, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited as other income or against operating expenses in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

(b) Assets classified as available-for-sale

The scheme assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, if any such evidence exists the cumulative loss - measured as

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial investments (continued)

The difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss the impairment loss is reversed through profit or loss.

For members' funds' investments, a significant or prolonged decline in the fair value of the equity securities below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss.

1.5 Financial instruments: - IFRS 9

Deferral of IFRS 9

The effective date of IFRS 9 Financial Instruments (IFRS 9) is for annual periods beginning on or after 1 January 2018. IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

In addition, IFRS 9 replaces the "incurred loss" model in IAS 39 Financial Instruments:

Recognition and Measurement (IAS 39) with an "expected credit loss model", which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The effective date of IFRS 17 Insurance Contracts is for annual periods beginning on or after 1 January 2023 (due course). The differing effective dates of IFRS 9 and IFRS 17 could have a significant impact on insurers (including medical schemes). Entities whose predominant activity (refer paragraph 73 of this SAICA Medical Schemes Accounting Guide), is the issuing of insurance contracts within the scope of IFRS 4 Insurance Contracts (IFRS 4) are afforded the option to defer the implementation of IFRS 9 (Deferral Approach) i.e. granted temporary exemption from recognising financial instruments in accordance with IFRS 9 (thus permitted to continue to apply IAS 39) until the recognition of insurance contracts has been finally settled, although this option may not be used after 1 January 2023.

The Scheme is a not-for-profit closed medical scheme; thus, the activities of the medical scheme are predominantly connected with insurance. In this regard, management has assessed the following:

- The medical scheme has not previously applied any version of IFRS 9: and
- The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2020 and subsequent years represents 97% of total liabilities, which is considered significant.

There has been no change in the medical scheme's activities that warrants a reassessment of the above information.

Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

The amendment of IFRS 4 Insurance Contracts requires entities to disclose the fair value at the end of the reporting period and at the end, change in fair value during the period for groups of financial assets with contractual cash flows that are solely payments of principal and interest ('SPPI') and other financial assets separately.

The Scheme has assessed that the following financial assets have contractual cash flows that meet the SPPI criteria:

- Listed bonds (government and corporate bonds) and unlisted debt securities
- Cash and cash equivalents (current and call accounts) and
- Non-insurance receivables.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial investments (continued)

The remaining financial assets held by the scheme have contractual cash flows that do not represent solely payments of principal and interest. This group includes unit linked investments and equities.

IFRS 9 - Impact of adoption on the Scheme

In terms of each investment portfolio, the Scheme will need to assess if the investment will be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

I. Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

II. A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

With regards to the impairment of the financial assets:

Impairment of debt instruments held at amortised cost and fair value through Other Comprehensive Income. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

1.6 Interest in other entities (IFRS 12)

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

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

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Interest in other entities (IFRS12) (continued)

The Scheme has determined that some of its investments in pooled funds and collective investment schemes (“funds”) are investments in unconsolidated structured entities. The Scheme invests in these funds, whose objectives range from achieving medium- to long-term capital growth and whose investment strategy do not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The change in fair value of each fund is included in the Statement of Surplus or Deficit and Other Comprehensive Income in Net gains/ (losses) on financial instruments held at fair value through profit or loss.

1.7 Fair value measurement

Fair value is a market-based measurement not an entity specific measurement, for some assets and liabilities observable market transactions or information might be available. The objective of a fair value measurement is to estimate one price at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date.

1.8 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.9 Leases

IFRS 16

The Scheme has elected the simplified approach in its adoption. This is disclosed in Note 9.

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration.

Right of use by lessees

At the commencement date of the lease the Scheme recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, the Scheme shall measure the right-of-use asset using a cost model.

Right of Use Assets are reflected at cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight- line basis over the term of the lease (useful life of asset). The useful lives and depreciation or right of use assets is calculated based on the term (duration) of the lease.

The lease liability takes into consideration, where appropriate, fixed and variable lease payments residual value guarantee to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease. The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Leases (continued)

Re-measurements of lease liabilities are effected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss. The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset. The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with the similar terms, security and conditions.

1.10 Unallocated funds

Unallocated funds arise on receipt of unidentified deposits and unallocated receipts to members' accounts at year end into the Scheme's bank accounts. Unallocated funds older than three years of which the prescription period has legally lapsed are written back to the Statement of Surplus or Deficit and Other Comprehensive Income.

1.11 Provisions and liabilities

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

Provision for Outstanding claims

Risk claims outstanding consist of provisions and estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date.

Outstanding risk claims are determined as accurately as possible based on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle and variations in the nature and average cost incurred per claim.

Estimated co-payments are deducted in calculating the outstanding claims provision. The Scheme does not discount its provision for outstanding claims on the basis that claims must be submitted within four (4) months from treatment date, and the effect of the time value of money is not considered material.

A standard operating procedure governing the calculation of the provision as agreed with the Scheme is followed by the Scheme's Actuaries to ensure consistency in application and interpretation of results.

Contingent liability is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- A present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle
 - The amount of the obligation cannot be measured with sufficient reliability

The Scheme does not recognise a contingent liability. A contingent liability is disclosed in the summarised financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Provisions and liabilities (continued)

Contingent asset is :

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Scheme does not recognise a contingent asset. However, when the realisation of income is virtually certain, the related asset is recognised as it is not a contingent asset. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 20.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within twelve (12) months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Post retirement benefit plans

The Scheme provides for post-retirement medical aid benefits to its retired employees. The entitlement to post-retirement medical aid benefits is based on the employees remaining in service up to retirement age and having a minimum of five (5) years continued service. This benefit has been limited to full time staff appointed prior to 01 January 2014.

The present value of the obligation is actuarially determined using the projected unit credit method and any deficit or surplus is immediately recognised in the Statement of Surplus or Deficit and Other Comprehensive Income. It is the Scheme's policy to perform this valuation once every three (3) years. A valuation will also be performed prior to the prescribed three years when any significant events that are deemed to have a material impact on post-retirement medical aid benefit have occurred. These obligations are not funded.

The post-employment subsidy policy valued is summarised below:

- Members who retire prior to the retirement age of sixty (60) will not be eligible for a subsidy of medical scheme contributions;
- Members with at least five (5) years' service prior to retirement qualify for a 70% subsidy of contributions;
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member.

If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

The risks faced by the Scheme as a result of the post-employment healthcare obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for the Scheme
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the Scheme.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to the Scheme.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Employee benefits (continued)

- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced
- **National Health Insurance Bill:** The National Health Insurance Bill is out for comment. The contents of the Bill are not detailed enough at this stage for any adjustments to be made to the liability. However, this will be monitored.

1.13 Risk Contribution income

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Risk contributions represent the gross contributions as per the Registered Rules of the Scheme. The Scheme does not have a savings plan. The earned portion of risk contributions received is recognised as revenue. Risk contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis. Risk contributions are shown before the deduction of broker service fees and other acquisition costs.

1.14 Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred and accredited managed healthcare fees.

Relevant healthcare expenditure incurred comprise the total estimated cost of all claims arising from the healthcare events that have occurred in the year and for which the Scheme is responsible, whether or not reported by the end of the year.

Relevant healthcare expenditure incurred comprise:

- Claims submitted and accrued for services rendered during the year, in terms of the Rules of the Scheme;
- Payments under provider contracts for services rendered to members;
- Over or under provisions relating to prior year claims accruals;
- Claims incurred but not yet reported; and

Net of:

- Recoveries from members for co-payments;
- Recoveries from third parties; and
- Discount received from service providers
- Accredited managed healthcare services

1.15 Investment income

Investment income comprises of interest income and dividend income. Interest income is recognised on a time proportion basis, considering the principal amount invested and the effective rate over the period to maturity, when it is certain that such income will accrue to the Scheme. Dividend income is recognised when the right to receive payment is established.

Gains and losses on financial assets held at fair value include realised and unrealised gains and losses on disposal of assets and revaluation to fair values. These gains and losses are recognised through the Statement of Surplus or Deficit and Other Comprehensive Income.

1.16 Broker fees

Broker fees are recognised when they become due and payable as prescribed by the Medical Schemes Act 131 of 1998.

1.17 Road Accident Fund (RAF) recoveries

The recoveries are only accounted for when an amount is virtually certain to be received from the RAF and the quantum of the amount is determinable.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1.18 Allocation of income and expenditure to benefit options

The following income and expenditure items are directly allocated to benefit options:

- Net contributions;
- Claims incurred;
- Managed care fees; and
- Broker fees.

The remaining items are apportioned based on the number of member on each option (or other suitable basis)

- Administration expenditure;
- Investment income;
- Other income;

1.19 Insurance contracts

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 the beneficiary, are classified as insurance contracts. The contracts issued compensate the Scheme's members for healthcare expenses incurred.

Liabilities and related assets under liability adequacy test:

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, including related cash flows such as claims handling costs, and comparing this amount to the carrying value of the insurance liabilities (given the nature of the contracts and the Scheme rules in terms of which claims submitted after four(4) months from treatment date are considered stale, the effect of discounting is not considered material).

1.20 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 normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax.

1.21 Change in accounting policy

The general principle in IAS 8 is that an entity must account for all changes in accounting policies retrospectively for the earliest prior period presented and the comparative amounts of each prior period presented as if the policy has always been applied: [IAS 8.22].

Disclosures relating to changes in accounting policies include: [IAS 8.28]

- The title of the standard or interpretation causing the change.
- The nature of the change in accounting policy.
- A description of the transitional provisions, including those that might have an effect on future periods.
- For the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
- For each financial statement line item affected, and
- For basic and diluted earnings per share (only if the entity is applying IAS 33).
- The amount of the adjustment relating to periods before those presented to the extent practicable.
- If retrospective application is impracticable, an explanation and description of how the change in accounting policy was applied.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1.22 Prior period errors

The general principle in IAS 8 is that an entity must correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by: [IAS 8.42]

Disclosures relating to prior period errors include: [IAS 8.49]

- the nature of the prior period error for each prior period presented, to the extent practicable, the amount of the correction.
- for each financial statement line item affected, and for basic and diluted earnings per share (only if the entity is applying IAS 33).
- the amount of the correction at the beginning of the earliest prior period presented if retrospective restatement is impracticable, an explanation and description of how the error has been corrected.
- The Scheme disclosed the full details of prior period errors in Note 25.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2. PROPERTY, PLANT AND EQUIPMENT

	Cost or valuation	Accumulated depreciation & impairment	Carrying amount	Cost or valuation*	Accumulated depreciation & impairment	Carrying amount
	2021 R	2021 R	R	2020 R	2020 R	R
Buildings*	44 041 720	(28 497 720)	15 544 000	44 041 720	(25 687 720)	18 354 000
Land*	6 793 282	(3 547 282)	3 246 000	5 503 282	(2 857 282)	2 646 000
Canteen equipment	341 400	(303 192)	38 208	341 401	(275 574)	65 827
Furniture and fittings	3 997 262	(2 422 587)	1 574 675	4 045 391	(2 037 937)	2 007 454
Motor vehicles	6 913 809	(3 614 690)	3 299 119	6 599 713	(2 216 571)	4 383 142
Office equipment	4 956 716	(4 142 991)	813 725	5 020 145	(3 452 159)	1 567 986
Computer equipment	4 345 918	(3 497 463)	848 455	4 327 171	(2 764 284)	1 562 887
Total	71 390 107	(46 025 925)	25 364 182	69 878 823	(39 291 527)	30 587 296

Reconciliation of carrying value of property, plant and equipment - 2021

	Opening carrying amount*	Additions	Disposal	Other adjustments	Revaluation (loss)/gain	Impairment Loss	depreciation	Closing carrying amount*
	R	R	R	R	R	R	R	R
Buildings*	18 354 000	-	-	-	(2 217 935)	-	(592 065)	15 544 000
Land*	2 646 000	-	-	-	600 000	-	-	3 246 000
Canteen equipment	65 827	-	-	-	-	-	(27 619)	38 208
Furniture and fittings	2 007 454	37 049	(68 022)	-	-	(5 353)	(396 453)	1 574 675
Motor vehicles	4 383 142	585 071	-	(270 975)	-	-	(1 398 119)	3 299 119
Office equipment	1 567 986	141 262	(5 240)	(195 970)	-	(2 182)	(692 131)	813 725
Computer equipment	1 562 887	42 780	(8 454)	-	-	(387)	(748 371)	848 455
Total	30 587 296	806 162	(81 716)	(466 945)	(1 617 935)	(7 922)	(3 854 758)	25 364 182

* = these items of property have been restated due to an error in the prior year revaluation of Head Office (Athlone) land and building. Refer to Note 25.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Property, plant and equipment (continued)

The carrying amount of land and buildings is revalued every three years by a qualified appraiser and appropriate adjustments are reflected accordingly in the revaluation reserve and Statement of Profit or Loss and Other Comprehensive Income, as Other Comprehensive Income. Any revaluation increase is recognised in Other Comprehensive Income, and Accumulated in Members' Funds, except to the extent that it reverses a revaluation decrease previously recognised in profit and loss. A decrease in the carrying amount arising from revaluation is recognised in profit and loss, to the extent that it exceeds the balance held in the revaluation reserve relating to previous revaluations. The Scheme's property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, Siyakhula Property Valuers. This revaluation resulted in the property (head office building) being impaired for 2021. The impairment loss has been recognised in the Statement of Surplus or Deficit and Other Comprehensive Income.

The Other adjustments for 2021 referred to above were made to the right of use assets (motor vehicles) due to a restructure of the lease agreement during the year and a correction of present value of the lease liability for the printers.

Reconciliation of carrying value of property, plant and equipment - 2020

	Opening carrying amount*	Additions	Disposal	Revaluation loss*	Depreciation*	Closing carrying amount*
	R	R	R	R	R	R
Buildings*	23 947 600	-	-	(4 845 237)	(748 363)	18 354 000
Land*	3 452 400	-	-	(806 400)	-	2 646 000
Canteen equipment	117 610	-	-	-	(51 783)	65 827
Furniture and fittings	2 628 168	23 042	-	-	(643 756)	2 007 454
Motor vehicles	1 567 722	3 371 257	-	-	(555 837)	4 383 142
Office equipment	3 286 051	132 510	(5 299)	-	(1 845 276)	1 567 986
Computer equipment	2 022 982	381 399	(3 346)	-	(838 148)	1 562 887
Total	37 022 533	3 908 208	(8 645)	(5 651 637)	(4 683 163)	30 587 296

* = these items of property have been restated due to an error in the prior year revaluation of Head Office (Athlone) land and building. Refer to Note 25.

Land and buildings comprise the following:

- Erf 43717, Athlone (Crawford), Cape Town, measuring 1128 square meters
- Erf 82128, Retreat, Cape Town, measuring 2019 square meters
- Erf 82129, Retreat, Cape Town, measuring 2037 square meters
- Erf 33081, Athlone, Cape Town, measuring 495 square meters

For the 2020 year, the Scheme's property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, The Valuator Group. This resulted in all the properties being impaired, Refer to Note 8. The impairment loss has been recognised in the Statement of Surplus or Deficit and Other Comprehensive. The Scheme discovered an error made by an external valuator in the total Gross lettable area used in the valuation from 2015, a revised valuation was performed for 2019 and 2020 respectively and the valuations resulted in impairment loss. Refer to Note 25.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Property, plant and equipment (continued)

Leased assets

IFRS 16(47):

A lessee shall either present in the Statement of Financial Position, or disclose in other notes:

- (a) Right-of-use assets separately from other assets. If a lessee does not present the right-of-use assets separately in the statement of financial position, the lessee shall:
- (i) Include right of use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned
 - (ii) Disclose which line items in the Statement of Financial Position include those right-of-use assets
- (b) Lease liabilities separately from other liabilities, if the lessee does not present lease liabilities separately in the Statement of Financial Position, the lessee shall disclose which line items in the Statement of Financial Position include those liabilities.

During the 2021 financial year the Scheme entered into a new three-year lease agreement for motor vehicles. The right-of-use assets as of 31 December are **R 2 450 757** (2020: **R3 915 301** for office equipment).

Right of use of assets

	2021 R	2020 R
Office equipment	74 865	637 690
Motor vehicles	2 375 892	3 277 611
Total	2 450 757	3 915 301

Lease liability

	2021 R	2020 R
Current	2 506 811	1 462 024
Non-current	293 201	2 672 607
Total	2 800 012	4 134 631

The Statement of Surplus or Deficit shows the following amounts relating to leases:

	2021 R	2020 R
Depreciation charge of right-of-uses assets – office equipment	654 206	425 127
Depreciation charge of right-of-uses assets – motor vehicles	1 513 5091	93 646
Total	2 167 715	518 773

	2021 R	2020 R
Interest expense included in finance costs	166 168	98 132
Total cash outflow for leases	1 705 970	36 491

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3. INTANGIBLE ASSETS

	2021			2020		
	Cost of valuation R	Accumulated depreciation R	Carrying amount R	Cost of valuation R	Accumulated depreciation R	Carrying amount R
Warranties	438 648	(384 887)	53 761	438 648	(320 373)	118 275
Computer software	650 496	(596 477)	54 019	650 496	(539 603)	110 893
Total	1 089 144	(981 364)	107 780	1 089 144	(859 976)	229 168

Reconciliation of carrying value of intangible assets-2021

	Opening carrying amount R	Additions R	Amortisation R	Closing carrying amount R
Warranties	118 275	-	(64 514)	53 761
Computer software	110 893	-	(56 874)	54 019
Total	229 168	-	(121 388)	107 780

Reconciliation of carrying value of intangible assets-2020

	Opening carrying amount R	Additions R	Amortisation R	Closing carrying amount R
Warranties	191 624	-	(73 349)	118 275
Computer software	187 214	43 125	(119 446)	110 893
Total	378 838	43 125	(192 795)	229 168

Other information

The intangible assets represent the payment of warranties on electronic equipment and software. These warranties are paid for when acquiring the electronic equipment and software. The warranties are amortised on a straight-line basis over the warranty period and computer software is amortised over the useful life of the software.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

4. INVESTMENTS

	2021	2020
	R	R
At fair value through profit or loss - designated		
Investments	1 502 868 637	1 356 626 558
Non-current assets		
Designated as at fair value through profit or loss (fair value through income)	919 878 162	741 070 838
Current assets		
Designated as at fair value through profit or loss	582 990 475	615 555 720

Measurement of financial assets

The Scheme has opted to defer the adoption of IFRS 9 until 01 January 2023. The Scheme is a not-for-profit closed Scheme thus the activities of the medical scheme are predominantly connected with insurance. In this regard, management has assessed the following:

- The Scheme has not previously applied any version of IFRS 9; and
- The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2020 and subsequent years represents **97%** of total liabilities, which is considered significant.

There has been no change in the Scheme's activities that warrants a reassessment of the above information. Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

Impact of adoption of IFRS 9 on the Scheme

In terms of each investment portfolio, the Scheme will need to assess if the investment will be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

	2021	2020
	R	R
Fair value information		
Listed equity	315 844 315	230 773 460
Listed bonds	696 156 973	777 518 265
Cash	413 401 254	284 666 535
Property	77 466 095	63 668 298
Total	1 502 868 637	1 356 626 558

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Investments in Asset Management

	2021 R	2020 R
Argon Asset Managers	347 259 936	262 762 221
Mazi Asset Management	124 930 900	77 075 105
Aluwani Capital Partners	123 422 965	78 491 041
Prudential Portfolio Managers (M&G Investments Southern Africa (Pty) Ltd)	196 943 124	165 428 027
Ninety One Fund Managers	151 296 774	204 305 777
STANLIB Unit Trust	431 693 702	411 249 943
Allan Gray Life Limited	127 321 236	157 314 444
Total	1 502 868 637	1 356 626 558

The Scheme has invested some of its funds in various Asset Managers and with banks. The investments earned an interest income for the year at an average interest rate of **10,42%** (2020: **4,28%**).

5. CASH AND CASH EQUIVALENTS

	2021 R	2020 R
Cash and cash equivalents consist of:		
Cash on hand	506	3 625
Call accounts	62 913 711	202 404 543
Current accounts	8 523 343	8 795 758
Total	71 437 560	211 203 926

Balances on current and call accounts constitute amounts available on demand. These balances earned interest income at an average interest rate for the year of **5.74%** (2020: **2,66%**). The carrying amount of cash and cash equivalents approximate their fair values due to the short-term nature of these assets.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

6. TRADE AND OTHER RECEIVABLES

	2021 R	2020 R
Risk contribution receivable	85 077 250	26 368 605
Other prepayments and sundry co-payments	691 859	546 665
Premiums control accounts	1 666 207	1 550 246
Forensic debt receivable	4 293 468	4 693 723
Accrued investment income	6 902 403	6 307 767
Provision for impairment losses	(1 561 655)	(1 688 114)
Total trade and other receivables	97 069 531	37 778 892

	2021 R	2020 R
Split between non-current and current portions		
Current assets	97 069 531	37 778 892

Trade and other receivables which are less than 3 months past due are not considered to be impaired. As at 31 December 2021, **R1 612 181 (2020: R1 806 445)** were past due but not impaired.

Ageing of trade and other receivables not impaired as follows;

	2021 R	2020 R
1 month past due	998 149	884 269
2 months past due	473 717	560 668
3 months past due	140 315	361 508
	1 612 181	1 806 445

The ageing of these trade and receivables which were impaired is as follows;

3 to 6 months	1 561 655	1 688 114
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The carrying amount of trade and other receivables approximate their fair values due to the short-term nature of these assets. The scheme does not impose interest charges on the receivable amounts. The estimated cash flow receipts have not been discounted as the effect would be immaterial.

Included on the other receivables is an accrued investment income of **R 6 902 403, (2020 R 6 307 767)** this represents income on investment accrued but not yet capitalised to the total investment as at 31 December 2021.

The Scheme has opted to defer the adoption of IFRS 9 until 1 January 2023. The Scheme is a not-for-profit closed Scheme thus the activities of the medical scheme are predominantly connected with insurance. In this regard, management has assessed the following:

- The Scheme has not previously applied any version of IFRS 9; and
- The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2020 and subsequent years represents **97%** of total liabilities, which is considered significant.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

There has been no change in the Scheme's activities that warrants a reassessment of the above information. Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

Impact of adoption of IFRS 9 on the Scheme

The impact of IFRS 9 is that it replaces the "incurred loss model" of IAS 39 with the "expected credit loss model" which means that a loss event will no longer need to occur before an impairment allowance is recognised. Refer to Note 23 for a detailed disclosure.

7. ASSETS CLASSIFIED AS HELD FOR SALE

The Scheme had invested in fixed property which is prohibited by the Council of Medical Schemes and the Medical Schemes Act 131, of 1998 as amended.

The Board of Trustees of the Scheme's made a decision during the 2018 financial year to sell the two properties. The Scheme has appointed the services of property agents to actively market the Scheme property in Retreat and Mitchells Plain to the public in order for the Scheme to evaluate the appropriate option in the best interest of SAMWUMED.

The Scheme made a decision to dispose the properties at market related prices and reinvest the funds to the Scheme for the benefit of the Scheme members.

The offer to purchase for Mitchells Plain was **R9 million**, this property was sold on 4 June 2021. The property in Retreat is still on the market. An offer was received during the 2021 year; however, the sale was unsuccessful.

The assets of the disposal group are set out below.

Assets and liabilities		
	2021	2020
	R	R
Non-current assets held for sale		
Property, plant and equipment	5 680 000	11 000 000

8. REVALUATION RESERVE

	2021	2020
	R	R
Reserve on revaluation of property		
Balance at beginning of year*	14 815 702	14 815 702
Transfer from revaluation reserve on sale of property	(7 065 682)	-
Balance at the end of the year	7 750 020	14 815 702

The Scheme's property is stated at their revalued amounts as per the valuation performed, as at 31 December 2021 by an independent qualified appraiser, Siyakhula Property Valuers. This resulted in the head office building being impaired (Refer to Note 2).

*= The revaluation gain/(loss) was impacted by the prior period error, refer to Note 25.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Revaluation reserve (continued)

	2021 R	2020 R
Reserve on revaluation of a liability		
Balance at beginning of year	11 981 000	11 528 000
Losses)/gains on measurement of post-retirement medical aid liability	(270 162)	453 000
Balance at end of year	11 710 838	11 981 000

9. LEASE LIABILITIES

	2021 R	2020 R
Minimum lease payments due		
Within one year	1 410 932	1 749 408
Years 2-5	1 599 130	2 778 147
	3 010 062	4 527 555
less: future finance charges	(210 050)	(392 924)
Present value of minimum lease payments	2 800 012	4 134 631
Present value of minimum lease payments due		
Within one year	293 201	1 462 024
Years 2-5	2 506 811	2 672 607
	2 800 012	4 134 631
Non-current liabilities	2 506 811	2 672 607
Current liabilities	293 201	1 462 024
Total	2 800 012	4 134 631

The Scheme entered a three-year non-cancellable lease arrangement ending June 2024. The instalments are payable on a monthly basis. The lease is linked to prime rate and therefore the rentals will increase or decrease as the prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next twelve (12) months.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

10. RETIREMENT BENEFIT OBLIGATION

	2021 R	2020 R
Carrying value		
Non-current liability portion	3 468 515	2 795 771
Current liability	102 346	90 115
Total	3 570 861	2 885 886
Movements for the year		
Opening balance	2 885 886	2 919 000
Current service cost	122 491	174 000
Interest cost	388 292	336 000
Expected employer benefits	(95 970)	(90 114)
Actuarial loss/(gain) on remeasurement of liability	270 162	(453 000)
Closing balance at the end of the year	3 570 861	2 885 886

	2021 R	2020 R
Reconciliation of the re-measurement of the defined benefit liability		
Change in real discount rate	(444 896)	(380 000)
Lower than expected healthcare costs	98 291	(73 000)
Methodology changes as well as no changes in data	76 443	-
Total remeasurements – Losses	(270 162)	(453 000)
Key assumptions used		
Assumptions used for the current year projection are as follows		
Expected retirement age	60 years	60 years
Discount rate used	12.3%	14%
Expected rate of return on assets	14.4%	14.4%
Duration used to set assumptions	19.4 years	19 years
Expected increase in salaries	9.90%	9.90%
Healthcare cost inflation	9.60%	9.60%

There is currently no allowance for early retirement

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Retirement benefit obligation (continued)

The benefit is unfunded and therefore there are no planned assets as per the requirements of IAS 19. The actuarial valuation was performed by Alexander Forbes Health (Pty) Ltd using the Projected Unit Credit Method as prescribed by IAS19 as of 31 December 2019. The valuation for the post-retirement medical benefit is performed every three (3) years, however a projection of the retirement liability was performed for the year ended 31 December 2021 by Insight Actuaries & Consultants, and this resulted in an actuarial gain. The next valuation will be performed by 31 December 2022.

The post-employment subsidy policy valued is summarised below:

- Members who retire prior to the retirement age of sixty (60) will not be eligible for a subsidy of medical scheme contributions;
- Members with at least five years' service prior to retirement qualify for a 70% subsidy of contributions;
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member

If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

The risks faced by the Scheme as a result of the post-employment healthcare obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for the Scheme.
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the Scheme.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to the Scheme.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.
- **National Health Insurance Bill:** The National Health Insurance Bill is out for comment. The contents of the Bill are not detailed enough at this stage for any adjustments to be made to the liability. However, this will be monitored.

The liability of the Scheme is calculated to show the effect of:

- A one percentage point decrease or increase in the rate of healthcare cost inflation;
- A one percentage point decrease or increase in the discount rate;
- A one-year decrease or increased in the expected retirement age.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Retirement benefit Obligation (continued)

The table below shows the results of the sensitivity analysis to the projected liability

31 December 2021			
Discount rate	Central Assumption 12.30%	-1%	+1%
Projected Accrued liability 31 December 2021 (R'million)	3,571	3,074	4,193
		-	
% Change		13,9%	+17,4%
Healthcare Cost Inflation	Central Assumption 9.60%	-1%	+1%
Projected Accrued liability (R' million)	3,571	3,074	4,193
		-	
% Change		13,9%	+17,4%
31 December 2020			
Discount rate	Central Assumption 14.00%	-1%	+1%
Projected Accrued liability 31 December 2020 (R'million)	2,887	3,376	2,499
			-
%Change		+16,9%	-13,4%
Healthcare Cost Inflation	Central Assumption 9.20%	-1%	+1%
Accrued liability 31 December 2020 (R' million)	2,887	2,494	3,375
		-	
% Change		13,6%	+16,9%
31 December 2020			
Expected retirement age	% Change	Accrued Liability R'Million	
Current accrued liability	-	2,887	
Expected retirement age (+ 1 year)	-6,3%	2,704	
Expected retirement age (- 1 year)	+7,3%	3,094	

11. PROVISION FOR OUTSTANDING CLAIMS

	2021 R	2020 R
Reconciliation of provision for outstanding claims		
Reconciliation of provision for outstanding claims		
Opening balance	115 562 227	95 649 006
Payments in respect of prior years	(112 966 683)	(94 832 664)
Over provision	2 595 544	816 342
Amounts reversed during the year	(2 595 544)	(816 342)
Adjustments for the current year	126 039 832	115 562 227
Closing balance	126 039 832	115 562 227

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

The Scheme used the Chain-Ladder method or the adaption thereof to estimate the IBNR. This method uses runoff factors that are calculated based on historical claims payment patterns. These runoff factors are then applied to actual claims paid to date to estimate the outstanding claims amount. The outstanding vaccine claims have been estimated based on the vaccine claims data reported on the Electronic VD system.

The effectiveness of the provision is assessed monthly, through reviews of experience and consideration of changes in fundamentals such as claims processing and composition.

The timing of the outflows for claims due is uncertain, however as per the Medical Scheme Act of 1998 as amended, the outflows for claims are expected to be within four (4) months of the treatment date and the payment should be made within thirty (30) days from the submission of a claim.

Assumptions

The assumption that has the greatest effect on the measurement of the outstanding claims provision is the expected claims development pattern for the most recent months. Known changes to claims development pattern are taken into consideration.

Changes in assumptions and key variables

The Scheme reviews the provision for outstanding claims on a monthly basis, noting the changes in the assumptions used in determining the provision. This is supported by a monthly actuarial trends report, which include the impact of the claims utilisation and analysis against the budget. This information was reported to the Board of Trustees through the submission of the Schemes' Management Accounts and reports. The current provision is considered to be prudently adequate, as it is monitored and adjusted on a monthly basis.

Sensitivity Analysis

The table below outlines the sensitivity of the provision for outstanding claims to changes in the assumed proportion of claims outstanding (**currently 19.70%**) used in the estimation process. It should be noted that this is a deterministic approach with no allowance for possible correlations between the key variables. The table outlines the sensitivity of these percentages, and the impact on the Scheme's liabilities if an incorrect assumption is used.

The IBNR provision as at 31 December 2021 has been recalculated based on a higher assumed proportion of claims outstanding.

The results are summarised in the table below:

Change in proportion of claims outstanding%	Original IBNR R	IBNR after Sensitivity Test R	Changes in IBNR %	Implied proportion of claims outstanding %
+3%	126 039 832	126 782 946	0.59%	20.1%
+2%	126 039 832	126 535 241	0.39%	20.0%
+1%	126 039 832	126 287 537	0.20%	19.8%
0%	126 039 832	126 039 832	0.00%	19.7%
-1%	126 039 832	125 792 127	-0.20%	19.5%
-2%	126 039 832	125 544 422	-0.39%	19.3%
-3%	126 039 832	125 296 718	-0.59%	19.2%

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Provision for outstanding claims (continued)

The IBNR provision as at 31 December 2020 has been recalculated based on a higher assumed proportion of claims outstanding. The results are summarised in the table below:

The results are summarised in the table below:

Change in proportion of claims outstanding%	Original IBNR R	IBNR after Sensitivity Test R	Changes in IBNR %	Implied proportion of claims outstanding %
+3%	115 562 227	158 052 080	36.77%	10.4%
+2%	115 562 227	143 596 168	24.26%	9.4%
+1%	115 562 227	129 435 881	12.01%	8.5%
0%	115 562 227	115 562 227	0%	7.6%
-1%	115 562 227	110 574 521	(4.32%)	7.2%
-2%	115 562 227	108 249 112	(6.33%)	7.1%
-3%	115 562 227	106 635 922	(7.72%)	7.0%

12. TRADE AND OTHER PAYABLES

	2021 R	2020 R
Accrued bonus	589 524	535 995
Accrued leave pay	3 099 069	2 388 045
Current portion of post-retirement medical aid subsidy benefits	102 346	90 115
Third party salary payables	492 931	453 087
Other payables and accrued expenses	5 278 570	5 440 658
Contribution credits due to municipalities	259 837	242 986
Credits on contribution age analysis	3 904 214	3 436 660
Outstanding claims	19 849 595	20 201 257
Unknown deposits	53 854	1 188
Total	33 629 940	32 789 991

The carrying amounts of trade and other payables approximates their fair values due to the short-term nature of these liabilities (i.e., the effect of discounting is not considered material). No interest charges have been levied against the Scheme on any of the payable amounts.

Included in trade and other payables are amounts due to participating municipalities to the value of **R259 837 (2020: R242 986)**, and credits to the value of **R3 904 214 (2020: R3 436 660)** on the contribution age analysis. The Scheme is in the process of investigating these credits and will refund valid credits to the municipalities when the investigations have been finalised.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Trade and other payables (continued)

Reconciliation of insurance liabilities - 2021	Opening balance	Additions	Refunded during the year	Reversed/paid during the year	Closing balance
R	R	R	R	R	R
Unknown deposits	1 188	14 384 478	534 305	(14 866 117)	53 854
Contribution credits due to municipalities	242 985	1 506 511	(9 790)	(1 479 869)	259 837
Contribution credits on the age analysis	3 436 661	50 821 154	-	(50 353 601)	3 904 214
Outstanding claims	20 201 257	496 904 470	-	(497 256 132)	19 849 595
Unallocated contribution receipts	-	1 641 515 949	-	(1 641 515 949)	-
Total	23 882 091	2 205 132 562	524 515	(2 205 471 668)	24 067 500

Reconciliation of insurance liabilities - 2020	Opening balance	Additions	Refunded during the year	Reversed/paid during the year	Closing balance
R	R	R	R	R	R
Unknown deposits	6 411	25 400 027	121 713	(25 526 963)	1 188
Contribution credits due to municipalities	244 707	3 446 130	(380 706)	(3 067 146)	242 985
Contribution credits on the age analysis	7 604 332	78 381 620	-	(82 549 291)	3 436 661
Outstanding claims	14 880 158	3 033 010 886	-	(3 027 689 787)	20 201 257
Unallocated contribution receipts	14 419 857	1 821 023 641	-	(1 835 443 498)	-
Total	37 155 465	4 961 262 304	(258 993)	(4 974 276 685)	23 882 091

13. RISK CONTRIBUTION INCOME

	2021 R	2020 R
Contribution Income	1 618 369 168	1 483 380 706

The Scheme collected a total contribution income for the year under review of R1 618 billion which is 0.23% higher than budget and 9,10% higher than in prior year. This was due to the growth in membership which had a positive impact on contribution income.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. RELEVANT HEALTHCARE EXPENDITURE

	2021 R	2020 R
Current year claims	1 479 957 596	1 242 814 845
Ex-gratia claims	139 079	13 464
Movement in outstanding claims provision for the current year	126 039 832	115 562 227
Amounts reversed during the year	(2 595 544)	(816 342)
Third party claims recoveries	(3 726 371)	(1 937 579)
Forensic recoveries	(4 440 459)	(7 236 527)
Managed care management services	27 246 873	27 300 441
Total	1 622 621 006	1 375 700 529

14.1 COVID-19 claims experience

	2021 R	2020 R
Total lives infected by COVID-19	5 830	2 710
Total lives admitted in hospital	1 815	1 180
Total lives recovered from COVID-19	1 554	786
Total deaths from COVID-19	376	173
Total COVID-19 related claims	292 982 249	82 081 192

14.2 Analysis of Accredited Managed Care: Management Services

	2021 R	2020 R
Medscheme active disease risk management services	-	1 662 909
Medscheme active disease risk management services enrolment fees	3 070 842	3 112 104
Medscheme network management services	808 999	760 187
Medscheme hospital benefit management	9 389 293	8 799 162
Medscheme pharmacy benefit management	6 687 726	6 266 790
Aid for Aids HIV management	7 290 013	6 699 289
Total	27 246 873	27 300 441

Managed care services include medicine risk management, disease risk management, HIV risk management, pharmacy benefit management, pharmacy networks management, PMB management and hospital benefit management. These services are provided to Scheme members by the service providers as listed above.

15. ACCREDITED BROKER SERVICE FEES

	2021 R	2020 Restated R
Brokers fees	4 232 246	3 296 590

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

16. NET HEALTHCARE RESULT INCLUDES THE FOLLOWING:

	2021 R	2020 Restated R
Administration expenditure		
Actuarial fees	713 854	720 360
Administration system	9 317 546	9 240 239
Advertising and marketing	529 528	4 707 764
Advertising and public relations	1 272 705	1 806 043
Amortisation	121 387	192 795
Annual general meeting	562 914	350 624
Audit fees: current year	1 474 825	1 373 100
Audit fees: prior year	473 225	857 721
Bank charges	760 643	835 273
Board of Healthcare Funders fees	500 220	464 716
Board of trustees' committee fees and expenses*	1 274 541	-
Campaign expenses	3 633 117	1 426 805
Cleaning Costs	441 289	370 932
Commercial comprehensive insurances	693 743	653 741
Commission Paid	744 141	391 426
Computer support and licences	4 526 064	2 624 600
Council for Medical Scheme levies	1 468 453	1 306 369
Curator fees	-	1 201 938
Depreciation	3 854 757	4 683 161
Education materials and resources	899 223	838 393
Employee costs	43 607 754	37 632 792
Forensic services	1 298 824	3 059 439
Legal fees	1 757 283	1 957 345
Other expenses	4 963 355	6 865 273
Recruitment Costs	813 336	19 378
Remuneration paid to Principal Officer	2 654 080	2 366 131
Repairs & Maintenance	807 108	528 919
Security	946 302	987 877
Short term rentals	455 677	1 531 190
Staff fidelity guarantee insurance	50 000	40 000
Telephone costs	5 162 470	5 251 651
Travelling expenses	1 897 716	757 749
Trustees' fees	805 219	829 164
	98 481 299	94 562 253

* - these costs relate to fees and other expenses paid to the independent contractors of the board of trustees' committees.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Net healthcare result include the following (continued)

Principal Officer remuneration

	2021 R	2020 R
Salary and bonus	1 969 758	1 820 828
Leave provision	263 222	158 643
Other short-term benefits	94 770	82 738
Long-term benefits	326 330	303 922
	2 654 080	2 366 131

Board of trustees' remuneration - 2021

Board of trustees	Meeting cost R	Accommodation and travelling R	Telephone expense R	Travel Claims R	Total R
A Ntuli	25 996	25 891	28 098	-	79 985
GM Nzuzza	18 896	22 440	28 076	2 559	71 971
IM Solomon	16 001	5 999	31 079	-	53 079
L Sibiyi	56 556	62 024	28 978	5 757	153 315
M Marule	25 996	-	28 771	-	54 767
MR Letsoalo	25 996	18 894	25 754	2 956	73 600
N Bhozo	25 996	39 472	28 093	886	94 447
NP Ntsuba	39 388	33 849	28 076	1 657	102 970
S Dube	25 996	-	31 486	271	57 753
ST Kwanyana	18 896	15 414	28 072	950	63 332
	279 717	223 983	286 483	15 036	805 219

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Net healthcare result include the following (continued)

Board of trustees' remuneration - 2020

Board of trustees	Meeting cost R	Accommodation and travelling R	Telephone expense R	Travel Claims R	Total R
A Ntuli	3 204	43 882	26 548	3 270	76 904
EB Mdhuli	954	37 117	25 868		63 939
GM Nzuzo	6 262	60 235	25 583	3 825	95 905
L Sibiyi	6 623	77 653	26 140	1 290	111 706
M Marule	3 954	97 767	26 884		128 605
N Bhozo	3 454	43 555	29 236	426	76 671
NP Ntsuba	2 927	33 018	26 016	2 129	64 090
R Letsoalo	5 985	22 013	25 596	694	54 288
S Dube	6 512	29 405	47 166	693	83 776
ST Kwanyana	4 395	40 542	25 574	2 769	73 280
Total	44 270	485 187	284 611	15 096	829 164

Curator expense

	2021 R	2020 R
Curator expenses - JM Seoloane	-	1 053 750
Fees	-	116 917
Accommodation and traveling	-	31 271
Telephone	-	1 201 938

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

17. SOLVENCY RATIO

	2021 R	2020 R
Total members' funds per statement of financial position	1 536 589 392	1 492 143 220
Unrealised non-distributable reserve	(7 750 020)	(14 815 702)
Cumulative net gain on re-measurement to fair value of investments included in accumulated funds	4 734 263	(4 281 617)
Cumulative net gain on re-measurement of post-retirement medical aid benefit	(11 710 838)	(11 981 000)
Accumulated funds per Regulation 29	1 521 862 797	1 461 064 901
Gross contributions	1 618 369 168	1 483 380 706
Solvency ratio	94,04%	98,50%
Opening balance of revaluation reserves	14 815 702	14 815 702
Transfer of accumulated gains on sale of property	(7 065 682)	-
Cumulative net gain on re-measurement to fair value of properties included in accumulated funds	7 750 020	14 815 702

18. ISSUES OF NON-COMPLIANCE

18.1 Contravention of Section 26(7) of Medical Schemes Act

Nature and impact of non-compliance

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Cause of non-compliance

The Scheme encounters Employer Groups who do not make their contribution payments within the statutory prescribed time. For the Employer Groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme's Management continuously follow up with these Employer Groups until payment is received. The outstanding contributions are however received, but not in compliance to the statutory prescribed time.

Corrective action

Non-compliant Employer Groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the Debt Management Policy to mitigate the risk.

18.2 Contravention of Section 33(2) of Medical Schemes Act

Nature and impact of non-compliance

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Issues of non compliance (continued)

Cause of non-compliance

During the financial year under review, Option A and Option B of the Scheme did not comply with Section 33(2) in terms of financial performance.

	2021 R	2020 R
	Net healthcare deficit	Net result
Option A	(33 274 339)	25 458 208
Option B	(74 678 385)	19 258 126
Total	(107 952 724)	44 716 334

Corrective action

The financial performance, risk profile and claims experience of all benefit options is monitored and evaluated on a continuous basis, through risk management, monitoring of fraud and waste outcomes from claims experience analysis. Strategies are formulated to address loss making benefit options through benefits and contribution increase review processes whereby affordability, chronic prevalence, and aging are considered. At pricing, the design of these benefit options is carefully considered, including the strategic risk management interventions in place to manage the demographic profile, burden of disease and utilization risk. In setting contribution increases, the Scheme has to balance affordability of benefit options with access to healthcare and risk of buy-downs. The Scheme provides feedback to the Council of Medical Scheme (CMS) on the performance of its benefit options monthly.

Benefits and contribution review was completed for 2022, and a pricing report submitted to Council of Medical Scheme (CMS) with an average 6,8% contribution increase which was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2022 year due to the high claims experience as a result of previous benefit enhancements made. Members are starting to understand and utilise these benefits.

18.3 Contravention of Section 35 (8) of the Medical Schemes Act

Nature and impact of non-compliance

Section 35 (8) of the Act states that: "A medical scheme shall not invest any of its assets in the business of or grant loans to:

- a) an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme;
- (b) any other medical scheme;
- (c) any administrator; and
- (d) any person associated with any of the abovementioned

At 31 December 2021 the Scheme indirectly holds investments in the holding company of the Administrator or any other Administrator. The companies include Discovery Limited and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

Cause of non-compliance

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Issues of non compliance (continued)

Corrective action

The Scheme has been granted an exemption by the Council for Medical Schemes (CMS) in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years, effective 1 December 2019 until 30 November 2022, subject to renewal.

18.4 Contravention of Section 57 (4)(f) of the Medical Schemes Act

Nature and impact of non-compliance

Section 57(4)(f) requires the Board of Trustees to take out and maintain professional indemnity insurance and fidelity guarantee insurance.

Cause of non-compliance

The Scheme did not have the professional indemnity insurance cover for the period 01 January 2021 to 30 June 2021 which is in contravention with section 57(4) of the Medical Scheme Act.

The Scheme elected the Board of Trustees and applied for the professional indemnity insurance and fidelity guarantee insurance to ensure compliance to Section 57(4) of the Medical Scheme's Act as amended. The Scheme approached various insurers that offer the Trustees professional indemnity insurance, however all the providers that were approached declined to offer this insurance cover to the Scheme's Board of Trustees, due to their risk appetite.

Corrective action

The Scheme has submitted an application to the Council of Medical Schemes to be exempted to Section 57(4) of the Medical Scheme's Act as amended until such time that the insurance cover is sourced successfully. The application for an exemption has not been granted by the Council of Medical Schemes. The Scheme continued to approach insurers and seek the cover to ensure compliance with Section 57(4) of the Medical Schemes Act as amended. The Scheme successfully sourced the professional indemnity insurance cover on 01 July 2021.

19. GUARANTEES AND COMMITMENTS

The Scheme has not committed to any capital expenditure nor provided any guarantees for the year under review.

Finance leases – as lessee

	2021 R	2020 R
Minimum lease payments due		
Within one year	454 671	456 000

These payments represent rentals payable by the Scheme for certain regional offices. These leases are negotiated for twelve (12) months and due for review and renewal every year.

20. CONTINGENCIES

	2021 R	2020 R
Matter: Moroka & Ramoba vs SAMWUMED		
Possible liability	200 000	200 000

There are three Civil claims with the High Court Civil that were brought by pharmacists for services allegedly rendered to Scheme members. The action is being defended and the Scheme is awaiting a trial date.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Contingencies (continued)

	2021 R	2020 R
Matter : CayiCayi and another vs SAMWUMED		
Possible liability	100 000	100 000

High Court claim for services allegedly rendered to Scheme members. The action is being defended and the Scheme is awaiting a trial date.

	2021 R	2020 R
Matter: Ryan Construction vs SAMWUMED		
Possible asset	5 113 975	5 113 975

The SAMWUMED Head Office in Athlone has been retained although the renovations seem to have been over-capitalised for the location of these offices. The building, after millions of member's monies were spent at an estimated R29 million, is still not certified for occupation since 2015 and there were more latent defects discovered. The application to obtain the required Occupancy Certificate from the City Council is in progress.

A forensic investigation was carried out with a view to establish the legitimacy of Ryan Construction's claim and any irregularities which arose as a result of the maintenance agreement between SAMWUMED and Ryan Construction. The investigation established that there were overbillings by Ryan Construction for services carried out. The former Principal Officer was implicated in Ryan Construction's dealings with SAMWUMED. The billing discrepancies pertaining to the construction works were conducted by an Independent Quantity Surveyor.

Ryan Construction refused to provide SAMWUMED with bills of materials used in the renovations and instead issued summons to SAMWUMED for outstanding payments of **R417 800** and the Scheme is defending the matter. The case is currently in the Western Cape Regional Magistrate's Court. SAMWUMED has in turn issued summons to recover an amount of **R5 113 975** based on the findings of the forensic investigations. The Scheme is waiting for a trial date.

	2021 R	2020 R
Matter: MOSO Consulting Brokers vs SAMWUMED		
Possible liability	9 297 818	-

SAMWUMED's internal sales consultants have been hindered by the City of Ekurhuleni ("CoE") from marketing SAMWUMED. CoE has written to SAMWUMED advising that only MOSO Brokers is accredited by CoE to market Medical Schemes in CoE. SAMWUMED required an opinion on whether it is lawfully permissible for CoE to impose MOSO Brokers on SAMWUMED members as a broker appointed by CoE, and what remedies the Scheme may have. MOSO Brokers has issued a summons for alleged outstanding commissions totalling **R 9 297 818** which were served on the Scheme on 14 September 2021. The Scheme is defending the matter.

	2021 R	2020 R
Matter: Ms Khosana vs SAMWUMED		
Possible asset	251 987	251 987

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

During the Provisional Curator's tenure, the Scheme made advance payments to Ms Khosana during the period 3 May 2018 to 31 October 2018. Supporting invoices or receipts were required to be submitted in support of the advance payments made. On reconciliation of the payments made against the invoices and/or receipts received, there was a balance of **R306 984** which was unreconciled.

The Scheme addressed a Letter of Demand to Ms Khosana to provide the outstanding invoices, or to pay the outstanding balance. Ms Khosana responded providing further invoices/ receipts.

Further supporting documentation were submitted which were then reconciled to the advance payments made. The balance outstanding that could not be accounted for reduced to **R251 987**. The Scheme issued a Combined Summons to the High Court against Ms Khosana. The Scheme received the defendant's plea in terms of which the defendant set out her defence to the action. The Scheme awaits a trial date.

21. RELATED PARTIES

Related persons	Relationships
Board of Trustees	Control
South African Municipal Workers Union (SAMWU)	Significant influence
Aid for Aids Management (Proprietary) Limited	Significant influence
Netcare 911 (Proprietary) Limited	Significant influence
Brokers	Significant influence
Management Information Planning (MIP) Holdings (Proprietary) Limited	Significant influence
Medscheme Holdings (Proprietary) Limited	Significant influence
Medscheme Forensic Unit	Significant influence
Qhubeka Forensic Services	Significant influence
Principal Officer	Key Management personnel
Independent delegates of Audit and Risk committee	Significant influence
Audit & Risk Committee	Significant influence
Finance and Investment Committee	Significant influence
Independent delegates	Significant influence

Aid for Aids Management Proprietary Limited

Aid for Aids HIV Management (AfA) is a Managed Care Service Provider. AfA has significant influence over the Scheme, since AfA provides operational information on which policy decisions were based, but does not control the Scheme. AfA provides custom made, integrated health risk management services to the Scheme and has built considerable capacity in the provision of wellness, HIV and AIDS, Disease, Medicine, Hospital, and Clinical Risk Management Services. The agreement was for an initial period of one year, commencing on 1 January 2017 and terminating on 31 December 2018 and automatically renewed for a successive period on one year. The Scheme has the right to terminate the contract on hundred and eighty (180) days' notice. The contract was reviewed and renewed for the 2021 year; however, the service provider was given six (6) months' notice effective 31 December 2021.

After the tender process for the provision of Managed Care and Claims Administration Services, the Scheme appointed Medscheme Holdings to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

Related parties (continued)

South African Municipal Workers' Union (SAMWU)

The Union is responsible for appointing four members of the Board of Trustees in compliance with Rule 24.1.2.3 of the Scheme's Rules and thus has significant influence over the Scheme but does not control the Scheme.

Netcare 911 Proprietary Limited

The Scheme entered into a new contract with Netcare 911, to provide the Services as a pre-hospital risk management, emergency response and transportation from 01 January 2019 to 31 December 2019. Thereafter, automatically renew at the end of the initial period for a further 1 (one) year period (term) and after the end of the first renewal period for an additional 1 (one) year period. The contract was reviewed and renewed for 2020 year. The Scheme terminated the contract as of 31 December 2020.

Brokers

The Scheme has contracted Brokers to service existing members of the Medical Scheme and recruit new members. The broker fees are paid in accordance with the requirements of the Act. The fees are paid thirty (30) days in arrears and outstanding balances bear no interest. The Scheme has the right to terminate the contract on thirty (30) days' notice. The Brokers have significant influence over the Scheme, due to the interaction with Scheme members, but do not control the Scheme.

Management Information Planning (MIP) Holdings Proprietary Limited

The Scheme entered into an agreement with MIP to provide an administration system to the Scheme and, in turn, the operational information on which policy decisions will be based. MIP has significant influence over the Scheme but does not control the Scheme. The agreement was for an initial period of three (3) years commencing on 1 January 2015. The Scheme has the right to terminate the contract on hundred and eighty (180) days' notice. The fees due are reviewed annually and are payable within thirty (30) days from the billing date. Interest charges may apply to late payments. The contract expired as of 31 December 2021; the Scheme had signed an agreement with MIP to have an extended contract period from 01 January 2022 till 30 June 2022 with the same terms.

Medscheme Holdings (Proprietary) Limited

The Scheme entered into an agreement with Medscheme to provide Managed Care Services that include Medicine Risk Management, Disease Risk Management, HIV Risk Management, PMB Management and Hospital Benefit Management. Medscheme has significant influence over the Scheme but does not control the Scheme. The agreement is for an initial period of three (3) years commencing on 01 August 2015 and terminating on 31 July 2018. The contract is renewed automatically for successive periods of one year. The Scheme has the right to terminate the contract on hundred and eighty (180) days' notice. The fees due are reviewed annually and are payable within thirty (30) days. Interest charges may apply to late payments. The Scheme reviewed the contract for 2021, however the provider was given six (6) months' notice effective 31 December 2021.

After the tender process for the provision of Managed Care and Claims Administration Services, the Scheme appointed Medscheme Holdings to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024.

Forensic & Investigation Services: Medscheme Forensic Unit

The Scheme entered into an agreement with Medscheme to provide Forensics services that include software, that can identify fraudulent claims, investigating service provider and collection services. Medscheme has significant influence over the Scheme but does not control the Scheme. The agreement is for an initial period of one year commencing on 01 July 2017 and terminating on 30 June 2018. The contract is renewed automatically for successive period of one year.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Related parties (continued)

The Scheme has the right to terminate the contract on six (6) months' notice. The fees due are reviewed annually and are payable within thirty (30) days. Interest charges may apply to late payments. The Scheme terminated the contract on 30 September 2021.

Forensic & Investigation Services: Qhubeka Forensic Services

The Scheme entered into an agreement with Qhubeka Forensic Services to provide Forensics services that include software, that can identify fraudulent claims, investigating service provider and collection services. Qhubeka Forensic has significant influence over the Scheme but does not control the Scheme. The agreement is for a period of three (3) years commencing on 01 October 2021 and terminating on 30 September 2024. The Scheme has the right to terminate the contract on six (6) months' notice. The fees due are reviewed annually and are payable within thirty (30) days. Interest charges may apply to late payments.

Related party balances trade payables	2021 R	2020 R
Amounts included in Trade Payable regarding related parties		
Aid for Aids Management (Pty) Limited	617 780	571 008
Medscheme Holdings (Pty) Limited	267 629	235 918
Alexander Forbes Health (Pty) Limited	-	60 030
Brokers	416 738	233 120
Medscheme Holdings (Pty) Limited (Forensic services)	-	361 295
Insight Actuaries & Consultants (Pty) Ltd	57 861	-
Qhubeka Forensic Services (Pty) Ltd	137 534	-

The payables above are payable within 30 days of the invoice and interest may be charged for late payments and are unsecured. Transactions were at arm's length and occurred in the normal course of business.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Related party (Continued)

	2021 R	2020 R
Related party transactions		
For services rendered by related parties		
Brokers	4 232 246	3 296 590
Aid for Aids Management (Pty) Limited	7 290 013	6 699 289
Netcare 911 (Pty) Limited	-	608 149
Alexander Forbes Health (Pty) Limited	540 270	720 360
Medscheme Holdings (Pty) Limited	19 956 860	20 601 151
Management Information Planning (MIP) Holdings (Pty) Limited	9 317 546	8 296 987
Medscheme Holdings (Pty) Limited (Forensic services)	886 221	2 635 551
Insight Actuaries & Consultants (Pty) Ltd	173 584	-
Qhubeka Forensic Services (Pty) Ltd	412 603	-
Board of Trustees		
Contributions/ Premiums paid by Board of Trustees	(519 862)	(466 657)
Claims paid on behalf of Board of Trustees	3 643 514	969 292
Meeting & retainer fees and other expenses	805 217	829 164
Total	3 928 868	1 331 799
Management		
Contributions / Premiums paid on behalf Key Management Person	(567 499)	(530 850)
Claims paid on behalf Key Management Person	201 203	290 082
	(366 296)	(240 768)

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Related party (Continued)

	2021 R	2020 R
Principal Officer - M.F. Mosoeu		
Short-term benefits - salary and bonus	1 969 758	1 820 828
Car and housing allowance	94 770	68 100
Leave provision	263 222	158 643
Long-term benefits - defined contribution plan	326 330	303 922
Long-term benefits - defined contribution plan (pension)	2 654 080	2 366 131
Independent Delegates		
Meeting costs	1 274 541	162 649
Curator - J.M. Seoloane		
Curator fees	-	1 053 750
Expenses and other considerations	-	148 188
Total	-	1 201 938

All other related party transactions were at arm's length and occurred in the normal course of business.

22. INTEREST IN OTHER ENTITIES

Unconsolidated structured entities

Pooled Funds - Unit trusts

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

The right of the Scheme to request redemption of its investments in Investee Funds ranges in frequency from weekly to semi-annually. The exposure to investments in Investee Funds at fair value, by strategy employed, is disclosed in the table below.

These investments are included in the investments at fair value through profit or loss - designated in the statement of financial position.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Interest in other entities (continued)

2021	Number of Investee Funds	Net asset value of investee fund (range and weighted average) Rand	Fair value of scheme's assets of investment (Rand)*	% of net assets attributable to holders of redeemable shares**	Credit rating
Stanlib Income Fund	55 266	57 300 000 000	433 771 301	0.76%	Aa1.za
Ninety-One - Corporate	3 513	39 617 062 857	151 866 851	0.38%	Aa1.za
Money Market Fund					
	-	96 917 062 857	585 638 152	-	-

2020	Number of Investee Funds	Net asset value of investee fund (range and weighted average) Rand	Fair value of scheme's assets of investment (Rand)*	% of net assets attributable to holders of redeemable shares**	Credit rating
Stanlib Income Fund	55 172	53 557 000 000	411 249 943	0.77%	AA-(ZA)(f)
Ninety-One - Corporate	420	30 830 000 000	204 305 777	0.66%	AA-(ZA)(f)
Money Market Fund					
		84 387 000 000	615 555 720	-	-

*The fair value of financial assets **R585 638 152 (2020: R 615 555 720)** is included in the Statement of Financial Position

**This represents the entity's percentage interest in the total net assets of the Investee Funds

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

23. DEFERRAL OF IFRS 9

The effective date of IFRS 9 Financial Instruments (IFRS 9) is for annual periods beginning on or after 1 January 2018. IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI). In addition, IFRS 9 replaces the "incurred loss" model in IAS 39 Financial Instruments.

The effective date of IFRS 17 Insurance Contracts is for annual periods beginning on or after 1 January 2023. The differing effective dates of IFRS 9 and IFRS 17 could have a significant impact on insurers (including medical schemes). Entities whose predominant activity (refer paragraph 73 of this SAICA Medical Schemes Accounting Guide), is the issuing insurance contracts within the scope of IFRS 4 Insurance Contracts (IFRS 4) are afforded the option to defer the implementation of IFRS 9 (Deferral Approach) i.e. granted temporary exemption from recognising financial instruments in accordance with IFRS 9 (thus permitted to continue to apply IAS 39) until the recognition of insurance contracts has been finally settled, although this option may not be used after 1 January 2023 (due course).

The Scheme is a not-for-profit closed medical scheme; thus, the activities of the medical scheme are predominantly connected with insurance.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Deferral of IFRS 9 (continued)

In this regard, management has assessed the following:

- The medical scheme has not previously applied any version of IFRS 9: and
- The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended

31 December 2020 and subsequent years represents 97% of total liabilities, which is considered significant.

There has been no change in the medical scheme's activities that warrants a reassessment of the above information.

Thus, the Scheme met the criteria to defer the implementation of IFRS 9 and, after due consideration, made a decision to defer the implementation of IFRS 9 until the adoption of IFRS 17. The amendment of IFRS 4 Insurance Contracts requires entities to disclose the fair value at the end of the reporting period and the change in fair value during the period for groups of financial assets with contractual cash flows that are solely payments of principal and interest ('SPPI') and other financial assets separately.

Impact of adoption on the Scheme

In terms of each investment portfolio, the Scheme will need to assess if the investment will be measured subsequently at amortised cost or at fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets measured at amortised cost:

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or (a) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (b) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

With regards to the impairment of the financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Scheme has assessed that the following financial assets have contractual cash flows that meet the SPPI criteria:

- Listed bonds (government and corporate bonds) and unlisted debt securities;
- Cash and cash equivalents (current and call accounts);
- Money market instruments; and
- Insurance and non-insurance receivables.

The remaining financial assets held by the Scheme have contractual cash flows that do not represent solely payments of principal and interest. This group includes unit linked investments and equities.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Deferral of IFRS 9 (continued)

Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading. The fair value and change in fair value of the two groups or financial assets are disclosed in the following table:

Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading

	Amortised cost 2021 R	FVOCI 2021 R	Total 2021 R	FVTPL 2021 R	Total 2021 R
Available-for-sale investments					
Opening fair value	-	777,518,266	777,518,266	294,441,757	1,071,960,023
Net (disposals)/purchases	-	(125,425,373)	(125,425,373)	66,480,418	(58,944,955)
Increase/(decrease) in fair value	-	44,064,080	44,064,080	32,388,238	76,452,318
Listed bonds/unlisted debt securities	-	44,064,080	44,064,080	-	44,064,080
Listed equities/property	-	-	-	32,388,238	32,388,238
Closing fair value (note 4)	-	696,156,973	696,156,973	393,310,413	1,089,467,386
Cash			-		-
Closing fair value (note 5)	413,401,254	-	413,401,254	-	413,401,254
Cash and cash equivalents					
Closing fair value (note 5)	71,437,560	-	71,437,560	-	71,437,560
Insurance receivables					
Closing fair value (note 6)	83,515,595	-	83,515,595	-	83,515,595
Non-insurance receivables					
Closing fair value (note 6)	13,553,936	-	13,553,936	-	13,553,936

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Deferral of IFRS 9 (continued)

Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading

	Armotised cost 2020 R	FVOCI 2020 R	Total 2020 R	FVTPL 2020 R	Total 2020 R
Available-for-sale investments					
Opening fair value	-	588,041,501	588,041,501	225,566,220	813,607,721
Net (disposals)/purchases	-	193,040,392	193,040,392	68,446,948	261,487,340
Increase/(decrease) in fair value	-	(3,563,627)	(3,563,627)	428,589	(3,135,038)
Listed bonds/unlisted debt securities	-	(3,563,627)	(3,563,627)	-	(3,563,627)
Listed equities/property	-	-	-	428,589	428,589
Closing fair value (note 4)	-	777,518,266	777,518,266	294,441,757	1,071,960,023
Cash					
Closing fair value (note 5)	284,666,535	-	284,666,535	-	284,666,535
Cash and cash equivalents					
Closing fair value (note 5)	211,203,926	-	211,203,926	-	211,203,926
Insurance receivables				-	
Closing fair value (note 6)	24,680,491	-	24,680,491	-	24,680,491
Non-insurance receivables					
Closing fair value (note 6)	13,098,401	-	13,098,401	-	13,098,401

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

The following table represents the entity's exposure to credit risk on financial assets that meet the SPPI criteria:

	Listed bonds/ unlisted debt instruments	Cash and cash equivalents	Money markets instruments and cash	Insurance receivables and other short term receivables	Total
	2021	2021	2021	2021	2021
	R	R	R	R	R
Aa1.za	-	71 437 560	-	97 069 531	168 507 091
Aa1.za	-	-	413 401 254	-	413 401 254
Unrated	696 156 973	-	-	-	696 156 973
	696 156 973	71 437 560	413 401 254	97 069 531	1 278 065 318

	Listed bonds/ unlisted debt instruments	Cash and cash equivalents	Money markets instruments and cash	Insurance receivables and other short term receivables	Total
	2020	2020	2020	2020	2020
	R	R	R	R	R
Aa1.za	-	211 203 926	-	37 778 892	248 982 818
Aa1.za	-	-	284 666 535	-	284 666 535
Unrated	777 518 265	-	-	-	777 518 265
	777 518 265	211 203 926	284 666 535	37 778 892	1 311 167 618

* Other financial instruments are measured at fair valued through profit or loss

In the case of financial assets held at amortised cost, the amounts disclosed are the carrying amounts applying IAS 39, before adjusting for any impairment allowances.

24. CHANGE IN ACCOUNTING POLICY

During 2021 the Council for Medical Schemes (CMS) published **Circular 52 of 2021: Statement of Cash Flows**. In the Circular it was noted that Paragraph 19 of IAS 7 encourage entities to report cash flows from operating activities using the direct method. The Council for Medical Schemes (CMS) introduced the direct method in its 2011 annual statutory return.

The Statement of Cash Flows (SOCF) has been aligned to the prescribed format as set out in Circular 52 of 2021, with the most notable changes being the reporting of cash flows from operating activities using the direct method. The cash flows from operating activities were previously reported using the indirect method.

The change in accounting policy was applied in preparing the Summarised Financial Statements for the year ended 31 December 2021. The change was applied retrospectively, with the comparative period presented as if this accounting policy had always been applied.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Effect of the change in disclosure of the statement of cash flows

	2020 Restated R		2020 Previously R
Cash receipts from members and providers		Cash flows generated from operations before working capital changes	
Cash received from members - contributions	1 555 438 987	Working capital changes: Increase in trade and other receivables	41 603 072 60 951 206
Cash received from members and providers – other	(2 973 127)		
Cash paid to providers, employees and members		Increase in trade and other payables	(17144797)
Cash paid to providers and members – claims	(1 349 649 865)		
Cash paid to providers and employees - non-healthcare expenditure	(117 406 514)		
	85 409 481		85 409 481
Interest received	5 624 747	Interest received	5 624 747
Cash (used in)/generated from operations	91 034 228	Cash (used in)/generated from operations	91 034 228
Cash flows from investing activities		Cash flows from investing activities	
Purchases of property, plant and equipment	(536 951)	Purchases of property, plant and equipment	(536 951)
Proceeds on sale of property, plant and equipment	87 284	Proceeds on sale of property, plant and equipment	87 284
Proceeds on sale of assets classified as held for sale	-	Proceeds on sale of assets classified as held for sale	-
Purchase of other intangible assets	(43 125)	Purchase of other intangible assets	(43 125)
Purchase of financial assets	(299 173 189)	Purchase of financial assets	(299 173 189)
Sale of financial assets	259 173 189	Sale of financial assets	259 173 189
Net cash from investing activities	(40 492 792)	Net cash from investing activities	(40 492 792)

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 Restated R		2020 Previously RR
Cash flows from financing activities		Cash flows from financing activities	
Lease payments	(507 796)	Lease payments	(507 796)
Interest paid	(112 776)	Interest paid	(112 776)
Net cash from financing activities	(620 572)	Net cash from financing activities	(620 572)
Total movement in cash and cash equivalent for the year	49 920 864	Total movement in cash and cash equivalent for the year	49 920 864
Cash and Cash equivalents at the beginning of the year	161 283 059	Cash and Cash equivalents at the beginning of the year	161 283 059
Cash and Cash equivalents at the end of the year	211 203 923	Cash and Cash equivalents at the end of the year	211 203 923

25. PRIOR PERIOD ERROR

Property valuation

During 2021, the Scheme discovered that the Head Office (Athlone) property was incorrectly valued, the external valuator had used an incorrect Gross Lettable Area in previous valuations since 2015. There was an impact on the Statement of Surplus or Deficit and Other Income, reserves as a result of this error. The error has been corrected in the 2021 summarised financial statements by restating each of the affected summarised financial statement line items for the prior periods, 2019 and 2020 respectively. The following table summarises the impact on the Scheme's summarised financial statements.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Prior period error (continued)

31 December 2019

	As previously reported	Adjustment	As restated
Impact on revaluation reserves	23,699,039	(8,883,337)	14,815,702
Impact on Retained income	1,408,909,750	(6,091,295)	1,402,818,455
Impact on Total member's funds	1,444,136,789	(14,974,632)	1,429,162,157

Statement of Financial Position 31 December 2019

	As previously reported	Adjustment	As restated
Property, plant and equipment	51,997,164	(14,974,632)	37,022,532

Statement of Surplus and deficit 31 December 2020

	As previously reported	Adjustment	As restated
Property, plant and equipment	51,997,164	(14,974,632)	37,022,532
Depreciation on building	(880,834)	132,471	(748,363)
Impairment on revaluation of property	-	(5,651,638)	(5,651,638)
Impact on surplus or deficit	68,047,228	(5,519,167)	62,528,061
Gains/(losses) on revaluation of property	(9,393,298)	9,393,298	-

Statement of Changes in Funds and reserves 31 December 2020

	As previously reported	Adjustment	As restated
Revaluation reserve	14,305,241	510,461	14,815,702
Impact on Retained income	1,476,956,978	(11,610,462)	1,465,346,516
Impact on total reserves	1,503,243,219	(11,100,001)	1,492,143,218

Statement of Financial Position 31 December 2020

	As previously reported	Adjustment	As restated
Property, plant and equipment	41,687,295	(11,100,001)	30,587,296

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

26. GOING CONCERN

We draw attention to the fact that at 31 December 2021, the Scheme had accumulated income of **R1 517 128 534** and that the Scheme's total assets exceed its liabilities by **R1 536 589 391**.

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

The ability of the Scheme to continue as a going concern is dependent on several factors. The most significant of these is the Scheme's ability to grow its membership base, collect contributions and yield investment returns to pay claims and other obligations as they fall due.

27. COVID 19 Impact

The impact of COVID 19 had no negative effect on the going concern status of the Scheme. Scheme growth remained constant. The Scheme experienced an increase in number of terminations due to COVID 19 related deaths. The members buying down were less than expected. No contributions holidays were implemented, and the Scheme continued to collect contributions with **98%** collection rate for the year under review. For the year under review a total of **5 830** beneficiaries were affected by COVID 19. **1 815** beneficiaries were admitted in hospital of which **1 554** recovered and **376** beneficiaries died. In total the Scheme paid **R 292 982 249** in respect of COVID 19 related claims. In December 2021 the government announced the implementation of the COVID 19 booster dose of vaccine after an interval of two (2) months (60 days). The Scheme has made a provision for the booster dosage for its beneficiaries. This anticipated increase has been considered and included in the 2022 Scheme claims revised budget.

28. EVENTS AFTER REPORTING PERIOD

There were no events that occurred after the reporting date that need to be disclosed.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

29. SURPLUS/(DEFICIT) FROM OPERATIONS PER BENEFIT OPTION - 2021

	Option A 2021 R	Option B 2021 R	Total Scheme 2021 R
Gross contributions	474 073 495	1 144 295 673	1 618 369 168
Less:	(467 453 587)	(1 155 167 419)	(1 622 621 006)
Gross claims reported	(423 347 788)	(1 056 609 808)	(1 479 957 596)
Ex-gratia claims	(17 069)	(122 010)	(139 079)
Accredited managed care: Management Services	(10 482 008)	(16 764 865)	(27 246 873)
Provision for IBNR movement	(36 748 543)	(86 695 745)	(123 444 288)
Forensic and MVA Recoveries	3 141 820	5 025 010	8 166 830
GROSS HEALTHCARE RESULTS	6 619 908	(10 871 746)	(4 251 838)
Administration expenses	(37 886 246)	(60 595 053)	(98 481 299)
Net impairment loss	(103 785)	(165 994)	(269 779)
Administration expenses – Benefit management services	(276 050)	(441 512)	(717 562)
Broker fees	(1 628 166)	(2 604 080)	(4 232 246)
NET HEALTHCARE RESULT	(33 274 339)	(74 678 385)	(107 952 724)
NET DEFICIT FROM OPERATIONS	(33 274 339)	(74 678 385)	(107 952 724)
Month end membership as at 31 December 2021			
Membership (Main members)	13 542	21 659	35 201
Dependant members	13 377	27 818	41 195
Total beneficiaries	26 919	49 477	76 396

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

30. SURPLUS/(DEFICIT) FROM OPERATIONS PER BENEFIT OPTION - 2020

	Restated Option A 2020 R	Restated Option B 2020 R	Restated Total Scheme 2020 R
Gross contributions	422 728 552	1 060 652 154	1 483 380 706
Less:	(375 181 123)	(1 000 519 406)	(1 375 700 529)
Gross claims reported	(337 027 430)	(905 787 416)	(1 242 814 846)
Ex-gratia claims	-	(13 464)	(13 464)
Accredited managed care: Management Services	(10 281 211)	(17 019 229)	(27 300 441)
Provision for IBNR movement	(31 327 405)	(83 418 479)	(114 745 885)
Forensic and MVA Recoveries	3 454 923	5 719 183	9 174 106
GROSS HEALTHCARE RESULTS	47 547 429	60 132 748	107 680 177
Administration expenses	(35 611 678)	(58 950 575)	(94 562 253)
Net impairment loss	(275 283)	(455 695)	(730 978)
Administration expenses – Benefit management services	(560 223)	(927 377)	(1 487 600)
Broker fees	(1 241 479)	(2 055 110)	(3 296 590)
NET HEALTHCARE RESULT	10 409 332	(1 344 619)	9 064 712
NET DEFICIT FROM OPERATIONS	10 409 332	(1 344 619)	9 064 712
Month end membership as at 31 December 2020			
Membership (Main members)	12 956	21 447	34 403
Dependant members	12 958	27 981	40 939
Total beneficiaries	25 914	49 428	75 342

31. AUDITED ANNUAL FINANCIAL STATEMENTS

The audited Annual Financial Statements can be obtained from the Scheme's registered offices:

Business Address:

Cnr. Lascelles Road and Trematon Street
Athlone
7764

P.O. Box 134
Athlone
7760



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NEED MORE INFORMATION

CONTACT US ON:

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Sharecall: 0860 104 117 or 021 697 9000

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P.O. Box 134, Athlone, 7760

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Online Platforms:

www.samwumed.org



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SAMWUMED Health



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MEDSCHEME



Hospital Authorisation & Enquiries

Tel: 0860 33 33 87

Email: samwumed.authorisations@medscheme.co.za

Chronic Medicine Management

Tel: 0860 33 33 87

Email: E-mail: samwumedcmm@medscheme.co.za

Oncology

Tel: 0860 33 33 87, **Email:** cancerinfo@medscheme.co.za

HIV Management

Aid for AIDS (AfA)

Member Enquiries – Tel: 0860 100 646, **Email:** afa@afadm.co.za

Netcare 911 Ambulance Services

Tel: 082 911

FRAUD Hotline - 0860 112 811



Email: fraud@medscheme.co.za

SMS: 33490 (R1.50)



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