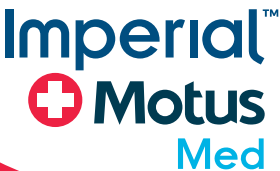


Notice of the Annual General Meeting



See inside
for details of
hybrid
meeting

TO BE HELD ON WEDNESDAY, 17 JULY 2024

Including the annual financial statements
for the year ended 31 December 2023

IMPORTANT NOTICES TO ALL MEMBERS

TWENTY-EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-eighth Annual General Meeting of Members of the Imperial and Motus Medical Aid will be held via a hybrid platform on Wednesday, 17 July 2024 at 15:00.

The Scheme has made provision for members or their proxies to participate in the meeting by way of an electronic platform hosted by The Meeting Specialist (Pty) Ltd – TMS or in person at Motus Head Office, Bedfordview. Should you or your proxy wish to participate, please complete the enclosed form and email it to TMS at **proxy@tmsmeetings.co.za** by no later than 12:00 on Wednesday, 10 July 2024.

Upon receipt of the required information, you or your proxy will be provided with a secure code and instructions on how to access the hybrid meeting. Please note that access to the meeting will be at the expense of members who wish to make use of the facility. For those attending in person, please ensure you have your smart device on hand when attending the meeting at Motus Head Office for voting purposes.

UNDESIRABLE BUSINESS PRACTICE

The Council for Medical Schemes (CMS) is enjoined to protect the interests of the beneficiaries at all times. To this end, the CMS monitors medical schemes' compliance with rules and the provisions of the Medical Schemes Act, No 131 of 1998 (the Act), as well as other legislation relating to medical schemes.

The CMS continues to monitor medical schemes' general meetings, especially against the background of incidents where meetings have previously been disrupted by members who were disgruntled with the process that schemes follow in convening general meetings, as well as meetings convened contrary to the Rules of the Scheme, and elections conducted in a questionable manner.

The Registrar of Medical Schemes (the Registrar) has, based on findings from medical scheme monitoring and inspection initiatives, and with the concurrence of the CMS and the Minister of Health, declared some practices related to medical scheme practices, irregular and undesirable, as described in Notice 943 of 2017 in the Government Gazette published on 5 December 2017.

This relates specifically to approaching or persuading a person to stand as a candidate, the canvassing of proxies for a particular person, and funding or organising the election of a candidate. For more detail, please access the Notice on the CMS website at **www.medicalschemes.com** under Circulars (Circular 15 of 2018).

AGENDA

1. CONFIRMATION OF MINUTES

To confirm the minutes of the Imperial and Motus Medical Aid Annual General Meeting held on 20 July 2023.

2. ADOPTION OF REPORTS AND ACCOUNTS

To receive and adopt the report of the Board of Trustees, as well as the Auditor's report and statements of accounts for the twelve (12) months ended 31 December 2023.

3. APPOINT AUDITORS

To appoint Auditors in terms of Rule 22.1.

4. APPOINTMENT OF A TRUSTEE

One member-elected Trustee to be appointed (a nomination form is included on pages 58 and 59).

5. OTHER BUSINESS

To transact such other business as may be transacted at the Annual General Meeting.

If you are unable to attend the meeting, you may nominate a proxy or the Chairman to vote on your behalf. A proxy form is included on page 60.

Notice of motions to be placed before the Annual General Meeting must reach the Scheme's office by no later than seven (7) days before the meeting and can be sent to:

The Principal Officer
Imperial and Motus Medical Aid
PO Box 2287
Bellville
Cape Town
7535

OR

The Principal Officer
Imperial and Motus Medical Aid
No 1 South Park
66 South Road
Linden Extension
Gauteng
2194

OR email to proxy@tmsmeetings.co.za

BY ORDER OF THE BOARD OF TRUSTEES



Fred Meier
Principal Officer
Imperial and Motus Medical Aid

MINUTES OF THE TWENTY-SEVENTH ANNUAL GENERAL MEETING

OF THE IMPERIAL AND MOTUS MEDICAL AID HELD HYBRID ON 20 JULY 2023 AT 12:00

WELCOME AND APOLOGIES

Mr. Janse van Rensburg, Chairman of the Board of Trustees welcomed everyone present at the 27th Annual General Meeting of Imperial and Motus Medical Aid. He extended a welcome to his fellow Trustees and Scheme Officials present. A special welcome was extended to the Scheme's newly appointed Independent Principal Officer, Mr. Fred Meier, and a special thank you was extended to the Scheme's previous Principal officer Mr. Johan van der Walt who started the Scheme in 1995 and served as the Principal Officer until February 2023.

In addition, the Chairman welcomed Ms. Boitumelo Motholo from the Council for Medical Schemes, who attended the AGM virtually.

Mr. Janse van Rensburg indicated that the impact of the Covid-19 pandemic is less severe in 2023 and the Board of Trustees of Imperial Motus Med therefore decided that the AGM for this year will be held by way of a combination of electronic participation (virtually) and in person participation. The Scheme has retained the services of The Meeting Specialist Proprietary Limited ("TMS") to host the AGM remotely and to assist the attendees in person at the meeting on an interactive electronic platform by facilitating electronic participation and voting by members, if required. TMS has also been appointed to act as scrutineer for purposes of checking Proxy Forms deposited for use and for counting votes should it be required. Please take note that, in terms of Rule 23.3.1 of the Registered Scheme Rules, only persons who have been reasonably verified have the right to participate in, and vote at, this meeting. This extends to persons who are in possession of a valid Proxy Form which has been filed in accordance with the Notice of the Annual General Meeting, and members who are reflected in the Register as at the Record Date for this meeting.

The Chairman took the attendees through some essential guidelines for the meeting and how they could participate.

CONSTITUTION OF THE MEETING

There were forty-five members present virtually and in person, which were entitled to vote. In addition, 5 proxies were received. Accordingly, the Chairman declared that the quorum required in terms of the Registered Scheme Rules for the holding of an Annual General Meeting and the passing of the resolutions set out in the notice of the Annual General Meeting were present. He therefore declared the meeting duly constituted.

THE NOTICE OF THE MEETING

The Chairman referred the attendees to the Notice of the Annual General Meeting and noted that the notice of the meeting was taken as read. The Annual Financial Statements for the year ended 31 December 2022 is available at the Scheme's registered Office to view on request.

There were three (3) items on the agenda which needed to be adopted, which the Chairman went through and allowed time in between each item for questions.

1. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 30 JUNE 2022

The draft set of minutes of the Annual General Meeting held on 30 June 2022 was distributed to all members in advance. No questions were raised in this regard and the content of the set of minutes was therefore **adopted** as a true reflection by the meeting attendees.

2. ADOPTION OF REPORTS AND ACCOUNTS

The Report of the Board of Trustees, including the Auditor's Report and the statement of accounts for the year ended 31 December 2022, were distributed to all members with the AGM Notice. There being no questions or concerns raised, the content of these documents was therefore **adopted** by the attendees of the meeting.

3. APPOINTMENT OF AUDITORS

The Chairman informed the members in attendance that the Audit Committee proposed and recommended the re-appointment of Deloitte at the 11 April 2023 Audit Committee Meeting for the ensuing year. No questions nor concerns were raised and therefore the proposal to re-appoint Deloitte for the ensuing year was **adopted**.

4. APPOINTMENT OF A MEMBER ELECTED TRUSTEE

The Chairman informed the meeting that the Scheme received one nomination which was for Mr. J Berman whose term of office as a member elected Trustee expires during July 2023. Seeing that no other nominations were received, voting was not required, and Mr. Berman was reappointed for the next term of office of five years.

5. OTHER BUSINESS

The Chairman confirmed that the Scheme received two questions before the start of the Annual General Meeting.

This first question posed related to how the introduction of the National Health Insurance (NHI) Bill would impact the Scheme and the benefits members currently enjoy. The Chairman thanked the member for this question, which was probably on the minds of all the Imperial Motus Med members since the passing of the NHI Bill by the South African National Assembly. While the passing of the NHI Bill by the National Assembly marks a significant milestone in the nation's journey towards universal healthcare, both the Government and many experts are of the opinion that the implementation of the NHI Bill will take many years to be finalised and implemented. **In the short to medium term**, we do not expect any direct impact on the Scheme and the benefits members currently enjoy as the NHI Bill must still be passed by the National Council of Provinces (NCOP), after which it is sent to the President to sign it into legislation. **In the longer term**, the NHI Bill in its current format will have an impact on the ability of Medical Schemes (and therefore this Scheme) to continue to offer the same comprehensive benefits our members currently enjoy, as the NHI Bill anticipates a complementary role for Medical Schemes, offering additional benefits and services beyond what the NHI covers. The Scheme will engage in a process to analyse and plan for the impact of this legislation on the scheme and will keep members informed of the progress of the implementation of the NHI Bill and any changes to the Scheme as they become clear.

The second question related to the high cost of living, people struggling to get by and whether there is any possibility that the Scheme would consider reviewing the 15% co-payment to offer some financial relief to members. Mr. Van Wyk commented that the Trustees and Scheme management is aware of the matter and have been grappling with possible solutions over the past few years.

5. OTHER BUSINESS (CONTINUED)

The following context is required to grasp the solutions currently under consideration:

1. The Trustees are aware that any solution must be sustainable over the longer term. It is known that reducing the 15% co-payment currently applied to “day-to-day” expenses will increase the utilisation of members of the Scheme. Such increased utilisation will impact future contribution increases and have the effect of higher contribution increases over time. The 15% co-payment is applied to benefits where there is a degree of choice of utilisation and over many years it was determined that placing some responsibility upon the member for these benefits creates a more responsible utilisation of these benefits for the Scheme. While this is not an exact science, keeping the right balance within the benefit structure is critical for the longer-term success of the Scheme.
2. The Trustees are also aware that the Scheme has healthy reserves and if a legal and sustainable way could be found to utilise the reserves in excess of the statutory requirements and/or appropriate level of reserves for the Scheme to the benefit of our members, some real financial relief can be given to members without compromising the longer-term sustainability of the Scheme.

The Trustees have been working on and will be considering further proposals which will give members real financial relief to fund co-payments and will communicate with members once such a workable solution is formulated.

There being no further business to transact, the Chairman closed the meeting.

Chairman

Date



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Registration number: 01559

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A copy of the complete set of the Annual Financial Statements can be obtained from:

Imperial and Motus Medical Aid
No 1 South Park
66 South Road
Linden Extension
Gauteng
2194
South Africa



REPORT OF THE BOARD OF TRUSTEES

Registration number: 01559

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

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The Imperial and Motus Medical Aid (“the Scheme”) is a “not for profit restricted membership scheme” registered in terms of the Medical Schemes Act 131 of 1998, as amended (“the Act”).

1.2 Benefit options within the Imperial Group Medical Scheme

Two benefit options are available to eligible members of the Scheme. Both benefit options cover prescribed minimum benefits in full. The Imperial Motus Med Health Plan is a traditional plan that provides unlimited private hospital cover and major medical expenses at 100% of the Medical Scheme Rate. Day-to-day benefits are covered at 85% of the Medical Scheme Rate up to generous annual limits. The Imperial Motus Med Budget Plan provides low-cost cover for essential, basic healthcare with unlimited in-hospital cover at 100% of the Medical Scheme Rate, only prescribed minimum benefit chronic conditions, a general practitioner network with specialist referrals and day-to-day benefits at 85% of the Medical Scheme Rate, with relatively low annual limits.

2. MANAGEMENT

2.1 Trustees in office during the year under review

OJ Janse van Rensburg	Employer representative: Chairman
CFP De Klerk	Employer representative
ADSS Sarria	Member representative
JD Berman	Member representative
S Tewary-Ahmed	Member representative
WC Heard	Employer representative

2.2 Principal Officer

JJ van der Walt	Fred Meier
Waterkloof Marina 180	31 Orchid Valley
296 Orion Avenue	Brackenridge Estate
Waterkloof Ridge	Plettenberg Bay
0181	6600

Resigned 8 February 2023	Appointed 8 February 2023
--------------------------	---------------------------

2.3 Registered office address and postal address

No 1 South Park
66 South Road
Linden Extension
2195

2.4 Medical Scheme administrator during the year

Momentum Health Solutions (Pty) Ltd

268 West Avenue PO Box 7400
Centurion Centurion
0157 0046

Accreditation number: 13

2.5 Investment managers during the year

Coronation Asset Management (Pty) Ltd

7th Floor, Montclare Place
C/o Campground and Main Roads
Cape Town
7708

Financial Service Provider Number: 548

Investec Asset Management SA (Pty) Ltd

36 Hans Strijdom Avenue
Cape Town
8001

Financial Service Provider Number: 587

Sygnia Asset Management (Pty) Ltd

7th Floor, The Foundry
Cardiff Street
Cape Town
8001

Financial Service Provider Number: 873

2.6 Investment consultant and advisor during the year

Sygnia Asset Management (Pty) Ltd

7th Floor, The Foundry
Cardiff Street
Green Point
Cape Town
8001

Financial Service Provider Number: 873

2.7 Actuary

Mr Gary Scott (B.Sc FASSA)

NMG Consultants and Actuaries (Pty) Ltd
Nicol Way West Office Block
Corner William Nicol Drive and Wedgewood Link
Bryanston
Gauteng
2021

2. MANAGEMENT (CONTINUED)

2.8 Auditors

Deloitte & Touche

The Ridge
6 Marina Road
Portwood District
V&A Waterfront
Cape Town
8000

PO Box 578
Cape Town
8000

3. INVESTMENT STRATEGY OF THE SCHEME

The Scheme's investment objective is to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

These policies are reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and surplus funds available. The Scheme invested in insurance policies and cash instruments during 2023.

Sygnia Asset Management (Pty) Ltd ("Sygnia") is an independent asset manager that provides outsourced services which facilitates the unitisation of the assets held by the Scheme.

4. MANAGEMENT OF INSURANCE RISK

The primary 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 health of the Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

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

Insurance events are, by their nature, random, and the actual number and size of events during 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 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.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics

	2023 Imperial Motus Med Health Plan	2023 Imperial Motus Med Budget Plan	2023 Total	2022 Imperial Motus Med Health Plan	2022 Imperial Motus Med Budget Plan	2022 Total
Number of members at the end of the year	6 173	1 063	7 236	6 184	1 004	7 188
Average number of members for the year	6 247	1 040	7 287	6 201	965	7 166
Number of beneficiaries at the end of the year	14 069	1 928	15 997	14 346	1 863	16 209
Average number of beneficiaries for the year	14 361	1 919	16 280	14 449	1 805	16 254
Average age per beneficiary	31	27	31	31	27	31
Dependant ratio to members at 31 December	1.28	0.81	1.21	1.32	0.86	1.26
Pensioner ratio	4.26%	2.59%	4.06%	4.11%	2.47%	3.92%
Average insurance revenue per member per month	R5 636	R2 768	R5 227	R5 374	R2 685	R5 012
Average insurance revenue per beneficiary per month	R2 452	R1 500	R2 340	R2 306	R1 435	R2 210
Average insurance service expenses per member per month	R4 874	R2 324	R4 510	R4 787	R1 890	R4 397
Average insurance service expenses per beneficiary per month	R2 120	R1 260	R2 019	R2 054	R1 010	R1 939
Insurance service expenses as a percentage of insurance revenue	94.68%	93.56%	94.59%	96.07%	80.03%	94.91%
Average attributable, administration and other expenses per member per month	R347	R348	R348	R320	R319	R320
Average attributable, administration and other expenses per beneficiary per month	R151	R188	R156	R137	R171	R141
Average managed care services per member per month	R105	R105	R105	R99	R99	R99
Non-healthcare expenses as a percentage of gross insurance income	6.17%	12.57%	6.65%	5.95%	11.90%	6.38%
Average accumulated funds per member at 31 December	R101 810	R101 810	R101 810	R93 586	R93 586	R93 586
Return on investments as a percentage of investments	7.19%	7.19%	7.19%	3.71%	3.71%	3.71%

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (CONTINUED)

5.2 Results of the Scheme

The results of the Scheme are set out in the financial statements that accompany this report.

The Scheme has seen an increase in membership during 2023.

5.3 Solvency ratio

The solvency ratio is calculated as follows:

Insurance contract liability to future members
per statement of financial position

736 699 401

672 696 625

Less:

Cumulative unrealised gains on financial assets
at fair value through profit or loss

(76 910 400)

(67 567 402)

Accumulated funds per regulation 29

659 789 001

605 129 223

Gross insurance revenue

457 062 717

430 973 749

Accumulated funds ratio

144.4%

140.4%

The accumulated funds ratio remains well in excess of the statutory requirement of 25% of Insurance revenue, and the Scheme remains in a sound financial position.

5.4 Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves on page 19.

There have been no other unusual movements in reserves that the Trustees believe should be brought to the attention of the members of the Scheme.

5.5 Liability for incurred claims

Movements in the liability for incurred claims are set out in note 6 to the financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

6. ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels, as well as the calculation of the liability for incurred claims and the risk adjustment.

7. CONTINGENCIES

There were no potential liabilities contingent on the outcome of litigations, claims, guarantees or suretyships at 31 December 2023.

8. LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE SCHEME AND TO OTHER RELATED PARTIES

The Scheme has not made any loans to participating employers of Scheme members or other related parties.

9. EVENTS AFTER REPORTING DATE

At the date of finalisation of the financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the financial statements.

10. GOING CONCERN

The Trustees continue to be of the opinion that the Scheme will be able to continue as a going concern; refer to note 27 of the notes to the annual financial statements for additional disclosure on events after reporting date.

11. RELATED PARTY TRANSACTIONS

Refer to related parties and related party transactions disclosed in note 18 to the financial statements.

12. AUDIT COMMITTEE

The Audit Committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The Committee, at year end, consists of six members of which two are members of the Board of Trustees. The majority of its members, including the chairperson, are not officers of the Scheme or its third party administrator. The Committee met on two occasions during the course of the year as follows:

- » 11 April 2023; and
- » 7 November 2023.

The Chairman of the Scheme, the administrator's financial manager and the external auditors have unrestricted access to the Chairman of the Audit Committee.

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

The Committee comprises:

- | | |
|-------------------|-----------------------------|
| » Mr F Seedat | (Chairman) |
| » Mr J Berman | (Member representative) |
| » Mr CFP de Klerk | (Employer representative) |
| » Ms U Ragunanund | |
| » Ms B Francis | |
| » Mr W Buckton | Resigned 31 August 2023 |
| » Mr T Venter | Appointed 1 September 2023. |

No fees were paid to the Audit Committee members in 2023.

13. TRUSTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustee meeting attendances and attendances by members of the Board at committee meetings.

	Trustee/ Contribution Review Meetings		Annual General Meeting		Benefit Review	
Board of Trustee members (BOT)	A	B	A	B	A	B
OJ Janse van Rensburg: Chairman	3	3	1	1	1	1
CFP de Klerk	3	3	1	1	1	1
WC Heard	3	2	1	1	1	1
ADSS Sarria	3	3	1	1	1	1
JD Berman	3	3	1	1	1	1
S Tewary-Ahmed	3	3	1	1	1	1

	Trustee/ Contribution Review Meetings		Audit Committee Meetings		Annual General Meeting		Benefit Review	
Principal Officer	A	B	A	B	A	B	A	B
JJ van der Walt (Principal Officer) Resigned 8 Feb 2023	0	0	0	0	0	0	0	0
PRW Meier (Independent Principal Officer) Appointed 8 Feb 2023	3	3	2	2	1	1	1	1

	Audit Committee Meetings	
Audit Committee members	A	B
F Seedat (Chairman)	2	2
W Buckton - Resigned 31 August 2023	1	1
U Ragunanund	2	2
B Francis	2	2
J Berman	2	2
CFP de Klerk	2	2
T Venter - Appointed 1 September 2023	1	1

A – total possible number of meetings could have attended

B – actual number of meetings attended

C – independent members

14. NON-COMPLIANCE MATTERS

The following areas of non-compliance with the Act were identified during the year:

Contravention of Section 26(7)

Nature and impact

In terms of section 26(7) of the Act, contributions must be paid directly to a medical scheme by no later than three business days after payment becomes due. Amounts were received after the prescribed three business days of the month following the last business day in which it became due, as stipulated in the Rules.

Causes for the failure

Premiums reconciliations typically take more than three days to be resolved, and instances of non-compliance might occur. This is common in the industry and is not viewed as material.

Corrective action

The Scheme has strict credit control policies to minimise the risk of non-recovery.

Contravention of Section 35(8)(a) and (c)

Nature and impact

In terms of Section 35(8)(a) and (c) of the Act, a Scheme shall not invest any of its assets in an employer who participates in the medical scheme or any administrator associated with the medical scheme.

Causes for the failure

The Scheme holds indirect investments in Motus Holdings Limited through its linked insurance policy investment with Sygnia Life Limited.

The Scheme also holds indirect investments in Momentum Metropolitan Limited (holding company of the administrator), Sanlam Limited and Discovery Holdings (holding companies of medical scheme administrators) through its linked insurance policy investment with Sygnia Life Limited.

Corrective action

The non-compliance is as a result of the Scheme's assets being invested in a linked policy of insurance. The Scheme does not dictate to the asset managers which investment holding to purchase. These investments are part of the total insured portfolio and selling this non-compliant investment would result in the complete sale of the entire portfolio.

A new application for exemption was submitted to the Registrar on 3 October 2022 and approved by the Registrar. The exemption will be valid for a period of 3 years, effective 1 December 2022 to 30 November 2025.

15. TRANSITION FOR IFRS 17 INSURANCE CONTRACTS

Change in accounting policies as a result of the adoption of IFRS 17 have been applied using the full retrospective approach. Based on the requirements of IFRS 17, the Scheme was identified a mutual entity which is different to the accounting under IFRS 4. It is expected that the remaining assets of the Scheme will be used to pay current and future policyholders.

As the Scheme is in a surplus position it is recognised a liability in its statement of financial position to provide coverage to future members. This liability is in essence incurred because the Scheme is obliged to:

- » provide coverage to that member;
- » pay incurred claims of that member; or
- » provide coverage to future members (IFRS 17.B71 liability).

On measurement of the liability to future members, the fulfilment cash flows of this liability are measured incorporating information about the fair value of other assets and liabilities of the Scheme.

As a result of the recognition of the liability of future members, an additional onerous contract liability was not recognised.

The impact of ongoing equity of the Scheme as a result of IFRS 17 was R2 663 329 on 1 January 2022. The impact on insurance liabilities was R2 663 329.

The classification of the Scheme as a mutual entity resulted in the Scheme not having a Statement of Changes in Members' Funds and Reserves beyond the opening statement of its financial statements. The Scheme applied the transition provision in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item.



Chairman



Trustee



Principal Officer

Date: 13 June 2024

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the financial statements of Imperial and Motus Medical Aid, comprising the statement of financial position at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year then ended and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards and in the manner required by the Medical Schemes Act of South Africa.

The Trustees' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Trustees' responsibilities also include maintaining adequate accounting records and an effective system of risk management. The Trustees have ultimate responsibility for the system of internal control.

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

Imperial and Motus Medical Aid 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 assets are safeguarded, and the risks facing the business are being controlled.

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

The Scheme's external auditors are responsible for auditing the financial statements in terms of International Standards on Auditing and their report is presented on pages 12 to 16.

Approval of financial statements

The financial statements of Imperial and Motus Medical Aid set out on pages 17 to 57 as identified in the first paragraph, were approved by the Board of Trustees on 13 June 2024 and are signed on its behalf by:



Chairman



Trustee



Principal Officer

Date: 13 June 2024

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Imperial and Motus Medical Aid is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are proposed and elected by the members of the Scheme and the employers ensuring equal representation of elected and appointed members.

BOARD OF TRUSTEES

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

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

INTERNAL CONTROL

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

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

The Trustees have reviewed the most recent Service Organisation Review Report of the administrator produced for the administration platform, to assist in assessing the adequacy of the internal control environment.

The control objectives that were not achieved have been noted as have the action points initiated by the administrator to rectify these weaknesses. The Trustees agree with the conclusion reached by the administrator that overall operational control was achieved in 2024.



Chairman



Trustee



Principal Officer

Date: 13 June 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of Imperial and Motus Medical Aid

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Imperial and Motus Medical Aid (the Scheme), set out on pages 17 to 57, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

REPORT ON THE FINANCIAL STATEMENTS

Key Audit Matter	How the matter was addressed
<p>Incurred but not reported (IBNR) component of the liability for incurred claims (LIC)</p> <p>As disclosed in note 6, the carrying amount of the LIC is R22 430 838 (2022: R17 126 380), this included an IBNR component of R20 036 822 (2022: R14 883 789) at year end.</p> <p>IFRS requires the Scheme to determine the carrying amount for the liability for incurred claims which includes the expected cash flows represented by the IBNR. The Scheme uses actuaries to determine calculate the best estimate of these cash flows.</p> <p>This amount is disclosed in note 6 of the annual financial statements. This matter is considered a key audit matter as the underlying calculation requires the use of significant assumptions, estimates and judgements by management.</p>	<p>In evaluating the valuation of the Incurred but not reported component of the LIC, we audited the calculations and performed various procedures which included:</p> <ul style="list-style-type: none"> • Testing the integrity of the information used in the calculation of the Incurred but not reported component of the LIC by performing substantive procedures to test the accuracy and completeness of data used in the valuation of the balance; • With the assistance of our actuarial specialists, assessed the appropriateness of the methodology and assumptions used in determining the Incurred but not reported component of the LIC, performed an independent calculation of the estimate of the provision under historical claims data and trends, and using this estimate as a basis of assessing the reasonableness of the Scheme's estimate of provision. A recalculation of the provision for 2021 and 2022 was also performed for reasonability; and • Assessing the presentation and disclosure in respect of the provision and considered the adequacy of these disclosures. <p>Based on the work performed, we are comfortable that the Incurred but not reported component of the LIC is appropriately valued and disclosed for 31 December 2023 and transition periods 31 December 2021 and 2022 in line with the requirements of IFRS 17.</p>

Other Information

The Scheme's Trustees are responsible for the other information. The other information comprises the information included in the *Audited Financial Statements* which includes the *Report of the Board of Trustees*, *Statement of Responsibility by the Board of Trustees* and *Statement of Corporate Governance by the Board of Trustees*. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

relation to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements¹

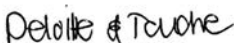
Non-compliance with the Medical Schemes Act of South Africa²

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit. The instances of non-compliance have been fully disclosed in Note 25 of the Financial Statements to which the report refers.

Audit tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, *Audit Tenure*, we report that Deloitte & Touche has been the auditor of Imperial and Motus Medical Aid for sixteen years.

The engagement associate director, Ilze De Villiers, has been responsible for Imperial and Motus Medical Aid's audit for four years.



Ilze de Villiers

Associate Director
Registered Auditor
13 June 2024

¹ ISA 700 (Revised), paragraphs 43 to 45.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	2023	*Restated 2022	*Restated 1 January 2022
		R	R	R
ASSETS				
Non-current assets				
Financial assets at fair value through profit and loss	2	514 338 824	467 940 418	444 889 854
		240 884 143	229 940 298	213 801 871
Current assets				
Trade and other receivables	3	52 920	35 036	17 948
Cash and cash equivalents	4	240 831 223	229 905 262	213 783 923
Total assets		755 222 967	697 880 716	658 691 725
LIABILITIES				
Non-current liabilities				
Insurance contract liability to future members	5.1	736 699 401	672 696 625	638 415 569
Current liabilities				
Insurance contract liability to current members	5.2	16 604 665	23 854 216	19 158 958
Trade and other payables	7	1 918 901	1 329 875	1 117 198
Total funds and liabilities		755 222 967	697 880 716	658 691 725

*The 2022 comparatives have been restated as a result of changes in significant accounting policies due to the adoption of the IFRS 17 accounting standard. Refer to Note 1 on standards that are effective on or after 1 January 2023 for detailed changes in significant accounting policies and the transition note 28.

STATEMENT OF PROFIT OR LOSS OR OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	*Restated 2022
		R	R
Insurance revenue	8	457 062 717	430 973 749
Insurance service expenses		(496 358 201)	(443 333 337)
Claims incurred	9	(385 565 106)	(373 755 349)
Changes that relate to past service - adjustments to the LIC		(21 415 026)	(15 626 740)
Losses on onerous contracts and reversal of these losses		-	-
Third party claim recoveries		375 819	4 142 676
Managed care: management services	10	(9 180 544)	(8 493 950)
Attributable expenses incurred	11	(16 570 568)	(15 318 918)
Amount attributable to future members**		(64 002 776)	(34 281 056)
Insurance service result		(39 295 484)	(12 359 588)
Other income		54 606 539	34 468 279
Investment income	14	6 145 858	3 833 546
Sundry income		345 023	-
Unrealised gains on investments at fair value through profit or loss	2 & 4	9 342 998	-
Realised gains on financial assets	15	38 772 660	30 634 733
Other income and expenditure		(15 311 055)	(22 108 691)
Administration and other operating expenses	12	(13 423 036)	(11 919 148)
Net impairment on healthcare receivables	13	(396 483)	(240 945)
Asset management fees		(1 491 536)	(1 401 935)
Unrealised losses on financial assets at fair value through profit or loss	2 & 4	-	(8 546 663)
Total comprehensive income for the year		-	-

* The 2022 comparatives have been restated as a result of changes in significant accounting policies due to the adoption of the IFRS 17. Refer to note 1.1 on standards that are effective on or after 1 January 2023 for detailed changes in significant accounting policies and the transition note 28.

** Under IFRS 17 the net loss or profit for the year is included as part of insurance service expenses.

STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2023

Balance as at 1 January 2022 (previously reported)

IFRS 17 Transition restatement

Balance as at 1 January 2022 (restated)

R
641 078 898
(641 078 898)
-

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

Notes	2023	2022
	R	R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	456 087 414	428 016 369
Cash receipts from members - contributions	456 192 780	428 169 152
Cash receipts from members and providers - others	(105 366)	(152 783)
Cash paid to providers, employees and members	(441 335 511)	(407 473 074)
Cash paid to providers, employees and members - claims	(422 455 588)	(386 321 672)
Cash paid to providers, employees and members - non-healthcare expenditure	(30 896 104)	(28 427 323)
Sundry income	345 023	-
Investment income	11 689 042	7 293 009
Movement in the accrued interest	(17 884)	(17 088)
Net cash from operating activities	14 751 903	20 543 295
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(517 107 695)	(159 575 506)
Proceeds on disposal of investments	507 135 895	151 320 004
Interest received	6 145 858	3 833 546
Net cash utilised in investing activities	(3 825 942)	(4 421 956)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10 925 961	16 121 339
Cash and cash equivalents at the beginning of the year	229 905 262	213 783 923
Cash and cash equivalents at the end of the year	240 831 223	229 905 262

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the Scheme that are consistent with those of the previous year, unless otherwise indicated.

1.1 Basis of preparation

The annual financial statements are prepared in accordance with IFRS® Accounting Standards and in accordance with the requirements of the Medical Schemes Act of South Africa. IFRS® Accounting Standards comprise International Financial Reporting Standards, International Accounting Standards (IAS) and the interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

Historical cost

The annual financial statements are prepared on a going concern basis using the historical cost convention, except for the following:

- » Certain financial assets and liabilities (including derivative instruments) – measured at fair value.
- » Insurance assets and liabilities – measured in terms of IFRS 17 current estimates.

Use of estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amount of assets, liabilities and contingent liabilities at the reporting date as well as affecting the reported income and expenditure for the year. The actual outcome may differ from these estimates.

Implementation of new standards

The following new standards were adopted by the Scheme effective 1 January 2023.

Standard	Impact on the Scheme
IFRS 17: Insurance Contracts	<p>The Standard was issued in May 2017 and replaces IFRS 4: Insurance Contracts.</p> <p>The Standard creates one accounting model for all insurance contracts and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts that fall within the scope of IFRS 17.</p> <p>Contracts issued by the Scheme to its members are included in the scope of IFRS 17 and the Scheme was therefore required to adopt IFRS 17 effective 1 January 2023, applied retrospectively.</p>

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations issued and not yet effective in 2023 and relevant to the Scheme

Standard	Summary of requirements	Effective date
IAS 1 Presentation of Financial Statements	<p>Classification of Liabilities as Current or Non-current:</p> <p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.</p> <p>There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.</p> <p>The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.</p> <p><i>Disclosure of accounting policies</i></p> <p>The amendments require schemes to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.</p>	1 January 2024

1.2 Financial instruments

Classification

The Scheme classifies its financial assets in the following categories: at fair value through profit or loss, at fair value through other comprehensive income at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income. Equity investments that are held for trading and equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

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

(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. The Scheme's loans and receivables comprise 'trade and other receivables' in the statement of financial position. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Scheme holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(c) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

Recognition and initial measurement

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Derecognition

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments

Subsequent measurement of debt instruments depends on the Scheme's business model for managing the asset and the cash flow characteristics of the asset.

Equity instruments

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

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

Trade and other 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 current assets. The Scheme's financial instruments at amortised cost comprises 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Scheme holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise current accounts and deposits held on call with banks. Cash and cash equivalents are subsequently measured at amortised cost.

Impairment of financial assets

Debt instruments that are measured subsequently at amortised cost are subject to impairment. In relation to the impairment of financial assets an expected credit loss model is required. The expected

credit loss model requires the Scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Scheme recognises a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost;
2. Trade receivables and contract assets; and
3. Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

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

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Derecognition of assets or financial liabilities

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Scheme is recognised as a separate asset or liability.

Where the Scheme neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Scheme determines whether it has retained control of the financial asset. In this case: The Scheme derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Scheme has a current legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.3 Significant judgements

The Scheme used the confidence level to determine the risk adjustment.

1.3.1 Mutual entity assessment

Based on the requirements of IFRS 17, the Scheme was recognised as a mutual entity; therefore it is expected that the remaining assets of the Scheme will be used to pay the claims of current and future members. The Scheme recognised a liability in its statement of financial position to provide coverage to future members.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3.2 Unit of account (Level of aggregation)

Judgement has been applied to how the Imperial and Motus Medical Aid determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio as the Scheme as a whole due to the holistic pricing methodologies and risk management strategy that manages the risk on a Scheme level.

The above is demonstrated by the following:

- » Hospital claims are managed on a Scheme level.
- » Chronic conditions are managed on a Scheme level, i.e. no matter the option, the member will have access to the chronic condition management benefit.
- » Pricing and benefit option changes are determined at a Scheme level to manage member migration between different benefit options to ensure each option is sustainable.
- » Risk (utilisation and concentration) is managed holistically.

1.3.3 Risk adjustment – liability for incurred claims (LIC)

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

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

1.4 Significant estimates

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

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

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 6.

1.4.1 Estimates of future cash flows to fulfil insurance contracts

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

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

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

1.4.2 Methods used to measure the insurance contracts

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

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

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

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

The following was taken into account when estimating the LIC:

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

1.5 Insurance contracts

1.5.1 Insurance contract

Insurance contracts are contracts under which the Scheme accepts significant insurance risk from a member by agreeing to compensate the member if a specified uncertain future event adversely

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

affects the member. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Scheme uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Scheme has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

1.5.2 Unit of account

The Scheme has assessed their portfolio to be at a Scheme level as a whole.

Please refer to note 1.3.1 for the assessment.

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

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

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

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

Imperial and Motus Medical Aid does not have any contracts that require separation or combination of insurance contracts.

1.5.3 Contract boundary

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

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

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

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

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

The Scheme has assessed all its contracts and determined all contracts have a boundary of one year.

1.5.4 Recognition and derecognition

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

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

An insurance contract is derecognised when it is:

- » extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- » if the terms are modified due to an agreement between the Scheme and its member or by regulation and the modification terms meet the requirement in IFRS 17.72.

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

1.5.5 Initial and subsequent measurement

The criteria in IFRS 17.53 should be considered to determine if a scheme would be able to use the Premium Allocation Approach (PAA). Imperial and Motus Medical Aid contracts all have a coverage period of one year or less and are therefore eligible to apply the PAA model.

The Scheme uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for all healthcare insurance contracts as each of these contracts has a coverage period of one year or less.

For insurance contracts issued, on initial recognition, Imperial and Motus Medical Aid measures the Liability for remaining coverage (LFRC) at the amount of contributions received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

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

- a. the LFRC; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

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

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

- a. best estimate of fulfilment cash; and
- b. risk adjustment.

Refer to notes 1.3.2 and 1.4.1 for the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

Discounting in the PAA

IFRS 17.59(b) allows a policy choice whether to adjust the measurement for the impact of the time value of money and other financial risks, if the settlement of the claims is expected within 12 months.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Imperial and Motus Medical Aid has made the choice not to discount the group of contracts.

If the group of contracts becomes onerous, the Scheme increases the carrying amount of the LFRC to the amounts of the FCF determined under the general measurement model (GMM) (as described for the LIC above) with the amount of such an increase recognised in insurance service expenses. Subsequently, the Scheme amortises the amount of the loss component within the LFRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group.

1.5.6 Onerous contract assessment

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

1.5.7 Insurance revenue

As the Scheme provides services under the group of insurance contracts, it reduces the LFRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Scheme expects to be entitled to in exchange for those services. For the group of insurance contracts measured under the PAA, the Scheme recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts.

1.5.8 Expenses

Insurance service expenses

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

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

1.6 Investment income

Interest income is recognised using the effective interest rate method, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Scheme. Realised gains or losses on disposal of financial assets at FVTPL are recognised in surplus or deficit as investment income.

1.7 Liabilities and related assets under the liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, and comparing this amount to the carrying value of the liability net of any related assets. Where a shortfall is identified, an additional provision is made and the Scheme recognises the deficiency in surplus or deficit for the year.

1.8 Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- » Insurance revenue; and
- » Claims incurred.

The remaining items are apportioned based on a percentage split calculated by the Scheme's management:

- » Accredited managed healthcare services (no transfer of risk)
- » Attributable expenses incurred
- » Other income
- » Other expenditure

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	R	R
Fair value at the beginning of the year	467 940 418	444 889 854
Additions	517 107 695	159 575 506
Disposals	(507 135 895)	(151 320 004)
Net gain	36 426 606	14 795 062
Realised gain on disposal of financial assets at fair value through profit or loss	24 014 539	16 859 665
Unrealised gain/(loss) on financial assets at fair value through profit or loss	12 412 067	(2 064 603)
Fair value at the end of the year	514 338 824	467 940 418
Invested with		
Sygnia Life Limited	514 338 824	467 940 418

3. TRADE AND OTHER RECEIVABLES

Accrued investment income	52 920	35 036
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4. CASH AND CASH EQUIVALENTS

	2023	2022
	R	R
Call accounts	77 414 614	76 125 122
Current accounts	28 089 040	27 294 394
Money market	135 327 569	126 485 746
Total cash and cash equivalents	240 831 223	229 905 262

The Scheme's holding in the call and money market accounts are via linked policies of insurance. The Scheme does therefore not hold direct access to the accounts.

The weighted average effective interest rate on current accounts was 6.10% (2022: 3.39%) and deposits was 8.00% (2022: 6.75%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

The movement in money market instruments includes unrealised losses through profit and loss of R3 069 069 (2022: R6 482 060 loss).

The movement in money market instruments includes realised gains through profit and loss of R14 758 121 (2022: R13 775 067).

5. INSURANCE CONTRACT LIABILITY

Insurance contract liability to future members	736 699 401	672 696 625
Insurance contract liability to present members	16 604 665	23 854 216
	753 304 066	696 550 841

5.1 INSURANCE CONTRACT LIABILITY TO FUTURE MEMBERS

Opening balance	672 696 625	638 415 569
Movement in insurance liability attributable to future members	64 002 776	34 281 056
Closing balance	736 699 401	672 696 625

5.2 INSURANCE CONTRACT LIABILITY TO CURRENT MEMBERS

	2023			
	R LFRC*	R LIC** BEL***	R RA****	R Total
Opening asset	-	-	-	-
Opening liability	-	21 611 625	2 242 591	23 854 216
Net opening balance	-	21 611 625	2 242 591	23 854 216
Insurance revenue	(457 062 717)	-	-	(457 062 717)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	411 164 793	151 425	411 316 218
Third party claims recoveries	-	(375 819)	-	(375 819)
Insurance service result	(457 062 717)	410 788 974	151 425	(46 122 318)
Premium debtors to LIC	869 937	(869 937)	-	-
Cash flows				
Premiums received	456 192 780	-	-	456 192 780
Incurred claims and other insurance service expenses paid	-	(438 735 039)	-	(438 735 039)
Total cash flows	456 192 780	(438 735 039)	-	17 457 741
Net closing balance	-	(7 204 377)	2 394 016	(4 810 361)
Closing asset	-	-	-	-
Closing liability	-	14 210 649	2 394 016	16 604 665
Net closing balance	-	14 210 649	2 394 016	16 604 665
Closing liabilities				
Liability for incurred claims (note 6)				22 430 838
Insurance payables				2 555 366
Insurance receivables				(8 381 539)
				16 604 665

* LFRC - Liability for Remaining Coverage

** LIC - Liability for Incurred Claims

*** BEL - Best Estimate Liability

**** RA - Risk Adjustment

	2022			
	R LFRC*	R LIC** BEL***	R RA****	R Total
Opening asset	-	-	-	-
Opening liability	-	16 495 629	2 663 329	19 158 958
Net opening balance	-	16 495 629	2 663 329	19 158 958
Insurance revenue	(430 973 749)	-	-	(430 973 749)
Insurance service expenses				
Incurring claims and other insurance service expenses	-	397 988 955	(420 738)	397 568 217
Third party claims recoveries	-	(4 142 676)	-	(4 142 676)
Insurance service result	(430 973 749)	393 846 279	(420 738)	(37 548 208)
Premium debtors to LIC	2 804 597	(2 804 597)	-	-
Cash flows				
Premiums received	428 169 152	-	-	428 169 152
Incurring claims and other insurance service expenses paid	-	(401 552 426)	-	(401 552 426)
Total cash flows	428 169 152	(401 552 426)	-	26 616 726
Net closing balance	-	5 984 885	2 242 591	8 227 476
Closing asset	-	-	-	-
Closing liability	-	21 611 625	2 242 591	23 854 216
Net closing balance	-	21 611 625	2 242 591	23 854 216
Closing assets				
Closing liabilities				
Liability for incurred claims (note 6)				17 126 380
Insurance receivables				(7 625 454)
Insurance payables				14 353 290
				23 854 216

* LFRC - Liability for Remaining Coverage

** LIC - Liability for Incurred Claims

*** BEL - Best Estimate Liability

**** RA - Risk Adjustment

6. LIABILITY FOR INCURRED CLAIMS

Liability for incurred claims

Analysis of movements in the liability for incurred claims

Balance at beginning of year
Payments in respect of prior year
Over provision in the prior year
Adjustment for current year
Balance at end of year

2023	2022
Not covered by risk transfer arrangements	Not covered by risk transfer arrangements
R	R
22 430 838	17 126 380
22 430 838	17 126 380
17 126 380	12 872 031
(16 110 568)	(11 372 391)
1 015 812	1 499 640
21 415 026	15 626 740
22 430 838	17 126 380

Assumptions and sensitivity

Process used to determine the assumptions

The process used to determine the assumptions is intended to result in a neutral estimate of the most likely or expected outcome. The sources of data used as inputs for the provision are internal, using detailed studies that are carried out annually. There is more emphasis on current trends, and where in early months there is insufficient information to make a reliable best estimate of outstanding claims, prudent assumptions are used.

The provision is based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provision estimation difficulties also differ by category of claims (e.g. in hospital and chronic benefits) due to differences in the underlying insurance contract, claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

Method used to determine the assumptions

The Chain Ladder method is used to estimate the most likely cost of outstanding claims. This method extrapolates the development of paid and incurred claims to estimate the ultimate claim numbers for each benefit month based upon observed developments of earlier months. Run-off triangles (as per the Chain Ladder method) are used where it takes time after the treatment date until the full extent of the claims to be paid is known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in the known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

6. LIABILITY FOR INCURRED CLAIMS (CONTINUED)

The Chain Ladder method used varies by benefit month being considered, categories of claims and observed historical claims developments. To the extent that this method uses historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for. Such reasons include:

- » changes in processes that affect the development/recording of claims paid and incurred (such as changes in claim reserving procedures);
- » economic, legal, political and social trends (resulting in different than expected levels of inflation and/or minimum medical benefits to be provided);
- » changes in composition of members and their dependants; and
- » random fluctuations, including the impact of large losses.

The accuracy of the model is evaluated against actual known cumulative payments experienced after the reporting date insofar as these claims payments relate to the financial year end. The provision is revised if necessary, as with each additional month of claims payment data, the claims incurred and hence the provision at reporting date becomes an actual known amount.

Assumptions

The assumptions that have the greatest effect on the measurement of the outstanding claims provision are the expected percentages of claims settled after each of the first four months of the claims run-off period, before the claims turn stale.

The percentages used as assumptions are listed in the table below. The table also outlines the sensitivity of these percentages, and the impact on the Scheme's liabilities if an incorrect assumption is used.

Other assumptions

- » the claims provision is not discounted;
- » a constant proportion of total claims arising within a service month in subsequent months;
- » the claims are assumed to be fully run-off within one year;
- » the pattern of the inflation in the existing data will be projected into the future;
- » any distortions as a result of once-off events are isolated from the claims data set; and
- » claims are assumed to have a stable run-off pattern.

The assumed percentages of claims outstanding at the end of the period:

	2023	2022
	%	%
Claims outstanding for:		
» December	50	42
» November	11	10
» October	5	2
» September	2	1
» August and prior	0	0

Changes in assumptions and sensitivities to changes in key variables

The table below outlines the sensitivity of insured liability estimates to particular movements in assumptions used in the estimation process. It should be noted that this is a deterministic approach with no correlations between the key variables.

Where variables are considered to be immaterial, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present. However, should the materiality level of an individual variable change, assessment of changes to that variable in the future may be required.

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

The impact of the sensitivity of the assumed percentages for the four-month period September until December are set out below:

	Increase in liability 2023	Increase in liability 2022
	R	R
Effect of a 1% increase in assumed percentage	1 633 583	1 509 788
Effect of a 2% increase in assumed percentage	3 313 624	3 057 833
Effect of a 3% increase in assumed percentage	5 042 353	4 645 703

7. TRADE AND OTHER PAYABLES

	2023	2022
	R	R
Financial liabilities		
Other payable and accrued expenses	1 918 901	1 329 875

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

8. INSURANCE REVENUE

Gross insurance revenue	457 062 717	430 973 749
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9. CLAIMS INCURRED

Current year claims

2023	2022
R	R
385 565 106	373 755 349

10. MANAGED CARE: MANAGEMENT SERVICES

Specialist, hospital referrals and pre-authorisations

Pharmacy benefit management

Disease risk management

Specialist network management

GP network management

2 717 604	2 514 045
2 466 469	2 281 720
2 189 686	2 025 669
1 681 040	1 562 819
125 745	109 697
9 180 544	8 493 950

11. ATTRIBUTABLE EXPENSES INCURRED

Actuarial fees

- INBR calculations

- Pricing and benefit design

Administration fees paid in respect of accredited services:

- Administrator

- Administration expenditure: benefit management services (not accredited managed care)

Third party claims recovery administration fees

150 489	141 278
852 771	800 572
14 940 079	13 807 111
511 289	471 344
115 940	98 613
16 570 568	15 318 918

12. ADMINISTRATION AND OTHER OPERATING EXPENSES

	2023	2022
	R	R
Audit fees		
- Audit service	949 749	526 735
- Audit expenses (internal)	259 100	238 990
Bank charges	184 178	172 538
Board of Healthcare Funders' levies	113 930	107 212
Commission	1 871 671	1 726 166
Compliance and governance services	1 711 874	1 582 075
Consulting fees	150 936	179 950
Council for Medical Schemes' levies	333 853	318 357
Fidelity guarantee and professional indemnity insurance premium	73 412	78 500
Fraud	368 989	340 709
Legal fees	91 500	-
Year end function	5 428	4 194
Principal Officer's fees: JJ van der Walt	586 875	445 000
Printing and stationery	204 712	163 637
Scheme management services	6 516 829	6 035 085
	13 423 036	11 919 148

12.1 TRUSTEES' AND PRINCIPAL OFFICER EXPENSES

The following records the remuneration and consideration paid to officers of the Scheme during the year:

Fees for consultancy services

Paid to the Principal Officer	586 875	445 000
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13. NET IMPAIRMENT ON HEALTHCARE RECEIVABLES

Trade and other receivables

Contributions that are not collectable

Movement in the allowance account for expected credit losses

Members' and service providers' portions that are not recoverable

Movement in the allowance account for expected credit losses

Written off

2023	2022
R	R
(29 918)	-
(29 918)	-
(366 565)	(240 945)
(366 565)	(240 945)
-	-
(396 483)	(240 945)

14. INVESTMENT INCOME

Interest income

6 145 858	3 833 546
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15. REALISED GAINS ON DISPOSAL OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Realised gains on disposal of financial assets at fair value through profit or loss

38 772 660	30 634 733
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16. SURPLUS AFTER INVESTMENT INCOME, OTHER INCOME AND OTHER EXPENDITURE, PER BENEFIT OPTION

2023

Insurance revenue

Insurance service expenses

Claims incurred

Changes that relate to past service
- adjustments to the LIC

Losses on onerous contracts and
reversal of these losses

Third party claims recoveries

Managed care: management services

Attributables expenses incurred

Insurance service result

Other income

Investment income

Sundry income

Unrealised gains on investments at
fair value through profit or loss

Realised gains on financial assets

Other income and expenditure

Administration and other expenses

Net impairment on healthcare receivables

Asset management fees

Total comprehensive income for the year

Imperial Motus Med Health Plan	Imperial Motus Med Budget Plan	Imperial Motus Med
R	R	R
422 524 259	34 538 458	457 062 717
(400 042 159)	(32 313 266)	(432 355 425)
(357 816 236)	(27 748 870)	(385 565 106)
(20 543 830)	(871 196)	(21 415 026)
-	-	-
324 078	51 741	375 819
(7 869 892)	(1 310 652)	(9 180 544)
(14 136 279)	(2 434 289)	(16 570 568)
22 482 100	2 225 192	24 707 292
47 539 335	7 067 204	54 606 539
5 680 257	465 601	6 145 858
295 071	49 952	345 023
7 964 847	1 378 151	9 342 998
33 599 160	5 173 500	38 772 660
(13 192 286)	(2 118 769)	(15 311 055)
(11 574 977)	(1 848 059)	(13 423 036)
(338 641)	(57 842)	(396 483)
(1 278 668)	(212 868)	(1 491 536)
56 829 149	7 173 627	64 002 776

16. SURPLUS AFTER INVESTMENT INCOME, OTHER INCOME AND OTHER EXPENDITURE, PER BENEFIT OPTION (CONTINUED)

	Imperial Motus Med Health Plan	Imperial Motus Med Budget Plan	Imperial Motus Med
2022	R	R	R
Insurance revenue	399 883 072	31 090 677	430 973 749
Insurance service expenses	(384 171 325)	(24 880 956)	(409 052 281)
Claims incurred	(352 444 575)	(21 310 774)	(373 755 349)
Changes that relate to past service - adjustments to the LIC	(13 734 570)	(1 892 170)	(15 626 740)
Losses on onerous contracts and reversal of these losses	-	-	-
Third party claims recoveries	3 572 152	570 524	4 142 676
Managed care: management services	(7 350 529)	(1 143 421)	(8 493 950)
Attributables expenses incurred	(14 213 803)	(1 105 115)	(15 318 918)
Insurance service result	15 711 747	6 209 721	21 921 468
Other income	30 440 559	4 027 720	34 468 279
Investment income	3 554 341	279 205	3 833 546
Realised gains on investments at fair value through profit and loss	26 886 218	3 748 515	30 634 733
Other expenditure	(18 295 657)	(3 813 034)	(22 108 691)
Administration fees and other operating expenses	(9 358 932)	(2 560 216)	(11 919 148)
Asset management fees	(1 213 432)	(188 503)	(1 401 935)
Net impairment on healthcare receivables	(207 742)	(33 203)	(240 945)
Unrealised losses on investments at fair value through profit or loss	(7 515 551)	(1 031 112)	(8 546 663)
Total comprehensive income for the year	27 856 649	6 424 407	34 281 056

17. PROFESSIONAL INDEMNITY AND FIDELITY GUARANTEE INSURANCE

In accordance with the Rules, the Scheme has a fidelity policy underwritten by Camargue Underwriting Managers (Pty) Ltd (policy number: 2023/88932) in the name of the Scheme which, at 31 December 2023, amounted to R40 million (2022: R40 million).

18. RELATED PARTY TRANSACTIONS

Background information

Related entities include	Relationship
Momentum Health Solutions (Pty) Ltd	Administrator
Momentum Health Solutions (Pty) Ltd	Managed care provider
NMG Consultants and Actuaries (Pty) Ltd	Actuaries
Imperial	Employer
Motus Holdings Limited	Employer
Medi Call (Pty) Ltd	Key management personnel
Board of Trustees	Key management personnel
Principal Officer	Key management personnel

Parties with significant influence over the Scheme

Momentum Health Solutions (Pty) Ltd has significant influence over the Imperial and Motus Medical Aid, as Momentum Health Solutions (Pty) Ltd participates in Imperial and Motus Medical Aid's financial and operating decisions, but does not control Imperial Group Medical Scheme. Momentum Health Solutions (Pty) Ltd provides administration services.

Metropolitan Holdings Ltd, has significant influence over the Scheme as a managed care provider, but does not control the Scheme.

NMG Consultants and Actuaries (Pty) Ltd, has significant influence over the Scheme as the actuarial consultants, but does not control the Scheme.

Medi Call (Pty) Ltd has significant influence over the Scheme as the Scheme's management services provider, but does not control the Scheme.

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees and the Principal Officer. The Trustees are employed by Imperial and Motus Holdings Limited.

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

18. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Contributions received	This constitutes the contributions paid by the related party as a member of the Scheme, in its individual capacity. All contributions were at the same terms as applicable to other members.
Claims incurred	This constitutes amounts claimed by the related parties, in their individual capacity as members of the Scheme. All claims were paid out in terms of the Rules of the Scheme.
Contribution debtor	This constitutes outstanding contributions payable. The amounts are due immediately. No provisions for doubtful debts have been raised on these amounts.

Transactions with entities that have significant influence over the Scheme:

	2023	2022
	R	R
Statement of comprehensive income		
Administration fees	17 726 662	16 372 656
Managed care fees	9 180 544	8 493 950
Actuarial fees	1 003 260	941 850
Statement of financial position		
Managed care fees due	44 033	40 871
Scheme management service fees due	541 682	505 318
Principal Officer fees due	50 000	12 500
Transactions with key management personnel:		

Statement of comprehensive income

Trustee and Principal Officer - Contributions received	556 466	512 808
Trustee and Principal Officer - Claims incurred	255 774	395 608
Principal Officer's fees - JJ van der Walt	-	307 500
Principal Officer succession fees - F Meier	586 875	137 500
Scheme management service	6 516 829	6 035 085

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

Transaction	Nature of transactions and terms and conditions thereof
Administration fees	The administration agreement is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement shall continue for an initial period of three years from 1 January 2011; thereafter it is automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on six months' notice. The outstanding balance bears no interest and is due within seven days of the month to which it relates. The contract with Metropolitan Health Corporate (Pty) Ltd was ceded to Momentum Health Solutions (Pty) Ltd effective 1 January 2017.
Managed care fees	The managed care agreement is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement shall continue for an initial period of three years from 1 January 2011; thereafter it is automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on six months' notice. The outstanding balance bears no interest and is due within seven days of the month to which it relates. The contract with Metropolitan Health Corporate (Pty) Ltd was ceded to Momentum Health Solutions (Pty) Ltd effective 1 January 2017.
Actuarial fees	The actuarial agreement is in accordance with instructions given by the Trustees of the Scheme. The agreement is automatically renewed each year unless notification of termination is received. Either party has the right to terminate the agreement on 120 days' notice. The outstanding balance bears no interest and is due within 30 days.
Scheme management services	The Medi Call agreement is in terms of the agreement between the Scheme and Medi Call and in accordance with instructions given by the Trustees of the Scheme. The agreement is automatically renewed each year unless notification of termination is received. The Scheme or the Scheme Manager may terminate the agreement by giving the other party no less than six calendar months' written notice. The outstanding balance bears no interest and is due within 30 days.

19. INSURANCE RISK MANAGEMENT

Risk management objectives, policies, processes and methods for mitigating insurance risk

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

19. INSURANCE RISK MANAGEMENT (CONTINUED)

The Board of Trustees looks at overall risk including insurance risk. The Board of Trustees is responsible for recommending any changes to the benefit options to ensure that the Scheme's exposure to insurance risk remains within the specified levels. Reference has also been made to the Medical Schemes Act when recommending changes.

The Board of Trustees determines whether or not the Scheme should enter into any risk transfer arrangements.

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 as well as the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The Scheme analyses the distribution of claims per category of claim, average age of members per member group, average age per benefit option, actual number of members per benefit option and the geographic distribution of members.

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. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The Scheme re-rates the Scheme benefits annually, to ensure that the necessary underwriting surplus or loss is maintained or minimised relative to the risk exposure. It is relatively easy to access the future claim payments since the large majority is lodged soon after the year-end before the four-month expiration of claims period comes into effect.

The tables below summarise the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred, by age group and in relation to the type of risk covered/benefits provided.

2023

Age grouping (in years)		General Practitioners and Specialists	Allied Health	Auxilliary Services	Medicines	Hospital	Other	Total
		R	R	R	R	R	R	R
< 26	Net	22 530 383	4 023 831	1 859 227	9 487 302	28 713 136	6 311 790	72 925 669
26 – 35	Net	19 467 240	1 726 413	1 404 508	7 794 579	21 512 524	2 780 830	54 686 094
36 – 50	Net	37 867 376	3 867 718	3 771 548	21 288 170	34 922 726	8 165 263	109 882 801
51 – 65	Net	28 921 109	2 448 200	1 845 796	17 633 858	34 486 124	7 620 944	92 956 031
> 65	Net	17 412 536	896 954	490 677	10 580 807	21 482 709	4 250 828	55 114 511
Total current year claims	Net	126 198 644	12 963 116	9 371 756	66 784 716	141 117 219	29 129 655	385 565 106

2022

Age grouping (in years)		General Practitioners and Specialists	Dentistry	Optometry	Medicines	Hospital	Other	Total
		R	R	R	R	R	R	R
< 26	Net	25 813 058	4 189 031	1 646 611	9 826 383	33 678 750	6 494 387	81 648 220
26 – 35	Net	17 924 502	1 852 016	1 537 982	6 470 661	20 596 000	3 097 460	51 478 621
36 – 50	Net	38 584 403	3 990 982	3 472 378	16 704 205	35 577 275	7 929 961	106 259 204
51 – 65	Net	28 888 181	2 370 422	1 749 698	14 358 853	30 620 348	6 518 193	84 505 695
> 65	Net	17 137 402	787 166	494 541	7 463 668	19 559 007	4 421 825	49 863 609
Total current year claims	Net	128 347 546	13 189 617	8 901 210	54 823 770	140 031 380	28 461 826	373 755 349

General practitioner benefits cover the cost of all visits by members to general practitioners and of the procedures performed by them.

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

Dentistry benefits cover the cost of all visits by members to dental practitioners and the procedures performed by them, up to a prescribed annual limit per member.

Optometry benefits cover the cost of all visits by members to optometrists, the cost of prescribed glasses and contact lenses and the cost of procedures performed by optometrists, up to a prescribed annual limit per member.

Medicine benefits cover the cost of all medicines prescribed to members, up to a prescribed annual limit per beneficiary.

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

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

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

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

20. CAPITAL MANAGEMENT

The Scheme’s objective is to manage its capital in such a way that the annual contribution increase to members is as low as possible, and if possible in line with the participating employer’s salary increases. The Scheme therefore decided to use some of its investment income to fund deficits that might occur as a result of operational losses.

Capital adequacy risk is the risk that there may be insufficient reserves to provide for adverse variations on actual and future experience.

The Scheme monitors capital using a solvency ratio, which is accumulated funds divided by gross contributions.

The Medical Schemes Act requires the Scheme to maintain a solvency ratio of 25%. The Scheme’s solvency ratio as at 31 December 2023 was 144.4% (2022: 140.4%), which is well above this required minimum.

This measure of capital is consistent with the prior year, and there have been no changes in the Scheme’s objectives, policies and procedures for managing capital from 31 December 2022 to 31 December 2023.

21. FINANCIAL RISK MANAGEMENT

The Scheme’s activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Scheme’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Scheme holds to meet its obligations to its members. The most important components of these financial risks are market risk and credit risk.

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

	2023	2022
	R	R
Financial assets at fair value through profit and loss	514 338 824	467 940 418
Cash and cash equivalents	240 831 223	229 905 262
Trade and other receivables	52 920	35 036
Insurance contract liability to future members	736 699 401	672 696 625
Insurance contract liability to present members	16 604 665	23 854 216
Trade and other payables	1 918 901	1 329 875

Financial risk management strategy and policy

Risk management and investment decisions are made under the guidance and policies approved by the Board of Trustees. The Trustees identify, evaluate and economically hedges (where appropriate) financial risks associated with the Scheme’s investment portfolio. They provide written principles for

overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

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

Market risk

Interest rate risk

The Scheme's investment policy is to hold the majority of investments in interest bearing instruments. The majority of the Scheme's investments are exposed to changes in market interest rates.

Interest rate risk - sensitivity analysis

Sensitivity of members' funds due to changes in the interest rate

The impact has been evaluated by looking at the change to total comprehensive income and total members' funds based on a decrease of 1% or decrease of 5% in the market interest rates applicable at 31 December 2023, for each class of financial instrument with all other variables remaining constant as follows:

Sensitivity analysis table at 31 December 2023

	2023 Actual	Interest rate decreases by 1%	Interest rate decreases by 5%
	R	R	R
Change in interest bearing financial assets through profit or loss	184 094 417	(1 840 944)	(9 204 721)
Change in cash and cash equivalents	240 831 223	(2 408 312)	(12 041 561)

	2022 Actual	Interest rate decreases by 1%	Interest rate decreases by 5%
	R	R	R
Change in interest bearing financial assets through profit or loss	135 013 631	(1 350 136)	(6 750 682)
Change in cash and cash equivalents	229 905 262	(2 299 053)	(11 495 263)

The above sensitivity analysis is based on the following assumptions:

- » changes in the market interest rates affect the interest income or expense of variable interest financial instruments; and
- » the financial assets and liabilities at 31 December 2023 remain until maturity or settlement without any action by the Scheme to alter the resulting interest rate exposure.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk management

The Scheme is exposed to equity price risks resulting from the equity investments in the underlying policies and portfolios it invests in. The equity instruments are indirectly held by the Scheme in terms of its investment strategy and restrictions exerted by the Medical Schemes Act. No specific concentration of risk exist for the equity price risk as the investments are diversified to minimise the risk to the Scheme. The following table details the Scheme's sensitivity to a 1% or 5% decrease/increase in the fair value of the instruments. The sensitivity analysis includes equity backed investments and illustrates the impact on the surplus or deficit and total members' funds at year end.

Equity price risk sensitivity analysis

	2023 Actual	JSE ALSI decreases by 1%	JSE ALSI decreases by 5%
	R	R	R
Change in equity backed by financial assets through profit or loss	379 325 193	(2 176 194)	(10 880 969)
Total comprehensive income for the year	64 002 776	61 826 582	53 121 807
Liability to future members	736 699 401	734 523 207	725 818 432

	2022 Actual	JSE ALSI decreases by 1%	JSE ALSI decreases by 5%
	R	R	R
Change in equity backed by financial assets through profit or loss	332 926 787	(2 229 568)	(11 147 838)
Total comprehensive loss for the year	34 281 056	31 630 750	23 133 218
Liability to future members	672 696 625	670 467 057	661 548 787

The equity price sensitivity analysis is based on the following assumptions:

The sensitivity analysis for equity instruments are based on the assumption that all the shares per the Johannesburg Stock Exchange All Share index (JSE ALSI) decrease by 1% or 5%.

Currency risk

The Scheme operates in South Africa and therefore its cash flows are denominated in South African rand (ZAR). The investment managers invest in a foreign collective investment scheme comprising call accounts and unsettled cash balances, which exposes the Scheme to foreign currency risk resulting from fluctuations in foreign exchange rates during the year. For purposes of seeking investment diversification, the Scheme has invested 2.4% (2022: 2.4%) of its investable assets in an offshore account. As at 31 December 2023, this equates to R18.3m (2022: R16.4m).

Credit risk

The Scheme's principal financial assets exposed to credit risk are cash and cash equivalents, trade and other receivables and financial assets at fair value through profit and loss. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Cash transactions are limited to high credit quality financial institutions. The Scheme manages the credit risk, specifically relating to trade and other receivables, by ensuring it applies a strict credit policy.

Cash and cash equivalents

The credit risk on liquid funds is limited because the counter parties are financial institutions with high credit ratings.

Credit risk exposure	Amount	Counter party	Credit rating
2023	R		
<i>Cash and cash equivalents</i>	36 711 618	ABSA	BB-
	10 859 153	FirstRand	BB-
	14 144 374	Investec	BB-
	130 413 692	Nedbank	BB-
	46 171 205	Standard Bank	BB-
	22	HSBC	AA-
	1951	African Bank Limited	B
	21	China Construction Bank	A
	2 529 187	Coronation call account	

Credit risk exposure	Amount	Counter party	Credit rating
2022	R		
<i>Cash and cash equivalents</i>	15 340 953	ABSA	BB-
	10 053 726	FirstRand	BB-
	16 833 626	Investec	BB-
	91 267 551	Nedbank	BB-
	75 043 333	Standard Bank	BB-
	223	HSBC	AA-
	21 665	China Construction Bank	A
	4 936 613	Citi Bank	A
	16 404 657	International Bank	
	2 915	Standard Chartered Bank	A

The credit risk exposure on trade and other receivables has been set out on page 53 of these financial statements.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations as they fall due in the ordinary course of business. The availability of funding through liquid holding cash positions with various financial institutions ensures that the Scheme has the ability to fund its day-to-day operations.

The table below summarises the Scheme's maturity analysis of insurance and other payables, as well as insurance and other receivables and the expected maturity analysis for the outstanding claims provision.

The liquidity risk analysis is based on the following assumptions:

- » The outstanding claims provision is based on an estimate of the payments to be made within the first four months after becoming due, as per the Scheme Rules, or unless otherwise arranged; and
- » The maturity of trade and other payables is based on the pre-defined regulatory contractual terms.

2023

LIABILITIES

Current liabilities

Insurance contract liability to present members

Trade and other payables

Total current liabilities

ASSETS

Current assets

Cash and cash equivalents

Trade and other receivables

Total current assets

	Up to 1 month	Between 1 and 3 months	More than 3 months	Total
	R	R	R	R
Insurance contract liability to present members	10 954 795	5 530 909	118 961	16 604 665
Trade and other payables	1 918 901	-	-	1 918 901
Total current liabilities	12 873 696	5 530 909	118 961	18 523 566
ASSETS				
Current assets				
Cash and cash equivalents	240 831 223	-	-	240 831 223
Trade and other receivables	52 920	-	-	52 920
Total current assets	240 884 143	-	-	240 884 143
	228 010 447	(5 530 909)	(118 961)	222 360 577

2022

LIABILITIES

Current liabilities

Insurance contract liability to present members

Up to 1 month	Between 1 and 3 months	More than 3 months	Total
R	R	R	R
13 677 840	7 850 573	2 325 803	23 854 216
1 329 875	-	-	1 329 875
15 007 715	7 850 573	2 325 803	25 184 091

Trade and other payables

Total current liabilities

ASSETS

Current assets

Cash and cash equivalents

229 905 262	-	-	229 905 262
35 036	-	-	35 036
229 940 298	-	-	229 940 298
214 932 583	(7 850 573)	(2 325 803)	204 756 207

Trade and other receivables

Total current assets

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- » **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- » **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- » **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable market data).

2023

Financial assets at fair value through profit and loss

Sygnia (insurance policy) (recurring)

Level 1	Level 2	Level 3
R	R	R
-	514 338 824	-
-	514 338 824	-

Total available-for-sale investments

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

2022

Financial assets at fair value through profit and loss

Sygnia (insurance policy) (recurring)

Total available-for-sale investments

Level 1	Level 2	Level 3
R	R	R
-	467 940 418	-
-	467 940 418	-

Credit risk - trade and other receivables

2023

Insurance receivables

- Insurance outstanding

- Recoveries from members

- Supplier overpayments

Other receivables

Cash and cash equivalents

Fully performing	Past due	Impairment	Net
R	R	R	R
12 173 488	1 214 066	(913 332)	12 474 222
11 965 506	147 595	(330 252)	11 782 849
20 958	157 348	(107 465)	70 841
187 024	909 123	(475 615)	620 532
52 920	-	-	52 920
240 831 223	-	-	240 831 223
253 057 631	1 214 066	(913 332)	253 358 365

2022

Insurance receivables

- Insurance outstanding

- Recoveries from members

- Supplier overpayments

Other receivables

Cash and cash equivalents

7 690 581	481 639	(546 767)	7 625 453
7 354 348	15 350	-	7 369 698
224 831	(73 185)	(146 237)	5 409
111 402	539 474	(400 530)	250 346
35 036	-	-	35 036
229 905 262	-	-	229 905 262
237 630 879	481 639	(546 767)	237 565 751

Age analysis of past due amounts:

2023

Insurance receivables

- Contributions outstanding

- Recoveries from members

- Supplier overpayments

30 days	60 days	90 days +	Net
R	R	R	R
285 217	201 788	727 061	1 214 066
29 289	22 108	96 198	147 595
4 812	4 257	148 279	157 348
251 116	175 423	482 584	909 123
285 217	201 788	727 061	1 214 066

2022

Insurance receivables

- Contributions outstanding

- Recoveries from members

- Supplier overpayments

30 days	60 days	90 days +	Net
R	R	R	R
33 626	(34 185)	482 198	481 639
13 456	-	1 894	15 350
5 658	(6 560)	(72 283)	(73 185)
14 512	(27 625)	552 587	539 474
33 626	(34 185)	482 198	481 639

22. TAXATION

The Scheme is exempt from income tax in terms of Section 10(1)(d) of the Income Tax Act.

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

In the process of applying the Scheme's accounting policies, the Trustees have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

1. Provision for outstanding claims is made based on various factors as discussed in note 6.
2. The Scheme's financial instruments are measured at fair value as indicated in note 1 and it is usually possible to determine their fair values within a reasonable range of estimates.
3. Provision is made for impairment of debt according to historical trends in the recoverability based on the ageing.

23. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The following amounts are provided for:

- » Arrear contributions older than 120 days;
- » Any amounts due from pensioners, resigned members and deceased members; and
- » Supplier debt over 120 days.

These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. estimated cash flows, etc.) and therefore cannot be determined with precision.

24. COMMITMENTS

There were no commitments for capital expenditure as at 31 December 2023 (2022: nil).

25. NON-COMPLIANCE MATTERS

The following areas of non-compliance with the Act were identified during the year:

Contravention of Section 26(7)

Nature and impact

In terms of Section 26(7) of the Act, contributions must be paid directly to a medical scheme by no later than three business days after payment becomes due. Amounts were received after the prescribed three business days of the month following the last business day in which it became due, as stipulated in the Rules.

Causes for the failure

Premiums reconciliations typically take more than three days to be resolved, and instances of non-compliance might occur. This is common in the industry and is not viewed as material.

Corrective action

The Scheme has strict credit control policies to minimise the risk of non-recovery.

Contravention of Section 35(8)(a) and (c)

Nature and impact

In terms of Section 35(8)(a) and (c) of the Act, a Scheme shall not invest any of its assets in an employer who participates in the medical scheme or any administrator associated with the medical scheme.

Causes for the failure

The Scheme holds indirect investments in Motus Holdings Limited through its linked insurance policy investment with Sygnia Life Limited.

The Scheme also holds indirect investments in Momentum Metropolitan Limited (holding company of the administrator), Sanlam Limited and Discovery Holdings (holding companies of medical scheme administrators) through its linked insurance policy investment with Sygnia Life Limited.

Corrective action

The non-compliance is as a result of the Scheme's assets being invested in a linked policy of insurance. The Scheme does not dictate to the asset managers which investment holding to purchase. These investments are part of the total insured portfolio and selling this non-compliant investment would result in the complete sale of the entire portfolio.

A new application for exemption was submitted to the Registrar on 3 October 2022 and approved by the Registrar. The exemption will be valid for a period of three years, effective 1 December 2022 to 30 November 2025.

26. EVENTS AFTER REPORTING DATE

The National Health Insurance (NHI) was signed by the President into legislation on 15 May 2024.

The Scheme has determined that this will not impact the annual financial statements and going concern assumption for the next twelve months.

27. GOING CONCERN

The Trustees have made an assessment of the ability of the Scheme to continue as a going concern based on an actuarial analysis. The Trustees believe the Scheme will be a going concern in the year ahead.

28. TRANSITION FOR IFRS 17 INSURANCE CONTRACTS

Change in accounting policies as a result of the adoption of IFRS 17 have been applied using the full retrospective approach. Based on the requirements of IFRS 17, the Scheme was identified a mutual entity which is different to the accounting under IFRS 4. It is expected that the remaining assets of the Scheme will be used to pay current and future policyholders.

As the Scheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members.

This liability is in essence incurred because the Scheme is obliged to:

- » provide coverage to that member;
- » pay incurred claims of that member; or
- » provide coverage to future members (IFRS 17.B71 liability).

28. TRANSITION FOR IFRS 17 INSURANCE CONTRACTS (CONTRACTS) (CONTINUED)

On measurement of the liability to future members, the fulfilment cash flows of this liability are measured incorporating information about the fair value of the other assets and liabilities of the Scheme.

As a result of the recognition of the liability to future members, an additional onerous contract liability was not recognised.

The impact on opening equity of the Scheme as a result of IFRS 17 was R2 663 329 on 1 January 2022. The impact on insurance liabilities was R2 663 329.

The classification of the Scheme as a mutual entity resulted in the Scheme not having a Statement of Changes in Members' Funds and Reserves beyond the opening statement in its financial statements. The Scheme applied the transition provision in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item.

TRUSTEE NOMINATION FORM

IMPERIAL AND MOTUS MEDICAL AID

The Board of Trustees consists of six Trustees, three of whom are appointed by Imperial and Motus Holdings Limited, and three elected by the members of Imperial Motus Med. One of the member-elected Trustees, Ms A Sarria, has reached the end of her term of office. Ms A Sarria is available for re-election. Below is the Trustee nomination form where you can re-elect Ms A Sarria or nominate a new Trustee.

PLEASE NOTE THAT ONLY ONE NOMINATION IS REQUIRED PER NOMINEE.

PLEASE USE BLOCK LETTERS.

I/We nominate _____
PLEASE PRINT FULL NAME AND SURNAME

to fill the position of Trustee on the Board of Trustees of the Imperial and Motus Medical Aid for the ensuing period.

Signature of **NOMINEE**: _____

NOMINEE'S membership number: _____

PROPOSING MEMBER'S name: _____

PROPOSING MEMBER'S membership number: _____

Signature of **PROPOSING MEMBER**: _____

SECONDING MEMBER'S name: _____

SECONDING MEMBER'S membership number: _____

Signature of **SECONDING MEMBER**: _____

Date: _____ 2024



TRUSTEE NOMINATION FORM (CONTINUED)

NOTE:

1. Please return the completed nomination form and an abbreviated curriculum vitae (CV)* of the nominated person to:

The Principal Officer
Imperial and Motus Medical Aid
PO Box 2287
Bellville
Cape Town
7535

OR The Principal Officer
Imperial and Motus Medical Aid
No 1 South Park
66 South Road
Linden Extension
Gauteng
2194

OR email it to proxy@tmsmeetings.co.za by no later than **Tuesday, 9 July 2024**.

2. Omission of any of the above-mentioned information will invalidate this nomination form.
3. Please provide a telephone number and email address for the nominee to facilitate the provision of relevant documentation:

Telephone number of **NOMINEE**: _____

Email address of **NOMINEE**: _____

*** The abbreviated CV should contain the following information:**

- » contact details;
- » current position and company;
- » any previous experience with regard to medical schemes; and
- » qualifications.

Only one nomination per nominee is required.

Voting takes place at the AGM and the number of votes at the AGM and proxies received will determine who is appointed as the new member-elected Trustee.

IMPORTANT NOTE:

The closing date for Trustee nominations is at close of business on Tuesday, 9 July 2024. No nominations after this date will be accepted.



PROXY FORM
IMPERIAL AND MOTUS MEDICAL AID

I, _____,

being a member of Imperial and Motus Medical Aid, do hereby appoint

_____,

who is a member of this Scheme or, failing him/her, the Chairman of the meeting, as my proxy to attend and vote on my behalf at the Annual General Meeting convened for Wednesday, 17 July 2024 at 15:00.

Dated this _____ day of _____ 2024.

Signature of **MEMBER**: _____

MEMBER'S membership number: _____

Signature of **PROXY**: _____

PROXY'S membership number: _____

Please return this proxy by email to proxy@tmsmeetings.co.za to reach the Principal Officer, through the The Meeting Specialist (Pty) Ltd, by 12:00 on Monday, 15 July 2024, which is 48 hours before the actual meeting on 17 July 2024 at 15:00.



[illegible]



