

NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD ON 13 JULY 2017



INCLUDING THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTICE TO ALL MEMBERS

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF MEMBERS OF THE IMPERIAL GROUP MEDICAL SCHEME WILL BE HELD IN THE BOARDROOM, HINGHAM OFFICE PARK, JEPPE QUONDAM, 79 BOEING ROAD EAST, BEDFORDVIEW, ON THURSDAY, 13 JULY 2017 AT 15:00.

AGENDA

1. CONFIRMATION OF MINUTES

To confirm the minutes of the Imperial Group Medical Scheme Annual General Meeting held on 15 July 2016.

2. ADOPTION OF REPORT 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 2016.

3. APPOINT AUDITORS

To appoint Auditors in terms of Rule 22.1

4. APPOINTMENT OF TRUSTEES

One member-elected Trustee and one alternate Trustee to be appointed (a nomination form is included on **pages 71 and 72**)

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 Chairperson to vote on your behalf. A proxy form is included on **page 73**.

Notice of motions to be placed before the Annual General Meeting must reach the Principal Officer no later than seven (7) days before the meeting and can be sent to:

The Principal Officer Imperial Group Medical Scheme PO Box 2140 Houghton 2041	OR	The Principal Officer Imperial Group Medical Scheme 2 nd Floor Wilds View 2 Isle of Houghton 36 Boundry Road Houghton Estate, 2041	OR	Fax to 0866 738 093
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BY ORDER OF THE BOARD OF TRUSTEES

Johannes Jacobus van der Walt
 Principal Officer
 Imperial Group Medical Scheme

MINUTES OF THE TWENTIETH ANNUAL GENERAL MEETING

OF THE IMPERIAL GROUP MEDICAL SCHEME HELD IN THE BOARDROOM, HINGHAM OFFICE PARK, JEPPE QUONDAM, 79 BOEING ROAD EAST, BEDFORDVIEW ON 15 JULY 2016 AT 15:00

WELCOME AND APOLOGIES

Mr. Van Der Walt, Principal Officer of Imperialmed, welcomed all present and informed the meeting that apologies were received for the Chairman of the Board Mr. O Arbee and from Mr. C de Klerk – Employer Appointed Trustee. Therefore, Mr. Van Der Walt proposed that Mr. F Meier stand in as the acting Chairman for the AGM, which was approved by the meeting.

Mr. Meier confirmed that a quorum was present in terms of the rules of the Scheme and the meeting was properly constituted.

Fifteen members were present at the meeting, including Mr. R Mumford the Chairman of the Imperialmed Audit Committee, who is a member of Imperialmed.

1. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 15 JULY 2015

The minutes of the Annual General Meeting held on 17 July 2015 were distributed to all members in advance and made available at the meeting. The content of the minutes were approved as being a true reflection of the meeting.

PROPOSED: Mr C van Wyk

SECONDED: Mr. J van Vuuren

2. ADOPTION OF REPORTS AND ACCOUNTS

The Report of the Board of Trustees, as well as the Auditor's Report and the statements of accounts for the year ended 31 December 2015, were distributed to all members with the AGM Notice and were tabled at the Meeting. The content of these documents were adopted by the attendees of the meeting.

PROPOSED: Mr. C van Wyk

SECONDED: Ms. A Sarria

3. APPOINTMENT OF AUDITORS

The Principal Officer proposed that the current Auditor, Deloitte & Touche be re-appointed for the ensuing year. Mr. R Mumford, the Chairman of the Audit Committee confirmed that the appointment of Deloitte & Touche was recommended at the last Audit Committee Meeting. The proposal was accepted by the attendees at the AGM and Deloitte & Touche was re-appointed for the ensuing year.

PROPOSED: Mr. J van der Walt

SECONDED: Ms. R Mumford

4. APPOINTMENT OF TRUSTEE

Mr. Meier informed the meeting that one of the Member Elected Trustees, Ms. A Sarria is up for re-election and can be re-appointed. Ms. Sarria indicated her availability for a further term. Nominations were received for Ms. Sarria and for Mr. J Berman from Liquid Capital. Mr. Van Der Walt explained that proxies received before the deadline would be taken into account for the voting and all members present at the Meeting would have one vote. He confirmed that one valid proxy were received by Ms. A Sarria, Ms. C Olivier received 96 proxies of which 85 were valid, and Mr. J Berman received 45 proxies of which 40 were valid. Ballot forms were handed out to all attendees to cast their votes, after which the votes were counted by Scheme Management. Ms. Sarria received a total of 97 votes and Mr. Berman a total of 44 votes. Ms. Sarria was therefore re-elected as Member Elected Trustee for a further term of three years.

Mr. Van Der Walt confirmed that Mr. Berman will be an alternate Trustee together with Ms. S Tewary-Ahmed standing in for the other Trustees should a Trustee not be available to attend a Board of Trustees Meeting.

5. OTHER BUSINESS

There was no other business raised for discussion.

There being no further issues to discuss, the Chairperson closed the meeting.

Chairman

Date



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Registration number: 01559

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

Principal Officer: JJ van der Walt
Imperial Group Medical Scheme
2nd Floor Wilds View 2
Isle of Houghton
36 Boundry Road
Houghton Estate
2041

REPORT OF THE BOARD OF TRUSTEES

Registration number: 01559

The Board of Trustees hereby presents its report for the year ended 31 December 2016.

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The Imperial Group Medical Scheme (“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 employees of the Imperial Group. The Imperialmed Health Plan is a traditional plan that provides unlimited private hospital cover at 100% of the Medical Scheme Rate and routine non-prescribed benefits at 85% of the Medical Scheme Rate up to generous annual limits. The Imperialmed Budget Plan provides low-cost cover for essential, basic healthcare with unlimited in-hospital cover at 100% of the Medical Scheme Rate, no chronic non-prescribed minimum benefits, 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

OS Arbee	Employer representative: Chairman
ADSS Sarria	Member representative
PRW Meier	Member representative
PMAS Fiddes	Member representative
C de Klerk	Employer representative
OJ Janse van Rensburg	Employer representative (Appointed 1 January 2016)
S Tewary-Ahmed	Alternate member

2. MANAGEMENT (CONTINUED)

2.2 Principal Officer

JJ van der Walt

2 nd Floor Wilds View 2	PO Box 2140
Isle of Houghton	Houghton
36 Boundry Road	2041
Houghton Estate	
2041	

2.3 Registered office address and postal address

2 nd Floor Wilds View 2	PO Box 2140
Isle of Houghton	Houghton
36 Boundry Road	2041
Houghton Estate	
2041	

2.4 Medical Scheme Administrator during the year Metropolitan Health Corporate (Pty) Ltd

Parc du Cap	PO Box 4313
Mispel Road	Cape Town
Bellville	8000
Western Cape	
7530	

Accreditation number: 18

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

2. MANAGEMENT (CONTINUED)

2.5 Investment managers during the year (continued)

Stanlib Asset Management (Pty) Ltd

17 Melrose Boulevard
Melrose Arch
Johannesburg
2196

Financial Service Provider Number: 719

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

Mrs M Hulme (BSc, FASSA, CFP, HIA, MHP)

Towers Watson (Pty) Ltd

Great Westerford Building Private Bag X30
2nd Floor, Suite 2 Rondebosch
South Wing 7701
240 Main Road
Rondebosch
7700

2. MANAGEMENT (CONTINUED)

2.8 Auditors

Deloitte & Touche

1 st Floor	PO Box 578
The Square	Cape Town
Cape Quarter	8000
27 Somerset Road	
Greenpoint	
8005	

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 2016.

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 – 2016

	2016 IMPERIALMED HEALTH PLAN	2016 IMPERIALMED BUDGET PLAN	2016 TOTAL	2015 IMPERIALMED HEALTH PLAN	2015 IMPERIALMED BUDGET PLAN	2015 TOTAL
Number of members at the end of the year	7 207	630	7 837	7 182	515	7 697
Average number of members for the year	7 177	563	7 740	7 259	423	7 682
Number of beneficiaries at the end of the year	16 819	1 202	18 021	16 859	973	17 832
Average number of beneficiaries for the year	16 733	1 050	17 783	16 995	793	17 788
Average age per beneficiary	29	25	29	30	26	30
Dependant ratio to members at 31 December	1.33	0.91	1.30	1.35	0.89	1.32
Pensioner ratio	3.01%	1.33%	2.90%	3.19%	1.54%	3.10%
Average net contributions per member per month	R3 908	R2 037	R3 771	R3 640	R1 907	R3 544
Average net contributions per beneficiary per month	R1 676	R1 092	R1 642	R1 555	R1 017	R1 531
Average relevant healthcare expenditure per member per month	R3 616	R1 246	R3 367	R3 307	R1 343	R3 128
Average relevant healthcare expenditure per beneficiary per month	R1 551	R668	R1 465	R1 412	R716	R1 351
Average administration cost per member per month	R239	R239	R239	R226	R227	R226
Average administration cost per beneficiary per month	R103	R128	R104	R97	R121	R98
Average healthcare management expense per member per month	R77	R77	R77	R67	R125	R71
Average healthcare management expense per beneficiary per month	R33	R41	R34	R29	R67	R31
Non-healthcare expenditure per average beneficiary per month	R103	R128	R104	R97	R121	R98
Non-health administration expenses as a percentage of gross contribution income	6.12%	11.74%	6.34%	6.22%	11.90%	6.38%
Gross claims as a percentage of gross contributions	92.54%	61.19%	91.31%	90.84%	70.40%	90.24%
Average accumulated funds per member at 31 December	R39 165	R39 165	R39 165	R36 226	R36 226	R36 226
Return on investments as a percentage of investments	6.17%	6.17%	6.17%	9.70%	9.70%	9.70%

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

5.1 Operational statistics – 2016 (continued)

Unrealised gains and losses arising from changes in the fair value of the available-for-sale investments are included in the available-for-sale reserve within the statement of financial position.

5.2 Results of the Scheme

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

The Scheme has seen continued growth in membership during 2016. It is mainly due to new Imperial employees joining the Scheme.

5.3 Solvency ratio

The solvency is calculated as follows:

Total members' funds per statement of financial position

328 082 249

300 983 910

Less:

Available-for-sale reserve (when in surplus)

(21 146 460)

(22 151 265)

Accumulated funds per regulation 29

306 935 789

278 832 645

Gross contributions

350 929 255

326 744 775

Accumulated funds ratio

87.6%

85.3%

The accumulated funds ratio remains well in excess of the statutory requirement of 25% of gross annual contributions, 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. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

5.5 Outstanding claims

Movements in the outstanding claims provision are set out in note 5 to the annual 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 Incurred But Not Reported claims provision.

7. CONTINGENCIES

There were no potential liabilities contingent on the outcome of litigations, claims, guarantees or suretyships at 31 December 2016.

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

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the Trustees consider should be brought to the attention of the members of the Scheme.

10. RELATED PARTY TRANSACTIONS

Refer to related parties and related party transactions disclosed in note 17 to the annual financial statements.

11. 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:

- » 12 April 2016; and
- » 26 October 2016.

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

11. AUDIT COMMITTEE (CONTINUED)

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 R Mumford (Chairman)
- » Mr L Hollander
- » Mr PRW Meier (Member representative)
- » Mr G Nzalo
- » Ms A de Waal
- » Mr C de Klerk (Employer representative)

No fees were paid to the Audit Committee members in 2016.

12. 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	
	A	B	A	B	A	B
Board of Trustees members						
OS Arbee (Chairman)	6	6	1	0	1	1
C de Klerk	6	6	1	0	1	0
ADSS Sarria	6	5	1	1	1	1
PRW Meier	6	5	1	1	1	1
P Fiddes	6	6	1	1	1	1
OJ Janse van Rensburg	6	6	1	1	1	0
S Tewary-Ahmed (Alternate)	6	2	1	1	1	1

12. TRUSTEE MEETING ATTENDANCE (CONTINUED)

	TRUSTEE/ CONTRIBUTION REVIEW MEETINGS		ANNUAL GENERAL MEETING		BENEFIT REVIEW		AUDIT COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
Principal Officer								
JJ van der Walt	6	6	1	1	1	1	2	2

Audit committee members	AUDIT COMMITTEE MEETINGS	
	A	B
R Mumford (Chairman) (C)	2	2
L Hollander (C)	2	2
PRW Meier	2	2
C de Klerk	2	1
G Nzalo (C)	2	2
A De Waal (C)	2	2

A – total possible number of meetings could have attended

B – actual number of meetings attended

C – independent members

13. 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

Contributions were identified that were received more than three business days after payment became due and relates to Employer Groups 4000 and 4144, which is in contravention

13. NON-COMPLIANCE MATTERS (CONTINUED)

Contravention of Section 26(7) (continued)

of both the Scheme Rules and the Act since the contributions were paid late on a few occasions. A few instances on the debit order runs were also picked up where a member did not have sufficient funds in his/her bank account or where the member closed his/her bank account, resulting in rejected debit orders. The Scheme would then need to follow-up on these amounts to arrange payment.

Corrective action

The administrator took remedial action through Medi Call (Pty) Ltd against defaulting Employer Groups and members in accordance with the approved debt mandate provided by the Scheme.

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 an indirect investment in Imperial Holdings Limited through its linked insurance policy investment with Sygnia Life Limited.

The Scheme also holds an indirect investment in MMI Holdings Limited (holding company of the administrator), 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.

The Scheme reapplied for an exemption from Section 35(8)(a) and (c) which was granted in September 2016 for a period of 12 months.

Contravention of Regulation 8

Nature and impact

Regulation 8 (1) of the Medical Schemes Act no 131 of 1998 states that subject to the

13. NON-COMPLIANCE MATTERS (CONTINUED)

provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the Prescribed Minimum Benefit (PMB) conditions. During the review of the PMB's, MMI Group Internal Audit noted two instances where PMB claim lines were not settled in full.

Causes for the failure

The administration system is programmed to settle all potential PMB claims per Scheme directive. However, we acknowledge that identifying a claim as PMB is a complex issue given the lack of a workable industry (ICD10) coding system.

Corrective action

Claims Management will continue to send the identified exception reports to Fund Management, who will alert the Scheme of potential PMB claims. Thereafter, Fund Management will execute the instructions as mandated by the Scheme.

Contravention of Regulation 30

Nature and impact

Explanatory note 2 to Annexure B read in conjunction with Regulation 30 of the Medical Schemes Act 131 of 1998, as clarified in Circular 23 of 2012, requires that the sum of deposits in categories 1(a)(i) and 1(a)(ii) exceed 20% of assets in terms of Regulation 30. At year end, the Imperial Group Medical Scheme did not meet this requirement.

Causes for the failure

The Scheme invests in the Investec Stable Money Market Fund through a linked policy of insurance in order to optimise return on its cash reserves. The bond exposure from this Fund is excluded from categories 1(a)(i) and 1(a)(ii) resulting in the non-compliance.

Corrective action

The Imperial Group Medical Scheme requested exemption from this requirement from the Council for Medical Schemes, based on the liquidity characteristics of the Investec Stable Money Market Fund. Exemption was granted and CMS indicated that no exemption is required currently due to the Investment Manager providing assurance that funds are available on demand.



Chairman



Trustee



Principal Officer

Date: 11 April 2017

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Imperial Group Medical Scheme, comprising the statement of financial position at 31 December 2016, the statement of 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 financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting 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 annual 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 Group Medical Scheme operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded, and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the annual 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 annual 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 16 to 20.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Imperial Group Medical Scheme set out on pages 21 to 70 as identified in the first paragraph, were approved by the Board of Trustees on 11 April 2017 and are signed on its behalf by:



Chairman



Trustee



Principal Officer

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Imperial Group Medical Scheme 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 administrators. 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 2016.



Chairman



Trustee



Principal Officer

Date: 11 April 2017

REPORT OF THE INDEPENDENT AUDITOR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Imperial Group Medical Aid Scheme set out on pages 21 to 70, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of funds and reserves and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Imperial Group Medical Aid Scheme as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 the auditor's professional judgment, were of most significance in the audit of the financial statements for the year ended 31 December 2016. Key audit matters are selected from matters communicated with the Audit Committee, but are not intended to represent all matters that were discussed with them. The auditor's procedures relating to these matters were designed in the context of the audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters, and we do not express an opinion on these individual matters.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED DURING THE AUDIT
<p>OUTSTANDING CLAIMS PROVISION</p> <p>IFRS requires the scheme to make provision for all future cash outflows for which the past event has occurred. In doing so the scheme calculates a best estimate of claims payments for claim events occurring prior to year-end but for which the scheme has not been notified.</p> <p>The amount is disclosed on the face of the statement of financial position as well as in note 5 of the annual financial statements. This matter is considered a key audit matter as the underlying calculation requires a use of significant assumptions, estimates and judgement by management.</p>	<p>We assess the competence of the person and organisation performing the calculation.</p> <p>We also perform tests of detail on the current year provision including testing actual claims experience subsequent to year-end to as close as possible to audit completion date.</p> <p>Lastly we engage with management around the rational for any adjustments or decisions over and above the numeric calculation.</p>
<p>RELATED PARTY DISCLOSURE</p> <p>Under IFRS and the requirements of the Medical Schemes Act of South Africa, the scheme is required to report on all transactions with related parties and whether these transactions were at arms-length. Such disclosure is provided in note 17 to these annual financial statements.</p> <p>This matter is considered a key audit matter as the principal officer to this closed scheme is also the Chief Executive Officer of the company and group (Cedar Employee Benefits and Consultants (Pty) Ltd (Pty) Ltd providing other material services in terms of services level agreements to the scheme. These companies are all subsidiaries to the closed employer group of the scheme (the Imperial Limited group of companies).</p>	<p>We perform a review of management and trustee procedures to identify, approve and disclose, in compliance with the applicable IFRS standard and the requirements of the Medical Schemes Act of South Africa, all related party transactions and balances.</p>

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

The Trustees are responsible for the other information. The other information comprises of the Report of Board of Trustees, Statement of responsibility by and Statement of corporate governance by the Board of Trustees as required by the Medical Schemes Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Annual Financial Statements

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

In preparing the annual financial statements, the 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 trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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

- » Identify and assess the risks of material misstatement of the annual 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 Group's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- » Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Scheme to express an opinion on the annual financial statements. We remain solely responsible for our audit opinion.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

The following reporting is performed in compliance with the Medical Schemes Act of South Africa and not in terms of the ISAs.

Non-compliance with the Medical Schemes Act

As required by the Council for Medical Schemes, we report that there were 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 logo for Deloitte & Touche, featuring the company name in a stylized, handwritten-style font.

DELOITTE & TOUCHE

Registered Auditors

Per: Danie Crowther

Partner

20 April 2017

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 R	2015 R
ASSETS			
Non-current assets			
Available-for-sale investments	2	207 361 645	196 672 731
Current assets			
Trade and other receivables	3	140 541 653	118 754 681
Cash and cash equivalents	4	15 397 223	14 122 728
		125 144 430	104 631 953
Total assets		347 903 298	315 427 412
FUNDS AND LIABILITIES			
Members' funds			
Accumulated funds		328 082 249	300 983 910
Available-for-sale reserve		306 935 789	278 832 645
		21 146 460	22 151 265
Current liabilities			
Outstanding claims provision	5	19 821 049	14 443 502
Trade and other payables	6	10 842 463	12 887 796
		8 978 586	1 555 706
Total funds and liabilities		347 903 298	315 427 412

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 R	2015 R
Net contribution income	7	350 292 255	326 744 775
Relevant healthcare expenditure		(319 846 915)	(294 844 681)
Net claims incurred	8	(312 685 916)	(288 331 750)
Claims incurred		(315 756 319)	(289 503 844)
Third party claim recoveries		3 070 403	1 172 094
Managed care: management services	9	(7 160 999)	(6 512 931)
Gross healthcare result		30 445 340	31 900 094
Administration and other expenses	10	(22 215 342)	(20 847 213)
Net impairment reversals on healthcare receivables	11	(811)	(14 812)
Net healthcare result		8 229 187	11 038 069
Other income		20 512 784	29 234 492
Investment income	12	4 874 634	5 881 796
Realised gains on investments	13	15 638 150	23 352 695
Other expenditure		(638 827)	(595 935)
Asset management fees		(638 827)	(595 935)
Surplus for the year		28 103 144	39 676 626
Other comprehensive income			
Unrealised loss on revaluation of available-for-sale investments	2	(1 004 806)	(16 349 335)
Total comprehensive income for the year		27 098 338	23 327 290

STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated funds	Available-for-sale reserve	Total members' funds
	R	R	R
Balance as at 1 January 2015	239 156 019	38 500 601	277 656 620
Surplus for the year	39 676 626		39 676 626
Other comprehensive income		(16 349 335)	(16 349 335)
Reclassification adjustments relating to investments disposed of		(23 352 695)	(23 352 695)
Net gain arising from revaluation of investments		7 003 360	7 003 360
Balance as at 31 December 2015	278 832 645	22 151 266	300 983 910
Surplus for the year	28 103 144		28 103 144
Other comprehensive income		(1 004 806)	(1 004 806)
Reclassification adjustments relating to investments disposed of		(15 638 150)	(15 638 150)
Net gain arising from revaluation of investments		14 633 344	14 633 344
Balance as at 31 December 2016	306 935 789	21 146 460	328 082 249

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 R	2015 R
Cash flows utilised in operating activities			
Cash flows generated from operations before working capital changes	15	18 889 052	21 727 657
Working capital changes			
Increase in trade and other receivables (gross of impairments)		(1 157 556)	(2 703 553)
Increase in trade and other payables		7 422 880	280 766
Payments on outstanding claims provision		(13 343 214)	(8 621 860)
Net cash inflow from operating activities		11 811 163	10 683 010
Cash flows from investing activities			
Purchase of investments	2	(77 334 334)	(124 180 424)
Proceeds on disposal of investments	2	81 278 764	120 540 523
Investment income		4 756 884	5 831 776
Net cash inflow from investing activities		8 701 314	2 191 875
Net increase in cash and cash equivalents		20 512 477	12 874 885
Cash and cash equivalents at the beginning of the year		104 631 953	91 757 068
Cash and cash equivalents at the end of the year	4	125 144 430	104 631 953

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 International Financial Reporting Standards ("IFRS"). IFRS comprise International Financial Reporting Standards, International Accounting Standards ("IAS") and the interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standards Interpretations Committee ("SIC"). The standards referred to are set by the International Accounting Standards Board ("IASB"). The financial statements are prepared on a going concern basis using the historical cost convention, except for available-for-sale investments, which are carried at fair value. All monetary information and figures presented in these financial statements are stated in South African Rand.

1.2 Standards and interpretations

Standards and interpretations applicable to the Scheme that are not yet effective

The following new standards and amendments to IFRS are not yet effective for the current financial year. The Scheme will comply with the new standards and interpretations from the various effective dates.

IFRS 9 financial instruments

IFRS 9 Financial Instruments (effective 1 January 2018) - IFRS 9 contains three principal classification categories for financial assets, ie measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale are removed. IFRS 9 retains almost all of the existing requirements from IAS 39 for financial liabilities. However any gain or loss on a financial liability designated at FVTPL attributable to changes in own credit risk is generally presented in OCI with remaining change in fair value presented in profit or loss. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' approach for debt instruments measured at amortised cost or FVOCI. IFRS 9 will align hedge accounting more closely with risk management of an entity. In terms of IFRS 9 additional exposures may be hedged items. IFRS 9 will be adopted for the

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.2 Standards and interpretations (continued)

IFRS 9 financial instruments (continued)

first time for the year ending 31 December 2018. The impact on the financial statements has not yet been estimated.

IFRS 15 Revenue from contracts with customers

Establishes principles for reporting useful information to users of the financial statements about the nature, amounts, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The amendments to the standard are effective for annual periods commencing on or after 1 January 2018.

Standards adopted in the current year

The following standards are effective for the current financial year. The Scheme complies with the new standard from the effective date. These standards had no material impact on the financial statements.

IAS 24 Related party disclosures

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The amendments to the standard are effective for annual periods commencing on or after 1 July 2014.

IAS 32 offsetting financial assets and financial liabilities

The amendments address inconsistencies in applying the offsetting criteria and clarify that offsetting liabilities is required:

- » when an entity currently has a legally enforceable right to set off recognised amounts; and
- » when gross settlement is equivalent to net settlement.

The amendments to the standard were effective for annual periods commencing on or after 1 January 2014.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.2 Standards and interpretations (continued)

IAS 36 Impairment of assets

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

The amendments to the standard were effective for annual periods commencing on or after 1 January 2014.

1.3 Financial instruments

The Scheme classifies its financial assets into available-for-sale investments and trade and other receivables. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of the Scheme's financial assets at initial recognition and re-evaluate this at every reporting date to ensure appropriate classification.

Measurement

Financial instruments are initially measured at fair value plus transaction costs. In the case of financial assets and liabilities not held at fair value through profit or loss, the transaction costs that are directly attributable to acquisition or issue of the financial asset or liability, are added to the fair value. Subsequent to initial recognition, these instruments are measured as set out below.

Available-for-sale investments

All purchases and sales of investments or transfers into and out of insurance policies are recognised on the trade date, which is the date that the Scheme commits to purchase or sell the asset or transfer funds. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of the available-for-sale investments are recognised in other comprehensive income and accumulated in the available-for-sale reserve. Once an available-for-sale investment is sold, the realised gain or loss is included in the surplus or deficit for the year.

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost, using the effective interest rate method and taking into account accumulated impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit in the statement of comprehensive

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3 Financial instruments (continued)

Trade and other receivables (continued)

income when there is objective evidence that the asset is impaired. Permanent impairments are written off to surplus or deficit in the statement of comprehensive income when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term liquid investments that are readily convertible within a three month period to a known amount of cash. Cash and cash equivalents are stated at amortised cost.

Financial liabilities

Financial liabilities, which consist of trade and other payables, are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial instruments

Financial assets

The Scheme derecognises a financial asset when:

- » the contractual rights to the cash flows arising from the financial assets have expired or been forfeited by the Scheme; or
- » it transfers the financial asset, including substantially all the risks and rewards of ownership of the asset; or
- » it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset; or
- » it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset and no longer retains control of the asset.

Financial liabilities

The Scheme derecognises financial liabilities once the obligation has been fully discharged.

1.4 Provisions

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.4 Provisions (continued)

Outstanding claims

Claims outstanding comprise provisions for the Scheme's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date and related internal and external claims handling expenses. Claims outstanding are determined as accurately as possible based on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

The Scheme does not discount its provision for outstanding claims, since the effect of the time value of money is not considered material.

1.5 Insurance contracts

Contracts under which the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. The contracts issued compensate the Scheme's members for healthcare expenses incurred.

1.6 Contribution income

Contributions are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. The earned portion of net contributions received is recognised as revenue. Net contributions are earned from the date of attachment of risk, over the indemnity period.

1.7 Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred and net income or expense from risk transfer arrangements.

Claims

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 Relevant healthcare expenditure (continued)

Claims (continued)

Net claims incurred comprise:

- » claims submitted and accrued for services rendered during the accounting period, net of recoveries from members for co-payments and savings plan accounts;
- » claims for services rendered during the previous year not included in the outstanding claims provision for that year, net of recoveries from members for co-payments; and
- » charges for managed care: healthcare services (excluding risk transfer arrangements).

Liability adequacy test

The liability for insurance contracts is tested for adequacy by comparing current best estimates of all future contractual cash flows, including related cash flows such as claims handling costs, and comparing this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made and the Scheme recognises the deficiency in income for the year.

1.8 Investment income

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

Realised income from insurance policies is recognised on disinvestment. All other amounts credited under insurance policies are reflected as unrealised income and raised directly in other comprehensive income.

Income from insurance policies is recognised when entitlement to revenue is established.

1.9 Impairment losses

Impairment of assets

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.9 Impairment losses (continued)

Impairment of assets (continued)

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit in the statement of comprehensive income.

Impairment of financial assets

(i) Available-for-sale investments

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in reserves and there is objective evidence that the asset is permanently impaired, the cumulative loss that had been recognised directly in reserves is recognised in surplus or deficit in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit in the statement of comprehensive income.

(ii) Financial and insurance assets measured at amortised cost

An appropriate allowance for estimated irrecoverable amounts is recognised in surplus or deficit in the statement of comprehensive income when there is objective evidence that the asset is impaired. This allowance is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairments are written off to surplus or deficit in the statement of comprehensive income when identified.

Calculation of recoverable amount

The recoverable amount of the Scheme's receivables is estimated at the present value of expected future cash flows. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.9 Impairment losses (continued)

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through surplus or deficit in the statement of comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit in the statement of comprehensive income, the impairment loss shall be reversed, with the amount of the reversal recognised in surplus or deficit.

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

1.10 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset.

1.11 Managed Care: Management services expenses

These expenses represent internal expenditure and the amounts paid or payable to the third party Scheme administrators, related parties and other third parties for managing the utilisation, costs and quality of healthcare services to the Scheme.

1.12 Road Accident Fund ("RAF")

The Scheme grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health service. Such expenditure may be in connection with a claim that is also made to the RAF, administered in terms of the Road Accident Fund Act No. 56 of 1996. If the member is reimbursed by the RAF, they are obliged contractually to cede that payment to the Scheme to the extent that they have already been compensated. A reimbursement from the RAF is a possible asset that arises from claims submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Scheme.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.12 Road Accident Fund (“RAF”) (continued)

The contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset. Any recoveries are credited against claims expense in the year of receipt.

1.13 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.14 Critical judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Scheme’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in Note 22.

1.15 Unclaimed savings and unclaimed cheques

Unclaimed savings and unclaimed cheques are written back to surplus once prescribed.

1.16 Functional and presentation currency

Items included in the annual financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (“the functional currency”). The financial statements are presented in South African Rand (“the presentation currency”), which is the functional currency of the Scheme.

1.17 Allocation of income and expenditure to benefit options

Income and expenditure are allocated to benefit options on a direct basis where this is determinable. Where income or expenditure is not directly attributable to a specific benefit option, the income or expense is allocated on the basis of the benefit option’s membership proportionate to the Scheme’s overall membership base.

The following items are directly allocated to benefit options:

- » Risk contribution income
- » Relevant healthcare expenditure

**Notes to the Annual Financial Statements
For the year ended 31 December 2016**

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.17 Allocation of income and expenditure to benefit options (continued)

The remaining items are apportioned based on the number of members on each related option:

- » Managed care: management services;
- » Administration and other expenses;
- » Other income;
- » Other expenditure.

2. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	R	R
Fair value at the beginning of the year	196 672 731	186 029 470
Additions	77 334 334	124 180 424
Disposals	(81 278 764)	(120 540 523)
Net gain	14 633 344	7 003 360
Realised gain on disposal of available-for-sale investments	15 638 150	23 352 695
Unrealised loss on revaluation of available-for-sale Investments	(1 004 806)	(16 349 335)
Fair value at the end of the year	207 361 645	196 672 731
Invested with		
Sygnia Life Limited	207 361 645	196 672 731

3. TRADE AND OTHER RECEIVABLES

	2016	2015
	R	R
Insurance receivables		
Contributions outstanding	14 197 198	13 854 020
Recoveries from members	5 723	8 900
Supplier overpayments	170 440	114 375
	14 373 361	13 977 295
Less: accumulated impairment losses	(45 966)	(63 205)
	14 327 395	13 914 090
Non-insurance receivables		
Accrued investment income	306 388	188 638
Accrual for realised gain on Stanlib Bond portfolio	763 440	-
Prepaid expenses	-	20 000
	15 397 223	14 122 728
Analysis of movement in respect of insurance receivables		
Balance at the beginning of the year	13 977 295	11 309 052
Adjustment for current year	396 066	2 668 243
Balance at the end of the year	14 373 361	13 977 295

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

Notes to the Annual Financial Statements
For the year ended 31 December 2016

4. CASH AND CASH EQUIVALENTS

	2016	2015
	R	R
Call accounts	45 203 757	18 808 577
Current accounts	16 816 148	27 494 401
Money market	63 124 525	58 328 975
Total cash and cash equivalents	125 144 430	104 631 953

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 4.59% (2015: 3.85%) and deposits were 6.79% (2015: 6.53%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

5. OUTSTANDING CLAIMS PROVISION

	Not covered by risk transfer arrangements 2016	Not covered by risk transfer arrangements 2015
	R	R
Provision for outstanding claims – incurred but not yet reported	10 842 463	12 887 796
Provision arising from liability adequacy test	-	-
	10 842 463	12 887 796

Analysis of movements in outstanding claims

Balance at beginning of year	12 877 796	10 238 945
Payments in respect of prior year	(13 343 214)	(8 621 860)
(Under)/Over provisions in the prior year	(455 418)	1 617 085
Adjustment for current year	11 297 881	11 270 711
Balance at end of year	10 842 463	12 887 796

5. OUTSTANDING CLAIMS PROVISION (CONTINUED)

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.

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.

5. OUTSTANDING CLAIMS PROVISION (CONTINUED)

Method used to determine the assumptions (continued)

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 10 months;
- » 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:

Claims outstanding for:

- » December
- » November
- » October
- » September
- » August and prior

	2016	2015
	%	%
December	41	48
November	6	8
October	2	6
September	0	3
August and prior	0	1

5. OUTSTANDING CLAIMS PROVISION (CONTINUED)

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 is set out below:

	Increase in liability 2016	Increase in liability 2015
	R	R
Effect of a 1% increase in assumed percentage	1 181 000	1 148 000
Effect of a 2% increase in assumed percentage	2 393 000	2 328 000
Effect of a 3% increase in assumed percentage	3 635 000	3 540 000

The existing accounting policy relating to the outstanding claims provision considers current estimates of all future contractual cash flows, therefore in terms of paragraph 15 to 19 of IFRS 4, no further liability adequacy test is required.

Notes to the Annual Financial Statements
For the year ended 31 December 2016

6. TRADE AND OTHER PAYABLES

Insurance payables

Contributions overpaid or unmatched contributions

76 484 117 052

Claims reported not yet paid

7 285 850 -

Non insurance payables

1 616 252 1 438 654

Audit fees

374 830 350 539

Accrual for realised gain/(loss) on Stanlib Bond portfolio

- 112 220

Shortfall credits

447 086 263 806

Sundry creditors

794 336 712 089

8 978 586 1 555 706

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

7. NET CONTRIBUTION INCOME

Gross and net contribution income

350 292 255 326 744 775

8. RELEVANT HEALTHCARE EXPENDITURE

Claims incurred excluding claims incurred in respect of risk transfer arrangements

	2016	2015
	R	R
Current year claims	304 458 438	278 233 133
Movement in outstanding claims provision (Over)/Under provision in prior year	11 297 881	11 270 711
Provision balance at the end of the year	455 418	(1 617 085)
Ex gratia payments	10 842 463	12 887 796
	-	-
Total claims incurred	315 756 319	289 503 844
Less: Third party recoveries	(3 070 403)	(1 172 094)
Total relevant healthcare expenditure	312 685 916	288 331 750

9. MANAGED CARE: MANAGEMENT SERVICES

Specialist, hospital referrals and pre-authorisations	2 316 772	2 354 280
HIV/AIDS management	495 686	503 589
Pharmacy Benefit Management	678 769	690 337
Disease Risk Management	1 230 938	1 250 580
Medicine Risk Management	1 237 755	1 257 924
Specialist network management: MHRM	316 499	162 424
GP Network Management	884 580	293 797
	7 160 999	6 512 931

**Notes to the Annual Financial Statements
For the year ended 31 December 2016**

10. ADMINISTRATION AND OTHER EXPENSES

	2016	2015
	R	R
Administrator's fees	13 000 067	12 170 553
Audit fees	358 653	350 538
Actuarial fees	709 992	670 320
Bank charges	127 527	136 127
Benefit management services: Europe Assist	140 817	131 359
Benefit management services: Willis Towers Watson	140 904	95 760
Board of Healthcare Funders' levies	85 975	79 116
Commission	1 425 107	1 340 344
Consulting fees	4 976	30 300
Council for Medical Schemes' levies	248 231	236 611
Fidelity guarantee and professional indemnity insurance premium	20 000	20 000
Legal fees	85 845	22 053
Multiply Wellness Programme	625 605	588 232
Other expenses	5 079	9 576
Principal Officer's fees	245 939	232 013
Printing & stationery	191 545	184 014
Scheme management services	4 799 080	4 545 401
Travel and entertainment	-	4 896
	22 215 342	20 847 213

10.1 TRUSTEES' AND PRINCIPAL OFFICER'S EXPENSES

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

Fees for consultancy services

Paid to the Employer of the Principal Officer	245 939	232 013
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11. NET IMPAIRMENT REVERSALS

	2016	2015
	R	R
<i>Trade and other receivables</i>		
Contributions that are not collectable	(8 732)	8 169
Movement in the allowance account for impairment losses	(8 732)	2 889
Written off	-	5 280
Members' and service providers' portions that are not recoverable	9 543	6 741
Movement in the allowance account for impairment losses	(8 506)	(3 386)
Written off	18 049	10 127
Less: Previous impairment losses recovered	-	(98)
	811	14 812

12. INVESTMENT INCOME

Interest income	4 874 634	5 881 796
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13. REALISED GAINS ON INVESTMENT

Realised gains on disposal of available-for-sale investments	15 638 150	23 352 695
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Notes to the Annual Financial Statements
For the year ended 31 December 2016

14. SURPLUS AFTER INVESTMENT INCOME, OTHER INCOME AND OTHER EXPENDITURE, PER BENEFIT OPTION

	Imperialmed Health Plan	Imperialmed Budget Plan	Imperialmed
2016	R	R	R
Net contribution income	336 531 318	13 760 937	350 292 255
Relevant healthcare expenditure	311 426 631	8 420 284	319 846 915
Net claims incurred	304 786 307	7 899 609	312 685 916
Claims incurred	307 629 904	8 126 415	315 756 319
Third party claim recoveries	(2 843 597)	(226 806)	(3 070 403)
Managed care: management services	6 640 324	520 675	7 160 999
Gross healthcare result	25 104 687	5 340 653	30 445 340
Administration and other expenses	(20 600 344)	(1 614 998)	(22 215 342)
Net impairment reversals on healthcare receivables	(789)	(22)	(811)
Net healthcare result	4 503 554	3 725 633	8 229 187
Other income	19 195 060	1 317 724	20 512 784
Investment income	4 687 599	187 035	4 874 634
Realised gains on investments	14 507 461	1 130 689	15 638 150
Sundry income	-	-	-
Other expenditure	(592 362)	(46 465)	(638 827)
Asset management fees	(592 362)	(46 465)	(638 827)
Surplus for the year	23 106 252	4 996 892	28 103 144

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

	Imperialmed Health Plan	Imperialmed Budget Plan	Imperialmed
2015	R	R	R
Net contribution income	317 064 851	9 679 924	326 744 775
Relevant healthcare expenditure	288 030 048	6 814 634	294 844 682
Net claims incurred	282 152 634	6 179 117	288 331 750
Claims incurred	283 255 416	6 248 429	289 503 844
Third party claim recoveries	(1 102 782)	(69 312)	(1 172 094)
Managed care: management services	5 877 414	635 517	6 512 931
Gross healthcare result	29 034 803	2 865 290	31 900 093
Administration and other expenses	(19 696 303)	(1 150 910)	(20 847 213)
Net impairment reversals on healthcare receivables	(14 030)	(782)	(14 812)
Net healthcare result	9 324 470	1 713 599	11 038 069
Other income	27 805 088	1 429 403	29 234 491
Investment income	5 706 973	174 823	5 881 796
Realised gains on investments	22 098 115	1 254 580	23 352 695
Sundry income	-	-	-
Other expenditure	(563 016)	(32 919)	(595 935)
Asset management fees	(563 016)	(32 919)	(595 935)
Surplus for the year	36 566 542	3 110 083	39 676 625

**Notes to the Annual Financial Statements
For the year ended 31 December 2016**

15. CASH FLOWS GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES

	2016	2015
	R	R
Surplus for the year	28 103 144	39 676 626
Adjustments for:		
Impairment reversal on healthcare receivables	811	14 812
Investment income	(4 874 634)	(5 881 796)
Realised gains on disposal of available-for-sale-investments	(15 638 150)	(23 352 695)
Adjustment to the provision for outstanding claims	11 297 881	11 270 711
Cash inflows from operations before working capital changes	18 889 052	21 727 657

16. PROFESSIONAL INDEMNITY AND FIDELITY GUARANTEE INSURANCE

In accordance with the rules, the Scheme has a fidelity policy underwritten by Hollard Insurance Company Ltd (policy number: SPL/SLFG/000001079) in the name of the Scheme which, at 31 December 2016, amounted to R20 million (2015: R20 million).

17. RELATED PARTY TRANSACTIONS

Background information

RELATED ENTITIES INCLUDE:	RELATIONSHIP
Metropolitan Health Corporate (Pty) Ltd	Administrator
Metropolitan Health Risk Management (Pty) Ltd	Managed care provider
Willis Towers Watson (Pty) Ltd	Actuaries
Imperial Group Limited and its subsidiaries and associates	Employer
Cedar Employee Benefits and Consultants (Pty) Ltd	Principal Officer's Employer
Medi Call (Pty) Ltd	Scheme management services
Cedar Healthcare Consultants (Pty) Ltd	Healthcare consultants
Board of Trustees	Key management personnel
Principal Officer	Key management personnel

17. RELATED PARTY TRANSACTIONS (CONTINUED)

Parties with significant influence over the Scheme

Metropolitan Health Corporate (Pty) Ltd has significant influence over the Imperial Group Medical Scheme, as Metropolitan Health Corporate (Pty) Ltd participates in Imperial Group Medical Scheme’s financial and operating decisions, but does not control Imperial Group Medical Scheme. Metropolitan Health Corporate (Pty) Ltd provides administration services.

Managed care organisation, Metropolitan Health Risk Management (Pty) Ltd, a wholly owned subsidiary of Metropolitan Health Corporate (Pty) Ltd, has significant influence over the Scheme as a managed care provider, but does not control the Scheme.

Cedar Employee Benefits (Pty) Ltd, a 100% subsidiary of Imperial Group Ltd, provides Principal Officer’s services to the Scheme.

Willis Towers Watson (Pty) Ltd, has significant influence over the Scheme as the actuarial consultants but does not control the Scheme.

Cedar Healthcare Consultants (Pty) Ltd and Medi Call (Pty) Ltd are subsidiaries of Cedar Employee Benefits.

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 Group Limited. The disclosure deals with part-time personnel that are compensated on a fee basis (Board of Trustees).

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

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 their 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.

Notes to the Annual Financial Statements
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17. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with entities that have significant influence over the Scheme:

	2016	2015
	R	R
Statement of comprehensive income		
Administration fees	13 000 067	12 170 553
Managed care fees	7 160 999	6 512 931
Actuarial fees	709 992	670 320
Principal Officer's fees	245 939	232 013
Scheme management services	4 799 080	4 545 401
Commission	1 425 107	1 340 344
Travel and entertainment	-	4 896
Statement of financial position		
Actuarial fees due	59 166	75 012
Commission due	118 378	111 876
Scheme management service fees due	403 671	379 341
Managed care fees due	60 537	52 023
Printing and stationery due	68 207	22 178
Transactions with key management personnel:		
Statement of comprehensive income		
Trustees' and Principal Officer's contributions received	475 812	477 991
Trustees' and Principal Officer's claims incurred	327 273	380 400

17. RELATED PARTY TRANSACTIONS (CONTINUED)

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.
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 three months notice. The outstanding balance bears no interest and is due within seven days of the month to which it relates.
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.
PRINCIPAL OFFICER'S FEES	JJ van der Walt has been the Principal Officer of Imperial Group Medical Scheme since inception of the Scheme and an employee of the Imperial Group prior to that. In 2007, JJ van der Walt was employed as the MD of Cedar Employee Benefits and Consultants (Pty) Ltd a wholly owned subsidiary of the Imperial Group. The Principal Officer's fee has traditionally been paid to JJ van der Walt's employer.
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 6 (six) calendar months written notice. The outstanding balance bears no interest and is due within 30 days.
COMMISSION	The Cedar Healthcare Consultants agreement is in terms of the agreement between the Scheme and Cedar Healthcare Consultants 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. To terminate the agreement, either party must give 3 (three) calendar months written notice. The outstanding balance bears no interest and is due within 30 days.

18. 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.

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 remain 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 table on the following page summarises 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.

18. INSURANCE RISK MANAGEMENT (CONTINUED)

2016

AGE GROUPING (IN YEARS)		GENERAL PRACTITIONERS	SPECIALISTS	DENTISTRY	OPTOMETRY	MEDICINES	HOSPITAL	OTHER	TOTAL
		R	R	R	R	R	R	R	R
< 26	Net	640 588	1 824 382	249 879	193 573	941 788	3 529 375	452 654	7 832 239
26 – 35	Net	5 438 696	18 557 139	2 474 987	1 685 771	10 865 957	31 717 782	6 919 907	77 660 239
36 – 50	Net	7 969 771	28 835 745	6 091 929	3 793 187	22 430 253	42 158 856	8 711 082	119 990 823
51 – 65	Net	2 886 353	18 100 112	2 391 087	1 749 391	16 544 091	23 786 526	5 530 426	70 987 986
>65	Net	690 442	7 172 256	527 941	315 028	6 408 488	10 169 917	2 703 079	27 987 151
Total current year claims	Net	17 625 850	74 489 634	11 735 823	7 736 950	57 190 577	111 362 456	24 317 148	304 458 438

2015

AGE GROUPING (IN YEARS)		GENERAL PRACTITIONERS	SPECIALISTS	DENTISTRY	OPTOMETRY	MEDICINES	HOSPITAL	OTHER	TOTAL
		R	R	R	R	R	R	R	R
< 26	Net	725 078	1 967 123	340 669	208 430	914 162	3 592 914	463 174	8 211 550
26 – 35	Net	5 167 868	17 889 983	2 726 583	1 706 257	10 518 587	28 347 716	5 330 506	71 687 500
36 – 50	Net	7 413 167	26 396 282	5 946 734	3 405 606	20 981 700	39 544 139	8 146 145	111 833 773
51 – 65	Net	2 586 366	15 408 826	2 361 169	1 656 866	13 990 545	20 857 965	5 257 188	62 118 925
>65	Net	654 617	6 681 614	633 931	362 592	5 489 353	8 901 299	1 657 979	24 381 385
Total current year claims	Net	16 547 096	68 343 828	12 009 086	7 339 751	51 894 347	101 244 033	20 854 992	278 233 133

18. INSURANCE RISK MANAGEMENT (CONTINUED)

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.

19. 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 experiences.

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 2016 was 87.9% (2015: 85.3%), 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 2015 to 31 December 2016.

20. 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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2016	2015
	R	R
Investments		
Available-for-sale financial assets	207 361 645	196 672 731
Cash and cash equivalents	125 144 430	104 631 953
Trade and other receivables	14 633 783	14 122 728
Loans and receivables	306 388	208 638
Insurance receivables	14 327 395	13 914 090
Trade and other payables	1 692 736	1 555 706
Provisions and payables	1 616 252	1 438 654
Insurance payables	76 484	117 052

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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 surplus and total members' funds based on a decrease of 1 % or decrease of 5 % in the market interest rates applicable at 31 December 2016, for each class of financial instrument with all other variables remaining constant as follows:

Sensitivity analysis table at 31 December 2016

	Actual	Interest rate decreases by 1 %	Interest rate decreases by 5 %
	R	R	R
2016			
Change in interest bearing available-for-sale instruments	78 711 117	(787 111)	(3 935 556)
Change in cash and cash equivalents	125 144 430	(1 251 444)	(6 257 222)

	Actual	Interest rate decreases by 1 %	Interest rate decreases by 5 %
	R	R	R
2015			
Change in interest bearing available-for-sale instruments	86 028 364	(860 284)	(4 301 418)
Change in cash and cash equivalents	104 631 953	(1 046 320)	(5 231 598)

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 2016 remain until maturity or settlement without any action by the Scheme to alter the resulting interest rate exposure.

20. 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 exists 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 available-for-sale investments and illustrates the impact on the available-for-sale reserve, surplus and total members' funds at year end.

Equity price risk sensitivity analysis

	Actual	JSE ALSI decreases by 1 %	JSE ALSI decreases by 5 %
2016	R	R	R
Change in equity backed available for sale instruments	128 650 528	(1 199 036)	(2 942 627)
Surplus	28 103 144	28 103 144	28 103 144
Total members' funds	328 082 249	326 883 213	325 139 622

	Actual	JSE ALSI decreases by 1 %	JSE ALSI decreases by 5 %
2015	R	R	R
Change in equity backed available for sale instruments	110 644 367	(716 322)	(3 578 693)
Surplus	39 676 626	39 676 626	39 676 626
Total members' funds	300 983 910	300 267 588	297 405 217

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

Currency risk

The Scheme operates in South Africa and therefore its cash flows are denominated in South African Rand (ZAR).

Three insurance policies are held. The market value of these policies is affected by currency risk based on the foreign investments held in the policy. No direct foreign assets are held by the Scheme as the policies are local. Foreign assets are held in the name of the insurer.

	Local	Total
	R	R
As at 31 December 2016		
Available-for-sale investments	207 361 645	207 361 645
Cash and Cash equivalents	125 144 430	125 144 430
Total	332 506 075	332 506 075
As at 31 December 2015		
Available-for-sale investments	196 672 731	196 672 731
Cash and Cash equivalents	104 631 953	104 631 953
Total	301 304 684	301 304 684

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk - sensitivity analysis

Sensitivity of members' funds due to changes in foreign currency exchange rates

The impact has been evaluated by considering the impact to the surplus and total members' funds if the Rand appreciates by 1 % or 5 % at 31 December 2016, for each class of financial instrument with all other variables remaining constant as follows:

Sensitivity analysis table at 31 December 2016

	Actual	Rand appreciates by 1 %	Rand appreciates by 5 % Rand
2016	R	R	R
Change in available-for-sale investments	207 361 645	-	-
Change in cash and cash equivalents	125 144 430	-	-
Total members' funds	328 082 249	328 082 249	328 082 249
Surplus	28 103 144	28 103 144	28 103 144

	Actual	Rand appreciates by 1 %	Rand appreciates by 5 % Rand
2015	R	R	R
Change in available-for-sale investments	196 672 731	-	-
Change in cash and cash equivalents	104 631 953	-	-
Total members' funds	300 983 910	300 983 910	300 983 910
Surplus	39 676 626	39 676 626	39 676 626

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

The Scheme's principal financial assets exposed to credit risk are cash and cash equivalents, trade and other receivables and available-for-sale investments. 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 and available-for-sale investments

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
2016	R		
<i>Cash and cash equivalents</i>	12 608 573	ABSA	BBB-
	1 361 062	African Bank	Not available
	62 004	Citibank	A+
	16 163 899	FirstRand	BBB-
	3 612 361	Investec	BBB-
	61 988 673	Nedbank	BBB-
	29 317 360	Standard Bank	BBB-
	8 856	HSBC	AA+
	21 642	Standard charter	A+

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Cash and cash equivalents and available-for-sale investments (continued)

CREDIT RISK EXPOSURE	AMOUNT	COUNTER PARTY	CREDIT RATING
2015	R		
<i>Cash and cash equivalents</i>	11 281 360	ABSA	BBB
	1 838 437	African Bank	Not available
	683 013	Citibank	A
	16 805 812	FirstRand	BBB-
	4 623 231	Investec	BBB-
	24 266 395	Nedbank	BBB-
	43 230 693	Standard Bank	BBB-
	44 117	Deutsche Bank	A-
	24 325	HSBC	AA-
	344	Standard Charter	A+
	1 834 226	Societe General	A

The credit risk exposure on trade and other receivables has been set out on page 59 and 60 of these financial statements.

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 on the next page 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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

The liquidity risk analysis on the next page 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.

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).

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

	Level 1 R	Level 2 R	Level 3 R
2016			
Available-for-sale financial assets			
Sygnia (insurance policy) (recurring)	-	207 361 645	-
Total available-for-sale investments	-	207 361 645	-

	Level 1 R	Level 2 R	Level 3 R
2015			
Available-for-sale financial assets			
Sygnia (insurance policy) (recurring)	-	196 672 731	-
Total available-for-sale investments	-	196 672 731	-

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	MORE THAN 3 MONTHS	TOTAL
	R	R	R	R
2016				
LIABILITIES				
Current liabilities				
Outstanding claims provision	7 372 356	2 888 770	581 337	10 842 463
Trade and other payables	8 978 586	-	-	8 978 586
Total current liabilities	16 350 942	2 888 770	581 337	19 821 049
ASSETS				
Current assets				
Cash and cash equivalents	125 144 430	-	-	125 144 430
Trade and other receivables	14 565 735	75 998	755 490	15 397 223
Total current assets	139 710 165	75 998	755 490	140 541 653
	123 359 223	(2 812 722)	174 153	102 720 604

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	MORE THAN 3 MONTHS	TOTAL
	R	R	R	R
2015				
LIABILITIES				
Current liabilities				
Outstanding claims provision	9 871 316	2 938 945	77 535	12 887 796
Trade and other payables	1 555 706	-	-	1 555 706
Total current liabilities	11 427 022	2 938 945	77 535	14 443 502
ASSETS				
Current assets				
Cash and cash equivalents	104 631 953	-	-	104 631 953
Trade and other receivables	13 975 407	35 101	112 220	14 122 728
Total current assets	118 607 360	35 101	112 220	118 754 681
	107 180 338	(2 903 844)	34 685	104 311 179

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Credit risk - trade and other receivables

	FULLY PERFORMING	PAST DUE	IMPAIRMENT	TOTAL
	R	R	R	R
2016				
Insurance receivables	14 259 347	114 014	(45 966)	14 327 395
- Contributions outstanding	14 180 506	16 692	(955)	14 196 243
- Recoveries from members	5 311	412	(3 875)	1 848
- Supplier overpayments	75 530	96 910	(41 136)	129 304
Other receivables	1 069 828	-	-	1 069 828
Cash and cash equivalents	125 144 430	-	-	125 144 430
	140 473 605	114 014	(45 966)	140 541 653

2015				
Insurance receivables	13 851 437	125 858	(63 206)	13 914 089
- Contributions outstanding	13 818 434	35 586	(9 687)	13 844 333
- Recoveries from members	472	8 428	(5 510)	3 390
- Supplier overpayments	32 531	81 844	(48 009)	66 366
Other receivables	188 638	-	-	188 638
Cash and cash equivalents	104 631 953	-	-	104 631 953
	118 672 028	125 858	(63 206)	118 734 680

Notes to the Annual Financial Statements
For the year ended 31 December 2016

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Age analysis of past due amounts

	30 days	60 days	90 days +	Total
	R	R	R	R
2016				
Insurance receivables	47 653	7 333	59 028	114 014
- Contributions outstanding	11 100	-	5 592	16 692
- Recoveries from members	2	410	-	412
- Supplier overpayments	36 551	6 923	53 436	96 910
Other receivables	-	-	-	-
	47 653	7 333	59 028	114 014

2015				
Insurance receivables	39 760	18 637	67 461	125 858
- Contributions outstanding	17 707	7 758	10 121	35 586
- Recoveries from members	2 221	696	5 511	8 428
- Supplier overpayments	19 832	10 183	51 829	81 844
Other receivables	-	-	-	-
	39 760	18 637	67 461	125 858

21. TAXATION

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

22. 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 5.
2. The Scheme's financial instruments are measured at fair value as indicated in Note 1 and 21 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. 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. interest rates, volatility, estimated cash flows etc.) and therefore cannot be determined with precision.

23. COMMITMENTS

There were no commitments for capital expenditure as at 31 December 2016 (2015 : nil).

24. CONTINGENCIES

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

25. NON-COMPLIANCE MATTERS (CONTINUED)

Contravention of Section 26(7) (continued)

Nature and impact (continued)

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

Contributions were identified that were received more than three business days after payment became due and relates to Employer Groups 4000 and 4144, which is in contravention of both the Scheme Rules and the Act since the contributions were paid late on a few occasions. A few instances on the debit order runs were also picked up where a member did not have sufficient funds in his/her bank account or where the member closed his/her bank account, resulting in rejected debit orders. The Scheme would then need to follow up on these amounts to arrange payment.

Corrective action

The administrator took remedial action through Medi Call (Pty) Ltd against defaulting Employer Group and members in accordance with the approved debt mandate provided by the Scheme.

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 an indirect investment in Imperial Holdings Limited through its linked insurance policy investment with Sygnia Life Limited.

The Scheme also holds an indirect investment in MMI Holdings Limited (holding company of the administrator), 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

25. NON-COMPLIANCE MATTERS (CONTINUED)

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

Corrective action (continued)

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.

The Scheme reapplied for an exemption from Section 35(8)(a) and (c) which was granted in September 2016 for a period of 12 months.

Contravention of Regulation 8

Nature and impact

Regulation 8(1) of the Medical Schemes Act no 131 of 1998 states that subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the Prescribed Minimum Benefit (PMB) conditions. During the review of the PMB's, MMI Group Internal Audit noted two instances where PMB claim lines were not settled in full.

Causes for the failure

The administration system is programmed to settle all potential PMB claims per Scheme directive. However, we acknowledge that identifying a claim as PMB is a complex issue given the lack of a workable industry (ICD10) coding system.

Corrective action

Claims Management will continue to send the identified exception reports to Fund Management, who will alert the Scheme of potential PMB claims. Thereafter, Fund Management will execute the instructions as mandated by the Scheme.

Contravention of Regulation 30

Nature and impact

Explanatory note 2 to Annexure B read in conjunction with Regulation 30 of the Medical Schemes Act 131 of 1998, as clarified in Circular 23 of 2012, requires that the sum of deposits in categories 1(a)(i) and 1(a)(ii) exceed 20% of assets in terms of Regulation 30. At year end, the Imperial Group Medical Scheme did not meet this requirement.

25. NON-COMPLIANCE MATTERS (CONTINUED)

Contravention of Regulation 30 (continued)

Causes for the failure

The Scheme invests in the Investec Stable Money Market Fund through a linked policy of insurance, in order to optimise return on its cash reserves. The bond exposure from this Fund is excluded from categories 1(a)(i) and 1(a)(ii) resulting in the non-compliance.

Corrective action

The Imperial Group Medical Scheme requested exemption from this requirement from the Council for Medical Schemes, based on the liquidity characteristics of the Investec Stable Money Market Fund. Exemption was granted and CMS indicated that no exemption is required currently due to the Investment Manager assurance that funds are available on demand.

26. EVENTS AFTER REPORTING DATE

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the Trustees consider should be brought to the attention of the members of the Scheme.

NOTE:

1. Please return the completed nomination form and an abbreviated CV* of the nominated person to:
The Principal Officer
Imperial Group Medical Scheme
PO Box 2140
Houghton
2041

or fax it to 0866 738 093 by no later than Tuesday, 4 July 2017.

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

Telephone number of nominee:

E-mail address:

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

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

NOTE: The closing date for Trustee nominations is at the close of business on 4 July 2017. No nominations after this date will be accepted.

All nominations must be sent to the office of the Principal Officer, as per the Scheme rules.

PROXY FORM

IMPERIAL GROUP MEDICAL SCHEME

I, _____,

being a member of Imperial Group Medical Scheme, do hereby appoint

_____,

who is a member of this Scheme or, failing him/her, the Chairperson of the meeting, as my proxy to attend and vote on my behalf at the Annual General Meeting convened for Thursday, 13 July 2017.

Dated this _____ day of _____ 2017.

Signature of member: _____

Membership number of member: _____

Signature of proxy: _____

Membership number of proxy: _____

Please return this proxy to:

The Principal Officer
Imperial Group Medical Scheme
PO Box 2140
Houghton
2041

or fax it to: **086 673 8093**

To reach the Principal Officer by no later than 48 hours before the start of the meeting



