

# Notice of the Annual General Meeting



See  
inside for  
details of  
hybrid  
meeting

**TO BE HELD ON 20 JULY 2023**  
Including the annual financial statements  
for the year ended 31 December 2022

# IMPORTANT NOTICES TO ALL MEMBERS

## **TWENTY-SEVENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the twenty-seventh Annual General Meeting of Members of the Imperial and Motus Medical Aid will be held on Thursday, 20 July 2023 at 12:00.

The Scheme has made provision for members or their proxies to participate in the meeting by way of an electronic platform hosted by The Meeting Specialist (Pty) Ltd – TMS or **in person at Motus Head Office, Bedfordview**. Should you or your proxy wish to participate, please complete the enclosed form and email it to TMS at **proxy@tmsmeetings.co.za** by no later than 12:00 on 18 July 2023.

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

## **UNDESIRABLE BUSINESS PRACTICE**

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

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

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

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

# AGENDA

## 1. CONFIRMATION OF MINUTES

To confirm the minutes of the Imperial and Motus Medical Aid Annual General Meeting held on 30 June 2022.

## 2. ADOPTION OF REPORTS AND ACCOUNTS

To receive and adopt the report of the Board of Trustees, as well as the Auditor's report and statements of accounts for the twelve (12) months ended 31 December 2022.

## 3. APPOINT AUDITORS

To appoint Auditors in terms of Rule 22.1.

## 4. APPOINTMENT OF A TRUSTEE

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

## 5. OTHER BUSINESS

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

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

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

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

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

**OR** email to [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za)

BY ORDER OF THE BOARD OF TRUSTEES



**Fred Meier**  
Principal Officer  
Imperial and Motus Medical Aid

# MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING

OF THE IMPERIAL AND MOTUS MEDICAL AID HELD VIRTUALLY ON  
30 JUNE 2022 AT 10:00

## WELCOME AND APOLOGIES

Mr. Janse van Rensburg, Chairman of the Board of Trustees welcomed everyone present at the 26th Annual General Meeting of Imperial and Motus Medical Aid. He extended a welcome to his fellow Trustees and Scheme Officials present.

Given the COVID-19 pandemic still with us, the Board of Trustees of Imperial Motus Med (“Board”) has, in the circumstances, determined that it was necessary, prudent, and preferable that the AGM be held by way of electronic participation only, and not by way of a physical meeting. The AGM was accordingly held through electronic communication, as permitted by the Council for Medical Schemes. The Scheme has retained the services of The Meeting Specialist Proprietary Limited (“TMS”) to remotely host the AGM on an interactive electronic platform, to facilitate electronic participation and voting by members, if required. TMS was further appointed to act as scrutineer for purposes of checking Proxy Forms deposited for use and for counting votes should it be required. Mr. Janse van Rensburg indicated that, in terms of Rule 23.3.1 of the Registered Scheme rules, only persons who have been reasonably verified have the right to participate in, and vote at, this meeting. This extended to persons who were in possession of a valid Proxy Form which has been filed in accordance with the Notice of the Annual General Meeting, and members who who are reflected in the Register as at the Record Date for this meeting. Mr. Janse van Rensburg took the attendees through some essential guidelines for the meeting and how they could participate.

## CONSTITUTION OF THE MEETING

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

## THE NOTICE OF THE MEETING

The Chairman referred the attendees to the Notice of the Annual General Meeting and noted that the notice of the meeting was taken as read. The Annual Financial Statements for the year ended 31 December 2021 is available at the Scheme’s registered Office to view on request.

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

## 1. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 16 JULY 2021

The minutes of the Annual General Meeting held on 16 July 2021 was distributed to all members in advance. No questions were raised in this regard and the content of the minutes was therefore **adopted** as a true reflection by the meeting attendees.

## 2. ADOPTION OF REPORTS AND ACCOUNTS

The Report of the Board of Trustees, including the Auditor's Report and the statement of accounts for the year ended 31 December 2021, were distributed to all members with the AGM Notice. There being no questions or concerns raised, the content of these documents was therefore **adopted** by the attendees of the meeting.

## 3. APPOINTMENT OF AUDITORS

The Chairman informed the members in attendance that the Audit Committee proposed and recommended the re-appointment of Deloitte at the 12 April 2022 Audit Committee Meeting for the ensuing year. No questions or concerns were raised and therefore the proposal to re-appoint Deloitte for the ensuing year were taken as **adopted**.

## 4. OTHER BUSINESS

The Chairman confirmed that the Scheme was not notified of any other business to be transacted at this meeting, prior to the start of the meeting. However, the Scheme received two benefit related enquiries from two separate members. The Chairman informed the meeting that Scheme Management contacted both these members prior to the meeting to follow through and resolve their enquiries. One of these enquiries relates to information supplied on the "confirmation e-mail" received from the administrator after utilisation of a medical provider.

The other enquiry relates to a disabled member enquiring whether the Scheme could consider benefits that would normally not be covered by the Scheme if clinical motivation for the requirement of such services in his/her specific circumstances is provided. The Chairman confirmed that Scheme Management is in a process of assisting the member to obtain the relevant information for the Scheme's Clinical Team to consider his requests. The Chairman thanked the two members for contacting the Scheme with their enquiries.

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

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Chairman

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Date

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Registration number: 01559

# CONTENTS

Report of the Board of Trustees	1
Statement of responsibility by the Board of Trustees	11
Statement of corporate governance by the Board of Trustees	12
Independent auditor's report	13
Statement of financial position	18
Statement of comprehensive income	19
Statement of changes in funds and reserves	20
Statement of cash flows	21
Notes to the financial statements	22

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

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

# REPORT OF THE BOARD OF TRUSTEES

**Registration number: 01559**

The Board of Trustees hereby presents its report for the year ended 31 December 2022.

## 1. DESCRIPTION OF THE MEDICAL SCHEME

### 1.1 Terms of registration

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

### 1.2 Benefit options within the Imperial Group Medical Scheme

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

## 2. MANAGEMENT

### 2.1 Trustees in office during the year under review

OJ Janse van Rensburg  
CFP de Klerk  
ADSS Sarria  
S Woodward  
JD Berman  
S Tewary-Ahmed  
WC Heard

Employer representative: Chairman  
Employer representative  
Member representative  
Employer representative: Resigned 28 February 2022  
Member representative  
Member representative  
Employer representative: Appointed 1 March 2022

### 2.2 Principal Officer

**JJ van der Walt**  
Waterkloof Marina 180  
296 Orion Avenue  
Waterkloof Ridge  
0181

Resigned 8 February 2023

**Fred Meier**  
31 Orchid Valley  
Brackenridge Estate  
Plettenberg Bay  
6600

Appointed 8 February 2023



### **2.3 Registered office address and postal address**

No 1 South Park  
66 South Road  
Linden Extension  
2195

### **2.4 Medical Scheme administrator during the year**

#### **Momentum Health Solutions (Pty) Ltd**

268 West Avenue  
Centurion  
0157

PO Box 7400  
Centurion  
0046

Accreditation number: 13

### **2.5 Investment managers during the year**

#### **Coronation Asset Management (Pty) Ltd**

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

Financial Service Provider Number: 548

#### **Investec Asset Management SA (Pty) Ltd**

36 Hans Strijdom Avenue  
Cape Town  
8001

Financial Service Provider Number: 587

#### **Sygnia Asset Management (Pty) Ltd**

7th Floor, The Foundry  
Cardiff Street  
Cape Town  
8001

Financial Service Provider Number: 873

### **2.6 Investment consultant and advisor during the year**

#### **Sygnia Asset Management (Pty) Ltd**

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

Financial Service Provider Number: 873

## 2. MANAGEMENT (CONTINUED)

### 2.7 Actuary

#### Mr Gary Scott (B.Sc FASSA)

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

### 2.8 Auditors

#### Deloitte & Touche

The Ridge	PO Box 578
6 Marina Road	Cape Town
Portwood District	8000
V&A Waterfront	
Cape Town	
8000	

## 3. INVESTMENT STRATEGY OF THE SCHEME

The Scheme's investment objective is to maximise the return on its investments on a long-term basis at minimal risk. The investments 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 2022.

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

	2022 Imperial Motus Med Health Plan	2022 Imperial Motus Med Budget Plan	2022 Total	2021 Imperial Motus Med Health Plan	2021 Imperial Motus Med Budget Plan	2021 Total
Number of members at the end of the year	6 184	1 004	7 188	6 175	897	7 072
Average number of members for the year	6 201	965	7 166	6 153	822	6 975
Number of beneficiaries at the end of the year	14 346	1 863	16 209	14 455	1 690	16 145
Average number of beneficiaries for the year	14 449	1 805	16 254	14 925	1 690	16 615
Average age per beneficiary	31	27	31	31	27	30
Dependant ratio to members at 31 December	1,32	0,86	1,26	1,34	0,88	1,28
Pensioner ratio	4,11%	2,47%	3,92%	3,96%	2,25%	3,78%
Average net contributions per member per month	R5 374	R2 685	R5 012	R5 200	R2 640	R4 899
Average net contributions per beneficiary per month	R2 306	R1 435	R2 210	R2 144	R1 284	R2 056
Average relevant healthcare expenditure per member per month	R4 977	R2 053	R4 485	R4 535	R2 238	R4 170
Average relevant healthcare expenditure per beneficiary per month	R2 136	R1 097	R1 977	R1 870	R1 089	R1 751
Average administration cost per member per month	R317	R317	R317	R303	R303	R303
Average administration cost per beneficiary per month	R136	R169	R140	R125	R148	R127
Average healthcare management expense per member per month	R99	R99	R99	R94	R94	R94
Average healthcare management expense per beneficiary per month	R42	R53	R44	R39	R46	R39
Non-healthcare expenditure per average beneficiary per month	R137	R171	R141	R125	R147	R127
Non-health administration expenses as a percentage of gross contribution income	5,95%	11,90%	6,38%	5,83%	11,48%	6,19%
Gross claims as a percentage of gross contributions	92,62%	76,46%	91,46%	87,20%	84,78%	87,05%
Average accumulated funds per member at 31 December	R93 898	R93 898	R93 898	R90 650	R90 650	R90 650
Return on investments as a percentage of investments	3,71%	3,71%	3,71%	13,49%	13,49%	13,49%

## 5.2 Results of the Scheme

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

The Scheme has seen an increase in membership during 2022.

## 5.3 Solvency ratio

The solvency ratio is calculated as follows:

Total members' funds per statement of financial position

Less:

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

Accumulated funds per regulation 29

Gross contributions

Accumulated funds ratio

	2022	2021
	R	R
Total members' funds per statement of financial position	674 939 216	641 078 898
Cumulative unrealised gains on financial assets at fair value through profit and loss	(67 567 402)	(76 114 065)
Accumulated funds per regulation 29	607 371 814	564 964 833
Gross contributions	430 973 749	410 022 356
Accumulated funds ratio	140,9%	137,8%

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 on page 20.

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

## 5.5 Outstanding claims

Movements in the outstanding claims provision are set out in note 5 to the financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

## 6. ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels, as well as the calculation of the Incurred But Not Reported claims provision.

## 7. CONTINGENCIES

There were no potential liabilities contingent on the outcome of litigations, claims, guarantees or sureties at 31 December 2022.

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

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

## **9. EVENTS AFTER REPORTING DATE**

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

## **10. GOING CONCERN**

The Trustees continue to be of the opinion that the Scheme will be able to continue as a going concern; refer to note 24 of the notes to the annual financial statements for additional disclosure on events after reporting date.

## **11. RELATED PARTY TRANSACTIONS**

Refer to related parties and related party transactions disclosed in note 16 to the financial statements.

## **12. AUDIT COMMITTEE**

The Audit Committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The Committee, at year end, consists of six members of whom two are members of the Board of Trustees. The majority of its members, including the Chairman, 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 2022; and
- » 11 November 2022.

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

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

The Committee comprises:

- » Mr F Seedat (Chairman)
- » Mr J Berman (Member representative)
- » Mr CFP de Klerk (Employer representative)
- » Mr JG de Beer Resigned 1 November 2022
- » Ms U Ragunanund
- » Ms B Francis
- » Mr W Buckton Appointed 1 November 2022.

No fees were paid to the Audit Committee members in 2022.

### 13. TRUSTEE MEETING ATTENDANCE

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

	Trustee/ Contribution Review Meetings		Annual General Meeting		Benefit Review	
	A	B	A	B	A	B
<b>Board of Trustee members (BOT)</b>						
OJ Janse van Rensburg: Chairman	3	3	1	1	1	1
CP de Klerk	3	2	1	1	1	1
ADSS Sarria	3	3	1	1	1	1
JD Berman	3	3	1	1	1	1
S Tewary-Ahmed	3	2	1	1	1	1
SJ Woodward - Resigned 28 February 2022	1	1	0	0	0	0
WC Heard - Appointed 1 March 2022	2	2	1	0	1	1

	Trustee/ Contribution Review Meetings		Audit Committee Meetings		Annual General Meeting		Benefit Review	
	A	B	A	B	A	B	A	B
<b>Principal Officer</b>								
JJ van der Walt	3	3	2	2	1	1	1	1

### 13. TRUSTEE MEETING ATTENDANCE (CONTINUED)

	Audit Committee Meetings	
	A	B
<b>Audit Committee members</b>		
F Seedat (Chairman)	2	2
JG de Beer - Resigned 1 November 2022	1	0
U Ragunanund	2	2
B Francis	2	2
J Berman	2	2
CFP de Klerk	2	2
W Buckton - Appointed 1 November 2022	1	0

**A** – total possible number of meetings could have attended

**B** – actual number of meetings attended

**C** – independent members

### 14. NON-COMPLIANCE MATTERS

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

#### **Contravention of Section 26(7)**

##### **Nature and impact**

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

##### **Causes for the failure**

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

##### **Corrective action**

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



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

### **Nature and impact**

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

### **Causes for the failure**

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

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

### **Corrective action**

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

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

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**Chairman**

A handwritten signature in blue ink, appearing to be "Ran", written over a horizontal line.

**Trustee**

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**Principal Officer**

Date: 8 June 2023

# STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the financial statements of Imperial and Motus Medical Aid, comprising the statement of financial position at 31 December 2022, 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 financial statements fairly presents the financial performance for the year and the financial position of the Scheme at year end. The Trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

Imperial and Motus Medical Aid operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safe-guarded, and the risks facing the business are being controlled. The going concern basis has been adopted in preparing the financial statements. The Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Scheme.

The Scheme's external auditors are responsible for auditing the financial statements in terms of International Standards on Auditing and their report is presented on pages 13 to 17.

## APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Imperial and Motus Medical Aid set out on pages 18 to 57, as identified in the first paragraph, were approved by the Board of Trustees on 8 June 2023 and are signed on its behalf by:



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**Chairman**



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**Trustee**



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**Principal Officer**

# STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

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

## BOARD OF TRUSTEES

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

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

## INTERNAL CONTROL

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

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

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

The control objectives that were not achieved have been noted as have the action points initiated by the administrator to rectify these weaknesses. The Trustees agree with the conclusion reached by the administrator that overall operational control was achieved in 2022.

A handwritten signature in blue ink, appearing to be "J. M.", written over a horizontal line.

Chairman

A handwritten signature in blue ink, appearing to be "Ben", written over a horizontal line.

Trustee

A handwritten signature in blue ink, appearing to be "A. M.", written over a horizontal line with a small checkmark to the right.

Principal Officer

Date: 8 June 2023

# INDEPENDENT AUDITOR'S REPORT

## To the Trustees of Imperial and Motus Medical Aid

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of the Imperial and Motus Medical Aid (the Scheme), set out on pages 18 to 57 which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Imperial and Motus Medical Aid as at 31 December 2022, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

#### Basis for Opinion

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

#### Key Audit Matters

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

Financial statement item	Key Audit Matter	How the matter was addressed in the audit
<p><b>Outstanding Claims Provision</b></p>	<p>IFRS requires the Scheme to make provision for all future cash outflows for which a 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>This amount is disclosed on the face of the statement of financial position as well as in note 5 of the Financial Statements. This matter is considered a key audit matter as the underlying calculation requires the use of significant assumptions, estimates and judgement by management.</p>	<ul style="list-style-type: none"> <li>• We assessed the competence of the person and organisation performing the calculation;</li> <li>• We performed testing on the claims listing post year end to ensure that it is accurate and complete;</li> <li>• We performed a reasonability test on the IBNR by obtaining the value of claims paid in the first three months post year end with service dates in 2022 but payment dates in 2023, which we then compared to the IBNR recorded and recommended adjustments where necessary;</li> <li>• We challenged key assumptions over future claims to be paid and the calculation methodology therein; and</li> <li>• We engaged with management around the rationale for any adjustments or decisions over and above the numeric calculation.</li> </ul>
<p><b>Claims Expense</b></p>	<p>Risk claims incurred is a key audit focus area and represents a significant expense in the Statement of Comprehensive Income.</p> <p>The validity and accuracy of the claims are dependent on the Scheme's administration and IT system involved in the processing of claims.</p> <p>Due to extensive audit focus and the high volume of claims processed by the Scheme, risk claims incurred is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We assessed the report of internal audit over the claims control environment.</li> <li>• We compared a sample of the claim expenses paid to the actual claim submitted to assess the accuracy and validity of claims paid.</li> <li>• We used data analytic techniques on the claims population in order to identify exceptions based on set criteria which were then subjected to further testing.</li> <li>• We verified that contributions were up to date at the date of treatment where claims were paid.</li> </ul>

## **REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)**

### **Other Information**

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

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

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

### **Responsibilities of the Scheme's Trustees for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

We also:

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

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

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

## **REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)**

### **Report on Other Legal and Regulatory Requirements**

#### **Non-compliance with the Medical Schemes Act of South Africa**

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit. These have been fully disclosed in note 23 of the Financial Statements to which this report refers.

#### **Audit tenure**

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

The engagement associate director below has been responsible for the audit for two years.

*Deloitte & Touche*

#### **DELOITTE & TOUCHE**

Registered Auditor

#### **Per: Ilze de Villiers**

Associate Director

8 June 2023



# STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	2022	2021
		R	R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit and loss	2	467 940 418	444 889 854
<b>Current assets</b>			
Trade and other receivables	3	7 660 490	4 919 584
Cash and cash equivalents	4	229 905 262	213 783 923
<b>Total assets</b>		<b>705 506 170</b>	<b>663 593 361</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Members' funds</b>			
Accumulated funds		674 939 216	641 078 898
<b>Current liabilities</b>			
Outstanding claims provision	5	14 883 789	10 208 702
Trade and other payables	6	15 683 165	12 305 761
<b>Total funds and liabilities</b>		<b>705 506 170</b>	<b>663 593 361</b>

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		R	R
<b>Net contribution income</b>	7	430 973 749	410 022 356
<b>Relevant healthcare expenditure</b>		(394 154 101)	(356 910 837)
Net claims incurred	8	(385 660 151)	(349 036 049)
Claims incurred		(389 802 827)	(350 197 263)
Third party claim recoveries		4 142 676	1 161 214
Managed care: Management services	9	(8 493 950)	(7 874 788)
<b>Gross healthcare result</b>		36 819 648	53 111 519
Administration and other expenses	10	(27 238 066)	(25 400 029)
Net impairment on healthcare receivables	11	(240 945)	29 820
<b>Net healthcare result</b>		9 340 637	27 741 310
<b>Other income and expenditure</b>		24 519 681	87 799 034
Investment income	12	3 833 546	2 232 706
Realised gains on financial assets	13	30 634 733	48 641 144
Other income		-	203 635
Asset management fees		(1 401 935)	(1 254 537)
Unrealised losses/(gains) on financial assets at fair value through profit and loss	2, 4	(8 546 663)	37 976 086
<b>Total comprehensive income for the year</b>		33 860 318	115 540 344

# STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2022

	Accumulated funds	Total members' funds
	R	R
<b>Balance as at 1 January 2021</b>	525 538 554	525 538 554
Total comprehensive income for the year	115 540 344	115 540 344
<b>Balance as at 31 December 2021</b>	641 078 898	641 078 898
Total comprehensive income for the year	33 860 318	33 860 318
<b>Balance as at 31 December 2022</b>	674 939 216	674 939 216

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		R	R
<b>Cash flow from operating activities</b>			
Cash receipts from members and providers		428 016 369	409 520 264
Cash receipts from members - contributions		428 169 152	409 531 996
Cash receipts from members and providers - others		(152 783)	(11 732)
Cash paid to providers, employees and members		(407 473 074)	(385 030 931)
Cash paid to providers, employees and members - claims		(386 321 672)	(363 766 298)
Cash paid to providers, employees and members - non-healthcare expenditure		(28 427 323)	(26 658 436)
Sundry income		-	203 635
Investment income		7 293 009	5 199 134
Movement in the accrued interest		(17 088)	(8 966)
<b>Net cash from operating activities</b>		20 543 295	24 489 333
<b>Cash flows from investing activities</b>			
Purchase of investments	2	(159 575 506)	(390 820 903)
Proceeds on disposal of investments	2	151 320 004	393 901 982
Interest received		3 833 546	2 232 706
<b>Net cash (utilised in)/from investing activities</b>		(4 421 956)	5 313 785
<b>Net increase in cash and cash equivalents</b>		16 121 339	29 803 118
Cash and cash equivalents at the beginning of the year		213 783 923	183 980 805
<b>Cash and cash equivalents at the end of the year</b>	4	229 905 262	213 783 923

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 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 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 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 Financial instruments

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

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

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

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

##### (b) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Schemes' loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

## 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 1.2 Financial instruments (continued)

#### (b) Trade and other receivables (continued)

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

#### (c) Amortised cost

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

#### (d) Recognition and measurement

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

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

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

#### (e) Debt instruments

Subsequent measurement of debt instruments is at FVTPL.

#### (f) Equity instruments

The Scheme subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Dividends from such investments continue to be recognised in profit or loss as other income when the Scheme's right to receive payments is established.

### **(g) Fair value measurement**

The Scheme measures its investments in financial instruments, such as equity instruments, debentures, other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market must be accessible for the Scheme. The fair value of the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed appropriate in the circumstances. Valuation techniques include the market approach (i.e. using recent arm's length market transactions, adjusted as necessary, and reference to current market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis and option pricing models making a much use of available and supportable market data as possible).

### **(h) Cash and cash equivalents**

Cash and cash equivalents comprise current accounts and deposits held on call with banks. Cash and cash equivalents are subsequently measured at amortised cost, using the effective interest rate method.

### **(i) Financial liabilities**

Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.

### **(j) Offsetting of financial instruments**

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 financial effects are offset.

## **1.3 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)**

### **1.3 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.

### **1.4 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.

### **1.5 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.

### **1.6 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.

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.

## 1.7 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 are 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 are recognised when entitlement to revenue is established.

## 1.8 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.

## 1.9 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.

## 1.10 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 Scheme 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. The contingent

## 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 1.10 Road Accident Fund (“RAF”) (continued)

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.

### 1.11 Comparatives

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

### 1.12 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 financial statements, are disclosed in note 21.

### 1.13 Functional and presentation currency

Items included in the 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.

### 1.14 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; and
- » Relevant healthcare expenditure.

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; and
- » Other expenditure.

### 1.15 IFRS standards and interpretations

The following standards, amendments to standards, improvements and interpretations are relevant but not effective for the Scheme:

Standard	Subject	Effective date
IFRS 17 Insurance contracts	<p>The IFRS 17 Standard was issued in May 2017 and replaces IFRS 4: Insurance Contracts</p> <p>IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts that fall within the scope of IFRS 17 and will be retrospectively applied.</p> <p>The Scheme has assessed the requirements and impact of the Standard as follows:</p> <ul style="list-style-type: none"> <li>• Contracts issued by the Scheme to its members are included in the scope of IFRS 17 as the Scheme indemnifies members and their registered dependants against the risk of loss arising from a health event; the timing, frequency and severity of which is uncertain.</li> <li>• The contract boundary for the Scheme’s insurance contracts does not exceed twelve months and is aligned with the Scheme’s reporting period (financial year). The coverage period is therefore twelve months which makes the Scheme eligible to apply a simplified valuation model, (the Premium Allocation Approach (PAA)), to measure its contracts.</li> <li>• The Scheme will be required to recognise a liability for remaining coverage (with reference to the premiums received) and a liability for incurred claims (calculated as the expected cash outflows and a risk adjustment).</li> <li>• Judgement will be applied as to how the Scheme determined the unit of account for the measurement of its insurance contracts. Due to the Scheme’s pricing methodologies and risk management strategies being developed and implemented holistically for the Scheme, its portfolio grouping will be at a consolidated Scheme level.</li> </ul>	<p>Annual periods commencing on or after 1 January 2023.</p> <p>The Scheme will adopt IFRS 17 on the effective date.</p>

## 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 1.15 IFRS standards and interpretations (continued)

Standard	Subject	Effective date
IFRS 17 Insurance contracts (continued)	<ul style="list-style-type: none"> <li>• The Scheme will apply the exemption to grouping as allowed by paragraph 20 of IFRS 17: contracts within a portfolio would fall into different groups only because law or regulation specifically constrains the entity's practical ability to set different prices or levels of benefits for policyholders with different characteristics. The Medical Schemes Act prohibits the Scheme from setting different prices for its members. As such, the Scheme does not group contracts in various profitability groupings and will therefore include those contracts with its members in the same group.</li> <li>• The Scheme will be required to assess for onerous contracts at the point that members elect the benefit option for the following year based on relevant facts and circumstances. Where the Scheme, as a whole, has priced for a deficit position at the net healthcare result level, all contracts will be onerous, and the following year's loss will need to be recognised in the current financial year.</li> </ul> <p>A quantitative assessment of adopting IFRS 17 is currently in progress and the Scheme as an implementation plan in place to comply with the requirements for the 2023 financial year.</p>	

## 2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2022	2021
	R	R
Fair value at the beginning of the year	444 889 854	366 542 676
Additions	159 575 506	390 820 903
Disposals	(151 320 004)	(393 901 982)
Net gain	14 795 062	81 428 257
Realised gain on disposal of financial assets at fair value through profit and loss	16 859 665	44 683 556
Unrealised (loss)/gain on financial assets at fair value through profit and loss	(2 064 603)	36 744 701
Fair value at the end of the year	467 940 418	444 889 854
<b>Invested with</b>		
Sygnia Life Limited	467 940 418	444 889 854

### 3. TRADE AND OTHER RECEIVABLES

	2022	2021
	R	R
<b>Insurance receivables</b>		
Contributions outstanding	7 369 699	4 798 664
Recoveries from members	151 646	131 233
Supplier overpayments	650 876	277 561
	8 172 221	5 207 458
Less: Allowance for expected credit losses	(546 767)	(305 822)
	7 625 454	4 901 636
<b>Non-insurance receivables</b>		
Accrued investment income	35 036	17 948
	7 660 490	4 919 584
<b>Analysis of movement in respect of insurance receivables</b>		
Balance at the beginning of the year	5 207 458	4 717 738
Movement for current year	2 964 763	489 720
Balance at the end of the year	8 172 221	5 207 458

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

#### 4. CASH AND CASH EQUIVALENTS

	2022	2021
	R	R
Call accounts	76 125 122	84 022 083
Current accounts	27 294 394	25 924 837
Money market	126 485 746	103 837 003
Total cash and cash equivalents	229 905 262	213 783 923

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 3.39% (2021: 1.64%) and deposits were 6.75% (2021: 3.5%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

The movement in money market instruments includes unrealised losses through profit and loss of R6 482 060 (2021: R1 231 385 gains).

The movement in money market instruments includes realised gains through profit and loss of R13 775 067 (2021: R3 957 588).

#### 5. OUTSTANDING CLAIMS PROVISION

	Not covered by risk transfer arrangements 2022	Not covered by risk transfer arrangements 2021
	R	R
Provision for outstanding claims – incurred but not yet reported	14 883 789	10 208 702
Provision arising from liability adequacy test	-	-
	14 883 789	10 208 702
<b>Analysis of movements in outstanding claims</b>		
Balance at beginning of year	10 208 702	11 524 254
Payments in respect of prior year	(11 372 391)	(12 614 406)
(Under)/over provision in the prior year	(1 163 689)	(1 090 152)
Adjustment for current year	16 047 478	11 298 854
Balance at end of year	14 883 789	10 208 702

## 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:

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



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

### Assumptions

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

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

### Other assumptions

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

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

	2022	2021
	%	%
Claims outstanding for:		
» December	42	30
» November	10	6
» October	2	2
» September	1	1
» August and prior	0	0

## 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 are set out below:

	Increase in liability 2022	Increase in liability 2021
	R	R
Effect of a 1% increase in assumed percentage	1 509 788	1 229 182
Effect of a 2% increase in assumed percentage	3 057 833	2 486 990
Effect of a 3% increase in assumed percentage	4 645 703	3 774 459

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.

## 6. TRADE AND OTHER PAYABLES

	2022	2021
	R	R
<b>Insurance payables</b>		
Contributions overpaid or unmatched contributions	260 327	213 149
Claims reported not yet paid	11 409 487	9 049 359
Claims members and providers credit balances	2 683 476	1 926 055
<b>Non-insurance payables</b>	1 329 875	1 117 198
Audit fees	530 892	440 554
Sundry creditors	798 983	676 644
	15 683 165	12 305 761

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	430 973 749	410 022 356
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## 8. RELEVANT HEALTHCARE EXPENDITURE

### Claims incurred, excluding claims incurred in respect of risk transfer arrangements

Current year claims	373 755 349	338 898 409
Movement in outstanding claims provision	16 047 478	11 298 854
(Over)/under provision in prior year	1 163 689	1 090 152
Provision balance at the end of the year	14 883 789	10 208 702
Total claims incurred	389 802 827	350 197 263
Less: Third party recoveries	(4 142 675)	(1 161 214)
<b>Total relevant healthcare expenditure</b>	385 660 152	349 036 049

## 9. MANAGED CARE: MANAGEMENT SERVICES

	2022	2021
	R	R
Specialist, hospital referrals and pre-authorisations	2 514 045	2 332 224
Pharmacy Benefit Management	2 281 720	2 116 222
Disease Risk Management	2 025 669	1 877 326
Specialist Network Management	1 562 819	1 459 808
GP Network Management	109 697	89 208
	8 493 950	7 874 788

## 10. ADMINISTRATION AND OTHER EXPENSES

Administrator's fees	16 372 655	15 207 776
Audit fees	526 735	440 554
Actuarial fees	941 850	897 000
Bank charges	172 538	158 161
Benefit management services: Europe Assist	166 187	154 780
Board of Healthcare Funders' levies	107 212	98 610
Commission	1 726 166	1 605 480
Consulting fees	179 950	145 950
Council for Medical Schemes' levies	318 357	301 691
Fidelity guarantee and professional indemnity insurance premium	78 500	72 000
Year-end function	4 194	-
Principal Officer's fees: JJ van der Walt	445 000	286 680
Printing and stationery	163 637	373 057
Scheme management services	6 035 085	5 658 290
	27 238 066	25 400 029

## 10.1 TRUSTEE AND PRINCIPAL OFFICER EXPENSES

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

	2022	2021
	R	R
<b>Fees for consultancy services</b>		
Paid to the Principal Officer	445 000	286 680

## 11. NET IMPAIRMENT ON HEALTHCARE RECEIVABLES

### Trade and other receivables

Contributions that are not collectable	-	(13 215)
Movement in the allowance account for expected credit losses	-	(13 215)
Members' and service providers' portions that are not recoverable	(240 945)	43 035
Movement in the allowance account for expected credit losses	(240 945)	50 221
Written off	-	( 7 186)
	(240 945)	29 820

## 12. INVESTMENT INCOME

Interest income	3 833 546	2 232 706
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## 13. REALISED GAINS ON DISPOSAL OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Realised gains on disposal of financial assets at fair value through profit and loss	30 634 733	48 641 144
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#### 14. SURPLUS AFTER INVESTMENT INCOME, OTHER INCOME AND OTHER EXPENDITURE PER BENEFIT OPTION

	Imperial Motus Med Health Plan	Imperial Motus Med Budget Plan	Imperial Motus Med
2022	R	R	R
<b>Net contribution income</b>	399 883 072	31 090 677	430 973 749
<b>Relevant healthcare expenditure</b>	(370 382 416)	(23 771 685)	(394 154 101)
Net claims incurred	(363 031 887)	(22 628 264)	(385 660 151)
Claims incurred	(366 604 039)	(23 198 788)	(389 802 827)
Third party claim recoveries	3 572 152	570 524	4 142 676
Managed care: Management services	(7 350 529)	(1 143 421)	(8 493 950)
<b>Gross healthcare result</b>	29 500 656	7 318 992	36 819 648
Administration and other expenses	(23 572 735)	(3 665 331)	(27 238 066)
Net impairment charges on healthcare receivables	(207 742)	(33 203)	(240 945)
<b>Net healthcare result</b>	5 720 179	3 620 458	9 340 637
<b>Other income and expenditure</b>	21 711 576	2 808 105	24 519 681
Investment income	3 554 341	279 205	3 883 546
Realised gains on financial assets at fair value through profit and loss	26 886 218	3 748 515	30 634 733
Asset management fees	(1 213 432)	(188 503)	(1 401 935)
Unrealised gains on financial assets at fair value through profit and loss	(7 515 551)	(1 031 112)	(8 546 663)
<b>Total comprehensive income for the year</b>	27 431 755	6 428 563	33 860 318

	Imperial Motus Med Health Plan	Imperial Motus Med Budget Plan	Imperial Motus Med
2021	R	R	R
<b>Net contribution income</b>	383 980 972	26 041 384	410 022 356
<b>Relevant healthcare expenditure</b>	(334 833 572)	(22 077 265)	(356 910 837)
Net claims incurred	(327 887 314)	(21 148 735)	(349 036 049)
Claims incurred	(328 916 260)	(21 281 003)	(350 197 263)
Third party claim recoveries	1 028 946	132 268	1 161 214
Managed care: Management services	(6 946 258)	(928 530)	(7 874 788)
<b>Gross healthcare result</b>	49 147 400	3 964 119	53 111 519
Administration and other expenses	(22 406 797)	(2 993 232)	(25 400 029)
Net impairment charges on healthcare receivables	27 021	2 799	29 820
<b>Net healthcare result</b>	26 767 624	973 686	27 741 310
<b>Other income and expenditure</b>	79 095 578	8 703 456	87 799 034
Investment income	2 080 724	151 982	2 232 706
Realised gains on financial assets at fair value through profit and loss	44 223 254	4 417 890	48 641 144
Sundry income	177 807	25 828	203 635
Asset management fees	(1 106 363)	(148 174)	(1 254 537)
Unrealised losses on financial assets at fair value through profit and loss	33 720 156	4 255 930	37 976 086
<b>Total comprehensive income for the year</b>	105 863 202	9 677 142	115 540 344

## 15. 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 2022, amounted to R40 million (2021: R40 million).

## 16. RELATED PARTY TRANSACTIONS

### Background information

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

### Parties with significant influence over the Scheme

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

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

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

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



## Key management personnel and their close family members

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

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:

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

## Transactions with entities that have significant influence over the Scheme:

	2022	2021
	R	R
<b>Statement of comprehensive income</b>		
Administration fees	16 372 656	15 207 776
Managed care fees	8 493 950	7 874 788
Actuarial fees	941 850	897 000
<b>Statement of financial position</b>		
Managed care fees due	40 871	38 119
Scheme management service fees due	505 318	476 691
Principal Officer fees due	12 500	-

## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions with entities that have significant influence over the Scheme (continued):

#### Transactions with key management personnel:

	2022	2021
	R	R
<b>Statement of comprehensive income</b>		
Trustees' and Principal Officer's contributions received	512 808	453 372
Trustees' and Principal Officer's claims incurred	395 608	351 643
Principal Officer's fees - JJ van der Walt	307 500	286 680
Principal Officer's succession fees - F Meier	137 500	-
Scheme management service	6 035 085	5 658 290

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

Transaction	Nature of transactions and terms and conditions thereof
<b>Administration fees</b>	The administration agreement is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement shall continue for an initial period of three years from 1 January 2011; thereafter it is automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on six months' notice. The outstanding balance bears no interest and is due within seven days of the month to which it relates. The contract with Metropolitan Health Corporate (Pty) Ltd was ceded to Momentum Health Solutions (Pty) Ltd effective 1 January 2017.
<b>Managed care fees</b>	The managed care agreement is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement shall continue for an initial period of three years from 1 January 2011; thereafter it is automatically renewed each year unless notification of termination is received. The Scheme has the right to terminate the agreement on six months' notice. The outstanding balance bears no interest and is due within seven days of the month to which it relates. The contract with Metropolitan Health Corporate (Pty) Ltd was ceded to Momentum Health Solutions (Pty) Ltd effective 1 January 2017.

<b>Actuarial fees</b>	<p>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.</p>
<b>Scheme management services</b>	<p>The Medi Call agreement is in terms of the agreement between the Scheme and Medi Call and in accordance with instructions given by the Trustees of the Scheme. The agreement is automatically renewed each year unless notification of termination is received. The Scheme or the Scheme Manager may terminate the agreement by giving the other party no less than six calendar months’ written notice. The outstanding balance bears no interest and is due within 30 days.</p>

## 17. 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.

## 17. INSURANCE RISK MANAGEMENT (CONTINUED)

### Risk management objectives, policies, processes and methods for mitigating insurance risk (continued)

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 below 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.

#### 2022

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

#### 2021

Age grouping (in years)		General Practitioners and Specialists	Dentistry	Optometry	Medicines	Hospital	Other	Total
		R	R	R	R	R	R	R
< 26	Net	22 310 797	4 046 006	1 552 146	8 462 600	26 691 963	6 207 739	69 271 251
26 – 35	Net	18 485 757	1 767 172	1 401 982	6 199 903	18 047 070	2 987 880	48 889 764
36 – 50	Net	34 441 189	3 508 660	3 031 960	16 594 813	35 540 371	7 385 837	100 502 830
51 – 65	Net	23 175 827	1 897 410	1 542 579	12 930 341	28 027 937	5 667 947	73 242 041
> 65	Net	13 373 505	814 314	475 621	7 780 536	19 327 563	5 220 984	46 992 523
Total current year claims	Net	111 787 075	12 033 562	8 004 288	51 968 193	127 634 904	27 470 387	338 898 409

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.

## **18. CAPITAL MANAGEMENT**

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

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

## 18. CAPITAL MANAGEMENT (CONTINUED)

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 2022 was 140.9% (2021: 137.8%), 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 2021 to 31 December 2022.

## 19. FINANCIAL RISK MANAGEMENT

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

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

	2022	2021
	R	R
Financial assets at fair value through profit and loss	467 940 418	444 889 854
Cash and cash equivalents	229 905 262	213 783 923
Trade and other receivables	7 660 490	4 919 584
Loans and receivables	35 036	17 948
Insurance receivables	7 625 454	4 901 636
Trade and other payables	12 999 689	10 379 706
Provisions and payables	1 329 875	1 117 198
Insurance payables	11 669 814	9 262 508

### 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 related interest rates.

**Interest rate risk - sensitivity analysis**  
**Sensitivity of members’ funds due to changes in the interest rate**

The impact has been evaluated by looking at the change to total comprehensive income and total members’ funds based on a decrease of 1% or decrease of 5% in the market interest rates applicable at 31 December 2022, for each class of financial instrument with all other variables remaining constant as follows:

**Sensitivity analysis table at 31 December 2022**

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

	2021 Actual	Interest rate decreases by 1%	Interest rate decreases by 5%
	R	R	R
Change in interest bearing financial assets through profit and loss	128 226 682	(1 282 267)	(6 411 334)
Change in cash and cash equivalents	213 783 923	(2 137 839)	(10 689 196)

**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 2022 remain until maturity or settlement without any action by the Scheme to alter the resulting interest rate exposure.

## 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Equity price risk management

The Scheme is exposed to equity price risks resulting from the equity investments in the underlying policies and portfolios it invests in. The equity instruments are indirectly held by the Scheme in terms of its investment strategy and restrictions exerted by the Medical Schemes Act.

No specific concentration of risk exist for the equity price risk as the investments are diversified to minimise the risk to the Scheme.

The following table details the Scheme's sensitivity to a 1% or 5% decrease/increase in the fair value of the instruments. The sensitivity analysis includes equity backed investments and illustrates the impact on the surplus or deficit and total members' funds at year end.

### Equity price risk sensitivity analysis

	2022 Actual	JSE ALSI decreases by 1%	JSE ALSI decreases by 5%
	R	R	R
Change in equity backed by financial assets through profit and loss	332 926 787	(2 229 568)	(11 147 838)
Total comprehensive income for the year	33 860 318	31 630 750	22 712 480
Total members' funds	674 939 216	672 709 648	663 791 378

	2021 Actual	JSE ALSI decreases by 1%	JSE ALSI decreases by 5%
	R	R	R
Change in equity backed by financial assets through profit and loss	316 663 172	(913 390)	(4 566 952)
Total comprehensive loss for the year	115 540 344	114 626 954	110 973 392
Total members' funds	641 078 898	640 165 508	636 511 946

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

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



## Currency risk

The Scheme operates in South Africa and therefore its cash flows are denominated in South African rand (ZAR). The investment managers invest in a foreign collective investment scheme comprising call accounts and unsettled cash balances, which exposes the Scheme to foreign currency risk resulting from fluctuations in foreign exchange rates during the year.

For purposes of seeking investment diversification, the Scheme has invested 2.4% (2021: 2.3%) of its investable assets in an offshore account. As at 31 December 2022, this equates to R16.4m (2021: R15.2m).

## Credit risk

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

## Cash and cash equivalents

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

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

## 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Cash and cash equivalents (continued)

Credit risk exposure	Amount	Counter party	Credit rating
<b>2021</b>	<b>R</b>		
<b>Cash and cash equivalents</b>	21 083 048	ABSA	BB+
	19 303 085	FirstRand	BB+
	18 137 988	Investec	BB+
	87 892 798	Nedbank	BB+
	52 134 124	Standard Bank	BB+
	22 787	HSBC	AA-
	10 267	China Construction Bank	A
	12 936	Citi Bank	
	15 184 026	International Bank	
	2 864	Standard Chartered Bank	

The credit risk exposure on trade and other receivables has been set out on page 54 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 below summarises the Scheme's maturity analysis of insurance and other payables, as well as insurance and other receivables and the expected maturity analysis for the outstanding claims provision.

### The liquidity risk analysis is based on the following assumptions:

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

## 2022

### LIABILITIES

#### Current liabilities

Outstanding claims provision	3 569 005	7 879 100	-	11 448 105
Trade and other payables	15 683 165	-	-	15 683 165
<b>Total current liabilities</b>	19 252 170	7 879 100	-	27 131 270

### ASSETS

#### Current assets

Cash and cash equivalents	229 905 262	-	-	229 905 262
Trade and other receivables	7 725 617	30 996	450 644	8 207 257
<b>Total current assets</b>	237 630 879	30 996	450 644	238 112 519
	218 378 709	(7 848 104)	450 644	210 981 249

## 2021

### LIABILITIES

#### Current liabilities

Outstanding claims provision	6 584 259	3 624 443	-	10 208 702
Trade and other payables	12 305 761	-	-	12 305 761
<b>Total current liabilities</b>	18 890 020	3 624 443	-	22 514 463

### ASSETS

#### Current assets

Cash and cash equivalents	213 783 923	-	-	213 783 923
Trade and other receivables	4 895 627	46 016	283 763	5 225 406
<b>Total current assets</b>	218 679 550	46 016	283 763	219 009 329
	199 789 530	(3 578 427)	283 763	196 494 866

## 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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).

2022

#### Financial assets at fair value through profit and loss

Sygnia (insurance policy) (recurring)

**Total available-for-sale investments**

	Level 1	Level 2	Level 3
	R	R	R
Sygnia (insurance policy) (recurring)	-	467 940 418	-
<b>Total available-for-sale investments</b>	-	467 940 418	-

2021

#### Financial assets at fair value through profit and loss

Sygnia (insurance policy) (recurring)

**Total available-for-sale investments**

	Level 1	Level 2	Level 3
	R	R	R
Sygnia (insurance policy) (recurring)	-	444 889 854	-
<b>Total available-for-sale investments</b>	-	444 889 854	-

### Credit risk - trade and other receivables

	Fully performing	Past due	Impairment	Net
	R	R	R	R
<b>2022</b>				
Insurance receivables	7 690 581	481 639	(546 767)	7 625 453
- Contributions outstanding	7 354 348	15 350	-	7 369 698
- Recoveries from members	224 831	(73 185)	(146 237)	5 409
- Supplier overpayments	111 402	539 474	(400 530)	250 346
Other receivables	35 036	-	-	35 036
Cash and cash equivalents	229 905 262	-	-	229 905 262
	237 630 879	481 639	(546 767)	237 565 751

<b>2021</b>				
Insurance receivables	4 877 678	329 780	(305 822)	4 901 636
- Contributions outstanding	4 794 554	4 109	-	4 798 663
- Recoveries from members	877	130 357	(130 078)	1 156
- Supplier overpayments	82 247	195 314	(175 744)	101 817
Other receivables	17 948	-	-	17 948
Cash and cash equivalents	213 783 923	-	-	213 783 923
	218 679 549	329 780	(305 822)	218 703 507

### Age analysis of past due amounts:

	30 days	60 days	90 days +	Net
	R	R	R	R
<b>2022</b>				
Insurance receivables	33 626	(34 185)	482 198	481 639
- Contributions outstanding	13 456	-	1 894	15 350
- Recoveries from members	5 658	(6 560)	(72 283)	(73 185)
- Supplier overpayments	14 512	(27 625)	552 587	539 474
	33 626	34 185	482 198	481 639

## 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Age analysis of past due amounts: (continued)

	30 days	60 days	90 days +	Net
	R	R	R	R
<b>2021</b>				
Insurance receivables	21 640	13 417	294 723	329 780
- Contributions outstanding	4 109	-	-	4 109
- Recoveries from members	10 736	1 471	118 150	130 357
- Supplier overpayments	6 795	11 946	176 573	195 314
	21 640	13 417	294 723	329 780

## 20. TAXATION

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

## 21. 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 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.

## 22. COMMITMENTS

There were no commitments for capital expenditure as at 31 December 2022 (2021: nil).

## 23. NON-COMPLIANCE MATTERS

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

### **Contravention of Section 26(7)**

#### **Nature and impact**

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

#### **Causes for the failure**

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

#### **Corrective action**

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

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

#### **Nature and impact**

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

#### **Causes for the failure**

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

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

#### **Corrective action**

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

## **23. NON-COMPLIANCE MATTERS (CONTINUED)**

### **Corrective action (continued)**

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

## **24. EVENTS AFTER REPORTING DATE**

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

## **25. GOING CONCERN**

The Trustees continue to be of the opinion that the Scheme will be able to continue as a going concern; refer to note 24 of the notes to the annual financial statements for additional disclosure on events after reporting date.



# TRUSTEE NOMINATION FORM

## IMPERIAL AND MOTUS MEDICAL AID

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

**PLEASE NOTE THAT ONLY ONE NOMINATION IS REQUIRED PER NOMINEE.**

**PLEASE USE BLOCK LETTERS.**

I/We nominate \_\_\_\_\_  
PLEASE PRINT FULL NAME AND SURNAME

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

Signature of **NOMINEE**: \_\_\_\_\_

**NOMINEE'S** membership number: \_\_\_\_\_

**PROPOSING MEMBER'S** name: \_\_\_\_\_

**PROPOSING MEMBER'S** membership number: \_\_\_\_\_

Signature of **PROPOSING MEMBER**: \_\_\_\_\_

**SECONDING MEMBER'S** name: \_\_\_\_\_

**SECONDING MEMBER'S** membership number: \_\_\_\_\_

Signature of **SECONDING MEMBER**: \_\_\_\_\_

Date: \_\_\_\_\_ 2023



## NOTE:

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

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

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

**OR** email it to [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) by no later than **Wednesday, 12 July 2023**.

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

Telephone number of **NOMINEE**: \_\_\_\_\_

Email address of **NOMINEE**: \_\_\_\_\_

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

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

### **Only one nomination per nominee is required.**

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

## IMPORTANT NOTE:

The closing date for Trustee nominations is at close of business on 12 July 2023.  
No nominations after this date will be accepted.



# PROXY FORM

## IMPERIAL AND MOTUS MEDICAL AID

I, \_\_\_\_\_,

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

\_\_\_\_\_,

who is a member of this Scheme or, failing him/her, the Chairman of the meeting, as my proxy to attend and vote on my behalf at the Annual General Meeting convened for Thursday, 20 July 2023 at 12:00.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Signature of **MEMBER**: \_\_\_\_\_

**MEMBER'S** membership number: \_\_\_\_\_

Signature of **PROXY**: \_\_\_\_\_

**PROXY'S** membership number: \_\_\_\_\_

Please return this proxy by email to [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) to reach the Principal Officer, through the The Meeting Specialist (Pty) Ltd, by no later than 48 hours before the start of the meeting at 12:00 on Thursday, 20 July 2023.



