PLATINUM HEALTH MEDICAL SCHEME

REGISTRATION NUMBER: 29/4/2/1583

ANNUAL GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

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REPORT OF THE BOARD OF TRUSTEES

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

1. MANAGEMENT

1.1 Board of Trustees in office during the year under review

Name	Designation
Employer Trustees	
Mr C Smith*	Northam Platinum Mine
Dr K Naidoo	Anglo American Platinum
Mr S Bullock	Anglo American Platinum
Mr W McCarthy	Anglo American Platinum (term ended 31 December 2023)
Ms MM Baxter	Modikwa Platinum Mine
Mr P Coetzer	Impala Bafokeng Platinum
Mr I Osman	Siyanda Bakgatla Platinum Mine
Member Trustees	
Mr J Hlangweni	Northam Platinum Mine
Mr GG Mmusi	Anglo American Platinum Process Division (appointed 30 June 2023)
Mr BC Lekoro	Impala Bafokeng Platinum (appointed 30 June 2023)
Ms HT Maroga	Modikwa Platinum Mine (appointed 30 June 2023)
Mr S Mkhonto	Anglo American Platinum Amandelbult
Mr M Malatji	Anglo American Platinum Other
Mr B Molefe	Anglo American Platinum Process Division (term ended 30 June 2023)
Mr P Malamula	Impalal Bafokeng Platinum (term ended 30 June 2023)
Mr DM Noko	Siyanda Bakgatla Platinum Mine
Mr P Maimela	Modikwa Platinum Mine (term ended 30 June 2023)

* Chairperson of the Board of Trustees

1. **MANAGEMENT** (Continued)

1.2 Trustee meeting attendance

The following schedule sets out Board of Trustee meeting attendances for periods between 21 February 2023 to 22 November 2023.

	Trustee Meetings		*Audit and Risk Committee Meetings*		*Other Meetings*	
	A	**B**	**A**	**B**	**A**	**B**
Employer Trustees						
Mr C Smith	10	10			5	5
Ms MM Baxter	10	5				
Dr K Naidoo	10	8	5	5	3	3
Mr S Bullock	10	9				
Mr W McCarthy	10	9			3	3
Mr P Coetzer	10	6			4	4
Mr I Osman	10	8	5	4	3	2
Member Trustees						
Mr J Hlangweni	10	10			3	3
Mr G Mmusi	5	5				
Mr S Mkhonto	10	10			6	6
Ms HT Maroga	5	4				
Mr M Malatji	10	10			3	3
Mr B Molefe	5	5			4	
Mr P Malamula	5	5	5	4	2	2
Mr D Noko	10	10	5	5	4	4
Mr P Maimela	5	5			2	2
Mr BC Lekoro	5	5				

A - Total possible number of meetings could have attended
B - Actual number of meetings attended

Other Committees consist of the following:
Dispute committee
Investment committee
Remuneration committee
Product committee
Communication committee
Medical Ex-gratia committee

1. **MANAGEMENT** (Continued)

1.3 **Principal Officer**

Mr P W Mboniso
Platinum Health Medical Scheme
3 Kgwebo Street
Rustenburg
0299

Private Bag X82081
Rustenburg
0300

1.4 **Registered Office**

Platinum Health Medical Scheme
3 Kgwebo Street
Mabe Park
Rustenburg
0299

Private Bag X82081
Rustenburg
0300

1.5 **Fund Administrator**

Platinum Health Medical Scheme
3 Kgwebo Street
Mabe Park
Rustenburg
0299

Private Bag X82081
Rustenburg
0300

1.6 **Independent Auditors**

Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Gauteng
2090

Private Bag X6
Gallo Manor
2052

1.7 **Investment Managers**

Allan Gray Life Limited
1 Silo Square
V & A Waterfront
Cape Town
8001
FSP 6663

1.8 **Independent Investment Advisor**

Mr C Buchanan (resigned 9 November 2023)
31 Bantry Square
Bantry Road
Bryanston
PO Box 130664
Bryanston
2022

1.9 **General Information**

Domicile:	Registered Office 3 Kgwebo Street Mabe Park Rustenburg 0300
Legal form:	Medical Aid Scheme
Country of incorporation:	South Africa
Nature of the entity:	Non-profit organisation
Principal activities:	Provides medical aid cover to members of the Scheme

1.10 **Investment in subsidiary**

RA Gilbert Proprietary Limited:	100% (Acquired 1 June 2020)
Directors:	Mr C Smith, Mr W McCarthy, Mr T Tsiki and Mr R Gounden.
Principal activities:	Rental of equipment to the Scheme and acting as procurement agent of pharmaceuticals to the Scheme.

2. DESCRIPTION OF THE MEDICAL SCHEME

2.1 Terms of registration

The Platinum Health Medical Scheme is a non-profit restricted Medical Scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

No guarantees have been received from third parties, in favour of Platinum Health Medical Scheme.

2.2 Healthcare options within the Platinum Health Medical Scheme

The Scheme offers three options:
– PlatComprehensive
– PlatCap
– PlatFreedom

2.3 Risk transfer arrangements

The Scheme has entered into fixed fee contracts with a number of specialists in Rustenburg for the rendering of specialist health services to its members.

The services are based on negotiated fixed monthly payments to the specialist and an adjustment of fees is negotiated if there is a substantial increase in members (up more than 10% growth from date of signing the contract). The services rendered to members are billed at Platinum Health Medical Scheme rates and the difference between the services provided at the rates and the fixed amount paid is the risk transfer surplus or deficit.

There is some transfer of claims variability risk since the specialists receive a fixed fee rather than making variable claims to the Scheme. However, the level of claims variability is not significant relative to the size of the scheme and total claims incurred. The Scheme retains the risk of the specialists not being consulted and therefore retaining specific risks that would normally be transferred to these specialists. The risk transfer arrangements is therefore not considered as reinsurance for IFRS 17 purposes because it is insignificant.

2.4 Own facilities

The Scheme has entered into capitation fee contracts with a number of participating employer companies for the rendering of work-based health services to the employees and contractors of the employer groups. The services include occupational health care, rehabilitation and functional assessment, curative care and trauma emergency services. These services are rendered at the participating employer's premises at favourable conditions to the Scheme and are accounted for under own facility surplus (Note 14).

3. INVESTMENT POLICY OF THE FUND

The trustees have invested the reserves in line with the Regulations of the Medical Schemes Act 131 of 1998, as amended. There has been no change in the policy during the year under review.

The Group's investment objectives are to maximise the return on its investments on a long-term basis at minimal risk. The Group's investments consist of a portfolio which is being managed by Allan Gray in a pooled portfolio. The investment in the Allan Gray Life Domestic Stable Portfolio consists of equity, bills, bonds and cash and deposits.

The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

Allan Gray is mandated to comply with all the requirements of the Medical Schemes Act regarding the Allan Gray Life Domestic Stable Portfolio.

4. INSURANCE RISK MANAGEMENT

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the 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 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 emergency 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. A significant portion of health services are rendered through in-house service providers. Since the biometric identification is deployed the risk to the Scheme is significantly reduced.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. The transition from IFRS 4 to IFRS 17 had a material change to the assumptions used to measure insurance assets and liabilities in the annual consolidated financial statements. The impact of the adoption of IFRS 17 is outlined in note 1.21.

5. REVIEW OF THE YEAR'S ACTIVITIES

5.1. Operational Statistics

	2023			
	All Options	**PlatComp**	**PlatCap**	**PlatFree**
Number of members at year-end	**60 160**	**56 857**	**1 829**	**1 474**
Average number of members for the year*	**59 133**	**55 067**	**2 548**	**1 518**
Average administration and managed care cost incurred per beneficiary per month	**R127**	**R127**	**R125**	**R111**
Non-Healthcare expenses as a Percentage of gross contributions	**8%**	**8%**	**9%**	**7%**
Dependant ratio as at 31 December	**1:0.804**	**1:0.801**	**1:0.075**	**2:0.181**
Number of beneficiaries at year-end	**108 814**	**102 171**	**4 586**	**2 057**
Average number of beneficiaries during the accounting period	**106 870**	**99 292**	**2 784**	**4 794**
Net contributions per average beneficiary per month*	**R1,590**	**R1,587**	**R1,328**	**R1,809**
Insurance service expense per average beneficiary per month*	**R1,436**	**R1,476**	**R472**	**R1,161**
Non-Healthcare expenditure per average' beneficiary per month*	**R132**	**R132**	**R129**	**R131**
Insurance service expenses as a percentage of gross contributions	**90%**	**93%**	**36%**	**64%**
Average age of beneficiaries at 31 December	**30.70**	**30.69**	**39.59**	**25.09**
Pensioners ratio at 31 December	**1.48%**	**1.59%**	**0.06%**	**0.02%**
Return on investments as a percentage of investments at 31 December	**6.98%**	**6.98%**	**6.98%**	**6.98%**

* Averages are calculated using the sum of the 12 months' actual monthly membership divided by 12

5. REVIEW OF THE YEAR'S ACTIVITIES (Continued)

5.1 Operational Statistics (continued)

	2022			
	All Options	**PlatComp**	**PlatCap**	**PlatFree**
Number of members at year-end	57 995	53 762	2 660	1 533
Average number of members for the year *	56 036	51 621	2 914	1 501
Average administration and managed care costs incurred per beneficiary per month	R105	R105	R102	R95
Non-healthcare expenses as a percentage of gross contributions	7%	7%	8%	7%
Dependant ratio as at 31 December	1:0.804	1:0.801	1:0.075	1:2.181
Number of beneficiaries at year-end	104 571	96 836	2 859	4 876
Average number of beneficiaries during the accounting period	100 964	93 051	3 119	4 795
Net contributions per average beneficiary per month *	R1,503	R1,506	R1,248	R1,390
Insurance service expense per average beneficiary per month *	R1,377	R1,415	R638	R987
Non-healthcare expenditure per average beneficiary per month *	R108	R108	R105	R95
Insurance service expense as a percentage of gross contributions	92%	94%	51%	71%
Average age of beneficiaries at 31 December	30.64	30.61	40.04	24.68
Pensioners ratio at 31 December	1.44%	1.56%	0.06%	0.03%
Return on investments as a percentage of investments at 31 December	5.42%	5.42%	5.42%	5.42%

* Averages are calculated using the sum of the 12 months' actual monthly membership divided by 12

5. REVIEW OF THE YEAR'S ACTIVITIES (Continued)

5.2 Results of operations

The results of the Group are set out in the annual consolidated financial statements, and the trustees believe that no further clarification is required.

5.3 Solvency margin

	2023 R'000	2022 R'000
Insurance contract liability attributable to future members	**845,691**	735,040
Less: Cumulative unrealised net gains on re-measurement to fair value of financial instruments	**(972)**	(808)
Liability for future members per Regulation 29	**844,719**	734,232
Gross insurance income	**2,038,479**	1,820,644
Solvency margin	**41%**	40%

Cumulative unrealised net gains on re-measurement to fair value of financial instruments

Net cumulative unrealised gains opening balance	**(808)**	(4,453)
Add: Unrealised (gain) /loss on remeasurement to fair value of financial instruments	**(165)**	3,645
	(972)	(808)

5.4 Liability for future members

Movements in the member's funds have been replaced by liability for future members in accordance with IFRS 17. The liability for future members is disclosed under note 3.2. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the Group.

5.5 Liability for incurred claims (LIC)

The basis of calculation of the LIC is disclosed in Note 1.5 (accounting policies) of the financial statements and this basis used in estimating the provision for outstanding claims in the previous financial year is the same as the current year, with the exception that in prior years data processed post year-end was used to adjust the outstanding claims reserves. Movements on the outstanding claims provision are set out in Note 3.1.

6. ACTUARIAL VALUATION

An actuarial valuation report accompanies the contribution, liability for incurred claims, liability for remaining coverage and benefit levels submitted to the Council for Medical Schemes.

7. SUBSEQUENT EVENTS

There are no significant events after the reporting date which requires disclosure or adjustment to the annual consolidated financial statements.

8. TRUSTEES' REMUNERATION AND EXPENSES

Trustees are not remunerated for their services, other than disbursements for attending conferences and training. An attendance and cell phone allowance are paid to those trustees who opted for this allowance. The disbursements and allowances for the year are R734,152 (2022: R696,913).

9. FIDELITY COVER

The Scheme has fidelity cover in place and the premiums are fully paid up and in place until 30 June 2024. The Health Professionals employed by the Scheme, Trustees elected, and Independent Committee Members are covered for any claims with regard to services rendered by them.

10. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 of 1998

The following areas of non-compliance of the Medical Schemes Act 131, 1998 were identified during the year:

(1) Investments in employer and administrator companies

Nature and cause of non-compliance

In terms of the Medical Schemes Act and specifically Section 35 (8)(a) it is a requirement that a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the Medical Scheme, or any administrator or any arrangement associated with the Medical Scheme. As per the explanatory Note 8 to Annexure B in terms of the Medical Schemes Act, compliance is tested on a look-through principle. Therefore, if the Scheme has invested in a pooled fund/collective investment Scheme which has invested some of their assets in the Scheme's employer group, the Scheme is non-compliant to the requirements of section 35(8).

The following investments are held indirectly in employer companies at year-end through the Allan Gray pooled funds:

	2023 R'000	2022 R'000
• Northam Platinum Limited	**4,499**	8,223
• Impala Platinum Holdings Limited	**440**	-

Possible impact of non-compliance

The contravention of the Act will have an insignificant impact on the Scheme as the amounts invested in employer companies and administrator companies are immaterial and the Scheme has no influence over the investment decision. The Council for Medical Schemes have not imposed any penalties on these contraventions.

Corrective course of action adopted to ensure compliance, including the timing of the corrective action

Compliance with the Medical Scheme Act should always be considered when investments are made by the Scheme or by the portfolio managers. If not in compliance, the Registrar should be informed immediately. The Scheme has no direct or indirect influence over the Allan Gray investment strategies as the pooled funds.

10. **NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 of 1998** (Continued)

Funds are invested to optimise return on investment for the entire portfolio. A letter confirming the exemption from investing in employer group and medical scheme administrators through asset managers where such investment choices are not influenced by the Scheme was received from the Council for Medical Schemes for a period of 3 years, commencing 1 December 2022.

(2) **3 Day rule – contributions not received within 3 days of becoming payable**

Nature and cause of non-compliance

In terms of the Medical Schemes Act and specifically Section 26 (7), contributions should be received in accordance with the rules of the Scheme. The rules indicate that contributions payable should be received no later than the third day of each month. As at 31 December 2023, there were contribution debtors outstanding for more than 30 days to the amount of R1,759,140 (2022: R1,120,508). This amount represents about 1% of the total contributions received during the year, but the delay in receipt is in contravention of Section 26(7) of the Medical Schemes Act.

Possible impact of non-compliance

The contravention of the Act may result in the Council for Medical Schemes imposing penalties for the non-compliance.

Corrective course of action adopted to ensure compliance, including the timing of the corrective action

The Scheme continually strives to have all membership changes updated before the following contribution run. Due to the nature of the membership movement, and the communication process between the employer's administrators on the one hand and the Scheme on the other, this is not always possible.

(3) **Contravention of Section 59 (2) of the Act**

Nature and cause

Section 59(2) of the Act states that, "A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme."

In the ordinary course of the Scheme's business, providers/members are periodically flagged for claims that are indicative of fraud, waste or abuse. In such instances claims are investigated and placed on forensic withhold and may be paid beyond the 30 day period, following consultation with, and communication to, the provider/member. In other instances providers/members have provided incomplete payment information which results in delays in settling claims.

Possible impact

Providers and/or members not settled timeously may amount to non-compliance if there is no communication within 30 days.

10. **NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 of 1998** (Continued)

Corrective course of action

Providers flagged for forensic withhold are informed formally in writing through the office of the Principal Officer of the delays in payment, pending the outcome of the forensic investigation. The communication strategy is formalised in the fraud, waste and abuse policies and procedures with Regulations 6(2) and 6(3) of the Act as a basis. In terms of the Regulation, "if a medical scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, it must inform both the member and the relevant health care provider within 30 days after receipt of such account, statement or claim that it is erroneous."

Claims submitted with incomplete payment information are considered incomplete claims in terms of Rule 15.1 of the registered Scheme Rules and communication is sent to providers/members within 30 days requesting the outstanding information.

11. **RELATED PARTY TRANSACTIONS**

Refer to related party disclosure in Note 22 of the annual consolidated financial statements.

12. **INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME**

The Medical Scheme holds no direct investments in or loans to participating employers of Medical Scheme members, other than the pooled investment through Allan Gray (refer to 10.1 above).

13. AUDIT AND RISK COMMITTEE

An Audit and Risk Committee was established in accordance with the provisions of the Medical Schemes Act 131 of 1998. The Board of Trustees mandates the Committee by means of written terms of reference as to its membership, authority, and duties. The Committee consists of five members of which three are independent members.

The majority of the members, including the chairperson, are independent of the Scheme. The Committee met on 16 February 2023, 27 March 2023, 06 April 2023, 23 August 2023 and 15 November 2023.

The Chief Executive Officer, Principal Officer, Chief Financial Officer of the Medical Scheme and the internal and external auditors attend the Committee meetings and have unrestricted access to the chairperson of the 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 Group'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 the audit activities.

The principal activities of the Audit and Risk Committee which are formulated in the Audit and Risk Committee Charter are:

- Review of the effectiveness of internal controls and the financial functions
- Monitoring of governance and risk management processes
- Review of effectiveness of internal and external audits
- Recommendation of appointment of external auditors and fees
- Recommendation of appointment of internal auditors and fees
- Evaluation of external and internal audit reports
- Recommending approval of Financial Statements

The Audit Committee comprises of the following:		Meetings Attended
Mr I Catt	(Independent)	5 of 5
Mr D Cathrall	(Independent)	5 of 5
Mr I Osman	(Trustee)	4 of 5
Dr L Konar	(Independent Chairperson) (appointed 04 July 2023)	2 of 2
Mr D Noko	(Trustee)	5 of 5

14. INVESTMENT COMMITTEE

An Investment Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. This Committee consists of four members of which two must be members of the Board of Trustees. One of the members is an independent advisor.

The Committee met on 27 March 2023, 28 August 2023 and 15 November 2023.

The Chief Executive Officer, the Principal Officer and the Chief Financial Officer of the Medical Scheme attend the Investment Committee meetings and have unrestricted access to the chairperson of the committee.

The primary responsibility of the Investment Committee is to assist the Board of Trustees in carrying out its duties relating to the investment policy of the Group.

The mandate of the committee is to ensure that:

- the Group remains liquid;
- investments are placed at minimum risk and at the best possible rate of return;
- investments made are in compliance with the regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

The Investment Committee comprises of the following:

		Meetings Attended
Mr I Osman	(Chairperson Trustee)	2 of 3
Mr C Buchanan	(Independent Advisor) (resigned 9 November 2023)	3 of 3
Mr C Smith	(Trustee)	3 of 3
Mr J Hlangweni	(Trustee)	3 of 3

15. REMUNERATION COMMITTEE

A Remuneration Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Remuneration Committee should consist of at least three members of which at least two must be members of the Board of Trustees based on the Rules of the Scheme and should have comprehensive Human Resources or Finance background. Proficiency in remuneration and benefits will be a pre-requisite.

The Committee met on 23 March 2023 and 31 October 2023.

The Chief Executive Officer, Chief Finance Officer and the Chief People Officer attend the Remuneration Committee meetings.

The Committee's terms of reference, and as such its primary responsibility, is to advise the Board of Trustees on remuneration guidelines, policies and strategies with respect to remuneration, incentives and other related benefits.

The Remuneration Committee comprises of the following:

		Meetings Attended
Mr C Smith	(Trustee)	2 of 2
Mr D Noko	(Trustee)	2 of 2
Ms Z Jasper	(Independent) (appointed April 2023)	1 of 1
Dr M Bussin	(Independent Chairperson)	2 of 2
Dr L Konar	(Independent) (resigned March 2023)	2 of 2
Mr K Mothibi	(Independent)	2 of 2

16. GOING CONCERN

The Board of Trustees are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the annual consolidated financial statements.

The Board of Trustees are of the opinion that the annual consolidated financial statements fairly present the financial position of the Scheme as at 31 December 2023, and the results of its operations and cash flow information for the year then ended.

Chairperson
Mr C Smith

22 April 2024
Johannesburg

PLATINUM HEALTH MEDICAL SCHEME
STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual consolidated financial statements of Platinum Health Medical Group. The annual consolidated financial statements presented on pages 23 to 95 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Schemes Act 131 of 1998, as amended, of South Africa, and include amounts based on judgement and estimates made by management.

The Trustees consider that in preparing the annual consolidated financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Trustees are responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Group which enables the Trustees to ensure that the annual consolidated financial statements comply with the relevant legislation.

Platinum Health Medical Scheme Group operated 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 the assets are safeguarded and the risks facing the business are being controlled.

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

The independent auditor is responsible for reporting on the fair presentation of the annual consolidated financial statements.

The annual consolidated financial statements were approved by the Board of Trustees on 22 April 2024 and are signed on its behalf by:

Chairperson	**Trustee**	**Principal Officer**
Mr C Smith	**Mr D Noko**	**Mr P W Mboniso**

PLATINUM HEALTH MEDICAL SCHEME
STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The Platinum Health Medical Scheme Group is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Member-elected Trustees are proposed and elected by the members of the Scheme and the Employer-appointed trustees are appointed by the employer groups.

BOARD OF TRUSTEES

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

INTERNAL CONTROLS

The Scheme is self-administered and maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the annual consolidated 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 functioning of the key internal controls and systems during the year under review.

Chairperson	**Trustee**	**Principal Officer**
Mr C Smith	**Mr D Noko**	**Mr P W Mbonisо**

22 April 2024
Johannesburg

Deloitte.

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Gallo Manor 2052
South Africa

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Independent Auditor's Report

To the members of Platinum Health Medical Scheme

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Platinum Health Medical Scheme and its subsidiary, (the Group), set out on pages 23 to 95, which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed</th></tr>
<tr><td>

Incurred but reported (IBNR) claims component of the Liability for incurred claims (LIC) and Risk Adjustment (RA)

IBNR

As disclosed in Note 3, the carrying amount of the Incurred but not yet reported claims (“IBNR”) at year end was R68 600 000 (2022: R54 809 881). The determination of the IBNR requires the Scheme’s Trustees to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported at the Statement of Financial Position date and related external claims handling expenses. A combination of the Bornhuetter Fergurson method and traditional chain ladder methods have been used to determine the IBNR as at 31 December 2023.

The IBNR calculation is based on several 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 and severity, and
- Changes in the claims processing cycle per claim.

RA

Under IFRS 17, the Risk Adjustment reflects the compensation that the entity requires for bearing the uncertainty for the amount and the timing of the cashflows that arise from non-financial risk. A Boot strapping model was used to determine the risk adjustment for the non-financial risk. The risk adjustment is calculated at an option level and combined level to determine the risk adjustment at a scheme level. The confidence level has been set at 75% to reflect the risk tolerance of the IBNR provision.

</td><td>

In evaluating the valuation of the IBNR claims component of the LIC and RA, we audited the calculations approved by the Board of Trustees and performed various procedures which included:

- Considering the design and implementation of the Scheme’s controls relating to the preparation of the IBNR and Risk adjustment calculation;
- Testing the integrity of the information used in the calculation of the IBNR and RA by performing substantive procedures to test the accuracy and completeness of data used in the valuation of IBNR and RA;
- With the assistance of our actuarial specialists, assessed the appropriateness of the methodology and assumptions used in determining the IBNR and RA, performed an independent calculation of the estimate of the provision under historical claims data and trends, and using this estimate as a basis of assessing the reasonableness of the Board of Trustee’s estimate of provision. A recalculation of the IBNR provision and RA for 2021 and 2022 was also performed for reasonability.
- Testing a sample of claims paid in the current year against the related IBNR reserve held to assess the reasonability of assumptions used to calculate the IBNR estimate; and
- Assessing the presentation and disclosure in respect of the IBNR and Risk Adjustment and considered the adequacy of these disclosures.

</td></tr>
</table>

The transition from IFRS 4 to IFRS 17 resulted in a retrospective adjustment to the IBNR claims component of the LIC and RA the for the period 31 December 2021 and 31 December 2022. Certain of the above-mentioned factors require judgement and assumptions to be made by the Scheme's Trustees and therefore accordingly, for the purposes of our audit, we identified the valuation of the IBNR and RA as representing a key audit matter.	In respect of the 2021 and 2022 IFRS 17 transition periods, our work focused on the recalculation of the RA and assessment of the reasonability thereof for the 2021 and 2022 periods. For the IBNR, we leveraged the work performed previously where we performed a full review of the methodology, assumptions, and calculations. The results for 2021 and 2022 were appropriate for the IFRS 17 base as management used a point estimate at the time without applying hindsight. Therefore, we are comfortable that the IBNR is appropriately valued for transition periods 31 December 2021 and 2022 in line with the requirements of IFRS 17.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises *of the Statement of Responsibility of the Board of Trustees and the Statement of Corporate Governance by the Board of Trustees, and the Report of the Board of Trustees as required by the Medical Schemes Act No 131 of 1998, which we obtained prior to the date of this report*. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Scheme's trustees are responsible for assessing the Group'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 Group 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 consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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.

Audit tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, *Audit Tenure*, we report that Deloitte has been the auditor of the Platinum Health Medical Scheme, for 2 years.

The engagement partner, Rachel Nkgodi, has been responsible for the Platinum Health Medical Scheme audit for 2 years.

DocuSigned by:
Deloitte & Touche
73D753558CE6434...

Deloitte & Touche
Registered Auditor
Per: Rachel Nkgodi
Partner

30 September 2024

5 Magwa Crescent
Waterfall
2090

PLATINUM HEALTH MEDICAL SCHEME
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	**2023**	Restated 2022	*Restated 1 January 2022*
		R'000	R'000	R'000
Assets				
Non-current assets		**531,239**	493,631	470,917
Property, plant and equipment	2	**14,276**	14,526	12,980
Right of use asset	2	**44,272**	42,134	50,328
Investments held at fair value through profit or loss	6	**472,691**	436,971	407,609
Current assets		**698,032**	582,645	499,250
Pharmaceutical inventories	4	**7,317**	5,726	8,528
Trade and other receivables	5	**54,252**	50,578	56,383
Taxation receivable		**-**	-	123
Cash and cash equivalents	7	**636,463**	526,341	434,216
Total assets		**1,229,271**	1,076,276	970,167
Equity and liabilities				
Equity				
Retained loss		**(1,684)**	(1,722)	(923)
Non-current liabilities		**914,446**	805,088	721,665
Liability for future members	3.2	**834,828**	735,040	646,723
Long-term liabilities	8	**79,618**	70,048	74,942
Current liabilities		**316,509**	272,910	249,425
Insurance contract liabilities	3.1	**88,757**	101,324	92,279
Liability for future members	3.2	**10,863**	-	-
Trade and other payables	9	**200,019**	154,492	140,301
Leave accruals	10	**16,870**	17,094	16,845
Total equity and liabilities		**1,229,271**	1,076,276	970,167

PLATINUM HEALTH MEDICAL SCHEME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023 R'000**	Restated 2022 R'000
Insurance revenue	11	**2,038,479**	1,820,644
Insurance service expense		**(2,111,667)**	(1,889,060)
Claims incurred	11	(1,829,677)	(1,679,230)
Attributable expenses incurred	11	(143,560)	(109,668)
Accredited managed healthcare services (no risk transfer)	11,12	(20,481)	(17,768)
Third party claims recoveries	11	194	711
Changes that relate to past service – adjustment to the liability for incurred claims	11	(7,492)	5,212
Amounts attributable to future members	3.2	(110,651)	(88,317)
Net expense from risk transfer	11	**(3,162)**	(3,552)
Amounts recovered from risk transfer arrangements		10,755	9,999
Allocation of premiums paid		(13,917)	(13,551)
Insurance service result		**(76,350)**	(71,968)
Investment income	18	77,184	55,843
Net gains on financial assets	6	165	-
Fair value adjustment on employee benefits	8.2	4,465	-
Income from use of own facilities by external parties	14	160,544	173,035
Sundry income		3,717	1,543
Net healthcare result		**169,725**	158,453
Other expenditure		**(169,687)**	(158,325)
Cost incurred in provision of own facilities to external parties	14	(162,138)	(148,767)
Sundry expenses		(7)	(1)
Net gains losses on financial assets			(3,645)
Asset management fees	17	(2,871)	(2,680)
Finance costs	15	(4,671)	(3,232)
Net surplus for the year		**38**	128
Other comprehensive income		**-**	-
Total comprehensive income for the year		**38**	128

PLATINUM HEALTH MEDICAL SCHEME
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Members' funds R'000
Balance at 31 December 2021 (as previously reported)	636,376
Transition restatement	(637,299)
Balance at 31 December 2021 (restated)	(923)
Prior year adjustment of retained earnings	(927)
Total comprehensive income for the year (restated)	128
Balance at 31 December 2022 (restated)	(1,722)
Total comprehensive income for the year	38
Balance at 31 December 2023	(1,684)

PLATINUM HEALTH MEDICAL SCHEME
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023 R'000**	Restated 2022 R'000
Net cash inflow from operating activities		**129,729**	111,402
Cash generated by operations	19	**129,729**	111,279
Cash received from members		**1,971,258**	1,820,164
Cash paid to suppliers and employees		**(1,841,529)**	(1,708,885)
Net taxation refunded		**-**	123
Net cash outflow from investing activities		**(16,037)**	(5,611)
Purchase of property, plant and equipment	2	**(4,583)**	(5,428)
Proceeds on disposal of assets		**1,851**	83
Additions to right of use assets	2	**(13,305)**	(265)
Interest received on investments	18	**31,031**	26,504
Dividends received on investments	18	**6,583**	8,583
Proceeds on disposal of investments to pay management fees		**2,871**	2,680
Asset management fee paid	6	**(2,871)**	(2,680)
Costs incurred in maintaining the investment	6	**(24)**	(32)
Net investment income capitalised	6	**(37,590)**	(35,055)
Net cash outflow from financing activities		**(3,570)**	(13,666)
Additions to lease liability	8.1	**13,305**	265
Payment of lease liability	8.1	**(6,572)**	(5,914)
Interest paid on lease liability	8.1	**(10,303)**	(8,017)
Net increase in cash and cash equivalents		**110,122**	92,124
Cash and cash equivalents at beginning of year	7	**526,341**	434,216
Cash and cash equivalents at end of year	7	**636,463**	526,341

1. ACCOUNTING POLICIES

1.1. Basis of preparation

The annual consolidated financial statements set out on pages 23 to 95 are prepared in accordance with and comply with International Financial Reporting Standards (IFRS), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Medical Schemes Act, 1998 as amended. The annual consolidated financial statements are prepared on the historical cost basis unless specifically stated otherwise in the accounting policies. The annual consolidated financial statements are presented in Rands, the functional currency of the Group, and all values are rounded to the nearest Rand. The annual consolidated financial statements are prepared on a going concern basis.

1.2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for IFRS 17 which required a new accounting treatment for insurance contracts.

1.2.1. Standards or Interpretations issued but not yet effective

At the date of authorisation of these annual consolidated financial statements, the following relevant standards were in issue but not yet effective. The Group has elected not to early adopt any of these standards.

Standard/Interpretation	Pronouncement	Effective date
	Key requirements	
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. **Impact** The standard is not expected to have a material impact on the Platinum Health Medical Scheme Group.	1 January 2024

ACCOUNTING POLICIES (Continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current	In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. **Impact** The standard is not expected to have a material impact on the Platinum Health Medical Scheme Group.	1 January 2024
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure	In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. **Impact** The standard is not expected to have a material impact on the Platinum Health Medical Scheme Group.	1 January 2024

The Group intends to adopt all Standards and Interpretations issued not yet effective on the effective date.

ACCOUNTING POLICIES (Continued)

New and amended standards and interpretations.

Standard/Interpretation	**Pronouncement**	**Effective date**
	Key requirements	
IFRS 17 Insurance Contracts	IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts **Impact** The impact on Platinum Health Medical Scheme Group is outlined in accounting policy note 1.20.	1 January 2023
Amendments to IAS 8: Definition of Accounting estimates	The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. **Impact** The standard is not expected to have a material impact on the Platinum Health Medical Scheme Group.	1 January 2023

ACCOUNTING POLICIES (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. **Impact** The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Platinum Health Medical Scheme Group's financial statements.	1 January 2023

1.3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's annual financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

In the process of applying the Group's accounting policies, management have not made any judgements which will have a significant effect on the amounts recognised in the annual consolidated financial statements.

Mutual entity

Appendix A to IFRS 3 Business Combinations (IFRS 3) defines a mutual entity as 'an entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities.' As medical schemes are not investor owned and provide medical benefits to members, they meet the definition of mutual entities. PHMS identifies itself as a mutual entity and mutual entity accounting as per IFRS 17 is adopted.

Level of aggregation

Judgement has been applied to how the Scheme determined the level of aggregation for the measurement of its insurance contracts. The contracts held by PHMS with all its members are therefore considered to constitute a single portfolio in its entirety, as all three of its benefit options (PlatComprehensive, PlatCap and PlatFreedom) are managed together as a single portfolio of contracts and display similar risks, in that the cash flows will respond similarly in amount and timing to changes in key assumptions.

ACCOUNTING POLICIES (Continued)

Risk adjustment – liability for incurred claims (LIC)Estimates and assumptions

IFRS 17 states that an entity shall adjust the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. PHMS has adopted the Premium Allocation Approach (PPA) in calculation of the risk adjustment to the liability for incurred claims.

The risk adjustment for non-financial risk on the LIC is calculated at an option level and combined to determine the risk adjustment at a scheme level. The confidence level has been set at 75% to reflect the risk tolerance of the LIC.

Risk adjustment - risk transfer arrangements

The risk transfer arrangements are not significant and are not considered as reinsurance for IFRS 17 purposes.

Methods used to measure the insurance contracts

IFRS 17 allows entities to opt for the simplified approach (PAA) in the measurement of the Liability for Remaining Coverage (LRC) when the coverage period of contracts is 12 months or less. PHMS has insurance contracts with a coverage period of one year or less, therefore qualifies for the automatic PAA modeling to calculate the insurance contract liability. PHMS has used a judgement of using the General Measurement Model as a result of 2024 budget being on the deficit.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Expected impairment of insurance receivables

The process of identifying expected credit losses in insurance receivables balances is the result of a process of estimating which debtors, based on actual events and evidence at year end, will not be able to meet their obligations in the future. Portfolio expected credit losses are only made after the specific expected credit loss has been made and overriding economic conditions indicate that the debtors balance as a whole might be an expected credit loss after the specific provision.

Expected credit losses of trade and other receivables

The process of identifying expected credit losses (ECL) in trade and other receivables balances is the result of a process of assessment of historical credit loss experience and forecast economic conditions at every reporting date. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Scheme’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

ACCOUNTING POLICIES (Continued)

Liability for incurred claims (LIC)

Estimates and assumptions are used in deriving the value of the LIC. Please refer to note 1.5.

Work Based Health Services (WBHS) residual interest.

The WBHS residual interest is insignificant compared to the overall scheme surplus as disclosed in note 14. The WBHS is utilised by both the members of the scheme and non-members. The members of the scheme are significant contributors to the utilisation of the WBHS. The scheme has exercised judgement to include the residual interest of the WBHS under profit attributable to future members and contract liabilities for future members as the scheme believes the most residual interest is attributable to future members.

1.4 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 obligation. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Where the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.5 **Liability for incurred claims (LIC)**

IFRS 17 defines the LIC as follows; an entity's obligation to:

- investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and
- pay amounts that are not included above and that relate to: (i) insurance contract services that have already been provided; or (ii) any investment return components.

The LIC for the scheme comprise of two components; future cash flows related to past events; and risk adjustment factor.

ACCOUNTING POLICIES (Continued)

The IBNR component of the LIC is calculated after considering the results of the Health Monitor model, chain ladder techniques and the Bornhuetter-Ferguson (BF) method. The scheme has used a combination of the BF method and traditional chain ladder methods have been used to determine the best-estimate of the IBNR as at 31 December 2023.

- The chain ladder methods tend to be reliable when claims administration processes are stable, whether or not this is the case for beneficiaries' claims propensities.
- The Health Monitor's projections tend to be more reliable when beneficiaries' claims propensities are stable; whether or not this is the case for administrative processes. The Health Monitor model also adjusts for demographic and benefit changes whereas these are not automatically reflected by traditional chain ladder methods.
- the Bornhuetter-Ferguson method incorporates the past history of claims processing with the estimate provided by the Health Monitor's projection.

The Scheme does not discount the IBNR component of the LIC, since the effect of the time value of money is not considered material.

The risk adjustment factors are discussed under note 1.20.

1.6 **Financial instruments**

Financial assets

Initial recognition

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss unless restrictive criteria are met for classifying and measuring the asset at either amortised cost or fair value through other comprehensive income, as appropriate. When financial assets are recognised initially, they are measured at fair value which, in the case of investments not at fair value through profit or loss, includes directly attributable transactions costs.

The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it.

The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

The Group' financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

ACCOUNTING POLICIES (Continued)

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through surplus or deficit include financial assets designated upon initial recognition as at fair value through profit or loss as it is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management strategy. They are carried in the statement of financial position at fair value with gains and losses recognised in surplus or deficit. Gains and losses exclude interest and dividend income. Gains and losses on derecognition of the financial assets are recognised in profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are trade and other receivables and cash and cash equivalents. After initial measurement financial assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

Trade and other receivables

In terms of IFRS 9, the Group has adopted the simplified approach to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Scheme.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate the discount rate for measuring any impairment loss is the current effective interest rate.

ACCOUNTING POLICIES (Continued)

The carrying amount of the asset is reduced through the use of an impairment account and the amount of the loss is recognised in surplus or deficit. For credit-impaired assets (carrying amount less ECL), the interest income is recorded as part of investment income in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. This is however limited to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the advance in prior years. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. If a write-off is later recovered, the recovery is credited in surplus or deficit.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities held at fair value through profit or loss.

All financial liabilities are recognised initially at fair value.

The Group's financial liabilities include trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Fair value of financial instruments

The fair value of an investment 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 the measurement date. For investments where there is no active market, fair value is determined by reference to the last traded price of the share on the entity's OTC market. The traded price is the price that the share was sold in the last arm's length transaction for that specific share. Hence there are no further observable inputs used in the valuation.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents, as defined.

1.8 The Road Accident Fund

The Group grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health services. Such expenditure may be in connection with a claim that is also made to the Road Accident Fund (RAF), administered in terms of the Road Accident Fund Act No. 56 of 1996.

If the member is reimbursed by the RAF, they are obliged contractually to cede that payment to the Scheme to the extent that they have already been compensated.

A reimbursement from the RAF is a possible asset that arises from a claim submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

This contingent asset is assessed continually to ensure that developments are appropriately reflected in the annual consolidated financial statements. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the annual consolidated financial statements in the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset. Amounts received from members in respect of reimbursements from the RAF are recognised as a reduction of net claims incurred.

ACCOUNTING POLICIES (Continued)

1.9 Managed healthcare: management services

These expenses represent amounts paid to employees for managing the utilisation, costs and quality of healthcare services to the Scheme.

1.10 Investment income

Investment income comprises of interest income and dividend accrued from investments held at fair value through profit or loss and interest from cash and cash equivalents, as well as net realised / unrealised gains or losses on investments held at fair value through profit or loss.

Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

1.11 Retirement contributions

The Group contributes on behalf of its qualifying employees to a defined contribution plan. The employer’s contribution is expensed in the statement of comprehensive income when incurred.

1.12 Finance costs

Finance costs on the long-term incentive scheme are recognised as an expense when incurred.

1.13 Allocation of income and expenses to options

The following items are directly allocated to benefit options:

- Insurance revenue
- Insurance service expense
- Net income/(expense) on risk transfer arrangement fees
- Administration fees
- Managed care: management services

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

- Other administration expenditure
- Investment income
- Other income
- Other expenditure

1.14 Taxation

In terms of section 10 (1) (d) of the Income Tax Act of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A Medical Scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax. However, the Scheme is subject to VAT on management fees and non-contribution income and expenses.

ACCOUNTING POLICIES (Continued)

1.15 Management fees

Management fees comprise management services rendered by the Scheme to related parties (refer to note 22). Management fee income is recognised as income when rendered.

1.16 Long-term incentive scheme

Long-term incentive scheme comprises provisions for incentives calculated based on specific criteria to be met and is payable on certain conditions. Long-term incentive costs are recognised and accounted for over the vesting period (refer to Note 8.2 of the annual consolidated financial statements).

1.17 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the assets. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset after taking into consideration the assets` residual values.

- Computer hardware 3 years
- Computer software 2 years
- Motor vehicles 4 years
- Office equipment 5 years
- Furniture and fittings 6 years
- Right-of-use assets 3 to 10 years
- Plant and equipment 5 to 10 years

An asset is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and any changes are accounted for as a change in accounting estimate. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. Fully depreciated assets are held at nominal value.

1.18 Pharmaceutical inventories

Inventories comprise merchandise and are stated at the lower of cost or net realisable value. Cost comprises direct materials and where applicable, those costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in respect of selling and distribution.

ACCOUNTING POLICIES (Continued)

1.19 **Leases**

Leases right-of-use assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
– the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
– the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
– the Group has the right to operate the asset; or
– the Group designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and

ACCOUNTING POLICIES (Continued)

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Scheme is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Platinum Health is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the incremental borrowing interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'long-term liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including operational equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ACCOUNTING POLICIES (Continued)

1.20 Insurance contracts

Introduction

International Financial Reporting Standard 17 ('IFRS 17, The Standard') Insurance Contracts is an accounting standard issued by the International Accounting Standards Board ('IASB'). IFRS 17 replaces the current standard, IFRS 4. IFRS 4 was intended to be an interim standard until a new standard was developed. IFRS 4 was issued in March 2004 and was effective for reporting periods starting on or after 1January 2005.

IFRS 17 is applicable to insurance contracts, reinsurance contracts, as well as investment contracts with discretionary participation features and it provides guidance on recognizing, measuring, presenting, and disclosing of insurance contracts. IFRS 17 is principles-based rather than rules-based and requires entities to make decisions on areas where judgement is required.

PHMS enters into contracts where it transfers significant insurance risk from the member to the scheme in exchange for a fixed monthly contribution. The contracts were assessed for determine whether the significant insurance risk transfer meets the contract definition as per IFRS 17.

Level of aggregation and cohort grouping

According to Paragraph 24 of IFRS 17, the aggregation of individual contracts into groups is required on initial recognition for all contracts within the scope of IFRS 17. The entity shall not reassess the composition of the groups subsequently.
The grouping of individual contracts under IFRS 17 is performed in a way that limits the offsetting of profitable contracts against onerous ones, having regard to how insurers manage and evaluate the performance of their business.

In determining the level of aggregation, an entity identifies portfolios of insurance contracts. Paragraph 14 of IFRS 17 notes the following in relation to the level of aggregation:

> *An entity shall identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together.*

Contracts in the same portfolio would be expected to have similar risks. Different product lines typically have different risks and would not be expected to be in the same portfolio.

The contracts held by PHMS with all its members are therefore considered to constitute a single portfolio in its entirety, as all three of its benefit options (PlatComprehensive, PlatCap and PlatFreedom) are managed together as a single portfolio of contracts and display similar risks, in that the cash flows will respond similarly in amount and timing to changes in key assumptions.
Platinum Health considers a calendar year to be its cohort grouping. All policies that are recognised during a specific calendar year are deemed to be part of the same cohort. Therefore, onerous contracts that will provide coverage in year N but are recognised in year N-1 will fall into the N-1 cohort. An onerous loss component is calculated as the difference between the liability for remaining coverage under the PAA and the fulfilment cashflows that relate to remaining coverage under the GMM. If the group of contracts becomes onerous, the Scheme will increase the carrying amount of the LRC with the amount of the loss. Subsequently, the amount of the loss component

ACCOUNTING POLICIES (Continued)

1.20 **Insurance contracts (continued)**

will be amortised by decreasing the insurance service expense. The amortisation of the loss component is based on the weighting of claims paid each month for the remaining coverage period.

Initial recognition and derecognition

IFRS 17 states that an entity shall recognise a group of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts when the group becomes onerous

The scheme's member contracts are recognised on 1 January each year. Contracts for members who join during the course of the year, will be added to a group provided the contract is issued no more than one year from contracts already recognised in the group.

Onerous groups of contracts should be recognised when facts and circumstances indicate that they are onerous. This could be in the previous financial year when members indicate which benefit plan they would like to elect for the following calendar year. The Scheme does not have onerous contracts for the current year and the restated 2021 and 2022 financial years.

IFRS 17 states that an entity shall derecognise an insurance contract when, and only when:

- it is extinguished, i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled or
- any of the conditions in modification of the insurance contract are met.

Once the coverage period for the contract ends and all the contractual cash flows related to the contract are settled, the Scheme is no longer at risk for that policy. At this point, no further transfer of economic resources is required as all contractual cashflows are extinguished, and the contract is derecognised.

Cashflows and contract boundary

The measurement of insurance contracts under IFRS 17 includes cash flows within the boundary of the insurance contract.
Cashflows applicable to PHMS as per Paragraph B65 of IFRS 17 are as follows:

- Contributions
- Claims – reported but not settled (RBNS), incurred but not reported (IBNR), future claims for which the entity has a 'substantive obligation.
- Claim handling costs.
- Costs the entity will incur in providing contractual benefits paid in kind.
- Policy administration and maintenance costs
- Transaction-based taxes such as value-added taxes and goods and services
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Any other costs specifically chargeable to the policyholder under the terms of the contract

As per IFRS 17, the expenses that are included in the contract boundary and relating directly to the fulfilment of the cash flows are called attributable expenses. Non-attributable expenses are excluded

ACCOUNTING POLICIES (Continued)

1.20 **Insurance contracts (continued)**

from the fulfilment cashflows, for example, Investment returns, Cash flows relating to costs that cannot be directly attributed to the portfolio of insurance contracts that contain the contract and Cash flows arising from components separated from the insurance contract and accounted for using other applicable Standards.

Reinsurance contracts

A reinsurance contract is defined by IFRS 17 as an insurance contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts).

The Scheme has entered into fixed fee contracts with the majority of specialists in Rustenburg for the rendering of specialist health services to its members. The services are based on negotiated fixed monthly payments to the specialist and an adjustment of fees is negotiated if there is a substantial increase in members (up more than 10% growth from date of signing the contract). The services rendered to members are billed at Platinum Health Medical Scheme rates and the difference between the services provided at the rates and the fixed amount paid is the risk transfer surplus or deficit.
There is some transfer of claims variability risk since the specialists receive a fixed fee rather than making variable claims to the Scheme. However, the level of claims variability is not significant relative to the size of the scheme and total claims incurred; and the overall value of the risk transfer fixed fees is non-material(approximately 0.2% of relevant healthcare expenditure). Therefore, the fixed fee contracts with the specialists are not regarded as reinsurance.

Transition to IFRS 17

An entity shall apply IFRS 17 for annual reporting periods beginning on or after 1 January 2023. An entity should apply IFRS 17 retrospectively from the transition date unless it is impracticable to do so. the Scheme has recognised and measured the group of insurance contracts as if IFRS 17 had always applied; derecognised any existing balances that would not exist had IFRS 17 always applied.

The scheme is classified as a mutual entity and as any surplus is retained for future members. The accumulated funds before the transition to IFRS 17 have reclassified to contract liability for future members. The remaining residual of the Scheme could be used to pay current and future members, therefore there will be no member's equity remaining in any accounting period. The net comprehensive income would be attributable to the members.

The impact on the opening equity of the scheme as a result of IFRS 17 was R637,3 million on 01 January 2022. The impact on the insurance contract liability was R742,5 million on 01 January 2022.

Under IFRS 17, the IBNR component of the LIC was calculated at R68,8 million and the risk adjustment factor was calculated at R1,6 million. The LIC is disclosed as part of the insurance contract liability. Please refer to note 1.5 for LIC.

ACCOUNTING POLICIES (Continued)

1.20 **Insurance contracts (continued)**

Choice of measurement model

IFRS 17 introduces three measurement models, depending on the specifics of the benefit structure and terms and conditions of an insurance contract. The measurement models are:

- General Measurement Model (GMM)
- Premium Allocation Approach (PAA)
- Variable Fee Approach (VFA)

IFRS 17 allows entities to opt for the simplified approach (PAA) in the measurement of the Liability for Remaining Coverage (LRC) when the coverage period of contracts is 12 months or less. PHMS has insurance contracts with a coverage period of one year or less, therefore qualifies for the automatic PAA modeling to calculate the insurance contract liability.

However, considering that the Scheme has budgeted for an operational deficit for 2024, the General Measurement Model is used to determine the Liability for Remaining Coverage so that the difference can be determined relative to the PAA in order to assess whether there is a loss component.
Suitable risk adjustments are included in the fulfilment cashflows (budgeted for 2024), to compensate the Scheme for bearing insurance risk. The specific insurance risks that have been assessed in order to calculate a risk adjustment are the following:

- Claims Volatility Risk: compensating the scheme for the inherent variability in claims.
- Expense Risk: the risk that expenses are higher than anticipated.
- Membership Profile Risk: the risk that there is a gradual and/or sudden adverse impact to the membership profile (i.e. disease burden) of the Scheme.
- Based on this assessment, there is an onerous loss component of R150.1 million as at 31 December 2023 (5.9% of gross contribution income).
- The Risk Adjustments account for 2.3% of the above loss component.
- The onerous loss Component of 5.9% of Gross Contribution Income is less than the remaining assets of the Scheme (accumulated funds at 39.6%* of Gross Contribution Income) and therefore no additional liability needs to be created or accounted for.

Risk adjustment on LIC

Under IFRS 17, the risk adjustment reflects the compensation that an entity requires for bearing the uncertainty, with respect to the amount and timing of the cashflows that arise from non-financial risks. The Premium Allocation Approach (a simplified measurement approach adopted by the Scheme) requires the calculation for a risk adjustment to the liability for incurred claims.

ACCOUNTING POLICIES (Continued)

1.20 **Insurance contracts (continued)**

IFRS 17 states that the risk adjustment must have the following characteristics:

- Risks with low frequency and high severity must result in higher risk adjustments than risks with high frequency and low severity.
- For similar risks, insurance contracts with a longer duration result in higher risk adjustments for non-financial risk than contracts with a shorter duration.
- Risks with a wider probability distribution, thus subject to more uncertainty, result in higher risk adjustments for non-financial risk than risks with a narrower distribution.

The IFRS 17 risk adjustment excludes the allowance for other types of risks, such as:

- Operational risk, the risk of failure of internal systems, procedures or controls.
- Regulatory risk, the introduction of new rules or legislation.
- Financial risk such as adverse movements in interest rates, bad debts or the risk that the Scheme incurs losses from the inability to meet its liabilities.

This risk adjustment should reflect the risk that the Scheme is bearing for the uncertainty of timing, severity and number of reported cashflows. The risk adjustment compensates a medical scheme for bearing non-financial risks such as claims risk, the risk of uncertainty with respect to the severity, frequency and timing of claims.

IFRS 17 does not specify the estimation techniques used to determine the risk adjustment for non-financial risk. The actuaries have therefore developed a bootstrapping model to determine risk adjustment for non-financial risk. The methodology of the model is explained in detail below.

- The risk adjustment for non-financial risk on the LIC is calculated at an option level and combined to determine the risk adjustment at a scheme level.
- The confidence level has been set at 75% to reflect the risk tolerance of the IBNR provision.

Liability for remaining coverage (LRC)

The LRC is calculated using the Premium Allocation Approach (PAA). Under the PAA method, the measurement of the liability for remaining coverage is calculated as the contribution income received less any insurance acquisition cash flows paid. Insurance acquisition cashflows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are not applicable to Platinum Health as the Scheme does not incur broker costs.

The LRC at 31 December 2023 is R0 based on the Premium Allocation Approach. The insurance contract portion of the unallocated deposits, risk transfer and contributions received in advance have been allocated to the LRC.

Separation of components

PHMS is a restricted scheme. Restricted membership schemes (eligibility criteria are based on employment in a certain "profession, trade, industry or calling", membership of a particular association, profession or union, or "any other prescribed matter"). The managed care system within the Scheme is comprehensive, encompassing both self-owned healthcare facilities and outsourced healthcare providers. These medical facilities are strategically situated across the Platinum and Chrome mining regions, specifically in Thabazimbi, Rustenburg, and the Eastern Limb Region.

ACCOUNTING POLICIES (Continued)

1.20 **Insurance contracts (continued)**

Before accounting for insurance contracts under IFRS 17, the contracts need to be analysed as to whether they contain one or more distinct non-insurance components that are required to be separated. Distinct non-insurance components are accounted for under the relevant standards they relate to, and the remaining components are then accounted for using IFRS 17.

The use of own facilities by members of the scheme are not seen as distinct goods and services or separate from IFRS 17. Any services rendered to non-members are reported using other standards and not IFRS 17, for example, revenue received based on services rendered to non-members will be reported under IFRS 15. The services rendered to non-members are disclosed under other income and other expenses on the statement of comprehensive income.

Work Based Health Services

The scheme has entered capitation fee contracts with several participating employer companies, particularly mining groups for the provision of Work Based Health Services (WBHS) to employees and contractors of the employer group. These services are rendered at the Platinum Health facilities or at the mine’s facilities. These services include:

- Occupational health services
- Rehabilitation
- Functional assessment
- Curative care
- Trauma emergency services
- Employee Assistance Programme

Platinum Health has an agreement with Impala to allow Impala employees to use our facilities for GP consultations and the Iridium pharmacy. Platinum Health has entered into another agreement with Impala with regards to the Impala pharmacy, Platinum Health supplies the Impala pharmacy with stock and pharmacists at a monthly fixed levy. This Impala pharmacy and existing arrangement is not for the scheme benefit nor for the benefit of the scheme’s members and thus falls outside the scope of IFRS 17. The residual interest of the Impala arrangement is insignificant compared to the overall scheme’s profit and it is deemed to be attributable to the future members in accordance with IFRS 17.

The WBHS is utilised by both the members of the scheme and non-members. The members of the scheme are significant contributors to the utilisation of the WBHS. For this reason, the residual interest of the WBHS is attributable to the future members. The profit or loss attributable to the WBHS is insignificant compared to the overall scheme’s profit. The WBHS profit or loss is disclosed in note 15.

ACCOUNTING POLICIES (Continued)

1.20 **Insurance contracts (continued)**

IFRS 17 explains that "a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis". Based on the current pricing of the fixed fees on these arrangements there does not seem to be a likely scenario (with commercial substance) where this will be the case. However, even if a reinsurance contract does not expose the issuer to the possibility of significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

PHMS retains the risk of the specialists not being consulted and therefore retaining specific risks that would normally be transferred to these specialists. It is therefore concluded that these arrangements do not need to be considered "reinsurance" in terms of the Standard and may be disclosed as part of the insurance related cashflows.

Mutual entities

A medical scheme is not legally defined as a mutual entity, and the assessment as to whether a medical scheme is a mutual entity is done based on the principles set out in IFRS above. As medical schemes do not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases.

IFRS 17 does not define a "mutual entity" however it is defined under IFRS 3 and refers to a key concept in the basis of conclusion of IFRS 17. Paragraph BC265 of IFRS 17 explains that "a defining feature of an insurer that is a mutual entity is that the most residual interest of the entity is due to a policyholder and not a shareholder."

Based on how medical schemes operate in South Africa, the remaining assets of a scheme should be distributed to the members on liquidation if there are any and if the scheme does not amalgamate with another scheme.

The Medical Aid Scheme's Act does not explicitly state that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the medical scheme. Section 64 of the Act requires the medical scheme rules to be followed in the event of liquidation.

Even if the assets are distributed by a regulator or by the members to an independent third party, e.g. another medical scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder which aligns with paragraph BC265 of IFRS 17.

It is, therefore, believed that medical aid schemes meet the definition of a mutual entity. PHMS is therefore classified as mutual entities in terms of IFRS 17.

Insurance revenue

Contributions on member insurance contracts 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 insurance revenue.

ACCOUNTING POLICIES (Continued)

Insurance revenue for the period is the amount of expected premium receipts allocated to the period. The entity shall allocate the expected premium receipts to each period of insurance contract services:

- on the basis of the passage of time; but
- if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Insurance service expense

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.

Insurance services expense compromise:

- claims submitted and accrued for services rendered during the year, net of recoveries from members for co-payments and after taking into account recoveries from third parties;
- 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;
- charges for managed health care: healthcare services (excluding risk transfer arrangements); and
- services rendered to members from the Scheme’s own facilities.

Anticipated recoveries under risk transfer arrangements are disclosed separately as net expense from reinsurance.

Contributions outstanding

Outstanding contributions arise due to:

– Addition of dependants
– Income band changes
– Non-payment for new members
– Change in contribution rates

The above is managed by applying the Scheme's Credit Control Policy. Membership is either suspended or terminated for outstanding contributions.

The application thereof assists in managing the Scheme's financial risk. The procedure as set out in the policy is communicated to both the member and payroll departments prior to suspension or termination of membership.

There are no variances in application of policy from the previous years.

1.21 Restatement of prior period financial statement IAS 8.

IFRS 17 will be effective for reporting periods starting on or after 1 January 2023, PHMS adopted the standard by performing an assessment of the insurance contracts.

The transition from IFRS 4 to IFRS 17 resulted in a retrospective adjustment to the financial results for periods ending 31 December 2021 and 31 December 2022.

The effect of IFRS 17 is illustrated on the below table:

1.21.1 The impact of the restatement on the disclosure in the statement of comprehensive income is reflected below:

Original classification under IFRS 4 31 December 2022	New classification under IFRS 17 31 December 2022	Previously (IFRS 4) 31 December 2022	Restated (IFRS 17) 31 December 2022	Difference
Net surplus for the year	Total comprehensive income for the year	97,153	128	97,025
N/A	Amount attributable to future members	-	88,317	(88,317)
Changes in IBNR	Changes that relate to past service – adjustment to the liability for incurred claims	13,920	5,212	**8,708**

1.21.2 Reconciliation of statement of financial position balance from IFRS 4 to IFRS 17 at 1 January 2022:

Measurement category		Carrying amount 31 December 2021 (Before) IFRS 4 R'000	Re-classifications R'000	Remeasurement R'000	Carrying amount 01 January 2022 (After) IFRS 4 R'000
Balance Sheet					
Impact on total assets					
Insurance Contract Asset	*Contributions outstanding*	-	**3,528**	**-**	**3,528**
Trade and other receivables		**60,866**	**(4,483)**	**-**	**56,383**
	Contributions outstanding	-	(3,528)	-	(3,528)
	Share of other risk transfer arrangements for outstanding claims	-	(955)	-	(955)
Insurance Contract Liabilities		**-**	**(742,530)**	**-**	**(742,530)**
	Insurance liability for future members	-	(637,299)	(9,424)	(646,723)
	Liability for incurred claims	-	(67,920)	9,424	(58,496)
	Unallocated deposits, contributions in advance	-	(37,311)	-	(37,311)
Impact on non-current liabilities					
Trade and Other Payables					
	Insurance payables (unallocated deposits, risk transfer contributions in advance, reported claims not yet paid)	**178,567**	**(38,265)**	**-**	**140,302**
IBNR		**67,920**	**(67,920)**	**-**	**-**
Accumulated funds		**637,299**	**(637,299)**	**-**	**-**

1.21.3 Reconciliation of statement of financial position balance from IFRS 4 to IFRS 17 at 31 December 2022:

Measurement category		Carrying amount 31 December 2022 IFRS 4 R'000	Re-classifications R'000	Remeasurement R'000	Carrying amount 31 December 2022 IFRS 4 R'000
Balance Sheet					
Impact on total assets					
Insurance Contract Asset	*Contributions outstanding*	-	**4,009**	**-**	**4,009**
Trade and other receivables		**55,718**	**(5,140)**		**50,578**
	Contributions outstanding	-	(1,131)	-	(1,131)
	Share of other risk transfer arrangements for outstanding claims	-	(4,009)	-	(4,009)
Insurance Contract Liabilities			**(840,373)**	**-**	**(840,373)**
	Insurance liability for future members	-	(734,325)	(715)	(735,040)
	Liability for incurred claims reversal (2021 LIC)	-	-	9,423	9,423
	Liability for incurred claims	-	(54,000)	(8,708)	(62,708)
	Unallocated deposits, contributions in advance	-	(52,048)		(52,048)
Impact on non-current liabilities					
Trade and Other Payables					
	Insurance payables (unallocated deposits, risk transfer contributions in advance, reported claims not yet paid)	**207,670**	**(53,178)**	**-**	**154,492**
IBNR		**54,000**	**(54,000)**	**-**	**-**
Accumulated funds		**734,325**	**(734,325)**	**-**	**-**

2. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
Computer hardware	**3,478**	**(3,184)**	**294**	3,173	(2,982)	191
Computer software	**691**	**(691)**	**-**	691	(517)	174
Plant and equipment	**25,141**	**(13,536)**	**11,605**	22,395	(10,183)	12,212
Office equipment	**1,452**	**(320)**	**1,132**	616	(121)	495
Furniture and fittings	**136**	**(38)**	**98**	39	(30)	9
Right-of-use assets	**86,795**	**(42,523)**	**44,272**	73,490	(31,356)	42,134
Motor vehicles	**6,261**	**(5,114)**	**1,147**	6,026	(4,581)	1,444
	123,954	**(65,406)**	**58,548**	106,430	(49,770)	56,660

Reconciliation of carrying value of Property, plant and equipment

2023	**Carrying value at beginning of year R**	**Additions R**	**Disposals R**	**Depreciation R**	**Carrying value at end of year R**
Computer hardware	**191**	**369**	**(63)**	**(203)**	**294**
Computer software	**174**	**-**	**-**	**(174)**	**-**
Plant and equipment	**12,212**	**2,745**	**-**	**(3,353)**	**11,604**
Office equipment	**495**	**1,136**	**(299)**	**(200)**	**1,132**
Furniture and fittings	**9**	**97**	**-**	**(8)**	**98**
Right-of-use assets	**42,134**	**13,305**	**-**	**(11,167)**	**44,272**
Motor vehicles	**1,445**	**236**	**-**	**(533)**	**1,148**
	56,660	**17,888**	**(362)**	**(15,638)**	**58,548**
2022					
Computer hardware	491	11	–	(311)	191
Computer software	364	–	–	(190)	174
Plant and equipment	11,389	3,551	–	(2,727)	12,212
Office equipment	40	509	–	(54)	495
Furniture and fittings	66	–	(50)	(6)	9
Right-of-use assets	50,328	265	–	(8,459)	42,134
Motor vehicles	631	1,358	–	(544)	1,444
	63,308	5,694	(50)	(12,292)	56,660

3. INSURANCE CONTRACT LIABILITY

The scheme as a whole is identified as a portfolio. All contracts issued by the scheme are subject to similar risks and are managed together. The breakdown of a portfolio level of liability for remaining coverage and liability for incurred claims are set out below:

Reconciliation of the liability for Future members and Insurance contract liability

2023

3.1. LIC and LRC

	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Liability for remaining coverage (LRC) Excluding loss component (LRC)	Liability for remaining coverage (LRC) loss component	Best Estimate Liability	Risk adjustment	Total 2023
Insurance contracts issued					
Opening insurance contract liabilities	(42,625)	-	(57,449)	(1,250)	(101,324)
Net balance as at 1 January 2023	(42,625)	-	(57,449)	(1,250)	(101,324)
Changes in the statement of comprehensive income					
Insurance revenue					
New contracts and contracts measured under PPA	2,038,479	-	-	-	2,038,479
	2,038,479	-	-	-	2,038,479
Insurance service expenses	-	-	(2,000,666)	(350)	(2,001,016)
Incurred claims and other directly attributable expenses	-	-	(1,993,524)	-	(1,993,524)
Adjusment to liabilities for incurred claims - past events	-	-	(7,142)	(350)	(7,492)
Insurance services result	2,038,479	-	(2,000,666)	(350)	37,463
Cash flows					
Contributions received	2,038,479	-	-	-	2,038,479
Claims and other directly attributable expenses paid	-	-	(2,024,530)	-	(2,024,530)

Total cash flow	**2,038,479**	**-**	**(2,024,530)**	**-**	**13,949**
Closing insurance contract liabilities	**(53,572)**	**-**	**(33,585)**	**(1,600)**	**(88,757)**
Net balance at 31 December 2023	**(53,572)**	**-**	**(33,585)**	**(1,600)**	**(88,757)**

Reconciliation of the liability for Future members and Insurance contract liability

2022

	Liability for remaining coverage (LRC)		**Liability for incurred claims (LIC)**		
	Liability for remaining coverage (LRC) Excluding loss component (LRC)	**Liability for remaining coverage (LRC) loss component**	**Best Estimate Liability**	**Risk adjustment**	**Total 2022**
Insurance contracts issued					
Opening insurance contract liabilities	**(37,311)**	**-**	**(53,122)**	**(1,846)**	**(92,279)**
Net balance as at 1 January 2022	**(37,311)**	**-**	**(53,122)**	**(1,846)**	**(92,279)**
Changes in the statement of comprehensive income					
Insurance revenue					
New contracts and contracts measured under PPA	**1,820,644**	**-**	**-**	**-**	**1,820,644**
	1,820,644	**-**	**-**	**-**	**1,820,644**
Insurance service expenses	**-**	**-**	**(1,810,763)**	**(404)**	**(1,811,167)**
Incurred claims and other directly attributable expenses	**-**	**-**	**(1,805,955)**	**-**	**(1,805,955)**
Adjusment to liabilities for incurred claims - past events	**-**	**-**	**(4,808)**	**(404)**	**(5,212)**
Insurance services result	**1,820,644**	**-**	**(1,810,763)**	**(404)**	**9,477**
Cash flows					
Contributions received	**1,820,644**	**-**	**-**	**-**	**1,820,644**
Claims and other directly attributable expenses paid	**-**	**-**	**(1,806,436)**	**-**	**(1,806,436)**
Total cash flow	**1,820,644**	**-**	**(1,806,436)**	**-**	**14,208**
Closing insurance contract liabilities	**(42,625)**	**-**	**(57,449)**	**(1,250)**	**(101,324)**
Net balance at 31 December 2022	**(42,625)**	**-**	**(57,449)**	**(1,250)**	**(101,324)**

3.2. INSURANCE LIABILITY FOR FUTURE MEMBERS

	2023 R'000	2022 R'000	2021 R'000
Balance at the beginning of the year	(735,040)	(646,723)	-
Excess over net asset value	(110,651)	(88,317)	(646,723)
	(845,691)	**(735,040)**	**(646,723)**
Non-current	**(834,828)**	**(735,040)**	**(646,723)**
Current	**(10,863)**	**-**	**-**

4. PHARMACEUTICAL INVENTORIES

	2023 R'000	2022 R'000
Pharmaceutical inventories	**7,317**	5,726

No provision for obsolete inventories has been raised for the years ended 31 December 2023 and 31 December 2022. Inventories are regularly checked for expiry and are written off monthly and disposed of as per legal requirements through a registered disposal company.

		Restated
5. TRADE AND OTHER RECEIVABLES	**2023**	2022
	R'000	R'000
Non-insurance receivables		
Trade and discount receivables	**48,428**	44,111
Deposits	**1,520**	1,373
Accrued interest on bank balances	**1,767**	918
Anglo American group balances	**2,759**	5,477
Prepayments	**997**	1,222
Less: Allowance for impairment losses	**(1,221)**	(2,523)
– Allowance for impairment losses at beginning of year	**(2,302)**	(2,809)
– Increase in allowance for the year	**1,081**	286
– Utilised	**-**	1,657
– Raised	**1,081**	(1,371)
	54,252	50,578

At 31 December 2023 and 2022, the carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets.

The outstanding balances on self-paying debtors are individually assessed to determine if the debtor's balances are fully recoverable.

The trade and discount debtors and deposits are receivable based on the contractual terms agreed upon with the counterparty. Accrued interest on bank balances is receivable within one month following the month in which it has accrued.

6. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Designated upon initial recognition

Fair value at the beginning of the year	**436,971**	**407,609**
Asset management fee (Note 17)	**(2,871)**	**(2,680)**
Cost incurred in maintaining the investment	**(24)**	**(32)**
Investment income re-invested before cost incurred in maintaining the investment	**37,613**	**35,087**
Realised gain on disposal of investments	**838**	**632**
Fair value adjustment (Include equities, bills, bonds and debentures and cash and deposits)	**165**	**(3,645)**
Fair value at the end of the year	**472,691**	436,971

6. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	2023	R'000
	R'000	R'000
The investments are classified as follows:		
Bills, bonds and debentures	**238,583**	197,817
Equity	**113,289**	118,273
Cash and deposits	**120,819**	120,881
Fair value at the end of the year	**472,691**	436,971

Investments are managed on a fair value basis hence the investments have been designated at initial recognition at fair value through profit or loss. The Scheme has invested in an Allan Gray portfolio. This portfolio is a pool of funds and Allan Gray is to invest the funds based on the Council for Medical Schemes guidelines and the Medical Schemes Act. If conditions are not met, rectification is required within 7 days. The investments are earning interest and dividends at varying rates.

The weighted rate of return on the Allan Gray portfolio was 8.15% (2022: 7.58%).

The fair values of these investments in listed bonds and equities are based on their market value. A register of investments is available for inspection at the registered office of the Scheme.

Fair values of financial assets by hierarchy level

Assets measured at fair value.

2023	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Reclassification R'000**
Financial assets at fair value through profit or loss				
– Bonds	**-**	**238,583**	-	-
– Equity	**113,289**	**-**	-	-
– Cash and deposits	**120,819**	**-**		
Total	**234,108**	**238,583**	**-**	**-**

2022	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Reclassification R'000**
– Bonds	-	197,817	-	-
– Equity	118,273	-	-	-
– Cash and deposits	120,881	-	-	-
Total	239,154	197,817	-	-

6. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Assets measured at fair value.

All bonds are categorised under level 2. These bond instruments, while valued on quoted prices, are not actively traded sufficiently to be categorised as level 1.

The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The definitions of the level categorisation are as follows:

Level 1: Based on quoted prices in active markets for identical assets or liabilities.

Level 2: Based on inputs, other than stated above, that is market observable for the asset or liability - directly (as prices) or indirectly (derived from prices).

Level 3: The inputs are not based on the observable market data.

	2023	2022
	R'000	R'000

7. CASH AND CASH EQUIVALENTS

	2023 R'000	2022 R'000
Call accounts	**626,724**	516,918
Current accounts	**9,709**	9,385
Petty cash	**29**	38
Cash and cash equivalents as per statement of cash flows	**636,463**	526,341

8. LONG TERM LIABILITIES

8.1 Lease Liability

	2023 R'000	2022 R'000
Balance at the beginning of the year	**43,489**	49,822
Add back amount payable within one year for prior year provision	**14,589**	13,905
Additions to lease liability	**13,305**	265
Interest for the year (Note 19)	**10,303**	8,017
Paid during the year	**(16,875)**	(13,931)
Payable within 1 year	**(17,890)**	(14,589)
Balance at end of the year	**46,920**	43,489

	2023	2022
	R'000	R'000

8. LONG TERM LIABILITIES (continued)

8.1 Lease Liability

The maturity analysis of the lease liability is as follows:

	2023 R'000	2022 R'000
Within one year classified under current liabilities	**17,890**	14,589
Two to five years	**70,896**	61,203
More than five years	**4,411**	9,170
Total future payments	**75,308**	70,374

The lease liability only consists of leases of buildings and does not include leases of low-value assets and leases of short term. The costs incurred for leases of low-value assets and leases of short-term nature are carried under Own facility surplus and disclosed in Note 14.

Refer to note 2 for the carrying value of right-of-use asset.

The following are the amounts recognised in surplus or deficit:	2023 R'000	2022 R'000
– Depreciation expenses of right-of-use asset (Note 2)	**11,167**	8,4595
– Interest expenses on lease liabilities (Note 15)	**10,303**	8,017
– Expenses related to low value assets (Note 14)	**2,708**	-
– Expenses related to short term leases (Note 14)	**182**	876
Total amount recognised in surplus or deficit	**24,360**	17,352

8.2 Long-term incentives

Provision for long-term incentive scheme (LTIS)	2023 R'000	2022 R'000
Balance at beginning of the year	**26,560**	25,121
Provided during the year	**33,167**	24,164
Fair value adjustment	**(4,465)**	-
Payable within 1 year	**(22,566)**	(22,726)
Balance at end of the year	**32,696**	26,560

The long-term incentive scheme (LTIS) is a retention benefit payable to qualifying employees who are employed by the Scheme when the benefits vest. Each annual LTIS allocation provision amount will be retained for a period of 3 years, where after it will become payable to qualifying participants. The calculation of the LTIS is based on the short-term incentive bonus and is influenced by a sliding scale applicable to the grading level of each qualifying participant. The unrecognised portion of LTIS which has not yet vested amounts to:

8. LONG TERM LIABILITIES (continued)
8.2 Long-term incentives (continued)

	2023 R'000	2022 R'000
2021 portion not yet recognised	**-**	8,521
2022 portion not yet recognised	**10,086**	19,037
2023 portion not yet recognised	**33,978**	-
Total amount not yet recognised	**44,064**	27,557
Total long-term liabilities	**79,616**	70,048

9. TRADE AND OTHER PAYABLES

	2023	2022
Other payables and accrued expenses	**54,910**	44,507
Payroll creditors	**12,713**	10,675
Short term incentive bonus liability	**84,505**	55,202
Long-term incentive bonus liability payable within one year (Note 8.2)	**22,566**	22,726
Lease liability right-of-use assets payable within one year (Note 8.1)	**17,890**	14,589
South African Revenue Services – VAT	**782**	1,493
Payment received in advance under capitation fee services	**6,653**	5,300
Total trade and other payables	**200,019**	154,492

The carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities. The amounts owed are interest free, unsecured and the terms of repayment are 30 days from invoice date.

The short-term incentive is payable to all employees and is based on the combined overall performance of Platinum Health Medical Scheme and RA Gilbert Proprietary Limited. The three main drivers for the incentive calculation are the combined profit or loss, cost per beneficiary and customer satisfaction. The calculation is based on the employee's pensionable salary scale as a percentage of the eligible bonus payable and influenced by the employee's personal performance rating obtained for the year.

10. LEAVE ACCRUAL	**Leave pay R'000**	**Holiday leave allowance R'000**	**Total R '000**
2023			
Balance at the beginning of the year	**13,445**	**3,649**	**17,094**
Net accumulated during the year	**(735)**	**511**	**(224)**
Balance at the end of the year	**12,710**	**4,161**	**16,870**
2022			
Balance at the beginning of the year	13,214	3,631,014	16,845
Net (utilised) / accumulated during the year	231	18,226	250
Balance at the end of the year	13,445	3,649,240	17,094

Leave pay

The leave pay accrual represents accumulated leave days that all the employees have due to them at the end of the financial year, applied to the basic rate of pay relating to each respective employee. Leave pay is payable with encashment, retrenchment, retirement or resignation, and the accrual is reduced whenever leave is taken by an employee.

Holiday leave allowance

Holiday leave allowance (HLA) represents the accumulated leave bonus that all the employees have due to them at the end of the financial year. HLA is measured on the basis of one month's salary. Payments are made on request of employees during the year and any outstanding balances are paid out in the anniversary month of the employee.

11. INSURANCE REVENUE AND SERVICE EXPENSES

	2023 R'000	2022 R'000
Insurance revenue		
Insurance revenue form contracts measured under the PAA	**2,039,002**	1,820,644
Less: contributions bad debts (note 13)	**(523)**	-
Total insurance revenue	**2,038,479**	1,820,644
Insurance service expenses		
Incurred claim	(1,829,677)	(1,679,230)
Attributable expenses incurred	(143,560)	(109,668)
Accredited managed healthcare services (no risk transfer)	(20,481)	(17,768)
Third party claims recoveries	194	711
Changes that relate to past service – adjustments to the LIC	(7,492)	5,212
Amounts attributable to future members	(110,651)	(88,317)
Total insurance service expenses	**(2,111,667)**	(1,889,060)
Net income/(expenses) from risk transfers		
Risk transfer expenses	**(13,917)**	(13,551)
Total expenses from risk transfer	**(13,917)**	(13,551)
Claims recovered	**10,755**	9,999
Total income from risk transfer	**10,755**	9,999
Total insurance service result	**(76,350)**	(71,968)

12. OTHER INCURRED INSURANCE SERVICE EXPENSES

	2023	2022
	R'000	R'000
Managed care: Management services		
External		
Medikredit - Pharmaceutical protocols, formularies and hospital audits	**3,594**	4,077
Internal		
Provider service account review	**11,145**	9,036
Specialist, hospital referrals and pre-authorisations	**5,742**	4,655
Other	**-**	-
	16,887	13,691
Managed care sub-total	**20,481**	17,768

13. ADMINISTRATION COST

Accommodation	**5,930**	4,311
Accommodation - BoT	**363**	-
Administration salaries	**72,486**	60,784
Advertising marketing and promotions costs	**7,298**	3,988
Audit fees (Note 14 and 16)	**6,324**	4,535
Bank charges	**967**	902
Computer costs	**13,474**	5,900
Cleaning services	**748**	79
Clothing	**2,075**	869
Conference and seminars	**1,513**	344
Conference and seminars - BoT	**196**	-
Consultant fees	**6,787**	3,890
Actuarial fees	**1,744**	1,269
Trustees remuneration	**20**	697
Corporate gifts	**51**	46
Depreciation	**1,299**	1,051
Entertainment	**1,592**	1,702
Equipment rental	**75**	-
Fidelity guarantee insurance premium	**578**	273
Foodstuff	**231**	115
Insurance premiums: Other	**802**	485

	2023	2022
	R'000	R'000
Legal expenses	**2,408**	2,154
Loss on disposal of assets	**1,639**	-
Maintenance expenses	**49**	246
Management fees	**-**	5
Motor vehicle expenses and fuel cost	**2,102**	4,876
Principal Officer's fees and remuneration	**3,418**	2,972
Record storage	**55**	50
Recruitment cost	**777**	1,172
Registrar's levies	**2,692**	2,411
Removal costs	**-**	15
Rental offices	**140**	102
Security services	**(139)**	10
Small assets written off	**2,286**	1,093
Stationery and printing	**1,724**	1,670
Subscriptions	**261**	208
Telephone and postage	**1,143**	993
Telephone and postage - BoT	**110**	-
Transport costs	**83**	97
Transport costs- BoT	**100**	-
Water and electricity	**254**	260
Administration cost sub-total	**143,655**	108,878
Net impairment losses on receivables		
Impairment loss recognised directly to statement of comprehensive income	**-**	1,372
Credit loss recoveries	**(95)**	(582)
Net impairment losses on receivables sub-total	**(95)**	790
Total	**143,560**	109,668

14. OWN FACILITIES INCOME AND EXPENSES

	Members 2023 R'000	External Parties 2023 R'000	Members 2022 R'000	External Parties 2022 R'000
Income from the use of own facilities	**765,695**	**160,544**	673,035	173,035
– By members *	**443,654**	–	369,996	–
– By Members Levies received	**4,839**	–	4,625	–
– By members Pharmacy	**317,202**	–	298,413	–
– By external parties Employee assistance programme	–	**4,672**	–	4,831
– By external parties Capitation fee income	–	**155,872**	–	168,204
Less: Costs incurred in the provision of own facilities to members and external parties	**(765,695)**	**(162,138)**	(673,035)	(148,767)
– Salaries and wages	**(308,169)**	**(115,376)**	(258,975)	(102,410)
– Accommodation	**(4,060)**	**(824)**	(2,480)	(483)
– Advertising marketing and promotions costs	**(704)**	**(49)**	(631)	(133)
– Audit fees (Note 16)	-	**(596)**	–	(272)
– Bank charges	-	–	–	–
– Cleaning services	**(10,232)**	**(2,377)**	(12,106)	(2,360)
– Computer costs	**(28,033)**	**(13,652)**	(26,181)	(11,053)
– Clothing	**(2,329)**	**(271)**	(1,986)	(918)
– Conferences and seminars	**(101)**	**(59)**	(4)	(3)
– Consultant fees	**(693)**	**(467)**	(635)	(554)
– Consumables	**(2,713)**	**(684)**	(2,084)	(702)
– Depreciation**	**(13,030)**	**(1,166)**	(10,498)	(597)
– Emergency medical services at capitation fee facilities	**(1,102)**	**(13,680)**	(1,042)	(16,482)
– Entertainment	**(941)**	**(45)**	(620)	(18)
– Fidelity guarantee insurance	**(1,955)**	**(413)**	(2,807)	(449)
– Foodstuffs	**(1,424)**	**(110)**	(1,287)	(113)
– Insurance cost	**(1,154)**	**(244)**	(744)	(263)
– Interest paid on lease liability right-of-use assets** (Note 15)	**(9,920)**	–	(7,607)	–
– Legal expenses	**(169)**	-	(4)	–
– Maintenance and repairs	**(10,119)**	**(1,270)**	(6,497)	(1,039)
– Management fees	-	-	–	–
– Medical waste removal	**(595)**	**(42)**	(780)	(312)
– Motor vehicle expenses and fuel cost	**(6,523)**	**(1,842)**	(4,411)	(3,089)
– Pharmaceutical and other medical related expenses***	**(80,567)**	**(6,584)**	(61,742)	(5,985)
– Pharmacy expenses incurred	**(258,162)**	-	(247,32)	–
– Record storages	**(67)**	-	(99)	–
– Recruitment costs	**(451)**	**(248)**	(210)	(6)
– Rental of equipment***	**(418)**	**(635)**	(479)	(140)
– Rental offices**	**(1,859)**	-	(3,257)	–
– Security services	**(6,118)**	-	(5,057)	–
– Small assets written off	**(3,716)**	**(632)**	(2,061)	(285)
– Stationery and printing	**(1,976)**	**(535)**	(2,929)	(317)
– Subscriptions	**(456)**	**(62)**	(320)	(68)
– Telephone and postage	**(1,496)**	**(120)**	(1,299)	(109)
– Training	-	-	(687)	(39)
– Transportation cost	**(835)**	**(168)**	(556)	(124)
– Water and electricity	**(9,272)**	-	(7,825)	–
– Other revenue / (expenses)	**3,665**	**13**	2,192	(445)
Surplus		**(1,595)**		24,269

The Group provides healthcare services to its members and external parties from leased facilities. The Group further provides occupational health services and emergency medical services to external parties on a capitation fee basis. These facilities include consulting rooms, dental facilities, optometry facilities, X-ray and occupational health services facilities situated at various locations in the service areas.

- (*) The Group's salary costs and other costs incurred for providing these services from our facilities to its members are included here. The salary cost and other costs incurred to provide services to external parties are shown as expense from external parties.
- (**) The Group applied IFRS 16 and the result is an increase in depreciation and interest paid on lease liability to the amount of R11,166,630 (2022: R7,779,320) and R10,302,522 (2022: R7,606,960) respectively and a subsequent reduction in rental paid for offices of R15,706,292 (2022: R13,931,354). This amount is the VAT exclusive amount as IFRS 16 excludes VAT from the calculation of the right of use asset and lease liability.
- (***) The Group opted not to classify low value asset leases and short-term leases under lease liabilities and the amounts are expensed as follows:

	2023 **R'000**	2022 R'000
– Low value assets	**2,708**	-
– Short term leases	**182**	875,865
Total	**2,890**	1,198

15. FINANCE COSTS

– Long-Term Incentive Scheme interest accrued	**4,288**	2,822
– Lease liability (classified under administrative expenses)	**382**	410
– Total interest accrued lease liability (Note 8.1)	**10,303**	8,017
– Lease liability transferred to own facility surplus (Note 14)	**(9,920)**	(7,607)
Total interest accrued	**4,671**	3,232

16. AUDITORS' REMUNERATION

External audit fees	**4,939**	2,870
Internal audit fees	**1,779**	1,938
Disbursements	**201**	-
	6,920	4,808

	2023	2022
	R'000	R'000

17. ASSET MANAGEMENT FEES

Asset management fees paid to Allan Gray (Note 6)	**2,871**	2,680

Fees are payable as per agreement with Allan Gray, based on the investment amounts.

18. INVESTMENT INCOME

Investment income received (financial assets at fair value through profit or loss)	**38,451**	35,719
– Interest on investments at fair value	**31,031**	26,504
– Dividends	**6,583**	8,583
– Realised gain on disposal of investments (Note 6)	**838**	632
Interest on bank accounts	**38,733**	20,111
	77,184	55,830

19. CASH FLOWS FROM OPERATIONS

	2023	Restated 2022
	R'000	R'000
Reconciliation of net surplus for the year to cash generated by operations		
Surplus for the year (before profit attributable to future members)	**110,689**	88,445
Adjustments for:		
– Investment income (Note 18)	**(38,451)**	(35,719)
– Prior year adjustment (Consolidated Statement of Changes)	**-**	(927)
– Cost incurred in maintaining investment (Note 6)	**25**	32
– Management fee paid to investment managers (Note 6)	**2,871**	2,680
– Movement in impairment losses	**523**	1,371
– Movement in leave accrual (Note 10)	**(224)**	250
– Movement in long-term liabilities (Note 8)	**10,601**	1,439
– Movement in claims provisions (Note 7)	**7,494**	(5,212)
– Depreciation (Note 2)	**15,642**	12,292
– Interest paid lease liability (Note 8)	**10,303**	8,017
– Profit on disposal of assets	**(1,493)**	(32)
– Fair value on LTIS	**(4,465)**	-
– Net (gains) / loss on revaluation of investments held at fair value through profit or loss (Note 6)	**(165)**	3,645
Surplus before working capital changes	**113,350**	76,281
Working capital changes	**16,379**	34,998
– (Increase)/ decrease trade and other receivables	**(34,072)**	3 ,777
– (Increase)/ decrease in inventories	**(1,591)**	2,802
– Increase in trade and other payables	**52,042**	28 419
Cash generated by operations	**129,729**	111,279

20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including the effects of changes in the equity market price, interest rates and liquidity risk. The Group'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.

Risk management and investment decisions are carried out by the Investment Committee, under the guidance and policies approved by the Board of Trustees.

The Group 's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group 's Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Scheme. The Group’s Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group limits its exposure to credit risk by only investing in liquid securities and only with high credit quality financial institutions. The Group has a policy of limiting the amount of credit exposure to any one financial institution. Given these high credit ratings, management does not expect any financial institution to fail to meet its obligations.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables and investments. The Group's credit risk is primarily attributable to its trade and other receivables.

The credit quality of financial assets that are neither past due nor impaired can be assessed by historical information about counterparty default rates.

Trade and other receivables

Counterparties without external credit rating include:

Contribution debtors

On analysing the credit quality of contribution debtors fully performing, the Group effectively collected 99% of these amounts in January 2024. This indicates a high quality relating to these debtors. Consequently, no additional disclosure of the credit quality is provided.

20. FINANCIAL RISK MANAGEMENT (Continued)

Other debtors

On analysing the credit quality of other debtors, the Group is likely to collect 100% of these amounts over the agreed periods in 2024. Consequently, no additional disclosure of the credit quality is provided.

Exposure to credit risk

The carrying amount of financial assets that is past due but not impaired amounts to R15,888,799 (2022: R9,978,133) and impaired amounts to R2 ,420,379 (2022: R2,301,565).

The maximum exposure to credit risk at the reporting date was:

	Non – financial instruments R'000	**Fully performing R'000**	**Past due but not impaired R'000**	**Total financial instruments R'000**
2023				
Insurance receivables				
– Current	–	**34,456**	**–**	**34,456**
– 30 days	–	–	**1,256**	**1,256**
– 60 days	–	–	**191**	**191**
– 90 days	–	–	**81**	**81**
– 120 days	–	–	**231**	**231**
Accrued interest on investments	–	**1,767**	**-**	**1,767**
Other receivables	**997**	**37,357**	**14,129**	**52,483**
Cash and cash equivalents	–	**636,463**	–	**636,463**
Investments	–	**472,691**	–	**472,691**
Total	**997**	**1,182,734**	**15,888**	**1,199,619**
2022				
Insurance receivables				
– Current	–	2,888	–	2,888
– 30 days	–	–	508	508
– 60 days	–	–	221	221
– 90 days	–	–	108	108
– 120 days	–	–	40	40
Accrued interest on investments	–	918	–	918
Cash and cash equivalents	–	526,341	–	526,341
Other receivables	1,222	39,583	9,101	48,684
Cash and cash equivalents	1,222	569,730	9,978	579,708

20. FINANCIAL RISK MANAGEMENT (Continued)

Refer to note 13 for a comprehensive reconciliation of the impairment amount.

Credit risk*(Continued)*

Instrument analysis

Asset class	Top 5 Holdings	Fitch Ratings (long term)	% of Portfolio
2023			
Cash (As a percentage of the Scheme's cash portfolio)	First Rand Bank	BB- (zaf)	**29.07**
	Standard Bank	BB- (zaf)	**42.50**
	Nedbank	BB- (zaf)	**4.66**
	Investec	BB- (zaf)	**18.97**
	Absa	BB- (zaf)	**4.41**
	SAFEX	BB- (zaf)	**0.39**
Equity (As a percentage of the Allan Gray investment portfolio)	Anheuser-Busch	BBB	**2.70**
	British American Tobacco	BBB+	**2.94**
	Standard Bank	BB-	**1.67**
	Woolworths	BBB	**1.63**
	Nedbank Group	BB-	**1.42**
2022			
Cash (As a percentage of the Scheme's cash portfolio)	First Rand Bank	BB- (zaf)	31.75
	Standard Bank	BB- (zaf)	41.30
	Nedbank	BB- (zaf)	6.03
	Investec	BB- (zaf)	19.38
	Absa	BB- (zaf)	0.95
	SAFEX	BB- (zaf)	0.59
Equity (As a percentage of the Allan Gray investment portfolio)	Anheuser-Busch	BBB+	1.80
	British American Tobacco	BBB	3.38
	Standard Bank	BBB+	3.00
	Woolworths	BBB	1.66
	Nedbank Group	BB-	1.62

20. FINANCIAL RISK MANAGEMENT (Continued)

Qualitative disclosures

Financial investments

Cash and cash equivalents

Credit risks are contained by adhering to the Medical Schemes Act 131 of 1998, as amended, by not investing more than 35% of aggregate fair value of total assets of the Scheme in large banks and 10% of total assets of the Scheme in smaller banks. Platinum Health did adhere. The above percentages disclosed are a percentage of the total cash and not total assets. The net qualifying capital and reserves are monitored on a monthly basis to determine the split between large and small banks.

Investments
Funds are invested at various institutions after taking the following criteria into account:

- The Scheme's mandate requirements;
- Regulations as per the Medical Schemes Act 131 of 1998, as amended;
- Credit ratings of the various institutions; and
- Interest rates offered by the institutions.

Trade and other receivables

The amounts presented in the statement of financial position for trade and other receivables are net of allowances for impaired receivables. The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. This allowance 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.

Trade and other receivables consist of recoveries from members for co-payments and provider debt.

2. *Recoveries from members for co-payments*

The debt may arise due to the following:

– Co-payments not recovered before the services are rendered
– Dispensing of chronic medication to members outside the area via courier

The above is managed by applying the Group Credit Control Policy. Dispensing of medication and rendering of further services are suspended until outstanding co-payments are fully recovered. The application thereof assists in that the Group's financial risk is managed. The outstanding co-payments are followed up and members are informed that services will not be rendered until full co-payments are settled.

There are no variances in application of policy from the previous years.

20. FINANCIAL RISK MANAGEMENT (Continued)

3. *Provider debt*
The debt may arise due to the following:

- Reversals done incorrectly
- Paying the healthcare professional directly instead of the member
- Overpayment of claims
- Members returning appliances i.e. hearing aids, spectacles etc.
- Non-dispensing of scripts
- Claims erroneously submitted by healthcare professional (member did not consult doctor)
- Healthcare professional claiming on incorrect membership number or incorrect dependant
- Duplicated claim
- Claim paid on incorrect practice number
- Incorrect chargeable codes paid
- Claim paid for treatment after membership terminated

The above is managed by applying the Scheme's Credit Control Policy.

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The availability of funding through liquid holding cash positions with various financial institutions ensures that the Group has the ability to fund its day-to-day operations.

The Scheme has not complied with certain requirements regarding the nature and categories of assets as prescribed by Section 35 in Regulation 30 of the Medical Schemes Act 131 of 1998 as amended. (Please refer to Note 26)

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at reporting date to contractual maturity date.

20. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

As at 31 December 2023	Up to 1 month R'000	2 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	Over 5 years R'000	Total R'000
ASSETS						
Assets	1,183,905	9,171	6,718	-	-	1,199,794
Trade and other receivables	74,752	9,171	6,718	-	-	90,640
Investments held at fair value through profit or loss	472,691	-	-	-	-	472,691
Cash and cash equivalents	636,463	-	-	-	-	636,463
Total assets	1,183,905	9,171	6,718	-	-	1,199,794
LIABILITIES						
Liabilities	182,926	14,622	112,013	70,896	4,411	384,869
Trade and other payables	146,429		92,932	-	-	239,362
IBNR	36,497	14,622	19,081	-	-	70,200
Lease liabilities				70,896	4,411	75,308
Total liabilities	182,926	14,622	112,013	70,896	4,411	384,869

20. FINANCIAL RISK MANAGEMENT (Continued)

	Up to 1 month R'000	2 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	Over 5 years R'000	Total R'000
As at 31 December 2022						
ASSETS						
Assets	1,013,293	729	3,786	–	–	1,017,808
Trade and other receivables	49,981	729	3,786	–	–	54,496
Investments held at fair value through profit or loss	436,971	–	–	–	–	436,970
Cash and cash equivalents	526,340	–	–	–	–	526,340
Total assets	1,013,293	729	3,786	–	–	1,017,808
LIABILITIES						
Liabilities	168,769	10,541	71,179	61,203	9,170	320,862
Trade and other payables	123,564	-	64,217	-	-	187,781
IBNR	45,205	10,541	6,962	-	-	62,708
Lease liabilities	-	-	-	61,203	9,170	70,3734
Total liabilities	168,769	10,541	71,179	61,203	9,170	320,862

* The investment in Allan Gray is classified as non-current due to the long-term nature of the investment strategy, although it can be disposed of immediately without maturing restrictions. The Group have performed the aging of the underlying assets that make up the investment below.

	Up to 1 month R'000	2 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	Over 5 years R'000	Total R'000
As at 31 December 2023						
Investments held at fair value through profit or loss	**37,733**	**2,449**	**54,292**	**378,217**	**-**	**472,691**
As at 31 December 2022						
Investments held at fair value through profit or loss	42,219	3,236	62,674	328,842	–	436,971

20. FINANCIAL RISK MANAGEMENT (Continued)

Market risk
Investments

Market risk is defined by IFRS 7 as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices". Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Market risk is the risk that changes in market prices, such as interest rates and equity investment prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment. The Group has an asset manager and an investment advisor who manages their funds in order to manage market risk.

Although trade and other receivables are an asset class, none of the market risks affect trade or contribution debtors, as they are non-interest bearing and not foreign exchange related.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

All the Group's assets are rand-denominated and therefore the Group does not have any currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's investment policy during the year under review included holding investments in interest bearing instruments and there were no changes in the way it manages its risks on cash. The Group's investments were therefore exposed to changes in the market interest rates. The objective of the Group is to optimise its return on cash and to limit its exposure to losses. This risk is managed by maintaining an appropriate mix between fixed and floating rate deposits within the market.

Returns on interest-bearing instruments increased during the current year due to higher interest rates.

Interest rate sensitivity

	Increase/decrease in interest rate	**Effect on surplus for the year R**
2023		
Call accounts	1%	6,267,244
Short term investments	1%	3,648,396
Current accounts	1%	90,628
2022		
Call accounts	1%	5,169,184
Short term investments	1%	3,186,981
Current accounts	1%	88,342

20. FINANCIAL RISK MANAGEMENT (Continued)

The table above summarises the Group's exposure to interest rate risk. The sensitivity calculation calculates the impact on surplus for the year if the interest rate increases/decreases by the variable stated.

Sensitivity analysis - All interest-bearing instruments

Basis

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of the investment performance. For 2023 it is expected that the interest rate will have an upward trend of 1% (2023: 1% downward) to control inflation and that the income generation on financial instruments will increase. A 2% movement suggests the closing market value could have been R477,417,552 if the investment performance had been higher by 2% during 2023 as compared to the market investment performance.

A one percent increase in the investment return at the reporting date would have increased the income by R697,586 (2022 (2%): R932,303); an equal change in the opposite direction would have decreased income by R697,586 (2022 (2%): R932,303).

Investments

Allocation

Asset managers	Mandate	Investment vehicle	R'000	%
2023				
Platinum Health Medical Scheme	Liquidity/cash *		**636,465**	**57.38**
Allan Gray	Medical Scheme Portfolio	Pooled	**472,691**	**42.62**
2022				
Platinum Health Medical Scheme	Liquidity/cash *		526,341	54.64
Allan Gray	Medical Scheme Portfolio	Pooled	436,971	45.36

* Includes the current account and call account.

20. FINANCIAL RISK MANAGEMENT (Continued)

Price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

All the Scheme's equity investments within the Allan Gray Life Domestic Stable Portfolio are listed on the Johannesburg Stock Exchange. The Group is therefore exposed to changes in the market price. The Group's investment administrator actively manages these risks to optimise return and to limit exposure to unacceptable risks or losses.

Sensitivity analysis - Equity

Basis

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of the investment performance. Market volatility cannot be predicted, and are influenced by numerous factors, which may result in an upward or downward market performance. The invested funds target capital preservation and investment returns which are reinvested. It is anticipated to result in a moderate market growth. The electricity supply and availability in South Africa and the expected negative implications to the economy could potentially hamper growth. A JSE ALSI growth rate of 3%, will result in the equity portfolio held to increase by R3,235,532 to R111,086,584.

Should the dividend yield increase by 1% (2023 1%), it will result in a change in the investment return at the reporting date increasing the surplus or deficit by R65,828 (2022: R85,829); an equal change in the opposite direction would have decreased income by R65,82 (2022: R85,829).

Investment risk and investment return

The Group's investment philosophy is capital preservation above maximum return requirements. Seeking higher investment returns is typically associated with taking additional risk through exposure to asset classes such as equities and bonds where the capital is at risk. Additional investment risk is typically associated with higher variability in asset prices. Also, the extent to which actual investment returns may differ from expected returns is greater. Fair values are calculated with reference to quoted market prices.

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

20. FINANCIAL RISK MANAGEMENT (Continued)

	Financial assets at fair value through profit or loss Designated upon initial recognition R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value amount R'000
2023					
Investments	**472,691**		**–**	**472,691**	**472,691**
Cash and cash equivalents	–	**635,816**	**–**		**635,816**
Trade and other receivables	**–**	**89,663**	**–**	**89,663**	**89,663**
IBNR	**(70,200)**	**–**	**–**	**(70,200)**	**(70,200)**
Trade and other payables		**–**	**(239,089)**	**(239,089)**	**(239,089)**
	402,491	**725,479**	**(239,089)**	**888,881**	**888,881**
2022					
Investments	436,971	–	–	436,971	436,971
Cash and cash equivalents	–	525,790	–	525,790	525,790
Trade and other receivables	–	54,237	–	54,237	54,237
IBNR	(62,708)	–	–	(62,708)	(62,708)
Trade and other payables	–	–	(186,211)	(186,211)	(186,211)
	382,971	580,027	(186,211)	768,079	768,079

21. FUND ADEQUACY

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

The Group considers its investment (Investments: R473m) and cash assets (Trade and other receivables: R54m Cash and cash equivalents: R636m) as capital and has adequate policies and controls in place to manage its capital to obtain maximum return on its capital with an acceptable risk related to the investments.

The Group 's objective is to manage its capital in such a way that sufficient funds are available to pay claims, both in the current and future years and there were no changes in the way the Group manages its capital. This is achieved whilst keeping annual contribution increase to members as low as possible, or at least in line with the employer salary increases. Claims expenditure is managed by means of changes in benefit design and other managed care interventions to maintain a positive claim ratio.

Returns on investments are utilised to fund possible deficits that might occur as a result of operational and/or healthcare losses.

	2023	2022
Solvency margin	**41%**	40%

The required minimum set by the Council for Medical Schemes is 25% of gross contributions from members.

22. RELATED PARTY TRANSACTIONS

(a) **Parties with significant impact over the Group**

The employer of a large number of the members, Anglo American Platinum Ltd and its subsidiaries and associates, do not control the Group, however they do have a significant impact on Platinum Health Medical Scheme by virtue of appointing three of the fourteen trustees.

22. RELATED PARTY TRANSACTIONS (Continued)

	2023 R'000	2022 R'000
(a) **Parties with significant impact over the Group** (Continued)		
Statement of comprehensive income		
RA Gilbert Proprietary Limited	(285,535)	(231,923)
– Management fee paid to Platinum Health Medical Scheme	348	329
– Rentals paid by Platinum Health Medical Scheme	(973)	(980)
– Medicine costs paid by Platinum Health Medical Scheme	(284,214)	(231,272)
Rustenburg Platinum Mines Limited	-	(98)
– Venue and catering services rendered to Platinum Health Medical Scheme	-	(93)
– Management fee paid by Platinum Health Medical Scheme	-	(5)
Anglo American Platinum Limited		
– Contribution subsidy paid on behalf of employees	488,549	356,576
Platmed Proprietary Limited		
– Pharmacy stock purchased from Platinum Health Medical Scheme	8,020	6,616
Statement of financial position		
Platmed Proprietary Limited		
- Overhead costs paid (on behalf of) / by Platinum Health Medical Scheme	2,437	4,884
R A Gilbert Proprietary Limited		
– Medicines purchased on behalf of Platinum Health Medical Scheme	(38,640)	(30,189)
Rustenburg Platinum Mines Limited		
- Shortfall contributions paid on behalf of ex-employees	334	592
- Contributions not yet deducted from employees	-	953
- Contributions paid in advance on behalf of employees		(1,596)
- Staff Accommodation	(12)	-

The Scheme and RA Gilbert Proprietary Limited have entered into an agreement where RA Gilbert Proprietary Limited procures pharmaceuticals and sells these to the Scheme, with the Scheme administering the business on its behalf at an agreed fee.

22. RELATED PARTY TRANSACTIONS (Continued)

(b) **Key management personnel**

The Board of Trustees and the Principal Officer have the authority, as well as the responsibility for planning, directing and controlling the activities of Platinum Health Medical Scheme. The Board of Trustees are not compensated for expenses incurred while fulfilling their roles of the Group other than stated below. The Principal Officer's salary is disclosed in Note 13.

		2023 R'000	2022 R'000
Statement of comprehensive income			
Key management remuneration		**49,691**	37,860
Short term employee benefits		**39,297**	30,903
Other long-term benefits		**10,394**	6,957
Contributions received from Key management and Trustees		**1,856**	1,498
Claims incurred by Key Management and Trustees		**(3,445)**	(3,064)
Trustee's expenses			
Mr C Smith	– Disbursements	**3**	39
Dr C Mbekeni	– Disbursements	**-**	19
Ms H Tolo Maroga	– Disbursements	**14**	-
Mr P Krause	– Disbursements	**10**	21
Mr K Naidoo	– Disbursements	**24**	-
Mr G Mmusi	– Disbursements	**6**	-
Mr S Pheto	– Disbursements	**-**	26
Ms MM Baxter	– Disbursements	**49**	-
Mr Lekoro	– Disbursements	**4**	-
Mr K Kokohlabang	– Disbursements	**-**	30
Mr D Noko	– Disbursements	**113**	73
Mr J Hlangweni	– Disbursements	**86**	82
Mr P Maimela	– Disbursements	**83**	76
Mr P Malamula	– Disbursements	**98**	58
Mr B Molefe	– Disbursements	**60**	47
Mr M Malatji	– Disbursements	**61**	48
Mr I Osman	– Disbursements	**26**	58
Mr W McCarthy	– Disbursements	**1**	21
Mr P Coetzer	– Disbursements	**24**	35
Mr D McDonald	– Disbursements	**2**	20
Mr S Mkhonto	– Disbursements	**69**	44
		734	697

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel (continued)

All transactions with the trustees, conducted in accordance with the Rules of the Scheme as well as provisions of the Act, are concluded at arm's length.

The trustees attended the Board of Health Care Funders conference as well as training and all expenses were paid for by the Group. Trustees who opted to receive a cell phone allowance of R250 (2022: R171) per month and a meeting attendance allowance of R140 (2022: R139) are remunerated accordingly.

Terms and conditions of agreement

Neither the trustees nor their beneficiaries were party to or had interest in any of the Group's agreements in existence during the current or previous year, except for their individual membership agreements with the Scheme.

(c) Terms and conditions of the related party transactions

(a) *Contribution subsidy*

This constitutes the subsidy portion on contributions paid by the related party for their employees that are members of the Scheme, in their individual capacity.

(b) *Contributions receivable*

This constitutes outstanding contributions payable. The amounts are due immediately, are non-interest bearing and unsecured.

(c) *Contribution subsidy received in advance*

This constitutes contribution subsidy received in advance and amounts owing to the related parties to which the parties have a right. No interest is applied to these balances. The amounts would need to be refunded to the member on demand or where the member exits the Scheme.

(d) *Expense disbursements*

Fees and expenses paid to the Principal Officer and executive committee members of the Board and expenses paid to a trustee, which constitutes expenses incurred in the fulfilling of their respective roles as trustees.

(e) *Investment management fees*

Fees paid to Allan Gray for the management of cash and cash equivalents on behalf of the Scheme.

23. MEDICAL INSURANCE RISK MANAGEMENT

Risk management objectives and policies 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 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 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. 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 is 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. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the annual consolidated financial statements and there are terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred (before and after risk transfer arrangements), by age group and in relation to the type of risk covered / benefits provided. Where appropriate prescribed minimum benefits (PMB) and non-PMB claims have been split:

23. MEDICAL INSURANCE RISK MANAGEMENT (continued)

Age grouping (in years)		In-hospital		Chronic			
2023		PMB R'000	Non PMB R'000	PMB R'000	Non PMB R'000	Day to day R'000	Total R'000
< 25	Gross	62,146	22,952	6,396	16,467	93,042	201,751
	Net	61,540	22,743	6,008	28,657	81,701	188,459
25 – 39	Gross	86,593	41,714	24,847	27,324	196,654	378,466
	Net	85,013	41,344	24,231	28,550	180,402	358,314
40 – 55	Gross	105,638	52,307	76,721	26,803	190,548	453,764
	Net	104,940	51,772	74,605	17,193	173,959	432,079
56 – 69	Gross	74,123	28,210	45,222	15,788	104,905	269,652
	Net	73,561	28,070	43,006	6,157	94,675	255,100
> 69	Gross	28,134	8,218	9,761	5,590	33,197	85,467
	Net	28,048	8,202	9,234	16,467	29,919	80,993
	Gross	356,634	153,401	162,946	97,771	618,347	1,389,100
	Net	353,103	152,130	157,084	91,973	560,656	1,314,946

Movements in liability for incurred claims (Note 3)	**70,200**
Claims related to risk transfer arrangements (Note 11)	**10,755**
Total	**1,395,901**

23. MEDICAL INSURANCE RISK MANAGEMENT (Continued)

Age grouping (in years)		In-hospital		Chronic			
		PMB	Non PMB	PMB	Non PMB	Day to day	Total
2022		R'000	R'000	R'000	R'000	R'000	R'000
< 25	Gross	58,307	21,534	6,001	16,151	87,294	189,287
	Net	57,738	21,338	5,637	15,450	76,654	176,816
25 – 39	Gross	81,243	39,137	23,312	26,887	184,505	355,084
	Net	79,761	38,790	22,734	25,636	169,257	336,177
40 – 55	Gross	99,112	49,076	71,981	26,786	178,776	425,731
	Net	98,457	48,573	69,996	25,148	163,211	405,385
56 – 69	Gross	69,543	26,467	42,428	16,131	98,424	252,993
	Net	69,017	26,335	40,349	14,812	88,826	239,339
> 69	Gross	26,396	7,710	9,158	5,777	31,146	80,187
	Net	26,315	7,695	8,663	5,245	28,071	75,989
	Gross	334,601	143,924	152,880	91,732	580,145	1,303,282
	Net	331,288	142,731	147,379	86,291	526,019	1,233,708

Movements in liability for incurred claims (Note 3)	62,708
Claims related to risk transfer arrangements (Note 11)	9,999
Total	1,306,415

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

Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions / diseases, such as high blood pressure, cholesterol and asthma.

Day-to-day benefits cover the cost (up to 100% of the Platinum Health Medical Scheme referenced price list tariff) of out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines.

The Scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over several 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 by each option, 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.

23. MEDICAL INSURANCE RISK MANAGEMENT (Continued)

Risk in terms of risk transfer arrangements

When selecting a supplier, the Scheme considers their relative security. The security of the supplier is assessed from public rating information and from internal investigations (such as considering fund adequacy, solvency, capacity and appropriate resources).

Benefits and associated contributions are calculated considering the "Schemes risk concentrations", changes in utilisation based on historical data and inflationary increases.

The Scheme considers its risk to be concentrated in the following areas:

Hospital benefits

Hospital claims represents the Schemes most significant expense and there is a risk that the actual claims incurred in respect of hospital costs for any benefit year, could be adversely more than the expectation.

Medicine benefits

Medicine claims are affected by continued legislative changes and there is a risk that the actual claims incurred, as a result, may increase or decrease medicine costs more or less than expected.

Specialist costs

Specialist costs are directly affected by member's health profiles and there is a risk that the actual claims incurred, as a result, may increase more than expected.

Pensioner ratio

Based on historical data, pensioner members are regarded as the high claimers of medical benefits. Due to the significant influence of pensioners and the Scheme's arrangement with employer companies, the pensioner levels could increase more than anticipated, which could result in greater claims expenditure than expected.

Claims development

The claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within 1 year.

Quantitative risk factors

The effects of the changes in the risk areas identified are set out below. Each change in the criteria represents the impact on the 2023 and 2022 budget that was approved by the Board of Trustees.

The most significant risk mitigation tool of the Scheme is, however, its reserve base. The current solvency margin of 41% (2022: 40%) represents sufficient income for the Scheme to continue as a going concern.

23. MEDICAL INSURANCE RISK MANAGEMENT (Continued)

	Total approved budget for area	**Sensitivity 1 @ 1% increase – claims (Increase)/ decrease**	**Sensitivity 2 @ 2% increase – claims (Increase)/ decrease**
Impact of increased utilisation on the approved budget	**R'000**	**Impact of alternative %**	Impact of alternative %
2023			
Inflation assumptions			
(a) Hospitalisation costs			
– Budget scenario – 7.0%	598,876	8.0%	9.0%
– Effect on claims – R		5,989	11,978
– Effect on solvency – %		(0,29)/0,29	(0,58)/0,58
(b) Medicine costs			
– Budget scenario – 7.0%	316,620	8.0%	9.0%
– Effect on claims – R		3,166	6,332
– Effect on solvency – %		(0,16)/0,16	(0,32)/0,32
(c) Specialist costs			
– Budget scenario – 7.5%	216,156	8.5%	9.5%
– Effect on claims – R		2,162	4,323
– Effect on solvency – %		(0,06)/0,06	(0,12)/0,12
(d) Continuation members' ratio			
– Budget scenario – 3.3%	3.3%	4.3%	5.3%
– Effect on claims – R		1,566	3,132
– Effect on solvency – %		(0,08)/0,08	(0,16)/0,16
2022			
Inflation assumptions			
(a) Hospitalisation costs			
– Budget scenario – 7.0%	518,083	8.0%	9.0%
– Effect on claims – R		5,181	10,362
– Effect on solvency – %		(0.28)/0.28	(0.56)/0.56
(b) Medicine costs			
– Budget scenario – 7.0%	323,155	8.0%	9.0%
– Effect on claims – R		3,232	6,463
– Effect on solvency – %		(0.18)/0.18	(0.36)/0.36
(c) Specialist costs			
– Budget scenario – 7.5%	180,166	8.5%	9.5%
– Effect on claims – R		1,802	3,603
– Effect on solvency – %		(0.10)/0.10	(0.20)/0.20
(d) Continuation members' ratio			
– Budget scenario – 3.3%	3.3%	4.3%	5.3%
– Effect on claims – R		1,159	2,317
– Effect on solvency – %		(0.08)/0.08	(0.16)/0.16

23. MEDICAL INSURANCE RISK MANAGEMENT (Continued)

Operational risks

The impact of the implementation of the NHI (National Health Insurance) is regularly monitored by the Board of Trustees in conjunction with the administrators and legislation applied by government.

The Board of Trustees regularly performs a risk assessment of the Scheme. The key operational risks identified at the last assessment were as follows:

- pandemics;
- outstanding contracts;
- changes in demographics in the mining industry; and
- trade union dynamics.

24. CONTINGENT ASSET

Road Accident Fund (RAF)

A contingent asset exists that arises from a past event (the accident that took place). The existence of this asset will only be confirmed by the occurrence or non-occurrence of one or more future events (the results from the RAF). The results from the RAF are not wholly within the control of the Scheme.

Schedules of claims to the value of R96,474,184 (2022: R54,575,0043) were provided to the lawyers who were appointed by the members for inclusion in the claim to be lodged against the RAF.

25. SUBSEQUENT EVENTS

There are no significant events after the reporting date which requires disclosure or adjustment to the annual consolidated financial statements.

26. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 of 1998.

The following areas of non-compliance of the Medical Schemes Act 131, 1998 were identified during the course of the year:

(1) Investments in employer and administrator companies

Nature and cause of non-compliance

In terms of the Medical Schemes Act and specifically Section 35 8(a) it is a requirement that a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the Medical Scheme, or any administrator or any arrangement associated with the Medical Scheme. As per the explanatory Note 8 to Annexure B in terms of the Medical Schemes Act, compliance is tested on a look-through principle. Therefore, if the Scheme has invested in a pooled fund/collective investment Scheme which has
invested some of their assets in the Scheme's employer group, the Scheme is non-compliant to the requirements of section 35(8).

26. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 of 1998.(Continued)

(1) **Investments in employer and administrator companies** (Continued)

The following investments are held indirectly in employer companies at year end through Allan Gray pooled funds:

	2023	2022
	R'000	R'000
• Northam Platinum Limited	**4,499**	8,223
• Impala Platinum Holdings Limited	**440**	-

Possible impact of non-compliance

The contravention of the Act will have an insignificant impact on the Scheme as the amounts invested in employer companies and administrator companies are immaterial and the Scheme has no influence over the investment decision. The Council for Medical Schemes have not imposed any penalties on these contraventions.

Corrective course of action adopted to ensure compliance, including the timing of the corrective action

Compliance with the Medical Scheme Act should always be considered when investments are made by the Scheme or by the portfolio managers. If not in compliance, the Registrar should be informed immediately. The Scheme has no direct or indirect influence over the Allan Gray investment strategies as the pooled funds.

Funds are invested to optimise return on investment for the entire portfolio. A letter confirming the exemption from investing in employer group and medical scheme administrators through asset managers where such investment choices are not influenced by the Scheme was received from the Council for Medical Schemes for a period of 3 years, commencing 1 December 2023.

(2) **3 Day rule – contributions not received within 3 days of becoming payable**

Nature and cause of non-compliance

In terms of the Medical Schemes Act and specifically Section 26 (7) contributions should be received in accordance with the rules of the Scheme. The rules indicate that contributions payable should be received no later than the third day of each month. As at 31 December 2023, there were contribution debtors outstanding for more than 30 days to the amount of R1,759,140 (2022: R1,120,508). This amount represents about 1% of the total contributions received during the year, but the delay in receipt is in contravention of Section 26(7) of the Medical Schemes Act.

Possible impact of non-compliance

The contravention of the Act may result in the Council for Medical Schemes imposing penalties for the non-compliance.

Corrective course of action adopted to ensure compliance, including the timing of the corrective action

The Scheme continually strives to have all membership changes updated before the following contribution run. Due to the nature of the membership movement, and the communication process between the employer's administrators on the one hand and the Scheme on the other, this is not always possible.

26. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 of 1998.(Continued)

(3) Contravention of Section 59 (2) of the Act

Nature and cause

Section 59(2) of the Act states that, "A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme."

In the ordinary course of the Scheme's business, providers/members are periodically flagged for claims that are indicative of fraud, waste or abuse. In such instances claims are investigated and placed on forensic withhold and may be paid beyond the 30 day period, following consultation with, and communication to, the provider/member. In other instances providers/members have provided incomplete payment information which results in delays in settling claims.

Possible impact

Providers and/or members not settled timeously may amount to non-compliance if there is no communication within 30 days.

Corrective course of action

Providers flagged for forensic withhold are informed formally in writing through the office of the Principal Officer of the delays in payment, pending the outcome of the forensic investigation. The communication strategy is formalised in the fraud, waste and abuse policies and procedures with Regulations 6(2) and 6(3) of the Act as a basis. In terms of the Regulation, "if a medical scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, it must inform both the member and the relevant health care provider within 30 days after receipt of such account, statement or claim that it is erroneous."

Claims submitted with incomplete payment information are considered incomplete claims in terms of Rule 15.1 of the registered Scheme Rules and communication is sent to providers/members within 30 days requesting the outstanding information.

27. GOING CONCERN

The Board of Trustees are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the annual consolidated financial statements.

The Board of Trustees are of the opinion that the annual consolidated financial statements fairly present the financial position of the Group as at 31 December 2023, and the results of its operations and cash flow information for the year then ended.

PLATINUM HEALTH MEDICAL SCHEME

28. DETAILED STATEMENT OF COMPREHENSIVE INCOME PER BENEFIT OPTION

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 R'000	Plat Comprehensive	Plat Capitation	Plat Freedom
Insurance revenue		**2,038,479**	**1,890,061**	**44,373**	**104,045**
Insurance service expense		**(2,111,667)**	**(2,009,594)**	**(22,273)**	**(79,800)**
Incurred claims		(1,829,677)	(1,747,558)	(15,609)	(66,510)
Attributable expenses incurred		(143,560)	(133,378)	(3,742)	(6,441)
Accredited managed healthcare services (no risk transfer)		(20,481)	(19,104)	(449)	(928)
Third party claims recoveries		194	194	-	-
Changes that relate to past service – adjustment to the LIC		(7,492)	(7,155)	(64)	(273)
Amounts attributable to future members		(110,651)	(102,593)	(2,409)	(5,649)
Net expense from reinsurance		**(3,162)**	**(3,075)**	**(87)**	**-**
Amounts recovered from risk transfer arrangements		10,755	10,463	292	-
Allocation of premiums paid		(13,917)	(13,538)	(380)	-
Insurance service result		**(76,350)**	**(122,610)**	**22,013**	**24,246**
Other income		**246,075**	**209,648**	**17,361**	**19,066**
Investment income		77,184	52,774	12,962	11,448
Net gains/(losses) on financial assets		165	113	28	24
Fair value adjustment on employee benefits		4,465	4,145	92	228
Income from use of own facilities by external parties		160,544	149,160	4,182	7,202
Sundry income		3,717	3,456	97	164

Net healthcare result	**169,725**	**86,974**	**39,404**	**43,347**
Other expenditure	**(169,687)**	**(157,789)**	**(4,424)**	**(7,474)**
Cost incurred in provision of own facilities to external parties	**(162,138)**	**(150,641)**	**(4,224)**	**(7,273)**
Sundry expenses	**(7)**	**(7)**	**-**	**-**
Asset management fees	**(2,871)**	**(2,871)**	**-**	**-**
Finance costs	**(4,671)**	**(4,473)**	**(125)**	**(72)**
Net surplus for the year	**38**	**(70,815)**	**34,980**	**35,873**
Other comprehensive income				
Total comprehensive income for the year	**38**	**(70,815)**	**34,980**	**35,873**

PLATINUM HEALTH MEDICAL SCHEME

28. DETAILED STATEMENT OF COMPREHENSIVE INCOME PER BENEFIT OPTION

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2022** **R**	**Plat Comprehensive**	**Plat Capitation**	**Plat Freedom**
Insurance revenue		**1,820,644**	**1,681,708**	**46,718**	**92,219**
Insurance service expense		**(1,889,060)**	**(1,765,737)**	**(30,528)**	**(92,795)**
Incurred claims		**(1,679,230)**	**(1,571,825)**	**(24,900)**	**(82,505)**
Attributable expenses incurred		**(109,668)**	**(101,063)**	**(3,408)**	**(5,197)**
Accredited managed healthcare services (no risk transfer)		**(17,768)**	**(16,717)**	**(171)**	**(880)**
Third party claims recoveries		**711**	**669**	**7**	**35**
Changes that relate to past service – adjustment to the LIC		**5,212**	**4,800**	**163**	**249**
Amounts attributable to future members		**(88,317)**	**(81,601)**	**(2,219)**	**(4,497)**
Net expense from reinsurance		**(3,552)**	**(3,437)**	**(111)**	**(170)**
Amounts recovered from risk transfer arrangements		**9,999**	**9,675**	**325**	**478**
Allocation of premiums paid		**(13,551)**	**(13,112)**	**(439)**	**(647)**
		(3,552)	**(3,437)**	**(111)**	
Insurance service result		**(71,968)**	**(87,466)**	**16,079**	**(576)**
Other income		**226,327**	**200,642**	**12,128**	**13,557**
Investment income		**55,843**	**43,508**	**6,809**	**5,526**
Income from use of own facilities by external parties		**168,941**	**155,699**	**5,219**	**8,023**

Sundry income	1,543	1,435	100	8
Net healthcare result	154,359	113,176	28,207	12,981
Other expenditure	(154,231)	(141,794)	(5,103)	(7,334)
Own facilities surplus	(144,673)	(133,333)	(4,470)	(6,870)
Sundry expenses	(1)	(1)	-	-
Asset management fees	(3,645)	(2,915)	(447)	(284)
Finance costs	(2,680)	(2,470)	(83)	(126)
	(3,232)	(3,075)	(103)	(54)
Net surplus for the year	128	(28,618)	23,104	5,646
Other comprehensive income				
Total comprehensive income for the year	128	(28,618)	23,104	5,646