



SIZWE HOSMED
MEDICAL SCHEME
Your choice for quality care



**ABRIDGED
ANNUAL REPORT
2021**

AGM



NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS AND CALL FOR MOTIONS

Dear Sizwe Hosmed Members

The Sizwe Hosmed Medical Scheme ("Scheme") is registered in terms of the Medical Schemes Act of 1998, as an unrestricted membership medical scheme.

Notice is hereby given of the 1st Annual General Meeting of Sizwe Hosmed Medical Scheme for the year ended 31 December 2021 to be held as follows:

Date: 27 August 2022

Time: 10h00

Cape Town International Convention Centre (CTICC)
1 Lower Long Street
Cape Town, 8001

Kindly note that the Scheme is calling for motions to be placed before the AGM. The Call for motions period will close on the 27th of June 2022. Motions can be sent to the Executive Principal Officer Dr Simon Mangcwatywa by emailing agm@sizwe-hosmed.co.za.

Important: Members attending should provide their South African identity document, passport, driver's license and a membership card to be able to participate at the AGM.



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MESSAGE FROM THE CHAIRPERSON OF THE BOARD

- MR SONGANDABA
DERRYL LANGA

“Behold the turtle-he only makes progress when his neck is stuck out”. Loosely translated it means a resounding call to configure and affirm our commitment to ethical values in leadership.

It gives me great pleasure to address members and trustees of Sizwe Hosmed Medical Scheme well ahead of the Inaugural Annual General Meeting post the amalgamation of Sizwe Medical Fund and Hosmed Medical Scheme.

The successful amalgamation of these two schemes represents an uphold to a legacy created by our distinguished forebearers and founders, history, transformation as well as assertive stance on the drive towards game changing in the industry.

The future of the Scheme will be underpinned and driven by amongst others, our strategic objectives and governance principles and organisational values. The journey was a challenging one, however it was made achievable by the dedication of our employees, trustees as well as service providers who held on to the envisioned destination.

The effect of the COVID-19 pandemic on our society and economy is devastating and it is having an adverse impact on the livelihoods of South Africans. There is no data yet regarding this

impact, however there is an internal consensus view that this is impacting on claims as well as the shrinking economy with a knock on effect impacting on jobs and people’s livelihoods and consequently impacting on members ability to keep up with contributions in some instances.

We have set ourselves organisational objectives and strategic goals that are reasonable, smart and achievable. The Board of Trustees have a firm belief that these will be drivers towards sustainable growth and market dominance. Our resilience and that of the management team and employees will contribute the delivery of our Scheme’s key focus areas in line with the board’s mandate.

In so doing, we recognise the extraordinary pressure this places on our people and resources, perhaps this is our definition of the new normal driven by the greatest desire for excellence.

He is the Chairman of the Bidvest Group Limited and Vice Chancellor at the University of the Free State, “He implores every individual, organisation and the world as a whole to unite and work



together to co-create a new and more equitable normal. There is no room for complacency. ‘Now, more than ever, dear reader, is the time for each of us to stick our necks out. ‘It is the only way. Lift yourself and you can lift the world.’ – Professor Bonang F. Mohale.

“Behold the turtle-he only makes progress when his neck is stuck out”. Loosely translated it means a resounding call to configure and affirm our commitment to ethical values in leadership.

GOVERNANCE AND LEADERSHIP

We are continuing to strengthen governance and leadership, we will always ensure sound leadership and governance compliance lest we become complacent. Complacency as defined is losing sight on controls and creating areas non-compliance.

I would wish to conclude by inviting our members to remain loyal to the Sizwe Hosmed Medical Scheme brand.

To assure members that we still retain the financial strength and well on the way to become a “game changer” and all these are achievable only through your trust and support.

We hold strong to our set strategic outcomes, sustainable membership growth , improved member health and organisational sustainability .

We have to constantly think about the future of our Scheme, “If we do not plan for the future our organisation has no future” brilliant advice from the author of Future of Work: Attract New Talent, Build Better Leaders and Create a Competitive Organisation. J Morgan.

Your Choice for Quality Care

Sincerely
Songandaba Derryl Langa
 Board of Trustees: Chairperson





MESSAGE FROM THE PRINCIPAL EXECUTIVE OFFICER

- DR SIMON
MANGCWATYWA

These are the fundamentals on our path of continuous improvement. As we journey on this path we also make, service excellence, innovation, gaining and attracting new members a top priority, this is our key to long-term success, and even greater opportunities. This passion remains the lifeblood of this Scheme and it will continue to translate into tremendous success.

We take our roles and responsibilities of growing the Scheme very seriously and we are focusing on these key areas:

- Proactive measures are in place to grow the Scheme
- A focus on service level improvement and the health our members
- Financial strength and sustainability

We are mindful of the challenges or opportunities ahead and this provides a “once-in-a-lifetime opportunity” to proactively adapt and to reimagine our business model, to deliver value and enhance our value proposition, as we embark on this we have to amplify our innovation.

Your Choice for Quality Care

Stay Safe

Dr Simon Mangcwatywa

Principal Executive Officer

Dear Colleagues, Members and Trustees

First and foremost, I hope that you, your families, and communities are safe. I am continually impressed by the resourcefulness and the commitment displayed by our people and the exceptional value they bring to the Scheme

2021 was a great and historic year in our lives with the amalgamation of Sizwe Medical Fund and Hosmed Medical Scheme creating Sizwe Hosmed Medical Scheme. Looking to the future, and our next stage of growth, it is important to remember what first inspired us to succeed.

Our founders set the example for us to follow path with the passion for excellence in service and zest for life.

In this path our outcomes are clearly defined as:

- Sustainable Membership Growth
- Improved Member Health
- Organisational Sustainability



ANNUAL GENERAL MEETING AGENDA

NO.	ITEM	ACTION	RESPONSIBLE
1.	Opening and Welcome	Opening	Chairperson
2.	Confirmation of proper notice given	Confirmation	Chairperson
3.	Quorum	Confirmation	Chairperson
4.	Attendance and apologies	Noting	Chairperson
5.	Adoption of the minutes of previous meeting	Approval	chairperson
MATTERS ARISING			
6.	Chairperson's report	Noting	Chairperson
7.	Principal Officer's Report inclusive of operations overview	Noting	PO
8.	Presentation and adoption of the Annual Financial Statements and Auditor's Report	Noting	CFO/PwC
9.	Confirmation of appointment of the external auditors for the ensuing year	Approval	PO
10.	Presentation and approval of the trustee remuneration for the ensuing year	Approval	PO
11.	Motions for which notice had been given	Noting	Chairperson
12.	Other matters dealt with at an Annual General Meeting	Discussion	All
13.	Closure	Discussion	Chairperson



MINUTES OF 2021 AGM

MINUTES OF THE ANNUAL GENERAL MEETING ("AGM") OF MEMBERS HELD ON SATURDAY, 21 AUGUST 2021 AT 10H00 AT DURBAN ICC, 45 BRAMFISCHER RD, DURBAN, KWAZULU-NATAL

Present	
Mr L Makwabe	Chairperson
Mr B Salters	Deputy Chairperson
Mr S Daweti	Trustee
Mr P Jacobs	Trustee
Dr Z Limba	Trustee
Ms Z Matikinca	Trustee
Mr M Moyeni	Trustee
Ms C Rensburg	Trustee
Mr T Kgokolo	Trustee (via teleconference)
Mr M Shamase	Trustee

In attendance	
Dr S Mangcwatywa	Principal Executive Officer
Dr O Mazwai	Clinical and Operations Executive
Ms N Tshobeni	Chief Financial Officer
Ms V Mbenzi	Compliance Officer
Ms N Nkosi	Chairperson of The Audit and Risk Committee
Mr T Malatji	Malatji and Co Attorneys
Mr V Pullen	Council for Medical Schemes (CMS)
Ms S Siweya	Ngubane And Co. Chartered Accountants
Ms S Khuzwayo	Ngubane And Co. Chartered Accountants
Mr C Mitchelson	PwC (via MS teams)
Dr O Mahanjana	3Sixty Health
Dr T Gama	3Sixty Health
Dr N Mabuya	3Sixty Health
Ms C Savari	Statucor (Pty) Ltd - Minutes
APOLOGIES	
Ms M Ngwenya	Chairperson of The Remuneration Committee

1. OPENING AND WELCOME

The Chairperson opened the meeting. Mr M Shamase, at the request of the Chairperson, welcomed all those present at the Sizwe Medical Fund Annual General Meeting (AGM) hosted at the Durban ICC. A moment of silence was observed for those who lost their lives during the COVID-19 pandemic.

The Chairperson proceeded to welcome and acknowledge the Deputy Chairperson, the Board of Trustees (BoT), members of the Fund's Executive team, Sizwe staff, the legal team led by Mr Malatji, CMS led by Viaan Pullen, 3 Sixty Health led by Dr Mahanjana, Dr Gama, and attendees of the AGM.

An apology was noted for Ms M Ngwenya.

The Chairperson noted that the meeting was held in person due to democratic centralism.

In his opening remarks, the Chairperson noted that:

- a. The Board served for a year longer due to the COVID-19 pandemic.
- b. Many members had left the fund and the BoT was able to stabilise the Fund during its term.
- c. Sizwe Medical Fund was in the middle of litigation for historic matters.
- d. There was a merger taking place currently with the intention to grow the fund.

The Chairperson conveyed his best wishes to the newly elected BoT and thanked Dr S Mangcwatywa for all his hard work.

On behalf of the BoT, the Chairperson wished all members and participants a successful AGM and hoped that the deliberations and robust discussions which were to take place before the AGM would be of benefit to the entire membership of the Fund.

Procedures of engagement:

Members were discouraged from disrupting the AGM and it was noted that disruptive behaviour would not be tolerated. Members noted the procedures of engagement during the proceedings of the AGM as follows:

- a. All motions, questions, and points of order were to be raised through the Chairperson of the AGM.
- b. Members were to raise their hands in order to be recognised for participation in the

proceedings of the AGM, and once recognised, members were to state their full names and proceed directly to their questions. It was assumed that all members present were in good standing and the practice of mentioning one's union affiliation on the floor was strictly prohibited.

2. QUORUM

Rule 27.1.3 of the Scheme Rules stipulate that a minimum of 42 members in good standing constitutes a quorum. The Chairperson confirmed that a quorum was present, and the meeting was confirmed duly constituted.

3. SAFETY BRIEFING

The Building Officer of the venue provided a safety brief.

4. NOTICE OF THE AGM

In accordance with rule 27.1.2 of the Scheme a 90 day notice is required to notify members of AGM. This was regarded as having been observed. The following was noted:

- a. Ms R Sobuza indicated that she had not received AGM Packs 30 days prior to the AGM while Mr L Mkhize indicated that he had not received the supporting documents on time.
- b. Ms M J Gumbi indicated that the Mpumalanga region did not receive the AGM notice and was, therefore, deprived of the right to participate in the AGM due to not having received the notice.
- c. Mr A Nhlapho from Mpumalanga confirmed that he had received the notice and the supporting documents.
- d. Mr R Swartz noted that there were no objections to the compliance of Rule 27.1.2 at the time it was dealt with on the agenda and the BoT could not be held responsible with delays of the post office.
- e. Dr S Mangcwatywa addressed the queries raised regarding the documents not being received and noted that 55 000 packs were printed and dispatched. The reason for the delay was related to the South African Post Office not delivering the packs timeously.
- f. Mr M Ngubane noted that the challenges regarding the notice and packs was to be addressed and the way forward be discussed in order to allow members an opportunity to participate in the meeting.

- g. The Deputy Chairperson referred to the Rule 27.2.3 of the fund rules regarding the notice, which stated that the notice was to be circulated at least 30 days before the meeting and non-receipt of the notice does not invalidate the meeting provided the BoT followed the procedure.

The notice of AGM was accepted as having met the requirements of the Rules.

5. CONFIRMATION OF THE AGENDA

Members considered the agenda, which was taken as read and noted.

Mr J Kasi took to the floor and requested that the agenda be amended as follows:

- Agenda item 18 be amended to “closing remarks”.

The agenda was adopted, with Mr Z King and Mr Joe Kasi moving for the adoption of the agenda, seconded by Mr R Swartz.

6. DECLARATION OF CONFLICT OF INTEREST

The Chairperson provided guidance on the matter of Declaration of Interest, to the effect that, in line with good governance, no member should participate in the deliberations and/or vote on an Agenda item in which he or she had a direct or financial interest. Any member conflicted in this regard would have to recuse themselves and allow the AGM to proceed and deal with the matter without fear, favour, or prejudice.

The Trustees were requested to recuse themselves when the BoT remuneration is tabled.

No conflicts of interest were declared.

Mr B Salters the Deputy Chairperson chaired the meeting from this point.

7. MINUTES OF THE 2019 AGM – FOR APPROVAL AND MATTERS ARISING

7.1 Approval of Minutes of the AGM held 20 July 2019

The Minutes of the AGM held 20 July 2019 were taken as read and approved as a true reflection of proceedings, subject to the following amendments:

- a. Page 8 - Mr R Swartz was incorrectly recorded as Mr R Swan;
- b. Page 6 – Quorum was to be confirmed and not anticipated;
- c. Page 7, 10, 15 and 18 - Mr EM Masenamela was to be changed to Mr EN Masenamela;
- d. Page 16 – Specify the Rule 19.8.1 referred to under “Board meetings”.

Mr C Mtsweni moved for the approval of the minutes, seconded by Mr A Phikani.

8. MATTERS ARISING FROM THE PREVIOUS AGM

The matters arising schedule from the AGM held 20 July 2019, were tabled and taken as read. All items were confirmed as completed.

9. REPORTS AND PRESENTATIONS

9.1 Principal Officer's Report

The Principal Officer (PO) presented his report and highlighted the following salient points:

- a. Permission had also been sought to from CMS to combine the 2020 and 2021 Annual General Meetings mainly as a result of the COVID-19 pandemic.
- b. The Annual Financial Statements to be presented were for 2019 and 2020.
- c. The PO discussed the corporate governance structure and noted that the Fund had an Audit and Risk Committee which was chaired by Ms N Nkosi.
- d. The Complaints and Dispute Resolution Committee was mandated to deal with complaints.
- e. The Clinical Governance Committee was chaired by Mr T Kgokolo.
- f. It was noted that there was also a Remuneration Committee, which also includes the functions of the Social and Ethics as approved BoT
- g. The PO noted the strategic pillars of the fund as compliance, governance, and operations.

Industry landscape

The PO provided an overview of the industry landscape as follows:

- a. The identified risks of the fund were:
 - (i). Curatorship;
 - (ii). Financial sustainability;
 - (iii). Data breaches and cyber-attacks;
 - (iv). COVID-19; and
 - (v). Solvency ratio which must be above 25%.
- b. Solvency was noted to be above 25% and was currently at 37%.
- c. 95% of claims were noted as being paid.
- d. Non-healthcare costs were to be below 10% and was currently at 11%.
- e. The pensioner ratio was noted as 7.6%.
- f. The PO noted that the scheme was in a very good position and the fundamentals were present.
- g. From a political aspect, the NHI will be implemented, and the BoT was to determine Sizwe's position within the NHI.
- h. Economically, South Africa was not doing well and the unemployment rate was noted as very high (32.6%).
- i. The possibility of cyber-attacks was noted as crucial.
- j. With regard to legislation, the importance of Protection of Personal Information Act was highlighted.
- k. Referring to COVID-19 Sizwe members, there was a total of 720 admissions amounting to R100 million which impacted on investment loss.
- l. It was noted that the issues with Copper Core were being addressed.
- m. CMS approved the merger with one suspensive condition that needed to be met. Around 7000 new members would be added to Sizwe.

Mr P Jacobs was requested to Chair items 10 and 11 of the agenda.

10. FINANCIAL HIGHLIGHTS (2019 AND 2020)

Ms N Tshobeni (CFO) presented the Financial Highlights from the AGM documentation and the following salient points were highlighted:

2019 Balance Sheet:

- a. The financials were restated by R7 million primarily regarding how termination of membership was treated by the Fund, and the impact it had on the revenue line and balance sheet.
- b. The 2019 assets decreased from R1.3 billion to R1.1 billion due to the liquidation of certain investments to fund the deficit.
- c. The reserve had subsequently decreased as a result of the liquidation of investments.
- d. The outstanding claims reserve is at R228 million for 2019.

2019 Income statement:

- a. The Fund made a deficit in 2019 due to claims being higher than contributions.
- b. A loss of R295 million was noted.
- c. Investment income reduced the loss to R194 million.

2019 Statement of cashflows:

- a. The Fund had to dispose of a number of investments to the value of R400 million to fund the excessive losses.
- b. The cash and cash equivalents opening balance was R24 million and the closing balance at year end was R48 million.

2020 Balance sheet:

- a. There had been restatements in 2020 primarily around how some non-cashflow items were treated in 2019 on the cashflow statement.
- b. It was noted that the pandemic had a significant financial impact on the Fund. Various scenarios were considered in this regard. Financial markets closed for much of Q1 and Q2.
- c. The Fund's assets increased in 2020 due to no draw downs on investments.
- d. A surplus was generated as a result of clients not having visited doctors frequently or hospitals unless it was for a serious medical situation, which subsequently resulted in lower claims.
- e. The balance sheet increased from R1.1 billion to R1.2 billion.

2020 Income statement:

- a. The nett contribution income was at R2.6 billion and claims at R2.2 billion which provided the Fund a top line profit of R375 million.
- b. There had been R44 million in investment income.
- c. The reserves opened with R897 million and closed with R1.1 billion.

2020 Statement of cashflows:

- a. The top line was R67 million, and a profit had been generated.
- b. No investments were liquidated due to an access of cash and more investments were purchased.
- c. The Fund started the year with R48 million in cash and closed the financial year with R14.9 million.

Comments and questions

The Chairperson proceeded to open the floor to the members for comments and questions regarding the Principal Officer's report and financial highlights, as presented. The following questions were raised by members:

- a. Mr K Ntekane commended the PO on his report and suggested that it be investigated whether it is possible that the current medical-aid premium not be increased.
- b. Mr R Magcaba queried the future view of the scheme's financial position considering the volatility of the market.
- c. Mr E Masenamela commended the CFO and PO on their reports. He raised concerns regarding the sustainability of the scheme and its reserves while taking the pandemic in consideration, as well as the Copper Core option. Further to this he noted that should there be a premium increase it must be moderate.
- d. Mr G Monama queried the reasons the Fund's cash balances are decreasing on a yearly basis.
- e. Ms R Sobuza questioned whether over-the-counter vitamins could be included as part of the benefits the scheme covers and provides to members especially for those who have contracted Covid-19.
- f. Mr E Masenamela raised another query in relation to the NHI and whether the Fund would be incorporated into the big schemes.

The CFO and PO took to the floor and responded to the comments and questions as follows:

- a. Contributions:
 - The contributions increase will be reviewed and considered accordingly. Adding to this it was noted that CMS recommends percentage increase to the market as a guide and that the Fund would be guided by this.
- b. Copper Core project:
 - The Fund is focused on improving the Copper Core option and a report is expected by 25 August 2021 in terms of how to turnaround the option.
 - It was noted that the Fund is working on a low-cost benefit option for income bands that are below copper and suitable for a specific job market.
- c. Vitamins and minerals:
 - The Fund will consider the benefits in terms of covering the medication for Covid-19 specifically.
- d. Cash decreasing:
 - The cash position is determined on a daily basis and should the cash for the day not be required, it is invested. The reduction in the cash balance and increase in investments is reflected in the financial statements.
- e. View on scheme's financial position:
 - The Fund closed the year with just over R1 billion in 2020, granted that the Fund made a deficit year-to-date and is drawing down on the reserves. Members' contributions are not used to fund the gap.
 - In terms of the financial markets performance it was noted that the Fund has a mandate with its Asset Managers. It also has an Investment Advisor. The performance of the Asset Managers are closely monitored and underperformance is dealt with constructively.
- f. NHI
 - It was advised that the NHI issue is being considered however, the Fund must work within the confines of Government.

11. APPOINTMENT OF EXTERNAL AUDITORS

PwC exited the meeting at this point

Ms N Nkosi, the Chairperson of the Audit and Risk Committee (ARC), presented the proposed appointment of the External Auditors. The following salient points were highlighted:

- a. It was noted that Ngubane and Co's accreditation with CMS was under review and that they currently did not stop at accreditation for open schemes. Resultantly, Ngubane and Co was not eligible to be the Fund's auditors. Management was subsequently given the mandate to embark on a process to run a request for proposals ("RFP") to appoint new auditors.
- b. Rule 26.1 states that an auditor who must be approved by the Registrar must be appointed by resolution at each AGM.
- c. Rule 26.3 states that should an auditor vacate office prior to the expiration of the period for which he or she had been appointed, the BoT must within 30 days appoint another auditor to fill the vacancy for the unexpired period.
- d. The MSA states that a medical-aid scheme shall appoint at least one auditor and the appointment shall not take effect unless it had been approved by the Registrar, subject to such conditions as he may deem fit.
- e. In terms of the scoring process the following was considered:
 - The CMS accreditation.
 - Capability and capacity of the firm.
 - B-BBEE status.
 - Competitive pricing.
 - Vast experience in the medical-aid field was considered.
- f. Submissions in terms of the RFP were received from BDO and PwC. Both firms achieved the requirements with the exception that BDO had a level 2 B-BBEE score and PwC a level 1.
- g. It was advised that the Fund had worked with PwC in the past financial year and that they would present their report at the relevant agenda item.
- h. The Audit and Risk Committee recommended the appointment of PwC as Sizwe's external auditors for the 2021 financial year.

Comments and questions

The Chairperson proceeded to open the floor to the members for comments and questions on the Appointment of External Auditors as presented. The following was raised by members:

- a. Mr K Ngobeni raised his concern regarding Ngubane and Company and moved for the appointment of PwC.
- b. Mr N King queried whether Ngubane and Co. could be registered as part of the PwC Group to assist them in ensuring that they meet all accreditation requirements. Further to this he seconded the appointment of PwC.

The ARC Chairperson took to the floor and responded to the comments and questions as follows:

- CMS followed their own processes and procedures in terms of accreditation. Ngubane and Company were subjected to the same processes as all other audit firms.
- It was noted that the ARC shared the members' disappointment in that Ngubane and Company could not be reappointed.
- It was advised that BDO and PwC were not the only accredited firms and that there were other firms. The RFP had been sent to all accredited firms for open schemes and submissions were only received from BDO and PwC and due to the urgency of the matter the appointment had to be done.

RESOLUTION 1 OF 21 AUGUST 2021

IT WAS RESOLVED THAT the appointment of PwC as Sizwe's external auditors is hereby approved.

PwC re-joined the meeting at this point

12. NOTING OF THE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2019 AND 2020

12.1 Board of Trustees Report (2019 and 2020)

Mr B Salters, Deputy Chairperson presented the report of the BoT. The following salient points were highlighted:

Terms of Registration and fund benefits

- a. The Terms of Registration of the Sizwe Medical Fund is a not-for-profit open Medical Scheme registered under the reference number 1486 in terms of the Medical Scheme Act 131 of 1998, as amended. The Fund is administered by 3 Sixty Health (Pty) Ltd, regulated by the Council of Medical Schemes (CMS).
- b. The Fund benefit options offered to employers and members of the public during the year under review were noted as follows:
 - Full Benefit Care Option;
 - Affordable Care Option;
 - Primary Care Option;
 - Hospital Care Option;
 - Gomomo Care Option.
- c. During the 2019 financial year the Fund embarked on a name change initiative as follows:
 - Full Benefit Care Option changed to Titanium Executive Plan;
 - Affordable Care Option changed to Platinum Enhanced Plan;
 - Primary Care Option changed to Gold Ascend Plan;
 - Hospital Care Option changed to Silver Saver Plan;
 - Gomomo Care Option changed to Copper Core Plan.

Sub-Committee of the Board of Trustees

- a. The Audit and Risk Committee (ARC) was a statutory committee established in terms of Section 36(10) of the Companies Act 71 of 2008. The Committee's mandate is derived from its approved terms of reference.

- b. The Committee performs an oversight role and assists the BoT in discharging its responsibilities of safeguarding the Fund's assets and ensuring that an effective internal control system was operational.
- c. The Audit and Risk Committee Members and movement thereon were stipulated on page 36 of the AGM documentation.

Investment Strategy

- a. The Fund's investment objectives were to maximise the return on its investments on a long-term basis at minimal risk.
- b. The investment strategy takes into account constraints imposed by legislation and those imposed by the BoT.
- c. The monitoring and implementation of the strategy are delegated to the Investment Committee. Details of investments are set out in the Annual Financial Statements in Note 5.
- d. The Fund held investments in equities, insurance policies, and collective investment schemes and cash instruments during 2019. This strategy is reviewed regularly, taking into consideration compliance, the risk and returns of the various investment instruments, economic climate and the surplus of the funds available.
- e. The Fund utilised the service of Independent Actuarial Consultants (Pty) Ltd (IAC) as its investment advisor for 2019.

Compliance

- a. The Fund was operating in a highly regulated environment. To this end, there were functions of Internal and External Audit to assist in identifying non-compliance within the Fund. Any matter identified by the Auditors is raised and resolved with the BoT and management.
- b. The External Auditors raised the following matters of non-compliance:
 - i. Contravention of Section 26(7) of the Medical Scheme Act 131 of 1998 – Contributions not received instead within three days of becoming due.
 - ii. Contravention of Section 35(8) of the Medical Scheme Act 131 of 1998 – Investment in medical scheme administration and employer groups.
 - iii. Contravention of Section 6(1) of the Medical Scheme Act 131 of 1998 – Payment made for claims received four (4) months after the date of treatment.

- iv. Contravention of Section 33(2) of the Medical Scheme Act 131 of 1998 – Sustainability of benefits.
- v. Contravention of Section 59(2) of the Medical Scheme Act 131 of 1998 – Payment of claims within 30 days.
- c. The Auditors worked with the BoT, Executive Management and other stakeholders to resolve these matters.

Comments and questions

The Chairperson proceeded to open the floor to the members for comments and questions on the BoT report as presented. The following was raised by members:

- a. Mr E Masenamela raised a query in terms of Rule 19.4 in regard to the vacancies on the BoT.

The Deputy Chairperson took to the floor and confirmed that the BoT vacancies had been filled.

12.2 Independent Auditors Report (2019)

The independent auditors, Ngubane & Co, were called to present their 2019 auditors report and the following salient points were highlighted:

- a. The purpose of audit was to express an audit opinion to ensure the annual financial statements are free of material misstatements.
- b. Ms S Khuzwayo confirmed Ngubane & Co's independence as auditors for the 2019 annual financial statement audit.
- c. It was highlighted that the responsibility of auditors was to obtain reasonable assurance over the annual financial statements in order to issue the audit opinion which is done through various procedures in accordance with the auditing standards.
- d. The Trustees responsibilities are to prepare the annual financial statements and to ensure that they are prepared in accordance with the international financial reporting standards and Medical Schemes Act.
- e. The most significant key audit matters were presented to those charged with Governance.
- f. A significant key audit matter was raised for the 2019 financial year with regard to IBNR outstanding claims provision. Procedures were performed and were listed in the audit report.
- g. An emphasis of matter was highlighted in the audit opinion and in there, the auditors have indicated that the audit report was dual dated.
- h. It was confirmed that the audit opinion was unqualified.

Comments and questions

The Chairperson proceeded to open the floor to the members for comments and questions on the auditor's report. No questions or concerns were raised.

12.3 Independent Auditors Report (2020)

The independent auditors, PwC, were called to present their 2020 auditors report and the following salient points were highlighted:

- a. Mr C Mitchelson introduced himself to the members.
- b. PwC's primary objective was to obtain reasonable assurance around whether the financial statements are free from any material misstatements.
- c. The audit was conducted in accordance with International Standards of Auditing.
- d. PwC's key responsibilities in conducting the audit were highlighted for noting. It was confirmed that PwC was granted full access to all information requested and no restrictions were placed on the scope of the audit.
- e. Mr C Mitchelson confirmed PwC's independence as external auditors.
- f. It was confirmed that the audit opinion was unqualified.
- g. A key audit matter was noted due to the estimation and judgements involved in the outstanding claims provision. PwC was comfortable that the amounts were in an acceptable range.
- h. PwC noted non-compliance with Section 32 of the Medical Schemes Act, around the benefit options that were not self-supporting in terms of performance. This was included in the audit report.

Comments and questions

The Chairperson proceeded to open the floor to the members for comments and questions on the auditor's report. No questions or concerns were raised.

M R Swartz moved for the approval of the annual financial statements, seconded by Mr E Masenamela.

RESOLUTION 2 OF 21 AUGUST 2021

IT WAS RESOLVED THAT the annual financial statements for the 2019 and 2020 financial period, are hereby approved.

The Trustees were recused from the meeting at 14:13pm.

13. APPROVAL OF BOARD OF TRUSTEES' REMUNERATION

The PO presented the proposed BoT remuneration structure, and the following salient points were highlighted:

- a. Rule 19.16 of the Fund rules provides that members of the BoT are entitled to remuneration, honorarium, reimbursement of expense or any other fee in respect of services rendered in their capacity as members of the BoT in accordance with such policy, as may be approved by the BoT from time to time and subject to members approval at an AGM.
- b. It is the responsibility of the BoT to ensure that the Fund's remuneration policies are in its long-term interests and in the interest of the members of the scheme.
- c. After careful consideration, taking into account the projected CPI, the current economic conditions and the financial position of the Fund, it was proposed that the BoT remuneration be increased by 3.95%.

Comments and questions

The PO proceeded to open the floor to the members for comments and questions on the proposed Trustee remuneration structure as presented. The following was raised by members:

- a. Taking the current financial position of the Fund and the cost saving initiatives into consideration, Mr E Masenamela proposed a 0% increase which was seconded by Mr R Swartz.
- b. With majority of the members not being in support of the 3.95% increase, it was confirmed that the BoT remuneration will remain unchanged.

RESOLUTION 3 OF 21 AUGUST 2021

IT WAS RESOLVED THAT the current BoT remuneration structure will remain unchanged.

The Trustees re-joined the meeting at 14:44pm.

14. MOTIONS RECEIVED IN TERMS OF RULE 27.1.5

The PO confirmed that no motions were received in respect of Rule 27.1.5.

15. AUTHORISATION TO SIGN OFF RESOLUTIONS

It was proposed that the current Chairperson be authorised to sign off the resolutions for this meeting. Mr N Ntsange supported the proposal.

RESOLUTION 4 OF 21 AUGUST 2021

IT WAS RESOLVED THAT the sign-off of the resolutions by the current Chairperson of the BoT, is hereby approved.

16. DECLARATION OF THE ELECTORAL PROCESS

The internal auditors, SKX Protiviti, were called to present on the electoral process. The following salient points were highlighted:

- a. Mr K Tshipega took to the floor to introduce himself to the BoT as the Senior Manager at SKX Protiviti.
- b. SKX Protiviti was formed through the merger of Sekela Consulting and Xabiso Chartered Accountants in September 2012. The Company is Black owned and Black managed with the ownership consisting of 50% black women.
- c. Ms X Mbeka and Mr M Masibe were introduced to the members.
- d. A vote counting process was developed to ensure accuracy and also to ensure that no duplication occurs.
- e. In terms of the total number of votes, the following was confirmed:
 - Number of manual and email votes: 21 718;
 - Number of online votes: 928;
 - Number of USSD votes: 560
 - Total votes received: 23 206

- f. The internal auditors confirmed that best practice was followed, in line with the professional international audit standards, to ensure that the nomination and election process is free and fair, as stipulated in the scheme rules under rule number 19.3.

17. ANNOUNCEMENT OF ELECTION RESULTS FOR TRUSTEES

The PO took to the floor to open and announce the voting results.

- a. The PO directed the members to rule 19.3.12 of the Fund rules which stipulates the following:
- Candidates who receive the most votes, in descending order, shall be elected as Trustees until all vacancies have been filled.
- b. The current Trustees were asked to vacate their positions officially, with immediate effect, in order to allow the new Trustees to occupy their new positions.
- c. The vote results were announced and the new Trustees introduced as follows:

Name of Trustee	Total votes
Zukiswa Matikinca	2496
Zonwabele King	2492
Chrystolene Rensburg	2466
Luyolo Makwabe	2462
Luvuyo Pokomela	2445
Ayanda Phikani	2442
Alex Nhlapo	2432
Mandla Shamase	2351

RESOLUTION 5 OF 21 AUGUST 2021

IT WAS RESOLVED THAT the appointment of the following Trustees of the BoT is hereby approved:

- Zukiswa Matikinca
- Zonwabele King
- Chrystolene Rensburg
- Luyolo Makwabe
- Luvuyo Pokomela
- Ayanda Phikani
- Alex Nhlapo
- Mandla Shamase

18. CLOSING REMARKS

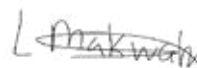
- a. The PO thanked those in attendance for their time and participation.
- b. Further to this, the PO thanked the former BoT members and Deputy Chairperson, Mr B Salters, for their commitments and efforts in serving as part of the BoT.
- c. The PO expressed thanks to the independent Committee members who were not in attendance, for their efforts and hard work.
- d. It was confirmed that the Board Sub-Committees will be reconstituted and that Ms N Nkosi, would remain the Chairperson of the Audit and Risk Committee.
- e. A warm welcome was extended to the new Trustees, who were assured that limitless support will be offered to them at all time.

19. CLOSURE

The PO thanked all those in attendance, for a successful AGM and for their participation during the meeting.

The being no further business to discuss, the meeting was closed at 15h27.

Adopted as a true reflection of proceeding at the meeting.



Mr L. Makwabe
Deputy Chairman



**STATEMENT OF RESPONSIBILITY
BY THE BOARD OF TRUSTEES
SIZWE HOSMED MEDICAL SCHEME**

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

ANNUAL FINANCIAL STATEMENTS

The Board of Trustees (BOT) is responsible for the preparation, integrity, and fair presentation of the Annual Financial Statements (AFS) of the Sizwe Hosmed Medical Scheme (the Scheme). The AFS have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Medical Schemes Act, No 131 of 1998, as amended and include amounts based on judgments and estimates made by management.

The AFS comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year ended and the notes to the AFS which include a summary of significant accounting policies and other explanatory notes. The BOT considers that in preparing the AFS, appropriate accounting policies have been applied and that IFRS has been followed. These are consistent with those adopted in the prior financial years, except for IFRS 9, and are supported by reasonable and prudent judgments and estimates.

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

ACCOUNTING RECORDS AND CONTROL ENVIRONMENT

The BOT has the responsibility of ensuring that accounting records are kept. The accounting records disclose, with reasonable accuracy, the financial position of the Scheme which enables the BOT to ensure that the AFS comply with relevant legislation. Sizwe Hosmed Medical Scheme is operated in an established control environment that is well documented and regularly reviewed. This incorporates both risk management and internal control procedures, which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and that the risks facing the Scheme are being managed.

GOING CONCERN

The going concern basis has been adopted in preparing these AFS. The BOT has no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on the current financial position and available cash resources. The Scheme's forecasts support the long-term viability of the Scheme.

EXTERNAL AUDITOR'S RESPONSIBILITY


The Scheme's external auditor, PricewaterhouseCoopers Inc (PwC) have audited the AFS in terms of International Standards on Auditing and their report is presented on pages 23-26. PricewaterhouseCoopers Inc (PwC), had unrestricted access to all financial records and related data. The BOT believes that all representations made to the independent auditor during their audit were accurate and appropriate.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

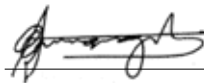
The Annual Financial Statements of the Scheme were approved by the Board of Trustees on 03 May 2022 and were signed on its behalf by:



Mr S.D. Langa
Chairman



Mr L. Makwabe
Deputy Chairman



Dr S. Mangcwatywa
Principal Officer



**STATEMENT OF CORPORATE GOVERNANCE
BY THE BOARD OF TRUSTEES**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Sizwe Hosmed Medical Scheme is committed to the principles and practice of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The trustees are required to act with due care, diligence, and good faith in the best interest of the members. In pursuit of this, the trustees conduct themselves in accordance with the Rules of the Scheme. The trustees are proposed and elected by the members in accordance with the Medical Schemes Act no. 131 of 1998, as amended (MSA).

1. BOARD OF TRUSTEES

The trustees meet regularly and monitor the administration of the Scheme. They address a range of key issues and ensure that discussions of items of policy, strategy, and performance are critical, informed, and constructive.

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

2. INTERNAL CONTROLS AND RISK MANAGEMENT

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

A formal internal audit function exists within the Scheme with regular reporting to the Audit and Risk Committee. This function is provided by SekelaXabiso CA Incorporated and SM Xulu Inc. The Scheme's risk profile continues to be addressed by risk management, evaluation and management processes, including the use of a risk register utilising the Combined Assurance Model.

3. ETHICAL VALUES OF THE SCHEME

The Scheme is bound by a Code of Conduct, mandates, and principles of treating members fairly. The Code of Conduct outlines the principles that guide the Scheme in a way that contributes to the welfare of the key stakeholders and helps balance the needs of all stakeholders in the system. Governance and ethical values within Sizwe Hosmed Medical Scheme are continually being addressed by the BOT.

The Scheme's committees have mandates that set out their responsibilities that promote the principles of transparency and ethics. The Scheme is bound to open communication with all its stakeholders about its financial and business targets and to treat them fairly in all business dealings.

4. COMPLIANCE WITH THE MEDICAL SCHEMES ACT

The Trustees monitor that the Scheme complies with the Medical Schemes Act no. 131 of 1998 (the "Act") and the Regulations issued in terms of the Act. The Trustees endeavour to apply the King IV Code of Corporate Governance where necessary and practical. The BOT noted non-compliance matters which are set out fully in the BOT Report.

5. ADMINISTRATOR PERFORMANCE

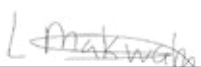
The administrator, 3Sixty Health (Pty) Ltd, as well as all providers of administrative services are charged with implementing a functioning control environment, which is well documented and regularly reviewed. The contracts and Service Level Agreements (SLA) provide for the monthly and quarterly submission of reports to the Scheme, which are then used to measure and monitor the service providers' performance.

6. INDEPENDENT EVALUATION OF THE BOARD AND COMMITTEES

The Scheme adopted a practice of performing annual evaluations on its BOT and its Committees with independent evaluations being undertaken every second year. The last independent evaluation was performed during the 2019 financial year. While the next evaluation of the BOT and its sub-committees was due to be carried out in 2021, this has been deferred to 2022, due to the amalgamation, which brought in a new Board.



Mr S.D. Langa
Chairman



Mr L. Makwabe
Deputy Chairman



Dr S. Mangcwatywa
Principal Officer



BOARD OF TRUSTEES REPORT

BOARD OF TRUSTEES REPORT

The Board of Trustees hereby presents its report for the year ended 31 December 2021. The BOT wishes to report that for the year ended 31 December 2021, the Scheme had a deficit of R84 270 670 (surplus 2020: R113 237 214).

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1. TERMS OF REGISTRATION

Sizwe Hosmed Medical Scheme (the Scheme) is a not-for-profit, open medical scheme registered under reference number 1486 in terms of the Medical Schemes Act no. 131 of 1998, as amended. The Scheme is administered by 3Sixty Health (Pty) Ltd and regulated by the Council for Medical Schemes (CMS).

1.2. BENEFIT OPTIONS WITHIN SIZWE HOSMED MEDICAL SCHEME

The Scheme offered the following eleven benefit options to employers and members of the public during the year:



1.3. RISK TRANSFER ARRANGEMENT

During the 2020 financial year, Sizwe Medical Fund entered into a risk transfer arrangement with Enabledmed (Pty) Ltd, to provide out-of-hospital benefits to members on a capitated basis. This arrangement was terminated at 31 December 2020 in line with the contract terms. From 01 January 2021, Sizwe Medical Fund had no risk transfer arrangements.

During the 2021 financial year and prior to the amalgamation, Hosmed Medical Scheme had entered into a risk transfer arrangement with Isoleso Optics for optometry benefits. As a result of the amalgamation between Sizwe Medical Fund and Hosmed Medical Scheme effective 1 November 2021, the contract was continued by the amalgamated entity. The amount reflected in the table below relates to the costs incurred and recovered from 01 November 2021.

	2021 R	2020 R
Risk transfer fees paid	(3 604 701)	(56 294 811)
Recovery from risk transfer arrangement	3 744 224	48 721 013
Net expense on risk transfer arrangement (refer to note 13.1 of the financial statements)	139 523	(7 573 798)

1.4. UNALLOCATED FUNDS

Unallocated funds arise on receipt of deposits in favour of the Sizwe Hosmed Medical Scheme that have been identified as members' contributions but have not been allocated to individual members as at 31 December 2021.

Unallocated funds as at 31 December 2021 amounted to R25 246 855 (2020: R 37 346 495).

BOARD OF TRUSTEES MEETING ATTENDANCE - 2021

The following table reflects the schedule of trustees who were in office during the year, as well as their attendance of Board and Committee meetings.

	Designation	Date initially appointed/elected	Date Term ended	(BOT)		(REM-CO)		(FIC)		(ARC)		(CGC)		(CDRC)		(PC)	
				A	B	A	B	A	B	A	B	A	B	A	B	A	B
Mr S.D. Langa	Chairperson – Elected Trustee	13 September 2021		9	9	2	2	3	3	3	3	2	2	-	-	4	4
Mr L. Makwabe	Deputy Chairperson – Elected Trustee	21 July 2017		20	19	5	5	3	3	-	-	-	-	-	-	-	-
Ms Z. Matikinca	Elected Trustee	17 July 2017		20	20	2	2	-	-	9	9	-	-	-	-	-	-
Mr Z. King	Elected Trustee	21 August 2021		12	12	-	-	-	-	-	-	4	4	-	-	4	4
Mr A. Nhlapo	Elected Trustee	21 August 2021		12	12	-	-	3	3	-	-	4	4	-	-	-	-
Mr L. Pokomela	Elected Trustee	21 August 2021		12	12	-	-	-	-	-	-	6	6	-	-	-	-
Mr A. Pikani	Elected Trustee	21 August 2021		12	12	-	-	-	-	-	-	6	6	-	-	4	4
Mr B. Salters	Elected Trustee	16 December 2014	21 August 2021	8	8	-	-	-	-	6	6	-	-	-	-	-	-
Mr A. Greyling	Appointed Trustee	13 September 2021		9	9	-	-	3	3	-	-	-	-	-	-	4	4
Mr P. Shikwane	Elected Trustee	13 September 2021		9	9	-	-	-	-	-	-	2	2	-	-	4	4
Mr M. Monei	Elected Trustee	13 September 2021		9	9	2	2	-	-	-	-	-	-	-	-	4	4
Mr M. Hennig	Appointed Trustee	13 September 2021		9	9	2	2	-	-	-	-	2	2	-	-	-	-
Ms P. Dumelakgosi	Elected Trustee	13 September 2021		9	9	2	2	-	-	-	-	6	6	-	-	-	-
Ms B. Maseko	Elected Trustee	13 September 2021		9	9	2	2	-	-	-	-	2	2	-	-	4	4
Mr P.A. Jacobs	Elected Trustee	21 July 2017	21 August 2021	8	8	-	-	5	5	-	-	-	-	-	-	-	-
Mr S. Daweti	Elected Trustee	21 July 2017	21 August 2021	8	8	-	-	-	-	-	-	-	-	-	-	-	-
Mr V.M. Shamase	Elected Trustee	21 July 2017		20	20	5	5	5	5	-	-	-	-	-	-	-	-
Ms C. Rensburg	Elected Trustee	21 July 2017		20	20	-	-	-	-	-	-	4	3	2	2	4	4
Mr M. Moyeni	Elected Trustee	21 July 2017	21 August 2021	8	8	-	-	5	5	-	-	-	-	2	2	-	-
Mr T. Kgokolo	Appointed Trustee	01 February 2019		20	17	-	-	5	5	3	3	6	5	-	-	-	-
Dr B.Z. Limba	Appointed Trustee	01 February 2019		20	19	-	-	-	-	-	-	6	6	-	-	-	-
Mr N. Erasmus	Elected Trustee	13 September 2021		9	9	-	-	3	3	-	-	2	2	-	-	-	-

- A: Number of meetings that could be attended
- B: Number of meetings attended
- BOT: Board of Trustees
- REMCO: HR and Remuneration Committee
- FIC: Finance and Investment Committee
- ARC: Audit and Risk Committee
- CGC: Clinical Governance Committee
- CDRC: Complaints and Dispute Resolution Committee
- PC: Procurement Committee

In terms of the Scheme Rules, elected trustees are elected by members and remain in office until the third Annual General Meeting. The Sizwe Hosmed Board includes members from both Sizwe Medical Fund and Hosmed Medical Scheme, as approved by the Registrar for Medical Schemes in terms of the Exposition document.

1.5. SUB-COMMITTEES OF THE BOARD OF TRUSTEES GOVERNING THE SCHEME.

Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) is a statutory committee established in terms of sections 36(10) to 36(13) of the Act. The Committee's mandate is derived from its approved terms of reference. The Committee performs an oversight role and assists the Board of Trustees in discharging its responsibilities of safeguarding the Scheme's assets and of ensuring that an effective internal control system is operational.

In addition, the ARC performs a key corporate governance oversight role by safeguarding the integrity of the Scheme's financial reporting and internal financial control environment. The ARC periodically reported to the Board on how it has discharged its responsibilities.

The Committee met nine (9) times during the year and was comprised of the following members:

Audit and Risk Committee

Members		
Mr A. Van Staden	Chairperson and Independent member	(Appointed 13th September 2021)
Ms N. Nkosi	Independent member	(Appointed 1st February 2019 – Term ended 02 November 2021)
Ms Z. Matikinca	Trustee representative	(Appointed 3rd August 2017)
Ms S. Hari	Independent member	(Appointed 1st August 2018 – Term ended 13 September 2021)
Mr M. Matlwa	Independent member	(Appointed 1st August 2018)
Ms K. Mthimunye	Independent member	(Appointed 1st February 2019 – Term ended 13 September 2021)
Mr B. Salters	Trustee representative	(Appointed 3rd August 2017 – Term ended 21 August 2021)
Mr T. Kgokolo	Trustee representative	(Appointed 13th September 2021)
Mr L. Kubheka	Independent member	(Appointed 13th September 2021)

A report of the Audit and Risk Committee is presented on pages 20 to 22.

Other Committees

To improve and strengthen the governance of the Scheme, the BOT also operates the following committees:

Clinical Governance Committee

Whilst there is no statutory requirement for this Committee, it has been established in order to give power to the BOT to appoint and delegate authority to a sub-committee consisting of such BOT members and other experts as it may deem necessary. The Committee reviews and monitors all initiatives to reduce unnecessary healthcare costs without negatively impacting on the quality of care. The Committee met six times during the year and comprised the following members:

Members		
Dr B.Z. Limba	Chairperson and Trustee representative	(Appointed 14th February 2019)
Mr T. Kgokolo	Trustee Representative	(Appointed 14th February 2019 – Term ended 13 September 2021)
Mr N. Erasmus	Trustee representative	(Appointed 13th September 2021)
Mr Z. King	Trustee representative	(Appointed 21st August 2021)
Mr L. Pokomela	Trustee representative	(Appointed 21st August 2021)
Mr A. Phikani	Trustee representative	(Appointed 21st August 2021)
Ms Z. Maseko	Trustee representative	(Appointed 13th September 2021)
Mr P. Shikwane	Trustee representative	(Appointed 13th September 2021)
Mr M. Hennig	Trustee representative	(Appointed 13th September 2021)

Complaints and Dispute Resolution Committee

The role of the Complaints and Dispute Resolution Committee is to adjudicate disputes that may arise between a member, prospective member, or person claiming

against the Scheme. The Committee is mandated by the BOT by means of formal terms of reference as to its membership, authority, and duties. The Committee met twice during the year and was comprised of the following members:

Members		
Ms N. Maseko	Chairperson and Independent member	(Appointed 24th April 2019)
Ms C. Rensburg	Trustee representative	(Appointed 3rd August 2017)
Mr A. Phikani	Trustee representative	(Appointed 21st August 2021)
Mr L. Pokomela	Trustee representative	(Appointed 21st August 2021)
Mr A. Nhlapo	Trustee representative	(Appointed 21st August 2021)

Finance and Investment Committee

The role of the Committee is to advise the BOT and Management on the best possible investment of the Scheme's resources available for that purpose, amendments to, or the reinvestment of existing investments and possible steps that may be considered in respect of the investment of available funds. The Committee is mandated by the BOT by means of formal terms of reference as to its membership, authority, and duties. The Principal Officer and senior management attend meetings of the Committee. The Committee met five times during the year and was comprised of the following members:

Members		
Mr A. Greyling	Chairperson and Trustee representative	(Appointed 13th September 2021)
Ms N. Maponya	Independent member	(Appointed 1st August 2018)
Ms M. Maubane	Independent member	(Appointed 1st August 2018)
Mr L. Makwabe	Trustee representative	(Appointed 13th September 2021)
Mr M. Shamase	Trustee representative	(Appointed 3rd August 2018)
Mr N. Erasmus	Trustee representative	(Appointed 13th September 2021)
Mr A. Nhlapo	Trustee representative	(Appointed 21st August 2021)

Members		
Mr D. Langa	Trustee representative	(Appointed 13th September 2021)
Mr L. Gcilitshana	Independent member	(Appointed 13th September 2021)
Mr T. Kgokolo	Trustee Representative	(Appointed 12th May 2020 – Term ended 13 September 2021)

HR and Remuneration Committee

The role of the Committee is to ensure that the remuneration policy and practices are regularly reviewed, that the Scheme remunerates the BOT, senior management and its employees fairly and responsibly, and that disclosure of trustee and senior management remuneration is accurate, complete, and transparent. The Committee is mandated by the BOT by means of formal terms of reference as to its membership, authority, and duties. The Committee met five times during the year and was comprised of the following members:

Members		
Mr M. Hennig	Chairperson and Trustee representative	(Appointed 13th September 2021)
Ms Z. Matikinca	Trustee representative	(Appointed 21st August 2021)
Ms P. Dumelakgosi	Trustee representative	(Appointed 13th September 2021)
Mr M. Shamase	Trustee representative	(Appointed 3rd August 2017)
Mr L. Makwabe	Trustee representative	(Appointed 3rd August 2017)
Ms Z. Maseko	Trustee representative	(Appointed 13th September 2021)
Mr M. Monei	Trustee representative	(Appointed 13th September 2021)
Mr D. Langa	Trustee representative	(Appointed 13th September 2021)

2. MANAGEMENT

2.1. REGISTERED OFFICE AND POSTAL ADDRESS

Postal address:
P.O. Box 62345
Marshalltown
2017

Business address:
3 Victoria Link,
Route 21 Corporate Park,
Irene, Pretoria
Gauteng
0178

Website:
www.sizwehosmed.co.za

2.2. EXECUTIVE MANAGEMENT

The table reflects the names of the management team which was in the employment of the Scheme during the 2021 financial year, as well as their dates of engagement.

Members	Position	Date of appointment
Dr S. Mangcwatywa	Principal Officer	04 January 2018
Ms N. Tshobeni	Chief Financial Officer	01 December 2020
Dr O. Mazwai	Clinical and Operations Executive	07 January 2019 - Resigned 31 August 2021
Dr L. Maroo	Clinical and Operations Executive	01 November 2021 (Effective confirmation of the amalgamation)
Mr M. Chuene	Legal and Compliance Executive	01 November 2021 (Effective confirmation of the amalgamation)
Mr M. Pitsoane	Marketing, Business Development and Communications Executive	01 November 2021 (Effective confirmation of the amalgamation)

2.3. MEDICAL SCHEME ADMINISTRATOR AND MANAGED CARE PROVIDER

3Sixty Health (Pty) Limited

7 West Street
Johannesburg
Houghton
2000

P.O. Box 10436
Johannesburg
2001

2.4. EXTERNAL AUDITOR

PricewaterhouseCoopers Inc (PwC)

4 Lisbon Lane
Waterfall City
Jukskei View – Midrand
2090

Private Bag x36
Sunninghill
2157

2.5. INTERNAL AUDITOR

SekelaXabiso CA Incorporated SM Xulu Inc

1 Waverly Office Park
15 Forest Road
Bramley
Sandton
2199

SM Xulu Inc
4 Peltier Dr
Sunninghill
2157

2.6. INVESTMENT MANAGERS DURING THE YEAR

During the 2021 financial year, the BOT retained the services of asset managers to assist it with the investment and management of the Scheme's surplus funds. The following 10 companies are the asset managers that were engaged by the Scheme during the year.

Taquanta Asset Managers (Proprietary) Limited

7th Floor, Newlands Terrace
8 Boundary Road
Newlands
7700
FSP 618

P.O. Box 23540
Claremont
7735

Aluwani Capital Partners (Proprietary) Limited

24 Georgian Crescent
Bryanston East
2152
FSP 46196

Private Bag X75
Bryanston
2125

Argon Asset Management (Proprietary) Limited

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

P.O. Box 23254
Claremont
7735

Sanlam Investment Management (Proprietary) Limited

55 Willie van Schoor Avenue
Bellville
7530
FSP 579

Private Bag X8
Tygervalley
7536

RH Managers (Proprietary) Limited

3rd Floor, 18 Melrose Boulevard
Melrose Arch
2076
FSP 4481

Postnet Suite 510
Private Bag X 1
Melrose Arch
2076

Aeon Investment Management Proprietary Limited

4th Floor, The Citadel
15 Cavendish Street
Claremont
7708
FSP 27126

P.O. Box 24020
Claremont
7735

Sesfikile Capital

30 Melrose Boulevard
Melrose Arch
Johannesburg
2076
FSP 39946

Suite 334
Private Bag X1
Melrose Arch
2076

Stanlib Collective Investments (RF) Proprietary Limited

17 Melrose Boulevard
Melrose Arch
2076
FSP 719

P.O. Box 202
Melrose Arch
2076

Prescient Investment Management Proprietary Limited

Prescient House, Westlake Business Park
Otto Close
Cape Town,
7945
FSP 612

P.O. Box 31142
Tokai
Cape Town,
7966

Visio Fund Management Proprietary Limited

92 Rivonia Road
Wierda Valley
Sandton
2146
FSP 49566

92 Rivonia Road
Wierda Valley
Sandton
2146

2.7. INVESTMENT ADVISORS DURING THE YEAR

Independent Actuarial Consultants (Proprietary) Limited

6th Floor, Wale Street Chambers
38 Wale Street
Cape Town, 8001
FSP 6832

2.8. ACTUARIES

Matlotlo Group Pty Ltd

Suite 49 2nd Floor Nelson Mandela Square
Sandown
2196

2.9. REGULATOR

Council for Medical Schemes (CMS)

Block A Eco Glades Office Park
420 Witch-Hazel Avenue, Eco Park Centurion
0157

2.10. BANKER

Nedbank Limited

Fifth floor Block F Nedbank Campus
135 Rivonia Road
Sandown
Sandton

P.O. Box 1144
Johannesburg
2000

3. INVESTMENT STRATEGY OF THE SCHEME

The Scheme's primary investment objective is to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and the Board of Trustees. The monitoring and implementation of the strategy are delegated to the Finance and Investment Committee. Details of investments are set out in the AFS in note 5.

The Scheme held investments in equities, bonds, insurance policies, collective investment schemes, and cash instruments during 2021. This strategy is reviewed regularly, taking into consideration compliance with the Act, the risk and returns of the various investment instruments, the economic climate, and the surplus of funds available.

The Scheme utilised the services of Independent Actuarial Consultants (Proprietary) Limited (IAC) as its investment advisor for 2021. The primary mandate of the investment advisor is to ensure compliance with the Scheme's investment strategy, actively monitor the performance of asset managers, and ensure legislative compliance and value retention while still ensuring growth.

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependents that are directly subject to the risk. This risk relates to the health of Scheme members.

As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

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

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

5. OPERATIONAL STATISTICS PER BENEFIT PLAN

5.1 OPERATIONS STATISTICS - 31 DECEMBER 2021

As part of its oversight role, the BOT reviews various ratios and operational statistics. The following tables reflect some of the key operational statistics that the BOT considered during the year.

		Total Scheme	Gold Ascend	Titanium Executive	Platinum Enhanced	Copper Core	Silver Saver	Plus Option	Value Option	Access Option	Essential Option
1	Average number of members during the accounting period	49 902	23 424	2 748	13 986	5 601	791	483	2 442	161	266
2	Number of members at the end of the accounting period	65 485	23 042	2 612	13 509	5 424	843	2 888	14 614	966	1 587
3	Average number of beneficiaries during the accounting period	118 748	59 650	5 053	32 019	11 947	1 589	1 095	6 572	356	467
4	Number of beneficiaries at the end of the accounting period	158 063	58 261	4 768	30 971	11 571	1 694	6 553	39 327	2 138	2 780
5	Number of new members as at 31 December 2021	21 139	7 438	843	4 361	1 751	272	932	4 718	312	512
6	Number of members leaving the scheme as at 31 December 2021	1 440	507	57	297	119	19	64	321	21	35
7	Average age of beneficiaries for the accounting period	32,64	29,78	51,3	33,79	31,23	30,75	40,79	32,57	30,21	38,45
8	Pensioner ratio (beneficiaries >65)	7,06%	4,17%	33,72%	9,73%	6,78%	5,84%	11,11%	5,16%	4,82%	13,02%
9	Dependent ratio	1,41	1,53	0,83	1,29	1,13	1,01	1,27	1,69	1,21	0,75
10	Beneficiaries per member as at 31 December 2021	0,41	0,4	0,55	0,44	0,47	0,5	0,44	0,37	0,45	0,57
11	Average net contributions per member, per month (R)	4 758	4 350	8 554	5 577	2 252	2 644	8 779	5 726	2 533	2 621
12	Average net contributions per beneficiary, per month (R)	1999	1 708	4 651	2436	1 056	1 315	3 869	2 128	1 141	1 495
13	Average claims incurred per member per month (R)	4 533	4 095	7695	5 296	2 888	2706	7 362	4 950	2 857	2 474
14	Average claims incurred per beneficiary, per month	1 905	1 608	4 184	2 313	1 354	1 346	3245	1 839	1287	1 411
15	Average administration costs per member per month (R)	502	491	505	492	499	471	639	632	633	553
16	Average administration costs per beneficiary, per month (R)	211	193	275	215	234	234	382	235	285	315
17	Amount paid to administrator (R) *	269 604 912	129 496 203	15 146 227	77 289 940	22 975 226	4 396 238	2 925 375	14 814 120	980 116	1 581 469
18	Average managed care: management services per member, per month (R)	249	257	253	256	195	255	258	258	260	255
19	Average accumulated funds per member as at 31 December 2021 (R)	2 263	1 653	2 503	1 691	605	1 376	12 342	11 710	10 723	10 973
20	Non-healthcare expenditure per beneficiary per month (R)	250	229	324	254	276	281	344	287	348	390
21	Relevant healthcare expenditure per average beneficiary, per month (R)	1 905	1 606	4 181	2 311	1 351	1 343	3 374	1 864	1 301	1 442
22	Relevant healthcare expenditure as a percentage of gross contribution	95,04%	94,05%	89,90%	94,88%	128%	83,96%	84,61%	87,59%	83,07%	96,49%
23	Non-healthcare expenditure as a percentage of gross contribution	12,49%	13,38%	6,96%	10,44%	26,17%	17,56%	8,89%	13,48%	22,19%	26,08%
24	Return on investment	8%	8%	31%	11%	0%	0%	6%	6%	6%	6%
25	Net claims as a percentage of net contributions	95,28%	94,05%	89,90%	94,88%	128%	102,16%	84,61%	87,59%	114,03%	96,49%
26	Managed care management services as a percentage of net contributions	5,24%	5,90%	2,96%	4,58%	8,66%	9,64%	2,94%	4,51%	10,26%	9,72%
27	Administration expenses as a percentage of net contributions	10,54%	11,29%	5,90, %	8,82 %	22,17%	17,81%	7,28%	11,05%	25,00%	21,10%
28	Number of dependents at the end of the accounting period	95 578	35 219	2 156	17 462	6 147	851	3 665	24 713	1 172	1 193
29	Average number of dependents per member during the accounting period	1	2	1	1	1	1	1	2	1	1

5.2. OPERATION STATISTICS – 31 DECEMBER 2020

		Total Scheme	Gold Ascend	Titanium Executive	Platinum Enhanced	Copper Core	Silver Saver
1	Average number of members during the accounting period	47 575	22 297	3 289	15 251	6 326	413
2	Number of members at the end of the accounting period	48 213	23 335	3 116	14 779	6 452	531
3	Average number of beneficiaries during the accounting period	112 802	56 221	6 219	34 910	14 648	803
4	Number of beneficiaries at the end of the accounting period	115 156	59 705	5 852	33 853	14 702	1 044
5	Number of new members at 31 December 2020	3 160	1 529	204	969	423	35
6	Number of members leaving the scheme at 31 December 2020	2 388	1 156	154	732	320	26
7	Average age of beneficiaries for the accounting period	31,9	29,59	50,18	33,68	29,83	32,45
8	Pensioner ratio (beneficiaries >65)	7,30%	4,06%	31,58%	9,64%	5,42%	7,47%
9	Dependent ratio	1,39	1,56	0,88	1,28	0,97	0,95
10	Beneficiaries per member at 31 December 2020	0,42	0,39	0,53	0,44	0,44	0,51
11	Average net contributions per member per month (R)	4 646	4 177	8 329	5 486	2 497	2 489
12	Average net contributions per beneficiary per month (R)	1 959	1 657	4 404	2 397	1 078	1 280
13	Average claims incurred per member per month (R)	3 989	3 497	6 395	4 589	3 091	2 987
14	Average claims incurred per beneficiary per month (R)	1 682	1 387	3 382	2 005	1 335	1 536
15	Average administration costs per member per month (R)	441	440	458	441	434	418
16	Average administration costs per beneficiary per month (R)	186	174	242	193	188	215
17	Amount paid to administrator (R)*	238 777 569	116 225 059	16 974 121	79 244 138	24 203 416	2 130 835
18	Average managed care: management services per member per month (R)	230	247	243	246	120	243
19	Average accumulated funds per member at 31 December 2020 (R)	1 796	1 675	12 274	2 310	-4 210	-2 102
20	Non-healthcare expenditure per average beneficiary per month (R)	221	208	287	230	224	258
21	Relevant healthcare expenditure per average beneficiary per month (R)	1 682	1 387	3 382	2 005	1 335	1 536
22	Relevant healthcare expenditure as a % of gross contribution	85,86%	83,71%	76,79%	83,65%	123,79%	120,00%
23	Non-healthcare expenditure as a % of gross contribution	11,30%	12,55%	6,52%	9,58%	20,77%	20,16%
24	Return on Investment	4%	3%	21%	4%	- %	- %
25	Net claims as a percentage of net contributions	85,86%	83,71%	76,79%	83,65%	123,79%	120,00%
26	Managed care management services as a percentage of net contributions	4,94%	5,91%	2,92%	4,48%	4,82%	9,76%
27	Administration expenses as a percentage of net contributions	9,48%	10,53%	5,50%	8,04%	17,39%	16,77%
28	Number of dependents at the end of the accounting period	66 943	36 370	2 736	19 074	8 250	513
29	Average number of dependents per member during the accounting period	1	2	1	1	1	1

5.3. OPERATIONAL STATISTICS FOR THE SCHEME

	2021	2020
	R	R
Accumulated funds per member	21 977*	21 526
Breakdown of total amount paid to the administrator:		
Administration Fees	130 262 035	113 531 028
Managed Care Fees	143 170 102	125 246 542
Return on investment as a percentage of investments	8,00%	4,00%

* includes amalgamation reserves

5.4. RESULTS OF OPERATIONS

The results of operations are set out in the annual financial statements, and the Board of Trustees believes that no further clarification is required.

5.5. SOLVENCY RATIO

	2021	2020
	R	R
Accumulated funds	1 446 831 276	1 025 271 678
Less: Cumulative unrealised gains	43 163 586	-
Accumulated Funds per regulation 29	1 403 667 690	1 025 271 678
Gross contributions	2 856 150 159	2 654 804 622
Solvency ratio	49,15 %*	38,62%

After consultation with the Scheme's actuaries, the BOT is confident that the current reserves are adequate to sufficiently cover members' healthcare needs, including any emergency outbreaks. The outbreak of the COVID-19 contagion has created much uncertainty with regard to the increase in claims expenditure and a possible reduction in gross contributions received. A more detailed discussion on the impact of COVID-19 on the Scheme's financial certainty is set out in the going concern note (note 9 of the BOT report). The BOT is confident that with its solvency level being well over the regulated requirement, the Scheme's reserves are adequate to cover its members' healthcare needs. The solvency ratio is determined by dividing the accumulated funds by annual turnover.

*The Scheme achieved a solvency ratio of 49,15% due to the fact that the Statement of Comprehensive Income takes into account only

two months of former Hosmed's contributions. The ratio is expected to revert to normal levels in the 2022 financial year.

5.6. RESERVE ACCOUNTS

Movements in the reserves are set out in the Statement of Changes in members' funds and reserves.

5.7. OUTSTANDING CLAIMS

The calculation of the outstanding claims provision is set out in Note 9 of the AFS and is consistent with the prior year. Movements on the outstanding claims provision are also set out in Note 9 of the AFS. Other than the increase in the provision as a result of the increase in membership due to the amalgamation, there have been no unusual movements that the Board of Trustees believes should be brought to the attention of the members of the Scheme.

6. ACTUARIAL SERVICES

Sizwe Hosmed appointed the Matlotlo Group (Pty) Ltd with effect from 01 March 2019 as the Scheme's actuaries. The Matlotlo Group was consulted in the determination of the 2021 claims IBNR disclosed in the AFS. The Matlotlo Group was consulted during 2020 in the determination of the contribution and benefits levels for the 2021 financial year.

7. EVENTS AFTER THE REPORTING DATE

COVID-19

The Scheme has not identified any events after the reporting date that relate to COVID-19. The full impact of COVID-19 at the end of 2021, including the fourth wave, is incorporated in the AFS. On the date of approval of these AFS, the fourth wave was largely controlled. Any further developments, if they arise, will be considered in the Scheme's regular financial projections.

SASP COMMERCIAL AFFAIRS

In February 2022, SASP Commercial Affairs, the commercial arm of the South African Society of Physiotherapists (SASP) instituted an application in the Pretoria High Court, in which it seeks an order declaring s59 (3) of the Medical Schemes Act (1998), unconstitutional and invalid. If the application were to succeed, there is a possibility that medical aid schemes, including Sizwe Hosmed, would be required to refund the

applicants all amounts previously withheld or clawed back from them by medical aid schemes, relating to fraud, waste, and abuse.

The Board has resolved to oppose the application and has appointed a firm of attorneys to represent it in that regard. The attorneys are of the view that the constitutional challenge is arguable but that, on balance, the applicant has a reasonable prospect of convincing the court to strike the section down for inconsistency with section 34 of the constitution. The quantum of loss to the scheme in the event of the application succeeding is being quantified.

8. RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 22 to the annual financial statements.

9. GOING CONCERN

The going concern basis has been adopted in preparing the AFS. The BOT has reviewed the Scheme's financial position as at 31 December 2021, as well as the budget for the year ending 31 December 2022. Total members' funds exceeded R1,4 billion, with a solvency level of 49,15% as at 31 December 2021. The BOT has considered management's plans, the identified conditions, and events in the aggregate.

The BOT has considered the plans for dealing with the adverse effects of the identified conditions and events such as COVID-19, the entrance of new competitors to the market, the increased cost of doing business as well as the volatile foreign currency and assessed the likelihood of effective implementation thereof. The BOT is satisfied with the Scheme's ability to fund the vaccination of its members under the Government led Covid-19 vaccination programme. The Covid-19 vaccine has been defined as a Prescribed Minimum Benefit (PMB) by CMS. The BOT is therefore of the opinion that the Scheme does not appear to have a going concern problem. Based on this review, the BOT considers that:

- The Scheme's total assets of R1,84 billion currently exceed its liabilities of R395 million.
- The Scheme reports a current ratio of 1,51
- The Scheme will be able to settle its liabilities as they arise in the foreseeable future.

Based on the assessment conducted, the BOT has no reason to believe that the Scheme will not be a going concern in the foreseeable future.

10. PERSONAL MEDICAL SAVINGS

Personal medical savings accounts in respect of the Scheme's Silver Saver and Access Options are managed on the members' behalf in terms of the scheme rules. Following the Constitutional court ruling which found that PMSA funds enter the Scheme's bank account without being impressed by a trust or fiduciary relationship and once paid into the scheme's bank account become assets to the scheme, the Scheme's rules were amended in January 2019. The effect of the amendment establishes that a trust relationship no longer exists.

Therefore, PMSA assets are no longer defined and treated as trust assets and now form part of the Scheme's assets. PMSA contributions are refundable when a member enrolls in another benefit option or another medical scheme without a personal medical savings account, and in instances where a member does not enrol in another medical scheme, the accumulated unutilised personal medical savings account balance will be transferred to the member in terms of the medical scheme's rules.

11. NON-COMPLIANCE WITH THE ACT

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

11.1. CONTRAVENTION OF SECTION 26(7) OF THE ACT - CONTRIBUTIONS NOT RECEIVED WITHIN THREE DAYS OF BECOMING DUE.

Nature

Section 26 (7) of the Medical Schemes Act no. 131 of 1998 (MSA) states that all subscriptions or contributions shall be paid directly to a medical scheme not later than three days of becoming due. The rules can extend this period to seven days. Sizwe Hosmed Medical Scheme approved rules extended the requirement to seven days, as per paragraph 13.3 of the rules.

Cause of non-compliance

The Scheme has no control over payments by members and employer contributions, this could be caused by delays in Employers’ pay runs.

Possible impact

If not well managed, late payment of contributions could result in:

- Inability to pay claims from members when they fall due; and
- Loss of potential interest income.

Corrective course of action

Less than 0,5% of contributions are received after the seventh day of the month. This is mainly due to:

1. Members having insufficient funds in their bank account at the time of collection,
2. Members paying contributions after the third day of becoming due, thus contravening Section 26(7).
3. The Scheme has amended its rules such that the three days is increased to seven days and these rules have been approved accordingly by the Regulator (CMS). We actively pursue contributions not received within seven days, furthermore, apply credit control processes including the suspension and termination of membership for non-payment.

11.2. CONTRAVENTION OF SECTION 35(8) OF THE ACT - INVESTMENT IN MEDICAL SCHEME ADMINISTRATORS AND EMPLOYER GROUPS

Nature

Section 35(8) of the MSA requires that:

A medical scheme shall not invest any of its assets in the business of or grant loans to:

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

Cause of non-compliance

The Scheme invests in a pool of funds through its investment managers which are invested in various portfolios which makes it difficult to manage the regulatory requirements.

Possible impact

- Non-compliance with the MSA
- Members may perceive the other medical schemes to be better and may consider leaving the Scheme

Corrective course of action

The Finance and Investment Committee reviewed this matter previously after having looked at the Sizwe Hosmed Investment Portfolios as well as the performance of the affected stocks. The Scheme has consequently applied for exemption in terms of Section 35(8) of the Act from the Regulator (CMS) in respect of the non-compliance noted and such exemption has been granted. It is also the intention of the Scheme to continue renewing such exemption on an annual basis as required.

11.3. CONTRAVENTION OF SECTION 33(2) OF THE ACT - SUSTAINABILITY OF BENEFITS

Nature

Section 33(2) of the MSA states that each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

Cause of non-compliance

More claims than anticipated were received from the Gold Ascend, Platinum Enhanced, Copper Core, Silver Saver, Essential, Value and Access option members.

Benefit Option	Number of members	Net health-care deficit	Net result
Gold Ascend	23 042	-90 783	-41 492
Platinum Enhanced	13 509	-49 736	-13 420
Copper Core	5 424	-81 954	-78 545
Silver Saver	843	-5 897	-5 479
Essential	1 587	-1 889	168
Value	14 614	-1 808	21 972
Access	966	-2 170	-578

Possible impact

- Risk of non-compliance with section 33(2) of the MSA.
- Utilising funds from other benefits to fund the Gold Ascend, Platinum Enhanced, Copper Core, Silver Saver, Essential, Value and Access options.

Corrective course of action

The Scheme is committed to complying wherever possible with the applicable legislation. It however also focuses intensively on the overall stability and financial position of the Scheme as a whole and not only on individual benefit options. The performance of all benefit options is monitored on an ongoing basis with a view to improving financial outcomes and different strategies to address the deficit in these six plans are continually evaluated. In addition, Sizwe Hosmed continually provides the Regulator with updates on both the Scheme and individual benefit option performance through the monthly management accounts and quarterly filing of statutory returns. The Scheme intends to continue increasing the contributions annually at a rate higher than the market average within the constraints of the Act. Contract rates have also been renegotiated. The clinical protocols are also to be improved and the application thereof is to be strictly monitored.

11.4. CONTRAVENTION OF SECTION 59(2) – PAYMENT OF CLAIMS WITHIN 30 DAYS

Nature

Member or provider claims should be settled within 30 days of submission. Instances were noted where settlements took more than 30 days.

Cause of non-compliance

Claims were paid in part and the short payment later corrected, resulting in the latter being paid after 30 days of receipt.

Possible impact

- Non-compliance with section 59(2) of the MSA.
- Internal control deficiency, system controls not recognising that there are claims which have not been paid within 30 days.
- The backlog in processing will change the pattern of the claims experience, and incorrect projections may arise if these are not considered.



Corrective course of action

The MSA requires that a valid claim submitted to the Scheme must be paid within 30 days after the day on which the claim is received.

In limited instances claims were paid after this time frame, mostly as a result of incorrect coding by service providers. Remittance advice with reasons for short payment or rejection of the claim is shared with the member and service provider. Reprocessing of valid claims will be completed within stipulated conditions of the MSA.

11.5. CONTRAVENTION OF SECTION 57(4)(D) – DUTY TO COMMUNICATE APPROPRIATE INFORMATION TO MEMBERS

Nature

Section 57(4)(d) of the Medical Schemes Act No 138 of 1998 prescribes that the Board shall have a duty to communicate information regarding benefits, contributions, rights and obligations of its members to members.

Cause of non-compliance

There was an inconsistency between the approved benefit rules and the benefit brochures communicated to members as a result of an error in preparing the brochures.

Impact

Members may not be able to make informed decisions regarding their benefits which will affect their rights to access benefits as entitled by the Act.

Corrective Action

The Scheme has noted the inconsistency and put measures in place to avoid a similar situation in the future.

12. OTHER MATTERS FOR REPORTING TO MEMBERS

12.1. LEGAL MATTERS

Intelihealth Africa

Sizwe had contracted Intelihealth Africa Pty Ltd (IHA) to manage all out of hospital healthcare services for its Copper Core Plan (formerly the Gomomo Care Option) in the Eastern Cape. In March 2020, IHA failed to honour valid claims submitted to them, resulting in the Scheme terminating the capitation agreement in April 2020. IHA has since gone into liquidation, and the Scheme concluded an agreement with Enabledmed to service the members previously serviced by IHA for the rest of the 2020 financial year. The attorneys have advised that it is doubtful whether the Scheme can recover any of its monies given that IHA is under liquidation. As such, it is doubtful whether the claim would be realised as there is – in all likelihood – higher ranking creditors in terms of the insolvency laws of the Republic.

13. APPRECIATION

The Scheme would like to express its sincere gratitude to its members, service providers, staff and all other stakeholders for their loyalty and continued support.

The annual financial statements set out on pages 27 to 80 (which have been prepared on the going concern basis) were approved by the board of directors on 03 May 2022 and were signed on its behalf by:



Mr S.D. Langa
Chairman
Thursday, 03 May 2022



REPORT OF THE AUDIT AND RISK COMMITTEE



REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (The Committee) is pleased to present its report for the financial year ended 31 December 2021. The Committee is an independent statutory committee of the BOT. Duties are delegated to the Committee by the BOT.

1. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Committee confirms that it has adopted appropriate and formal terms of reference, which are approved by the BOT. The Committee has executed its duties and conducted its affairs in accordance with its terms of reference and has discharged all its responsibilities as contained therein. Members of the Committee keep up to date with the developments at the scheme that require their skill set.

The Audit and Risk Committee is assessed annually, with independent evaluations being undertaken every second year. While the next evaluation of the Audit and Risk Committee was planned for 2021, this has been deferred to 2022 due to the amalgamation which brought in a new Committee.

2. MEMBERS OF THE COMMITTEE AND ATTENDANCE OF MEETINGS

The Committee consists of three independent members and two Trustee members.

The executive officers of the Scheme and representatives of the Administrator attend meetings by invitation. In addition, the Internal and External auditors attend meetings or parts of meetings by invitation and meet with the Committee at least once per year without the executives being present. The Committee meets at least four times per year in accordance with its charter. During the year under review, nine meetings were held. Details of attendance are provided in the table below. Members of the Committee collectively bring a wide range of expertise and skills in the areas of accounting, auditing, compliance, finance, governance, investment, and fund management, the medical schemes industry, and risk management to assist and advise the Scheme in fulfilling its mandate.

3. COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Committee Member	Qualifications	Appointment Date	Term ended	Number of meetings that could be attended	Number of meetings attended
Mr A. Van Staden (Chairman and Independent Member)	CA(SA)	13-Sep 2021	N/A	3	3
Ms N. Nkosi (Independent Member)	B Com (Insurance Risk Management and Law); MBA	01-Feb 2019	02-Nov	6	6
Ms K. Mthimunye (Independent Member)	BCompt Honours; CA(SA)	01-Feb 2019	13-Sep	6	6
Mr B. Salters (Elected Trustee)	BA PGDLL	03-Aug 2017	21-Aug-21	6	6
Ms Z. Matikinca (Elected Trustee)	N3 Electrical Engineering	03-Aug 2017		9	9
Ms S. Hari (Independent Member)	BCompt Honours	01-Aug 2018	13-Sep	6	5
Mr M. Matlwa (Independent Member)	BCompt Honours, MCom, MBA, CA(SA)	01-Aug 2018	N/A	9	9
Mr T. Kgokolo (Appointed Trustee)	MBA, CA(SA)	13-Sep 2021	N/A	3	3
Mr L. Kubheka (Independent Member)	National Diploma- Financial Information Systems	13-Sep 2021	N/A	3	3

4. ROLES AND RESPONSIBILITIES

The Committee's roles and responsibilities include statutory duties as per the Medical Schemes Act, no 131 of 1998, as amended, (the Act) and further responsibilities assigned to it by the BOT. The Committee executed its duties in accordance with its terms of reference and the Act during the financial year.

5. EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The Committee considered the matters set out in Section 36 of the Act and nominated PricewaterhouseCoopers Inc (PwC) for appointment as external auditor of the Scheme for the 2021 financial year in accordance with section 36(2) of the Act.

The Committee is satisfied that PwC is independent of the Scheme as set out in Section 36(3) of the Act. Assurance was provided by the Auditor that internal governance processes within the audit firm support and demonstrate its claims of independence. The Committee, following consultation with the Scheme's Executive Officers, recommended the engagement letter, audit plan, budgeted audit fees, and representation letter for the year ended 31 December 2021 for approval by the BOT.

6. FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The Committee has reviewed the accounting policies and the Scheme's AFS and is satisfied that they are appropriate and comply with International Financial Reporting Standards (IFRS), the Medical Schemes Act no. 131 of 1998, and circulars issued by the Council for Medical Schemes. The Auditor has indicated that the 2021 AFS are a fair reflection of the Scheme's activities during the year and accounting practices have been applied appropriately.

7. INTERNAL FINANCIAL CONTROLS

The Committee is responsible for overseeing the Scheme's internal control environment. In this regard, the Committee has, among other things, evaluated the adequacy and effectiveness of the Scheme's systems of internal control and made appropriate recommendations to the BOT. This included a formal documented review by the Internal Audit function of the effectiveness of the Administrator's system of internal financial controls pertaining to the Scheme. Based on the results of this review, it is the view of the Committee that reasonable assurance can be placed on the adequacy and effectiveness of the Scheme's internal controls, relative to the fair presentation of the annual financial statements.

8. INTERNAL AUDIT

The Committee fulfils an oversight role on the Scheme's system of internal financial control. It is responsible for ensuring the independence of the internal audit function and that it has the necessary resources, understanding, and authority in the organisation to enable it to discharge its duties. Furthermore, the Committee oversees cooperation between the internal and external auditors and serves as a link between the BOT and these functions.

Internal Audit forms an integral part of the Scheme's risk management process and system of internal control. The Internal Audit plan for 2021 and the Internal Audit Charter were presented to and approved by the Committee. The Committee received regular internal audit reports confirming the soundness of the system of internal control of the Scheme. The Committee is satisfied with the working relationship between the Committee and the Scheme's external and internal auditors. In addition, the Committee is satisfied that the Internal Audit function of the Scheme is independent and has the relevant skills and resources to perform its duties.

9. RISK MANAGEMENT

The Audit and Risk Committee is responsible for ensuring that systems are in place to monitor and mitigate risk and comply with laws, regulations, and codes of conduct that may affect the integrity of the financial statements. The Committee monitors the risk management processes and systems of internal control of the Scheme through the review of reports from and discussions with the Scheme's internal and external auditor and the risk management function. The Scheme has performed a risk assessment and updated the risk register during the financial year and has managed the risks to which the Scheme was exposed. The Committee continues to monitor risks posed by the COVID-19 epidemic on the Scheme and is satisfied with the Scheme's ability to fund the vaccination of its members under the Government led COVID-19 vaccination programme.

Reports from internal and external audits indicated that the control environment and procedures are sound and functioning as intended. The Committee is satisfied that the system and process of risk management are effective.

10. EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The Committee is satisfied with the expertise and experience of the Scheme's Chief Financial Officer. The Committee further reviewed and satisfied itself of the experience, expertise, and appropriateness of the administrator's team that carries out the duties of a finance function for the scheme.

11. GOING CONCERN

The going concern basis has been adopted in preparing the AFS. The Committee has reviewed the Scheme's financial position as at 31 December 2021, as well as the budget for the year ending 31 December 2022. Total members' funds exceeded R1,4 billion, with a solvency level of 49,15% as at 31 December 2021. The Committee has considered management's plans, the identified conditions and events in the aggregate. The Committee has considered the plans for dealing with the adverse effects of the identified conditions and events such as COVID-19, the entrance of new competitors to the market, the increased cost of doing business, as well as the volatile foreign currency and assessed the likelihood of effective implementation thereof.

The Committee is satisfied with the Scheme's ability to fund the vaccination of its members under the Government led COVID-19 vaccination programme. The COVID-19 vaccine has been defined as a Prescribed Minimum Benefit (PMB) by CMS.

The Committee is therefore of the opinion that the Scheme does not appear to have a going concern problem. Based on this review, the Committee considers that:

- The Scheme's total assets of R1,84 billion currently exceed its liabilities of R395 million.
- The Scheme reports a current ratio of 1,51.
- The Scheme will be able to settle its liabilities as they arise in the foreseeable future.

The Committee agreed that based on the above assessment, the BOT could be advised that there is no reason to believe that the Scheme will not be a going concern in the next 12 months.

12. CONCLUSION

Based on the information and explanations given by the Scheme's executive officers, the Administrator, and discussions with the independent external auditor regarding the results of the audit, the Committee is satisfied that there was no material breakdown in the accounting and internal controls during the financial year under review.

The Committee has evaluated the Scheme's AFS for the year ended 2021 and, based on the information provided to the Committee, considers that the Scheme complies (to a large extent) with the requirements of the Medical Schemes Act, no. 131 of 1998, as amended, and with International Financial Reporting Standards (IFRS). The Committee has recommended the AFS to the BOT for approval, which will be presented to the members at the forthcoming Annual General Meeting.



Andre Van Staden (Mr)
Chairperson: Audit and Risk Committee

**INDEPENDENT
AUDITOR'S REPORT**



REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Sizwe Hosmed Medical Scheme (the Scheme), set out on pages 47 to 50, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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.

Key audit matter	How our audit addressed the key audit matter
<p>OUTSTANDING CLAIMS PROVISION</p> <p>The outstanding claims provision of R214,232,05 at year-end as described in Note 9 to the financial statements, is a provision recognised for the estimated cost of healthcare benefits that have been incurred prior to year-end but that were only reported to the Scheme after year-end.</p> <p>The outstanding claims provision is calculated by the Scheme's actuaries which is reviewed by management and the Audit and Risk Committee and recommended to the Board of Trustees for approval.</p> <p>The Scheme's actuaries use an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to project the year end provision. This model applies the Basic Chain Ladder ("BCL") method.</p> <p>The claim service date, processing date and amount are used to derive claim development patterns. These historical patterns are then used to estimate the outstanding claims provision.</p> <p>We identified this to be a matter of most significance to the audit because of the uncertainty in the projected claims pattern. A change in the projected claims pattern could cause a material change to the amount of the provision.</p>	<p>We obtained an understanding from the Scheme's actuaries regarding the process followed in calculating the outstanding claims provision, which included the design and implementation of controls within the process. The actuarial method applied by the Scheme is one that is generally applied within the medical scheme industry.</p> <p>We obtained the actual claims data from the member administration system covering the year ended 31 December 2021. The actual claims data reflects the most recent claims patterns, including the impact of COVID-19, and is taken into account in calculating the outstanding claims provision.</p> <p>We assessed the completeness of the claims data on the member administration system by understanding management's controls and selecting claim transactions from the claim source and agreeing these to the member administration system. No material inconsistencies were noted.</p> <p>We substantively tested a sample of claims received by the Scheme in the 31 December 2021 financial year, selected from the member administration system, and confirmed the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted.</p> <p>We assessed the completeness of the claims data in the Scheme's actuarial model by understanding management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted.</p> <p>To assess the reasonableness of the Scheme actuaries' estimation process, we compared the actual claim results in the current year to the prior year provision. We noted no matters for further consideration with respect to the estimation process.</p> <p>Our internal actuarial experts independently calculated the Scheme's outstanding claims provision, taking into account the claims data tested above.</p> <p>We compared our results with that of the Scheme and found the amount to be within a reasonable range.</p>

OTHER INFORMATION

The Scheme’s trustees are responsible for the other information. The other information comprises the information included in the document titled “Sizwe Hosmed Medical Scheme Annual Financial Statements for the year ended 31 December 2021”. The other information does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE SCHEME’S TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT OF SOUTH AFRICA

As required by the Council for Medical Schemes, we report the following material instances of noncompliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

1. Contravention of Section 33(2) of the Act - Sustainability of benefits

AUDIT TENURE

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of Sizwe Hosmed Medical Scheme for 2 years.

The engagement partner, Clinton Mitchelson, has been responsible for Sizwe Hosmed Medical Scheme's audit for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Clinton Mitchelson
Registered Auditor
Johannesburg, South Africa
5 May 2022



**ANNUAL FINANCIAL
STATEMENTS**



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION

	2021 R	2020 R
ASSETS		
Non-Current Assets		
Property, plant and equipment	2 232 237	986 660
Right of use assets	2 265 763	4 237 004
Financial assets at fair value through profit and loss	553 510 977	-
Financial assets at fair value through OCI	685 200 769	-
Available for sale assets	-	451 219 667
	1 243 209 746	456 443 331
Current Assets		
Trade and other receivables	196 466 040	88 168 815
Financial assets at fair value through OCI	293 755 676	-
Available for sale assets	-	676 041 794
Cash and cash equivalents	108 527 250	14 879 808
	598 748 966	779 090 417
Total Assets	1 841 958 712	1 235 533 748
FUNDS AND LIABILITIES		
Accumulated funds	936 048 963	1 037 846 565
Amalgamation reserves	503 152 267	-
Available-for-sale-reserves	-	(12 574 887)
FVOCI reserves	7 630 046	-
Members' funds and reserves	1 446 831 276	1 025 271 678
LIABILITIES		
Current Liabilities		
Personal medical savings account liability	12 755 302	1 203 498
Outstanding Claims Provision	214 232 056	117 018 026
Trade and other payables	165 313 024	87 756 201
Lease liability	2 827 054	4 284 345
	395 127 436	210 262 070
Total Funds and Liabilities	1 841 958 712	1 235 533 748

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF COMPREHENSIVE INCOME

	2021 R	2020 R
Risk contribution income	2 848 894 862	2 652 144 726
Relevant healthcare expenditure	(2 714 370 735)	(2 277 245 370)
Net claims incurred	(2 714 510 258)	(2 269 671 572)
Risk claims incurred	(2 569 458 021)	(2 139 813 764)
Accredited managed healthcare services	(149 294 052)	(131 027 385)
Third-party claims recoveries	4 241 815	1 169 577
Net expense on risk transfer arrangements	139 523	(7 573 798)
Risk transfer arrangement premiums paid	(3 604 701)	(56 294 811)
Recoveries from risk transfer arrangements	3 744 224	48 721 013
Gross healthcare result	134 524 127	374 899 356
Less:		
Broker service fees	(56 325 991)	(48 302 431)
Administration expenditure	(304 337 744)	(251 500 006)
Net impairment losses on healthcare receivables	4 089 663	(161 777)
Net healthcare result	(222 049 945)	74 935 142
Other income	143 839 620	44 873 084
Investment income	110 600 009	38 587 230
Sundry income	33 239 611	6 285 854
Other expenses	(6 060 345)	(6 571 012)
Asset management fees	(5 870 910)	(6 306 326)
Finance Costs	(189 435)	(264 686)
Net (expense)/income for the year	(84 270 670)	113 237 214
Other comprehensive income:		
Available-for-sale: reclassification to profit / (loss)	-	24 999 108
Available-for-sale investments: net change in fair value	-	(10 148 990)
Debt instruments at fair value through OCI - net change in fair value	432 346	-
Total comprehensive (expense)/income for the year	(83 838 324)	128 087 332

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES

	Available for sale reserve	FVOCI reserve	Amalgamation reserve	Accumulated funds	Total
Balance at 01 January 2021	(12 574 887)	-	-	1 037 846 565	1 025 271 678
Change in accounting policy ECL	-	-	-	2 245 655	2 245 655
Change in accounting policy	12 574 887	7 197 700	-	(19 772 587)	-
Balance at 01 January 2021 – revised	-	7 197 700	-	1 020 319 633	1 027 517 333
Amalgamation (note 31)	-	-	503 152 267	-	503 152 267
Net (expense)/income for the year	-	-	-	(84 270 670)	(84 270 670)
Debt instruments at fair value through	-	-	-	-	-
OCI – net change in fair value	-	432 346	-	-	432 346
Balance at 31 December 2021	-	7 630 046	503 152 267	936 048 963	1 446 831 276

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Cash Flows

	2021 R	2020 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	2 806 522 073	2 645 150 776
Cash receipts from members and providers – others	20 662 346	13 992 321
Cash paid to providers and employees – Claims	(2 691 034 616)	(2 295 447 845)
Cash paid to providers and employees – non-healthcare expenditure	(341 232 580)	(296 716 066)
Cash paid to members – savings plan refunds	(194 590)	(93 016)
Interest received on bank account	874 663	958 653
Interest paid on lease liabilities	(189 435)	(264 686)
Net cash (used in)/from operating activities	(204 592 139)	67 580 137
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(186 408)	(112 602)
Sale of property, plant, and equipment	151 338	-
Purchase of investments	(1 624 912 769)	(1 718 820 857)
Proceeds on disposal of investments	1 875 808 480	1 621 107 834
Net cash from/used in investing activities	250 860 641	(97 285 625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(3 506 910)	(4 213 451)
Cash and cash equivalents movement for the year	42 761 592	(33 918 939)
Cash and cash equivalents at the beginning of the year	14 879 808	48 798 747
Transfer of cash and cash equivalents due to Amalgamation	50 885 850	-
Total cash at end of the year	108 527 250	14 879 808



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Sizwe Hosmed Medical Scheme is regulated by the Council for Medical Schemes.
Sizwe Hosmed Medical Scheme is administered by 3Sixty Health (Pty)Ltd;
Registration number 1978/001109/07;
an accredited administration and managed care service provider.