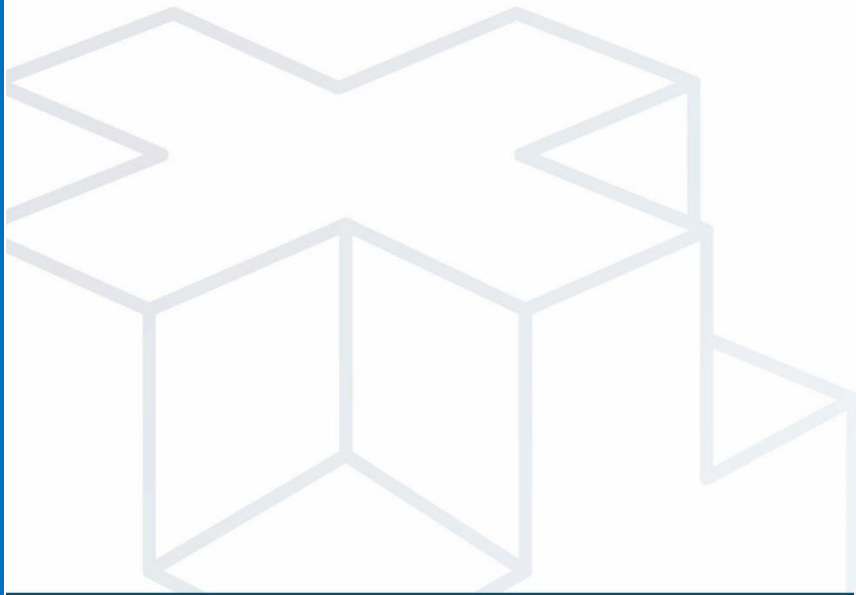
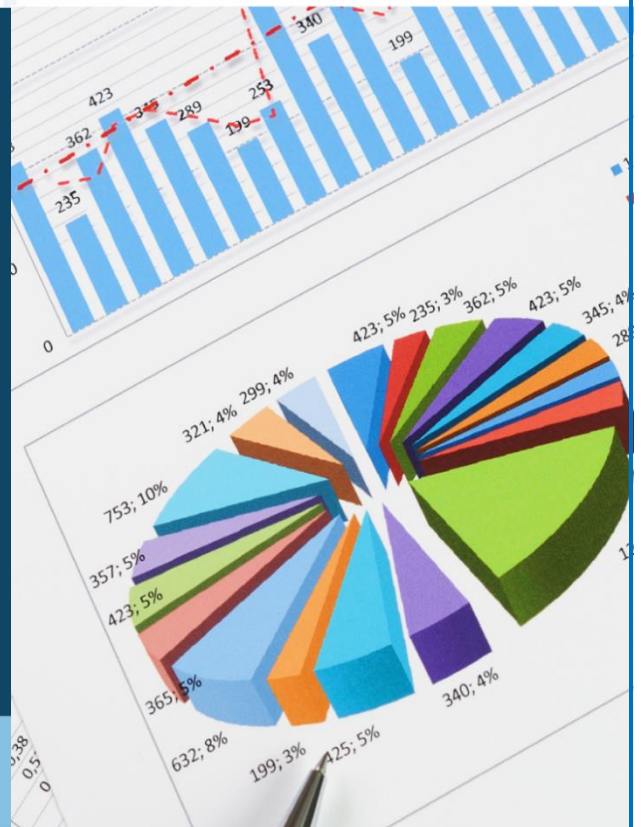




ANNUAL REPORT

31 DECEMBER 2022



DE BEERS BENEFIT SOCIETY



ANNUAL REPORT 2022

GENERAL INFORMATION

1. Board of Trustees

Chairperson: C W Coltman *(Employer appointed Trustee since 12 September 2019 / Elected as Chairperson 9 July 2020)*

Vice-Chairperson: W J B Smerdon *(Member elected Trustee since 23 June 2020 / Re-elected as Vice-Chairperson 9 July 2020)*

Employer appointed

J H van der Walt *(Appointed 25 November 2020)*

G Lekalakala *(Appointed 21 May 2020)*

C J Blanckenberg *(Re-appointed 22 September 2020)*

Member elected

R W Ketley *(Re-elected 23 June 2020)*

D Bhana *(Elected 23 June 2020)*

A P Hewett *(Elected 23 June 2020)*

2. Principal Officer

S Mathonzi

Physical address:

Kimberley House
84 Du Toitspan Road
Kimberley
8301

Postal address:

P O Box 1922
Kimberley
8300

3. Registered office of the Society

Physical address:

Kimberley House
84 Du Toitspan Road
Kimberley
8301

Postal address:

P O Box 1922
Kimberley
8300

4. Medical scheme administrator

Self - administered

Council for Medical Schemes' Accreditation number: 57
(Certificate of compliance expires on 9 December 2025)

5. Country of incorporation

The Society is incorporated in the Republic of South Africa under registration number 1068.

DE BEERS BENEFIT SOCIETY



ANNUAL REPORT 2022

GENERAL INFORMATION

6. Investment Advisors

Alexander Forbes Financial Services (Proprietary) Limited (Reg. No 1969/018487/07)
Financial services provider number: 1177

Physical address:

Alexander Forbes Place
115 West Street
Sandown
2196

Postal address:

P O Box 787240
Sandton
2146

7. Investment Manager

Taquanta Asset Managers (Proprietary) Limited (Reg. No. 1999/021871/07)
Financial services provider number: 618

Physical address:

5th Floor
Draper on Main
47 Main Road
Claremont
7708

Postal address:

P O Box 23540
Claremont
7735

8. Actuaries

Insight Actuaries and Consultants

Physical address:

2nd Floor Gateway West
22 Magwa Crescent
Waterval City
Midrand
2066

Postal address:

Private Bag X17
Halfway House
1685

9. Auditors

PricewaterhouseCoopers Incorporated

Director - Linda Pieterse

Physical address:

4 Lisbon Lane
Waterfall City
Jukskei View
2090

Postal address:

Private Bag X36
Sunninghill
2157

DE BEERS BENEFIT SOCIETY



ANNUAL REPORT 2022

GENERAL INFORMATION

10. Schedule of meetings held by the Board of Trustees

The Board of Trustees met 4 times during the year (2021: 4 times). The following schedule sets out the meetings held by the Board of Trustees during the year:

Meeting Date	Place of Meeting	Quorum
7 April 2022	Teleconference (Microsoft Teams)	Yes
13 July 2022	Teleconference (Microsoft Teams)	Yes
28 September 2022	Johannesburg	Yes
8 December 2022	Johannesburg	Yes



DE BEERS BENEFIT SOCIETY



ANNUAL REPORT 2022

CONTENTS

	Pages
Report of the Board of Trustees	5 - 19
Statement of Responsibility by the Board of Trustees	20
Statement of Corporate Governance by the Board of Trustees	21
Independent Auditor's Report to the Members of the De Beers Benefit Society	22 - 25
Statement of Financial Position	26
Statement of Comprehensive Income	27
Statement of Changes in Members' Funds	28
Statement of Cash Flows	29
Notes to the Financial Statements	30 - 77

REPORT OF THE BOARD OF TRUSTEES

for the year ended 31 December 2022



The Board of Trustees (the Board) has pleasure in submitting its 134th (one hundred and thirty fourth) annual report for the year ended 31 December 2022.

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The De Beers Benefit Society (the Society), the oldest medical scheme in South Africa, is a self-administrated not-for-profit restricted medical scheme registered in terms of the Medical Schemes Act of South Africa (the Act), as amended, under registration number 1068.

The Society was established on 14 February 1889 and its purpose is to grant assistance to members employed by De Beers Group Services Proprietary Limited (the Employer) and Associated Employers (participating employers) and continuation members, as defined in the Rules of the Society (the Rules), in defraying expenditure incurred by them and their dependants in connection with relevant healthcare services as provided for and in accordance with the Rules.

In 2022 the Society provided benefits to an average of 8 396 (2021: 8 765) beneficiaries located primarily in the Northern Cape (25%), Western Cape (24%), Gauteng (16%) and Limpopo (18%). The remaining beneficiaries are spread across the remainder of South Africa and abroad (17%).

1.2 Benefit options

The Society has a single benefit option, which has a traditional benefit structure with defined benefits, annual limits and no personal medical savings account.

1.3 Risk transfer and other arrangements

1.3.1 Emergency medical transport and evacuation services

The Society maintains a fixed-fee capitation agreement with ER24 providing for emergency medical transport and evacuation services.

The Society paid a premium of R3 150 890 (2021: R3 096 609) for the year.

The total cost for emergency medical transport and evacuation services in terms of this agreement amounted to R2 990 562 (2021: R3 310 308) for the year. Had this agreement not been in place, the total cost for emergency medical transport and evacuation services, based on the ER24 private client rates, would have been R3 887 731 (2021: R4 303 401).

1.3.2 Employer grant

The employer grant relates to a subsidy which is payable by De Beers Consolidated Mines (DBCM) in terms of an agreement reached with DBCM following the termination of the membership of the Finsch Mine and Kimberley Mines employees and the retention of the continuation members associated with these mines, in consequence of the sale of the mines in September 2011 and January 2016 respectively. In terms of the agreement DBCM agreed to subsidise any resultant annual cross-subsidy deficit that may arise to offset any associated negative impact on the Society.

The subsidy is calculated annually by the Actuary in terms of an agreed methodology. The total subsidy payable by DBCM for the year in terms of this agreement amounted to R15 995 000 (2021: R17 463 000).

2. FINANCIAL RESULTS AND OTHER SIGNIFICANT MATTERS

2.1 Financial results for the year

Relevant healthcare expenditure expressed as a percentage of contributions for the year increased to 112.5% (2021: 104.1%) and the Society reflected a total comprehensive loss for the year of R3 737 310 (2021: R23 670 488 income) after incorporating investment income.

The return on investments for the year was 7.5% (2021: 7.1%).

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2022

2. FINANCIAL RESULTS AND OTHER SIGNIFICANT MATTERS (continued)

2.2 Membership

The Society has experienced a further decrease in membership during the year under review because of the on-going organisational restructuring within the De Beers Group of Companies.

The Society had 4 429 (2021: 4 608) principal members as at 31 December 2022 with a monthly average of 4 515 (2021: 4 660) for the year. The dependant ratio as at 31 December 2022 was 1 : 0.85 (2021: 1 : 0.87).

Since the membership of the Society is directly affected by any corporate activity within the De Beers Group of Companies, the Board continues to monitor any announcements made and interacts with the participating employers to evaluate the potential impact on the Society's membership should this arise.

2.3 Members' funds and solvency ratio

The Society's members' funds have decreased to R625 738 637 (2021: R629 475 947) and its solvency ratio to 183.1% (2021: 187.1%) as at 31 December 2022.

The Board is cognisant of the fact that the Society's solvency ratio is substantially higher than the minimum of 25% required by the Act. It is also in excess of the Society's estimated risk-based capital requirement, as determined by the Actuary based on the Society's specific risk profile.

The Board believes that this level of reserves is prudent in the current regulatory framework and in a rapidly evolving South African healthcare environment. It also assists the Society to remain sustainable as a self-administered restricted scheme.

This is even more relevant given the on-going corporate activity within the De Beers Group of Companies and the increasing average age of beneficiaries of 50.8 (2021: 49.9) years and the pensioner ratio of 37.6% (2021: 35.1%), which are significantly higher than the industry average of 33.7 (2021: 33.4) years and 9.1% (2021: 8.9%) respectively.

2.4 Relevant healthcare expenditure

Of the total net claims incurred in 2022, hospitals comprised 41% (2021: 41%), specialists 28% (2021: 28%), medicines 15% (2021: 15%), general practitioners 4% (2021: 4%), dentists and dental specialists 3% (2021: 3%) and other benefit types 9% (2021: 9%).

2.5 Sustainability

The sustainability of the Society is carefully monitored and managed by the Board on an on-going basis.

During the year under review the Board continued to subject the Society's results to regular actuarial modelling and measuring hospital and other healthcare service providers' efficiency levels and performance, aimed at monitoring and taking steps to inter alia counter the membership demographic changes, as well as claiming trends which may impact on the Society's competitiveness and sustainability.

The following is also reviewed on an on-going basis in consultation with the Actuary:

- the Society's operating model;
- potential future scenarios;
- opportunities to address the challenges facing the Society and its longer-term sustainability;
- the compatibility and cost effectiveness of the Society's contributions and benefits in relation to the medical scheme industry;
- the Society's reserve management strategy; and
- the impact of changes in the current regulatory framework.

Any developments in this regard will be communicated to members when appropriate. Benefits provided by the Society, contribution levels and administration costs all remain competitive, and are in some cases better than the industry average. Based on the current circumstances of the Society, the Board remains of the opinion that the Society offers value for money to its members, which has been confirmed by the Insight Actuaries and Consultants Signal Model, and continues to remain sustainable as a self-administered restricted scheme.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

3. INVESTMENT STRATEGY

3.1 Introduction

The Board as the governing body of the Society is ultimately responsible for the formulation and implementation of the investment strategy of the Society and is assisted in this regard by the Investment Board Committee, the appointed Investment Advisors and the Actuary.

The Board recognises that it has a statutory and fiduciary duty to invest the Society's assets on behalf of all its members in a responsible and prudent manner. Setting the investment strategy involves considering the risks and rewards of various asset classes and investment opportunities, as well as the constraints imposed on the Board. These constraints include, but are not limited to:

- the Society's relevant healthcare expenditure risk profile and associated liabilities;
- the term and level of uncertainty associated with the liabilities;
- the funding of the liabilities;
- the level of reserves and capital adequacy;
- on-going liquidity requirements; and
- statutory and regulatory requirements.

3.2 Governance principles

The investment strategy takes into consideration the requirements and constraints imposed by the Act, the Rules, the provisions and limitations of Regulation 30 of the Act and those agreed by the Board.

The investment strategy is documented in the Society's Investment Policy Statement and aims to improve and facilitate the management of investments, achieve appropriate transparency, facilitate effective communication and promote the consistency of and accountability for the investment decisions made.

3.3 Objectives

The overall objective of the Society is to provide members with competitive medical benefits in exchange for regular monthly contributions. The Board has decided to adopt an investment strategy that will enable the Society to meet the following investment objectives, namely to:

- preserve capital over any 12-month period;
- achieve targeted net real returns in excess of 3% per annum over a rolling 36-month period, because the liabilities are linked to medical inflation;
- invest part of the Society's capital reserves in cash and money market instruments in order to cover the contributions shortfall (negative gross healthcare results) and non-healthcare expenditure to be funded from investment/other income; and
- invest the Society's other capital reserves in enhanced income and fixed income instruments.

In pursuit of the above investment objectives, cognisance is taken of the conditions of Explanatory Note 2 of Annexure B to Regulation 30 of the Act and the need for investments to be liquid in order to enable the payment of relevant healthcare and non-healthcare expenditure as they arise.

3.4 Investment philosophy

The Board accepts and acknowledges the inherent relationship between investment risks and rewards and the resulting conflict between the investment objectives of seeking to maximise returns while minimising the risk taken.

The Board has adopted a short to medium-term investment strategy to assist in maintaining the financial stability and viability of the Society. This takes account of the level of uncertainty regarding the Society's liabilities given the membership demographics and associated risk profile, as well as the environment in which the Society operates. The Board on recommendation of the Investment Board Committee, considered the risk and return characteristics of the various asset classes and the advantages and disadvantages of holding assets in the name of the Society (segregated portfolios) as opposed to investing in pooled investments through which the Society's interests are represented by the value of an investment in an insurance policy or a collective investment scheme.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

3. INVESTMENT STRATEGY (continued)

3.4 Investment philosophy (continued)

The Board has decided that the risk and return objectives of a combination of enhanced income, fixed income and money market/cash investment portfolios closely match those of the Society. The management of the assets is currently allocated to one investment manager.

The investment manager has discretion as to the composition of the investment portfolio managed on behalf of the Society within the parameters of a mandate provided by the Board and the provisions of the Act. Strategic asset allocations are set based on the results of the Society's investment strategy review undertaken annually. To take advantage of short-term opportunities that may arise in the investment market and maximise the possibility of achieving the Society's investment objectives, deviations from the strategic asset allocations are considered by the Investment Board Committee in order to implement temporary tactical changes to the strategic asset allocations.

3.5 Management of investments

The Investment Board Committee monitors the performance of the investment manager on a quarterly basis and comprehensive feedback is provided to the Board quarterly. The Board recognises that overall accountability for investments and performance resides with it.

Each investment portfolio is evaluated in relation to the objectives set. The investment manager is also evaluated against benchmarks at both manager and portfolio level. The investment strategy and the investment manager's mandate is reviewed annually, taking into consideration compliance with the Act and the risks associated with the returns produced by the various asset classes and the investment manager.

Notwithstanding a notable increase in the trading activities of the investment portfolio during the year under review, the Board remains of the opinion that the Society's current business model for managing its financial assets remains appropriate and will continue to invest mainly in collective investment schemes and, as well as enhanced income, fixed interest and money market/cash instruments held in the Society's segregated portfolio. Refer to notes 4, 6 and 19 (pages 44, 46 and 59) to the financial statements for more detail in this regard.

4. MANAGEMENT OF MEDICAL INSURANCE RISK

The primary business objective of the Society is to accept medical liability in respect of its members and their dependants by providing benefits for relevant healthcare services obtained in accordance with the Rules, in return for contributions. This objective takes account of the specific inherent risks associated with the demographics of the Society's membership, high pensioner ratio, chronic disease prevalence amongst beneficiaries and the medical insurance risk.

The medical insurance risk refers to the unpredictability of diseases, nature of and advancements related to treatments purchased and the cost of related services, as well as the uncertainty surrounding the timing and severity of claims. The Society manages and mitigates its medical insurance risk by:

- keeping abreast of and implementing appropriate industry best practices;
- having a well-defined benefit structure;
- adjusting or implementing new benefit limits, sub-limits, co-payments, penalties, waiting periods and exclusions;
- pre-authorising hospital admission requests, case managing selected cases and performing clinical audits;
- making use of industry pricing guidelines, including but not limited to generic reference pricing models such as the Mediscor Reference Price (MRP) model, medicine formularies and therapeutic reference pricing models such as the Mediscor Formulary Reference Price Plus (FRP Plus) model for the treatment of chronic disease conditions;
- contracting with managed care organisations to utilise their clinical guidelines, treatment protocols and medical advisory services;
- implementing risk transfer arrangements;
- implementing chronic medication and active disease management programmes;
- having preferred provider networks and Designated Service Provider (DSP) arrangements in place;

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

4. MANAGEMENT OF MEDICAL INSURANCE RISK (continued)

- tracking and analysing claiming patterns to detect and manage emerging trends in order to develop and implement strategies to deal with these changes;
- making use of healthcare system measurement tools to measure the performance and efficiency levels of hospitals, service providers and other managed care interventions;
- agreeing with the Employer or Associated Employers to compensate or subsidise the Society for the financial impact of corporate activity giving rise to cross-subsidy deficits, as a result of the termination of membership of employees and the retention of the continuation members associated with the operation in question;
- recovering relevant healthcare expenditure incurred by members or their dependants from third party insurers such as the Road Accident Fund (RAF), where a third-party liability exists;
- monitoring industry trends and emerging healthcare issues and taking pre-emptive or corrective action as required; and
- increasing contribution levels taking cognisance of estimated claims, industry developments and market trends, as well as the Society's reserve management strategy, investment returns earned and other sources of income.

In addition, administrative risk management measures are employed to ensure appropriate access to benefits. These include, but are not limited to benefit pre-authorisation, billing audits and interventions aimed at combating fraud in general.

The Society, with the assistance of the Actuary, assesses and monitors its medical insurance risk exposure both for individual types of risks and overall risks on an on-going basis. This assessment includes internal risk measurement models, stress testing and sensitivity and scenario analyses. The principal risks are that the actual changes in membership demographics and the frequency and severity of claims ultimately exceed the projections made at the time of compiling the annual budget. Refer to note 20 (page 67) to the financial statements for more detail.

The structure and extent of benefits provided, and the associated rules, are the ultimate responsibility of the Board. The responsibility for the annual review of the benefit structure and the development of proposals in this regard for consideration by the Board is delegated to the Benefits Review Board Committee. The Benefits Review Board Committee reviews the benefit structure taking cognisance of the requirements of the Act, legislative changes, industry developments, member feedback and the Society's current funding level, reserve management strategy, ability to accept insurance risk and insurance risk exposure.

Insurance events are, by their very nature, random and the actual number and size of events during any one year may vary from those that were estimated with established statistical techniques based on membership demographics and historical claiming patterns. The Board is satisfied that there are:

- no changes to the assumptions used to measure insurance assets and liabilities; and
- no terms and conditions of insurance contracts;

that could have a material effect on the financial statements or the timing and uncertainty of the Society's cash flows.

Furthermore, medical schemes are required to fund prescribed minimum benefits (PMBs) in full in terms of the interpretation of Regulation 8 of the Act by the Council for Medical Schemes (the Council). This poses an additional financial risk to the Society since there are no regulated tariffs for healthcare service providers. The Society, where appropriate and permissible, makes use of DSP arrangements, treatment protocols and formularies for specific conditions to manage this risk.

5. CORPORATE GOVERNANCE

5.1 Introduction

The Board and Society Management maintain a firm focus on upholding the highest standards of corporate governance, are fully committed to the principles contained in the King IV Code of Corporate Governance (King IV) and proactively monitor and manage risks in terms of a formal risk management policy and process. Good corporate governance requires continuous review of processes, systems and documents for relevance, effectiveness and compliance. To this end the Society maintains its focus on continuous business improvement and optimising the assurance obtained from internal and external assurance providers.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

5. CORPORATE GOVERNANCE (continued)

5.1 Introduction (continued)

This assurance is provided in accordance with an appropriately combined assurance model providing for the review of the Society's system of internal control and risk management, including the design, implementation and effectiveness of internal financial controls.

5.2 Board of Trustees and Board Committees

The Board is constituted in terms of the Rules and comprises four employer appointed Trustees and four member elected Trustees. The term of office of a Trustee is five years. Even though the Board's ability to influence its composition is limited, the Board Charter allows the Board to obtain expert advice on any Society matter it may lack sufficient expertise on. The Board, when necessary and where the Terms of References make provision for this, will appoint non-Trustee members with the relevant skills, knowledge and experience to serve on certain Board Committees.

All new Trustees and non-Trustee Board Committee members undergo a formal induction process. On-going formal training takes place and all Trustees and Board Committee members are encouraged to undertake continuous development, training and education throughout their term of office. Annual Board and Board Committee self-assessment performance evaluations are performed in order to ascertain what, if any, training needs are required and to help improve individual performance and competence.

The Board and Board Committees receive timely, accurate and relevant reporting and other information and have access to all information held by the Society that is required to enable them to fulfil their duties, and to aid them in the objective judgement of their decisions. To ensure the efficient flow of information, comprehensive agenda packs are provided to the Trustees and Board Committee members in advance of each meeting. Minutes of all Board and Board Committee meetings, other Society governance related documentation and background information are prepared and maintained in the Society's records and are accessible to Trustees and Board Committee members generally and on a secure dedicated web-site.

The current Trustees and non-Trustee Board Committee members collectively have sufficient experience and understanding of the fields of administration, investment, actuarial, accounting, legal, project management, human resources and social matters to enable them to perform their duties objectively and effectively. As mentioned above, the Board makes use of external expertise on specific matters outside the collective knowledge, skills and experience of the Board when required. The Board is satisfied that the current composition of the Board and the various Board Committees reflects the appropriate mix of knowledge, skills, experience, diversity and independence to enable the Board to discharge its governance role and responsibilities objectively and effectively.

The Chairperson is responsible for providing leadership to the Board, for ensuring its effectiveness and for promoting effective communication amongst Trustees. The Principal Officer is responsible for the day-to-day management of the Society in line with policies and strategic objectives set and agreed by the Board. The Principal Officer reports to the Board on the performance of the Society and on all material matters at regularly scheduled Board meetings and between Board meetings as and when required.

Aligned to the principles of sound corporate governance, the Rules, Board Charter, Trustee and Principal Officer Code of Conduct, Conflict of Interest Policy, Statement of Corporate Governance, Society policy documents and the Terms of Reference of the Board Committees provide a clear and concise overview of the responsibility and accountability of the Trustees and Board Committees, collectively and individually. The Trustees and non-Trustee Board Committee members are required to avoid conflicts of interest, where possible, and to inform the Board timeously of conflicts or potential conflicts of interest. The Trustees and non-Trustee Board Committee members are required to complete declaration of interest forms annually or when new areas of conflict of interest may have arisen since the last declaration. In the opinion of the Board adequate fidelity and professional indemnity insurance, which includes cover for Trustees, non-Trustee Board Committee members and for staff, was arranged by the Society for the year under review.

5.3 King IV application review

The Board is fully committed to the application of those practices, philosophies and governance outcomes contained in the King IV Code of Corporate Governance that are applicable to the Society.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2022

5. CORPORATE GOVERNANCE (continued)

5.3 King IV application review (continued)

Aligned to the Society's commitment to good corporate governance, the Society has subscribed to the Governance and Compliance Instrument launched by the Global Platform for Intellectual Property in collaboration with the Council to continuously assess its application of the principles of King IV insofar as they are applicable to medical schemes. The Society's King IV Application Report that explains:

- how the Society has applied or not applied the principles set out in King IV;
- what actions are still required in terms of applying a specific principle; and
- where it is impossible to implement a practice or where such implementation is inappropriate;

has been updated and published on the Society's website (www.dbbs.co.za/library/governance-2/).

5.4 Risk management and internal controls

The Board regards risk management as being of extreme importance and the Society continuously encourages its employees to be mindful of the need to manage risks and to report any instances of suspected fraud.

The Board has overall responsibility for the Society's system of internal control. The Board is extremely conscious of the importance of this system and recognises the importance of monitoring the effectiveness and development of associated systems in line with best practice.

The Board is ultimately responsible for the management of risks. The Society has adopted appropriate aspects of the De Beers Group of Companies' risk management policy and related procedures which set out the process for capturing and managing all relevant risks through five key stages: identification, assessment, monitoring, mitigation and reporting.

Society Management is responsible for the collation of this information and reporting to the Audit and Risk Board Committee and the Board. Society Management is also entrusted with the responsibility of ensuring that the risk management framework is embedded at all levels and overseen, independently and objectively, at an appropriate level.

The Audit and Risk Board Committee, assisted by the internal auditors, continuously reviews the adequacy and effectiveness of the Society's risk management framework and system of internal control and reports regularly to the Board on the status of risk management and internal controls.

6. ACTUARIAL SERVICES

The Actuary assists the Society in identifying and assessing risks and establishing claiming patterns by conducting regular actuarial modelling.

The Actuary calculated the outstanding claims provision, the Society's post-employment healthcare benefits obligation and the employer grant. Refer to notes 7, 9 and 15 (pages 47, 50 and 54) to the financial statements for more detail in this regard. In addition, the Actuary was consulted to determine and model the benefits and contribution levels for the 2023 benefit year.

7. AUDITORS

In terms of Rule 25.1, the members appointed PricewaterhouseCoopers Incorporated as the Society's auditors for 2022 at the Annual General Meeting (AGM) held on 18 May 2022.

PricewaterhouseCoopers Incorporated has been the auditors of the Society for the past 20 years and the engagement partner, Linda Pieterse, has been responsible for the audit for the past 2 years.

On the recommendation of the Audit and Risk Board Committee, the members will be requested to approve the re-appointment of PricewaterhouseCoopers Incorporated as the Society's auditors for 2023 at the 134th AGM.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

8. REVIEW OF KEY OPERATING ACTIVITIES

8.1 Operational statistics

	2022		2021	
	Members	Beneficiaries	Members	Beneficiaries
Membership				
Membership as at 1 January	4 608	8 637	4 739	8 978
New members / beneficiaries	97	277	113	337
Members / beneficiaries exited	(276)	(726)	(244)	(678)
Membership as at 31 December	4 429	8 188	4 608	8 637
Average number of members / beneficiaries	4 515	8 396	4 660	8 765
Average age of members / beneficiaries	62.3	50.8	61.6	49.9
Dependant ratio as at 31 December	0.85		0.87	
Pensioner ratio as at 31 December (65 years and older)		37.6%		35.1%
Ratios per average member / beneficiary per month				
Contribution income	6 307	3 392	6 013	3 197
Relevant healthcare expenditure	7 094	3 815	6 259	3 328
Non-healthcare expenditure	476	256	428	228
		2022		2021
Relevant healthcare expenditure as % of contributions		112.5%		104.1%
Non-healthcare expenditure as % of contributions		7.5%		7.1%
Return on investments		7.5%		7.1%

8.2 Results of operations

The results of the Society's operations are set out in the financial statements and the Board believes that no further clarification is required, except for the impact of developments in South Africa which is dealt with in section 8.3 of this report.

8.3 Impact of developments in South Africa

8.3.1 Operations

Power cuts, as a result of load shedding implemented by Eskom, had severely impacted many businesses across South Africa during the year under review. The Society, however, experienced limited disruptions to its operations due to it having a well maintained on-site generator in place.

8.3.2 Investment returns

The above power cuts and the grey listing of South Africa by the Financial Action Task Force, combined with rising inflation and interest rates also left its mark on the local investment markets, with the FTSE/JSE All Share Index (ALSI) returning 3.6% (2021: 29.2%), the All Bond Index returning 4.3% (2021: 8.4%) and cash returning 5.2% (2021: 3.8%).

Since the above has been anticipated by the markets for some time, the Board believes that the impact has to a large extent already been 'priced' in by the markets. In view of this and the Society's adopted investment strategy, dealt with under section 3 of this report, it is estimated that the impact on the Society will not be material.

The Society's return on investments for the year under review was 7.5% (2021: 7.1%).

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

8. REVIEW OF KEY OPERATING ACTIVITIES (continued)

8.4 Benefits, contributions and non-healthcare expenditure

The Board remains confident that the Society continues to offer good value for money considering the benefits provided, contribution levels and non-healthcare expenditure (administration costs).

8.5 Member funds

Movements in member funds are set out in the Statement of Changes in Members' Funds.

There have been no unusual movements, that the Board believes should be brought to the attention of the members of the Society.

8.6 Solvency ratio

	2022	2021
	R	R
Members' funds per Statement of Financial Position	625 738 637	629 475 947
<u>Less:</u> Unrealised gains	-	(382 534)
Accumulated funds per Regulation 29 of the Act	625 738 637	629 093 413
Contribution income	341 761 143	336 259 502
Solvency ratio	183.1%	187.1%
Accumulated funds per member as at 31 December	141 282	136 605

8.7 Outstanding claims

Movement in the outstanding claims provision is set out in note 9 (page 50) to the financial statements. The outstanding claims provision is the amount of the estimated claims incurred for relevant healthcare services obtained by beneficiaries but not yet reported (IBNR) to the Society as at 31 December 2022.

There have been no unusual movements in this regard that the Board believes should be brought to the attention of the members of the Society.

9. PARTICIPATING EMPLOYERS

The Board continues to monitor announcements relating to corporate activity within the De Beers Group of Companies and interacts with the participating employers to evaluate any potential impact on the Society. As previously reported the Society received a notification from the Employer on 23 March 2022 advising that employees who are members of the National Union of Mineworkers (NUM) and meet certain criteria will be given an opportunity to either move from the Society to Umvuzo Health or back to the Society until 31 May 2022. A total of 36 members opted to join Umvuzo Health.

10. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS AND OTHER RELATED PARTIES

The Society as at 31 December 2022 held no investments in or has not granted any loans to participating employers or other related parties, other than those disclosed in note 18 (page 55) to the financial statements.

11. RELATED PARTIES

Related party transactions are disclosed in note 18 (page 55) to the financial statements. Trustee remuneration and other considerations are also disclosed in the same note.

12. BOARD COMMITTEES

A number of Board Committees, which assist the Board in carrying out its duties, remained in place during the year under review. These committees are formally mandated by the Board by means of written terms of reference as to their membership, authority and duties.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

12. BOARD COMMITTEES (continued)

The Chairperson of each Board Committee reports, where appropriate, to the Board at its scheduled meetings. The following Board Committees were in place during the year under review:

12.1 Audit and Risk Board Committee

The committee consists of six members appointed from amongst the members of the Board or other persons. The committee is independent and a majority of the members, including the Chairperson of the committee, are not officers of the Society. The Board is satisfied that the committee has been established in accordance with the provisions of the Act and that its members collectively have sufficient and relevant financial and medical scheme industry understanding and experience to enable them to carry out their duties and responsibilities.

The committee met on two occasions during the year. The Principal Officer, Chief Operating Officer, Society Manager, external auditors and internal auditors attended all committee meetings and have unrestricted access to the Chairperson of the committee.

In accordance with the provisions of the Act, the primary objective of the committee is to provide assurance that good corporate governance practices are implemented and maintained, that the inherent risks associated with the Society are adequately identified and addressed, and that the Society's accounting policies, system of internal control and financial reporting practices are sound.

Whilst the Board's responsibility for the Society's annual financial reporting and risk management is not abrogated in favour of the members of the committee, the committee provides assurance to the Board and assists the Board to comply with its responsibilities. The committee has an oversight responsibility for the following:

- financial reporting process;
- system of internal control over financial systems and reporting;
- internal and external audit processes;
- process of identifying, monitoring, recording and managing risk; and
- compliance with laws and regulations, as well as the Society's governance framework including the various governance documents such as the Society's Board Charter and Trustee and Principal Officer Code of Conduct.

The external and internal auditors formally report to the committee on critical findings arising from audit activities. The external and internal auditors meet separately with the Committee at least once a year without management being present.

Committee members for the year under review comprised:

- C J Van Zyl (*Chairperson*)
- D Bhana (*Trustee*)
- A P Hewett (*Trustee*)
- J Hugo (*Appointed – 5 January 2022*)
- J L Jaftha (*Appointed – 5 January 2022*)
- A Sewkuran

The committee has confirmed that it met its mandate, carried out its duties in terms of the Act and satisfied itself during the year under review:

- as to the effectiveness of the Society's corporate governance practices, risk management system, system of internal control, accounting policies and financial reporting practices, based on the combined assurances received;
- that the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide issued by the South African Institute of Chartered Accountants (SAICA) and in the manner required by the Act;

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2022

12. BOARD COMMITTEES (continued)

12.1 Audit and Risk Board Committee (continued)

-  as to the appropriateness of the expertise, adequacy of resources and experience of the Society's finance function; and
-  that the internal and external auditors are independent of the Society.

12.2 Benefits Review Board Committee

The committee consists of four members appointed from among the members of the Board. The committee met on two occasions during the year. The Actuary, Principal Officer, Chief Operating Officer and Society Manager also attended the meetings.

The primary objective of the committee is to review and recommend to the Board the benefits to be provided to beneficiaries and the contributions payable. The process followed to arrive at recommendations in this regard includes a review of:

-  the trends in the costs of benefits paid for the current and previous years against contributions received;
-  the Society's funding level, reserve management strategy and operating costs; and
-  related industry developments.

Committee members for the year under review comprised:

-  C W Coltman (*Chairperson and Trustee*)
-  A P Hewett (*Trustee*)
-  R W Ketley (*Trustee*)
-  W J B Smerdon (*Trustee*)

The committee has confirmed that it met its mandate and satisfied itself as to the appropriateness of the benefits provided to beneficiaries and the contributions paid during the year under review.

12.3 Communication and Education Board Committee

The committee consists of four members appointed from amongst the members of the Board. Although the committee met once during the year, it regularly reviewed and provided input into the Society's communication related material during the year.

The Principal Officer, Chief Operating Officer and Society Manager also attended the meeting.

The primary objective of the committee is to oversee effective member communication that complies with the regulations and guidelines of the Act and to provide Trustees with appropriate education to assist them in performing their duties.

Committee members for the year under review comprised:

-  W J B Smerdon (*Chairperson and Trustee*)
-  C W Coltman (*Trustee*)
-  A P Hewett (*Trustee*)
-  G Lekalakala (*Trustee*)

The committee has confirmed that it met its mandate and satisfied itself as to the effectiveness of member communication and the appropriateness of Trustee education during the year under review.

12.4 Investment Board Committee

The committee consists of four members appointed from amongst the members of the Board. The committee met on four occasions during the year. This included the Society's annual investment strategy review meeting.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2022

12. BOARD COMMITTEES (continued)

12.4 Investment Board Committee (continued)

The Principal Officer, Chief Operating Officer, Society Manager and Investment Advisors, albeit not members of the Committee, attended all committee meetings.

The primary objective of the committee is to oversee the investment of the Society's assets in terms of the Act, the Rules and the investment strategy approved by the Board in consultation with the Society's appointed Investment Advisors and the Actuary.

The committee conducted due diligence visits to the appointed investment manager during the year. An annual investment day was also held where the investment manager had the opportunity to interact with and present to the Board on the Society's investment performance and other related matters.

Committee members for the year under review comprised:

-  C W Coltman (*Chairperson and Trustee*)
-  D Bhana (*Trustee*)
-  C J Blanckenberg (*Trustee*)
-  R W Ketley (*Trustee*)

The committee has confirmed that it met its mandate and satisfied itself that the Society's assets have been invested in terms of the Act, the Rules and the Society's approved investment strategy during the year under review.

12.5 Remuneration Board Committee

The committee consists of four members appointed from amongst the members of the Board. The committee met once during the year. The Principal Officer, Society Manager and Chief Operating Officer also attended the meeting.

The primary objective of the committee is to determine the conditions of employment and remuneration for all employees of the Society, as well as the remuneration of Trustees and Board Committee members who are not employees of the participating employers, where applicable.

The committee is also tasked to identify and evaluate the risks associated with the remuneration of and conditions of employment applicable to employees of the Society. Committee members for the year under review comprised:

-  W J B Smerdon (*Chairperson and Trustee*)
-  C W Coltman (*Trustee*)
-  A P Hewett (*Trustee*)
-  G Lekalakala (*Trustee*)

The committee has confirmed that it met its mandate and satisfied itself as to the fairness of the Society's conditions of employment and remuneration, in the context of the Society's overall strategy, during the year under review.

13. NON-COMPLIANCE

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

13.1 Financial soundness of benefit option

In terms of Section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance.

Cause

During the year the Society incurred a net healthcare deficit of R68 410 017 (2021: R37 690 623). This result is expected and is aligned with the Society's reserve management strategy of ensuring the financial stability and viability of the Society over the foreseeable future.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2022

13. NON-COMPLIANCE (continued)

13.1 Financial soundness of benefit option (continued)

The strategy also takes account of the need for the Society to remain competitive in relation to benefits provided, contribution levels and administration costs.

Corrective action

The Society is financially sound in terms of Section 35, as confirmed by the current level of accumulated funds and the Society's solvency ratio of 183.1% (2021: 187.1%).

The financial soundness and sustainability of the Society is carefully considered and managed by the Board on an on-going basis, in consultation with the Actuary. It is not the strategy of the Society to make a profit and its net investment income, the employer grant and substantial reserves enables it to ameliorate any net healthcare deficit, whilst balancing the risk of rising relevant healthcare expenditure and keeping annual contribution increases in line with inflation.

The Board monitors the financial results to ensure that the net healthcare deficit is in line with the budget and any material variances are analysed and corrective action taken, where necessary.

13.2 Payment of claims within 30 days

In terms of Section 59(2) of the Act, a medical scheme is required to pay a valid claim submitted to the scheme within 30 days after the day on which the claim was received.

Cause

The Society endeavours to pay all claims within 30 days of receipt, but the processing of some claims is occasionally delayed due to unforeseen circumstances. Delays can, for example, occur when providers fail to supply the Society with their banking details or when claims are referred for clinical auditing or other investigations.

Corrective action

Claims that are not paid within 30 days are actively monitored to ensure effective on-going management of this issue.

13.3 Contribution income not received within three days of becoming due

In terms of Section 26(7) of the Act, contribution income must be received within three days of becoming due in terms of the Rules.

Cause

There were a limited number of instances where the Society did not receive contributions from members within three days of these becoming due.

This was mainly because of members having insufficient funds in their bank accounts at the time of collection, members exiting without informing the Society and reconciling discrepancies between participating employers and the Society. The risk of default is however small because of the restricted nature of the Society and participating employer base.

Corrective action

Contributions not received within three days are actively pursued and the suspension policies are rigorously applied.

13.4 Investments in participating employers, other medical schemes, administrators or associated companies

Section 35(8) of the Act states that a medical scheme shall not invest any of its assets in other medical schemes, any administrator, any participating employer or any companies associated with the aforementioned.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2022

13. NON-COMPLIANCE (continued)

13.4 Investments in participating employers, other medical schemes, administrators or associated companies (continued)

Cause

The Society through its holdings in its segregated portfolio, managed on behalf of the Society by Taquanta Asset Managers, holds investments in companies associated with other medical schemes, administrators and participating employers.

The investment manager has full discretion over the investment decisions relating to the segregated portfolio.

Corrective action

The Society applied for an exemption from this section of the Act on 3 April 2019. Exemption was granted until 30 November 2022 by the Council, subject to certain conditions.

The Society has re-applied for exemption. A response is awaited from the Council.

13.5 Prescribed minimum benefits (PMBs)

Regulation 8(1) of the Act states that subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions.

Cause

There were a limited number of instances where the Society did not pay claims within the scope and level of PMBs in relation to chronic conditions defined in the Chronic Disease List (CDL). There were also a few instances where claims were incorrectly processed as non-PMBs during the assessment of the claims.

Corrective action

The Society is in the process of aligning its interpretation of PMBs with the Council's interpretation and has implemented a disease risk management programme to manage and mitigate this specific non-compliance.

13.6 Claims paid after termination date

Section 28(c) of the Act states that no person shall claim or accept benefits in respect of himself or herself or any dependant from any medical scheme other than the medical scheme of which he or she is a member.

Cause

The termination notification in respect of one member was received late by the Society resulting in claims with service dates after the member's termination date being paid. As at 31 December 2022 the claims had not been reversed against the member's debtor account for recovery.

Corrective action

The related claims were reversed against the member's debtor account for recovery during March 2023. Internal processes will be reviewed in order to avoid re-occurrence.

14. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No events affecting the financial statements have occurred after the end of the accounting period which in the opinion of the Board should be brought to the members' attention.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2022

15. MEETING ATTENDANCE

The following schedule sets out the Board and Board Committee meeting attendance for the year:

Name	Board Meetings		Audit and Risk		Investment		Benefits Review		Remuneration		Communication and Education	
	A	B	A	B	A	B	A	B	A	B	A	B
Trustees - Employer appointed												
C J Blanckenberg	4	4			4	4						
C W Coltman	4	4			4	4	2	2	1	1	1	1
G Lekalakala	4	4							1	1	1	1
J van der Walt	4	4										
Trustees - Member elected												
D Bhana	4	4	2	2	3	4						
A P Hewett	4	4	1	2			2	2	1	1	1	1
R W Ketley	4	4			3	4	2	2				
W J B Smerdon	4	4					2	2	1	1	1	1
Non-Trustees												
J Hugo			2	2								
J Jaftha			2	2								
A Sewkuran			2	2								
C J Van Zyl			2	2								

A – Number of meetings attended

B – Total number of meetings that could have been attended

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES
for the year ended 31 December 2022

The Board of Trustees and the Principal Officer (the Board) are responsible for the preparation, integrity and fair presentation of the financial statements of the De Beers Benefit Society (the Society) and to ensure that proper system of internal control is employed by or on behalf of the Society.

The financial statements presented on pages 26 to 77 have been prepared in accordance with International Financial Reporting Standards (IFRS), as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide issued by the South African Institute of Chartered Accountants (SAICA) and in the manner required by the Act. The financial statements include amounts based on judgements and estimates made by management.

The Board considers that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and that all the standards of IFRS that the Board considered to be applicable have been followed in preparing the financial statements.

The Board is satisfied that the information contained in the financial statements fairly presents the affairs, the results of operations, the cash flows for the year and the financial position of the Society as at 31 December 2022. The Board is responsible for both the accuracy and consistency of the information in the annual report and the financial statements.

The Board is responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial results and position of the Society which enables the Board to ensure that the financial statements comply with the relevant legislation.

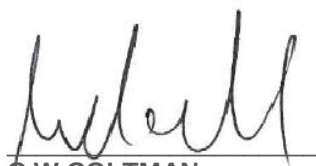
The Society operates in a well-established controlled administrative environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute assurance, that assets are safeguarded and the risks facing the business are being managed.

The going concern basis has been adopted in preparing the financial statements. The Board has no reason to believe that the Society will not be a going concern in the foreseeable future, based on forecasts provided by the Actuary and available reserves. This view is endorsed by the Audit and Risk Board Committee, the Actuary and the external auditors. These financial statements reflect the financial stability and viability of the Society.

The Society has a board structure of four Trustees appointed by the Employer and four Trustees elected by the members, as provided for in terms of the Rules. The current composition of the Board is featured on page 1.

The Society's external auditors are responsible for auditing the financial statements in terms of International Standards on Auditing and to report on the fair presentation of the financial statements. Their report is presented on pages 22 to 25.

The financial statements were approved by the Board on 5 April 2023 and are signed on its behalf by:



C W COLTMAN
CHAIRPERSON

5 April 2023



W J B SMERDON
VICE-CHAIRPERSON

5 April 2023



S MATHONZI
PRINCIPAL OFFICER

5 April 2023

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES
for the year ended 31 December 2022

Responsibilities

The De Beers Benefit Society (the Society) is committed to the principles and practice of competency, responsibility, fairness, transparency, integrity and accountability in all dealings with its stakeholders. The Society strives to achieve the highest levels of corporate governance, reassesses its corporate governance framework and practices on an on-going basis and maintains a strong drive to identify and implement best practice.

Board of Trustees

The Board of Trustees (the Board) meets and monitors the performance of the Society regularly. The Board addresses a range of key issues and ensures that the discussions on policy, strategy and performance take place and are informed and constructive.

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

System of Internal Controls

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

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

The Trustees and the Principal Officer, where relevant, hereby certify to the best of their knowledge and belief that, during the year under review and in the execution of their duties, they:

-  complied with the Society's governance framework and practices;
-  conducted the Society's affairs according to ethical values as contained in the Board Charter and Code of Conduct;
-  adopted risk assessment, evaluation and management processes;
-  regularly monitored the performance of service providers according to service level agreements;
-  evaluated their own performance as a Board and that of the Board Committees against agreed terms of reference;
-  established an adequate and effective system of internal control and determined the adequacy and effectiveness thereof through the appointment of internal and external auditors; and
-  obtained expert or professional advice on matters where they lacked sufficient expertise.



C W COLTMAN
CHAIRPERSON

5 April 2023



W J B SMERDON
VICE-CHAIRPERSON

5 April 2023



S MATHONZI
PRINCIPAL OFFICER

5 April 2023



Independent Auditor's Report

To the Members of De Beers Benefit Society

Report on the financial statements

Opinion

We have audited the financial statements of De Beers Benefit Society (the Society), set out on pages 26 to 77, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

We 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 Society 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
Outstanding claims provision The outstanding claims provision of R19 387 788 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 Society after year-end. The outstanding claims provision is calculated by the Society's actuaries which is reviewed by management and the Audit and Risk Board Committee and recommended to the Board of Trustees for approval. The Society's actuaries use an actuarial model, based on the Society's actual claim development patterns throughout the year, to project the year-end provision. This model applies a combination of the Basic Chain Ladder ("BCL"), the Bournhuetter-Ferguson method ("BF") and the Health	 We obtained an understanding from the Society'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 methods applied by the Society is one that is generally applied within the medical scheme industry. We obtained the actual claims data from the member administration system covering the year ended 31 December 2022. 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. We assessed the completeness of the claims data on the

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection. Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Monitor model methods. 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. 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.	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. We substantively tested a sample of claims received by the Society in the 31 December 2022 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 Society rules. No material inconsistencies were noted. We assessed the completeness of the claims data in the Society'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. To assess the reasonableness of the Society 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. We have evaluated management's experts by assessing their competence, capability, and objectivity and noted no aspects requiring further consideration. We also obtained the outstanding claims provision report from the Society's actuaries and assessed whether the inputs, assumptions, methodology and findings per the report were consistent with our testing above. Based on the results of our assessment we accepted the inputs, assumptions, methodology and findings as reasonable. We performed the following procedure(s) to assess the adequacy of the outstanding claim provision: • We obtained the actual claims run-off report up to 31 March 2023 from the Society's management and compared the claims paid post year-end to the outstanding claims provision at year-end as part of subsequent event procedures. No material inconsistencies were noted. • For a sample of claims from the claims run-off report, we tested the occurrence and accuracy of the claims as well as the accuracy of the related service dates by agreeing the claims to underlying supporting documents on the policy administration system and we identified no material inconsistencies. • We inquired from the Society's management whether there were delays in processing claims at year-end that could possibly impact the claims run-off pattern subsequent to year-end. No such delays were identified.
--	--

	We obtained a list of pre-authorisations approved prior to year-end from management. For a sample of pre-authorisations with a service date before year-end, we requested the related claim documentation and assessed if the related claim had been included correctly in the claims run-off report up to 31 March 2023. No material inconsistencies were noted.
--	---

Other Information

The Society's trustees are responsible for the other information. The other information comprises the information included in the document titled "*De Beers Benefit Society Annual Report 31 December 2022*". 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 Society's Trustees for the Financial Statements

The Society'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 Society'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 Society's trustees are responsible for assessing the Society'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 Society's trustees either intend to liquidate the Society 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Society's trustees.
- Conclude on the appropriateness of the Society'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 Society'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 Society 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 Society'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 Society'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 instance of non-compliance 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. Section 33(2)(b) of the Medical Schemes Act of South Africa: The Society's benefit option was not self-supporting in terms of financial performance, as disclosed in Note 23 to the financial statements.

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 De Beers Benefit Society for 20 years.

The engagement partner, Linda Pieterse, has been responsible for De Beers Benefit Society's audit for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Linda Pieterse
Registered Auditor
Johannesburg, South Africa
26 June 2023

STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Notes	2022 R	2021 R
ASSETS			
Non-current assets		552 520 330	587 407 346
Property, plant and equipment	2	341 759	424 129
Intangible assets	3	23 537	41 006
Financial assets at fair value through profit or loss	4	75 659 152	76 386 771
Financial assets at fair value through other comprehensive income	4	476 495 882	510 555 440
Current assets		137 912 679	102 656 003
Financial assets at fair value through other comprehensive income	4	87 149 607	45 152 635
Trade and other receivables	5	21 166 769	23 461 092
Cash and cash equivalents	6	29 596 303	34 042 276
Total assets		690 433 009	690 063 349
FUNDS AND LIABILITIES			
Members' funds		625 738 637	629 475 947
Accumulated funds		625 738 637	629 155 876
Other comprehensive income		-	320 071
Non-current liabilities		16 084 780	16 517 904
Retirement benefits obligations	7	16 084 780	16 517 904
Current liabilities		48 609 592	44 069 498
Trade and other payables	8	29 221 804	24 349 416
Outstanding claims provision	9	19 387 788	19 720 082
Total funds and liabilities		690 433 009	690 063 349

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 R	2021 R
Contribution income		341 761 143	336 259 502
Relevant healthcare expenditure		(384 389 475)	(350 021 256)
Net claims incurred	10	(380 744 579)	(346 839 000)
Accredited managed healthcare services	10	(3 484 568)	(3 395 955)
Net (expense) / income on risk transfer arrangement	10	(160 328)	213 699
<i>Risk transfer arrangement premiums paid</i>		(3 150 890)	(3 096 609)
<i>Recoveries from risk transfer arrangement</i>		2 990 562	3 310 308
Gross healthcare results		(42 628 332)	(13 761 754)
Administration expenditure: Benefit management services	11	(220 041)	(188 930)
Administration expenditure	12	(24 746 331)	(22 908 191)
Post-employment healthcare benefits	7	(834 342)	(704 680)
Net impairment reversals / (write-offs) on insurance receivables	13	19 029	(127 068)
Net healthcare results		(68 410 017)	(37 690 623)
Other income		66 743 239	64 208 707
Investment income	14	50 662 549	46 654 647
Sundry income	15	16 080 690	17 554 060
Other expenditure		(3 017 927)	(2 813 262)
Asset management and monitoring costs	16	(3 009 846)	(2 791 988)
Foreign currency translation differences		(8 081)	(21 274)
Net (deficit) / surplus for the year		(4 684 705)	23 704 822
Other comprehensive income / (expenditure)		947 395	(34 334)
Items that will be reclassified to profit or loss			
Post-employment healthcare benefits	7	1 267 466	317 406
Fair value through other comprehensive income adjustments	14	(320 071)	(351 740)
Total comprehensive (loss) / income for the year		(3 737 310)	23 670 488

STATEMENT OF CHANGES IN MEMBERS' FUNDS
for the year ended 31 December 2022

	Notes	Accumulated Funds	Other Comprehensive Income	Members' Funds
		R	R	R
2022				
Balance at the beginning of the year		629 155 876	320 071	629 475 947
Net deficit for the year		(4 684 705)	-	(4 684 705)
Other comprehensive income / (expenditure) for the year		1 267 466	(320 071)	947 395
Balance at the end of the year		<u>625 738 637</u>	<u>-</u>	<u>625 738 637</u>
2021				
Balance at the beginning of the year		605 133 648	671 811	605 805 459
Net surplus for the year		23 704 822	-	23 704 822
Other comprehensive income / (expenditure) for the year		317 406	(351 740)	(34 334)
Balance at the end of the year		<u>629 155 876</u>	<u>320 071</u>	<u>629 475 947</u>

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Notes	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and providers		366 673 602	359 071 781
Cash paid to providers, employees and members		(414 149 493)	(376 527 729)
Cash used in operations	17	(47 475 891)	(17 455 948)
Interest received	14	627 410	89 655
Net cash used in operating activities		(46 848 481)	(17 366 293)
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets at fair value through profit or loss			
Proceeds on disposal of investments	4	102 900 000	455 681 186
Purchase of investments	4	(98 500 000)	(8 000 000)
Financial assets at fair value through other comprehensive income			
Proceeds on disposal of investments	4	138 500 000	13 000 000
Purchase of investments	4	(102 900 000)	(435 681 186)
Proceeds for costs incurred in managing investments	4	2 505 273	2 306 008
Property, plant and equipment and intangible assets			
Proceeds on disposal of assets	15	-	-
Purchase of assets	2	(102 765)	(378 241)
Net cash available from investing activities		42 402 508	26 927 767
Net (decrease) / increase in cash and cash equivalents		(4 445 973)	9 561 474
Cash and cash equivalents at the beginning of the year		34 042 276	24 480 802
Cash and cash equivalents at the end of the year	6	29 596 303	34 042 276

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide issued by the South African Institute of Chartered Accountants (SAICA), in the manner required by the Medical Schemes Act of South Africa (the Act), as amended, and under the historical cost convention, except for:

- financial assets at fair value through profit or loss or other comprehensive income; and
- trade and other receivables which is reflected at fair value.

The preparation of financial statements in conformance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Society's accounting policies. Those areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in notes 7, 9, 15 and 19.

1.2 Standards, amendments and interpretations to existing standards effective and relevant in the current period

The following standards, amendments and interpretations to published standards became effective for accounting periods beginning on or after 1 January 2022 and are relevant to the Society's operations:

IFRS 9 – Financial Instruments (Annual Improvements to IFRS Standards 2018 - 2020): The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. (Effective 1 January 2022)

IAS 16 – *Property, Plant and Equipment (Proceeds before Intended Use)*: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. (Effective 1 January 2022)

None of the amendments listed above had an impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods.

1.3 Standards, amendments and interpretations to existing standards effective but not relevant in the current period

The following standards, amendments and interpretations to published standards became effective for accounting periods ending on or after 1 January 2022 and are not relevant to the Society's operations:

IFRS 1 – First time Adoption of International Reporting standards: Annual Improvements to IFRS Standards 2018 - 2020. (Effective 1 January 2022)

IFRS 3 – Business Combinations (Reference to Conceptual Framework): The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. (Effective 1 January 2022)

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: (Onerous Contracts - Cost of Fulfilling a Contract): The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making. (Effective 1 January 2022)

IAS 41 - Agriculture (Annual Improvements to IFRS Standards 2018 – 2020): The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. (Effective 1 January 2022)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4 Standards, amendments and interpretations to existing standards not yet effective but relevant

The following standards, amendments and interpretations to published standards are relevant to the Society's operations but are only mandatory for accounting periods beginning on or after 1 January 2023:

IFRS 17 – *Insurance contracts*: A new standard that replaces IFRS 4 – *Insurance Contracts* and creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. It requires an entity to:

- measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and consider any uncertainty relating to insurance contracts;
- reflect the time value of money in estimated payments required to settle incurred claims in the financial statements;
- measure insurance contracts based only on the obligations created by the contracts; and
- recognise profits as an insurance service is delivered, rather than on receipt of premiums.
(Effective 1 January 2023)

The standard provides for a simplified approach (the premium allocation approach (PAA)) for the measurement of a group of insurance contracts only if, at the inception date, the entity reasonable expect that the simplified approach will produce results that would not differ materially from that produced using the general measurement model or if the coverage period is one year or less.

The Society has assessed the requirements of the standard and agreed a project plan to implement such. The main outcomes of the assessment and progress in this regard are summarised below:

Implementation Assessment and Progress

The contracts issued by the Society are included in the scope of IFRS 17 as they insure against the relevant healthcare expenditure incurred by beneficiaries, arising from either, day-to-day out-of-hospital treatment, in-hospital treatment or treatment for chronic conditions / diseases, or any combination thereof.

IFRS 17 provides comprehensive guidance on accounting for insurance contracts and requires the standard to be applied either retrospectively or using the fair value approach.

Given the availability of reliable and accurate data, including actuarial models, the Society has elected to apply IFRS 17 retrospectively. The retrospective approach will require the Society to identify, recognise and measure groups of insurance contracts as if IFRS 17 had always applied, as well as to restate comparatives.

The contracts issued by the Society are subject to similar risks, are managed together in a single portfolio (group) and the coverage period is aligned to the Society's reporting period (financial year). As the coverage and reporting periods are the same, there would be no liability for any remaining coverage at the relevant reporting period's year-end date.

The PAA will be used to measure the Society's insurance contracts. The only liability remaining at year-end would be the liability for incurred claims, which comprises the cash flows related to past service allocated to the group at that date.

The insurance contracts will be recognised from 1 January or from inception of cover should a member join the Society after 1 January.

Where the Society, priced for a net healthcare deficit, all contracts will be onerous and the deficit would need to be recognised when the contracts become onerous. While cash flows are not recorded in the Statement of Comprehensive Income, they will be considered in assessing onerous contracts.

As pricing for the Society is done in September for the following year, the onerous contract test would be assessed at this time, with the following's year's deficit, if any, being recognised in current financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4 Standards, amendments and interpretations to existing standards not yet effective but relevant (continued)

No discounting will be applied as no contract exceeds 12 months.

It is anticipated that the impact of IFRS 17 will only be fully quantified with reasonable certainty during the financial year ending 31 December 2023. The Society has progressed well with the conceptual design with regard to the implementation of IFRS 17 and such will continue throughout 2023. Ongoing training initiatives are ensuring that the relevant stakeholders are familiar with the implications and requirements of this new standard.

IAS 1 – Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current): Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. *(Effective 1 January 2023)*

IAS 1 – Presentation of Financial Statements (Disclosure of Accounting Policies): The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. *(Effective 1 January 2023)*

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates): The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates.

Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The requirements for recognising the effect of change in accounting prospectively remain unchanged. *(Effective 1 January 2023)*

The Trustees are in the process of assessing the impact of these standards, amendments and interpretations on the Society's financial statements.

1.5 Standards, amendments and interpretations to existing standards not yet effective and not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2023, but they are currently not relevant to the Society's operations:

IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures: A narrow scope amendment addressing an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) – *Investments in Associates and Joint Ventures*, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. *(Effective date has been deferred until further notice)*

IAS 12 – Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction): The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. *(Effective 1 January 2023)*

IFRS 16 – Leases (Lease liability in a sale back and Leaseback): The narrow-scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Standards, amendments and interpretations to existing standards not yet effective and not relevant (continued)

The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

IAS 1 – *Presentation of Financial Statements (Non-current liabilities with Covenants)*: The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months. (Effective 1 January 2024)

1.6 Property, plant and equipment

Property, plant and equipment are reflected at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual value. The estimated useful lives are:

 Computer equipment	2 – 5 years
 Office equipment	5 – 10 years
 Furniture and fittings	10 – 15 years

The useful lives and residual values of assets are assessed annually. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

All other maintenance and repair costs are recognised in the Statement of Comprehensive Income during the financial period in which they are incurred. Directly attributable costs associated with the acquisition and installation are capitalised. Such assets are amortised using the straight-line method.

Gains (sale price exceeds the book value) and losses (the book value exceeds the sale price) on the disposal of property, plant and equipment are recognised in the Statement of Comprehensive Income.

Carrying amounts of all assets are reduced to their recoverable amount, where this is lower than the carrying amount. In determining the recoverable amount of property, plant and equipment the expected future cash flows attributable to such assets are considered.

1.7 Intangible assets

Computer software is reflected at historical cost less accumulated amortisation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Amortisation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual value. The estimated useful lives of intangible assets are two to five years. The useful lives and residual values of assets are assessed annually.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other maintenance and repair costs are recognised in the Statement of Comprehensive Income during the financial period in which they are incurred. Directly attributable costs associated with the acquisition, development and installation of software are capitalised. Such assets are amortised using the straight-line method.

Gains (sale price exceeds the book value) and losses (the book value exceeds the sale price) on the disposal of assets are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Intangible assets (continued)

Carrying amounts of all items of intangible assets are reduced to their recoverable amount, where this is lower than the carrying amount. In determining the recoverable amount of intangible assets, the expected future cash flows attributable to such assets are considered. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Society, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs include the employee costs for software development and an appropriate portion of relevant overheads.

1.8 Financial assets

The Society classifies its financial assets in the following measurement categories: those to be measured at fair value through either other comprehensive income or profit or loss, and those to be measured at amortised cost. The classification depends on the Society's business model for managing the financial asset and the contractual terms of the cash flows.

Debt instruments are reclassified when and only when the business model for managing the assets changes.

Financial assets measured at fair value through other comprehensive income or profit or loss are classified as follows:

- as current assets if they are expected to be realised within 12 months of the Statement of Financial Position date;
- as non-current assets if they are not expected to be realised within 12 months of the Statement of Financial Position date; and
- as cash and cash equivalents if it is readily convertible, has a short-term maturity of three months or less from date of acquisition and are considered as a means to settle liabilities.

(a) Amortised cost

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

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

Debt instruments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income.

Equity instruments that are held for trading and equity investments for which the Society has not elected to recognise fair value gains and losses through other comprehensive income. Other assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.8 Financial assets (continued)

(c) *Financial assets at fair value through other comprehensive income*

Equity instruments which are not held for trading, and which the Society has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Society considers this classification to be more relevant.

Debt instruments and other assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are recognised in this category.

(d) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. The Society's loans and receivables comprise trade and other receivables (note 5) and cash and cash equivalents (note 6) in the Statement of Financial Position.

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

(e) *Recognition, derecognition and measurement*

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

At initial recognition, the Society measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the Statement of Comprehensive Income within investment income in the period in which they arise. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Subsequent measurement of financial assets through profit or loss depends on the Society's business model for managing the asset and the cash flow characteristics of the asset.

Gains or losses arising from changes in the fair value of financial assets measured at fair value are either recognised in the Statement of Comprehensive Income within investment income (profit or loss) or other comprehensive income / (expenditure) in the period in which they arise.

Investments in collective investment schemes are valued at fair value which is the quoted unit values on the most advantageous market.

The fair value of quoted investments is based on current bid prices of the principal market. If the market for a financial asset is not active (and for unlisted securities), the Society establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(f) *Structured entities*

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.8 Financial assets (continued)

(f) Structured entities (continued)

- restricted activities;
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Society has determined that its investments in collective investment schemes are investments in unconsolidated structured entities. Changes in fair value are recognised in the Statement of Comprehensive Income as part of investment income.

(g) Impairment of financial assets

Financial assets that are measured subsequently at amortised cost or at fair value through other comprehensive income are subject to impairment. In relation to the impairment of financial assets an expected credit loss model is required. The expected credit loss model requires the Society to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

- Debt instruments and other assets measured subsequently at amortised cost or at fair value through other comprehensive income; and
- Trade and other receivables not classified as insurance receivables.

The Society measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition, except for a purchased or originated credit impaired financial asset, the loss allowance for that financial instrument is measured at an amount equal to 12 months' expected credit losses.

1.9 Impairment of assets

Assets that have an indefinite useful life, for example goodwill and intangible assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments are reviewed for possible reversal at each reporting date.

1.10 Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment which is established when there is objective evidence that the Society will not be able to collect all amounts due according to their original terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.10 Trade and other receivables (continued)

An impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the effective interest rate compounded at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against net impairment (write-offs) / reversals on insurance receivables in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of trade and other receivables.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments with a maturity of three months or less from date of acquisition that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

Cash equivalents are held for meeting short-term cash commitments rather than for investment or other purposes.

1.12 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs that are directly attributable to the liability, and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.13 Provisions, contingent liabilities and assets

Provisions

Provisions are recognised when the Society has a present legal or constructive obligation because of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Outstanding claims

Outstanding claims comprise provisions for the Society's estimate of the ultimate cost of settling all claims incurred but not yet reported at the Statement of Financial Position date.

Claims outstanding are determined as accurately as possible based on several factors, which include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

Estimated co-payments are deducted in calculating the outstanding claims provision. The Society does not discount its provision for outstanding claims, since the effect of the time value of money is not considered material.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.13 Provisions, contingent liabilities and assets (continued)

Contingent liabilities

A contingent liability is not recognised in the Statement of Financial Position, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent asset

A contingent asset is not recognised in the Statement of Financial Position but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

1.14 Insurance contracts

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

1.15 Contribution income

Contributions are accounted for monthly when collection is reasonably certain. Contributions represent the gross contributions per the registered rules of the Society.

Contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis.

1.16 Relevant healthcare expenditure

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

1.17 Claims incurred

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

Net claims incurred comprise:

-  claims submitted and accrued for services rendered during the year, net of discount received, recoveries from members for co-payments and reimbursements from third parties;
-  claims for services rendered during the previous year not included in the outstanding claims provision for that year, net of recoveries from members for co-payments;
-  claims settled in terms of risk transfer arrangements; and
-  movement in outstanding claims provision.

Reimbursement from third parties

The Society grants assistance to its members in defraying expenditure in connection with rendering of any relevant health services. Such expenditure may be in connection with a claim that is also made against a third-party insurer, for instance the Road Accident Fund. If the member is reimbursed by the third party, the member is contractually obliged to cede that payment to the Society to the extent that the member has already been compensated.

The reimbursement from a third party is a possible asset that arises from a claim and the existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.17 Claims incurred (continued)

Due to the uncertain outcome of these claims, reimbursements from third parties are recognised on a cash receipt basis and deducted from claims incurred.

1.18 Risk transfer arrangements

Contracts entered into by the Society in terms of which a third party undertakes to compensate the Society for losses or claims (through the provision of services to members) and that meet the classification requirements of insurance contracts are classified as risk transfer arrangements (reinsurance contracts).

Only contracts that give rise to a significant transfer of insurance risk are accounted for as risk transfer arrangements.

Risk transfer arrangement premiums are recognised as an expense over the indemnity period on a straight-line basis. If applicable, a portion of risk transfer arrangement premiums is treated as pre-payments. Risk transfer arrangement premiums and recoveries are recognised in the Statement of Comprehensive Income and the Statement of Financial Position on a gross basis.

Claim recoveries relating to a risk transfer arrangement are calculated as a percentage of the actual value of the costs incurred by the insurer. Assets relating to risk transfer arrangements include balances due in terms of risk transfer arrangements for outstanding risk claims provisions and claims reported not yet paid.

Amounts recoverable in terms of risk transfer arrangements are estimated in a manner consistent with the risk claims provisions, claims reported not yet paid, and settled claims associated with the risk transfer arrangement considering the terms of the contract. The amounts recoverable in terms of such contracts are recognised in the same year as the related claim. Amounts recoverable in terms of risk transfer arrangements are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, because of an event that occurred after its initial recognition, that the Society may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Society will receive under the risk transfer arrangement.

1.19 Managed healthcare and benefit management services

This represents the cost paid or payable to third parties or related parties for managing the utilisation, costs and quality of healthcare services provided. Costs are expensed and recognised in the Statement of Comprehensive Income during the financial period in which they are incurred as follows:

- The costs associated with managed healthcare services provided for by accredited managed care organisations where there is no or an insignificant transfer of risk are included in accredited managed healthcare services;
- The costs associated with managed healthcare services provided for by non-accredited managed care organisation are included in administration expenditure: benefit management services; and
- The costs associated with managed healthcare services provided for by managed care organisations where there is a significant transfer of risk are included in net (expense) / income on risk transfer arrangements.

1.20 Investment income

Investment income is recognised as follows in the Statement of Comprehensive Income:

(a) *Interest*

Interest income in respect of financial assets is accounted for using the effective interest rate method.

(b) *Dividends and collective investment scheme distributions*

Dividends and distributions from collective investment schemes are recognised when the right to receive payment is established. Distributions from collective investment schemes are reinvested in additional units.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.20 Investment income (continued)

(c) Income from policies with insurance companies

Income from investment policies with insurance companies is included in the fair value adjustment of the financial asset if the income is only realised upon surrender or maturity.

(d) Adjustment to fair value

Unrealised gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss or other comprehensive income are recognised in the period in which it arises.

(e) Realised gains and losses

Gains and losses arising from the realising of financial assets at fair value through profit or loss or other comprehensive income are recognised in the Statement of Comprehensive Income in the period in which it arises.

1.21 Administration expenditure

Administration expenditure is costs that are incurred to administer the Society, and which are recognised in the Statement of Comprehensive Income in the reporting period to which it relates. These costs are expensed as they are incurred.

An expense is recognised if it is probable that any future economic benefit associated with the item will flow to or from the Society, and the item has a cost or value that can be measured with reliability.

If an expense has not been paid at the end of a reporting period, the liability will be reflected in the trade and other payables note. If the expense was paid in advance or overpayment occurred, the applicable amount will be disclosed under the trade and other receivables note.

1.22 Employee benefits

(a) Pension obligations

The Society provides access to and pays contributions to an independent self-administered defined contribution pension fund for its current employees on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(b) Post-employment healthcare benefits

Several employees of the Society are entitled to post-employment healthcare benefits. The entitlement to these retirement healthcare benefits is based on the employee remaining in service up to official retirement age or the point of retirement agreed to by the Society.

The expected cost of these benefits is accrued over the estimated average remaining service lives of the related employees. The Actuary, on an annual basis, carries out valuations of the obligations, using the projected unit credit method.

The current service and interest costs are recognised as part of post-employment healthcare benefits in the Statement of Comprehensive income. Actuarial gains or losses are recognised in the Statement of Comprehensive Income as part of other comprehensive income / (expenditure).

1.23 Asset management and monitoring costs

Expenditure is recognised as the services are rendered for the management and the monitoring of the Society's investments. The expenditure includes payments to investment advisors and managers in terms of their mandates and agreements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.24 Employer grants

Receipts from participating employers in addition to normal contributions that are intended to eliminate the unintended cross-subsidisation of remaining continuation members by non-associated members, are classified as employer grants. This is due to the associated members no longer being members of the Society because of the sale of mines by the Employer or Associated Employers.

Such grants received from participating employers are recognised as sundry income in the Statement of Comprehensive Income on an accrual basis.

1.25 Related parties

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the Society shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- the amount of the transactions;
- the amount of outstanding balances;
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- details of guarantees given or received;
- provision for impairments related to the outstanding balances; and
- the impairments write-offs or reversals recognised during the year in respect of amounts due from related parties.

1.26 Liability adequacy test

At the statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the member insurance contract liabilities.

The liability for insurance contracts is tested for adequacy by discounting current best estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of any related assets. Where a shortfall is identified, an additional provision is made and charged to the Statement of Comprehensive Income.

1.27 Foreign currency transactions

Foreign currency transactions are translated into the primary economic environment in which the Society operates using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of transitions are recognised as part of foreign currency translation differences in the Statement of Comprehensive Income.

1.28 Revenue from contracts with customers

The Society receives an administration fee from a participating employer to manage the membership and medical expenses of employees on their Anti-Retroviral Treatment plan. The administration fee is regarded as the consideration to which the Society is entitled to in exchange for the service and is recognised as sundry income in the Statement of Comprehensive Income on an accrual basis.

1.29 Leases

The Society recognises a right-of-use asset and related lease liability in connection with all operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application of IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.29 Leases (continued)

A right-of-use asset has not been recognised for the office accommodation lease as the value was immaterial from a financial statement disclosure perspective, due to the term of the lease and the variable components of the lease payments. The Society has opted to recognise the lease payments as administration expenses in the Statement of Comprehensive Income on a straight-line basis over the remaining lease term.

The Society has concluded that its other operating leases are leases of low-value assets and has opted to apply the optional exemption to not recognised right-of-use assets and to recognise the lease payments as administration expenses in the Statement of Comprehensive Income on a straight-line basis over the remaining lease terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022
2. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fittings and equipment	Computer equipment	Total
	R	R	R
2022			
Cost	334 470	1 292 686	1 627 156
Opening balance	347 703	1 189 921	1 537 624
Write-offs and disposals	(13 233)	-	(13 233)
Additions	-	102 765	102 765
Accumulated depreciation	(205 060)	(1 080 337)	(1 285 397)
Opening balance	(192 138)	(921 357)	(1 113 495)
Write-offs and disposals	10 351	-	10 351
Depreciation charges for the year	(23 273)	(158 980)	(182 253)
Net book value	129 410	212 349	341 759
2021			
Cost	347 703	1 189 921	1 537 624
Opening balance	342 811	816 572	1 159 383
Additions	4 892	373 349	378 241
Accumulated depreciation	(192 138)	(921 357)	(1 113 495)
Opening balance	(168 535)	(771 343)	(939 878)
Depreciation charges for the year	(23 603)	(150 014)	(173 617)
Net book value	155 565	268 564	424 129

Depreciation charges of R182 253 (2021: R173 617) have been included in 'administration expenditure' in the 'Statement of Comprehensive Income' (note 12).

3. INTANGIBLE ASSETS

	2022	2021
	R	R
Cost	341 094	341 094
Opening balance	341 094	341 094
Accumulated amortisation	(317 557)	(300 088)
Opening balance	(300 088)	(282 618)
Amortisation charges for the year	(17 469)	(17 470)
Net book value	23 537	41 006

Intangible assets consist of computer software programmes and licenses. Amortisation charges of R17 469 (2021: R17 470) has been included in 'administration expenditure' in the 'Statement of Comprehensive Income'. (note 12)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Collective investment schemes are classified as 'financial assets at fair value through profit or loss' and investments held under segregated mandates are classified as 'financial assets at fair value through other comprehensive income'. Movements in fair value of financial assets are presented in 'investment income' in the 'Statement of Comprehensive Income' (note 14).

	2022	2021
	R	R
4.1 Financial assets at fair value through profit or loss		
Non-current assets	75 659 152	76 386 771
Collective Investment Schemes		
Nedgroup Investments Core Income Fund - Class C	75 659 152	76 386 771
Debt instruments	24 208 765	19 784 207
Property instruments	1 247 930	821 325
Money market instruments	50 202 457	55 781 239
Total financial assets at fair value through profit or loss	75 659 152	76 386 771
4.2 Financial assets at fair value through other comprehensive income		
Non-current assets	476 495 882	510 555 440
Segregated portfolios		
Debt instruments	350 161 406	350 125 207
Debenture instruments	31 271 381	23 084 965
Property instruments	35 439 007	37 255 596
Money market instruments	59 624 088	100 089 672
Current assets	87 149 607	45 152 635
Segregated portfolios		
Debt instruments	18 994 559	23 806 728
Debentures instruments	-	1 682 284
Property instruments	11 032 541	-
Money market instruments	57 122 507	19 663 623
Total financial assets at fair value through other comprehensive income	563 645 489	555 708 075
Total financial assets	639 304 641	632 094 846

The Society's exposure to the various risks associated with the financial instruments are disclosed in note 19.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above. These financial assets are neither past due nor impaired, and the credit risk is considered to be low. Credit risk is considered to be low for listed debt instruments that are investment grade (credit rating of Baa3 or higher), and for other instruments where the risks of default and the issuer not being able to meet the contractual cash flow obligations in the near term are low.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

The counterparties are registered financial service providers (FSPs), registered with the Financial Services Conduct Authority (FSCA), and deposit taking institutions. Based on the credit ratings of the instruments and the issuers, including other market indicators, no material credit losses are expected. As a result, no further loss allowance as at 31 December 2022 was made for financial assets at fair value through other comprehensive income.

The movements in financial assets at fair value through profit or loss and other comprehensive income are as follows:

	2022	2021
	R	R
Balance at the beginning of the year	632 094 846	613 187 602
Realised gains (note 14)	2 216 284	7 324 490
Unrealised losses (note 14)	(742 975)	(2 427 974)
Interest, dividends and income distributions received (note 14)	48 241 759	41 316 736
Investment management fees settled (note 16)	(2 505 273)	(2 306 008)
Proceeds from disposals of investments	(241 400 000)	(468 681 186)
Purchase of investments	201 400 000	443 681 186
Balance at the end of the year	639 304 641	632 094 846

5. TRADE AND OTHER RECEIVABLES

Insurance receivables	21 115 734	23 510 734
Recoveries from members and third parties	4 282 835	3 826 169
Amounts owing by healthcare service providers	386 885	318 452
Amounts owing under risk transfer arrangements	187 788	220 082
Employer grant receivable	15 995 000	17 463 000
Contributions outstanding	236 249	206 096
Sundry accounts receivable	26 977	1 476 935
Provision for impairment of insurance receivables	(306 657)	(328 296)
Net insurance receivables	20 809 077	23 182 438
Non-insurance receivables	357 692	278 654
Prepayments	204 713	202 115
Staff loans	60 510	60 510
Accrued interest	92 469	16 029
Total trade and other receivables	21 166 769	23 461 092

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

5. TRADE AND OTHER RECEIVABLES (continued)

At 31 December 2022 the carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets. These assets are rendered interest free. The ageing analysis of trade and other receivables as at 31 December 2022 is as follows:

	2022	2021
	R	R
Fully performing	20 828 133	23 066 383
Past due but not impaired	31 979	66 413
Impaired and provided for	306 657	328 296
Total trade and other receivables	21 166 769	23 461 092

Trade and other receivables that are less than 4 months past due are not considered impaired. As at 31 December 2022, trade and other receivables of R31 979 (2021: R66 413) were past due but not impaired. The Society does not hold any collateral over these balances. The Society did not provide for these as there has not been a significant change in the credit quality and the amounts are still considered recoverable. These relate to several members and independent service providers for whom there is no history of default.

The ageing analysis of trade receivables past due but not impaired as at 31 December 2022 is as follows:

Up to 4 months	31 979	66 413
Over 4 months	-	-
Total trade receivable past due but not impaired	31 979	66 413

Movements in the provision for impairment of insurance receivables are as follows:

Balance at the beginning of the year	328 296	205 989
Amount recognised in the Statement of Comprehensive Income	(21 639)	122 307
Balance at the end of the year	306 657	328 296

The creation and release of provision for impairment of insurance receivables have been included in 'net impairment write-offs on insurance receivables' in the 'Statement of Comprehensive Income' (note 13).

In determining the recoverability of insurance receivables, the Society considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the membership base being large and unrelated. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Society does not hold any collateral as security. In view of the above and since no lifetime credit losses are expected, the Board of Trustees believes that no further provision for impairment or loss allowance is required in excess of the allowance for impairment of insurance receivables. The other classes within trade and other receivables do not contain impaired assets.

6. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	29 596 303	34 042 276
Total cash and cash equivalents	29 596 303	34 042 276

The carrying amount of the cash and cash equivalents approximates the fair values due to the short-term nature of the investments. The interest earned on cash and cash equivalents is included in 'net investment income' in the 'Statement of Comprehensive Income' (note 14).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

7. RETIREMENT BENEFITS OBLIGATIONS

7.1 Post-employment healthcare benefits

The post-employment healthcare benefits arrangement provides medical aid contribution subsidy benefits to eligible retired employees and/or certain of their dependants. Eligibility for this subsidy is dependent upon the same criteria determined and documented in a formal policy by the Employer and Associated Employers due to historical reasons.

The method of accounting and valuation is similar to those for defined benefit pension schemes. The actuarial valuation to determine the liability is performed annually. The liability is unfunded. The underlying methodology used in the valuation remained unchanged from that used in the prior year. The Society uses the same assumptions as the Employer and Associated Employers in the valuation of the liability. There were no amendments, curtailments or settlements during the year under review. The key assumptions used to determine the liability are as follows:

	2022	2021
Gross discount rate	11.40%	10.40%
Continuation of membership at retirement	90%	90%
Assumed rate of contribution increases	9.10%	8.70%
Assumed net discounted rate	2.11%	1.56%
Pre-retirement mortality	Males: SA85-90 and Females: SA85-90 rated down by 3 years	
Post-retirement mortality	Males and Females: PA90 rated down 1 year	

The amounts recognised in the Statement of Financial Position and movements in the post-employment healthcare benefits liability are as follows:

	2022	2021
	R	R
Balance at the beginning of the year	16 517 904	16 130 630
(Income) / Expense in respect of the current year	(433 124)	387 274
Benefits paid	(1 022 868)	(1 037 731)
Service cost	183 020	202 534
Interest cost	1 674 190	1 539 877
Actuarial gain	(1 267 466)	(317 406)
Balance at the end of the year	16 084 780	16 517 904

If the assumed future rate of medical inflation was 1% higher the liability would have been R1 462 770 (9.1%) (2021: R1 585 719 (9.6%)) higher and if it was 1% lower, it would have been R1 360 543 (8.5%) (2021: R1 486 611 (9.0%)) lower.

The five-year summary of the post-employment healthcare benefits liability as at 31 December 2022 is as follows:

	2022	2021	2020	2019	2018
	R	R	R	R	R
Present value of liability	16 084 780	16 517 904	16 130 630	16 959 730	17 580 244
Actuarial gain	(1 267 466)	(317 406)	(1 677 363)	(1 615 214)	(871 614)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

7. RETIREMENT BENEFITS OBLIGATIONS (continued)

7.1 Post-employment healthcare benefits (continued)

The amounts recognised in the Statement of Comprehensive Income were as follows:

	2022	2021
	R	R
Post-employment medical benefit payments (note 12)	854 902	875 511
(Income) / Expense in respect of the current year	(433 124)	387 274
Benefits paid	(1 022 868)	(1 037 731)
Service cost	183 020	202 534
Interest cost	1 674 190	1 539 877
Actuarial gain	(1 267 466)	(317 406)
Total	421 778	1 262 785

R854 902 (2021: R875 511) has been included in 'administration expenditure' in the 'Statement of Comprehensive Income'. The net movement in the obligation is disclosed as follows:

- R834 342 (2021: R704 680) has been included in 'post-employment healthcare benefits'; and
- R1 267 466 (2021: R317 406) in 'other comprehensive income'.

7.2 Pension benefits

7.2.1 Defined contribution pension plan

All the employees of the Society are members of the De Beers Pension Fund defined contribution section (the Fund). The Fund is a self-administered fund governed by the Pension Funds Act No. 24 of 1956.

The most recent actuarial valuation report dated 1 March 2022 indicated that the Fund was in a sound financial position. The next actuarial valuation will be performed as at 1 March 2025.

The charge in respect of the plan is calculated based on the contributions payable. Contributions to the value of R1 237 790 (2021: R1 211 347) were made during the year and have been included in 'administration expenditure' in the 'Statement of Comprehensive Income' (note 12).

7.2.2 Defined benefit pension plan

Several of the Society's retired employees are pensioners of the De Beers Pension Fund defined benefit section (the Fund).

An actuarial valuation to determine the liability is performed annually by the Fund's actuary, Keystone Actuarial Solutions.

However, in terms of an agreement reached between the Society during 2018, De Beers Group Services Proprietary Limited and De Beers Consolidated Mines Proprietary Limited the Society waived its rights to the utilisation of the actuarial surplus allocated to the employer surplus account, for any of the purposes allowed for in Section 15E of the Pension Funds Act No. 24 of 1956. In return the Society will not be required to make additional contributions to fund any shortfall that may arise in the assets backing the liabilities. As such the assets and liabilities are not recognised.

7.3 Risk exposure

Through its post-employment healthcare benefits plan the Society is exposed to several risks, the most significant of which are:

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

7. RETIREMENT BENEFITS OBLIGATIONS (continued)

7.3 Risk exposure (continued)

-  Inflation risk: The liabilities are linked to inflation and higher inflation will result in higher liabilities.
-  Life expectancy: The plan's obligations are to provide benefits for the life of a member. An increase in life expectancy will therefore result in an increase in the plan's liabilities.
-  Legislation: Future changes in legislation may increase the liabilities.
-  Eligibility criteria: The risk that eligibility criteria and rules are not strictly or consistently applied.

7.4. Cash flow implications

The Society's contributions towards the various retirement benefits obligations plans is as follows:

-  Post-employment healthcare benefits plan: 86% of eligible retired employees and / or certain of their dependants' medical aid contributions.
The expected contributions for the year ending 31 December 2023 are R1 089 116.
The discounted weighted average duration of the plan is 9.0 years (2021: 9.0 years).
-  Defined contribution pension plan: 14.16% of employees' pensionable salaries.
The expected contributions for the year ending 31 December 2023 are R1 312 057.
-  Defined benefit pension plan: In terms of an agreement reached between the Society, De Beers Group Services Proprietary Limited and De Beers Consolidated Mines Proprietary Limited, the Society will not be required to make additional contributions to fund any shortfall that may arise in the assets backing the liabilities.

8. TRADE AND OTHER PAYABLES

	2022	2021
	R	R
Insurance liabilities	22 042 982	18 307 233
Contributions received in advance	15 013 138	12 880 149
Reported claims not yet paid	4 202 026	3 836 185
Amounts due under risk transfer arrangements	257 528	255 010
Unallocated receipts and refunds to members	2 570 290	1 335 889
Non-insurance liabilities	7 178 822	6 042 183
Leave accrual	1 153 816	928 047
Sundry accounts payable	6 025 006	5 114 136
Total trade and other payables	29 221 804	24 349 416

At 31 December 2022 the carrying amounts of trade and other payables, due to the short-term maturities of these liabilities, are not past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

9. OUTSTANDING CLAIMS PROVISION

The outstanding claims provision relates to claims incurred not yet reported to the Society as at 31 December 2022. The movement in the outstanding claims provision for the year is as follows:

2022

	Not covered by risk transfer arrangement	Covered by risk transfer arrangement	Total
	R	R	R
Balance at the beginning of the year	19 500 000	220 082	19 720 082
Payments in respect of the prior year	(20 255 291)	(220 082)	(20 475 373)
Under provision in respect of the prior year	(755 291)	-	(755 291)
Adjustment for the current year (note 10)	19 955 291	187 788	20 143 079
Balance at the end of the year	19 200 000	187 788	19 387 788

2021

Balance at the beginning of the year	17 000 000	173 512	17 173 512
Payments in respect of the prior year	(17 224 815)	(173 512)	(17 398 327)
Over provision in respect of the prior year	(224 815)	-	(224 815)
Adjustment for the current year (note 10)	19 724 815	220 082	19 944 897
Balance at the end of the year	19 500 000	220 082	19 720 082

Analysis of liability adequacy test

The liability adequacy test was performed, and no additional provision was required. There are some sources of uncertainty that need to be considered in estimating the liability that the Society will ultimately incur for claims made under insurance contracts. Initial estimates are made relating to the actual claims reported and reviewed as the claims process matures. All estimates are revised and adjusted at year-end by management.

The following is an analysis of the outstanding claims provision and estimated recoveries from member co-payments as at 31 December 2022:

	2022	2021
	R	R
Estimated gross claims incurred per registered rules	21 042 332	21 309 713
Outstanding claims provision relating to risk transfer arrangement	187 788	220 082
Estimated recoveries from member co-payments	(1 842 332)	(1 809 713)
Balance at the end of the year	19 387 788	19 720 082

(i) Process and assumptions applied to the calculation of the outstanding claims provision

The Society requested the Actuary to calculate the provision for outstanding claims as at 31 December 2022 making use of the Health Monitor Model (the model), traditional chain ladder techniques and the Bornhuetter-Ferguson (BF) method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

9. OUTSTANDING CLAIMS PROVISION (continued)

(i) Process and assumptions applied to the calculation of the outstanding claims provision (continued)

These estimate claims based by service dates based on the Society's demographic profile and claims experience.

The expected healthcare needs of a beneficiary are directly linked to the beneficiary's characteristics such as age, gender and chronic prevalence. Where there is insufficient information to calculate a reliable estimate, prudent assumptions are applied. Results are reconciled with actual monthly claims paid and adjustments made where necessary.

It is assumed that payments will occur in a similar manner in each service month based on historical claiming patterns. The proportional increase in the known payments from one month to the next can then be used to calculate payments for future months.

The Actuary also provides the outstanding claims provision for purposes of constructing the Society's monthly management accounts.

The principles and assumptions used in estimating the claims incurred are as follows:

 Membership

The actual demographics of the Society were used, incorporating all membership movements for the period 1 January 2022 to 31 December 2022. Membership is analysed at beneficiary level by age, gender, geographical area, dependant type and chronic prevalence.

 Calculation of provision

The outstanding claims provision is calculated after considering the results of the model, chain ladder techniques and the BF method. These automatically incorporates the effect of ageing of the membership on the utilisation of relevant healthcare services.

 Reasonability checks

The reasonability of the provision has been assessed as follows:

- Traditional chain ladder techniques, using developing claiming patterns derived from the actual claims based on 12 months and 24 months runoff periods; and
- An analysis of claims already paid in 2023 for 2022 at the time of signing the annual report.

The outstanding claims provision covered by risk transfer arrangement relates to the fixed-fee capitation agreement between the Society and ER24 for emergency medical transport and evacuation services. This provision was calculated by ER24.

(ii) Changes in assumptions and sensitivity analysis

Management believes that the provision for outstanding claims as reported in the Statement of Financial Position is adequate. Management however recognises that the process of estimation is based upon certain variables and assumptions which could differ when actual claims are incurred.

The impact of Covid-19 has been taken into account by relying on more recent trends in claims experience using a runoff period of 12 months.

The calculation of the outstanding claims provision not covered by risk transfer arrangement took account of the claims paid during January 2023 to March 2023 which amounted to R18 547 895 (2022: R18 542 829).

Should the actual claims settled for 2022 after March 2023 vary by 5% (2021: 5%), the outstanding claims provision not covered by risk transfer arrangement will vary by R275 290 (2021: R30 029), which represents 1.4% (2021: 0.2%) of the total provision.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

10. RELEVANT HEALTHCARE EXPENDITURE

10.1 Net claims incurred

	2022	2021
	R	R
Claims incurred per registered rules	358 541 627	325 230 265
Claims incurred in respect of risk transfer arrangement	2 990 562	3 310 308
Gross claims incurred	361 532 189	328 540 573
Recoveries from third parties	(131 513)	(62 205)
Discount received on claims	(799 176)	(1 584 265)
	360 601 500	326 894 103
Adjustment for outstanding claims provision (note 9)	20 143 079	19 944 897
Net claims incurred	380 744 579	346 839 000

10.2 Accredited managed healthcare services

Hospital benefit management services	1 919 650	1 829 455
Disease risk management support services - Oncology	64 853	80 271
Pharmaceutical benefit management services	1 500 065	1 486 229
Accredited managed healthcare services	3 484 568	3 395 955

10.3 Net expense on risk transfer arrangement

Risk transfer arrangement premiums	3 150 890	3 096 609
Claims incurred in respect of risk transfer arrangement	(2 990 562)	(3 310 308)
Claims incurred in respect of risk transfer arrangement	(2 802 774)	(3 090 226)
Adjustment for outstanding claims provision (note 9)	(187 788)	(220 082)
Net expense / (income) on risk transfer arrangement	160 328	(213 699)
Total relevant healthcare expenditure	384 389 475	350 021 256

The total recovery from member co-payments for the year amounted to R25 093 795 (2021: R22 571 554).

The Council for Medical Schemes' (the Council) Circular 56 of 2015 requires that the costs incurred for managed healthcare services provided for by accredited managed care organisations where there is no or insignificant transfer of risk be included in 'relevant healthcare expenditure' as 'accredited managed healthcare services'.

11. ADMINISTRATION EXPENDITURE: BENEFIT MANAGEMENT SERVICES

Optometry benefit management services	220 041	188 930
Total administration expenditure: benefit management services	220 041	188 930

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

12. ADMINISTRATION EXPENDITURE

	2022	2021
	R	R
Actuarial costs	971 548	920 899
Audit costs	2 010 962	1 215 781
External audit - Current year's audit fees	1 314 135	842 963
- Prior years' fees under provision	324 100	80 022
Internal audit services	372 727	292 796
Bank charges	291 506	277 638
Building and maintenance	334 315	278 515
Computer expenses	1 217 048	1 013 368
Depreciation and amortisation (notes 2 and 3)	199 722	191 087
Trustee fidelity and professional indemnity insurance	76 899	89 756
Medical administration system	1 543 845	1 485 507
Postage	160 538	199 655
Printing and stationery	91 168	102 009
Telephone	52 202	62 562
Trustee remuneration and other considerations (note 18)	340 566	283 219
Employee benefits expenses (note 12.1)	15 916 750	15 314 581
Other expenses	1 539 262	1 473 614
Total administration expenditure	24 746 331	22 908 191

12.1 Employee benefits expenses

Salaries, termination benefits, bonuses and recruitment costs	12 395 428	12 040 125
Retirement benefits	1 237 790	1 211 347
Medical benefits	1 034 451	989 881
Increase in leave accrual and leave days reimbursed	394 179	197 717
Post-employment healthcare benefits (note 7.1)	854 902	875 511
Total employee benefits expenses	15 916 750	15 314 581

13. NET IMPAIRMENT REVERSALS / (WRITE-OFFS) ON INSURANCE RECEIVABLES

Release / (increase) of provision for impairment (note 5)	21 639	(122 307)
Written off as uncollectible	(2 610)	(4 761)
Net impairment write-offs on insurance receivables	19 029	(127 068)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

14. INVESTMENT INCOME

	2022	2021
	R	R
Financial assets at fair value through profit or loss	3 672 380	34 621 550
Net realised (losses) / gains	(41 599)	6 563 120
Net unrealised gains / (losses)	153 776	(2 076 234)
Interest, dividends and income distributions received	3 560 203	30 134 664
Financial assets at fair value through other comprehensive income	46 042 688	11 591 702
Net realised gains	2 257 883	761 370
Net unrealised losses	(896 751)	(351 740)
Interest, dividends and income distributions received	44 681 556	11 182 072
Cash and cash equivalents	627 410	89 655
Interest received	627 410	89 655
Total investment income	50 342 478	46 302 907

R50 662 549 (2021: R46 654 647) has been included in 'investment income' and R320 071 (2021: R351 740) in 'other comprehensive income' in the 'Statement of Comprehensive Income'.

15. SUNDRY INCOME

DART administration fee	88 572	91 060
Employer grant (note 15.1)	15 995 000	17 463 000
Loss on disposal of property, plant and equipment	(2 882)	-
Proceeds on disposal	-	-
Net book value (note 2)	(2 882)	-
Total sundry income	16 080 690	17 554 060

15.1 Employer grant

Finsch Mine and Kimberley Mines were sold by De Beers Consolidated Mines (DBCM), a participating employer in September 2011 and January 2016 respectively. This resulted in the termination of the membership of these employees and the retention of continuation members associated with these mines.

To offset any negative impact on the remaining members, DBCM has formally agreed to subsidise any resultant annual cross-subsidy deficit that may arise. The subsidy is calculated annually by the Actuary in terms of an agreed methodology.

16. ASSET MANAGEMENT AND MONITORING COSTS

Investment management fees (note 4)	2 505 273	2 306 008
Asset consulting fees and costs	504 573	485 980
Total asset management and monitoring costs	3 009 846	2 791 988

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

17. CASH FLOWS FROM OPERATIONS

	2022	2021
	R	R
Total comprehensive (loss) / income for the year	(3 737 310)	23 670 488
Adjusted for:		
(Reversal of) / provision for impairment of insurance receivables (note 5)	(21 639)	122 307
(Reversal of) / provision for post-employment healthcare benefits (note 7)	(433 124)	387 274
Depreciation and amortisation (note 2 and 3)	199 722	191 087
Loss on disposal of property, plant and equipment (note 15)	2 882	-
Interest and dividends received (note 14)	(627 410)	(89 655)
Financial assets at fair value through profit or loss or other comprehensive income	(49 715 068)	(46 213 252)
Realised gains (note 14)	(2 216 284)	(7 324 490)
Unrealised losses (note 14)	742 975	2 427 974
Interest received (note 14)	(48 241 759)	(41 316 736)
Cash flows from operations before working capital changes	(54 331 947)	(21 931 751)
Working capital changes	6 856 056	4 475 803
Decrease / (Increase) in trade and other receivables	2 315 962	(3 886 542)
Increase in trade and other payables	4 872 388	5 815 775
(Decrease) / Increase in outstanding claims provision	(332 294)	2 546 570
Cash flows from operations	(47 475 891)	(17 455 948)

18. RELATED PARTY TRANSACTIONS

18.1 Participating Employers

The following employers participate in the Society in terms of the Rules and membership may only comprise employees or continuation members associated with these employers:

-  Artisan Training Institute Proprietary Limited;
-  De Beers Consolidated Mines Proprietary Limited;
-  De Beers Benefit Society;
-  De Beers Group Services Proprietary Limited (Employer);
-  De Beers Marine Proprietary Limited;
-  De Beers Marine Namibia Proprietary Limited;
-  De Beers Namibia Proprietary Limited;
-  De Beers Pension Fund;
-  De Beers Sightholder Sales South Africa Proprietary Limited
-  Debswana Diamond Company Proprietary Limited;
-  DTC Valuations Namibia Proprietary Limited;
-  Namdeb Diamond Corporation Proprietary Limited;
-  Petra Diamonds Limited; and

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

18. RELATED PARTY TRANSACTIONS (continued)

18.1 Participating Employers (continued)

- any other company, organisation or affiliate that has a specific association or relationship with the Employer or Associated Employers, approved as such by the Employer.

The Employer (De Beers Group Services Proprietary Limited), which appoints half of the Board of Trustees, does not participate in the Society's financial and operating decisions.

Terms and conditions of the related party transactions were as follows:

- Contributions:** Members and continuation members' contributions received from the participating employers.
- Employer grant:** The grant relates to a subsidy which is payable in terms of an agreement reached with DBCM following the sale of Finsch Mine in September 2011 and Kimberley Mines in January 2016.

In terms of this agreement any resultant annual cross-subsidy deficits that may arise are payable by DBCM. The subsidy is calculated annually by the Actuary in terms of an agreed methodology and is considered to be a risk transfer arrangement.
- Sundry income:** The Society receives an administration fee from a participating employer to manage the membership and medical expenses of employees on the De Beers Anti-Retroviral Treatment program.
- Administration expenditure:** The Society contracted with certain of the participating employers to provide IT infrastructure, software maintenance and archive facilities.

The Society is accommodated in a building owned by a participating employer. No market related rent is payable, but the Society is responsible for 50% of all operating and maintenance costs related to the building.

The Society is included in a global insurance arrangement with the Anglo American plc, the holding company of the Employer, in respect of trustee fidelity and professional indemnity insurance, as well as building contents insurance.
- Trade and other payables:** The Society and the De Beers Pension Fund are accommodated in the same building and share all operating and maintenance costs related to the building, as well as the administrative environment.

Certain payments for services provided as per the above were outstanding at year-end. The outstanding balance bears no interest and is payable within 30 days.
- Trade and other receivables:** The employer grant and sundry income mentioned above were outstanding at year-end. Certain of the payments for services provided as per the above were paid in advance at year-end. The outstanding balance bears no interest and is payable within 30 days.
- Defined benefit pension plan:** In terms of an agreement reached between the Society, De Beers Group Services Proprietary Limited and De Beers Consolidated Mines Proprietary Limited, the Society will not be required to make additional contributions to fund any shortfall that may arise in the assets backing the liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

18. RELATED PARTY TRANSACTIONS (continued)

18.1 Participating Employers (continued)

The following table provides the transactions which have been entered into with participating employers during the year:

	2022	2021
	R	R
Statement of Comprehensive Income:		
Contribution income	298 330 766	293 429 993
Administration expenditure	(482 218)	(481 198)
Sundry income (note 15)	16 083 572	17 554 060
Employer grant	15 995 000	17 463 000
DART administration fee	88 572	91 060
Statement of Financial Position:		
Trade and other receivables	16 017 143	17 504 596
Trade and other payables	(3 747 495)	(3 666 882)

18.2 Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. Key management personnel include the Board of Trustees, the Principal Officer and Society Manager and their immediate family members.

Terms and conditions of the related party transactions were as follows:

👤 Contributions:	Contributions received from the related parties as members or continuation members of the Society, in their individual capacities. All contributions were paid in terms of the rules of the Society, as applicable to third parties.
👤 Claims incurred:	Amounts claimed by the related parties, in their individual capacities as members of the Society. All claims were paid in terms of the rules of the Society, as applicable to third parties.
👤 Claims (refund) / debt:	This constitutes the related parties' co-payments for claims or refunds due to members outstanding at year-end, in their individual capacities as members of the Society. All claims (refund) / debt were on the same terms as applicable to third parties.
👤 Claims incurred not yet reported:	Provision for the cost of settling all claims incurred, but not yet reported at year-end, net of estimated co-payments from related parties.
👤 Travel and other expenses:	Expenses incurred for meeting attendance and costs associated with travelling in respect of the Principal Officer.
👤 Remuneration and retirement benefits obligation:	Short-term and post-employment employee benefits in respect of full time key management personnel who are compensated on a salary basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

18. RELATED PARTY TRANSACTIONS (continued)

18.2 Key management personnel and their close family members (continued)

 Trustee expenses: Trustee expenses incurred for meeting attendance and costs associated with travelling in respect of Trustees and Board Committee members who are not employees of the participating employers. The Chairperson remuneration is paid by the Employer.

The following table provides the transactions which have been entered into with key management personnel during the year:

	2022	2021
	R	R
Statement of Comprehensive Income:		
Trustee remuneration and other considerations (note 12)	(340 566)	(283 219)
Trustee contributions	718 550	705 354
Trustee net claims incurred	(362 601)	(347 432)
Key management remuneration	(1 378 458)	(1 819 214)
Principal Officer remuneration	(1 547 006)	(1 379 809)
Principal Officer travel and other expenses incurred	(19 454)	3 741
Key management contributions	61 680	72 948
Principal Officer contributions	136 440	128 820
Key management net claims incurred	(48 404)	(4 225)
Principal Officer net claims incurred	(40 765)	(24 565)
Statement of Financial Position:		
Trustee claims refund	(1 330)	(23 531)
Key management claims (refund) / debt	(152)	114
Principal Officer claims debt	2 312	1 106
Trustee claims incurred not yet reported	(9 471)	(14 758)
Key management claims incurred not yet reported	(1 474)	(755)
Key management leave accrual	(117 330)	(100 605)
Principal Officer leave accrual	(154 566)	(62 805)

Analysis of trustee remuneration and other considerations:

2022	Training cost	Attendance fees	Travelling cost	Total
	R	R	R	R
D Bhana	2 276	55 400	8 746	66 422
C J Blanckenberg	342	49 860	26 860	77 062
C W Coltman	7 444	-	19 567	27 011
Balance carried forward	10 062	105 260	55 173	170 495

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

18. RELATED PARTY TRANSACTIONS (continued)

18.2 Key management personnel and their close family members (continued)

2022	Training cost	Attendance fees	Travelling cost	Total
	R	R	R	R
Balance brought forward	10 062	105 260	55 173	170 495
A P Hewett	4 670	55 400	6 564	66 634
R W Ketley	3 813	55 400	9 939	69 152
G Lekalakala	4 677	-	1 350	6 027
W J B Smerdon	115	-	4 760	4 875
J van der Walt	5 840	-	17 543	23 383
	<u>29 177</u>	<u>216 060</u>	<u>95 329</u>	<u>340 566</u>
2021				
D Bhana	1 246	59 513	307	61 066
C J Blanckenberg	-	62 100	307	62 407
C W Coltman	6 828	-	12 825	19 653
A P Hewett	-	51 750	2 727	54 477
R W Ketley	3 789	64 687	4 212	72 688
G Lekalakala	4 207	-	1 709	5 916
W J B Smerdon	3 457	-	3 247	6 704
J van der Walt	-	-	308	308
	<u>19 527</u>	<u>238 050</u>	<u>25 642</u>	<u>283 219</u>

19. FINANCIAL RISK MANAGEMENT

The Society's activities expose it to a variety of financial risks: foreign investment currency risk, interest rate risk, investment market risk, credit and counterparty risk and liquidity risk.

These financial risks arise from open positions in interest rates, currency and listed instruments, all of which is exposed to general and specific market movements.

The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Society's financial performance.

The Society's financial assets and liabilities as at 31 December 2022 consist of financial assets at fair value through profit or loss or other comprehensive income in the form of collective investment schemes, investments held under segregated mandates, cash and cash equivalents, trade and other receivables and trade and other payables.

The carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values. The Society's risk exposure can be summarised as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)

	Foreign investment currency risk	Interest rate risk	Investment market risk	Credit and counterparty risk	Liquidity risk
Investments					
Debt instruments	✓	✓	✓	✓	✓
Debenture instruments		✓	✓	✓	✓
Property instruments			✓		✓
Money market instruments	✓	✓		✓	✓
Cash and cash equivalents		✓		✓	✓
Trade and other receivables				✓	✓
Trade and other payables					✓

The following is an analysis of the carrying amounts of financial assets and liabilities per category as at 31 December 2022:

2022	Financial assets at fair value through profit or loss or other comprehensive income (Look-through)	Financial assets and liabilities at amortised cost		Insurance receivables and liabilities	Total carrying amount
		Cash and cash equivalents	Non-insurance receivables and liabilities		
	R	R	R	R	R
Investments					
Debt instruments	393 364 730	-	-	-	393 364 730
Debenture instruments	31 271 381	-	-	-	31 271 381
Property instruments	47 719 478	-	-	-	47 719 478
Money market instruments	166 949 052	-	-	-	166 949 052
Cash and cash equivalents	-	29 596 303	-	-	29 596 303
	639 304 641	29 596 303	-	-	668 900 944
Trade and other receivables	-	-	357 692	20 809 077	21 166 769
Trade and other payables	-	-	(7 178 822)	(22 042 982)	(29 221 804)
	639 304 641	29 596 303	(6 821 130)	(1 233 905)	660 845 909
2021					
Investments					
Debt instruments	393 716 142	-	-	-	393 716 142
Debenture instruments	24 767 249	-	-	-	24 767 249
Property instruments	38 076 921	-	-	-	38 076 921
Money market instruments	175 534 534	-	-	-	175 534 534
Cash and cash equivalents	-	34 042 276	-	-	34 042 276
	632 094 846	34 042 276	-	-	666 137 122
Trade and other receivables	-	-	278 654	23 182 438	23 461 092
Trade and other payables	-	-	(6 042 183)	(18 307 233)	(24 349 416)
	632 094 846	34 042 276	(5 763 529)	4 875 205	665 248 798

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)

The collective investment schemes included in financial assets at fair value through profit or loss (note 4) are included in the analysis on a look through basis to illustrate the underlying assets to which the Society's economic exposure relates to.

(i) Fair value hierarchy

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of inputs used to make the measurements. The fair value hierarchy is based on the following levels:

-  Level 1: Fair value is determined using unadjusted quoted prices in active markets for identical assets. The predominance of market inputs is actively quoted and can be validated through external sources or reliably interpolated if less observable;
-  Level 2: Fair value is determined from inputs other than published in an active market and is observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
-  Level 3: Fair value is determined using valuation techniques that incorporate information other than observable market data and where at least one input is not based on observable market data.

Collective investment schemes usually have an observable unit price used for the previous day's transactions. Where the valuation is based on these observable unit prices with no significant unobservable inputs and there are sufficient transactions to meet the definition of a quoted price in an active market, it is classified as Level 1. If the scheme or policy is valued without reference to the published price, it will fall into Level 2 or 3. For the accounting policies regarding the determination of the fair values of financial assets and liabilities refer to note 1.8 to the financial statements. The following table presents the Society's financial assets measured at fair value as at 31 December 2022:

	2022	2021 Restated
	R	R
Level 1	330 848 640	362 475 100
Level 2	247 896 362	250 440 305
Level 3	60 559 639	19 179 441
	639 304 641	632 094 846

(ii) Valuation techniques and observable inputs

The valuation techniques and observable inputs for Level 1 and 2 fair value measurements are as follows:

	Fair value 2022	Fair value 2021 Restated	Valuation method	Observable input (Level 1 and 2)
	R	R		
Segregated portfolios	503 085 850	536 528 634		
Debt instruments	335 821 475	356 434 779	BESA prices	Johannesburg Stock Exchange debt market publicly available quoted price.
Debentures	16 091 664	23 084 965		
Property instruments	34 426 115	37 255 955	JSE prices	Publicly available quoted price.
Money market instruments	116 746 596	119 753 295	Respective banks and corporate or other institutions	Recorded at cost, include amortised interest and any fair value gain or loss calculated based on yields provided by publicly available quoted prices.
Balance carried forward	503 085 850	536 528 634		

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)

(ii) Valuation techniques and observable inputs (continued)

	Fair value 2022	Fair value 2021 Restated	Valuation method	Observable input (Level 1 and 2)
	R	R		
Balance brought forward	503 085 850	536 528 634		
Collective Investment Schemes	75 659 152	76 386 771	Scheme	Quoted unit price, as derived by the scheme with reference to the rules of the particular scheme, multiplied by the number of units.
Total level 1 and 2	578 745 002	612 915 405		

The movement in Level 3 financial assets for the year is as follows:

	2022	2021 Restated
	R	R
Balance at the beginning of the year	19 179 441	10 435 475
Acquisitions	53 226 577	18 576 985
Matured / Sold	(8 306 984)	(9 715 643)
Net unrealised losses recognised	(3 539 395)	(117 376)
Balance at the end of the year	60 559 639	19 179 441

The main unobservable inputs based on the Society's investment manager's own data and other reasonably available information about the market participants in performing the fair value measurements of the above level 3 financial assets, consisting of unlisted debentures, debt instruments and property instruments, are:

- Discount rates, cost of capital, credit spreads and/or prepayment rates that market participants would take into account in pricing these assets;
- Credit ratings and other knowledge about the counterparties in determining the probability of default and loss severity in the event of default; and
- Contingent considerations based on the knowledge of the counterparties and how the current economic environment is likely to impact on the fair value of the assets.

19.1 Principles of risk management

The Society is exposed in particular to risks from movements in inflation, interest rates and the investment markets that affects its assets, liabilities and the forecasting of transactions. Financial risk management aims to limit these market risks through on-going operational and finance activities.

Risk management is co-ordinated by the Society's management under the auspices of the Audit and Risk Board Committee on behalf of the Board of Trustees. The Society's risk management policies are established to identify and analyse the risks faced by the Society, to set appropriate risk limits and controls and to monitor risks and adherence to these limits. The Society's risk management policies are reviewed regularly to reflect changes in the market conditions and the Society's activities.

19.2 Credit and counterparty risk

Credit risk is the risk of a financial loss arising from the inability of a third party to discharge its debt obligations.

The Society's credit risk is primarily attributable to amounts receivable in respect of members' co-payments. Active working members' co-payments are guaranteed by the participating employers. The amounts presented in the Statement of Financial Position are net of impairment losses on insurance receivables, estimated by the Society's management based on prior experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)
19.2 Credit and counterparty risk (continued)

The Society has an agreement in place with DBCM, a participating employer, to subsidise any cross-subsidy deficit that may arise because of the termination of membership of employees and the retention of the continuation members associated with Finsch Mine and Kimberley Mines following the sale of these mines in September 2011 and January 2016 respectively.

As this agreement relies on the continued existence of DBCM a risk exists that this liability might not be met if the company ceases to generate income in the ordinary course of business.

The Society's management is not aware of any developments that might impact on the future of DBCM and believes that the agreements would still be enforceable if the company is amalgamated or consolidated with another entity.

Management has impaired all insurance receivables which are past due and for which any uncertainty regarding collection exists. No losses are expected in terms of the remainder of the insurance receivables due to non-performance by these counterparties.

The sensitivity analysis in respect of the credit risk in respect of the net insurance receivables as at 31 December 2022 is as follows:

	Fair value	Rate of deterioration			
		1 %	2 %	5 %	10 %
	R	R	R	R	R
2022	20 809 077	208 091	416 182	1 040 454	2 080 908
2021	23 182 438	234 824	463 649	1 159 122	2 318 244

To further mitigate this risk, there is a formal policy in place for the treatment of any receivable that becomes past due. If this fails, long outstanding receivables are handed over to a debt collection agency for recovery, if feasible.

The credit risk on liquid funds is limited because the counterparties are deposit taking institutions with high long-term credit ratings and registered financial service providers (FSPs).

The Society has no significant concentration of credit risk, with exposure spread over several counterparties and has a policy of limiting the amount of credit exposure to any one deposit taking institution with a short-term Moody's rating of P-3 or higher and a long-term Moody's rating of Baa3 as far as reasonably possible.

Set out below is the Society's credit risk exposure, as per the Moody's long-term credit rating, in respect of cash and cash equivalents (note 6) and money market instruments held under its segregated mandates (note 4) as at 31 December 2022:

	2022		2021	
	R	Rating	R	Rating
ABSA Bank	9 112 717	Ba2	13 128 263	Ba2
African Bank	23 051 532	B2	-	-
Discovery Bank	21 376 827	Ba3	22 270 348	Ba3
FirstRand Bank	29 280 297	Ba2	28 139 166	Ba2
Nedbank	43 983 040	Ba2	46 726 227	Ba2
Standard Bank	19 538 485	Ba3	43 531 567	Ba2
	<u>146 342 898</u>		<u>153 795 571</u>	

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)

19.3 Foreign investment and currency risk

Foreign investment and currency risk are the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Society was invested in the following foreign debt instruments as at 31 December 2022:

	2022	2021
	R	R
ABSA Bank	-	104 201
Nedbank	14 120 052	12 682 795
Standard Bank	-	2 611 275
	14 120 052	15 398 271

Although these instruments are classified as foreign investments by the Council for Medical Schemes (the Council), because they are referenced to foreign debt instruments, the instruments are issued in Rand. The Society therefore has no effective foreign currency exposure.

19.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in interest rates.

The table below summarises the Society's exposure to interest bearing investments as at 31 December 2022:

Cash and cash equivalents (note 6)	29 596 303	34 042 276
Financial assets at fair value through profit or loss or other comprehensive income	591 585 163	594 017 925
Debt instruments	393 364 730	393 716 142
Debenture instruments	31 271 381	24 767 249
Money market instruments	166 949 052	175 534 534
Total exposure to interest bearing investments	621 181 466	628 060 201

The interest rate risk is managed by maintaining an appropriate mix between fixed and variable interest rate investments, with less than 20% maturing in the next 12 months. As at 31 December 2022, 41% of the interest bearing financial assets at fair value were invested in floating rate notes, 25% in negotiable certificates of deposit, 23% in credit linked notes and the remaining 11% in other structured and call deposit investments.

If the interest rates had been 0.5% higher or lower and all other variables remained constant the Society's total comprehensive income for the year would increase or decrease by R3 105 907 (2021: R3 140 301). This is mainly due to the Society's exposure to interest rates on investments held in debt and other money market instruments.

19.5 Investment market risk

Investment market risk is the risk that the value of a financial instrument will fluctuate because of changes in the market.

The fair value of investments will fluctuate because of changes in market prices. Changes in fair value are recognised in investment income in the Statement of Comprehensive Income.

The collective investment schemes are invested in pooled funds which are valued at fair value and are also susceptible to market fluctuations and are included in financial assets at fair through profit or loss in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)

19.5 Investment market risk (continued)

Investments are managed with the aim of maximising the Society's returns while limiting risk to acceptable levels within the framework of the statutory requirements. The Society's investments are fully performing.

The assets underlying the investments are exposed to the debenture and debt instruments' active markets. Debentures, property and debt instruments are equitably allocated to all sectors of the market.

The following is an analysis of the Society's investments as at 31 December 2022 in property, debenture and debt instruments held indirectly through its investments in collective investment schemes, as well as directly through its segregated mandates:

	2022	2021
	R	R
Segregated portfolios	446 898 894	435 954 780
Debt instruments	369 155 965	373 931 935
Debenture instruments	31 271 381	24 767 249
Property instruments	46 471 548	37 255 596
Collective Investment Schemes	25 456 694	20 605 532
Nedgroup Investments Core Income Fund	25 456 694	20 605 532
Debt instruments	24 208 765	19 784 207
Property instruments	1 247 929	821 325
	472 355 588	456 560 312

If the market prices of property, debentures and debt instruments had been 1% higher or lower the total comprehensive income for the year would have increased or decreased by R4 723 556 (2021: R4 565 603) as a result of the change in the fair value of 'financial assets at fair value through profit or loss or other comprehensive income'.

The Society's investments in collective investment schemes ("Investee Funds") are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds.

The investment managers make investment decisions after extensive due diligence reviews. The Society has the right to request redemption of its investment in the Investee Funds at any given time.

The exposure of the Society to investment in Investee Funds as at 31 December 2022 is as follows:

Investee Funds	Net asset value	Fair value	Net assets attributable
	R'000	R'000	%
Nedgroup Investments Core Income Fund – Class C	44 891 089	75 659	0.17%

The Society's maximum exposure to loss from its interest is equal to the total fair value of its investment in the Investee Funds. Once the Society has disposed of its units in the Investee Funds, it ceases to be exposed to any risk from those funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (continued)

19.5 Investment market risk (continued)

As at 31 December 2022 there were no capital commitment obligations and no amounts due to the Investee Funds for unsettled purchases.

19.6 Liquidity risk management

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due.

The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation. The Society manages liquidity risk by monitoring cash flow forecasts and accordingly ensuring that adequate cash is available. All the Society's liabilities are payable within one year, except for the post-employment healthcare benefits liability.

The Society's financial assets and liabilities grouped into relevant maturity groupings as at 31 December 2022 are as follows:

	Total	Less than 1 month	Between 1 and 3 months	3 to 12 months	Longer than 12 months
	R	R	R	R	R
2022					
Trade and other payables	29 221 804	22 867 382	2 612 304	3 630 886	111 232
Insurance liabilities	22 042 982	18 119 519	1 082 082	2 841 381	-
Non-insurance liabilities	7 178 822	4 747 863	1 530 222	789 505	111 232
Outstanding claims	19 387 788	13 596 649	4 643 504	1 147 635	-
Cash and cash equivalent	(29 596 303)	(29 596 303)	-	-	-
Trade and other receivables	(21 166 769)	(2 401 228)	(18 672 196)	(93 345)	-
Financial assets at fair value through profit or loss or other comprehensive income	(639 304 641)	(13 098 601)	(2 005 721)	(72 045 285)	(552 155 034)
Liquidity (excess) / deficit	(641 458 121)	(8 632 101)	(13 422 109)	(67 360 109)	(552 043 802)
2021					
Trade and other payables	24 349 416	18 488 080	2 539 710	3 305 607	16 019
Insurance liabilities	18 307 233	14 548 184	1 109 146	2 649 903	-
Non-insurance liabilities	6 042 183	3 939 896	1 430 564	655 704	16 019
Outstanding claims provision	19 720 082	16 377 004	2 706 946	636 132	-
Cash and cash equivalent	(34 042 276)	(34 042 276)	-	-	-
Balance carried forward	10 027 222	822 808	5 246 656	3 941 739	16 019
Trade and other receivables	(23 461 092)	(21 063 646)	(2 328 958)	(68 488)	-
Financial assets at fair value through profit or loss or other comprehensive income	(632 094 846)	(12 192 759)	(11 055 783)	(21 904 093)	(586 942 211)
Liquidity (excess) / deficit	(645 528 716)	(32 433 597)	(8 138 085)	(18 030 842)	(586 926 192)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

20. INSURANCE RISK MANAGEMENT

The primary business objective of the Society is to accept medical liability in respect of its members and their dependants by providing benefits for relevant healthcare services obtained in accordance with the rules of the Society, in return for contributions.

This objective takes account of the specific inherent risks associated with the demographics of the Society's membership, high pensioner ratio, chronic disease prevalence amongst beneficiaries and the medical insurance risk. The medical insurance risk refers to the unpredictability of diseases, nature of and advancements related to treatments purchased and the cost of related services, as well as the uncertainty surrounding the timing and severity of claims.

The Board of Trustees has mandated the Benefits Review Board Committee to review and consider the medical insurance risk within the constraints imposed by the Act and the Society's medical insurance risk management policy. The requirements of the Act were considered in compiling the policy and it has been approved by the Board of Trustees. The policy is reviewed regularly taking cognisance of the requirements of the Act, legislative changes, industry developments, member feedback and the Society's current funding level, reserve management strategy, ability to accept insurance risk and insurance risk exposure.

The Benefits Review Board Committee is also responsible for:

- the annual review of the benefit structure and to develop proposals in this regard for consideration by the Board of Trustees in order to ensure that the Society's exposure to medical insurance risk remains within acceptable levels;
- evaluating the effectiveness and efficiency of current risk transfer arrangements and commercial reinsurance contracts entered into by the Society; and
- recommending to the Board of Trustees whether or not the Society should enter into any additional risk transfer arrangements or commercial reinsurance contracts or terminate current arrangements.

The Society manages and mitigates its medical insurance risk by:

- keeping abreast of and implementing appropriate industry best practices;
- having a well-defined benefit structure;
- adjusting or implementing of new benefit limits, sub-limits, co-payments, penalties, waiting periods and exclusions;
- making use of pricing guidelines, including but not limited to generic reference pricing models such as the Mediscor Reference Price (MRP) model, medicine formularies and therapeutic reference pricing models such as the Mediscor Formulary Reference Price Plus (FRP Plus) model for the treatment of chronic disease conditions;
- pre-authorising hospital admission requests, case managing selected cases and performing clinical audits;
- contracting with managed care organisations to utilise their clinical guidelines, treatment protocols and medical advisory services;
- implementing risk transfer arrangements;
- implementing chronic medication and disease management programmes;
- having preferred provider networks and Designated Service Provider (DSP) arrangements in place;
- tracking and analysing claiming patterns to detect and manage emerging trends in order to develop and implement strategies to deal with these changes;
- making use of healthcare system measurements tools to measure the performance and efficiency levels of hospitals, service providers and other managed care interventions;
- agreeing with the Employer or Associated Employers to compensate or subsidise the Society for the financial impact of corporate activity giving rise to cross-subsidy deficits, as a result of the termination of membership of employees and the retention of the continuation members associated with the operation in question;
- recovering relevant healthcare expenditure incurred by members or their dependants from third party insurers such as the Road Accident Fund (RAF), where a third-party liability exists;
- monitoring industry trends and emerging healthcare issues and taking pre-emptive or corrective action as required; and

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

20. INSURANCE RISK MANAGEMENT (continued)

- increasing contribution levels taking cognisance of estimated claims, industry developments and market trends, as well as the Society's reserve management strategy, investment returns earned and other sources of income.

In addition, administrative risk management measures are employed to ensure appropriate access to benefits. These include, but are not limited to benefit pre-authorisation, billing audits and interventions aimed at combating fraud in general.

The Society, with the assistance of the Actuary, assesses and monitors its medical insurance risk exposure both for individual types of risks and overall risks on an on-going basis. This assessment includes internal risk measurement models, stress testing and sensitivity and scenario analyses.

The principal risks are that the actual changes in membership demographics and the frequency and severity of claims ultimately exceed the projections made at the time of compiling the annual budget. Factors that aggravate the medical insurance risk include the lack of risk diversification in terms of the type and extent of risk and geographical location of beneficiaries covered.

Insurance events are, by their nature, random and the actual number and size of events during any one year may vary from those that were estimated with established statistical techniques based on membership demographics and historical claiming patterns.

The principal features of the types of risk covered or benefits provided can be summarised as follows:

- hospital benefits include the hospitalisation costs incurred by beneficiaries while they are in the hospital to receive pre-authorised or emergency treatment for medical conditions;
- specialist benefits covering the costs of visits by beneficiaries to specialists and procedures, in and out-of-hospital. This also includes radiology and pathology benefits provided to beneficiaries;
- medicine benefits cover the costs of medicines (chronic, acute and over-the-counter) obtained by beneficiaries;
- auxiliary and support service benefits include the costs incurred by beneficiaries for treatment and services (e.g. optometry, biokinetics, homeopathy, frail care, etc.) provided by the medical industry in terms of their benefits which cannot be classified in the above categories and are not material enough to form their own category;
- general practitioner benefits cover the cost of visits by beneficiaries to general practitioners and for procedures, in and out-of-hospital; and
- dentistry benefits cover the costs of visits by beneficiaries to dental practitioners and for associated procedures.

The following tables summarise the concentration of insurance risk with reference to the carrying amount of the claims incurred by age group and in relation to the type of risk covered or the benefits provided for 2022 and 2021 respectively:

2022

Age group	Hospitals	Specialists	Medicines	Auxiliary and Support Services	General Practitioners	Dentistry	Total
	R	R	R	R	R	R	R
< 20	4 413 490	3 407 462	2 466 230	2 060 990	1 994 004	1 923 205	16 265 381
20 – 34	4 427 098	2 758 822	1 865 702	2 059 789	782 857	573 041	12 467 309
35 – 49	8 419 510	7 779 205	5 749 593	3 271 507	2 265 515	1 363 406	28 848 736
50 – 64	39 746 212	31 047 510	16 627 754	8 660 869	3 901 334	3 500 523	103 484 202
65 +	98 133 419	62 670 853	29 224 102	19 811 335	5 975 610	3 863 632	219 678 951
Total	155 139 729	107 663 852	55 933 381	35 864 490	14 919 320	11 223 807	380 744 579

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

20. INSURANCE RISK MANAGEMENT (continued)

2021

Age group	Hospitals	Specialists	Medicines	Auxiliary and Support Services	General Practitioners	Dentistry	Total
	R	R	R	R	R	R	R
< 20	3 647 036	3 112 225	2 157 659	1 370 948	1 576 248	1 834 032	13 698 148
20 - 34	4 513 215	3 320 240	1 566 200	1 607 547	906 171	529 419	12 442 792
35 - 49	9 125 905	7 554 432	4 781 628	2 289 939	1 985 789	1 154 768	26 892 461
50 - 64	33 949 557	27 445 261	16 225 600	6 991 575	3 595 234	2 900 160	91 107 387
65 +	91 326 889	56 630 185	28 750 285	16 238 525	6 268 905	3 483 423	202 698 212
Total	142 562 602	98 062 343	53 481 372	28 498 534	14 332 347	9 901 802	346 839 000

If the claims experience varied by 1% the benefits provided would have been higher or lower by R3 807 446 (2021: R3 468 390).

A preferred provider network agreement remains in place between the Society and Mediclinic for the rendering of private hospital services. This contract is annual in nature.

The Board of Trustees ultimately decides on whether or not to enter into risk transfer arrangements or commercial reinsurance contracts. To this end the Society has:

- a fixed-fee capitation agreement in place with ER24 for emergency medical transport and evacuation services;
- and an agreement with DBCM to subsidise any annual cross-subsidy deficit that may arise as a result of the termination of membership of employees and the retention of the continuation members associated with Finsch Mine and Kimberley Mines, following the sale of the mines in September 2011 and January 2016 respectively.

Annual actuarial valuations are performed in order to calculate the cross-subsidy deficit, if any, in terms of the agreed method. In performing the actuarial valuation, the Actuary makes use of the same assumptions as allowed for in the annual budget determination process. The assumptions and sensitivities are disclosed below. The subsidy is not offset against the 'relevant healthcare expenditure' (note 10) but is disclosed as an 'employer grant' (note 15) in the Statement of Comprehensive Income. If the agreements were not in place the 'total comprehensive income for the year' would have been R15 995 000 (2021: R17 463 000) lower.

Furthermore, medical schemes are required to fund prescribed minimum benefits (PMBs) in full in terms of Regulation 8 of the Act. This includes the costs related to:

- the diagnosis, treatment and care of any emergency medical condition;
- a defined set of 270 medical conditions defined in the diagnosis treatment pairs (DTPs); and
- 26 chronic conditions defined in the Chronic Disease List (CDL).

This poses an additional financial risk to the Society since there are no regulated tariffs for healthcare service providers.

The Society, where appropriate and permissible, makes use of designated service providers (DSPs), treatment protocols and formularies for specific conditions to manage the risk associated with PMBs.

The following tables summarise the concentration of insurance risk with reference to the carrying amount of the insurance claims incurred by age group, split between prescribed minimum benefits (PMB) and non-PMB claims for 2022 and 2021 respectively:

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

20. INSURANCE RISK MANAGEMENT (continued)

2022

Age group	In-hospital		Day-to-day		Chronic (CDL)	Other	Total
	PMB	Non-PMB	PMB	Non-PMB			
	R	R	R	R	R	R	R
< 20	3 335 123	3 370 676	1 323 932	7 792 913	357 660	85 077	16 265 381
20 - 34	4 178 126	2 742 139	664 387	3 916 283	881 036	85 339	12 467 310
35 - 49	7 402 833	5 605 730	2 453 517	10 690 988	2 533 368	162 299	28 848 735
50 - 64	38 602 428	22 514 877	9 818 557	22 419 720	9 362 449	766 171	103 484 202
65 +	104 514 963	44 031 716	19 666 375	30 795 556	18 778 665	1 891 676	219 679 951
Total	158 033 473	78 265 138	33 926 768	75 615 460	31 913 178	2 990 562	380 744 579

2021

< 20	2 743 175	2 734 757	1 064 583	6 696 770	374 178	76 670	13 690 133
20 - 34	4 297 855	2 972 222	705 217	3 549 644	813 057	124 114	12 462 109
35 - 49	7 142 710	6 373 416	2 067 089	8 847 578	2 249 765	145 999	26 826 557
50 - 64	28 997 867	22 880 175	9 536 984	19 835 858	9 068 194	809 708	91 128 786
65 +	89 429 503	46 023 789	18 239 164	28 403 288	18 481 854	2 153 817	202 731 415
Total	132 611 110	80 984 359	31 613 037	67 333 138	30 987 048	3 310 308	346 839 000

The principal features of the PMB and non-PMB claims are as follows:

- in-hospital benefits cover costs incurred by beneficiaries while they are in hospital to receive pre-authorised and emergency treatment for medical conditions;
- day-to-day benefits cover the costs of out-of-hospital medical attention, such as visits to general practitioners and dentists;
- chronic benefits cover the cost of certain medicines prescribed to beneficiaries for chronic conditions / diseases and other related costs; and
- other benefits are the claims incurred in respect of the risk transfer arrangement.

20.1 Sensitivity analysis of the Society's financial position

In terms of the Act, the reserve levels of the Society must at least be 25% of the gross annual contributions.

The estimated solvency level is based on a number of assumptions, including price increases, utilisation and membership demographics.

The following sections illustrate the sensitivity of the solvency level to these assumptions, as calculated during the Society's annual benefit design and pricing review:

(i) Price increases

The final price increases were not available at the time of determining the pricing for 2023.

Any changes in the price increases in excess or below the expected price increase will impact on the claims expenditure for 2023 and ultimately the projected solvency ratio.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

20. INSURANCE RISK MANAGEMENT (continued)

20.1 Sensitivity analysis of the Society's financial position (continued)

(i) Price increases (continued)

The table below sets out the impact of the listed scenarios on the solvency ratio:

	2023		2022	
	Solvency ratio	Difference	Solvency ratio	Difference
Average price increase of 6.3% (2022: 4.6%)	168.9%		160.2%	
Average price increase of 2% less than expected	170.7%	1.8%	162.1%	1.9%
Average price increase of 1% less than expected	169.8%	0.9%	161.1%	0.9%
Average price increase of 1% more than expected	168.0%	(0.9%)	159.2%	(1.0%)
Average price increase of 2% more than expected	167.1%	(1.8%)	158.2%	(2.0%)

(ii) Change in benefit utilisation

This assumption is particularly uncertain relative to the other assumptions used due to it encapsulating the impact of yet unknown factors (e.g. introduction of new technologies and drugs). If the actual increase in benefit utilisation is different to that assumed, the claims expenditure for 2023 will differ.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Average utilisation increase of 2.0% (2022: 2.0%)	168.9%		160.2%	
Average utilisation increase of 2% less than expected	171.1%	2.2%	162.5%	2.3%
Average utilisation increase of 1% less than expected	170.1%	1.2%	161.3%	1.2%
Average utilisation increase of 1% more than expected	167.8%	(1.1%)	159.0%	(1.2%)
Average utilisation increase of 2% more than expected	166.7%	(2.2%)	157.8%	(2.3%)

(iii) Ageing of membership

In general, the benefit utilisation by beneficiaries increases with age. If the actual increase in average age is different to that assumed, the expected claims expenditure for 2023 will differ.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Average age of 52.8 (2022: 52.3) assumed	168.9%		160.2%	
Average age of members decreases by 2 years	162.1%	(6.8%)	154.2%	(6.0%)
Average age of members decreases by 1 years	164.8%	(4.1%)	156.8%	(3.4%)
Average age of members increases by 1 years	172.4%	3.5%	162.6%	2.4%
Average age of members increases by 2 years	176.0%	7.1%	166.8%	6.6%

(iv) Claims experience

Claims experience may vary due to inflation, utilisation and / or average age changes, as indicated above, but also potentially due to other factors such as severity or random variation.

As the Society's risk profile for 2023 is uncertain, given all the changes and risks it faces, the claims experience could be quite different to that expected.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

20. INSURANCE RISK MANAGEMENT (continued)

20.1 Sensitivity analysis of the Society's financial position (continued)

(iv) Claims experience (continued)

The table below sets out the impact of the listed scenarios on the solvency ratio:

	2023		2022	
	Solvency ratio	Difference	Solvency ratio	Difference
Claims experience of R7 602 (2022: R7 285) per principal member per month	168.9%		160.2%	
<i>Claims experience 8% lower than expected</i>	178.0%	9.1%	169.6%	9.4%
<i>Claims experience 4% lower than expected</i>	173.4%	4.5%	164.9%	4.7%
<i>Claims experience 4% higher than expected</i>	164.3%	(4.6%)	155.4%	(4.8%)
<i>Claims experience 8% higher than expected</i>	159.8%	(9.1%)	150.7%	(9.5%)

(v) Membership level changes

The Society's solvency level is very sensitive to any change in membership levels, due to the fact that the definition of solvency is the value of the Society's reserves divided by contribution income. Therefore, any increase in contribution income, as a result of increase in membership, would reduce the solvency level even though the value of the Society's reserves remains unchanged.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Total membership of 53 928 (2022: 55 908) principal members for the year assumed	168.9%		160.2%	
<i>Membership 10% lower than assumed</i>	189.2%	20.3%	179.8%	19.6%
<i>Membership 5% lower than assumed</i>	178.5%	9.6%	169.5%	9.3%
<i>Membership 5% higher than assumed</i>	160.2%	(8.7%)	151.7%	(8.5%)
<i>Membership 10% higher than assumed</i>	152.3%	(16.6%)	144.1%	(16.1%)

(vi) Contributions

The average contribution received per month depends on the average family size of the Society's members and actual number of dependants registered.

Changes in the membership levels could also have an effect on the average contribution received per member per month. If it is lower than assumed, the Society will receive less funding than anticipated and vice versa. However, it should be borne in mind that the solvency is calculated by dividing the Society's reserves by the contribution income and therefore, any decrease in contribution will increase the solvency ratio.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Contribution income of R6 691 (2022: R6 385) per principal member per month assumed	168.9%		160.2%	
<i>Contribution income 4% lower than assumed</i>	171.8%	2.9%	162.5%	2.3%
<i>Contribution income 2% lower than assumed</i>	170.3%	1.4%	161.3%	1.1%
<i>Contribution income 2% higher than assumed</i>	167.5%	(1.4%)	159.1%	(1.1%)
<i>Contribution income 4% higher than assumed</i>	166.2%	(2.7%)	158.0%	(2.2%)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

21. CAPITAL MANAGEMENT

In order to achieve the Society's primary business objective of accepting medical liability in respect of its members and their dependants by providing benefits for relevant healthcare service obtained in return for contributions, the strategy of the Society is to ensure the financial stability and viability of the Society over the foreseeable future, whilst supplementing contribution income with investment and other income.

In view of this the Board of Trustees have adopted a strategy that aims to:

- preserve capital over any 12-month period;
- target net real returns of at least 3% over a rolling 36-month period; and
- risks are minimised, and non-healthcare expenditure (administration costs) are maintained at an acceptable level.

The Board of Trustees actively manage the Society's surplus funds to ensure compliance with the Act. The Act requires a minimum solvency ratio of 25%. The solvency ratio of the Society as at 31 December 2022 was 183.1% (2021: 187.1%).

The Board of Trustees is cognisant of the fact that the Society's solvency ratio is substantially higher than the minimum required by the Act, including the Society's risk-based capital requirement as determined by the Actuary, based on the Society's specific risk profile. This is even more relevant in the current regulatory framework and a rapidly evolving South African healthcare environment.

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

In the process of applying the Society's accounting policies, management has made no material judgements, except for the post-employment healthcare benefits liability (note 7.1), the outstanding claims provision (note 9) and calculation of the employer grant (note 15), that have a significant effect on the amounts recognised in the financial statements.

23. NON-COMPLIANCE

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

23.1 Financial soundness of benefit option

In terms of Section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance.

Cause

During the year the Society incurred a net healthcare deficit of R68 410 017 (2021: R37 690 623). This result is expected and is aligned with the Society's reserve management strategy of ensuring the financial stability and viability of the Society over the foreseeable future.

The strategy also takes account of the need for the Society to remain competitive in relation to benefits provided, contribution levels and administration costs.

Corrective action

The Society is financially sound in terms of Section 35, as confirmed by the current level of accumulated funds and the Society's solvency ratio of 183.1% (2021: 187.1%). The financial soundness and sustainability of the Society is carefully considered and managed by the Board on an on-going basis, in consultation with the Actuary. It is not the strategy of the Society to make a profit and its net investment income, the employer grant and substantial reserves enables it to ameliorate any net healthcare deficit, whilst balancing the risk of rising relevant healthcare expenditure and keeping annual contribution increases in line with inflation.

The Board monitors the financial results to ensure that the net healthcare deficit is in line with the budget and any material variances are analysed and corrective action taken, where necessary.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

23. NON-COMPLIANCE (continued)

23.2 Payment of claims within 30 days

In terms of Section 59(2) of the Act, a medical scheme is required to pay a valid claim submitted to the scheme within 30 days after the day on which the claim was received.

Cause

The Society endeavours to pay all claims within 30 days of receipt, but the processing of some claims is occasionally delayed due to unforeseen circumstances. Delays can, for example, occur when providers fail to supply the Society with their banking details or when claims are referred for clinical auditing or other investigations.

Corrective action

Claims that are not paid within 30 days are actively monitored to ensure effective on-going management of this issue.

23.3 Contribution income not received within three days of becoming due

In terms of Section 26(7) of the Act, contribution income must be received within three days of becoming due in terms of the Rules.

Cause

There were a limited number of instances where the Society did not receive contributions from members within three days of these becoming due. This was mainly because of members having insufficient funds in their bank accounts at the time of collection, members exiting without informing the Society and reconciling discrepancies between participating employers and the Society. The risk of default is however small because of the restricted nature of the Society and participating employer base.

Corrective action

Contributions not received within three days are actively pursued and the suspension policies are rigorously applied.

23.4 Investments in participating employers, other medical schemes, administrators or associated companies

Section 35(8) of the Act states that a medical scheme shall not invest any of its assets in other medical schemes, any administrator, any participating employer or any companies associated with the aforementioned.

Cause

The Society through its holdings in its segregated portfolio managed on behalf of the Society by Taquanta Asset Managers holds investments in companies associated with other medical schemes, administrators and participating employers. The investment manager has full discretion over the investment decisions relating to the segregated portfolio.

Corrective action

The Society applied for an exemption from this section of the Act on 3 April 2019. Exemption was granted until 30 November 2022 by the Council, subject to certain conditions. The Society has re-applied for exemption. A response is awaited from the Council.

23.5 Prescribed minimum benefits (PMBs)

Regulation 8(1) of the Act states that subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

23. NON-COMPLIANCE (continued)

23.5 Prescribed minimum benefits (PMBs) (continued)

Cause

There were a limited number of instances where the Society did not pay claims within the scope and level of PMBs in relation to chronic conditions defined in the Chronic Disease List (CDL).

There were also a few instances where claims were incorrectly processed as non-PMBs during the assessment of the claims.

Corrective action

The Society is in the process of aligning its interpretation of PMBs with the Council's interpretation and has implemented a disease risk management programme to manage and mitigate this specific non-compliance.

23.6 Claims paid after termination date

Section 28(c) of the Act states that no person shall claim or accept benefits in respect of himself or herself or any dependant from any medical scheme other than the medical scheme of which he or she is a member.

Cause

The termination notification in respect of one member was received late by the Society resulting in claims with service dates after the member's termination date being paid. As at 31 December 2022 the claims had not been reversed against the member's debtor account for recovery.

Corrective action

The related claims were reversed against the member's debtor account for recovery during March 2023. Internal processes will be reviewed in order to avoid re-occurrence.

24. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No events affecting the financial statements have occurred after the end of the accounting period which in the opinion of the Board should be brought to the members' attention.

25. CONTINGENT ASSET

The Society grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health service.

Such expenditure may be in connection with a claim that is also made to the Road Accident Fund (RAF), administered in terms of the Road Accident Fund Act No. 56 of 1996.

If members are reimbursed by the RAF, they are contractually obliged to cede those payments to the Society to the extent that they have already been compensated.

26. SURPLUS / (DEFICIT) FROM OPERATIONS PER BENEFIT OPTION

The Society offers a single benefit option that has a traditional benefit structure with defined benefits, annual limits and no personal medical savings account. The principal features of the benefit provided are as follows:

- comprehensive in-hospital, chronic and day-to-day cover;
- benefits are calculated according to the Society's Reference Price List (SRPL); and
- professional services rendered in an authorised network hospital are reimbursed at Scheme Rate (165% of SRPL).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

26. SURPLUS / (DEFICIT) FROM OPERATIONS PER BENEFIT OPTION (continued)

The net healthcare results of the Society for the year ended 31 December 2022 were as follows:

	2022	2021
	R	R
Contribution income	341 761 143	336 259 502
Relevant healthcare expenditure	(384 389 475)	(350 021 256)
Net claims incurred	(380 744 579)	(346 839 000)
Accredited managed healthcare services	(3 484 568)	(3 395 955)
Net (expense) / income on risk transfer arrangement	(160 328)	213 699
<i>Risk transfer arrangement premiums paid</i>	(3 150 890)	(3 096 609)
<i>Recoveries from risk transfer arrangement</i>	2 990 562	3 310 308
Gross healthcare results	(42 628 332)	(13 761 754)
Administration expenditure: Benefit management services	(220 041)	(188 930)
Administration expenditure	(24 746 331)	(22 908 191)
Post-employment healthcare benefits	(834 342)	(704 680)
Net impairment reversals / (write-offs) on insurance receivables	19 029	(127 068)
Net healthcare results	(68 410 017)	(37 690 623)
Average number of members during the year	4 515	4 660

27. RECLASSIFICATION OF FAIR VALUE HIERACHY

In terms of IFRS 13, for financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of inputs used to make the measurements. The fair value hierarchy is based on the following levels:

-  Level 1: Fair value is determined using unadjusted quoted prices in active markets for identical assets. The predominance of market inputs is actively quoted and can be validated through external sources or reliably interpolated if less observable;
-  Level 2: Fair value is determined from inputs other than published in an active market and is observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
-  Level 3: Fair value is determined using valuation techniques that incorporate information other than observable market data and where at least one input is not based on observable market data.

As a result of a change in the designation of some of the Society's unlisted debentures and debt instruments from Level 3 to Level 2, the prior year financial statements had to be restated. The following comparative numbers in note 19 to the financial statement were reclassified:

(i) Fair value hierarchy

	2021 Restated	2021 Adjustment	2021 Previous
	R	R	R
Level 2	250 440 305	54 300 239	196 140 066
Level 3	19 179 441	(54 300 239)	73 479 680
	269 619 746	-	269 619 746

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

27. RECLASSIFICATION OF FAIR VALUE HIERACHY (continued)

(ii) Valuation techniques and observable inputs

	Fair value 2021 Restated	Fair value 2021 Adjustment	Fair value 2021 Previous
	R	R	R
Segregated portfolios	379 519 744	54 300 239	325 219 505
Debt instruments	356 434 779	31 215 274	325 219 505
Debentures	23 084 965	23 084 965	-
	<u>379 519 744</u>	<u>54 300 239</u>	<u>325 219 505</u>

The movement in Level 3 financial assets for the year is as follows:

	2021 Restated	2021 Adjustment	2021 Previous
	R	R	R
Balance at the beginning of the year	10 435 475	-	10 435 475
Acquisitions	18 576 985	(54 300 239)	72 877 224
Matured / Sold	(9 715 643)	-	(9 715 643)
Net unrealised losses recognised	(117 376)	-	(117 376)
Balance at the end of the year	<u>19 179 441</u>	<u>(54 300 239)</u>	<u>73 479 680</u>