



RHODES UNIVERSITY MEDICAL SCHEME
(Registration Number 1013)

ANNUAL GENERAL MEETING REPORT 2025

**RHODES UNIVERSITY MEDICAL SCHEME
REGISTRATION NUMBER 1013**

ANNUAL GENERAL MEETING REPORT 2025

The report and extracts set out below comprise the Annual General Meeting Report presented to the members of Rhodes University Medical Scheme.

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**RHODES UNIVERSITY MEDICAL SCHEME
REGISTRATION NUMBER 1013**

**REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Board of Trustees hereby presents its report for the year ended 31 December 2024.

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The Rhodes University Medical Scheme is a restricted membership medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended. Membership of the medical scheme is restricted to employees and retired employees of Rhodes University and their dependants.

1.2 Rhodes University Medical Scheme benefit option

The Rhodes University Medical Scheme offers a single benefit option which provides comprehensive in and out of hospital benefits. Most out of hospital benefits are paid at scheme tariff after a 20% co-payment by the member which the Board of Trustees believes, encourages the responsible utilization of benefits.

1.3 Reinsurance contract (risk transfer arrangement)

The scheme has entered into a capitation agreement with ER24 for the provision of emergency transport.

The methodology used to determine the claims covered by these arrangements is set out below.

- Premiums are calculated on the basis of beneficiary quantities and a fixed rate agreed upon with the respective service providers; and
- Claim recoveries relating to risk transfer arrangements are calculated based on information supplied by the contracted providers of actual payments made by the contracted providers in respect of the contracted benefits.

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review:

D. Sewry (Chairperson) - term of office ended 11 June 2024	- Employer appointed
G. Armstrong - term of office ended 11 June 2024	- Member elected
R.B. Walker - term of office ended 11 June 2024	- Employer appointed
S.C.M. Smailes - term of office ended 11 June 2024	- Employer appointed
E. Knoesen (appointed as Chairperson 20 June 2024)	- Member elected
J. Pillay - term of office ended 11 June 2024	- Member elected
J. Landman - appointed 11 June 2024	- Member elected
M. de Vos - appointed 11 June 2024	- Member elected
N. Paterson - co-opted 20 February 2024; appointed 11 June 2024	- Employer appointed
C. Watkins - appointed 11 June 2024	- Employer appointed
S. Somandi - appointed 11 June 2024	- Employer appointed

**RHODES UNIVERSITY MEDICAL SCHEME
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**REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. MANAGEMENT - continued

2.2 Principal Officer:

M.D. Arendse
Rhodes University
Makhanda

2.3 Registered office address and postal address during the year:

Momentum Thebe Ya Bophelo (Pty) Ltd	
7 Lutman Street	P.O. Box 1672
Richmond Hill	Gqeberha
Gqeberha	6000
6001	

2.4 Medical Scheme Administrators (Accreditation number Admin:22) during the year:

Momentum Thebe Ya Bophelo (Pty) Ltd	
7 Lutman Street	P.O. Box 1672
Richmond Hill	Gqeberha
Gqeberha	6000
6001	

2.5 Auditors:

PricewaterhouseCoopers Inc.
Ascot Office Park
Greenacres
Gqeberha
6045

**2.6 Actuaries (used for calculation of risk
adjustment factor)**

(Accreditation Number: RSP029/2010)

Momentum Health (Pty) Ltd
201 Umhlanga Ridge Boulevard
Cornubia
4439

3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Trustees continue to invest in line with the requirements of the Act. The key objectives of the scheme's investment policy are to:

- Maximize investment returns whilst preserving capital;
- Maintain sufficient liquidity to fund operating expenses and claims; and
- Invest only in approved financial service providers and approved instruments;
- Prudent management of long term investment risks; and
- Comply with the Act.

The scheme has an investment policy statement which is reviewed annually. The scheme has implemented an appropriate investment strategy for the assets of the scheme that is split into 3 components: short term, medium term and long term.

4. MEDICAL INSURANCE RISK MANAGEMENT

The primary insurance activity of the scheme is to indemnify covered members and their dependants against the risk of loss arising as the result of the occurrence of a health related event. These risks relate to the health of the scheme members. As such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The scheme also has exposure to market risk through its investment activities.

**RHODES UNIVERSITY MEDICAL SCHEME
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**REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. MEDICAL INSURANCE RISK MANAGEMENT - continued

The scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements and the monitoring of emerging issues.

Certain risks are mitigated by entering into risks transfer arrangements. In this regard the scheme specifically decided to transfer all risks relating to emergency and ambulance services to an external service provider.

The scheme uses several methods to assess and monitor insurance risk exposure both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts.

The principal risk is that the frequency and severity of claims is greater than expected.

Medical insurance events are, by their nature random, and the actual number and size of event(s) during any one year period may vary from those estimated using established statistical methods.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The scheme has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories of risks to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics

	2024	2023
Average number of members during the accounting period	1 254	1 234
Number of members at the end of the accounting period	1 260	1 231
Average number of beneficiaries during the accounting period	2 498	2 463
Number of beneficiaries at 31 December	2 507	2 468
Number of dependants at 31 December	1 247	1 237
Average number of dependants	1 244	1 229
Dependant ratio at 31 December	0.99	1.00
Insurance revenue per average beneficiary per month (R)	2,461.27	2,312.40
Insurance service expenses per average beneficiary per month (R) *	2,468.52	2,410.03
Relevant healthcare expenses incurred per average beneficiary per month (R) *	2,332.61	2,292.58
Directly attributable insurance service expenses per average beneficiary per month (R) *	134.17	127.34
Other expenses per average beneficiary per month (R)	42.88	30.45
Insurance service expenses as a percentage of insurance revenue (%) *	100.29	104.22
Relevant healthcare expenses incurred as a percentage of insurance revenue (%) *	94.77	99.14
Directly attributable insurance service expenses as a percentage of insurance revenue (%) *	5.45	5.51
Other expenses as a percentage of insurance revenue (%)	1.74	1.32
Average age per beneficiary	40.33	40.24
Pensioner ratio at 31 December (percentage of beneficiaries > 65 years)	17.43%	17.89%
Average insurance contract liability to future members per member at 31 December (R)	96 688	90 576
Return on investments as a percentage of investments (%)	7.67%	7.66%

* Excluding amounts attributable to future members

**RHODES UNIVERSITY MEDICAL SCHEME
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**REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES - continued

5.2 Results of operations

The results of the medical scheme are set out in the Annual Financial Statements, and the Trustees believe that no further clarification is required.

5.3 Solvency ratio

	2024 R		2023 R
The solvency ratio is calculated on the following basis:			
Insurance contract liabilities to future members	121 827 196		111 499 667
Less: cumulative unrealised net gains	(4 896 307)		(891 286)
Insurance contract liabilities to future members excluding unrealised gains	116 930 889		110 608 381
Gross contributions	73 831 827		68 284 188
Ratio of insurance contract liabilities (future members) to gross annual contribution income	158.37%		161.98%

The scheme is above the statutory requirement of 25%.

6. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

There are no guarantees.

7. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period that require disclosure, other than those already addressed.

8. RELATED PARTY TRANSACTIONS

Refer to related parties disclosure in note 21 to the Annual Financial Statements.

9. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

The scheme holds no investments in participating employers of medical scheme members, or other related parties.

**RHODES UNIVERSITY MEDICAL SCHEME
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**REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

10. NON-COMPLIANCE MATTERS

Section 59 (2)

Certain claims were paid in excess of 30 days after receipt by the administrator as a result of queries to be investigated/audited in relation thereto. Non-compliance could impact on the relationship with members and providers. Procedures and policies are in place to manage late payment of claims including a weekly report of claims held for investigation which is checked and signed by management to ensure that the 30 day limit is not exceeded. This practice ensures accurate claims processing and is in the interest of the risk management of the scheme.

Section 26 (7)

Certain contributions were not received within three days of becoming due. There are no contracts in place that is contrary to the legislation. Non-compliance could affect the cash flow of the scheme and lead to member benefits being suspended. Due to the short duration of the contributions being outstanding, this is not significant. A credit control process is in place to address this matter.

Section 33 (2)

Each benefit option should be financially sound and self-supporting. In this respect the scheme incurred a net insurance deficit, before taking amounts attributable to future members into account. Non-compliance could affect the financial soundness of the scheme. The scheme experienced 40 high cost cases during the course of the year, with a total cost of R11.2 million. Two of these cases were in excess of R 700 000. High cost cases are not a usual occurrence for the scheme. Member claims are managed by the administrator's clinical risk management team to manage costs. The deficit is more than adequately offset by the income from investments.

Section 35 (8) (a)

In terms of this section of the Medical Schemes Act 131 of 1998, as amended, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme. The scheme has an investment in a pooled fund which may invest in the shares and bonds of the ultimate holding companies of certain medical scheme administrators from time to time, at the discretion of the Fund Manager. The scheme has been granted exemption from section 35(8)(a) by the Council for Medical Schemes.

The Trustees do not consider that these non-compliance matters have had a significant impact on the operations of the scheme or on the Financial Statements.

11. AUDIT COMMITTEE

An Audit Committee was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of six members, of which two are members of the Board of Trustees. The majority of the members, including the chairperson, are not officers of the scheme or its third party administrator. The Committee met on two occasions during the course of the year as follows:

18 March 2024; and
4 October 2024.

The Principal Officer of the scheme, the financial manager of the administrator and the external auditors attend all Audit Committee meetings and have unrestricted access to the chairperson of the Committee.

**RHODES UNIVERSITY MEDICAL SCHEME
REGISTRATION NUMBER 1013**

**REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

11. AUDIT COMMITTEE

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

The Audit Committee is pleased to report that:

- It has carried out its duties in terms of the Medical Schemes Act;
- The external auditors have confirmed their independence;
- The assurances provided by management and the external auditors have satisfied the Committee that the controls are adequate and effective;
 - It has had oversight of the financial reporting process;
 - It has reviewed the Annual Financial Statements and the audit report thereon and recommended the acceptance thereof by the Board of Trustees; and
 - It has evaluated the effectiveness of the risk management and governance processes of the scheme.

During 2024 the committee comprised: Prof. H. Nel, Prof. R. Walker (term of office ended 11 June 2024), Prof. K. Maree, Mr. E. Knoesen (term of office ended 20 June 2024); Ms. W. Lombard, Mr. J. Landman (appointed 15 August 2024), Ms. C. Watkins (appointed 15 August 2024) and Prof. D. Sewry (appointed 15 August 2024). The meeting was chaired by Prof. K. Maree.

12. TRUSTEE MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees meeting attendances, attendances by members of Board sub-committees. The Trustees were not remunerated.

Trustee/Sub-Committee Member	Board Meetings		Audit Committee Meetings	
	A	B	A	B
D. Sewry (Chairperson) (term of office ended 11 June 2024) *	3	3	-	-
G. Armstrong (term of office ended 11 June 2024) *	3	3	-	-
R.B. Walker (term of office ended 11 June 2024) *	3	3	1	1
S.C.M. Smailes (term of office ended 11 June 2024) *	3	3	-	-
E. Knoesen (appointed as Chairperson 20 June 2024) *	6	6	1	-
J. Pillay (term of office ended 11 June 2024) *	3	2	-	-
J. Landman (appointed 11 June 2024) *	3	3	1	1
M. de Vos (appointed 11 June 2024) *	3	2	-	-
N. Paterson (co-opted 20 February 2024; appointed 11 June 2024) *	4	4	-	-
C. Watkins (appointed 11 June 2024) *	3	2	1	1
S. Somandi (appointed 11 June 2024) *	3	2	-	-
K. Maree - Chairperson	-	-	2	2
H. Nel	-	-	2	1
W. Lombard	-	-	2	2
D. Sewry (appointed 15 August 2024)	-	-	1	1
M. Arendse (Principal Officer)	6	5	2	1

* - Trustee

A - total possible number of meetings could have attended

B - actual number of meetings attended

**RHODES UNIVERSITY MEDICAL SCHEME
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**REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024**

13. OTHER SCHEME COMMITTEES

13.1 Ex gratia Committee:

The purpose of the Committee is to assist the Board with clinical related matters and decisions, such as protocols and managed health care interventions, as well as ex gratia decisions.

The Committee during the year under review and meeting attendance was as follows:

NAME	EX GRATIA COMMITTEE MEETINGS	
	A	B
M. Neubert	5	5
R.B. Walker	5	5
G. Armstrong	5	5
N. Paterson (appointed 15 August 2024)	2	2

A - total possible number of meetings which could have attended

B - actual number of meetings attended

13.2 Investment Committee:

The purpose of the Committee is to monitor the investment process and investment achievements through regular reports received from the Investment Consultant and Portfolio Managers. The Committee creates and monitors the scheme's investment process and reports its recommendations to the Board. The Committee is responsible for implementing the investment process which is approved by the Board.

The Committee during the year under review and meeting attendance was as follows:

NAME	INVESTMENT COMMITTEE MEETINGS	
	A	B
E. Knoesen (Chairperson)	3	3
L. Greyling	3	3
W. Lombard	3	2
T. Amos (appointed 31 January 2024)	3	3

A - total possible number of meetings which could have attended

B - actual number of meetings attended

13.3 Disputes Committee:

The Disputes Committee meets as and when a dispute arises. It comprises of a chairperson, who will co-opt two additional members with relevant knowledge on a case by case basis, who may not be members of the Board. The Committee determines the procedure to be followed at meetings.

As there were no disputes to be resolved, no meetings were held during the year.

Evert Knoesen

E. Knoesen
Chairperson

22-04-2025 | 18:58 SAST

Date: _____

**RHODES UNIVERSITY MEDICAL SCHEME
REGISTRATION NUMBER 1013
EXTRACT FROM ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	2024 R	2023 R
ASSETS		
Non-current assets	78 043 766	51 243 368
Financial assets at fair value through profit or loss	56 401 395	51 243 368
Financial assets at amortised cost	21 642 371	-
Current Assets	45 613 069	62 717 210
Financial assets at amortised cost	33 869 799	51 645 073
Trade and other receivables	-	-
Cash and cash equivalents	11 743 271	11 072 137
Total assets	<u>123 656 835</u>	<u>113 960 578</u>
LIABILITIES		
Non-current liabilities		
Insurance contract liabilities	121 827 196	111 499 667
Current Liabilities	1 829 639	2 460 911
Trade and other payables	230 891	282 365
Reinsurance contract liabilities	46 060	44 887
Insurance contract liabilities	1 552 688	2 133 659
Total liabilities	<u>123 656 835</u>	<u>113 960 578</u>

**RHODES UNIVERSITY MEDICAL SCHEME
REGISTRATION NUMBER 1013
EXTRACT FROM ANNUAL FINANCIAL STATEMENTS**

**SURPLUS FROM OPERATIONS PER BENEFIT OPTION
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024 R	2023 R
Insurance revenue	73 779 019	68 340 810
Insurance service expenses (excluding amounts attributable to future members)	(73 996 264)	(71 226 160)
Net income/(expense) of reinsurance contracts held	52 243	(292 235)
Reinsurance expenses from reinsurance contracts held	(523 055)	(514 369)
Reinsurance income from reinsurance contracts held	575 298	222 134
Insurance service result (net healthcare result)	(165 002)	(3 177 585)
Investment income from financial assets	7 820 700	8 591 507
Net fair value gains on fair value investments	3 876 916	913 070
Net investment income	11 697 616	9 504 577
Net result after investment income	11 532 614	6 326 992
Sundry income	80 411	45 082
Other operating expenses	(922 400)	(814 484)
Investment fund management fees	(273 423)	(50 055)
Investment consulting	(89 673)	(35 409)
Net surplus for the year	10 327 529	5 472 126
Members as at 31 December	1 260	1 231

The Annual Financial Statements were approved by the board on 16 April 2025 and signed on its behalf by E. Knoesen (Chairperson), J. Landman (Trustee) and M.D. Arendse (Principal Officer).

The full audited annual financial statements will be available at the Annual General Meeting. Further copies may be obtained from the Fund Co-ordinator at loren.erasmus@momentum.co.za.



Independent Auditor's Report

To the Members of Rhodes University Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rhodes University Medical Scheme (the Scheme), set out on pages 10 to 56, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Rhodes University Medical Scheme as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers Inc., Ascot Office Park, 1 Ascot Road, Greenacres, Gqeberha, 6045
Postnet Suite 30, Private Bag X60575, Greenacres, 6057
T: +27 (0) 41 391 4400, F: +27 (0) 41 391 4500, 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.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported</i></p> <p>Refer to the following disclosure in the financial statements as it relates to this key audit matter:</p> <ul style="list-style-type: none"> • Note 3: Significant estimates; • Note 4: Principal accounting policies; • Note 11: Insurance contract liabilities; and • Note 11.1: Liability attributable to current members <p>As at 31 December 2024 the Scheme recognised Insurance contract liabilities - Current liability attributable to current members amounting to R1 552 688.</p> <p>The Scheme's insurance contract liabilities comprise the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC).</p> <p>In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported.</p> <p>The value of the LIC from healthcare events that have occurred but have not yet been reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC reported is calculated by the Scheme's administrator which is reviewed by management and the Audit Committee and recommended to the Board of Trustees for approval. The LIC from healthcare events that have occurred but are not yet reported amounts to R5,463,275 (Note 11.1).</p> <p>The most significant assumptions made in the determination of the LIC are:</p> <ul style="list-style-type: none"> • the future cash flow projections; and • the risk adjustment for non-financial risk. 	<p>Our audit addressed this key audit matter as follows:</p> <p>We obtained an understanding from the Scheme's administrator regarding the process followed in calculating the LIC from healthcare events that have occurred but have not yet been reported, which included the design and implementation of controls within the process.</p> <p>We obtained the actual claims data from the member administration system covering the year ended 31 December 2024 used in calculating the LIC from healthcare events that have occurred but are not yet reported.</p> <p>We substantively tested a sample of claims received by the Scheme in the 2024 financial year, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted.</p> <p>We assessed the completeness of the claims data in the Scheme's actuarial model by obtaining an understanding of management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model.</p> <p>To assess the reasonableness of the Scheme administrator's estimation process, we compared the actual claim results in the current year to the prior year's LIC from healthcare events that have occurred but are not yet reported. We noted no matters for further consideration with respect to the estimation process.</p> <p>We have evaluated management's experts by assessing their competence, capability, and objectivity and noted no aspects requiring further consideration. We performed the following procedures:</p>

<p><i>Future cash flow projections</i></p> <p>The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Scheme's administrator use an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to determine the probability-weighted estimate of expected future cash flows. This model applies a combination of the Basic Chain Ladder ("BCL") / Bootstrapping / methods.</p> <p><i>Risk adjustments for non-financial risk</i></p> <p>In determining the Scheme's risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under <i>IFRS 17, Insurance Contracts (IFRS 17)</i>. The Scheme's calibrated risk adjustment (using value at risk) is such that the insurance contract liabilities are held to be sufficient at the 75th percentile of the ultimate loss distribution.</p> <p>We considered the valuation of the LIC from healthcare events that have occurred but have not yet been reported to be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties applied in determining the future cash flow projections and the risk adjustments for non-financial risk.</p>	<ul style="list-style-type: none"> • We obtained the LIC from healthcare events that have occurred but are not yet reported from the Scheme's administrator and evaluated the relevance and reasonableness of the actuarial model used by the Scheme's actuaries based on our knowledge of the industry and model used in the prior years. We noted no matters requiring further consideration. • We compared the Best Estimate Liability and Risk Adjustment of the LIC from healthcare events that have occurred but are not yet reported amounts in the report from the Scheme's actuaries to the Best Estimate Liability and Risk Adjustment of the LIC from healthcare events that have occurred but are not yet reported amounts included in Note 11. We noted no matters requiring further consideration. • We enquired with the Scheme's administrator whether the IFRS 17 Risk Adjustment methodology (including the confidence level) has changed since the prior year. No changes were noted. • We performed a reasonableness assessment of the risk adjustment amount by recalculating the risk adjustment using the average risk adjustment factor over the past 3 years. No material differences were noted. <p>We performed the following procedures to assess the adequacy of the LIC from healthcare events that have occurred but are not yet reported:</p> <ul style="list-style-type: none"> • We obtained the actual claims run-off report up to 31 March 2025 from the Scheme's administrator and compared the claims paid post year-end to the LIC from healthcare events that have occurred but are not yet reported at year-end as part of subsequent event procedures. No material inconsistencies were noted.
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	<ul style="list-style-type: none">• 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 Scheme's administrator 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.
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Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the document titled "Rhodes University Medical Scheme Annual Financial Statements for the year ended 31 December 2024". The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Scheme's Trustees for the Financial Statements

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

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going



concern and using the going concern basis of accounting, unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine



that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on 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): Each benefit option should be financially sound and self-supporting. In respect of this scheme, the option incurred a deficit at the net insurance result level.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. firm has been the auditor of Rhodes University Medical Scheme for 25 years.

The engagement partner, Mr A Rathan, has been responsible for Rhodes University Medical Scheme's audit for 2 year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Rathan
Registered Auditor
Gqeberha, South Africa
22 April 2025



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