

# 2021 ANNUAL REPORT

Notice of Annual  
General Meeting



# BOARD OF TRUSTEES

## VOTING PROCESS AT THE ANNUAL GENERAL MEETING

1. Registration and voting will commence from 10:00 at the Annual General Meeting and closes at 14:00.
2. Upon arrival, register at the UMVUZO HEALTH desk. Please bring verification with, such as your Umvuzo Health membership card or valid ID.
3. After successful verification, you will be issued with a Ballot form and stamped.
4. You will enter the designated voting area of the hall to cast your vote at the various voting stations.
5. After voting, place your ballot into the sealed Ballot box and proceed to the seated area in the meeting hall.



AUTHORISATION CENTRE: 24/7/365

**0861 083 084**

PLEASE CALL ME:

**060 070 2095**



WHATSAPP:

**060 070 2094**



## EIGHTEENTH ANNUAL REPORT: 2021

NOTICE IS HEREBY GIVEN THAT THE 18th (EIGHTEENTH) ANNUAL GENERAL MEETING OF MEMBERS OF UMVUZO HEALTH MEDICAL SCHEME WILL BE HELD ON FRIDAY, 24 JUNE 2022, AT 12:00 IN THE CULLINAN ROOM, SOUTHERN SUN, C/O STANZA BOPAPE AND STEVE BIKO STREET, ARCADIA, PRETORIA.

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7. Appointment of Ransome Russouw Inc. as Auditors	
8. Remuneration of Trustee members	41
9. Election of Board of Trustee members (Newly elected Board of Trustees to convene immediately following closure of the AGM)	
10. Closure	

HB VAN ZYL  
PRINCIPAL OFFICER  
10 May 2022

A full set of the Annual Financial Statements is available from **UMVUZO HEALTH** on request.

MINUTES OF THE 17th VIRTUAL ANNUAL GENERAL MEETING (VAGM) OF MEMBERS HELD ON FRIDAY, 11 JUNE 2021, AT 12:00, IN THE BOARDROOM, GRAIN SA, WITHERITE ROAD, THE WILLOWS, PRETORIA.

## 1. ATTENDANCE REGISTER

A	BOARD OF TRUSTEES	CAPACITY	P = PRESENT A = ABSENT AP = APOLOGY OL= ONLINE
	Mr FS Nkosi	Chairperson	P & OL
	Me SS Mabuza	Vice-Chairperson	P & OL
	Mr MM Kiet	Member	A
	Mr WM Mokoena	Member	OL
	Mr CS Motaung	Member	OL
	Mr MF Nqume	Member	A
	Mr BR Radebe	Member	OL
	Mr SS Sibambo	Member	OL
	Mr A Solomon	Member	OL
	Mr JL Tantsi	Member	OL

## B MEMBERS

17 members were present according to the Attendance Register, 56 members online and 182 members registered.

No apologies were received.

## C IN ATTENDANCE

Mr JJ Oosthuizen	Principal Officer	P
Mr HB van Zyl	Head of Administration	P & OL
Dr PC du Preez	Medical Advisor	P
Mr J Barnard	Ransome Russouw Inc Auditors	P

## 2. OPENING AND WELCOME BY THE CHAIRPERSON AND CONSTITUTION OF THE MEETING

The Principal Officer, at the request of the Chairperson, welcomed everybody to this second VAGM of **UMVUZO HEALTH** Medical Scheme. He introduced the Chairperson, Vice-Chairperson and Trustees.

He further indicated that it is the duty of the Chairperson to ensure that the meeting is conducted in an orderly fashion and read out the following customary Rules of order for the VAGM. He emphasised that by Law the meeting must deal with this Agenda as set out in the rules of proceedings and if there is a need to deal with other matters, it shall be dealt with via e-mail after conclusion of this formal Agenda. The following rules were accepted by the meeting: -

- A member will only have a chance to comment or pose a question once per topic – Members requested to use the chat function for this purpose;
- The speaker must keep to the discussion point;
- Only items appearing on the Agenda of the VAGM shall be addressed;
- The Chairperson will allow a minute or so for members to send questions before voting closes on a specific item;
- If you wish to be acknowledged, use the button on the panel to write your question or pose your comment. These will be collated and provided to the Chairperson/Principal Officer for processing;
- Other questions received but not dealt with during the meeting, will be addressed at the end of the meeting;
- Problems of a personal nature must be directed to [agm@umvuzohealth.co.za](mailto:agm@umvuzohealth.co.za); and
- Discussions/questions of items not on the Agenda will be addressed via e-mail during the course of next week.

The Principal Officer handed the podium over to the Chairperson to formally convene the meeting. The Chairperson took the podium and welcomed everybody in general. A special word of welcome was directed to the Auditors, Mr Jarred Barnard, who was attending an **UMVUZO HEALTH** AGM for the first time.

As a quorum was present in terms of Rule 26.1.3 of the Rules of the Scheme, he declared the meeting properly constituted.

The Chairperson highlighted the fact that **UMVUZO HEALTH** currently serves just below 45 000 members covering more than 81 000 lives. He indicated that the Scheme is not a small scheme any longer.

As schemes are required to have a solvency ratio of 25%, **UMVUZO HEALTH** ended 2020 with a solvency ration of 40.86%. The struggle to reach the 25% solvency has been long but now the Scheme is geared for further growth and expansion. The Scheme sustained its membership during the lock down as members kept on paying their monthly subscriptions, emphasising the importance of medical scheme membership for our members during these trying times.

It is noteworthy that **UMVUZO HEALTH** has thus far never made a deficit, and it was therefore not necessary to burden members with untimely interim increase during any financial year. This achievement can only be the result of a dedicated management team supported by an active and responsible Board of Trustees.

The COVID-19 pandemic has overshadowed 2020 and 12 458 **UMVUZO HEALTH** beneficiaries were affected by the disease which cost the Scheme in excess of R67 million. The meeting was requested to observe a minute of silence for the 76 beneficiaries who lost their lives.

The Chairperson informed the meeting that the current Principal Officer has been with the Scheme since 2004 and played a major role in building the Scheme to where it is today. He also congratulated the Principal Officer on his birthday the previous day and wished him many more healthy years to come. He further elaborated on the Principal Officer succession plan where he and the Vice-Chairperson approached the Principal Officer during October 2018 with it formally commencing in May 2019.

Although the initial report indicated that a suitable BEE candidate to shadow the Principal Officer should be sought, the Board of Trustees changed their initial course and indicated their preference during November 2019 to appoint the current Head of Administration instead. This change in course necessitated the need to source a new Head of Administration as well as a Compliance manager to address the ever increasing Regulatory requirements and Corporate Governance. These two positions were simultaneously sourced

and filled by highly skilled qualified BEE professionals who would be joining the Scheme on 1 July 2021.

The Chairperson reminded the members that registered members were permitted to vote on agenda items online from 7 June 2021 until 10 June 2021 via their login details supplied during the registration process. Those members who have not yet cast their votes, were advised to do so during the meeting.

### 3. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The Chairperson requested members to indicate their acceptance thereof or not by voting now. After a few minutes he closed the poll and the results of the members online were as follows: -

- For	33
- Against	0
- Abstain	3
- <b>Total</b>	<b>36</b>

The minutes of the 16th Annual General Meeting held on 21 August 2020 was approved by the meeting and signed by the Chairperson.

### 4. MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes.

### 5. ANNUAL REPORT OF THE BOARD OF TRUSTEES

After going through the report page by page, the Chairperson requested members to indicate their acceptance thereof or not by voting now. After a few minutes he closed the poll and the results of the members online were as follows: -

- For	34
- Against	0
- Abstain	1
- <b>Total</b>	<b>35</b>

The Annual Report of the Board of Trustees for 2020 was adopted.

## 6. ABRIDGED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Chairperson emphasised that he is proud to again announce that an unqualified report has yet again been issued by the auditors. He then afforded Mr Barnard the opportunity to elaborate on the Financial Statements for 2020.

Mr Barnard took to the podium and highlighted key aspects and elaborated on the contraventions of Statute.

After Mr Barnard's explanation, the Chairperson requested members to indicate their acceptance thereof or not by voting now. After a few minutes he closed the poll and the results of the members online were as follows: -

- For	35
- Against	0
- Abstain	0
- <b>Total</b>	<b>35</b>

The Abridged Financial Statements and Auditor's report for 2020 were adopted.

## 7. APPOINTMENT OF AUDITORS

On request of the Chairperson the auditor excused himself during discussion of this item.

The Chairperson gave feedback as to why the auditors that were approved by the AGM last year, did not perform the audit of the Scheme.

All audit firms who want to audit medical schemes, need to be accredited, apart from their regulated authorities, also by the Council for Medical Schemes (CMS). Only audit firms on the CMS list of accredited firms may perform the audit of a registered medical scheme. During late 2020, Ngubane & Co lost their CMS accreditation and the Board was therefore forced to appoint another accredited audit firm for the Scheme as required in terms of the Medical Schemes Act and the Rules of the Scheme.

The Audit committee recommended that the outgoing auditors, Ngubane & Co, assist with a Request for Proposal (RFP) to identify new auditors for the Scheme. They compiled the RFP and was it sent out to all but the largest audit firms on the CMS list of accredited audit firms, 7 in total. Only 2 firms responded within the required timeframe and the Board resolved to appoint Ransome Russouw Inc after thorough deliberation.

As you can deduct, our auditors did a sterling job. On recommendation of the Audit Committee, the Board of Trustees recommended to this meeting the appointment of Ransome Russouw Inc as auditors of the Scheme for the following year.

The Chairperson requested members to indicate their acceptance thereof or not by voting now. After a few minutes he closed the poll and the results of the members online were as follows: -

- For	33
- Against	1
- Abstain	1
<b>- Total</b>	<b>35</b>

The meeting appointed Ransome Russouw Inc as auditor of the Scheme for the following year.

The auditor was invited back to the meeting and congratulated by the Chairperson.

## 8. REMUNERATION OF TRUSTEES

8.1 The Chairperson indicated that in terms of Rule 18.16 of the Scheme, an honorarium may be paid to members of the Board as determined at the AGM. He further referred members to pages 42 and 43 of the Agenda and reminded the meeting that due to COVID-19 restrictions prevailed in 2020, the Board had to make alternative arrangements in order to fulfil their fiduciary duties. As bi-monthly meetings were not allowed, the Board took the decision to remunerate Trustee members monthly during lock down instead of the approved policy. The average remuneration per Trustee of 2019 was used as basis, the monthly remuneration paid with effect from 1 May 2020 was: -

1. R18 000 for the Chairperson; and
2. R12 000 for the Trustees.

As this was as a result of the extraordinary circumstances and not in line with the approved policy, this resolution was condoned and ratified by the members at the VAGM held on 21 August 2020.

The current proposal is to, in lieu of the current COVID – 19 allowance, a monthly Trustee remuneration be opted for to the amount of R22 500 for the Chairperson and R15 000 for Trustees with effect from 1 July 2021. No meeting/workshop allowance will then be payable for Board of Trustee meetings/workshops.

The Chairperson requested members to indicate their acceptance thereof or not by voting now. After a few minutes he closed the poll and the results of the members online were as follows: -

- For	26
- Against	8
- Abstain	2
<b>- Total</b>	<b>36</b>

The recommendation to remunerate Trustees monthly was approved by the VAGM.

- 8.2 Annually at the AGM, the members approve an adjustment of the meeting allowance as set out in the Agenda.

The Board of Trustees resolved to recommend that the meeting allowance of the Trustees for Sub-committee meetings be increased with 6.30% with effect from 1 July 2021.

The Chairperson requested members to indicate their acceptance thereof or not by voting now. After a few minutes he closed the poll and the results of the members online were as follows: -

- For	23
- Against	13
- Abstain	1
<b>- Total</b>	<b>37</b>

The recommendation to increase the meeting allowance with 6.30% with effect from 1 July 2021 was approved by the VAGM.

## 9. CLOSURE

The Chairperson requested the Vice-Chairperson to extend a word of appreciation to the older generation participating in the VAGM. She also urged the marketing team to get youngsters and more members to participate in future.

The Chairperson expressed his appreciation to members availing themselves to attend this second virtual online meeting and wished all to stay safe during this pandemic. He urged everyone to adhere to mask wearing, regular sanitising and social distancing.

He thanked the Principal Officer for his work and resilience during his term of office and wished the Principal Officer designate well in filling the big shoes of the Principal Officer. The bonus lies in the fact that both of you have been working closely together for so many years.

He also thanked the following parties for their dedicated services-

- All the Board of Trustees by name;
- The Principal Officer and staff of the Scheme;
- Call centre personnel;
- Client liaison officers;
- Administration;
- Clinical staff;
- Medical advisor;
- Auditors;
- All service providers; and
- Members present.

The meeting was closed and adjourned at 13:55.

**APPROVED AND SIGNED AT A MEETING HELD ON 24 JUNE 2022.**

**Mr MF Nqume**  
**CHAIRPERSON**

## ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2021.

Registration number: 1597

### 1. DESCRIPTION OF THE MEDICAL SCHEME

#### 1.1 TERMS OF REGISTRATION

Umvuzo Health Medical Scheme is a not for profit closed scheme registered in terms of the Medical Schemes Act, 1998 (Act 131 of 1998), as amended. As required for registration, a guarantee has been issued by Standard Bank of South Africa Limited in favour of Umvuzo Health Medical Scheme and lodged with the Registrar of Medical Schemes. The Scheme is self-administered and the administration accreditation number is 51.

#### 1.2 BENEFIT OPTIONS WITHIN UMVUZO HEALTH MEDICAL SCHEME

The Medical Scheme offered six (6) benefit options during the year under review, five (5) original options and one (1) Efficiency Discounted Option (EDO). The EDO is included in the original for reporting purposes. The options were: -

- Standard Option;
- Ultra Affordable Option;
- Ultra Affordable Value Option - EDO;
- Supreme Option;
- Extreme Option; and
- Activator Option.

### 1.3 SAVINGS PLAN

None.

### 1.4 RISK TRANSFER ARRANGEMENTS

The Scheme had capitation agreements for the duration of the year with the following:

- Universal Care for primary care services on the Standard and Ultra Affordable options; and
- Netcare 911 for ambulance services on all options.

Refer note 11 to the annual financial statements.

## 2. MANAGEMENT

### 2.1 BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW

Name		Date elected	Date resigned
Mr FS Nkosi	Chairperson: Member trustee (Deceased 28/06/2021)	14/06/2013	
Mr MF Nqume	Chairperson: Member trustee (Elected 23/07/2021)	14/06/2013	
Ms SS Mabuza	Vice-chairperson: Member trustee	14/06/2013	
Mr MM Kiet	Member trustee	24/06/2016	
Mr WM Mokoena	Member trustee	24/06/2016	
Mr CS Motaung	Member trustee	14/06/2019	
Mr A Solomon	Member trustee	01/06/2021	
Mr BR Radebe	Member trustee	22/01/2018	
Mr SS Sibambo	Member trustee	24/06/2016	
Mr LJ Tantsi	Member trustee	17/06/2011	

## 2.2 PRINCIPAL OFFICER

HB van Zyl

**Physical address**

Alenti Office Park, Building D  
457 Witherite Road  
The Willows  
Pretoria, 0040

**Postal address**

P O Box 1463  
Faerie Glen  
0043

In the year under review, there has been a change in management of the Scheme as JJ Oosthuizen retired as the Scheme's Principal officer on 31 August 2021 after 17 years of service and HB van Zyl was then appointed as the new Principal Officer.

## 2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

**Physical address**

Alenti Office Park, Building D  
457 Witherite Road  
The Willows  
Pretoria, 0040

**Postal address**

P O Box 1463  
Faerie Glen  
0043

## 2.4 EXTERNAL AUDITORS

Ransome Russouw Incorporated

**Physical address**

1 Mowbray Road  
Greenside  
Johannesburg, 2193

**Postal address**

P O Box 6706  
Cresta  
2118

## 2.5 ACTUARIES

Insight Actuaries & Consultants

**Physical address**

2nd Floor Gateway West  
22 Maqwa Crescent  
Waterval City  
Midrand, 2066

**Postal address**

Private Bag X17  
Halfway House  
1685

## 2.6 INVESTMENT MANAGER

Old Mutual Wealth  
**Physical address**  
The Estuaries  
2 Oxbow Crescent  
Century City, 7441

**Postal address**  
P O Box 207  
Cape Town  
8000

## 3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The mandate of Management is to ensure that:

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

The Scheme invested in equities, unit trusts, money market instruments, bonds, call deposits and fixed deposits during 2021. This policy is reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

## 4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the health of the Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under contract.

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

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

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

## 5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

### 5.1 OPERATIONAL STATISTICS PER BENEFIT OPTION: 2021

	Extreme	Supreme	Standard	Ultra	Activator	Total
Average number of members during the year	1,235	13,193	6,439	23,197	72	44,136
Number of members at 31 December	1,228	13,188	6,371	23,766	84	44,637
Average number of beneficiaries during the year	2,909	34,065	12,979	30,812	119	80,884
Number of beneficiaries at 31 December	2,946	34,381	12,873	31,151	135	81,486
Dependant ratio at 31 December	1.40	1.61	1.02	0.31	0.61	0.83
Risk contributions per average member per month	5,573.16	4,523.37	3,179.19	1,771.57	2,199.79	2,906.56
Risk contributions per average beneficiary per month	2,365.78	1,751.87	1,577.28	1,333.72	1,329.10	1,586.02
Relevant healthcare expenditure per average beneficiary per month	1,946.21	1,355.83	1,379.72	1,205.47	455.62	1,322.30
Non-healthcare expenditure per average beneficiary per month	225.41	186.91	178.30	134.39	159.69	167.38
Relevant healthcare expenditure as a % of risk contributions	82.27%	77.39%	87.47%	90.38%	34.28%	83.37%
Non-health expenditure as a % of risk contributions	9.53%	10.74%	11.30%	10.08%	12.01%	10.55%
Average age of beneficiaries at 31 December	29	27	31	35	31	32
Pensioner ratio at 31 December (>60)	3.83%	3.24%	5.13%	3.26%	4.76%	3.54%
Average accumulated funds per member at 31 December						15,245.03
Return on investments as a % of investments						3.67%

## OPERATIONAL STATISTICS PER BENEFIT OPTION: 2020

	Extreme	Supreme	Standard	Ultra	Activator	Total
Average number of members during the year	1,244	13,228	7,057	17,355	30	38,914
Number of members at 31 December	1,209	13,020	6,789	16,855	41	37,914
Average number of beneficiaries during the year	2,903	34,017	14,167	24,584	50	75,721
Number of beneficiaries at 31 December	2,845	33,729	13,719	23,932	74	74,299
Dependant ratio at 31 December	1.35	1.59	1.02	0.42	0.80	0.96
Risk contributions per average member per month	5,256.94	4,283.21	2,997.01	1,726.76	2,053.25	2,939.23
Risk contributions per average beneficiary per month	2,252.72	1,665.59	1,492.90	1,219.00	1,231.95	1,510.51
Relevant healthcare expenditure per average beneficiary per month	1,568.38	1,145.11	1,287.85	1,133.59	1,387.62	1,184.46
Non-healthcare expenditure per average beneficiary per month	212.90	176.73	168.86	120.04	143.17	158.27
Relevant healthcare expenditure as a % of risk contributions	69.62%	68.75%	86.26%	92.99%	112.64%	78.41%
Non-health expenditure as a % of risk contributions	9.45%	10.62%	11.31%	9.85%	11.62%	10.48%
Average age of beneficiaries at 31 December	28	27	31	36	30	31
Pensioner ratio at 31 December (>60)	3.20%	3.10%	4.97%	4.27%	4.88%	3.93%
Average accumulated funds per member at 31 December						14,791.53
Return on investments as a % of investments						4.65%

<b>5.2 OPERATIONAL STATISTICS FOR THE SCHEME</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Average accumulated funds per member	15,245.03	14,791.53
Total amount paid to Accredited Managed Care Organisation for management services	39,293,308	32,402,702
Return on investments as a percentage of investments.	3.67%	4.65%

### 5.3 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.

### 5.4 SOLVENCY RATIO

Total members' funds per statement of financial position	<u>680,492,380</u>	<u>560,805,951</u>
Gross contributions	<u>1,539,408,382</u>	<u>1,372,527,688</u>
Solvency ratio	44.20%	40.86%

### 5.5 RESERVE ACCOUNTS

Movements in the reserve accounts are set out in the statement of changes in funds and reserves. There were no unusual movements that the trustees believe need to be brought to the attention of the members of the Medical Scheme.

### 5.6 OUTSTANDING CLAIMS

The basis of calculation of the outstanding claims provision is discussed in note 1.7 to the annual financial statements and this is consistent with the prior year. Movements in the outstanding claims are set out in note 7 to the annual financial statements. There have been no unusual movements that the trustees believe need to be brought to the attention of the members of the Medical Scheme.

## 6. ACTUARIAL SERVICES

The Scheme's actuaries were consulted in the determination of the contribution and benefit levels.

## 7. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

In terms of section 33(3) of the Medical Schemes Act, Standard Bank of South Africa Limited has provided a guarantee of R2 500 000 (2020: R2 500 000) in favour of the Scheme.

## 8. SUBSEQUENT EVENTS

The Board of Trustees are not aware of any material matter or issue which has arisen since the end of the financial year which would effect these annual financial statements.

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

During the year, the Scheme had through its Investment Manager pooled investments with exposure to Employer groups who participate in the medical scheme. No loans have been granted by the Scheme.

## 10. RELATED PARTY TRANSACTIONS

Transaction with related parties are disclosed in notes 17 and 18 to the annual 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 a written terms of reference as to its membership, authority and duties. The committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the

chairperson, are not officers of the Medical Scheme. The committee met twice during the year under review.

The Principal Officer of the Medical Scheme, Head of Administration, Compliance Executive and the Financial Manager attend all audit committee meetings and have unrestricted access to the chairperson of the committee.

In accordance with the provisions of the Act, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the 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 committee presently comprises: Alderman NM Malefo (Chairperson), Dr PC du Preez, Mr M Lombard, Mr A Solomon and Mr SS Sibambo.

## **12. INVESTMENTS**

Management is mandated by the Board of Trustees by means of written terms of reference as to its authority and duties. The Board of Trustees continue to invest excess funds in line with the requirements of Annexure B of the Regulation to the Act.

## **13. BOARD OF TRUSTEES AND SUB-COMMITTEE MEETING ATTENDANCE**

The following schedule sets out Board of Trustee and sub-committee meeting attendances. Trustee remuneration and considerations are disclosed in note 17 to the annual financial statements.

	Board meetings attended	EXCO committee meetings attended	Remuneration committee meetings attended	Audit committee meetings attended
Mr FS Nkosi: Chairperson (Deceased 28/06/2021)	4 of 8			1 of 2
Me SS Mabuza: Vice-Chairperson	8 of 8	1 of 1		
Mr MM Kiet	8 of 8	1 of 1		
Mr WM Mokoena	8 of 8	1 of 1		
Mr CS Motaung	8 of 8			
Mr A Solomon	4 of 8			1 of 2
Mr MF Nqume: Chairperson (Elected 23/07/2021)	8 of 8	1 of 1	1 of 1	
Mr BR Radebe	8 of 8			
Mr SS Sibambo	8 of 8			2 of 2
Mr LJ Tantsi	8 of 8	1 of 1		

## 14. NON-COMPLIANCE WITH THE ACT

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

- ***Contravention of section 26(7) of the Act***

In terms of section 26(7) of the Medical Schemes Act, contributions must be paid over to the Scheme within 3 days after becoming due.

*Cause of non-compliance*

There are instances where the Scheme received contributions after 3 days of it becoming due. It should be noted that there are no contracts in place that is contrary to the legislation.

*Possible impact*

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

- Negative impact on the Scheme's cash flow; and
- Loss of potential interest income.

*Corrective action taken*

The Scheme's credit policy is applied:

- Employers and members are notified via sms and e-mail of the non-payment and requested to urgently address this matter.
- Where contributions owing to the Scheme have not been paid within 30 days of the due date, the Scheme suspends all benefit payments in respect of claims which arose during the period of default.
- Where outstanding contributions are not paid within 90 days of the notification, membership is cancelled.

- ***Contravention of section 59(2) of the Act***

In terms of section 59(2) of the Medical Schemes Act, accounts must be paid within 30 days after the day on which the claim was received.

*Cause of non-compliance*

The auditing of hospital accounts can cause some accounts to be paid after the 30 day period. Members who are suspended due to non-payment of their contributions, can also cause claims not to be paid until their contributions have been paid up.

*Possible impact*

- Non-compliance with section 59(2) of the Medical Schemes Act; and
- Reputational damage with members and providers.

*Corrective action taken*

- The Scheme will endeavour, together with the Managed care organisation and Hospitals, to speed up the auditing process.

- ***Contravention of Section 35(8)(d)***

In terms of Section 35(8)(d), A medical scheme shall not invest any of its assets in the business of or grant loans to —

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

*Cause of non-compliance*

The Scheme has investments in certain groups and companies associated with medical scheme administration. The exposure to these

entities had been obtained through the Scheme's investment in Collective Investment Scheme. The Scheme does not control the investing activities of the Investment manager.

*Possible impact*

- Non-compliance with the Regulation 35(8) (d) of the Medical Schemes Act.

*Corrective action taken*

The Scheme obtained exemption in terms of section 8(h) from section 35(8) of the Act from the Council for Medical Schemes. The exemption had been granted with the proviso that the Scheme does not make any direct investments in these entities. This exemption is valid until 30 November 2022.

## 15. GOING CONCERN

The annual financial statements have been prepared on a basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the operations.

The Trustees believe that the Scheme has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern.

The Trustees are not aware of any new material changes that may adversely impact the Scheme. The Trustees are not aware of any material non-compliance with statutory or regulatory requirements or pending changes to legislation which may effect the Scheme.

The long-term effect of the spread of the COVID-19 virus and the resultant lockdowns on the global economy is continuing to evolve. The Scheme maintained its membership in the year under review and the financial operating results have improved compared with the prior years with all options reporting surpluses at year end. Management have noted a consistency in claims in 2021 given the reduced COVID-19 restrictions in the new financial year with a return to the adjusted level 1 lock down towards the end of the year. Even though the claims have not returned to pre COVID-19 levels, they have exceeded 2020 claims and given the analysis on this it is evident that this will not have a long-term effect on the Scheme and the application of the going concern principle.

**MF Nqume**  
**Chairperson**

**SS Mabuza**  
**Vice-Chairperson**

**HB van Zyl**  
**Principal Officer**

**8 April 2022**

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Umvuzo Health Medical Scheme. The annual financial statements comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Medical Schemes Act, 131 of 1998, as amended.

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

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

The Trustees have the responsibility for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme and enabled the Trustees to ensure that the annual financial statements comply with the relevant legislation.

Umvuzo Health Medical Scheme operates in a well-established controlled environment which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurances that assets are safeguarded and the risk facing the business are being controlled.

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

The annual financial statements have been audited by an independent firm, Ransome Russouw Incorporated, which was given unrestricted access to all financial records and related data, including minutes of meetings of members, the Board of Trustees and Committees of the Board. The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

### **APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual financial statements of Umvuzo Health Medical Scheme were approved by the Board of Trustees on 8 April 2022 and are signed on their behalf by:

**MF Nqume**  
**Chairperson**

**SS Mabuza**  
**Vice-Chairperson**

**HB van Zyl**  
**Principal Officer**

**08 April 2022**

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

Umvuzo Health Medical Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Scheme is committed to good Corporate Governance and applies good governance principles. The Trustees are proposed and elected by the members of the Scheme.

### **BOARD OF TRUSTEES**

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

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

### **INTERNAL CONTROL**

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

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

## ETHICAL VALUES OF THE SCHEME

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

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

## COMPLIANCE WITH THE MEDICAL SCHEMES ACT

The Trustees monitor that the Scheme complies with the Medical Schemes Act, No. 131 of 1998 and the Regulations issued in terms of the Act. The Board is also fully committed to, and has applied, the principles of the Code of Corporate Practices and Conduct as set out in the King IV report on governance, where necessary and practical. The Board of Trustees has noted the minor non-compliance matters which are set out fully in the Report of the Board of Trustees.

## INDEPENDENT EVALUATION OF THE BOARD AND COMMITTEES

The Board of Trustees has adopted a practice of performing evaluations on the Board of Trustees and its Committees during 2021. These evaluations will be performed by independent professionals and through the relevant committees during the following financial year.

**MF Nqume**  
Chairperson

**SS Mabuza**  
Vice-Chairperson

**HB van Zyl**  
Principal Officer

**08 April 2022**

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE UMVUZO HEALTH MEDICAL SCHEME FOR THE YEAR ENDED 31 DECEMBER 2021**

### **OPINION**

We have audited the financial statements of Umvuzo Health Medical Scheme, set out on pages 19 to 64, which comprise the statement of financial position as at 31 December 2021 and the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### **BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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.

### *Going concern consideration*

The application of the going concern principle, requires significant judgement by both the trustees and management of the scheme and ourselves as auditors. In applying this judgement information from various sources is considered and taken into account. The year under review was still significantly affected by Covid-19, the related global lock-downs and slowdown of the global economy. While the scheme showed good results, the ongoing effect of the pandemic is yet to be fully developed. We have evaluated management's assessment of the going concern assumption, as well as the scheme's financial performance and financial position for the year ended 31 December 2021. The evaluation performed confirmed management's assessment that the scheme can continue as a going concern, as it remains profitable and solvent. While these changes present challenges in determining the applicability of the principle, the scheme has sufficient reserves and management have taken the appropriate action to ensure the sustainability of the scheme. Refer to note 26.

### *Investments and Cash and Cash Equivalents*

Investments and Cash and Cash Equivalents comprise significant balances on the statement of financial position. These balances are subject to the risk of material misstatement and fraudulent activities. We agreed the balances of these accounts to statements received from third party financial institutions and further requested confirmations from the financial institutions, to verify that the amounts reflected in the accounting records were accurately and completely reflected. These balances were also checked for compliance with the requirements of the Medical Schemes Act. Details of investments are set out in note 3 and cash and cash equivalents are set out in note 5 of the notes to the annual financial statements.

### *Provision for outstanding claims*

Significant judgement is required by management and the auditors in determining the provision for outstanding claims. The provision is calculated in line with a computation, which takes into account the historical claims paid after year end and the information available at the time of the audit. The calculation was reviewed and the assumptions and information used in the calculation was subject to various audit inquiries. The scheme actuaries have provided a computation of the claims provision in line with the prior years. It has been noted that the claims pattern has changed significantly in the last 2 years, owing to the wide-ranging effects of the Covid-19 virus. We have reviewed the claims provision computation provided by the actuaries and have applied our judgement to the reliability of the work done by the actuaries in determining the provision for outstanding claims. Details related to the provision for outstanding claims are set out in note 7 of the notes to the annual financial statements.

### *Claims and Contributions*

Contributions and claims are significant classes of transactions in the annual financial statements of the scheme. These are also subject to significant risk of fraud or material misstatement. The scheme places significant reliance on the system of internal controls and various analytical and system-based checks to ensure that all contributions and claims are valid and accurate. During the audit the claims system is subjected to various tests of controls, exception reports are reviewed and “live” claims tests conducted. Contributions are further subjected to analytical procedures and the re-computation of contributions from various source information. Contributions and claims are reflected in notes 9, 10, 11 and 12 of the annual financial statements.

### *Compliance with Medical Schemes Act*

The Scheme is required to comply with the Medical Schemes Act. The risk of non-compliance with laws and regulations may result in liabilities to the Scheme. A compliance checklist is completed by us, and any non-compliances have been noted in the annual financial statements of the scheme. Refer to note 22.

## OTHER INFORMATION

The Scheme's trustees are responsible for the other information, which comprises of The Board of Trustees' report. 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 the other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITY OF THE SCHEME'S TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITY 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, and design and perform audit procedures responsive to those risks.
- Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.

- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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. We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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 auditors' 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 Medical Schemes Act*

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, that have come to our attention during the course of the audit. Instances of non-compliance are set out in note 22 of the notes to the annual financial statements.

### AUDITOR'S TENURE

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Ransome Russouw Incorporated have been the auditors of the Scheme for 2 years and the engagement partner Mr HJ Russouw served as such for a period of 2 years.

Per: HJ Russouw (CA)SA  
Ransome Russouw Incorporated  
Registered Auditors  
08 April 2022

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	417,171	1,251,511
Available-for-sale investments	79,995,672	69,729,506
<b>Current assets</b>		
Trade and other receivables	50,107,533	67,897,354
Cash and cash equivalents	545,381,555	610,535,041
Other assets	180,000,000	-
<b>TOTAL ASSETS</b>	<b>855,901,931</b>	<b>749,413,412</b>
<b>FUNDS AND LIABILITIES</b>		
<b>Members' funds and reserves</b>		
Accumulated funds	680,492,380	560,805,951
Available-for-sale fair value reserve	18,623,605	10,245,693
<b>Non-current liabilities</b>		
Lease liabilities	-	540,483
<b>Current liabilities</b>		
Trade and other payables	88,457,906	108,060,617
Outstanding claims provision	67,787,557	68,820,824
Lease liabilities	540,483	939,844
<b>TOTAL FUNDS AND LIABILITIES</b>	<b>855,901,931</b>	<b>749,413,412</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 R	2020 R
<b>Risk contribution income</b>	1,539,408,382	1,372,527,688
<b>Relevant healthcare expenditure</b>	(1,283,434,336)	(1,076,262,163)
Net claims incurred	(1,276,187,797)	(1,062,984,161)
Risk Claims incurred	(1,281,527,446)	(1,066,138,830)
Third party claim recoveries	5,339,649	3,154,669
Accredited managed care services - No transfer of risk	(39,293,308)	(32,402,702)
Net (expense)/income on risk transfer arrangements	32,046,769	19,124,700
Risk transfer arrangement expenses	(276,437,829)	(232,494,468)
Recoveries from risk transfer arrangements	308,484,598	251,619,168
<b>Gross healthcare result</b>	255,974,046	296,265,525
Broker service fees	(35,726,537)	(31,016,899)
Administration expenses	(126,141,552)	(112,569,257)
Net impairment losses on healthcare receivables	(518,401)	(91,108)
<b>Net healthcare result</b>	93,587,557	152,588,261
<b>Other income</b>	26,173,676	26,827,234
Investment income	26,011,390	26,626,360
Unclaimed credits	162,286	200,874
	119,761,232	179,415,495

<b>Finance costs</b>	(74,804)	(135,898)
Interest "paid" on operating lease	(74,804)	(135,898)
<b>Net income for the year</b>	119,686,428	179,279,597
<b>Other comprehensive income</b>		
<b>Items that will be reclassified to profit or loss</b>	8,377,912	1,147,368
Available-for-sale investment - net change in fair value	8,377,912	1,147,368
<b>Total comprehensive income for the year</b>	128,064,340	180,426,965

## STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES FOR THE YEAR ENDED 31 DECEMBER 2021

	Available-for-sale Fair value reserve	Accumulated Funds	Total
	R	R	R
Opening balance - 01/01/2020	9,098,325	381,526,354	390,624,679
Net income for the year	-	179,279,597	179,279,597
<i>Other comprehensive income</i>			
Unrealised gains on revaluation of available-for-sale investments	1,147,368	-	1,147,368
<b>Balance as at 01/01/2021</b>	<b>10,245,693</b>	<b>560,805,951</b>	<b>571,051,644</b>
Net income for the year	-	119,686,428	119,686,428
<i>Other comprehensive income</i>			
Unrealised gains on revaluation of available-for-sale investments	8,377,912	-	8,377,912
<b>Balance as at 31/12/2021</b>	<b>18,623,605</b>	<b>680,492,380</b>	<b>699,115,984</b>

## CATEGORIES OF INVESTMENT AS AT 31 DECEMBER 2021

Call accounts	535,272,000	523,002,636
Current account	10,109,555	11,837,910
Other cash equivalents	180,000,000	75,694,495
<b>Cash and cash equivalent per statement of financial position</b>	<b>725,381,555</b>	<b>610,535,041</b>

**NET INCOME / (EXPENSE) FROM OPERATIONS PER BENEFIT OPTION**

<b>2021</b>	<b>Extreme R</b>	<b>Supreme R</b>	<b>Standard R</b>	<b>Ultra R</b>	<b>Activator R</b>	<b>Total R</b>
<b>Risk contribution income</b>	82,594,226	716,121,528	245,649,350	493,142,662	1,900,616	1,539,408,382
<b>Relevant healthcare expenditure</b>	(67,946,248)	(554,232,770)	(214,880,993)	(445,722,781)	(651,542)	(1,283,434,336)
Risk claims incurred	(66,078,244)	(542,680,137)	(219,676,797)	(447,165,162)	(587,457)	(1,276,187,797)
Claims incurred	(66,630,765)	(545,292,038)	(220,212,138)	(448,805,048)	(587,457)	(1,281,527,446)
Third party claim recoveries	552,521	2,611,901	535,341	1,639,886	0	5,339,649
Accredited managed care services -						
No transfer of risk	(1,698,202)	(13,391,480)	(10,768,163)	(13,394,676)	(40,785)	(39,293,308)
Net income/(expense) on risk transfer arrangements	(169,802)	1,838,847	15,563,967	14,837,058	(23,300)	32,046,769
Capitation fees paid	(426,937)	(4,548,348)	(76,825,287)	(194,612,448)	(24,809)	(276,437,829)
Recoveries from risk transfer arrangements	257,135	6,387,195	92,389,254	209,449,505	1,509	308,484,598
<b>Gross healthcare result</b>	14,647,978	161,888,758	30,768,356	47,419,880	1,249,074	255,974,046
Broker service fees	(1,390,742)	(14,026,389)	(5,868,006)	(14,383,523)	(57,877)	(35,726,537)
Administration expenses	(6,455,559)	(62,355,517)	(21,933,890)	(35,307,314)	(164,076)	(126,216,356)
Net impairment losses on healthcare receivables	(23,298)	(522,722)	32,970	1,049	(6,400)	(518,401)
<b>Net healthcare result</b>	6,778,379	84,984,130	2,999,430	(2,269,907)	1,020,721	93,512,752
<b>Other income</b>	1,398,386	12,135,402	4,257,439	8,350,334	32,115	26,173,676
Investment income	1,395,595	12,100,308	4,150,738	8,332,634	32,115	26,011,390
Unclaimed credits	2,791	35,094	106,701	17,700	0	162,286
<b>Net income/(expense) for the year</b>	8,176,765	97,119,532	7,256,868	6,080,427	1,052,835	119,686,428
<b>Number of members at 31 December 2021</b>	1,228	13,188	6,371	23,766	84	44,637

## NET INCOME / (EXPENSE) FROM OPERATIONS PER BENEFIT OPTION

	Extreme R	Supreme R	Standard R	Ultra R	Activator R	Total R
<b>2020</b>						
Risk contribution income	78,475,585	679,899,647	253,798,850	359,614,436	739,170	1372,527,688
<b>Relevant healthcare expenditure</b>	(54,635,956)	(467,437,105)	(218,939,373)	(334,417,157)	(832,572)	(1076,262,163)
Risk claims incurred	(52,875,286)	(456,125,152)	(220,889,903)	(332,284,754)	(809,066)	(1062,984,161)
Claims incurred	(52,972,775)	(458,103,770)	(221,420,797)	(332,832,422)	(809,066)	(1066,138,830)
Third party claim recoveries	97,489	1,978,618	530,894	547,668	0	3,154,669
Accredited managed care services -						
No transfer of risk	(1,608,165)	(12,724,910)	(8,966,342)	(9,087,586)	(15,702)	(32,402,702)
Net income/(expense) on risk transfer arrangements	(152,505)	1,412,957	10,916,872	6,955,180	(7,804)	19,124,700
Capitation fees paid	(407,577)	(4,334,140)	(79,460,115)	(148,283,317)	(9,319)	(232,494,468)
Recoveries from risk transfer arrangements	255,072	5,747,097	90,376,987	155,238,497	1,515	251,619,168
<b>Gross healthcare result</b>	23,839,629	212,462,542	34,859,477	25,197,279	(93,402)	296,265,525
Broker service fees	(1,394,450)	(13,910,512)	(6,308,742)	(9,381,586)	(21,609)	(31,016,899)
Administration expenses	(6,014,316)	(58,225,055)	(22,393,672)	(26,009,758)	(62,352)	(112,705,153)
Net impairment losses on healthcare receivables	(7,858)	(55,680)	(5,226)	(20,401)	(1,943)	(91,108)
<b>Net healthcare result</b>	16,423,005	140,271,295	6,151,837	(10,214,466)	(179,306)	152,452,365
<b>Other income</b>	1,524,587	13,297,643	4,993,585	6,997,079	14,340	26,827,234
Investment income	1,522,388	13,189,718	4,923,572	6,976,342	14,340	26,626,360
Unclaimed credits	2,199	107,925	70,013	20,737	0	200,874
<b>Net income/(expense) for the year</b>	17,947,592	153,568,938	11,145,422	(3,217,387)	(164,966)	179,279,599
<b>Number of members at 31 December 2020</b>	1,209	13,020	6,789	16,855	41	37,914

## REMUNERATION OF TRUSTEE MEMBERS

In terms of Rule 18.16 an honorarium as from time to time determined at the Annual general meeting (AGM) may be paid to members of the Board of Trustees.

Board of Trustee members currently receive the following remuneration:

1. R15 000 per month for Trustees and R22 500 per month for the Chair person;
2. R5 517 meeting allowance per Trustee for meetings other than Board/ Workshop meetings and the Chairperson 30% on that at R7 172;
3. R1 300 daily allowance;
4. Travelling reimbursement at the SARS prescribed rate (currently R4.18 per kilometre);
5. Accommodation with breakfast at an appropriate hotel facility; and
6. R1 000 cell phone allowance per month for the Chairperson.

Annually at the AGM, the members approve an adjustment of the meeting allowance as in 1 and 2 above.

It is recommended that the monthly Trustee remuneration and meeting/workshop allowance be increased with effect from 1 July 2022 with the latest Consumer Price Index (CPI) plus: -

1. 0%; or
2. 1%; or
3. 2%.

For consideration by the meeting.







## South Africa's National Anthem

Nkosi sikelel' iAfrika  
Maluphakanyisw' uphondo lwayo,  
Yizwa imithandazo yethu,  
Nkosi sikelela, thina lusapho lwayo.

Morena boloka setjhaba sa heso,  
O fedise dintwa le matshwenyeho,  
O se boloke, O se boloke setjhaba sa heso,  
Setjhaba sa South Afrika – South Afrika.

Uit die blou van onse hemel,  
Uit die diepte van ons see,  
Oor ons ewige gebergtes,  
Waar die kranse antwoord gee,

Sounds the call to come together,  
And united we shall stand,  
Let us live and strive for freedom,  
In South Africa our land.

## **IMPORTANT CONTACT INFORMATION**

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