

GENESIS MEDICAL SCHEME

Registration No. 339

SUMMARISED FINANCIAL STATEMENTS

31 DECEMBER 2024

GENESIS MEDICAL SCHEME
Registration No. 339

SUMMARISED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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SUMMARISED FINANCIAL STATEMENTS

For the year ended 31 December 2024

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the summarised financial statements of Genesis Medical Scheme, comprising the statement of financial position at 31 December 2024, the statement of comprehensive income, the statement of changes in funds and reserves, the cash flow statement for the year then ended, and the notes to the financial statements. The notes include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards and in the manner required by the Medical Schemes Act 131 of 1998, as amended.

The Trustees' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Trustees' responsibility also includes maintaining adequate accounting records and an effective system of risk management. The Trustees have ultimate responsibility for the system of internal controls.

The Trustees are satisfied that the information contained in the summarised financial statements fairly presents the financial performance for the year and the financial position of the Scheme at year end in terms of IFRS® Accounting Standards. The Trustees also prepared the other information included in the summarised report and are responsible for both its accuracy and its consistency with the financial statements.

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

The Trustees have made an assessment of the Scheme's ability to continue as a going concern and there is no reason to believe the Scheme will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the summarised financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of summarised financial statements

The summarised financial statements have been derived from the annual financial statements of Genesis Medical Scheme which were approved by the Board of Trustees on 17 April 2025 and signed on 17 April 2025.

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SUMMARISED FINANCIAL STATEMENTS

For the year ended 31 December 2024

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The Genesis Medical Scheme is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are proposed and elected by the members of the Scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the administration of the Scheme. 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 Scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the 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 and systems during the year under review.

GOVERNANCE

The Audit Committee assists the Board of Trustees in discharging their corporate governance responsibility. This Committee aids the Board in giving attention to specific areas of the Board's duties and responsibilities without mitigating or dissipating the Board's overall discharge of its responsibilities.

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forvismazars.com/za



Independent Auditor's Review

31 December 2024

To the Members of Genesis Medical Scheme

Independent Auditor's Review Report on the Summarised Financial Statements

We have reviewed the summarised financial statements of Genesis Medical Scheme, set out on pages 16 to 28, which comprise the summarised statement of financial position as at 31 December 2024 and the summarised statements of comprehensive income and cash flows for the year then ended, and selected explanatory notes in accordance with IFRS® Accounting Standards and in the manner required by the Medical Schemes Act 131 of 1998, as amended.

Trustees' Responsibility for the Summarised Financial Statements

The trustees are responsible for the preparation and presentation of these summarised financial statements in accordance with the requirements of IFRS® Accounting Standards and in the manner required by the Medical Schemes Act 131 of 1998, as amended, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these summarised financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the summarised financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of summarised financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these summarised financial statements.

Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222

Partners: MV Ninan (Country Managing Partner), C Abrahamse, SJ Adlam, JPMP Atwood, JM Barnard, AK Batt, S Beets, T Beukes, WI Blake, HL Burger, MJ Cassan, C Coetzee, JC Combrink, JR Comley, TVDL De Vries, CR De Wee, G Deva, Y Dockrat, S Doolabh, M Edelberg, JJ Eloff, T Erasmus, F Esterhuizen, Y Ferreira, MH Fisher, B Frey, T Gangen, M Groenewald, K Hoosain, MY Ismail, B Jansen, J Kasan, D Keeve, J Marais, TL Maree, N Mayat, B Mbunge, G Molyneux, A Moruck, R Murugan, S Naidoo, MG Odendaal, W Olivier, MT Rossouw, M Pieterse, E Pretorius, W Rabe, N Ravele, D Resnick, L Roeloffze, M Saayman, E Sibanda, MR Snow, EM Steyn, HH Swanepoel, AL Swartz, DM Tekie, MJA Teuchert, N Thelander, S Truter, PC van der Merwe, R van Molendorff, JC Van Tubbergh, N Volschenk, S Vorster, J Watkins-Baker

Our offices: Bloemfontein, Cape Town, Durban, Gqeberha, Johannesburg, Paarl, Pretoria

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the summarised financial statements of Genesis Medical Scheme for the year ended 31 December 2024 are not prepared, in all material respects, in accordance with the requirements of the IFRS® Accounting Standards and in the manner required by the Medical Schemes Act 131 of 1998, as amended. the Medical Schemes Act of South Africa as set out in note 2 to the summarised financial statements.

Forvis Mazars

Forvis Mazars
Partner: Fazlin Esterhuizen
Registered Auditor
23 May 2025
Cape Town

GENESIS MEDICAL SCHEME

Registration No. 339

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. MANAGEMENT

- 1.1 **Board of Trustees in office during the year under review**
- | | |
|-----------------------|----------|
| Mr. JF Klopper | Chairman |
| Ms. H Kruger | Trustee |
| Mr. R Metz | Trustee |
| Mr. LDR van der Merwe | Trustee |
| Mr. D Welsh | Trustee |
- 1.2 **Principal Officer**
Mr. D van der Merwe
- 1.3 **Audit Committee**
- | | |
|-------------------|--------------------------|
| Ms. AC Gouws | External – Chairperson |
| Ms. K De Brauwere | External – Scheme member |
| Ms. M Hulme | External |
| Mr. JF Klopper | Trustee |
| Mr. D Welsh | Trustee |
- 1.4 **Registered office address and postal address**
- | | |
|-------------------------------------|-------------|
| 4 th Floor, The Terraces | PO Box 144 |
| Black River Park | Observatory |
| Fir Street | 7935 |
| Observatory | |
| 7925 | |
- 1.5 **Medical scheme administrator during the year**
The Scheme is self-administered.
- 1.6 **Bankers**
- Nedbank
PO Box 688
Cape Town
8000
- 1.7 **Auditor**
- | | |
|---------------------|--------------|
| Forvis Mazars | PO Box 134 |
| Forvis Mazars House | Century City |
| Rialto Road | 7446 |
| Century City | |
| 7446 | |
- 1.8 **Registration Number**
339

GENESIS MEDICAL SCHEME

Registration No. 339

REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

2. DESCRIPTION OF SCHEME**2.1 Terms of registration**

Genesis Medical Scheme is a not for profit open medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended and is domiciled in South Africa.

2.2 Benefit options within Genesis Medical Scheme

The Scheme offered the following benefit options to members during the year:

- **MED-100**, is a benefit option that provides members with statutory cover, hospitalisation and dental cover;
- **MED-200**, is a benefit option that provides members with statutory cover, hospitalisation, major medical illnesses cover and dental cover;
- **MED-200 Plus**, is a benefit option that provides members with statutory cover, hospitalisation, major medical illnesses cover, dental cover and a self-managed fund.

2.3 Risk transfer arrangements

The Scheme had no risk transfer arrangements in place during the year under review.

3. INVESTMENT POLICY OF THE 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 Scheme continued to invest in low risk listed equities that seek capital growth rather than income yield to maximise its return in the long term.

The Scheme invested in fixed deposits, cash instruments and listed equities during 2024. This investment policy is reviewed regularly, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

GENESIS MEDICAL SCHEME
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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

4. REVIEW OF THE YEAR'S ACTIVITIES

4.1 Operational statistics

As at 31 December 2024	MED-100	MED-200	MED-200 Plus	Total
Number of members at year end	2,647	3,984	2,210	8,841
Number of beneficiaries at year end	5,571	8,535	4,520	18,626
Average number of members for the year	2,549	3,929	2,212	8,690
Average number of beneficiaries for the year	5,341	8,484	4,551	18,376
Average age of beneficiaries for the year	33.5	42.2	39.8	39.0
Pensioner ratio (beneficiaries > 65 years)	4.45%	15.06%	12.50%	11.26%
Average non-current insurance contract liabilities per member at year end				R121,058
Dependant ratio to members at year end	1.10	1.14	1.05	1.11
Insurance revenue per average beneficiary per month	1,222	1,787	2,311	1,752
Insurance service expense per average beneficiary per month	(942)	(1,913)	(2,833)	(1,859)
Relevant healthcare expenditure per average beneficiary per month	(803)	(1,711)	(2,571)	(1,660)
Directly attributable insurance service expenses per average beneficiary per month	(138)	(202)	(262)	(199)
Insurance service expense ratio	0.77	1.07	1.23	1.06
Relevant healthcare expenditure ratio	0.66	0.96	1.11	0.95
Directly attributable insurance service expenses ratio	0.11	0.11	0.11	0.11

As at 31 December 2023	MED-100	MED-200	MED-200 Plus	Total
Number of members at year end	2,474	3,847	2,183	8,504
Number of beneficiaries at year end	5,190	8,399	4,521	18,110
Average number of members for the year	2,481	3,872	2,161	8,514
Average number of beneficiaries for the year	5,223	8,512	4,538	18,273
Average age of beneficiaries for the year	33.5	41.8	39.4	38.8
Pensioner ratio (beneficiaries > 65 years)	4.22%	14.85%	11.88%	11.06%
Average non-current insurance contract liabilities per member at year end				R120,976
Dependant ratio to members at year end	1.10	1.18	1.07	1.13
Insurance revenue per average beneficiary per month	1,183	1,692	2,170	1,665
Insurance service expense per average beneficiary per month	(814)	(1,641)	(2,321)	(1,573)
Relevant healthcare expenditure per average beneficiary per month	(683)	(1,453)	(2,080)	(1,389)
Directly attributable insurance service expenses per average beneficiary per month	(131)	(187)	(240)	(184)
Insurance service expense ratio	0.69	0.97	1.07	0.94
Relevant healthcare expenditure ratio	0.58	0.86	0.96	0.83
Directly attributable insurance service expenses ratio	0.11	0.11	0.11	0.11

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

4.2 Results of operations

The results of the Scheme are clearly set out in the financial statements, and the Board of Trustees believe that no further clarification is required.

4.3 Accumulated funds ratio (Solvency level)

The accumulated funds ratio is calculated on the following basis:

	2024	2023
	R	R
Total members' funds	1,070,272,287	1,028,782,896
Less: Accumulative unrealised gains	<u>(129,716,573)</u>	<u>(114,621,624)</u>
Accumulated funds per Regulation 29	940,555,714	914,161,272

Gross annual contribution income (GCI)	386,423,363	365,182,554
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Accumulated funds ratio:

$$\frac{\text{Accumulated funds}}{\text{GCI}} \times 100\%$$

= Accumulated funds ratio per Regulation 29 (1) of the Act	243%	250%
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4.4 Outstanding claims

There have been no unusual movements that the Board of Trustees believe should be brought to the attention of the members of the Scheme.

The Board of Trustees is of the opinion that adequate provision has been made for claims incurred but not intimated to the Scheme at the year end.

5. POST STATEMENT OF FINANCIAL POSITION EVENT

There have been no events that have occurred subsequent to the financial year end that affect the annual financial report and that the Board of Trustees consider should be brought to the attention of the members of the Scheme.

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

6. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

No guarantees were received by the Scheme from a third party during the year.

7. 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 the Scheme.

8. AUDIT COMMITTEE

The Scheme has an established audit committee, in accordance with provisions of the Medical Schemes Act of 1998, as amended. 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 five members of which two are members of the Board of Trustees. The majority of the Committee members are not officers of the Scheme. The Committee met on four occasions during the year.

The Chairman of the Scheme and the external auditor have unrestricted access to the Chairman 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 Scheme's accounting policies, internal control systems and financial reporting practices. The composition of the Committee is noted under item 1.3.

9. ACTUARIAL IFRS 17 VALUATION

Prognosys Actuaries and Consultants were used by the Scheme to determine the level of the insurance contract liabilities as determined by IFRS 17.

10. GENERAL

Governance and issues of non-compliance

The Scheme is governed by a board of independent, professional trustees elected by members. The business of the Scheme is managed by a team of executive managers.

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

10. GENERAL (Continued)

Late payment of claims

In terms of section 59(2) of the Medical Schemes Act, a medical scheme shall pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme. This requirement was not met in certain instances due to issues of timing. The Scheme reimburses claims once a month, at the end of the month. The instances of non-compliance occurred as a result of differences in timing between the date of receipt and the next scheduled payment of claims.

The issues of non-compliance, as referred to above, relates to a negligible number of claims that does not warrant the financially prejudicial cost of scheduling an additional claims payment date.

Investment limits

The Medical Schemes Act prescribes limits within which a medical scheme may invest assets in excess of the minimum reserves that must be maintained to ensure the solvency reserve contemplated at Regulation 30(3A) of the Medical Schemes Act 131 of 1998 to the Act. Due to the substantial increase in the market value of the Scheme's investments in equities the Scheme exceeded the 40% limit prescribed by Regulation 30(3A). By using the cost value of the investments, the Scheme was comfortably within the limit prescribed. The Scheme obtained exemption from the requirements of Regulation 30(3A) of the Medical Schemes Act 131 of 1998, as amended, from the Council of Medical Schemes, in a letter dated 13 June 2022. The exemption allows the Scheme to deviate from the 40% limitation imposed on category 4 (equities) to Annexure B up to a maximum of 50% of the Scheme's Regulation 30 assets. The Scheme's solvency reserve computation comfortably exceeds the prescribed minimum by some ten times. Accordingly, this issue is not viewed as one of non-compliance with the Act.

The financial year 2024 in review

The healthcare funding industry during 2024 was dominated by the uncertainty that surrounds NHI and the future of medical schemes. The sad reality is that the state of public hospitals is, by and large, quite unsatisfactory to meet the reasonable needs and expectations of the general public of the country. Private or non-State-owned healthcare facilities offer a standard that ought to be the norm throughout all healthcare facilities, both public and private. That old and well-worn saying that one does not make the weak strong by making the strong weak is perhaps all too applicable. That said, the NHI saga is an ongoing one with no end in immediate sight.

Genesis continues to go from strength to strength with a pleasing net growth in membership during the year under review. However, this growth was largely offset by a loss of members due mostly to the financial strain being faced by many South Africans, notwithstanding the fact that Genesis contribution rates are amongst the lowest of all open medical schemes.

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

10. GENERAL (Continued)

As has been the case for the past eleven or so years, your Trustees were once again able to offer the lowest contribution increase of all open medical schemes for 2025. This situation was made possible due to the Scheme's sound management and tight fiscal control. The Scheme's investment policies are paying dividends that assist in keeping contribution increases as low as possible whilst allowing your Trustees to increase benefits as much as possible. That all said, the affordability of contributions remains a challenge for many households.

Financial results

Your Trustees are pleased and proud to report another strong financial performance for the Scheme at year-end. Genesis maintains healthy financial reserves, enabling the Board to keep contribution increases as low as possible while still providing meaningful benefit enhancements—often more competitive than those offered by other medical schemes. In fact, while most open medical schemes have been raising contributions by 10% or more annually, Genesis has consistently managed to align its increases with inflation.

Last year, we reported on the difficulties presented by the directive of the Registrar of Medical Schemes that compelled all medical schemes to adopt the accounting standard, IFRS17, that applies to insurance contracts. Your Trustees remain concerned that IFRS17 may very well facilitate a position where the financial results of the Scheme do not comply with the binding provisions of the Medical Schemes Act (MSA). To put this in context, every medical scheme must present to members the financial position of the scheme in a manner that fairly represents the financial position of the scheme and the results of its operations for the financial year. Your Trustees are concerned that IFRS17 does not permit the Board to comply with these provisions of the MSA.

To fulfil its statutory duty of protecting members' interests, the Board sought and obtained multiple legal opinions, which, unfortunately, resulted in significant legal costs. Equipped with these opinions, the Scheme embarked on a yearlong engagement with the Registrar, aiming to have his directive on IFRS 17 overturned. This engagement is ongoing, and while the Registrar has assured the Scheme that its concerns are being taken seriously, the 2024 financial statements have still been prepared in accordance with IFRS 17.

Concerned as we are regarding our statutory obligations to members with regards to presenting an accurate reflection of the Scheme's financials the Board has prepared a second, abbreviated, set of financial statements that have not been audited or approved of by the Scheme's auditors. This second set of financial statements will consist of a balance sheet, income statement and cash flow statement that has been prepared on the basis of the previous accounting standard, IFRS 4, which we believe presents the financials more accurately. In other words, the Board is presenting to members the financial position of the Scheme that it considers, in its reasonable opinion, to be a more accurate and fair presentation of the financial position of the Scheme using data that is not subject to an actuarial calculation based on a model or estimate, but is based upon a factual situation that is all but known at the reporting date.

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

10. GENERAL (Continued)

The reason for the second set of financial statements is due, in large part, to the fact that IFRS17 requires the liabilities of the Scheme, at year end, to be estimated by an actuary using a financial model. In previous years, the Scheme estimated its liabilities based on factual data and not on financial models or estimates. In addition, IFRS17 requires the financial statements to be presented in a manner that is extremely difficult to understand for laypersons in accounting matters. The Trustees are hopeful that the additional set of statements will assist members to easily understand the financial position of the Scheme.

In light of the above, the Board emphasises that all figures in the additional statements are drawn from the audited financial statements, except for the liabilities, which are considered more accurate than the actuarial estimate.

In addition to everything said above, the cost of completing the 2023 audit was some R2 million more than the cost of the 2022 audit plus a further R240 000 that was paid to an actuary. These additional costs are reflected in the 2024 annual financial statements.

Legal costs

We referred earlier in this report, to the additional legal costs incurred in obtaining some clarity regarding the IFRS17 matter. Another matter that has incurred a substantial legal cost involves a case that originated in 2008. Our attorneys at the time advised the Scheme that it had solid legal grounds to pursue a claim for damages arising from a latent defect in a motorised vehicle in which a member of Genesis sustained serious injuries. Genesis acted on the advice of its attorneys and counsel which advice was subsequently considered to be incorrect. The Scheme then instituted action against this firm of attorneys with a view to recovering its loss. This firm is opposing the Scheme's action, and the matter is on-going in the High Court, Cape Town. The legal costs thus far exceed the original claim by more than five times.

However, the legal principle at stake is much larger than the costs, in that if it transpires that anyone acting on legal advice that is paid for, is actually at risk if the advice is incorrect, creates an untenable situation.

The year ahead

Recent reports indicate that some form of compromise has been reached with Government regarding the NHI matter that will allow medical schemes to remain in existence. In the view of your Trustees, unless and until doctors are fully committed to NHI, the scheme is unlikely to gain much traction.

The on-going difficulties that result from IFRS17 must find resolution during the year. The massive additional audit fee and fees paid to actuaries is an unnecessary non-healthcare related cost that can and should be avoided. Costs aside, your Trustees remain concerned at being legally obligated to present financials which they believe do not present an accurate view of the Scheme's finances, due to having to adhere to the IFRS 17 accounting standard.

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

10. GENERAL (Continued)

As we have reported above, membership of the Scheme is showing a steady albeit small growth and the Scheme is in a sound financial position. Contribution increases for 2025 have been kept to a minimum whilst key benefit limits have been increased. Your Trustees are expecting a challenging year ahead with the rising cost of healthcare that far exceeds the official rate of inflation. It is an often-overlooked fact that medical schemes do not set the prices that doctors and hospitals charge. The Scheme can do no more than apply the tariff that it determines as prescribed by the MSA. Medical schemes take prices. They do not set them. Doctors are in seeming short supply and so they are enabled to charge whatever fee they desire. Members are encouraged to negotiate with doctors before blaming medical schemes for not paying claims in full.

In closing

Your Board would be remiss if it did not express its deep gratitude and appreciation to the loyal and dedicated Management Team and staff of the Scheme. Working for a medical scheme is a demanding and often thankless role, where good news is rare, and interactions are typically driven by members' needs, illnesses or personal challenges. Despite this, our staff consistently demonstrate professionalism and composure while upholding their statutory duty to apply the Scheme's rules—the foundation of its contract with members.

Your Trustees also express thanks to the members of Genesis for their loyalty and continued membership of the Scheme. The Board remains committed to always acting in your best interest.

11. OTHER MATTERS

In terms of section 26(7) of the Medical Schemes Act it requires all subscriptions or contributions to be paid directly to a medical scheme not later than three days after payment thereof becoming due. Instances where members paid contributions more than three days after they were due were noted during the year. The Scheme has appropriate processes in place to encourage members to pay contributions within three days as required by the Scheme's rules.

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REPORT OF THE BOARD OF TRUSTEES (Continued)

For the year ended 31 December 2024

12. TRUSTEE MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees and Audit Committee meeting attendances by members.

Trustee/Sub-Committee Member	Board Meetings		Audit Committee Meetings	
	A	B	A	B
JF Kloppe	6	6	5	5
H Kruger	6	6		
R Metz	6	6		
LDR van der Merwe	6	6		
D Welsh	6	6	5	5
AC Gouws			5	5
K De Brauwere			5	5
M Hulme			5	5

A – Possible number of meetings could have attended

B – Actual number of meetings attended

The Trustees' report was approved by the Board of Trustees on 17 April 2024

GENESIS MEDICAL SCHEME
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STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

	Notes	2024 R	2023 R
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment		1,458,382	1,752,926
Right-of-use assets		3,440,856	5,317,687
Financial assets at fair value through profit or loss		512,238,979	473,720,947
Current assets		630,483,176	625,304,434
Other receivables		2,704,727	2,520,453
Cash and cash equivalents		627,778,449	622,783,981
Total assets		1,147,621,393	1,106,095,994
<u>LIABILITIES</u>			
Non-current liabilities			
Lease liabilities		2,136,563	4,367,977
Insurance contract liabilities	3	1,070,272,287	1,028,782,896
Current liabilities		75,212,543	72,945,121
Other payables		2,880,138	2,549,423
Lease liabilities		2,231,413	1,892,670
Insurance contract liabilities	3	70,100,992	68,503,028
Total liabilities		1,147,621,393	1,106,095,994

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
Notes	R	R
Insurance revenue	386,423,363	365,182,554
Insurance service expenses	(451,325,827)	(450,614,631)
Insurance service result	(64,902,464)	(85,432,077)
Net investment income	79,417,366	95,876,713
Interest revenue from financial assets not measured at FVTPL	54,882,562	47,877,128
Net fair value gains on fair value investments	8,454,881	30,217,131
Investment income from fair value investments	16,079,923	17,782,454
Sundry income	-	232,213
Other finance costs	(487,593)	(643,016)
Non-attributable expenses	(14,027,309)	(10,033,833)
Net surplus for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	-	-

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 R	2023 R
Cash flows from operating activities			
Cash receipts from members and providers		386,699,226	365,087,627
Cash receipts from members - contributions	3	386,699,226	365,087,627
Cash receipts from members and providers – other		-	-
Cash paid to providers, employees and members		(420,459,523)	(347,475,487)
Cash paid to providers and members - claims	3	(364,733,303)	(299,007,812)
Cash paid to providers and employees - non healthcare expenditure			
- Directly attributable expenses	3	(43,775,882)	(40,432,293)
- Non-attributable expenses		(11,950,338)	(8,035,382)
Net cash (used in)/from operating activities		(33,760,297)	17,612,140
Cash flows from investing activities			
Purchase of property, plant and equipment		(99,621)	(1,752,178)
Proceeds on disposal of property, plant and equipment		-	270,000
Purchase of investments		(32,086,012)	(45,032,168)
Proceeds on disposal of investments		2,022,861	21,216,614
Interest received		54,730,285	48,962,151
Dividend income received	5	16,079,923	17,782,454
Net cash flows from investing activities		40,647 436	41,446 873
Cash flows from financing activities			
Principal elements of lease payments		(1,892,671)	(1,591,973)
Net cash flows used in financing activities		(1,892,671)	(1,591,973)
Net increase in cash and cash equivalents		4,994,468	57,467,040
Cash and cash equivalents at beginning of the year		622,783,981	565,316,941
Cash and cash equivalents at the end of the year		627,778,449	622,783,981

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The information contained in this summarised set of financial statements is an extract from the annual financial statements for the year ended 31 December 2024. The annual financial statements can be obtained from the Scheme's office.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised financial statements are prepared in accordance with the requirements of Circular 6 of 2013 issued by the Council for Medical Schemes for summarised financial statements. Circular 6 of 2013 issued by the Council for Medical Schemes requires summarised financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards and to also, as a minimum, adhere to the presentation and disclosure requirements of IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these summarised financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

3. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities are made up of the following two components:

- Liability attributable to current members; and
- Liability attributable to future members.

Insurance contract liabilities – Current Liability attributable to current members

Insurance contract liabilities – Non-Current Liability attributable to future members

	2024	2023
	R	R
	70,100,992	68,503,028
	1,070,272,287	1,028,782,896
	1,140,373,279	1,097,285,924

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

3. INSURANCE CONTRACT LIABILITIES (Continued)

3.1 Liability attributable to current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims

2024	LFRC Excluding loss component R	LIC BEL R	LIC RA R	Total R
Insurance contracts issued				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	3,881,992	61,740,770	2,880,266	68,503,028
Net balance as at 1 January 2024	3,881,992	61,740,770	2,880,266	68,503,028
Insurance revenue				
New contracts	(386,423,363)	-	-	(386,423,363)
Total insurance revenue	(386,423,363)	-	-	(386,423,363)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	407,616,267	3,193,527	410,809,794
Changes that relate to past service – adjustments to LIC	-	(5,818,366)	(2,880,266)	(8,698,632)
Insurance acquisition cash flows expensed	7,720,124	-	-	7,720,124
Total insurance service expenses	7,720,124	401,797,901	313,261	409,831,286
Insurance service result	(378,703,239)	401,797,901	313,261	23,407,923
Finance income/(expenses) from insurance contracts issued	-	-	-	-
Total amounts recognised in comprehensive income	(378,703,239)	401,797,901	313,261	23,407,923
Other changes – Premium debtors to LIC	63,474	(63,474)	-	-
Cash flows				
Contributions received	386,699,226	-	-	386,699,226
Claims and other directly attributable expenses paid	-	(408,509,185)	-	(408,509,185)
Insurance acquisition cash flows expensed	(7,720,124)	7,720,124	-	-
Total cash flows	378,979,102	(400,789,061)	-	(21,809,959)
Net balance as at 31 December 2024	4,221,329	62,686,136	3,193,527	70,100,992
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	4,221,329	62,686,136	3,193,527	70,100,992
Net balance as at 31 December 2024	4,221,329	62,686,136	3,193,527	70,100,992

GENESIS MEDICAL SCHEME
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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

3. INSURANCE CONTRACT LIABILITIES (Continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	LFRC Excluding loss component R	LIC BEL R	LIC RA R	Total R
2023				
Insurance contracts issued				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	3,976,919	56,157,374	2,941,100	63,075,393
Net balance as at 1 January 2023	3,976,919	56,157,374	2,941,100	63,075,393
Insurance revenue				
New contracts and contracts measured under the full retrospective approach at transition	(365,182,554)	-	-	(365,182,554)
Total insurance revenue	(365,182,554)	-	-	(365,182,554)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	352,423,341	2,880,266	355,303,607
Changes that relate to past service – adjustments to LIC	-	(14,358,819)	(2,941,100)	(17,299,919)
Insurance acquisition cash flows expensed	6,958,979	-	-	6,958,979
Total insurance service expenses	6,958,979	338,064,522	(60,834)	344,962,667
Insurance service result	(358,223,575)	338,064,522	(60,834)	(20,219,887)
Finance income/(expenses) from insurance contracts issued	-	-	-	-
Total amounts recognised in comprehensive income	(358,223,575)	338,064,522	(60,834)	(20,219,887)
Other changes – Premium debtors to LIC	-	-	-	-
Cash flows				
Contributions received	365,087,627	-	-	365,087,627
Claims and other directly attributable expenses paid	-	(339,440,105)	-	(339,440,105)
Insurance acquisition cash flows expensed	(6,958,979)	6,958,979	-	-
Total cash flows	358,128,648	(332,481,126)	-	25,647,522
Net balance as at 31 December 2023	3,881,992	61,740,770	2,880,266	68,503,028
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	3,881,992	61,740,770	2,880,266	68,503,028
Net balance as at 31 December 2023	3,881,992	61,740,770	2,880,266	68,503,028

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

3. INSURANCE CONTRACT LIABILITIES (Continued)

Closing balance consists of:

	2024	2023
	R	R
Insurance contract receivables	(343,001)	(98,199)
Contributions outstanding	(63,474)	(77,579)
Amount due from members and suppliers	(279,527)	(20,620)
Insurance contract payables	30,849,978	31,727,499
Contributions received in advance	4,221,329	3,959,572
Amounts due to members	1,069,945	698,751
Amounts due to service providers	25,558,704	27,069,176
Liability for incurred claims	39,594,015	36,873,728
Provision for claims incurred but not reported	36,400,488	33,993,462
Risk adjustment	3,193,527	2,880,266
Total insurance service liability	70,100,992	68,503,028

7.2 Liability attributable to future members

	2024	2023
	R	R
Opening balance	1,028,782,896	923,135,672
Movement in insurance liability attributable to future members	41,489,391	105,647,224
	1,070,272,287	1,028,782,896

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. INSURANCE REVENUE AND SERVICE EXPENSES

	2024 Insurance contracts R	2023 Insurance contracts R
Insurance revenue		
Insurance revenue from contracts measured under the PAA	386,423,363	365,182,554
Total insurance revenue	386,423,363	365,182,554
Insurance service expenses		
Incurring claims and other directly attributable expenses	(410,809,794)	(355,303,607)
Incurring claims	(374,754,037)	(321,830,295)
Computer expenses	(4,909,236)	(4,856,996)
Emergency response	(348,980)	(320,778)
Funding advisors	(842,464)	(649,715)
Pharmacy and chronic disease administration	(1,943,424)	(1,842,108)
Salaries	(28,011,653)	(25,803,715)
Amounts attributable to future members	(41,489,391)	(105,647,224)
Changes that relate to past service – adjustments to LIC	8,693,482	17,295,179
Insurance acquisition cash flows expensed	(7,720,124)	(6,958,979)
Total insurance service expenses	(451,325,827)	(450,614,631)
Total insurance service result	(64,902,464)	(85,432,077)

5. INVESTMENT INCOME AND INSURANCE FINANCE EXPENSE

	2024 R	2023 R
Net investment income (expenses) – financial assets		
Interest revenue from financial assets not measured at FVTPL	54,882,562	47,877,128
Net fair value gains on fair value investments	8,454,881	30,217,131
Investment income from fair value investments	16,079,923	17,782,454
Net investment income	79,417,366	95,876,713

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

6. RELATED PARTY TRANSACTIONS

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees, Principal Officer and Management Team. The disclosure deals with full-time personnel that are compensated on a salary basis (Principal Officer and Management Team), and part-time personnel that are compensated on a fee basis. The Management Team comprises of the Scheme executives, financial, operational, clinical, quality and IT managers. Close family members include close family members of the Board of Trustees, Principal Officer and Management Team.

Transactions with related parties

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	2024 R	2023 R
Compensation		
Short term employment benefits	17,505,295	16,146,233
Contributions and claims		
Gross contributions received	(345,120)	(313,680)
Claims paid from the Scheme	566,286	99,317
Total related party transactions	17,726,461	15,931,870

Contributions and claims

Contributions paid and claims incurred for the related parties were on the same terms as applicable to all members. No ex-gratia payments were awarded to any related party.

The terms and conditions of the related party transactions were as follows:

Transaction	Nature of transactions and terms and conditions thereof.
Contributions received	This constitutes the contributions paid by the related party as a member of the Scheme, in their individual capacity. All contributions were on the same terms as applicable to all members.
Claims incurred	This constitutes amounts claimed by the related parties, in their individual capacity as members of the Scheme. All claims were paid out in terms of the rules of the Scheme, as applicable to all members.
Claims reported not yet paid	These are claims that have been reported, but not yet paid due to the fact that the Scheme reimburses claims once a month. All claims are aimed to be settled within 30 days of being received.

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

7. EVENTS AFTER REPORTING PERIOD

There have been no events that have occurred subsequent to the financial year end that affect the annual financial report and that the Board of Trustees consider should be brought to the attention of the members of the Scheme.

8. SURPLUS FROM OPERATIONS PER BENEFIT OPTION

	MED-100	MED-200	MED-200 Plus	Total Scheme
2024	2024	2024	2024	2024
	R	R	R	R
Insurance revenue	78,339,003	181,889,089	126,195,271	386,423,363
Insurance service expenses	(60,354,839)	(194,766,567)	(154,715,030)	(409,836,436)
Insurance service result	17,984,164	(12,877,478)	(28,519,759)	(23,413,073)
Net investment income	16,068,195	37,367,118	25,982,053	79,417,366
Interest revenue from financial assets not measured at FVTPL	11,124,499	25,833,473	17,924,590	54,882,562
Net fair value gains on fair value investments	1,685,036	3,985,553	2,784,292	8,454,881
Investment income from fair value investments	3,258,660	7,548,092	5,273,171	16,079,923
Other finance costs	(102,343)	(229,929)	(155,321)	(487,593)
Non-attributable expenses	(2,806,184)	(6,848,329)	(4,372,796)	(14,027,309)
Net surplus for the year	31,143,832	17,411,382	(7,065,823)	41,489,391
Member numbers as at 31 December 2024	2,647	3,984	2,210	8,841

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NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

8. SURPLUS FROM OPERATIONS PER BENEFIT OPTION (Continued)

	MED-100	MED-200	MED-200 Plus	Total Scheme
2023	2023	2023	2023	2023
	R	R	R	R
Insurance revenue	74,149,520	172,850,036	118,182,998	365,182,554
Insurance service expenses	(51,005,269)	(167,586,326)	(126,375,814)	(344,967,409)
Insurance service result	23,144,251	5,263,710	(8,192,816)	20,215,145
Net investment income	19,416,944	45,602,723	30,857,046	95,876,713
Interest revenue from financial assets not measured at FVTPL	9,723,567	22,654,520	15,499,041	47,877,128
Net fair value gains on fair value investments	6,061,697	14,560,445	9,594,989	30,217,131
Investment income from fair value investments	3,631,680	8,387,758	5,763,016	17,782,454
Sundry income	46,961	109,829	75,423	232,213
Other finance costs	(130,400)	(304,415)	(208,201)	(643,016)
Non-attributable expenses	(1,994,093)	(4,988,058)	(3,051,682)	(10,033,833)
Net surplus for the year	40,483,663	45,683,789	19,479,770	105,647,222

Member numbers as at 31 December 2023

	2,474	3,847	2,183	8,504
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9. CONTINGENCIES

The scheme has ongoing litigations relating to the business of operating the medical scheme. For the ongoing cases, management is confident of a positive outcome and the prospects of success are good. The impact of the cases cannot be determined at this time. Assets or Liabilities cannot be recognised as the outcome is not virtually certain.