

# ANNUAL GENERAL MEETING 2025

**NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING OF THE FUND, WHICH IS TO BE HELD ON TUESDAY 24 JUNE 2025 FROM 10:00 TO 12:00**

**PLEASE NOTE:**

The Meeting will be held in person at the Conference Room, Ground Floor, Engen Court, Thibault Square, Cape Town and via video conferencing at various workplaces. Please find a virtual conferencing venue close to you by clicking [here](#).

We have published these details on the Fund website at [www.engenmed.co.za](http://www.engenmed.co.za)

## AGENDA

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01. Welcome and verification that the required number of members are present in the meeting.
02. Noting and approval of the minutes of the Annual General Meeting held on 27 June 2024.
03. Introduction and adoption of the Chairperson's report for the year ended 31 December 2024.
04. Consider and accept the Annual Financial Statements and auditor's report for the year ended 31 December 2024.
05. Confirm the re-appointment of Harris Dowden and Fontaine as the Fund's external auditors for 2025.
06. Composition of the Board: to receive the results of the Trustee election held during May 2025 and confirm appointments made by the Employer.
07. To appoint members of the Disputes Committee
08. To consider and refer motions received to the Board of Trustees for finalisation.
09. Close

**Please note:** Notice of any motion to be placed before the AGM must reach the Principal Officer not later than seven days prior to the date of the meeting, on 17 June 2025. No other business will be discussed at this meeting of the Fund.

By order of the Board



**LESLEY SHAW**  
PRINCIPAL OFFICER  
CAPE TOWN, MAY 2025

# DRAFT MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 27 JUNE 2024 AT 10:00

The following persons attended at the venues indicated below and linked to the proceedings via video conferencing:

**Western Cape:** Conference Room, Ground Floor, Engen Court, Thibault Square, Cape Town

**KwaZulu-Natal:** ERO Westville VC: 2100 Video Conference Room, Second Floor, 171 Rodger Sishi Road. ENGEN House, Westville North, Durban

**Free State:** Office Video Conferencing: 1st floor: Engen House, 169 A Nelson Mandela Drive, Westdene, Bloemfontein

**Gauteng:** Gauteng Regional Office Video Conferencing: GRO Auditorium Room 3009, 88 Stella Street, Sandown Mews East Building, Sandton 2191

**Gqeberha:** Greenacres Convenience Centre, Corner Newmarket & Ring Road, Greenacres 6057

## Trustees

Ms S Moroka-Mosia	Chairperson and Employer Appointed Trustee
Mr J Gumede	Employer Appointed Trustee
Mr S Abrahams	Member-Elected Trustee
Ms N Rabochene	Member-Elected Trustee
Mr M Tshabalala	Member-Elected Trustee
Ms L Shaw	Principal Officer

## By Invitation

Ms D du Toit	Discovery Health – Fund Manager
Ms J Harland	Discovery Health – Fund Manager
Mr D Spangenberg	Discovery Health – Senior Finance Manager
Ms A Pietersen	Discovery Health – Fund Coordinator
Ms S Ashraff	Discovery Health – Corporate Health Manager
Ms M Martin	Discovery Health – Client Liaison Officer
Ms B Mtholo	Council of Medical Schemes – Senior Investigator

## Apologies

Ms A Bennetts	Member Elected Trustee
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## Members

In addition to the Trustees who are members of the Fund, and were in attendance, 82 members of the Fund attended the meeting.

## 01. WELCOME AND QUORUM

At 10:10, it was noted that a quorum was present since there were more than 30 members in attendance. The meeting was declared duly constituted and proceeded.

The Chairperson, Ms S Moroka-Mosia, welcomed all attendees present and opened the meeting.

A special word of welcome was extended to the representative of the Council for Medical Schemes, Ms. Motholo.

No additional matters were raised for discussion.

## 02. NOTICE CONVENING THE MEETING

The Chairperson confirmed that the Notice of the Annual General Meeting was distributed to all members within the required timeframe. The notice was taken as read.

It was noted that copies of the Notice of the Annual General Meeting were available to all attendees at the various venues.

## 03. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 JUNE 2023

There were no comments or corrections to the draft minutes of the Annual General Meeting held on 27 June 2023, and it was duly confirmed as a true recording of the Meeting.

## 04. MATTERS ARISING FROM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 JUNE 2023

### Minute item      Feedback

12.1                      The Principal Officer noted that the matter of the motions received from one member was dealt with after the 2023 Annual General Meeting, and that detailed feedback on each of the motions was prepared and provided to the member with no further issues raised by the member. The Meeting noted the feedback.

**Matter closed**

## 05. INTRODUCTION AND ADOPTION OF THE CHAIRPERSON'S REPORT FOR YEAR ENDED 31 DECEMBER 2023

The Principal Officer highlighted certain aspects of the Fund's performance during 2023, by referencing points from the Chairperson's report that was previously circulated to all members via the Notice of the 2023 Annual General Meeting:

Key indicator	2023 VS 2022	Indicator	Status
Membership	3.3%	▼	Decreased to 3,028 in 2023 from 3,132 (2022)
Average age (beneficiaries)	0.87 years	▲	Increased to 42.83 (2023) vs 41.97 (2022) (Industry 33.9 years)
Lives > 65 years (pensioner ratio)	1.24%	▲	Increased to 21.40% (2023) vs 20.15% in 2022 (Industry 9.28%)
Solvency ratio	0,13%	▲	Increased to 127.57% (R302,58m) in 2023 from 127.44% (R289,96m) in 2022
Insurance liability to future members	R12 412 per member	▲	Accumulated funds increased to R116,175 (2023) vs R103,763 per member in 2022
Insurance service result (before investments)	R11.3m	▲	Deficit of R25.55m (2023) vs a deficit of R12.19m in 2022
Claims ratio	5,76%	▼	Decreased to 94.95% (2023) vs 98.23% in 2022
Non-healthcare costs as % of risk contributions	1,0%	▼	Decreased to 5.81% in 2023 from 5.87% in 2022

The Principal Officer indicated that the Council for Medical Schemes (CMS) has conducted a Routine Investigation into the matters of the Fund, with a specific focus on governance. The Fund has responded to the findings communicated in the CMS Draft Report in March 2024, in anticipation of the receipt of the final report from the CMS.

Updates on the statuses of the following industry issues were noted: the National Health Insurance Act, Road Accident Fund not paying claims for medical scheme members, Competition Commission complaint lodged by the Health Funders Association, Section 59 Inquiry; and the SA Society of Physiotherapists' legal action against schemes and the CMS.

No questions were raised, and the members present adopted the Chairperson's Report, by show of hands. The Chairperson thanked members for their loyal support.

## **06. CONSIDER AND ACCEPT THE ANNUAL FINANCIAL STATEMENTS AND AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

The Principal Officer confirmed Highlights from the Annual Financial Statements for 2023 were included in the Notice of the Annual General Meeting. In addition, the Annual Financial Statements were available to members prior to the Meeting on the Fund's website and on request.

The Principal Officer introduced Mr. Dirk Spangenberg, Snr Finance Manager at Discovery, who highlighted salient points from the Fund's performance as reflected in the Annual Financial Statements. Mr. Spangenberg also informed the Meeting of the main impacts of the introduction of the new accounting standard, IFRS 17, on these Financial Statements.

Mr Spangenberg confirmed the following non-compliance matters, which were included in the Annual Financial Statements:

01. Contravention of S 35(8)(c) of the Act: shareholding in the holding company of the Administrator or any other administrator: indirect investments held in Discovery Holdings Ltd. *The Fund applied and the Council for Medical Schemes has granted exemption from the requirements until 30 November 2025.*
02. Contravention of S 26(7) of the Act: contributions not paid within three days of their due date. A limited number of exceptions were noted during the year. *Membership changes may cause reconciliation items between the employer and the Fund records.*
03. Contravention of S 59(2) and Regulation 6(2) of the Act: claims not settled within 30 days of receipt. *A limited number of exceptions were noted where complex claims were settled more than 30 days after receipt.*
04. Sustainability of Fund S33(2) of the Act requires each benefit option to be self-supporting in terms of membership and financial performance and be financially sound. At 31 December 2022, the Fund incurred a net healthcare deficit of R5.9m (2021: net surplus of R5.5m). After investment income the Fund recorded a surplus of R8.9m (2021: surplus of R43.3m) due to higher-than-expected claims.

The Chairperson indicated that a copy of the Report of the Fund's Independent Auditors, Harris Dowden & Fontaine, was included in the Notice to members and that the auditors have issued an unqualified opinion on the 2023 Annual Financial Statements, prepared by the Administrator.

No questions were raised, and the Annual Financial Statements and the Auditor's Report were adopted by the members present, by show of hands.

## **07. CONFIRM THE RE-APPOINTMENT OF HARRIS DOWDEN AND FONTAINE AS THE FUND'S EXTERNAL AUDITORS FOR 2024**

The Chairperson indicated that the Audit and Risk Sub-Committee's recommendation to the Board, to reappoint *Harris Dowden and Fontaine* as the Fund's external auditors for 2024, was approved by the Board of Trustees.

The members present ratified the Board's decision and requested the Board of Trustees to seek approval for the re-appointment of *Harris Dowden and Fontaine* as the Fund's external auditors for 2024, from the Council for Medical Schemes, as per the requirements.

## **08. COMPOSITION OF THE BOARD**

### **TO CONFIRM APPOINTMENTS MADE BY THE EMPLOYER AND RECEIVE THE RESULTS OF THE TRUSTEE ELECTION HELD DURING MAY 2024**

The Meeting noted that the Board accepted the Employer's nomination for Mr. K Govender to serve Employer nominated Trustees on the Board for a three year term, from 18 April 2024 to 17 April 2027. The Meeting also noted that the process was underway to fill one vacancy for an employer nominated Trustee.

The Principal Officer indicated that a Trustee election process was initiated, and nominations were received for eight candidates.

The following four candidates, who received the majority votes, were elected to serve as Member elected Trustees for a 3-year term, from 1 July 2024 to 30 June 2027:

- Mr R Marchant
- Mr A Williams
- Ms N Rabochene (re-elected)
- Mr T Dlamini

The Meeting ratified the changes to the composition of the Board of Trustees resulting from the appointment made by the Employer and the outcome of the Trustee election process.

The Chairperson thanked the outgoing Trustees for their service to the Fund and welcomed the new Trustees to the Board.

## 09. TO APPOINT MEMBERS OF THE DISPUTES COMMITTEE

The Meeting noted that Messrs. Jabu Masuku and Mbulelo Kroqwana will serve as members of Disputes Committee for a further term, starting 18 April 2024 to 19 April 2027 and that the process to fill the vacancy was underway.

The Meeting noted that Dr. G Kew was appointed by the Board to assist the Disputes Committee in providing clinical expertise, as and when it may be necessary. Dr Kew's appointment is valid until April 2027.

## 10. OTHER BUSINESS OF WHICH DUE NOTICE HAS BEEN GIVEN

The Principal Officer confirmed that she did not receive any motions to be considered by the Meeting.

## 11. GENERAL

In response to a claim made by one of the members present that he has repeatedly received calls from Discovery representatives for to obtain insurance services, it was agreed that the Fund's Privacy Statement will be reviewed to avoid further calls to members.

Several issues were raised by individual members and an undertaking was given that those would be investigated for consideration by the Board:

- Benefits for investigative tests to diagnose COPD
- Dental and Optical benefits depleting Medical Savings
- The deteriorating demographic profile of the Fund, best illustrated by the increasing average age of the membership, and
- Funding of frail care and hearing aids.

## 12. CLOSURE

The Chairperson expressed thanks and appreciation to the members and service providers for their ongoing support.

The Chairperson reiterated that the Board of Trustees remained committed to the future sustainability of the Engen Medical Benefit Fund, and to ensure competitive benefits were offered to the members.

There being no further matters for discussion, the Chairperson thanked all present for their attendance and closed the Meeting at 11:10.

### CERTIFIED TO BE A TRUE RECORD OF THE PROCEEDINGS

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Chairperson Signature

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Date



# CHAIRPERSON'S REPORT FOR THE 2024 FINANCIAL YEAR

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Engen Medical Benefit Fund provides healthcare funding to employees and pensioners of Engen Petroleum and their dependants. The Fund operates with commitment to the principles of fairness, transparency, integrity and accountability in all interactions with stakeholders.

The Fund offers a single benefit option, featuring a Medical Savings Account (MSA). This approach embodies the principle of cross-subsidisation, ensuring fair access to high-quality healthcare funding for all beneficiaries. Contributions are determined by family size and income, ensuring comprehensive cover for all members, regardless of their health status.

## FINANCIAL OVERVIEW

In 2023, the Fund complied with the requirement to introduce a new accounting standard, IFRS 17 in the Annual Financial Statements (AFS). This had a significant impact on the terminology and disclosures in the AFS.

The Board has assessed the Fund's financial performance. Although the Fund remains in a robust financial position for the foreseeable future, heightened claims pressure and the deteriorating profile of the membership remain under management scrutiny. Notably, the 2024 benefit year witnessed increased healthcare claims expenditure, particularly in the number of high-cost cases.

The trustees are, however, proud to bring these results to you for 2024.

The Fund achieved a surplus of R49,11 million, which was added to the reserves (now called *Insurance Liability for future members*) to end the year with total reserves of R398,11m. This is R131,912 per member.

The reserves translate into a 127.27% solvency (compared to 127.57% in 2022), well above the 25% requirement stipulated by the Medical Schemes Act 131 of 1998 (as amended).

The trustees diligently review non-healthcare expenses to ensure alignment with industry norms and value for money for members. In 2023, the total non-healthcare expenses (including administration, net impairment losses and other operating costs) were slightly higher at 5.73% of gross contributions (compared to 5.81% in 2023).

The trustees regularly review the risk indicators presented to them and take strategic and financial decisions based on these, which ensures the sustainability of the Fund. The following are noteworthy indicators:

- The loss of members continued in 2024. Membership has reduced slightly from 5,672 in 2023 to 5,625 – a 0.8% reduction on the total number of beneficiaries.
- The average age of the beneficiaries increased from 42.83 in 2023 to 42.97 (0.9%), while the pensioner ratio increased by 0.45%. More than 21% of the Fund’s beneficiaries are now older than 65.
- 1.03% more of the beneficiaries are registered with a chronic condition. At the year-end, 52.8% of the main members and 63% of all adult dependants were registered with one or more chronic condition, indicating a heavy disease burden.
- There has been a 7.1% increase in claims funded from the risk benefit. This is driven predominantly by hospital, radiology and pathology costs.

## GOVERNANCE AND COMPLIANCE

### Trustees

The trustees manage Engen Medical Benefit Fund in accordance with the Rules of the Fund and the provisions of the Medical Schemes Act.

The trustees have a legal duty to act in the best interests of all members and to ensure proper governance of the Fund. The Board consists of employer-nominated and member-elected trustees. In accordance with the requirements as set out in the Medical Schemes Act, at least half of the trustees are elected by and from among the Fund’s members.

The following people were on the Board of Trustees during the reporting period:

#### Employer nominated trustees

Ms S Moroka-Mosia – Chairperson	
Mr J Gumede	
Mr K Govender	(Appointed: 18 April 2024)
Ms N Thambiran	(Appointed: 15 November 2024)
Mr O Villo	(Resigned: 12 June 2024)
Ms E Waterson	(Resigned: 23 October 2024)

#### Alternate trustees

Ms B Ndlovu	
Mr T Dlamini	(Appointed 1 July 2024)

#### Member-elected trustees

Mr S Abrahams	(Resigned: 30 June 2024)
Ms A Bennetts	
Mr R Marchant	(Appointed: 1 July 2024)
Mr A Williams	(Appointed: 1 July 2024)
Ms N Rabochene	
Mr M Tshabalala	
Ms A Nkomo	(Resigned: 30 June 2024)

### Principal Officer

During the reporting period, Ms Lesley Shaw diligently carried out her responsibilities as the Principal Officer of the Fund.

### Audit and Risk Management Committee

The Committee was established through written terms of reference by the Board of Trustees in compliance with the requirements of the Act. It supports the Board of Trustees in fulfilling its responsibilities related to financial controls and risk management, overseeing accounting policies, internal controls, and financial reporting practices.

## REGULATORY AND INDUSTRY MATTERS

The trustees ensure that their knowledge of developments and issues affecting the medical schemes environment remains current. They regularly consider and assess the impact of any proposed legislative and regulatory changes to ensure that the Fund can respond to impacts and changes timeously. Key regulatory and other matters are summarised hereunder.

### National Health Insurance Bill (NHI Bill)

The President signed the Bill on 15 May 2024, despite this there is still a lot of uncertainty as to when it will be implemented.

The Fund closely monitors the progress of the NHI Bill and potential impacts to the Fund and its members. However, we do not expect that the finalisation of the Bill will have immediate impact on the Fund in the short to medium term. We continue to support the country’s efforts in securing equitable access to healthcare for all South Africans.

### Road Accident Fund (RAF) directive

Following the hearing on 17 December 2024, the Gauteng High Court dismissed the Fund’s administrator, Discovery Health’s bid to compel the RAF to reimburse medical schemes for past medical expenses. The court found that the rules published by Discovery Health Medical Scheme are only applicable to its members and the scheme itself, not third parties like the RAF.

The ruling emphasised that the RAF’s funds are intended for compensating road accident victims directly, not for reimbursing medical schemes or insurers.

Discovery Health aims to challenge the decision that the Road Accident Fund (RAF) is not obligated to reimburse medical schemes for past medical expenses.

### PCR testing

The Competition Tribunal has dismissed all of the exceptions, except one, raised by three leading pathology laboratories, thereby allowing the case involving alleged excessive pricing of Covid-19 PCR tests to proceed. These exceptions were in response to a case referred to the Tribunal by the Health Funders Association and 36 medical schemes (“the complainants”), relating to an allegedly excessive price charged by the pathologists for Covid-19 PCR tests between March 2020 and December 2021.

The complainants, who want to claim damages from the pathologists in the High Court, self-referred the case to the Tribunal after the Competition Commission declined to refer the case. The complainants seek a declaratory order from the Tribunal confirming that the pathologists engaged in a prohibited practice under the Competition Act, which would support their damages claim in the High Court.

The Tribunal has concluded that the material facts necessary to demonstrate the alleged excessive price have been sufficiently set out. Whether that conclusion will be found to be justified on all of the facts is for the Tribunal to decide after hearing the evidence.

At this stage, however, the Tribunal is of the view that the complainants have sufficiently set out the material facts necessary for the pathologists to answer to the allegations.

#### **South African Society of Physiotherapy (SASP) action**

The Competition Commission called for written submissions from the affected stakeholders in this case to be made by 1 October 2024.

Discovery Health responded on behalf of the schemes under administration, opposing the application for exception, as negotiations with SASP on a collective basis will significantly increase the organisation's bargaining power, to the detriment of non-aligned physiotherapists, medical schemes and their members. The case is ongoing.

#### **Related matters**

The Council for Medical Schemes has neither released any updates with regards to the recommendations published in the Health Market Inquiry report nor the Medical Schemes Amendment Bill.

### **CONCLUDING REMARKS**

The trustees remain steadfast in upholding sound governance principles and ensuring member satisfaction. This strikes a delicate balance between the healthcare needs of all members and affordability considerations, and acting in the best interests of our members while safeguarding the Fund's sustainability.

### **THANKS AND APPRECIATION**

I extend my heartfelt thanks and appreciation to the following stakeholders for their dedicated efforts and valuable contributions:

- All our members for their continued support
- The trustees and Board Sub-committee members for their time and commitment
- Our Principal Officer, Lesley Shaw
- The participating employer, Engen
- Discovery Health, our external administrator; the Fund actuaries during the period, Insight Actuarial Services; external auditors, Harris Dowden and Fontaine; our investment consultants during the 2024 financial year, Momentum Consultants; the Fund's medical adviser, Dr Tony Davidson, and other third-party managed care providers
- Healthcare providers looking after the wellbeing of our members and their dependants
- The Registrar of Medical Schemes and their staff.



Shirley Moroka-Mosia

**Chairperson**

**May 2025**

# INDEPENDENT AUDITOR'S REPORT

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**HARRIS DOWDEN & FONTAINE** CHARTERED ACCOUNTANTS (SA)  
IRBA Registration No: 943703

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P.O. Box 651129, Benmore, 2010  
Telephone: (011) 884-7373 Fax: (011) 784-6992  
E-Mail [hdf@icon.co.za](mailto:hdf@icon.co.za)

B.J. Dowden, C.L.I. Fontaine

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## **Independent Auditor's Report**

To the Members of Engen Medical Benefit Fund

### **Report on the audit of the Financial Statements For the year ended 31 December 2024**

#### ***Opinion***

We have audited the financial statements of Engen Medical Benefit Fund (Fund), set out on pages 16 to 59, which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, 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 Engen Medical Benefit Fund as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act 131 of 1998 of South Africa.

#### ***Basis for Opinion***

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

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

#### ***Independence***

We are independent of the Fund in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. 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.

### ***1. Insurance contract liabilities:***

International Financial Reporting Standards (IFRS) requires the Fund to make provision for all future cash outflows for which a past event has occurred.

The determination of the Liability for Incurred Claims (LIC) (formerly IBNR) including the Risk Adjustment for non financial risk amounted at year end to R5,000,000 (2023: R8,600,000). These amounts are included in Total Insurance Contract Liabilities in the Statement of Financial Position at year end.

As disclosed in Note 4 to the annual financial statements, the carrying amount of the Total Insurance Contract Liabilities at year end was R431,325,731 (2023: R386,310,709).

The determination of the LIC liability requires the Fund's Trustees to make assumptions and significant judgements in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported at the Statement of Financial Position date.

How the matter was addressed in the audit:

In evaluating the valuation of the LIC, we audited the calculations approved by the Board of Trustees and performed various procedures including the following:

- Testing the Fund's controls relating to the preparation of the LIC calculation;
- Testing the integrity of the information used in the calculation of the LIC by performing substantive procedures, on a sample basis, on the completeness and accuracy of the claims data used in calculating the LIC;
- Performance of an independent estimate of the LIC using substantive analytical procedures that involved historical claims data and trends and comparing the estimate to the Fund's LIC;
- Performance of tests of details on the current year's LIC including testing actual claims experienced subsequent to year end and to as close as possible to audit completion date; and
- Performance of a retrospective review based on actual claims paid in 2023 to verify the assumptions applied to determine the LIC are reasonable.

The assumptions applied in the LIC are appropriate and we are satisfied that the movement of the insurance contract liabilities in the Statement of Financial Position and assumptions are appropriate.

We engage with management around the rationale for any adjustments or decisions over and above the numeric calculation.

2. *Insurance revenue and insurance service expenses (contributions and claims):*

Insurance revenue and insurance service expenses are significant classes of transactions in the annual financial statements of the Fund. These are also subject to significant risk of fraud or material misstatement. The Fund places significant reliance on the system of internal controls and various analytical and system based checks to ensure that all claims and contributions are valid and accurate. How the matter was addressed in the audit:

During the audit insurance revenue and insurance service expense systems are subjected to various tests of controls and exception reports are reviewed.

3. *Risk Transfer Arrangement:*

The Fund entered into two risk transfer arrangements for the duration of the year, which obliged the risk transfer provider to compensate medical providers for costs incurred by members of the Fund, in the case that an insured event occurred.

How the matter was addressed in the audit:

We tested the accuracy of the risk transfer arrangement fees expense, by agreeing the number of members and rates applied in the calculations, to member records and the service level agreement with the risk transfer provider. No inconsistencies were noted.

***Other Information***

The Fund's trustees are responsible for the other information. The other information comprises the Statement of Responsibility by the Board of Trustees, and the Report of the Board of Trustees. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

***Responsibilities of the Fund's Trustees for the Financial Statements***

The Fund'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 131 of 1998 of South Africa, and for such internal control as the Fund'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 Fund's trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting, unless the Fund's trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 ISA's 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 ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's trustees.
- Conclude on the appropriateness of the Fund's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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 Fund'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 Fund's 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 Fund's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### ***Report on Other Legal and Regulatory Requirements***

#### *Non-compliance with the Medical Schemes Act of South Africa*

As required by the Council for Medical Schemes, we report 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 our audit.

#### *Audit Tenure*

As required by the Council for Medical Schemes Circular 38 of 2018, Audit Tenure, we report that our firm has been the auditor of Engen Medical Benefit Fund for 3 years.

The engagement partner, Charles Fontaine, has been responsible for Engen Medical Benefit Fund's audit for 3 years.

*Harris Dowden & Fontaine*  
HARRIS DOWDEN & FONTAINE  
Registered Auditors  
Per: C.L.I. FONTAINE

Sandton  
17 April 2025

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2024

	Notes	2024	2023
		R	R
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	2	394 428 817	347 270 342
Financial assets at amortised cost	3	864 130	782 187
Cash and cash equivalents	4	37 934 294	40 387 975
<b>Total assets</b>		<b>433 227 241</b>	<b>388 440 504</b>
<b>LIABILITIES</b>			
<i>Total insurance contract liability</i>		431 325 731	386 310 709
Insurance contract liability for future members	6	398 110 046	348 990 673
Insurance contract liabilities	5	33 215 685	37 320 036
Trade and other payables	8	1 901 510	2 129 795
<b>Total liabilities</b>		<b>433 227 241</b>	<b>388 440 504</b>

# STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2024

	Notes	2024	2023
		R	R
<b>Insurance revenue</b>	9	228 751 708	213 476 264
<b>Insurance service expense</b>	9	(215 331 347)	(212 864 958)
Net income from reinsurance contracts	9	395 588	224 181
Fees paid		(1 994 087)	(2 431 135)
Recoveries from reinsurance contracts		2 389 675	2 655 316
<b>Insurance service result</b>		<b>13 815 949</b>	<b>835 487</b>
Interest from financial assets at amortised cost	10	633 824	508 455
Investment income from investments at fair value through profit or loss	10	41 851 975	31 449 350
<b>Net investment income</b>		<b>42 485 799</b>	<b>31 957 805</b>
Finance expenses on Medical Savings Account monies		(2 370 784)	(1 955 284)
<b>Net insurance finance expenses</b>		<b>(2 370 784)</b>	<b>(1 955 284)</b>
<b>Net insurance and investment result</b>		<b>53 930 964</b>	<b>30 838 008</b>
Asset management fees	11	(1 806 848)	(1 671 370)
Other operating expenses	12	(3 004 742)	(2 776 544)
<b>Net surplus for the year</b>		<b>49 119 374</b>	<b>26 390 094</b>
Transfer to insurance contract liability for future members	6	(49 119 374)	(26 390 094)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		R	R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from members and providers		<b>255 853 145</b>	<b>240 149 567</b>
- Cash receipts from members – contributions		255 057 279	238 661 749
- Cash receipts from members and providers – other		795 866	1 487 818
Cash paid to service providers and members		<b>(251 785 246)</b>	<b>(240 833 703)</b>
- Cash paid to providers and members – claims		(230 046 760)	(223 998 781)
- Cash paid to service providers – non-healthcare expenditure		(20 199 754)	(14 656 922)
- Cash paid to members – savings account refunds		(1 538 732)	(2 178 000)
<b>Cash generated by/(used in) operations</b>		<b>4 067 899</b>	<b>(684 136)</b>
Interest received		3 124 055	2 654 212
<b>Net cash flows from operating activities</b>		<b>7 191 954</b>	<b>1 970 076</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of investments		(120 645 635)	(153 300 000)
Proceeds on disposals of investments		111 000 000	159 729 000
<b>Net cash flows from investing activities</b>		<b>(9 645 635)</b>	<b>6 429 000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(2 453 681)</b>	<b>8 399 076</b>
Cash and cash equivalents at the beginning of the year		40 387 975	31 988 899
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	4	<b>37 934 294</b>	<b>40 387 975</b>
Current accounts	4	8 959 612	13 263 560
Medical savings account funds	4	28 974 682	27 124 415



# MATTERS OF NON COMPLIANCE

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## **CONTRIBUTIONS NOT RECEIVED WITHIN THREE DAYS OF IT BECOMING DUE**

In terms of Section 26(7) of the Act, all contributions shall be paid directly to a medical scheme not later than three days after payment becoming due.

A limited number of exceptions were noted during the year where contributions were received late. Membership changes may cause reconciliation items between the employer and the Fund records. These are typically resolved within one month.

The Fund continually strives to have all membership changes updated before the following contribution run. Due to the nature of member movements, and the communication process between the employer and pension administrators, on the one hand, and the Administrator on the other, this is not always possible

## **CLAIMS PAID AFTER 30 DAYS**

In terms of Section 59(2) and Regulation 6(2) of the Act a medical scheme shall pay a member or supplier of services any benefit owing to that member or supplier within 30 days of receipt of the medical claim. A limited number of exceptions were noted where complex claims settlements took longer than 30 days from receipt.

These are isolated cases that do not have a material effect on the Fund. The necessary assistance is provided to the affected members and healthcare providers to ensure that the impact of these cases is minimised.

## **SHAREHOLDING IN THE HOLDING COMPANY OF THE ADMINISTRATOR OR ANY OTHER ADMINISTRATOR**

The Fund holds indirect investments in Discovery Holdings Ltd. This is in contravention of section 35(8)(c) of the Act, as the Fund is not allowed to hold shares in the holding company of the Administrator or any other Administrator.

The Fund invested in a pooled fund and does not have control of the investment decisions relating to the underlying assets.

The Fund has applied for exemption from the requirements of Section 35(8)(c) of the Act. Exemption was granted until 30 November 2025 by the Council for Medical Schemes.

# KEY FINANCIAL AND SERVICE METRICS

	2024	2023
	R	R
<b>Solvency ratio</b>		
The solvency ratio is calculated on the following basis:		
Insurance liability to future members as per statement of financial position	398 110 046	348 990 673
Less: Unrealised gains on investments **	(74 649 917)	(46 402 858)
<b>Accumulated funds per Regulation 29</b>	323 460 129	302 587 815
Gross contributions	254 146 703	237 187 018
<b>Solvency ratio</b>	127.27%	127.57%
<b>** Cumulative net gains on re-measurement to fair value are calculated as follows:</b>		
Net cumulative gains opening balance at the beginning of the year	46 402 858	32 632 326
Movement in unrealised gains on re-measurement of financial instruments to fair value included in accumulated funds	28 247 059	13 770 532
<b>Cumulative net gain on re-measurement to fair value of investments included in accumulated funds</b>	74 649 917	46 402 858

# OPERATIONAL STATISTICS

	2024	2023
Average number of members during the accounting period	3,002	3,028
Average number of beneficiaries during the accounting period	5,614	5,747
Number of new members	185	258
Number of members leaving	171	363
Average age of beneficiaries for the accounting period	42.97	42.83
Proportion of lives over the age of 65	21.85%	21.40%
Average net contribution per member per month (R)	6,350	5,636
Directly attributable insurance service expenses per beneficiary per month (R)	3,197	3,087
Non-healthcare expenses as a percentage of net contributions (%)	5.73%	5.81%
Non-healthcare expenses per beneficiary per month (R)	194	180
Return on investments (%)	11.11%	9.10%

# NOTES



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Engen Medical Benefit Fund, registration number 1572, is regulated by the Council for Medical Schemes and administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07, an authorised financial services provider.