ANNUAL REPORT 2023

MediCoop CFI

MediCoop proudly presents its 2023 Annual Report. The objective of the report is to provide stakeholders with insight into the performance of MediCoop. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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SA Primary Medical Financial Co-operative Limited Registration No. 2015/014609/24 | Registered Credit Provider NCRCP 8712 | Financial Intelligence Centre ID 38406

REPORT FROM THE CHAIRMAN OF THE BOARD

Reflecting on the achievements and trials of the past year, MediCoop has been successful in positioning itself as the select financial institution for health and medical professionals, and we are achieving our objective of becoming a market leader in this field.

Since the establishment of MediCoop as a cooperative financial institution in 2015, and the initial slow growth in membership numbers, we can now boast almost 1000 full and associate members. This increased interest in the Cooperative demonstrates the great need in the sector for finance products tailor-made to the needs of the industry.

Our medical finance book has grown to R41.6 million and we financed over 50 new health care practices by financial year end.

In order to service the mounting number of applications for our Asset Rental product, we have expanded our human resource complement with six new appointments.

Going forward our focus will be on the acquisition of deposits and long-term investments. The Value-Added Fixed Deposit Investment Product, that we introduced this year, is receiving traction. Ringfenced for the healthcare and medical community, the investment product offers a combination of high-income interests on your investment, plus a share in the upside of transactions that were sold. It could manifest in high yields on investments.

This year required a significant investment from our shareholders to inject a Marketing drive, leading to exhibits at medical expos in Johannesburg, Pretoria, Bloemfontein, the Western Cape and the Garden Route. Augmented by an advanced digital marketing campaign, these efforts have paid off. By September we are aiming to report break-even and move into a profitable position.

Our prudential ratios have been under constant pressure, but we are working closely with the Prudential Authority to design a strategy to become a profitable entity. We are grateful and appreciative of their support in this regard.

It is regrettable that four directors have to step down, due to rotation requirements. The experience and expertise that they have gained, have been extremely valuable in the growth phase, but we hope to bring them back into the fold in other capacities.

Going forward, and considering the upward trend since May this year, we are upbeat about MediCoop's progress and the estimated trajectory.

The dedication and hard work of the executive management team and the various committees have set MediCoop on a pathway of expansion. I wish to thank our directors for their continued confidence and support.

Barend Esterhuyzen
Chairman of the Board of MediCoop CFI
11 August 2023

SOUTH AFRICAN HEALTHCARE MARKET

There is a desperate shortage of medical professionals and healthcare workers in South Africa. The provisioning of unique tailored finance products, encapsulated in a co-operative client-owned structure, is an all win-win invention for the healthcare industry.

South Africa has the largest healthcare market in Africa. The total healthcare spend in South Africa is around R460 billion or around 9% of GDP. In South Africa we have 0.8 doctors per 1,000 people, where the acceptable average according to the World Health Organisation (WHO) is around 3.1 per 1,000 people. [1,3]

There are 248,512 registered healthcare professionals, 285,704 registered nurses, and 25,328 active practices in South Africa. MediCoop has an estimated target market audience in excess of 500,000 professionals and medical organisations. [2,4,5]

The current deficiencies in our health system are driving cost increases far above inflation and creating challenges for health providers to deliver optimal care at all levels within the system. As patient numbers and expenses escalate, health providers are finding it increasingly difficult to make ends meet given the limited resources and capital at their disposal.

MediCoop was established to provide capital, financial services and investment opportunities to the medical profession. Financial co-operatives, as economic enterprises, play an important role in uplifting the socio-economic conditions of local communities. As member-owned institutions with the interests of their members and the community at heart, co-operatives represent a model of economic enterprise that has high regard for human and social values.

References:

1. Africa Health (2018). Industry Insights: South Africa Healthcare Market Overview. Africa Health: An Informa Experience.
2. DOH (2016). Strategic Plan: 2015/16 - 2019/20. Pretoria: Department of Health South Africa.
3. WHO (2015). South Africa: WHO Statistical Profile. Global Health Observatory: WHO & UN Partners.
4. HPCSA (2021). Retrieved from www.hpcsa.co.za/publications/statistics.
5. SANC (2018). Retrieved from www.sanc.co.za/stats/stat2018/Distribution%202018xls.htm.

VISION & PURPOSE

Our Vision

Our vision is to be the leading Medical Co-operative Financial Institution in South Africa, owned and controlled by medical professionals based on co-operative principles.

Simplicity

We have a simple product portfolio focusing on investment and savings accounts, term deposits, loans, equipment and practice finance.

Working towards our mission

The vision implies an institution whereby capital and cash flows are mobilised from members within the medical profession and outside sources for re-investment in the healthcare industry through the deployment of physical, human and social capital.

MEMBER FOCUSED APPROACH

The 'Member Centered Approach' is about translating our members' insights into customised products. A partnership approach, linked to various institutions and member participation programs allow us to gain deeper insights into formulating new products tailored to the exact needs of our members. This can be achieved through:

Vision and positioning: create an institution with which members want to do business.

Member engagement model: design products tailored to our members' specific needs and the industry requirements.

Development agenda: define an integrated development agenda to drive short-term objectives and long-term growth and sustainability.

Organisation, capabilities, and insights: build the insight engine, organisational capabilities and governance needed to sustain momentum and future well-being for all stakeholders.

MediCoop has been formed to meet the needs of healthcare professionals and, with a deep understanding of the medical industry, is geared to provide not only relevant financial services for its members but also familiar investment opportunities to diversify members' conventional earnings.

SA Primary Medical Financial Co-operative Limited Registration No. 2015/014609/24 | Registered Credit Provider NCRCP 8712 | Financial Intelligence Centre ID 38406

VALUE TO MEMBERS

MediCoop is based on the cooperative principle. Our clients are our members, and our members are our shareholders. As a financial co-operative institution, we bring an extensive network of expertise and access to the market to assist young professionals to set up their practices or buy into existing practices, as well as to provide supporting services through our alliance network.

Access to capital

Affordable and efficient finance provision to healthcare professionals.

Value chain diversification

To diversify from the traditional time and fee-based revenue models, thereby building equity, capital growth and passive income/return on investments.

Transformation

MediCoop acknowledges the potential and need to transform the medical sector to represent the population, grow the economy and improve healthcare outcomes in South Africa.

Industry focused knowledge

MediCoop, through its member network, has a deeper understanding of the opportunities and risks of the industry.

Financial services

Through the co-operative model and our strategic partnerships, MediCoop can offer a broad scope of services to its members.

Sustainability

We enable people, businesses and society to grow in a way that is sustainable in the long term.

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PRODUCTS & SERVICES

INVESTMENT & SAVINGS

MediCoop offers a variety of investment and savings products, tailored around the specific needs of our members with attractive interest rates, flexibility and no monthly fees.*

Savings Accounts: (a) Current accounts, (b) Flexible notice accounts, (c) Fixed term savings deposit accounts, and (d) Value-added deposit investment accounts with various maturity term options.

Investments: Long term (12, 24, 36, 48 and 60 months) investment instruments particularly focused on members that wish to invest capital beyond the limited 15% shareholding ceiling.

Financial Planning: Through our alliance member network we offer professional financial planning, life risk solutions and investment services.

FINANCE & RENTAL

The provisioning of tailored financing solutions, encapsulated in a co-operative client-owned structure, is a first for the medical sector.

Equipment Rental Solution: Our flexible Equipment Rental Finance Solutions can help you deal with equipment obsolescence and match the rental expense from income generated and preserve cash flow.

Practice Finance: Finance to set up a new medical practice or buy into existing practices. We also provide working capital finance and loans structured around the needs of our members.

FINANCIAL SERVICES

MediCoop offers a variety of financial and insurance products & services for medical professionals and organisations through our alliance partner network.

We bring an extensive network of expertise and access to the market to assist young professionals to set up their practices.

Partnered services include:

- **Medical Malpractice**
- **Short-term Insurance**
- **Practice Management Services**
- **Accounting and Tax Services**
- **Staff Solutions**

* Rates and fees are subject to change based on daily market fluctuations and economic changes. All rates are quoted on a nominal annual compounded monthly basis for the relevant period. Clients (Members) are required to maintain a minimum positive cash balance of R500 in their flexible notice deposit account and a minimum positive cash balance of R10,000 in their fixed rate deposit account. Terms and conditions apply.

MEMBER STORIES

Kriel, also known as Ga-Nala, is a small mining town in Mpumalanga. Through MediCoop's finance support, a local GP, Dr Nhlanhla Mazibuko, could add ultrasound to his private practice. This ultrasound is now the only one in the village, because local clinics do not have that capacity.

Dr Viencent Seleme is an experienced radiographer who realised that his business could increase exponentially if he could travel to see his patients, rather than patients travelling long distances to his X-ray practice. His company, Lempho Occupational Health X-rays Inc. offers X-ray services to companies such as mining, municipalities, construction sites, manufacturing and farming.

OPTOMETRISTS NEED FINANCIAL SUPPORT

Dr Martelie Burger is exceptional in this country. As SA's only child optometrist she's been struggling for years to launch her business plan to break away and operate two practices – one in Pretoria East and one in Pretoria West. In her dismay she Googled "practice finance" and this desperate search brought her to her destination - MediCoop's Head of Sales and well-known in the industry, SP Burger.

Marelie says "SP made the process his own. He led me through the finance application process step by step, and I found it easy and well-structured. Finally, I'm now in a position where I have not only set up two practices, but I can order a phoropter and I plan to extend my practices through MediCoop. I am making it my responsibility to let every optometrist in the country know about MediCoop. We need you."

Dr. Burger treats children from birth through their youth to adulthood.

In the past year, we have financed 50 new medical practices and growing from strength to strength. Many new owners of MediCoop-financed businesses speak with pride about the growth of their businesses and the crucial role MediCoop's finance played at that point in time.

VETERINARY SERVICES ARE BENEFITING

"I regard this financing as a breakthrough and I look forward to the growth of veterinary practices across the country as a result of this partnership," said Prof Marthinus Hartman.

KEY ACHIEVEMENTS DURING THE 2023 FINANCIAL YEAR

795

Current membership *

4,791

Active and non-active medical participants on our database

53

Financed and assisted medical professionals to start-up their own practices

R41.6 million

Current finance book size **

R389k

Average medical asset rental transaction size

<0.1%

Current default rate

1st

Co-operative financial institution to be linked to the National Payment System and have its own independent banking and transactional platform

R80-R120million

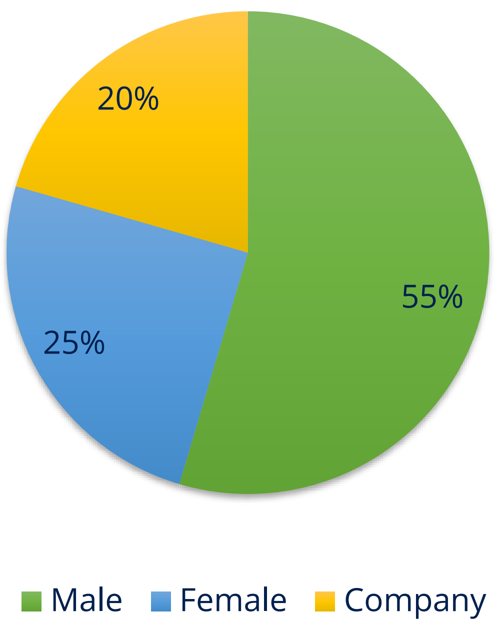
Average monthly transactional flow of funds through members' MediCoop current accounts ***

MediCoop has positioned itself firmly as the leading financial cooperative institution within the healthcare sector

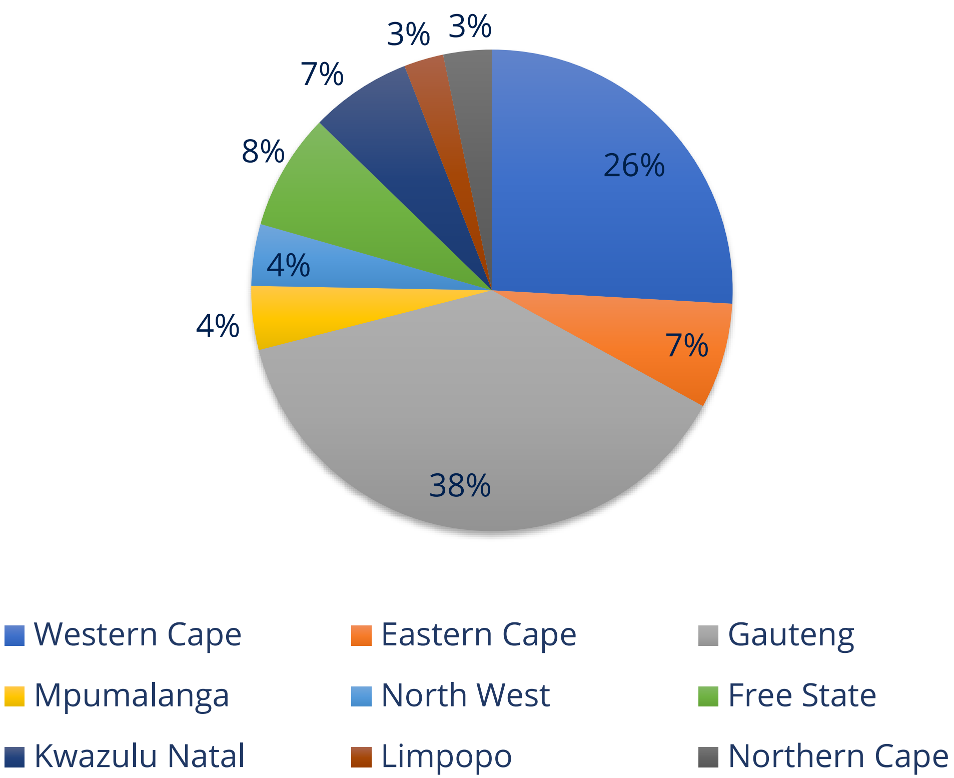
* Full and associate members.
** Amount includes business and personal loans and Asset Rental (in- and outsourced) till 28 February 2023
*** MediCoop has its own account range (520....) registered with BankServ. Members open current, savings & investment bank accounts with us (held in our books).

MEMBER STATISTICS

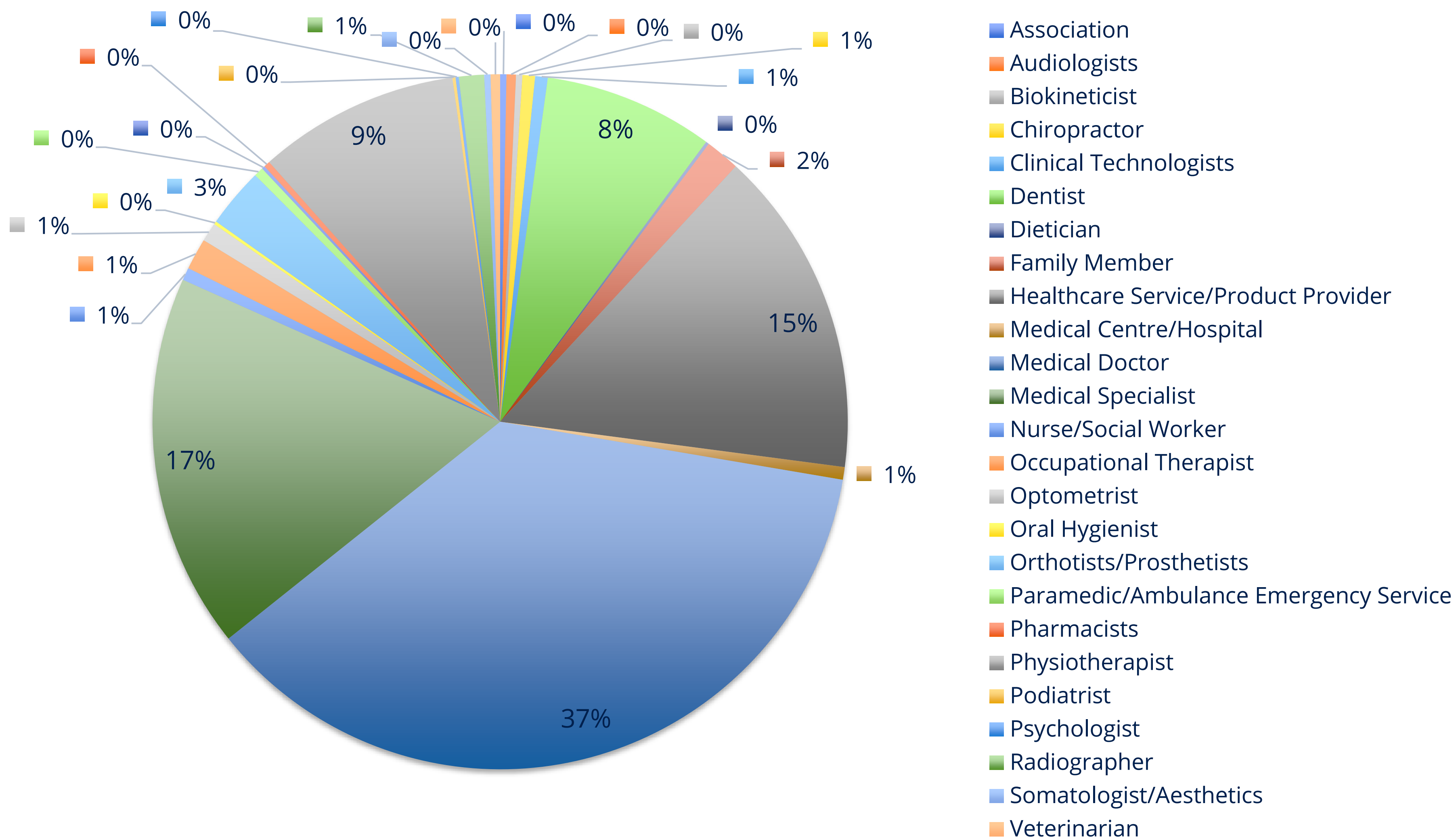
Individual / Entity Membership



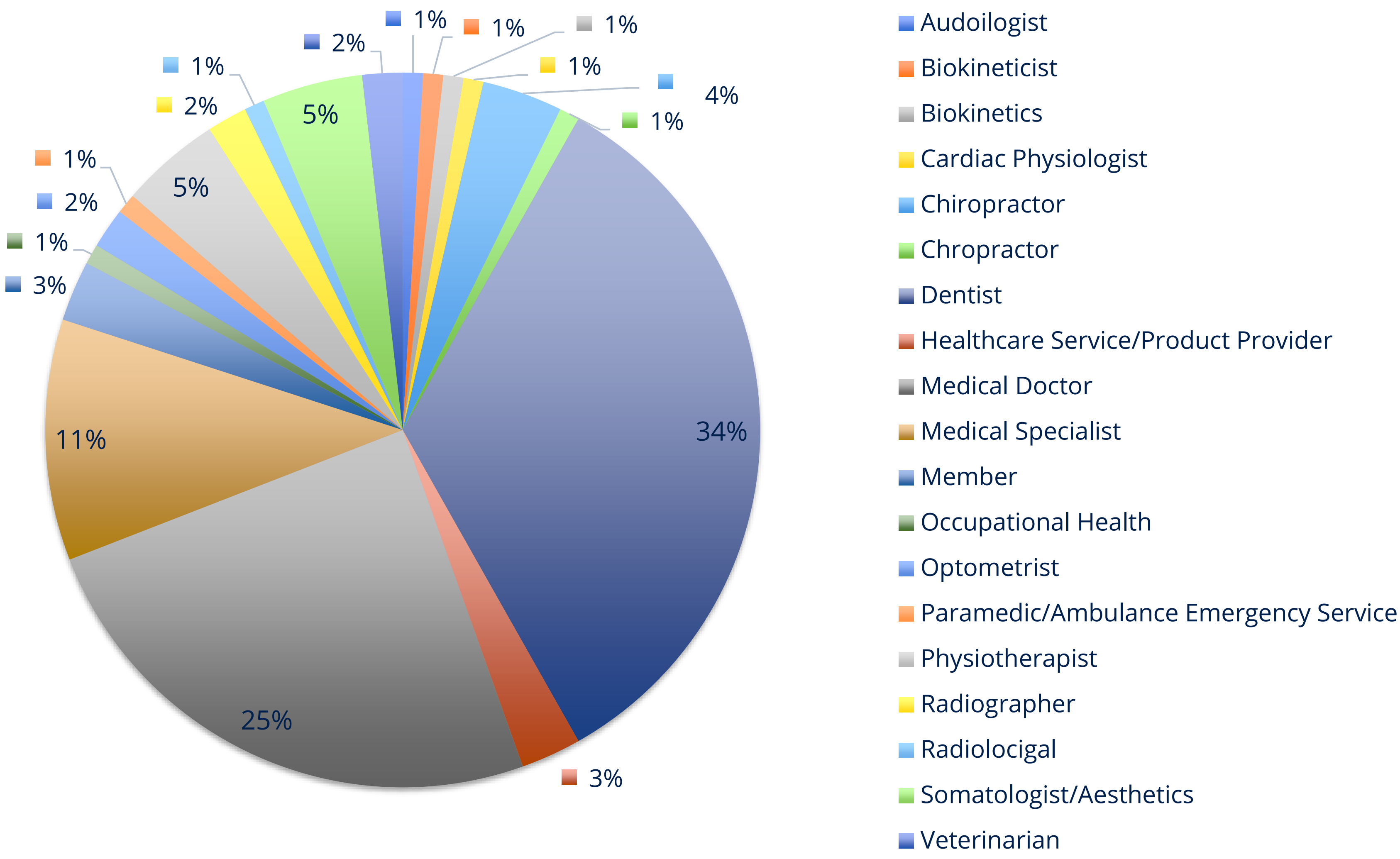
Membership per Province



MEMBERS PER DISCIPLINE



FUNDING PER DISCIPLINE



CORPORATE GOVERNANCE

MediCoop considers corporate governance to be a critical issue towards maintenance of business integrity and stakeholders' trust and is therefore an integral part of our business philosophy. Our corporate governance values are founded on the pillars of responsibility, accountability, fairness and transparency.

MediCoop's Board Members:

- Adv. Barend Esterhuyzen *(Chairman)*
- Mr. Fritz Lüttich *(Deputy Chairman)*
- Mr. Theuns Botha
- Mr. Tobie Louw
- Dr. Sam Tshabangu
- Dr. Nkateko Munisi
- Mr. Bennie Groenewald
- Dr. Gwendoline Malegwale Ramokgopa
- Dr. Kgaogelo Ntshwana
- Mr. Jonathan Pepler
- Mr. Jako Calitz
- Mr. Paul van Heerden
- Ms. Lydia Hagedoorn *(CFO & Company Secretary)*

The Board is responsible for MediCoop's corporate governance practices and has mechanisms in place to ensure observance and report on its compliance status on a regular basis.

The following Committees assist the Board and Executive team to manage MediCoop's affairs:

Governance Committee: Assess monthly management accounts and approve membership applications.

Audit and Supervisory Committee: Monitor adequacy of internal audit function.

Investment Committee: Plays a central governance role in all investment related activities. The function of this committee is to manage the investment portfolio of the Co-operative in accordance with the conditions laid down in the investment policy as approved by the Board of Directors.

Credit Committee: Consideration and approval of finance applications, as well as the monitoring of MediCoop's credit risk and compliance with the Prudential Authority's requirements.

Nominations Committee: To nominate at least one individual for each vacancy to be filled and ensure validity of candidates to fulfil applicable vacancies.

Education Committee: Responsible for the continuing education of the Members of the Co-operative. All new Members may be required to participate in education programmes to acquaint themselves with their rights and responsibilities as Members.

Community Development Committee: Identify, consider and approve community development projects.

RISK MANAGEMENT FRAMEWORK

MediCoop has established a robust and healthy risk management governance, formulated risk levels (risk appetite) and risk tolerance, as well as developed a risk management policy and procedures appropriate to maintain the determined levels of risk. The organisational structure and business strategy are aligned with our risk management philosophy.

The risk management framework of MediCoop is implemented through policy, procedures, transaction limits and authority, risk tolerance and risk management. The implementation of risk management includes:

- Active supervision of senior management of each operational unit, the Board and Audit and Supervisory Committee;
- Adequacy of policy, procedure and well-defined authority levels and transactional limit setting;
- Adequacy of risk identification, measurement and monitoring within the organisation;
- Comprehensive internal controls.

The Board has collective responsibility for establishment and management of appropriate systems of internal control and for reviewing their effectiveness. The system of internal control in place has defined procedures with operational and financial controls to ensure that assets are safeguarded, transactions authorised and recorded properly, and that material errors and irregularities are either prevented or detected within a reasonable period of time.

Credit Risk Profile

A unique feature of MediCoop's principals of reduced risk of lending exclusively to members, are represented in the following three pillars of mitigating credit risk:

- Strong Common Bond of our members based on the chain of trust essential to servicing the healthcare value chain.
- The closely knit acquaintance groups and collective responsibility towards the various individuals and professional entities making up the members.
- A deep understanding of the healthcare market and ability to add value to our members and the industry.

It is generally accepted that well-established practices and medical hospitals/ facilities represent low credit risk.

The majority of revenues for healthcare professionals are generally generated via healthcare funders. This cash flow is strictly regulated by practice numbers and medical aid codes provide the underpinned affordability and security for most lending transactions.

In lending to members to finance medical equipment, such equipment generally has a longer earning value life span and resale value.

There is a critical shortage and need for young doctors and healthcare professionals. Finance will only be provided to young professionals that have accredited practice management systems and practice administrators, medical malpractice, short-term insurance and credit risk in place.

MANAGING DIRECTOR'S REPORT TO MEMBERS

Dear Fellow Members,

MediCoop is met with so much optimism in the market, from all stakeholders, and so much has been achieved to date under extremely difficult circumstances. We believe that we are entering a new phase during which we will be able to improve all the ratios and the cost-effective operational ability of MediCoop. We anticipate doubling our business volume during this coming financial year.

1. Membership

During the past financial year, we have grown our membership from 438 to 795 members. This is mainly due to a steady increase in our medical asset rental and loan transaction volumes and the joining of the new CompSol MedSol and SAMDP members, which are both ongoing projects.

2. Transactional

The transactional volume is growing and already exceeding our capability. To date we have financed and assisted 53 start-up practices. Our finance book has grown from R19.3 million to R41.6 million.

A key focus over the past year has been on regular engagement with our alliance members, common bond bodies and associations to strengthen these relationships, with focus on marketing efforts to increase membership and product uptake.

More suppliers and key stakeholders in the healthcare industry are committing to MediCoop and our marketing efforts to date are proving to be successful.

Our clients are our members, and our members are our shareholders – we are all owners that share a common vision.

3. Operational

There is a significant increase in asset rental transactions, investments, new members, new account holders and higher volume of bank transactions and capital facilitation, the result of all which are improving our income streams.

We are continuously improving and developing our ICT system to support the growth and expansion. Further IT development is now required to automate and integrate the transactional account and banking environment, treasury and financial functions and member-engagement platforms to be rolled-out in the next few months.

4. Cash Flow and Capital

We had sufficient capital to fund the asset rental transactions during the year and secured adequate capital provision for the coming year.

Through an initiative driven by the assistance of the Co-operative Banks Development Agency (CBDA) we are engaging with different funds and institutions to explore the potential to obtain funding and development support (capital grants, debt raising, support for IT and systems development, etc.). This project is ongoing.

The cash flow remains under pressure but is improving towards breakeven. The year ahead looks very promising.

5. General Management, Compliance and Regulatory

The MediCoop staff and associate team, consisting of 14 members, together with the Board and committees, are fully dedicated to growing MediCoop and to establish it as a major role player in the co-operative and medical sectors.

MediCoop must comply with all prudential requirements and registration conditions. It is noteworthy to mention that our 2023 audit was done in accordance with IFRS 16.

Our CFO, Lydia Hagedoorn, is also our compliance officer and directly responsible for liaison with the various regulatory institutions. She established a mutually respectful relationship with all and is highly respected by us and those who she interacts with. Matters of concern is dealt with in advance and compliance requirements are met.

We are grateful for the attitude, guidance, assistance and support we are enjoying from the regulatory institutions, especially the CBDA.

6. Marketing

Our alliance network assist significantly with the establishment of the MediCoop brand and indirect marketing to their databases. Social media and the internet marketing remains one of our main marketing focus areas.

As a collective, we will have the authority to speak with a voice that will be acknowledged by government and private healthcare alike. Let us spread the word and encourage our qualifying healthcare colleagues to join our growing financial cooperative.

6. Marketing *(Continue)*

We resumed the attendance of medical conferences and branch meetings / seminars to expand our marketing efforts and stimulate regular engagement and communication with the public (healthcare practitioners), medical suppliers and service providers, associations and key industry stakeholders.

7. General Remarks

We are thankful that the Chairman and Directors of the Board have supported us during tough times and bestowed trust in us to continue building MediCoop. Similarly, we are extremely grateful for the keen interest and assistance we get from the CBDA and the PA in their respective capacity and efforts to contribute and guide MediCoop to success.

We remain very optimistic about the latest developments at MediCoop regarding the asset rental and loan transactions, the increase in transactional volumes, membership, and the rollout of the marketing strategy.

You too can become an ambassador for MediCoop by conveying the exciting existence and offering from MediCoop – especially by word-of-mouth.

Yours sincerely,
Theuns Botha
Managing Director of MediCoop CFI

TREASURER REPORT TO MEMBERS
28 FEBRUARY 2023

I am pleased to present the Chief Financial Officer's Report for MediCoop CFI for the fiscal year ending 28 February 2023. Over the past year, we have encountered numerous opportunities and challenges.

The Treasury function consisted primarily of safekeeping of member funds, while ensuring maximum utilization of positive cash balances.

Financial Performance

The Annual Financial Statements (AFS) is a critical benchmark of our financial health and performance, and the recent figures have underscored some challenging areas.

Our total revenue grew by R 2,826,833, compared to R 2,670,781 in the previous year. This growth was largely driven by the strength of our core operations and new product launch.

Our operating margins have experienced a drop, due to an unexpected rise in our input costs, and less than the expected revenue. The nett effect of these factors is an unsatisfactory EBITDA (Earnings Before Taxes, Depreciation and Amortization), which has further affected our cash flow and overall profitability.

On a positive note, during this financial year the Prudential Authority (SARB) approved our new product , Asset Rental, and this product has already demonstrated a positive trend that we can build up for capitalization.

Going forward, our focus should be on identifying strategies to mitigate these challenges and return to a growth trajectory.

Banking

Reconciliation of MediCoop CFI's cash balances for the year ending 28 February 2023

Opening cash balance*	R 10,085,695
Net cash outflow from operating activities	R 3,677,648
Net cash outflow from investing activities	R (19,998)
Net cash outflow from financing activities	R 1,242,000
Closing cash balance	R 14,985,345

RMB Private Bank remained MediCoop CFI's primary bank until 28 Feb 2023. MediCoop CFI also have accounts with Mercantile Bank and Access Bank.

Outlook

As we enter the new fiscal year, we remain optimistic about the future.

Our strategic roadmap includes the following priorities:

Growth and Expansion: We will continue to explore opportunities for growth and strategic partnerships.

TREASURER REPORT TO MEMBERS
28 FEBRUARY 2023

Outlook *(Continue)*

Innovation and Technology: Embracing innovation and technology will remain at the core of our strategy.

Operational Efficiency: Identifying efficiencies and optimizing our processes will remain a constant focus. We will leverage data analytics and automation to drive productivity gains and cost optimization.

Risk Management: Proactive risk management remains imperative. We will diligently assess and mitigate risks, ensuring the safety and security of our business and members.

In conclusion, I extend my deepest gratitude to our dedicated Operational team, MediCoop Members/shareholders, and all stakeholders for their unwavering support and commitment to MediCoop. Together, we will embrace the opportunities ahead and continue to deliver value and excellence.

In my capacity as Company Secretary, I hereby certify that for the year ended 28 February 2023, the Cooperative has filed all such returns and notices as are required by the Co-operative Act 14 of 2005 (As Amended) ('The Act') and that all such returns and notices appear to be true, correct and up to date.

Quarterly management accounts were submitted to the Prudential Authority and reported to the Board as well as the Audit and Supervisory Committee in line with Constitutional requirements.

Yours sincerely,
Lydia Hagedoorn
Chief Financial Officer and Company Secretary of MediCoop CFI
11 August 2023

The Financial Statements have been prepared on the going concern basis.

Management is satisfied with the integrity of 2023 Annual Report.

KEY TARGETS FOR 2023/2024

1,615

Membership

(Full & associate members, accumulative)

920

Active Accounts

(Accumulative with an avg. monthly transactional flow of R150 - R220 million)

R84.5 million

Proving medical asset finance and loans to practices

R136.2 million

Total finance book up until Feb. 24*

+100

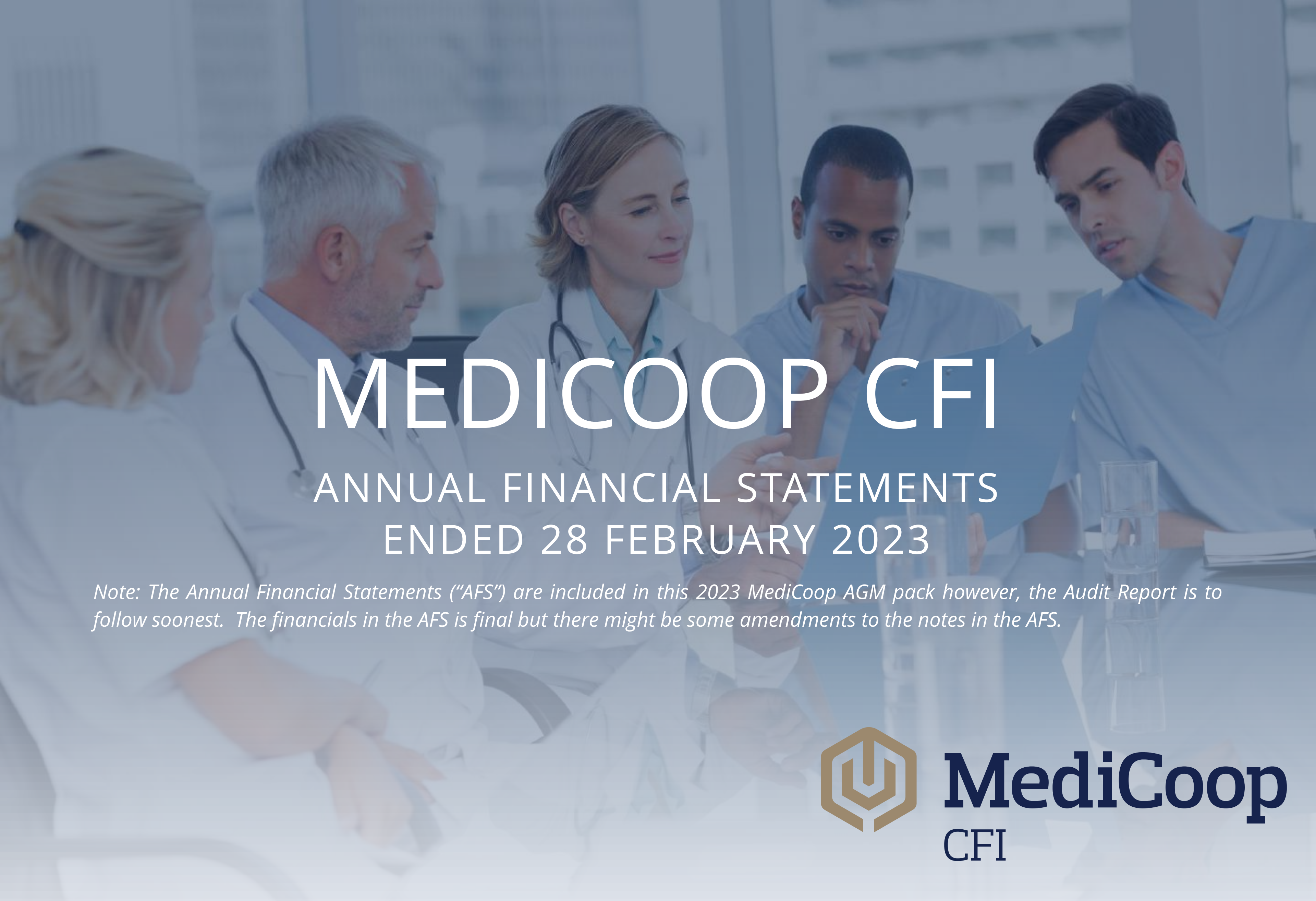
Financed and assisted start-up practices***

Strengthening our brand to be the preferred medical finance institution in South Africa

Addressing the imbalances in the healthcare industry by being instrumental in establishing new or larger practices and improving the patient per health professional ratio in South Africa.

* Amount includes personal and business loans and asset rental finance (in-and-outsourced), accumulative until 28 Feb. 2024.

** Funding start-up practices and healthcare professionals, accumulative till 28 Feb. 2024.



MEDICOOP CFI

ANNUAL FINANCIAL STATEMENTS ENDED 28 FEBRUARY 2023

Note: The Annual Financial Statements ("AFS") are included in this 2023 MediCoop AGM pack however, the Audit Report is to follow soonest. The financials in the AFS is final but there might be some amendments to the notes in the AFS.

MediCoop CFI

SA Primary Medical Financial Co-operative Limited
(Registration number 2015/014609/24)
Annual Financial Statements
for the year ended 28 February 2023

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required in terms of the Co-operatives Act No 14 of 2005 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the co-operative as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the co-operative and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the co-operative and all employees are required to maintain the highest ethical standards in ensuring the co-operative's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the co-operative is on identifying, assessing, managing and monitoring all known forms of risk across the co-operative. While operating risk cannot be fully eliminated, the co-operative endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the co-operative's cash flow forecast for the year to 29 February 2024.

The chairman of SA Primary Medical Financial Co-operative Ltd approved the audit report as required by section 48(3) of the Co-operatives Act 14 of 2005.

The external auditors are responsible for independently auditing and reporting on the co-operative's annual financial statements. The annual financial statements have been examined by the co-operative's external auditors and their report is presented on pages 7 to 9.

Approval of financial statements

The annual financial statements set out on pages 10 to 36, which have been prepared on the going concern basis, were approved and signed by the directors on 11 August 2023:

Adv. BC Esterhuyzen (Chairman)

Mr. JJF Lüttich (Vice Chairman)

Mr. TL Botha (Managing Director)

SA Primary Medical Financial Co-operative Limited
(Registration number 2015/014609/24)
Annual Financial Statements for the year ended 28 February 2023

Audit Committee Report

This report is provided by the audit committee appointed in respect of the 2023 financial year of SA Primary Medical Financial Co-operative Limited.

1. Members of the Audit Committee

The members of the audit committee are all independent of the co-operative and include:

Name	Qualification
Craig Tudhope	Bcom (Hons) CA(SA)
Guy Paterson	Bcom (Hons) CA(SA)
Mirieke Vermaak	BAccLLB LLM Admitted attorney

The committee is satisfied that the members thereof have the required knowledge and experience as required by the Co-operatives Act No 14 of 2005, the Co-operatives Banks Act No 40 of 2007, Prudential Standard TCFI-01, "Transitional arrangements for co-operative financial institutions" and the Constitution to perform their duties effectively.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by the Constitution by holding meetings with the key role players and members of management on a regular basis and having unrestricted access granted to the external auditors.

3. External auditor

The audit committee approved the nomination of Middel and Partners as the independent auditor, and Jacques Marais as the designated partner, who is a registered independent auditor, for appointment of the 2023 audit.

The committee satisfied itself through enquiry that the external auditors is independent as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the auditors that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit committee has considered and pre-approved all non-audit services provided by the external auditors and the fees relative there to so as to ensure the independence of the external auditors is maintained.

4. Annual Financial Statements

Following the review of the annual financial statements the audit committee recommend board approval thereof.

On behalf of the audit committee

Guy Paterson CA(SA)
Chairman Audit Committee

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of SA Primary Medical Financial Co-operative Limited for the year ended 28 February 2023.

1. Nature of business

SA Primary Medical Financial Co-operative Limited was incorporated in South Africa with interests in the services industry. The co-operative operates in South Africa.

The co-operative provides financial services, is registered as a Co-operative Financial Institution "CFI" and registered with the National Credit Regulator "NCR" as an entity that receives deposits and grants loans and operates in South Africa.

The Co-operative Financial Institution has been registered as a reporting entity with the Financial Intelligence Centre "FIC".

There have been no material changes to the nature of the co-operative's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Co-operatives Act No 14 of 2005. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the co-operative are set out in these annual financial statements.

3. Share capital

	2023	2022	2023	2022
Issued	R	R	Number of shares	
Ordinary shares (Mandatory shares)	676,000	438,000	676,000	438,000
Ordinary shares	3,819,709	2,815,709	3,819,709	2,815,709
	4,495,709	**3,253,709**	**4,495,709**	**3,253,709**

Refer to note 9 of the annual financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

The directors have resolved not to declare a dividend for the year under review (2022 - Nil).

5. Insurance and risk management

The co-operative follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the co-operative's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

SA Primary Medical Financial Co-operative Limited
(Registration number 2015/014609/24)
Annual Financial Statements for the year ended 28 February 2023

Directors' Report

6. Directors

The directors in office at the date of this report are as follows:

Directors
Adv. BC Esterhuyzen (Chairman)
Mr. JJF Lüttich (Vice Chairman)
Mr. TL Botha (Managing Director)
Dr. GM Ramokgopa
Dr. KR Ntshwana
Dr. ND Munisi
Dr. S Tshabangu
Mr. BH Groenewald
Mr. JD Pepler
Mr. JJ Calitz
Mr. P van Heerden
Mr. TJ Louw

All the changes to the directors listed above was during the annual general meeting dated 11 June 2022.

In terms of the Co-operative's constitution, SA Primary Medical Financial Co-operative Ltd should at all times have no less than nine directors, and not more than fifteen appointed directors.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Auditors

Middel & Partners continued in office as auditors for the co-operative for 2023 financial year.

9. Secretary

The co-operative's secretary is Ms. LL Hagedoorn.

10. Non-compliance with Prudential Authority Standards

The annual financial statements have been authorised for issue by the directors on. No authority was given to anyone to amend the annual financial statements after the date of issue.

SA Primary Medical Financial Co-operative Limited did not comply with certain key ratio's in the Prudential Standard TCFI-01, "Transitional arrangements for co-operative financial institutions" and asked the Prudential Authority for condonation.

On 12 May 2022 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Non-earning assets to Total assets ratio. Non-earning and fixed assets may not exceed 5% of the total assets.

The Non-Current Assets (Trade and other receivables) will only be paid off in five years' time as per the agreement and will therefore affect the ratio.

The Non-Earning Assets consist mainly of the Trade Receivables in respect of FHBIS. The transaction which gave rise to this material asset occurred in the 2019 financial year and the Prudential Authority provided authorisation for it. Given the size of the transaction relative to the membership base, this value will exceed 5% of total assets for the foreseeable future. The non-earning asset percentage of total assets will be reduced annually as the membership base grows and the debt is settled by FHBIS.

On 12 May 2022 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Savings to Total assets ratio. Savings to Total assets ratio may not exceed 80% of the total assets.

Directors' Report

The Total Assets has fluctuated between R12 million and R15 million during the 2021/2022 financial year. Given the focus of the CFI on attracting new members and membership increasingly making use of the deposit facilities of the CFI, the ratio of savings to total assets has periodically exceeded the benchmark ratios of the Prudential Authority. This ratio fluctuates significantly given the size of member deposits with savings not yet having been deployed for other purposes, such as loans to members by year-end.

The Prudential Authority will respond to the requested condonations by Q3 2022.

11. Members

The co-operative had the following members at the financial year end:

Full members	676	(2022 : 438).
Associate members	121	(2022 : 3)

MIDDEL & PARTNERS

CHARTERED ACCOUNTANTS (SA) • REGISTERED AUDITORS

Independent Auditor's Report

To the Shareholders of SA Primary Medical Financial Co-operative Limited

Opinion

We have audited the annual financial statements of SA Primary Medical Financial Co-operative Limited set out on pages 10 to 34, which comprise the statement of financial position as at 28 February 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of SA Primary Medical Financial Co-operative Limited as at 28 February 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operatives Act No 14 of 2005.

Basis for Opinion

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

Emphasis of Matter

SA Primary Medical Financial Co-operative Limited did not comply with certain key ratio's in the Prudential Standard TCFI-01, "Transitional arrangements for co-operative financial institutions" and asked the Prudential Authority for condonation.

On 3 August 2023 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Non-earning assets to Total assets ratio. Non-earning and fixed assets may not exceed 5% of the total assets.

On 3 August 2023 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Savings to Total assets ratio. Savings to Total assets ratio may not exceed 80% of the total assets.

On 3 August 2023 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Solvency ratio (Total assets/Total liabilities). Solvency ratio (Total assets/Total liabilities) must exceed 100%.

On 3 August 2023 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Capital adequacy ratio. Capital adequacy ratio must exceed 6%.

On 3 August 2023 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Individual share investments. Individual share investments may not exceed 20%.

On 3 August 2023 SA Primary Medical Financial Co-operative Limited requested condonation from the Prudential Authority with regards to the Individual savings deposits. Individual savings deposit may not exceed 10% of the total assets.

Middel & Partners Pretoria East Incorporated
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Polokwane | Carltonville
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Directors:
[illegible]

MIDDEL & PARTNERS

CHARTERED ACCOUNTANTS (SA) • REGISTERED AUDITORS

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SA Primary Medical Financial Co-operative Limited annual financial statements for the year ended 28 February 2023", which includes the Directors' Report as required by the Co-operatives Act No 14 of 2005. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Co-operatives Act No 14 of 2005, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the co-operative'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 directors either intend to liquidate the co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

MIDDEL & PARTNERS

CHARTERED ACCOUNTANTS (SA) • REGISTERED AUDITORS

Independent Auditor's Report

- Conclude on the appropriateness of the directors' 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 co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Middel & Partners
Per: Jacques Jean Marais
Chartered Accountant (SA)
Registered Auditor
11 August 2023
Pretoria

Statement of Financial Position as at 28 February 2023

	Note(s)	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	5	18,343	6
Other financial assets	3	1,279,480	534,254
Finance lease receivables	4	1,473,472	-
Deferred tax	7	21,021	641,486
Trade and other receivables	6	-	2,324,634
		2,792,316	**3,500,380**
Current Assets			
Other financial assets	3	1,260,100	164,856
Trade and other receivables	6	2,818,215	287,736
Finance lease receivables	4	235,612	-
Cash and cash equivalents	8	14,985,345	10,085,695
		19,299,272	**10,538,287**
Total Assets		**22,091,588**	**14,038,667**
Equity and Liabilities			
Equity			
Share capital	9	4,495,709	3,253,709
Accumulated loss		(5,173,154)	(1,710,401)
		(677,445)	**1,543,308**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	10	9,171,903	2,329,574
Current Liabilities			
Trade and other payables	11	740,942	409,572
Other financial liabilities	10	12,856,188	9,756,213
		13,597,130	**10,165,785**
Total Liabilities		**22,769,033**	**12,495,359**
Total Equity and Liabilities		**22,091,588**	**14,038,667**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2023 R	2022 R
Revenue	12	2,826,833	2,670,781
Other operating income	13	448,137	122,881
Other operating expenses		(5,360,364)	(2,927,315)
Operating loss	14	**(2,085,394)**	**(133,653)**
Investment income	15	2,110	1,198
Finance costs	16	(759,004)	(293,941)
Loss before taxation		**(2,842,288)**	**(426,396)**
Taxation	17	(620,464)	119,392
Total comprehensive loss for the year		**(3,462,752)**	**(307,004)**

Statement of Changes in Equity

	Share capital R	Accumulated loss R	Total equity R
Balance at 01 March 2021	**3,216,709**	**(1,403,397)**	**1,813,312**
Total comprehensive Loss for the year	**-**	**(307,004)**	**(307,004)**
Increase in share capital contribution	37,000	-	37,000
Total contributions by and distributions to owners of co-operative recognised directly in equity	**37,000**	**-**	**37,000**
Balance at 01 March 2022	**3,253,709**	**(1,710,402)**	**1,543,307**
Total comprehensive Loss for the year	**-**	**(3,462,752)**	**(3,462,752)**
Increase in share capital contribution	1,242,000	-	1,242,000
Total contributions by and distributions to owners of co-operative recognised directly in equity	**1,242,000**	**-**	**1,242,000**
Balance at 28 February 2023	**4,495,709**	**(5,173,154)**	**(677,445)**
Note(s)	9		

SA Primary Medical Financial Co-operative Limited
(Registration number 2015/014609/24)
Annual Financial Statements for the year ended 28 February 2023

Statement of Cash Flows

	Note(s)	2023 R	2022 R
Cash flows from operating activities			
Cash generated from/(used in) operations	19	3,450,181	(1,409,134)
Interest income		986,471	1,198
Finance costs		(759,004)	(293,941)
Net cash from operating activities		**3,677,648**	**(1,701,877)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(19,998)	-
Net cash from investing activities		**(19,998)**	**-**
Cash flows from financing activities			
Proceeds on share issue	9	1,242,000	37,000
Total cash movement for the year		**4,899,650**	**(1,664,877)**
Cash at the beginning of the year		10,085,695	11,750,572
Total cash at end of the year	8	**14,985,345**	**10,085,695**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Co-operatives Act No 14 of 2005 of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the co-operative holds for its own use and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the co-operative, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the co-operative. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

SA Primary Medical Financial Co-operative Limited
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Annual Financial Statements for the year ended 28 February 2023

Accounting Policies

1.3 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
IT equipment	Straight line	3 years

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the co-operative are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the co-operative, as applicable, are as follows:

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:
- Amortised cost; or

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the co-operative are presented below.

Accounting Policies

1.4 Financial instruments (continued)

Loans receivable at amortised cost

Classification

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the co-operative's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the co-operative becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 3&20).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the co-operative's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the co-operative becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The co-operative recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 11), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the co-operative becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 16).

Trade and other payables expose the co-operative to liquidity risk and possibly to interest rate risk.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

The co-operative assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the co-operative has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Co-operative as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the co-operative is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the co-operative recognises the lease payments as an operating expense (note 14) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the co-operative has elected not to separate the non-lease components for leases of land and buildings.

1.6 Leases (continued)

Co-operative as lessor

Leases for which the co-operative is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the co-operative net investment in the lease. They are presented as lease receivables (note 4) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the co-operative from the lessee, a party related to the lessee or a third party unrelated to the co-operative under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The co-operative recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 15).

The co-operative applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.7 Impairment of assets

The co-operative assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the co-operative estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.7 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the co-operative reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the co-operative's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.10 Provisions and contingencies

Provisions are recognised when:
- the co-operative has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Accounting Policies

1.11 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The co-operative recognises revenue when it transfers control of a product or service to a customer.

Revenue is recognised to the extent that the co-operative has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the co-operative. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Types of revenue

Joining Fee represent the joining and FICA compliance fee a member pays when joining the Co-Operative.
Administration Fee is an income charged to cover costs associated with the setup, maintaining, changing, and the monthly processing of asset rentals and loans.

Nurses Indemnity Commission is commission that is paid by AON to MediCoop for every nurse's indemnity policy signed up by PPLE HealthCare Group.

Interest received (trading) is interest received from commercial banks.

AON Marketing and advertising is based on the marketing agreement between AON and MediCoop, where AON shall provide MediCoop with a marketing assistance allowance per annum for a three-year period.

Asset Rental Commission is commission received by MediCoop for every Asset Rental Contract signed as per the Master Cession Agreement.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

	2023 R	2022 R

2. First-time adoption of International Financial Reporting Standards

The co-operative has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the 2022 comparatives contained in these annual financial statements do not differ from those published in the annual financial statements published for the year ended 28 February 2023.

3. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

	2023 R	2022 R
Long-term loans granted The loans are secured, bears interest at rates that are linked to the individually agreed repayment terms on each loan. The interest rate ranges from 16.5% to 20.21% per annum.	2,539,580	699,110

Split between non-current and current portions

	2023 R	2022 R
Non-current assets	1,279,480	534,254
Current assets	1,260,100	164,856
	2,539,580	**699,110**

Exposure to credit risk

Loans receivable inherently exposes the co-operative to credit risk, being the risk that the co-operative will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the co-operative only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

Notes to the Annual Financial Statements

	2023 R	2022 R

3. Loans receivable (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable.

2023

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Other loans	12m ECL	2,591,408	(51,828)	2,539,580

2022

Instrument	Basis of loss allowance	Gross Carrying amount	Amortised cost
Other loans	12m ECL	699,110	699,110

4. Finance lease receivables

	2023 R	2022 R
Maturity analysis of lease payments receivable		
- within one year	558,960	-
- one to five years	2,150,595	-
Gross investment in the leases	2,709,555	-
Less: Unearned interest income	(974,444)	-
Present value of minimum lease payments receivable	1,735,111	-
Less: Estimated credit loss	(26,027)	-
Net investment in the lease	**1,709,084**	**-**
Non-current assets	1,473,472	-
Current assets	235,612	-
	1,709,084	**-**

The co-operative leases out medical equipment under various leasing arrangements. The average term of these leases is 5 years.

The average lease terms are 5 years and the average effective lending rate was 20% (2022: -%)

Exposure to credit risk

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable counterparties with consistent payment histories. Credit risk is mitigated by holding the leased assets as collateral. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

The co-operative measures the loss allowance for lease receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on lease receivables is determined as the lifetime expected credit losses on lease receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

5. Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	38,424	(20,081)	18,343	18,426	(18,420)	6

Reconciliation of property, plant and equipment - Co-operative

	IT equipment	Total
Cost		
At 01 March 2021	18,426	18,426
At 28 February 2022	**18,426**	**18,426**
Additions	19,998	19,998
At 28 February 2023	**38,424**	**38,424**
Depreciation and impairment		
At 01 March 2021	(18,222)	(18,222)
Depreciation	(198)	(198)
At 28 February 2022	**(18,420)**	**(18,420)**
Depreciation	(1,661)	(1,661)
At 28 February 2023	**(20,081)**	**(20,081)**
Carrying amount		
Cost	18,426	18,426
Accumulated depreciation and impairment	(18,420)	(18,420)
At 28 February 2022	**6**	**6**
Cost	38,424	38,424

Notes to the Annual Financial Statements

	2023 R	2022 R
5. Property, plant and equipment (continued)		
Accumulated depreciation and impairment	(20,081)	(20,081)
At 28 February 2023	**18,343**	**18,343**

6. Trade and other receivables

	2023 R	2022 R
Financial instruments:		
Trade receivables	2,491,624	277,736
Deposits	-	10,000
Non-financial instruments:		
Value Added Taxation	326,591	-
Total trade and other receivables	**2,818,215**	**287,736**

Split between non-current and current portions

	2023 R	2022 R
Current assets	2,818,215	287,736

Financial instrument and non-financial instrument components of trade and other receivables

	2023 R	2022 R
At amortised cost	2,491,624	287,736
Non-financial instruments	326,591	-
	2,818,215	**287,736**

Non-current assets

During the 2019 financial year the co-operative sold its computer software to a related party Financial and Health Business Integrated Solutions (Pty) Ltd "FHBIS" for R 2 807 581. The debtor is classified as a current asset amounting to R 2 326 667 (2022 : R 2 324 633). The debtor was reclassified to current assets, R 2 300 000 was repaid after the financial year end.

Notes to the Annual Financial Statements

7. Deferred tax

Deferred tax asset

	2023 R	2022 R
Provision for delinquent loans	21,021	-
Tax losses available for set off against future taxable income	-	641,486
Total deferred tax asset	**21,021**	**641,486**
Deferred tax asset	21,021	641,486

Reconciliation of deferred tax asset / (liability)

	2023 R	2022 R
At beginning of year	641,486	522,095
Increase due to rate change	(22,910)	-
Increases (decrease) in tax loss available for set off against future taxable income	(618,575)	119,391
Taxable / (deductible) temporary difference movement on provision for delinquent loans	21,020	-
	21,021	**641,486**

Unrecognised deferred tax asset

	2023 R	2022 R
Unused tax losses not recognised as deferred tax assets	1,364,972	-

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023 R	2022 R
Bank balances	14,985,345	10,085,695

9. Share capital

	2023 R	2022 R
Reconciliation of number of shares issued:		
Reported as at 01 March 2022/2021	3,253,709	3,216,709
Issue of shares - ordinary mandatory shares	1,004,000	37,000
Issue of shares - ordinary voluntary shares	238,000	-
Transfer of shares - ordinary mandatory shares	-	2,000
Transfer of shares - ordinary voluntary shares	-	(2,000)
	4,495,709	**3,253,709**
Issued		
Ordinary shares (mandatory shares)	676,000	438,000
Ordinary shares (voluntary shares)	3,819,709	2,815,709
	4,495,709	**3,253,709**

10. Borrowings

	2023 R	2022 R
Held at amortised cost		
Members deposits	22,028,091	12,085,787
The deposits are unsecured, bears interest at the contract percentage and is repayable as per the contract.		

Notes to the Annual Financial Statements

	2023 R	2022 R
10. Borrowings (continued)		
Split between non-current and current portions		
Non-current liabilities	9,171,903	2,329,574
Current liabilities	12,856,188	9,756,213
	22,028,091	**12,085,787**
11. Trade and other payables		
Financial instruments:		
Trade payables	579,064	195,810
Accrued expenses	95,000	173,118
Employee taxes due to SARS	66,878	14,509
Non-financial instruments:		
Value Added Taxation	-	26,135
	740,942	**409,572**
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	740,940	383,435
Non-financial instruments	-	26,135
	740,940	**409,570**
12. Revenue		
Revenue from contracts with customers		
Joining fees	64,172	6,609
Administration fees	811,627	986,461
AON Marketing and advertising	200,000	200,000
Asset rental commission	737,748	900,871
	1,813,547	**2,093,941**
Revenue other than from contracts with customers		
Nurses indemnity commission	28,925	10,375
Interest received (trading)	984,361	566,465
	1,013,286	**576,840**
	2,826,833	**2,670,781**
13. Other operating income		
Recoveries	448,137	122,881

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	2023 R	2022 R
14. Operating profit (loss)		
Operating loss for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees	116,132	80,000
Remuneration, other than to employees		
Administrative and managerial services	1,456,522	313,044
Consulting and professional services	556,548	771,802
	2,013,070	**1,084,846**
Employee costs		
Salaries, wages, bonuses and other benefits	948,679	602,658
Leases		
Leases of low value assets	72,466	67,725
Total lease expenses	**72,466**	**67,725**
Depreciation and amortisation		
Depreciation of property, plant and equipment	1,662	198
15. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	2,110	1,198
16. Finance costs		
Trade and other payables	5,805	1,195
Member deposits	753,199	292,746
Total finance costs	**759,004**	**293,941**

Notes to the Annual Financial Statements

	2023 R	2022 R

17. Taxation

Major components of the tax (income) expense

	2023 R	2022 R
Deferred		
Originating and reversing temporary differences	597,554	(119,392)
Changes in tax rates	22,910	-
	620,464	**(119,392)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2023 R	2022 R
Accounting loss	(2,842,288)	(426,396)
Tax at the applicable tax rate of 28% (2022: 28%)	(795,841)	(119,392)
Tax effect of adjustments on taxable income		
Changes in tax rates	22,910	-
Unrecognised tax loss	1,393,395	-
	620,464	**(119,392)**

No provision has been made for 2023 tax as the co-operative has no taxable income. The estimated tax loss available for set off against future taxable income is R 5,055,451. (2022: R 2,291,020).

18. Depreciation, amortisation and impairment losses

	2023 R	2022 R
Depreciation		
Property, plant and equipment	1,662	198

19. Cash generated from/(used in) operations

	2023 R	2022 R
Loss before taxation	(2,842,288)	(426,396)
Adjustments for:		
Depreciation and amortisation	1,662	198
Interest income	(986,471)	(1,198)
Finance costs	759,004	293,941
Net movement in financial assets	(1,840,470)	(439,826)
Net movement on other financial liabilities	9,942,304	(825,619)
Finance lease receipts	(1,709,084)	23,686
Changes in working capital:		
Trade and other receivables	(205,846)	(225,843)
Trade and other payables	331,370	191,923
	3,450,181	**(1,409,134)**

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Notes to the Annual Financial Statements

20. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Note(s)	Amortised cost	Leases	Total	Fair value
Loans receivable	3	2,539,580	-	2,539,580	-
Finance lease receivables	4	-	1,709,084	1,709,084	-
Trade and other receivables	6	2,491,624	-	2,491,624	2,491,624
Cash and cash equivalents	8	14,985,411	-	14,985,411	14,985,411
		20,016,615	**1,709,084**	**21,725,699**	**17,477,035**

2022

	Note(s)	Amortised cost	Total	Fair value
Loans receivable	3	699,110	699,110	-
Trade and other receivables	6	287,736	287,736	287,736
Cash and cash equivalents	8	10,085,695	10,085,695	-
		11,072,541	**11,072,541**	**287,736**

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	11	740,940	740,940	-
Borrowings	10	22,028,091	22,028,091	-
		22,769,031	**22,769,031**	**-**

2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	11	383,435	383,435	-
Borrowings	10	12,085,787	12,085,787	-
		12,469,222	**12,469,222**	**-**

20. Financial instruments and risk management (continued)

Capital risk management

Borrowings	10	22,028,091	12,085,787
Trade and other payables	11	740,940	409,570
Total borrowings		**22,769,031**	**12,495,357**
Cash and cash equivalents	8	(14,985,345)	(10,085,695)
Net borrowings		**7,783,686**	**2,409,662**
Equity		(677,443)	1,543,309
Gearing ratio		(1,149)%	156 %

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and

Credit risk

Credit risk is the risk of financial loss to the co-operative if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The co-operative only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data. Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Liquidity risk

The co-operative is exposed to liquidity risk, which is the risk that the co-operative will encounter difficulties in meeting its obligations as they become due.

21. Related parties

Relationships

Members of key management	LL Hagedoorn W Hagedoorn H Hagedoorn Financial and Health Business Integrated Solutions (Pty) Ltd
Disclosure of entities where directors have a significant influence Adv. BC Esterhuyzen (Chairman)	1st Care Group (Pty) Ltd LunaNova Group (Pty) Ltd
Mr. JJF Lüttich (Vice Chairman)	Compensation Solutions (Pty) Ltd Medical Solutions and Consulting (Pty) Ltd
Mr. TH Allnutt	Compensation Solutions (Pty) Ltd Medical Solutions and Consulting (Pty) Ltd
Mr. P van Heerden	Compensation Solutions (Pty) Ltd Medical Solutions and Consulting (Pty) Ltd
Mr. TL Botha	Lewies Beleggings (Pty) Ltd Financial and Health Business Integrated Solutions (Pty) Ltd
Mr. TJ Louw	Mysleep (Pty) Ltd Financial and Health Business Integrated Solutions (Pty) Ltd
Mr. JJ Calitz	Compensation Solutions (Pty) Ltd Medical Solutions and Consulting (Pty) Ltd
Dr. S Tshabangu	SAMDP Group Holdings Ltd
Dr. ND Munisi	SAMDP Group Holdings Ltd

	2023 R	2022 R
Related party balances		
Loan accounts - Owing (to) by related parties		
SAMDP Group Holdings Ltd	(2,091,148)	(2,023,658)
Medical Solutions and Consulting (Pty) Ltd	(8,571,236)	(6,777,443)
Compensation Solutions (Pty) Ltd	(1,691,500)	(1,587,854)
LL Hagedoorn	146,727	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Compensation Solutions (Pty) Ltd	99,482	102,800
Financial and Health Business Integrated Solutions (Pty) Ltd	2,077,537	2,324,634
LunaNova Group (Pty) Ltd	(20)	(20)
Related party transactions		
Interest paid to (received from) related parties		
SAMDP Group Holdings Ltd	150,627	132,286
Compensation Solutions (Pty) Ltd	103,646	71,954
LL Hagedoorn	(4,103)	-
Rent paid to (received from) related parties		
LunaNova Group (Pty) Ltd	72,466	67,725

Notes to the Annual Financial Statements

	2023 R	2022 R
21. Related parties (continued)		
Administration fees paid to (received from) related parties		
Financial and Health Business Integrated Solutions (Pty) Ltd	1,804,896	1,047,839
Compensation Solutions (Pty) Ltd	(654,776)	(831,100)
Consulting fees paid to (received from) related parties		
W Hagedoorn	105,000	-
N Hagedoorn	105,000	-

22. Directors' emoluments

Executive

2023

Directors' emoluments	Emoluments	Emoluments paid by related parties	Total
Services as director or prescribed officer			
Mr. TL Botha (Managing Director)	385,000	160,000	545,000
Mr. TJ Louw	120,000	385,000	505,000
LL Hagedoorn	345,000	160,000	505,000
	850,000	**705,000**	**1,555,000**

2022

Directors' emoluments	Emoluments	Total
Services as director or prescribed officer		
Mr. TL Botha (Managing Director)	260,000	260,000
	260,000	**260,000**

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	2023 R	2022 R

23. Going concern

The annual financial statements have been prepared on the 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 business.

The directors are that the co-operative 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 basis. The directors are satisfied are that the co-operative is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the co-operative. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the co-operative.

We draw attention to the fact that at 28 February 2023, the co-operative had accumulated losses of R 5,173,154 and that the company's total liabilities exceed its assets by R 677,445.

24. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Detailed Income Statement

	Note(s)	2023 R	2022 R
Revenue			
Joining fees		64,172	6,609
Administration fees		811,627	986,461
Nurses indemnity commission		28,925	10,375
Interest received (trading)		984,361	566,465
AON Marketing and advertising		200,000	200,000
Asset rental commission		737,748	900,871
	12	**2,826,833**	**2,670,781**
Other operating income			
Recoveries		448,137	122,881
Expenses (Refer to page 36)		**(5,360,364)**	**(2,927,315)**
Operating loss	14	**(2,085,394)**	**(133,653)**
Investment income	15	2,110	1,198
Finance costs	16	(759,004)	(293,941)
Loss before taxation		**(2,842,288)**	**(426,396)**
Taxation	17	(620,464)	119,392
Total comprehensive loss for the year		**(3,462,752)**	**(307,004)**

Detailed Income Statement

	Note(s)	2023 R	2022 R
Other operating expenses			
Administration and management fees		(1,456,522)	(313,044)
Advertising		(474,132)	(368,493)
Auditor's remuneration	14	(116,132)	(80,000)
BOD and meeting expenses		(44,360)	(51,650)
Bank charges		(442,624)	(141,986)
Computer expenses		(278,923)	(59,560)
Legal expenses		(5,705)	(26,110)
Consulting and professional fees		(550,843)	(745,692)
Credit checks, police clearance and collections		(3,212)	(1,347)
Depreciation, amortisation and impairments		(1,662)	(198)
Employee costs		(948,679)	(602,658)
Entertainment		-	(400)
Provision for credit losses		(77,855)	-
Insurance		(441,808)	(120,507)
Leases of low value assets		(72,466)	(67,725)
Postage		(2,179)	(1,018)
Printing and stationery		(987)	(4,908)
Referral fees		(225,401)	(223,362)
Staff welfare		(6,446)	(5,862)
Subscriptions		(53,054)	(37,196)
Telephone and fax		(72,000)	(55,200)
Training		(640)	(9,603)
Travel - local		(84,734)	(10,796)
		(5,360,364)	**(2,927,315)**

CLOSING NOTE

MediCoop is the **"next generation"** medical financial institution, providing financing, and investment services exclusively to the healthcare sector. We take a very different approach to finances. As a co-operative we are owned by our members and dedicated to the medical and health industry only. To this extent we are totally committed to serving the best interests of our members. We pride ourselves for being able to understand the specific needs of our members (clients) and the ability to tailor-make products and services to address their needs.

Our emphasis is on affordability and growing the business interests of our members. We have an in-depth knowledge of the market we serve and are therefore able to partner with our members to ensure their success. We are one of only a few institutions willing to assist new entrants to opening new practices and has done so with remarkable success – enhancing the much-needed transformation of the industry in SA. We go the extra mile by supporting our transactions by ensuring that they have adequate practice management, auditing and bookkeeping services, best staff recruitment, professional risk protection and are fully compliant. We do this with the capable guidance of the Co-operative Banking Development Agency and the strict supervision of the Prudential Authority of the South African Reserve Bank.

Due to the above, we are humbled by the success we have had to date and inspired to expand our business to become the preferred provider to the industry.

Yours sincerely,
Theuns Botha
Managing Director of MediCoop CFI

Promoting and advancing the social, economic and financial welfare of our members by enhancing access to financial products and services under sustainable conditions and co-operative principle.

MediCoop

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