



ANNUAL REPORT 2022



MediCoop
CFI



Providing investment and savings accounts, finance and financial solutions to medical professionals and healthcare businesses.

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REPORT FROM THE CHAIRMAN OF THE BOARD

In the 2022 financial year MediCoop has stepped forward as one of the leaders in the cooperative finance environment.

MediCoop contributed to the development of strategies for the cooperative finance sector in South Africa, in cooperation with the CBDA, the Prudential Authority, the World Bank and other role players. We are also actively supporting the establishment of a higher tier secondary cooperative bank in South Africa, which should happen sooner rather than later.

At this point in time, MediCoop is awaiting the decision of the Prudential Authority that will transform us from a CFI into a fully-fledged cooperative bank for medical and healthcare professionals in South Africa.

The Coop Bank license upgrade process is well underway, and we are positive that this will mark a new beacon in the history of our institution and will position MediCoop in a position of solid growth going forward.

Our membership numbers have seen a steady growth over the past year, and post year-end we have seen a substantial leap in new member applications that may triple our current membership numbers, because of medical professionals from the SAMDP, CompSol and MedSol joining MediCoop en masse.

As Members may notice from the operational and financial reports herein, substantial growth was achieved in most of our financial figures during 2021.

The prudential ratios, in particular the Solvency ratio and the Capital Adequacy ratio, which are two of the key ratios to measure

financial institutions, are on par and offers a window into the stability of MediCoop as an institution.

Healthcare equipment finance is one of the most important focus areas of MediCoop and we are in consultation with the Prudential Authority to allow asset (medical equipment) rentals on our balance sheet.

In the public domain, MediCoop is now well acknowledged as a leader in providing investment, savings, term deposits, practice and structured finance for healthcare professionals. Our social media following has grown by 70% across all platforms.

In closing, our sincere appreciation to our board, our executive and its committees for committing their time and knowledge to MediCoop. Our thanks go out to our alliance partners such as AON SA, Med Brief Africa, The Tax Shop, CompSol, JPF, MedSol and PPLE Recruiting, that have greatly enhanced the depth of our product and service offering to our members. We also rely on the guidance of the CBDA and strict compliance requirements from the Prudential Authority, which has assisted in the stability and sustainability of MediCoop.

In particular, our executive management team should be thanked for their commitment and sacrifices to drive MediCoop onto a new growth phase.

Barney Esterhuyzen

Chairman of the Board of MediCoop CFI

26 August 2022

VALUE TO MEMBERS

MediCoop is based on the cooperative principle. Our clients are our members, and our members are our shareholders. We are dedicated to the healthcare industry and thoroughly understand the requirements of the sector.

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.

PRODUCTS & SERVICES



OUR EXPANDING MEDICAL NETWORK

PRACTISING DOCTORS

Our network includes doctors from all corners of South Africa. Ranging from those starting a practice to those who are already established

BECOME A MEMBER TODAY

www.medi.coop MediCoop CFI @MediCoop MediCoop CFI



CORNERSTONES www.medi.coop MediCoop CFI @MediCoop MediCoop CFI

SAVINGS ACCOUNTS

Our convenient member and banking platform is your gateway to a wide range of products and services that can be tailored for your specific business needs. We want to enable you to do more of what matters.



OUR EXPANDING MEDICAL NETWORK

EQUIPMENT FINANCE SOLUTION

Our innovative Equipment Finance Solution provides practices with a cost-effective alternative to asset procurement without the burden of ownership.

BECOME A MEMBER TODAY

www.medi.coop MediCoop CFI @MediCoop MediCoop CFI



CORNERSTONES www.medi.coop MediCoop CFI @MediCoop MediCoop CFI

FINANCIAL SERVICES

We offer a variety of financial and insurance products for MPs through our alliance partner network – from malpractice, short-term and group scheme insurance to financial planning and practice management services.

MEMBER STORIES

“Our patients appreciate the new technology. I will certainly recommend MediCoop to any doctor or practitioner who needs to buy new equipment.” - *Pretoria dermatologist, Dr Miems Fourie*

“I needed the GE Health Voluson ultrasound because it offers great images on scanning gynaecological and obstetrics patients that is required for an accurate diagnosis. I’m sure any bank would have financed the equipment, but I have only praise for the professional manner in which MediCoop processed my application. I was able to carry on with my surgeries undisturbed whilst the application was processed smoothly in the background.” - *Soweto gynaecologist, Dr Percy Ntlemo*

A dentist from Polokwane, Dr Casper Gilfillan, expressed his satisfaction in investing in a new Zumax microscope for his dental practice. “We are now starting to use it more frequently. With each case we realize what a great asset this is for the practice. MediCoop played a huge role through their ongoing availability and support. They understand the needs of the industry – from acquisition right through to installation.”



MEMBER STORIES

"I was very happy with the prompt service and it was a smooth process getting the finance approved." – *Dr Lara George, chiropractor*



"Your team enabled us to transition our occupational healthcare service company to a 100% digital platform expansion of our footprint to different provinces through acquisition of additional mobile clinic units. You have become a truly trusted and reliable partner as we continue to grow and diversify our business." - *Dr Lindelani Nemukongwe, director of Avia Occupational Health Care Services*

"I worked for another chiropractor for over two years and then decided to open my own practice. This will be my fifth month going solo, but I needed to buy a chiropractic bed to treat my patients. Hitech Therapy recommended that I apply for finance through MediCoop." - *Dr. Francis Bekker is a family chiropractor from Skeerpoort Hartbeespoort (Northwest Province) specializing in pediatrics and pregnant women, who recently expanded her practice.*

KEY ACHIEVEMENTS DURING THE 2022 FINANCIAL YEAR

28

Financed new start-up practices and medical businesses to date *

R8.3 → R18.8

YoY growth of medical equipment rental finance transactions

Educational Drive

Participated and hosted various webinars and seminars to current members, students and the industry



Fully digitized our member onboarding and application processes



Formalised working relationship and marketing plan with our alliance network and common bond

Strong Presence

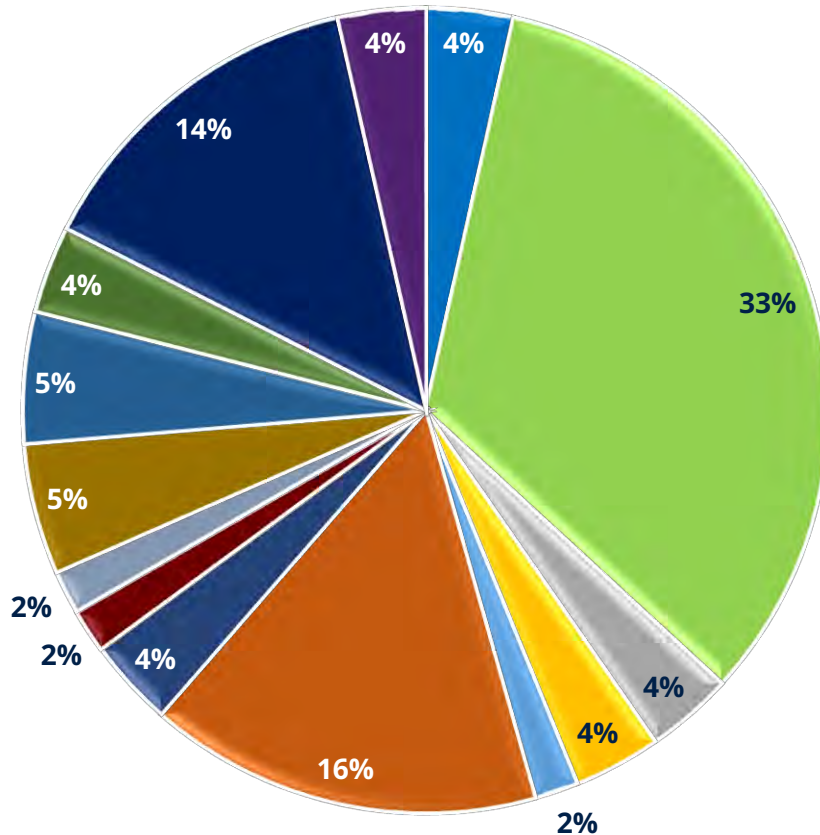
MediCoop has positioned itself firmly as the leading cooperative institution within the healthcare sector

* The largest requirement for funding was medical equipment finance. Loans were also provided, but at a much smaller scale.

FUNDING PER DISCIPLINE



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.



- Cosmetic / Aesthetics
- Dental
- Equipment Supplier
- Laser Clinic
- Medical Centre
- Medical Practitioner
- Occupational Health
- Optometry
- Paramedic
- Pathologist
- Radiology
- Solar
- Specialist
- Veterinary

CORPORATE GOVERNANCE

Our 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.

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

The following committees are appointed to assist the board and executive team in managing 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.

Nominating 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 and Compliance

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.

Our risk management objectives includes:

- a) Risk identification;
- b) Risks assessments / measurements;
- c) Risk mitigation through measures such as internal controls and policies, risk mitigation plan, advisory and committee structures with regular meetings and feedback; and
- d) Risk monitoring, reporting and ongoing assurance of the process.

MANAGING DIRECTOR'S REPORT TO MEMBERS

1. Membership

During the financial year we have grown our membership from 399 to 438. More importantly, we have entered into an agreement with one of our founding members, CompSol (and Medsol), to sign up another 1,300 members in the next year that will all have MediCoop transactional accounts.

2. Transactional

The transaction frequency is steadily improving. The asset rental transaction volume increased from R8.3mil to R18.8mil during the past year. We were able to finance another 28 start-up practices. Funding for start-ups is challenging. We personalised our asset rental product offering by providing options for an initial payment holiday (delay commencement), escalation possibility and up to 2 month's "rental holiday" per year. These features have proved to be very popular as it improves affordability significantly.

Due to the transactional accounts, we can also add account and transaction costs to our income stream. This will grow significantly over the following few months due to the opening of an additional 1300 transactional accounts.



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

MANAGING DIRECTOR'S REPORT TO MEMBERS

3. Operational

We are continuously improving and developing our ICT system (ManSys) to support the growth and expansion. The project to sign-up the CompSol clients is a huge undertaking and required the contacting of three additional support staff. Significant improvement of the existing IT security environment of our system had to be undertaken. This project enhances our ability to electronically verify new members and to accommodate the on-boarding as members all in a fully digitalised manner. Further IT development is now required to automise the transactional account environment, our treasury, generation of fees, interest implications and to integrate the bookkeeping and audit functions.

The new budget allows for the employment of a senior bookkeeper and admin manager.

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.

Once they are all operational, the transactional accounts would collectively contribute about R100mil flow through our treasury.

The cash flow remains under pressure but is improving towards breakeven. The shortfall is mainly financed by the senior staff who only take a portion of their salaries. The year ahead looks very promising.

5. General Management, Compliance and Regulatory

The MediCoop staff and associate team, consisting of 11 people only, together with the Board of Directors, are fully dedicated to growing MediCoop and to establish it as a major role player in the co-operative and medical sectors.

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.

We are in the process to evolve from a CFI (cooperative financial institution) to a Co-operative Bank. The application in this regard will be submitted to the CBDA for evaluation, recommendation and support. The final application to the PA should be in August 2022.

MANAGING DIRECTOR'S REPORT TO MEMBERS



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

Our alliance partners assist significantly with the establishment of the MediCoop brand and indirect marketing to their databases. Social media and the internet remain our main marketing focus and is successful. We resumed the attendance of major conferences. We developed a series of four short videos which will go to market soon.

7. General Remarks

We thank our members for their support to the Board of Directors and the Management.

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

We are extremely positive about the future and 100% dedicated to growing MediCoop to its full potential.

MediCoop has already proven its influence and effect in the medical and co-operative sectors. We are ready to play a major role in the establishing of a Secondary Co-operative Bank in SA.

Yours sincerely,

Theuns Botha
Managing Director
26 August 2022

TREASURER REPORT TO MEMBERS

28 FEBRUARY 2022

Duties

During the financial year ending 28 February 2022, MediCoop CFI's treasury function consisted primarily of safekeeping of member funds while ensuring maximum utilisation of positive cash balances.

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.

Banking

Reconciliation of MediCoop CFI's cash balances for the year ending 28 February 2022:

Opening cash balance*	R11,750,572
<i>Net cash outflow from operating activities</i>	<i>R (1,701,877)</i>
<i>Net cash outflow from investing activities</i>	<i>R0</i>
<i>Net cash outflow from financing activities</i>	<i>R37,000</i>
Closing cash balance*	R10,085 695

**RMB *RMB Private Bank remained MediCoop CFI's primary bank until 28 February 2022. MediCoop CFI also have accounts with Mercantile Bank and Access SA Bank.*

Lydia Hagedoorn

Treasurer of MediCoop CFI

26 August 2022



The Constitution, as approved by our members and the Prudential Authority (PA) under the South African Reserve Bank (SARB), governs MediCoop's corporate structure.

TOP PRIORITIES FOR 2022/2023



Growing our member base and expanding our product portfolio.



Regular engagement with our Common Bond and Alliance Members with a strong emphasis on marketing to increase our member base and product uptake.



Strengthening and expanding our relationships with medical suppliers, service providers and key role-players in the medical sector.



Strengthening our sales force and service delivery capability, focusing on key segments and geographical areas within the medical space.



Expanding and strengthening our brand presence in the market.



Expanding our digital service offerings and adding new key features based on our member requirements.



Attract investment and encourage members to open Savings Accounts with MediCoop.



MediCoop has been formed to meet the needs of healthcare professionals and, with a deep understanding of the medical industry is geared to services its members.

KEY TARGETS FOR 2022/2023

1,883

Membership

+8,000

Extended database and reaching out and communicating with relevant healthcare practitioners and medical providers

R25 million

Deposit and investments

1,500

Active member bank/
transactional accounts

+R48 million

Equipment rental finance and loans
to medical practices

100%

Balance sheet growth

MEDICOOP CFI

ANNUAL FINANCIAL STATEMENTS
ENDED 28 FEBRUARY 2022



MediCoop
CFI

AUDIT COMMITTEE REPORT

28 FEBRUARY 2022

This report is provided by the Audit Committee appointed in respect of the 2022 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 non-executive directors of the Company and include:

Name	Qualification
Craig Tudhope	B.Com (Hons) CA(SA)
Guy Paterson	B.Com (Hons) CA(SA)
Sarel Botha	MBChB (Pret), BChD (Pret), Dip Odont. Oral Surg. (Pret), MBA (Regent), MChD (Mac.Fac.Med), FCMFOS (SA), FIBCSOMFS

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 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 2022 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.

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

Chairman of the Audit Committee

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Financial Services
Directors	Adv. BC Esterhuyzen (Chairman) Mr. JJF Lüttich (Vice Chairman) Mr. TL Botha (Managing Director) Mr. TJ Louw Dr. ND Munisi Dr. S Tshabangu Mr. P van Heerden Mr. JJ Calitz Dr. KR Ntshwana Dr. GM Ramokgopa Mr. JD Pepler Mr. BH Groenewald
Registered office	Suite 202, 2nd Floor The Clock Tower Building V&A Waterfront Cape Town 8001
Business address	Suite 202, 2nd Floor The Clock Tower Building V&A Waterfront Cape Town 8001
Postal address	PO Box 51286 V&A Waterfront Cape Town 8001
Bankers	RMB Private Bank, a division of First Rand Bank Limited Mercantile Bank Access Bank South Africa Limited
Auditors	Middel & Partners Chartered Accountants (SA) Registered Auditors
Co-operative registration number	2015/014609/24
Tax reference number	9334/528/18/0
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Co-operatives Act No 14 of 2005.
Preparer	The annual financial statements were internally compiled by: LL Hagedoorn PA (SA)

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Directors' Responsibilities and Approval

The directors are required by 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 received the co-operative's cash flow forecast for the year to 28 February 2023.

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 annual financial statements

The annual financial statements set out on pages 10 to 24, which have been prepared on the going concern basis, were approved and signed by the directors on 11 June 2022:

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 2022

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 2022.

1. Nature of business

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

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 Standard for Small and Medium-sized Entities 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

	2022	2021	2022	2021
Issued	R	R	Number of shares	
Ordinary shares of R1 each (Mandatory shares)	438,000	399,000	438,000	399,000
Class A ordinary shares	2,815,709	2,817,709	2,815,709	2,817,709
	<u>3,253,709</u>	<u>3,216,709</u>	<u>3,253,709</u>	<u>3,216,709</u>

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 (2021 - 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 program, 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.

6. Going concern

The directors believe that the co-operative has access to 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 have satisfied themselves 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 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's ability to continue as a going concern.

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Directors' Report

7. Directors

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

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

All the changes to the directors listed above was during the annual general meeting dated 17 September 2021.

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.

8. 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.

9. Auditors

Middel & Partners was appointed as auditors for the co-operative for the 2022 financial year.

10. Secretary

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

11. Non-compliance with Prudential Authority Standards

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.

The Total Assets has fluctuated between R12 million and R15 million during the 2021/2022 financial year.

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Directors' Report

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.

12. Members

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

Full members	438	(2021 : 399).
Associate members	3	(2021 : 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 24, which comprise the statement of financial position as at 28 February 2022, and the statement of 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 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

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.



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 Directors' Report and the Detailed Income Statement, which we obtained prior to the date of this report. 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 on the other information obtained prior to the date of this auditor's report, 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 Standard for Small and Medium-sized Entities 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.

Auditors' 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.
- 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.

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MIDDEL & PARTNERS

CHARTERED ACCOUNTANTS (SA) • REGISTERED AUDITORS

Independent Auditor's Report

- 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 June 2022
Pretoria

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Statement of Financial Position as at 28 February 2022

	Note(s)	2022 R	2021 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	6	204
Other financial assets	3	534,254	225,112
Deferred tax	5	641,486	522,095
Trade and other receivables	7	2,324,634	2,286,651
		3,500,380	3,034,062
Current Assets			
Trade and other receivables	6	287,736	99,875
Other financial assets	3	164,856	34,172
Finance lease receivables	4	-	23,686
Cash and cash equivalents	8	10,085,695	11,750,572
		10,538,287	11,908,305
Total Assets		14,038,667	14,942,367
Equity and Liabilities			
Equity			
Share capital	9	3,253,709	3,216,709
Accumulated loss		(1,710,401)	(1,403,397)
		1,543,308	1,813,312
Liabilities			
Non-Current Liabilities			
Other financial liabilities	11	2,329,574	-
Current Liabilities			
Trade and other payables	10	409,572	217,649
Other financial liabilities	11	9,756,213	12,911,406
		10,165,785	13,129,055
Total Liabilities		12,495,359	13,129,055
Total Equity and Liabilities		14,038,667	14,942,367

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MEMBER OF THE ASSOCIATION OF ACCOUNTANTS (SA) | THE ASSOCIATION OF ACCOUNTANTS (SA) | THE ASSOCIATION OF ACCOUNTANTS (SA) | THE ASSOCIATION OF ACCOUNTANTS (SA)

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Statement of Comprehensive Income

	Note(s)	2022 R	2021 R
Revenue	12	2,670,781	968,980
Other income	13	122,881	140,644
Operating expenses		(2,927,315)	(1,248,911)
Operating loss	14	(133,653)	(139,287)
Investment revenue	15	1,198	292
Finance costs	16	(293,941)	(87,635)
Loss before taxation		(426,396)	(226,630)
Taxation	17	119,392	62,645
Loss for the year		(307,004)	(163,985)

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Statement of Changes in Equity

	Share capital R	Accumulated loss R	Total equity R
Balance at 01 March 2020	3,156,409	(1,239,412)	1,916,997
Loss for the year	-	(163,985)	(163,985)
Increase in share capital contribution	60,300	-	60,300
Total changes	60,300	-	60,300
Balance at 01 March 2021	3,216,709	(1,403,397)	1,813,312
Loss for the year	-	(307,004)	(307,004)
Increase in share capital contribution	37,000	-	37,000
Total changes	37,000	-	37,000
Balance at 28 February 2022	3,253,709	(1,710,401)	1,543,308
Note(s)	9		

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Statement of Cash Flows

	Note(s)	2022 R	2021 R
Cash flows from operating activities			
Cash (used in) generated from operations	19	(1,409,134)	4,842,925
Interest income		1,198	292
Finance costs		(293,941)	(87,635)
Net cash from operating activities		(1,701,877)	4,755,582
Cash flows from financing activities			
Proceeds on share issue	9	37,000	60,300
Total cash movement for the year		(1,664,877)	4,815,882
Cash at the beginning of the year		11,750,572	6,934,690
Total cash at end of the year	8	10,085,695	11,750,572

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Co-operatives Act No 14 of 2005. The annual financial statements have been prepared on the historical cost basis except for where otherwise stated, 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.

1.1 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the co-operative's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies are reflected in the relevant accounting policy notes.

Assumptions and estimation uncertainties

Useful lives of property, plant and equipment

The co-operative reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Impairment testing

The co-operative reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.2 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.

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.

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

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.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

1.4 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 for the current and prior periods are measured at the amount expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

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

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Accounting Policies

1.4 Tax (continued)

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.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases - lessor

Finance lease receivables are measured at an amount equal to the net investment in the lease.

Finance income is recognised using the effective interest method.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Accounting Policies

1.7 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.

1.8 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 leave pay 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.

1.9 Provisions and contingencies

Provisions are recognised when the co-operative has an obligation at the reporting date as a result of a past event; it is probable that the co-operative will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.10 Revenue

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.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022	2021
	R	R

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	18,426	(18,420)	6	18,426	(18,222)	204

Reconciliation of property, plant and equipment - 2022

	Opening balance	Depreciation	Closing balance
IT equipment	204	(198)	6

Reconciliation of property, plant and equipment - 2021

	Opening balance	Depreciation	Closing balance
IT equipment	3,335	(3,131)	204

3. Other financial assets

At amortised cost

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 18.5% to 20.21% per annum.

699,110

259,284

Non-current assets

At amortised cost

534,254

225,112

Current assets

At amortised cost

164,856

34,172

699,110

259,284

4. Finance lease receivables

Gross investment in the lease due

- within one year

-

25,245

-

25,245

less: Unearned finance income

-

(1,559)

-

23,686

Present value of minimum lease payments due

- within one year

-

23,686

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period amount to R - (2021: R 20,291).

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
5. Deferred tax		
The major components of the deferred tax balance are as follows:		
Deferred tax liability		
Deferred tax asset		
Arising as a result of temporary differences on:		
Tax losses available for set off against future taxable income	641,486	522,095
Reconciliation of deferred tax asset/(liability)		
At beginning of year	522,095	459,449
Recognised in profit or loss:		
Increase in tax loss available for set off against future taxable income	119,391	62,645
At end of year	641,486	522,095
6. Trade and other receivables		
Trade receivables	277,736	35,255
Deposits	10,000	10,000
Value Added Taxation	-	54,620
	287,736	99,875
7. Trade and other receivables		
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 non-current asset amounting to R 2 324 633 (2021 : R 2 286 651). The process to change the nature of FHBIS and the subsequent approval thereof had been completed to the extent that the PA has verbally expressed its approval but indicated that it would be confirmed in writing accompanied with certain conditions applicable.		
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	10,085,695	11,750,572
9. Share capital		
Reconciliation of number of shares issued:		
Reported as at 01 March 2021/2020	3,216,709	3,156,409
Issue of shares - ordinary mandatory shares	37,000	57,000
Issue of shares - ordinary voluntary shares	-	3,300
Transfer of shares - ordinary mandatory shares	2,000	-
Transfer of shares - ordinary voluntary shares	(2,000)	-
	3,253,709	3,216,709
Issued		
Ordinary shares of R1 each (mandatory shares)	438,000	399,000
Ordinary shares of R1 each (voluntary shares)	2,815,709	2,817,709
	3,253,709	3,216,709

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
10. Trade and other payables		
Trade payables	195,810	145,872
Value Added Taxation	26,135	-
Accrued expenses	173,118	71,651
Employee taxes due to SARS	14,509	126
	409,572	217,649
11. Other financial liabilities		
At amortised cost		
Members deposits	12,085,787	12,911,406
The deposits are unsecured, bears interest at the contract percentage and is repayable as per the contract.		
Non-current liabilities		
At amortised cost	2,329,574	-
Current liabilities		
At amortised cost	9,756,213	12,911,406
	12,085,787	12,911,406
Other financial liabilities due		
- within one year	9,756,213	12,911,406
- within two years	2,329,574	-
	12,085,787	12,911,406
12. Revenue		
Joining fees	6,609	8,522
Administration fees	986,461	48,022
Nurses indemnity commission	10,375	36,300
Interest received (trading)	566,465	390,608
ACON Marketing and advertising	200,000	215,000
Asset rental commission	900,871	270,528
	2,670,781	968,980
13. Other income		
Recoveries	122,881	140,644
14. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	67,725	88,500

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
14. Operating loss (continued)		
Administration and management fees	313,044	277,121
Advertising	368,493	321,290
Referral fees	223,362	60,748
Depreciation on property, plant and equipment	198	3,131
Employee costs	602,658	259,414
	<u> </u>	<u> </u>
15. Investment revenue		
Interest revenue		
Bank	1,198	292
	<u> </u>	<u> </u>
16. Finance costs		
Trade and other payables	1,195	4,496
Member deposits	292,746	80,247
Late payment of tax	-	2,892
	<u>293,941</u>	<u>87,635</u>
17. Taxation		
Major components of the tax income		
Deferred taxation		
South African deferred tax - current year	(119,392)	(62,645)
	<u> </u>	<u> </u>
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(426,396)	(226,630)
Tax at the applicable tax rate of 28% (2021: 28%)	(119,392)	(63,456)
	<u> </u>	<u> </u>
Non-deductible expenses		
Interest, penalties paid in respect of taxes (s23(d))	-	811
Depreciation according to financial statements	-	877
	<u> </u>	<u>1,688</u>
Other		
Wear and tear allowance (s11(e))	-	(877)
	<u> </u>	<u>(877)</u>
	<u>(119,392)</u>	<u>(62,645)</u>
No provision has been made for 2022 tax as the co-operative has no taxable income. The estimated tax loss available for set off against future taxable income is R 2,291,020 (2021: R 1,864,624).		
18. Auditors' remuneration		
Fees	80,000	70,000
	<u> </u>	<u> </u>

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
19. Cash (used in) generated from operations		
Loss before taxation	(426,396)	(226,630)
Adjustments for:		
Depreciation and amortisation	198	3,131
Interest received	(1,198)	(292)
Finance costs	293,941	87,635
Net movement in financial assets	(439,828)	(259,284)
Net movement on other financial liabilities	(625,619)	5,199,226
Finance lease receipts	23,686	132,156
Changes in working capital:		
Trade and other receivables	(225,843)	(51,227)
Trade and other payables	191,923	(41,792)
	<u>(1,409,134)</u>	<u>4,842,925</u>

20. Going concern

The directors believe that the co-operative has access to 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 have satisfied themselves 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 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's ability to continue as a going concern.

21. 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.

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SA Primary Medical Financial Co-operative Limited

(Registration number: 2015/014609/24)

Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
22. Related parties		
Relationships		
Members of key management		LL 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

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SA Primary Medical Financial Co-operative Limited

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Annual Financial Statements for the year ended 28 February 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
22. Related parties (continued)		
Related party balances and transactions with other related parties		
Related party balances		
Member deposits - Owning to related parties		
SAMDP Group Holdings Ltd	(2,023,658)	(1,891,372)
Medical Solutions and Consulting (Pty) Ltd	(6,777,443)	(6,990,358)
Compensation Solutions (Pty) Ltd	(1,587,854)	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Compensation Solutions (Pty) Ltd	102,800	-
Financial and Health Business Integrated Solutions (Pty) Ltd	2,324,634	2,286,651
LunaNova Group (Pty) Ltd	(20)	(6,181)
Related party transactions		
Interest paid to related parties		
SAMDP Group Holdings Ltd	132,286	35,402
Compensation Solutions (Pty) Ltd	71,954	-
Rent paid to related parties		
LunaNova Group (Pty) Ltd	67,725	64,500
Lewies Beleggings (Pty) Ltd	-	24,000
Recoupment received from related parties		
LunaNova Group (Pty) Ltd	-	(25,743)
Administration fees paid to (received from) related parties		
Financial and Health Business Integrated Solutions (Pty) Ltd	1,047,839	160,870
Compensation Solutions (Pty) Ltd	(831,100)	-
Compensation paid to key management		
23. Directors' remuneration		
Executive		
2022		
Mr. TL Botha (Managing Director)	Emoluments 260,000	Total 260,000
2021		
Mr. TL Botha (Managing Director)	Emoluments 90,656	Total 90,656

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CLOSING NOTE

MediCoop CFI is the “**next generation**” medical financial institution, providing savings and finance solutions to medical professionals, healthcare workers, industry stakeholders and related parties.

There is a desperate shortage of medical professionals and healthcare workers in South Africa. These young professionals struggle to find the necessary capital to acquire or buy into existing practices once their internship or further specialisation have been completed. The challenge and opportunity is not only to provide start-up finance but also to support these young professionals with compliance requirements, administrative and financial planning and education, risk management, practice management, medical equipment and infrastructure to successfully set up and manage their practices.

MediCoop is based on the cooperative principle. We are dedicated to the healthcare industry and thoroughly understand the requirements of the sector. 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 as described above. We want to encourage a savings culture amongst our members.

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

CFI



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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

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