Health Funders Association NPC

(Registration Number 2015/384366/08)

Annual Financial Statements

for the year ended 31 December 2021

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General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2015/384366/08
Nature of Business and Principal Activities	The Non-Profit Company provides stakeholders involved in the funding of private healthcare with a vehicle to support the long-term sustainability and development of the private healthcare funding industry in South Africa.
Directors - as at year end	Bassudev, Simmi Comrie, Craig Janse van Vuuren, Jaco Mosiah, Lerato Mosomothane, Teddy Olivier, Magdaleen Phaleng, Tebogo van den Bergh, Toni Yatt, Jeremy
Prescribed Officer Chief Executive Officer	 Mosiah, Lerato
Business Address	21 Woodlands Drive Woodmead Sandton 2191
Bankers	First National Bank
Auditors	Ramuedzisi Incorporated Block D, 1st Floor La Rocca Office Park 321 Main Road Bryanston 2191
Preparer	Motlanalo Chartered Accountants and Auditors Inc 1st Floor Mellis House 6 Mellis Road Rivonia 2194

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008 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 satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the Non-Profit Company, and explain the transactions and financial position of the business of the Non-Profit Company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Non-Profit Company 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 Non-Profit Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 Non-Profit Company and all employees are required to maintain the highest ethical standards in ensuring the Non-Profit Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Non-Profit Company is on identifying, assessing, managing, and monitoring all known forms of risk across the Non-Profit Company. While operating risk cannot be fully eliminated, the Non-Profit Company 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 have requested improvements in the system of internal control and risk management processes and an internal control review was carried out by the external auditors. After considering the areas of improvement identified, the impact and rectification thereof, the directors are of the opinion, based on the information, explanations, and corrections by management, 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Non-Profit Company will not be a going concern in the foreseeable future. The financial statements support the viability of the Non-Profit Company.

The annual financial statements have been audited by the independent auditing firm, Ramuedzisi Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the Non-Profit Company, the directors, and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 5 to 7.

The annual financial statements set out on pages 8 to 15 which have been prepared on the going concern basis, were approved by the directors, and were signed on 24 June 2022 on their behalf by:

Chairperson	Chief Executive Officer
Bassudev, Simmi	Mosiah, Lerato

Directors' Report

The directors present their report for the year ended 31 December 2021.

1. Review of activities

Main business and operations

The Non-Profit Company provides stakeholders involved in the funding of private healthcare with a vehicle to support the long-term sustainability and development of the private healthcare funding industry in South Africa. There were no major changes herein during the year.

The operating results and statement of financial position of the Non-Profit Company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The directors believe that the Non-Profit Company 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 have given due consideration to the potential impact of the COVID-19 pandemic on the Non-Profit Company's ability to continue as a going concern. The directors believe that the pandemic will have a temporary impact on the business activities. Not withstanding these short-term challenges the directors are of the view that the Non-Profit Company has sufficient resources to continue as a going concern.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Non-Profit Company.

4. Directors

The directors of the Non-Profit Company during the year and up to the date of this report are as follows:

Directors	Election Date	Re-election Date	Designation	Resignations
Bassudev, Simmi	31 July 2020		Non-executive	
Comrie, Craig	31 July 2020		Non-executive	
De Koker, Andre	28 October 2015	28 May 2018	Non-executive	31 May 2021
Janse van Vuuren, Jaco	31 July 2020		Non-executive	
Mosiah, Lerato	28 November 2016		Executive	
Mosomothane, Teddy	10 June 2016	28 May 2019	Non-executive	
Olivier, Magdaleen	26 July 2021		Non-executive	
Phaleng, Tebogo	29 May 2018	31 July 2020	Non-executive	
van den Bergh, Toni	28 October 2015	26 July 2021	Non-executive	
Yatt, Jeremy	28 October 2015	26 July 2021	Non-executive	

5. Independent Auditors

Ramuedzisi Incorporated were the independent auditors for the year under review.

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Independent Auditor's Report

To the members of Health Funders Association NPC

Opinion

We have audited the annual financial statements of Health Funders Association NPC set out on pages 8 - 15, which comprise the statement of financial position as at 31 December 2021, 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 Health Funders Association NPC as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of the Companies Act 71 of 2008.

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 company 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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, 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, we

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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 IFRS for SME's and the requirements of the Companies Act 71 of 2008, 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 company'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 company 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 skepticism 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 company'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 company's ability to continue as a going concern. If I 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 company to cease to continue as a going concern.

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- 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 communicated with the management regarding, among other matters, the planned scope and timing of the audit and important audit findings, including any important deficiencies in internal controls that we identified during our audit.

Ramuedzisi Incorporated
25 August 2022

Per Denga Ramuedzisi
Registered Auditor

Health Funders Association NPC

(Registration Number 2015/384366/08)

Financial Statements for the year ended 31 December 2021

Statement of Financial Position

Figures in R	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	4	12,900	-
Current assets			
Trade and other receivables	5	60,066	91,393
Cash and cash equivalents	6	5,769,066	6,148,094
Total current assets		**5,829,132**	**6,239,487**
Total assets		**5,842,032**	**6,239,487**
Equity and liabilities			
Equity			
Accumulated surplus		5,497,390	5,761,481
Liabilities			
Current liabilities			
Provisions	7	167,834	118,931
Trade and other payables	8	176,808	359,075
Total current liabilities		**344,642**	**478,006**
Total equity and liabilities		**5,842,032**	**6,239,487**

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Annual Financial Statements for the year ended 31 December 2021

Statement of Comprehensive Income

Figures in R	Notes	2021	2020
Revenue	9		
Membership fees		5,400,387	5,575,050
Depreciation and amortisation			
Depreciation - property, plant and equip.		369	-
		369	-
Other expenses			
Accounting fees		50,501	58,705
Auditors remuneration		59,545	57,475
Bank charges		4,307	3,424
Computer expenses		-	6,000
Conferences and forums		49,080	85,080
Consulting and professional fees		163,341	262,265
Data and phone use		41,413	36,650
Director's remuneration		2,562,953	2,533,527
Employee cost		1,870,491	813,659
Employee tax penalties	10	25,842	7,844
Entertainment		-	1,300
Information Technology Services		29,479	-
Insurance		7,174	6,522
Legal expense		399,574	64,311
Marketing and launch		31,745	92,571
Media and press		-	65,510
Meeting rooms		14,943	-
Office rental and related costs		213,160	317,210
Printing and stationery		3,905	5,201
Public relations		57,694	-
Recruitment fees		-	180,000
Staff training and development		26,300	59,800
Subscriptions		276,310	262,889
		5,887,757	**4,919,943**
(Deficit) / surplus from operating activities		**(487,739)**	**655,107**
Finance income	11		
Interest received		223,648	138,856
(Deficit) / surplus for the year		**(264,091)**	**793,963**

Statement of Changes in Equity

Figures in R	2021	2020
Balance at beginning of the year	**5,761,481**	**4,967,518**
Changes in equity	(264,091)	793,963
Balance at end of the year	**5,497,390**	**5,761,481**

Health Funders Association NPC

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Financial Statements for the year ended 31 December 2021

Statement of Cash Flows

Figures in R	Note	2021	2020
Cash flows (used in) / from operations			
(Deficit) / surplus for the year		**(264,091)**	**793,963**
Adjustments to reconcile (deficit) / surplus			
Adjustments for finance income		(223,648)	(138,856)
Adjustments for decrease in trade and other receivables		31,327	66,914
Adjustments for (decrease) / increase in other operating payables		(182,267)	324,558
Adjustments for depreciation and amortisation expense		369	-
Adjustments for provisions		48,903	24,282
Employee tax penalties		25,842	7,844
Total adjustments to reconcile (deficit) / surplus		**(299,474)**	**284,742**
Net cash flows (used in) / paid from operations		**(563,565)**	**1,078,705**
Interest received		223,648	138,856
Employee tax penalties		(25,842)	(7,844)
Net cash flows (used in) / paid from operating activities		**(365,759)**	**1,209,717**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(13,269)	-
Cash flows used in investing activities		**(13,269)**	**-**
Net (decrease) / increase in cash and cash equivalents		**(379,028)**	**1,209,717**
Cash and cash equivalents at beginning of the year		6,148,094	4,938,377
Cash and cash equivalents at end of the year	6	**5,769,066**	**6,148,094**

Accounting Policies

1. General information

Health Funders Association NPC ('the Non-Profit Company') provides stakeholders involved in the funding of private healthcare with a vehicle to support the long-term sustainability and development of the private healthcare funding industry in South Africa. The Non-Profit Company is incorporated as a Non-Profit Company and domiciled in South Africa and is not subject to income tax, however the Non-Profit Company is registered for VAT and PAYE.

The address of its registered office is 21 Woodlands Drive , Woodmead, Sandton , 2191.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Health Funders Association NPC have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 71 of 2008. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Non-Profit Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

Asset class	Useful life / depreciation rate
Computer equipment	3 Years

2.2 Financial instruments

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Non-Profit Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Basis of preparation and summary of significant accounting policies continued...

2.3 Leases

Definition

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers all the risks and rewards incidental to ownership of an asset substantially. The title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Classification

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

Operating leases as 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 the 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.

2.4 Provisions and contingencies

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

Provisions are not recognised for future operating losses.

2.5 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Short-term employee benefits

The cost of short-term employee benefits relates to 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. It is recognised in the period in which the service is rendered and is not discounted.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No significant estimates and adjustments have been applied in the preparation of these financial statements.

Notes to the Financial Statements

Figures in R	2021	2020

4. Property, plant and equipment

	Computer equipment	Computer equipment
Movement for the year		
Acquisition at cost	13,269	-
Depreciation	(369)	-
Net book value at the end of the year	**12,900**	-

5. Trade and other receivables

Trade and other receivables comprise:

	2021	2020
Sundry debtors	4,706	-
Rental deposits	55,360	55,360
Value added tax	-	36,033
Total trade and other receivables	**60,066**	**91,393**

6. Cash and cash equivalents

Cash and cash equivalents included in current assets:

	2021	2020
Cash		
Bank balances	5,765,726	6,144,754
Short term deposits	3,340	3,340
	5,769,066	**6,148,094**

7. Provisions (Provision for leave pay)

	2021	2020
Balance at the beginning of the year	**118,931**	**70,734**
Increase of leave pay provision	48,903	48,197
Balance at the end of the year	**167,834**	**118,931**

8. Trade and other payables

Trade and other payables comprise:

	2021	2020
Accrued expenses	55,512	4,208
Trade payables	29,977	21,726
SARS Liability	-	333,141
Value added tax	91,319	-
Total trade and other payables	**176,808**	**359,075**

Notes to the Financial Statements

Figures in R	2021	2020

9. Revenue

Revenue comprises:

Membership fees	5,400,387	5,575,050

Membership fees are received from all the members of the Non-Profit Company on an annual basis.

10. Employee tax penalties

Fines and penalties	25,842	7,844

The penalties in 2021 relate to a lumpsum paid to an employee when joining the Non-Profit Company. The South African Revenue Service indicated that fringe benefit tax was payable on the lumpsum with penalties.

(In 2020 the late payment of PAYE resulted in penalties being levied by SARS)

11. Finance income

Finance income comprises:

Interest received	223,648	138,856

12. Related parties

Compensation paid to directors and prescribed officers for year ended.

Prescribed officers

Chief Executive Officer	2,562,953	2,533,527

Directors

No compensation is paid to non-executive directors for services or disbursements.