



Principal Officers
Boards of Trustees
Auditors
Statutory return users
Other relevant stakeholders

Ref: Annual financial statements
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Circular 23 of 2009

Annual financial statements

Section 37 of the Medical Schemes Act 131 of 1998 (Act) requires Boards of Trustees to prepare Annual Financial Statements (AFS) in respect of every financial year. In accordance with Section 37(5) of the Act, the Board of Trustees' Report is to deal with every matter that is material for the appreciation by members of the medical scheme of the state of affairs and the business of the medical scheme and its results, and is to contain relevant information indicating whether or not the resources of the medical scheme have been applied economically, efficiently, and effectively. This Report is issued along with the AFS.

In terms of Section 41(1) of the Act, a medical scheme shall deliver to a beneficiary on demand by such beneficiary, and on payment of such fee as may be determined by the rules of the medical scheme, a copy of the latest AFS prepared under Section 37(1). Section 41(2) further states that a beneficiary shall be entitled to inspect such AFS, without charge, at the registered office of a medical scheme of which he or she is a member. The Act is, however, silent on how and in what format the financial statements are to be provided to members.

The manner in which the AFS are otherwise distributed to members is usually dealt with in the scheme's rules. Scheme rules further prescribe the format of the AFS and the manner of distribution.

Scheme rules can require the distribution of the full set of AFS or a summarised set of AFS to all members. Such summarised AFS need to comply with the requirements of Circular 38 of 2007.

In instances where the rules only stipulate that the scheme make the AFS available to members, the Office requires the scheme to inform members where they will be able to obtain a set of the AFS (either a full set or a summarised set).

Some schemes issue a highlight document to members, providing details on the financial position and results of the scheme, together with information on where and how a set of the AFS can be obtained.

A statutory body established in terms of the
Medical Schemes Act, 1998 (Act 131 of 1998)

Chairperson: Prof. W Pick Acting Registrar & CEO: P Matshidze



As this highlight document contains financial information, the scheme would need to provide detail on where the information was extracted from. The following is an example of such detail: “The information contained in this document has been extracted from the audited Annual Financial Statements of the scheme for the year ended <insert date> on which an <unmodified / modified> opinion was issued on <insert date of auditor’s report>.”

Please note that where a modified opinion has been expressed on the Annual Financial Statements, details of such a modified opinion need to be provided.

[Schemes should further note that the Annual Financial Statements should also be available for members’ perusal at the Annual General Meeting and other forums where it is discussed.](#)

A handwritten signature in black ink, which appears to read "Patrick Matshidze". The signature is written in a cursive, flowing style.

Patrick Matshidze
ACTING REGISTRAR & CEO