



# WCMAS

*Our members Our passion*

**Witbank Coalfields Medical Aid Scheme**

## 2016 ANNUAL REPORT



- ♥ Providing health cover for diverse population of members
- ♥ Your health and well-being is important to us
- ♥ Understanding of the mining industry
- ♥ Valuable relationships
- ♥ Team work

*Providing affordable healthcare funding  
to our members for **82** years*

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**WITBANK COALFIELDS MEDICAL AID SCHEME**  
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**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**ANNUAL GENERAL MEETING PACK**  
31 December 2016



WITBANK COALFIELDS MEDICAL AID SCHEME  
WCMAS BUILDING, SECOND FLOOR  
C/O OR TAMBO ROAD & SUSANNA STREET  
TEL: 013 - 656 1407  
FAX: 086 627 7795  
P O BOX 26  
EMALAHLENI (WITBANK), 1035

**ANNUAL GENERAL MEETING**  
**NOTICE TO MEMBERS**

In terms of Rule 26.1.2 of the WCMAS Scheme Rules the notice convening the Annual General Meeting, containing the Agenda, Annual Financial Statements, Auditors Report and Board of Trustees Report, must be sent to members at least 21 days before the date of the meeting.

Adhering to the above, notice is hereby given that the 82nd annual general meeting of members of the Witbank Coalfields Medical Aid Scheme, will be held in the boardroom of the Scheme, WCMAS Building, cnr OR Tambo Road & Susanna Street, Emalahleni (Witbank), on Monday 24 April 2017 at 13h00.

BY ORDER OF THE BOARD OF TRUSTEES

PRINCIPAL OFFICER

27 February 2017

**AGENDA OF THE 82nd ANNUAL GENERAL MEETING**

1. Notice of meeting
2. Minutes - Confirmation of the minutes of the 81st annual general meeting held on 25 April 2016
3. Board of Trustees report
4. Approval of trustee remuneration
5. Audited annual financial statements
6. Unit profitability report
7. Approval of auditor's remuneration
8. Appointment of auditors for 2017 in terms of Rule 25
9. Election of office bearers
10. General

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### BOARD OF TRUSTEES REPORT

31 December 2016

The Board of Trustees present their report for the year ended 31 December 2016.

#### 1 DESCRIPTION OF THE MEDICAL SCHEME

##### 1.1 Terms of registration

The Witbank Coalfields Medical Aid Scheme is a not for profit restricted membership medical aid scheme registered in terms of the Medical Schemes Act 131 of 1998, as amended.

##### 1.2 Benefit options within the Witbank Coalfields Medical Aid Scheme

The medical scheme offered two options to employers and members in 2016. These were:

- Comprehensive option

This option provides comprehensive cover through a risk pool for all major medical expenses and a savings account for day-to-day medical expenses as described in 1.3.

- Yebomed option

This option was implemented during 2007 and provides medical cover through a preferred provider network on a capitation fee basis.

From 2017, two new benefit options will be offered to members. The Ntsika option is a low cost option providing access to a network of service providers including hospitalisation in private hospitals, and the Midmas option, a new generation option providing access to hospitalisation in any private hospital and a discretionary savings account for day to day benefits.

##### 1.3 Saving account trust monies managed on members' behalf (Comprehensive option and in future also the Midmas option)

Personal medical savings accounts constitute trust monies and are managed on the members' behalf in terms of the scheme rules and the Medical Schemes Act / Regulations.

The savings plan was established to meet future day to day healthcare costs not fully covered by the risk pool.

Members that belong to the Witbank Coalfields Medical Aid Scheme Comprehensive Option pay 25% of their gross contributions into a savings account, so as to help pay the members' portion of healthcare costs up to a prescribed threshold. (Midmas members will pay 18% of their gross contribution)

Unexpended savings amounts are accumulated for the long-term benefit of the member and interest is paid on balances based on the effective interest rate method. The liability to the members in respect of the savings plan is reflected as a current liability in the financial statements, repayable in terms of Regulation 10.

In terms of the rules of the scheme, the scheme carries some risk relating to forward allowance of savings account utilisations.

The savings account balance is refundable when a member leaves the scheme. The balance will be transferred to the next scheme or to the member if the new option does not have a savings account option. The money will be transferred within four months of the date of change.

##### 1.4 Risk transfer arrangements (Yebomed option only)

A capitation fee is paid to the preferred provider network to provide a full range of benefits to all members in this option. The risk is carried by the network. The scheme does, however, remain liable to its members and suppliers with respect to ceded insurance if any reinsurer (supplier) fails to meet the obligations it assumes.

The Yebomed option has been successfully implemented for 9 Years and is functioning well.

#### 2 MANAGEMENT AND GOVERNANCE

##### 2.1 Registered Office and postal address:

WCMAS

2<sup>nd</sup> Floor South Wing

WCMAS Building

Cnr. Susanna Street & OR Tambo Road

EMALAHLENI (WITBANK)

P O Box 26

EMALAHLENI (WITBANK)

1035

##### 2.2 Medical Scheme Administrator

The scheme is self-administered

##### 2.3 Principal Officer

R Booyens

Address the same as scheme's

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### BOARD OF TRUSTEES REPORT

31 December 2016

- 2.4 Board of Trustees in office during the year under review:
- |                     |                         |   |
|---------------------|-------------------------|---|
| OA Maritz           | (Chairperson)           |   |
| M Dugmore           | (Vice Chairperson)      |   |
| Dr JA Pienaar       | (Anglo Coal Appointee)  | Resigned effect 31.12.2016                |
| HG Schoeman         | (Glencore Appointee)    |   |
| JL Pienaar          | (Exxaro Coal Appointee) | Appointed 23.06.2016, Resigned 31.12.2016 |
| Ms H Smith          | (Exxaro Coal Appointee) | Resigned 23.06.2016                       |
| Ms CD Logan-Delagey | (Employee Elected)      |   |
| GC Robbertse        | (Employee Elected)      |   |
| JA de Jager         | (Employee Elected)      |   |
| JC de Carvalho      | (Employee Elected)      |   |
| T Masike            | (Employee Elected)      |   |
| A Nienaber          | (Co-opted SACMA)        |   |
| TA Gloss            | (Co-opted UASA)         | Resigned 23.05.2016                       |
| E Lange             | (Co-opted UASA)         | Appointed 23.06.2016                      |
- 2.5 Auditors
- |   |                |
|---|----------------|
| PricewaterhouseCoopers Incorporated           |                |
| Registered Chartered Accountants and Auditors | P O Box 500    |
| WCMAS Building                                | River Crescent |
| Cnr Susanna & OR Tambo                        | 1042           |
| Emalahleni                                    |                |
- 2.6 Disputes Committee
- |              |         |
|--------------|---------|
| HA Ackermann | E Wiese |
| F Kruger     |         |
- 2.7 Investment committee
- Refer to Note 3 of this report.
- 2.8 Audit and governance committee
- Refer to Note 9 of this report.
- 2.9 Remuneration committee
- |                 |             |
|-----------------|-------------|
| M Dugmore       | T Masike    |
| C Logan-Delagey | AD de Jager |

### 3 INVESTMENT STRATEGY

The scheme's investment objectives are to maximize the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration the constraints imposed by legislation and the strategies of the Board of Trustees with the following mandate:

- achieve a return that exceeds consumer price inflation (CPI) by 3.0% p.a (net of fees) over a three year period, but with low risk of losing capital over a 12 month period,
- the savings account trust funds are to be ring-fenced and invested separately in liquid funds and net returns on these funds are allocated to savings account balances of members,
- liquidity levels are maintained as required by the scheme,
- investments are only made in highly rated institutions with moderate risk,
- investments are made in compliance with the regulations of the Medical Schemes Act, and
- risk assessments are performed with feedback to the Board of Trustees with recommendations on the risks identified.

**The investment committee** is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and responsibilities and consists of three members, supported by two senior staff members of the Scheme. Two of the Investment Committee members are members of the Board of Trustees.

The committee met on three occasions during the course of the year and meetings were mostly attended by all members.

The committee presently comprises: OA Maritz, A Nienaber and NA Dickman, supported by R Booyens (Principal Officer) and C Pretorius (Accountant).

WCMAS appointed Willis Towers Watson as their Investment advisors.

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### BOARD OF TRUSTEES REPORT

31 December 2016

#### 4 MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the scheme assumes the risk of loss from members and their dependants that are directly subject to the risk related to the health of the scheme members. As such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The scheme manages its insurance risk through appropriate benefit limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

The scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

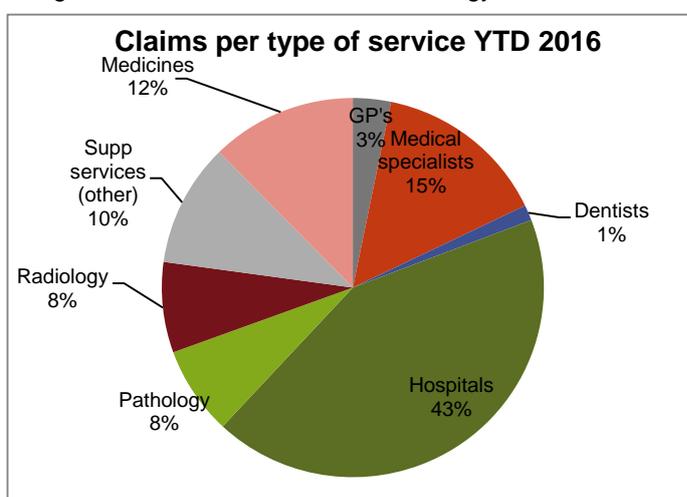
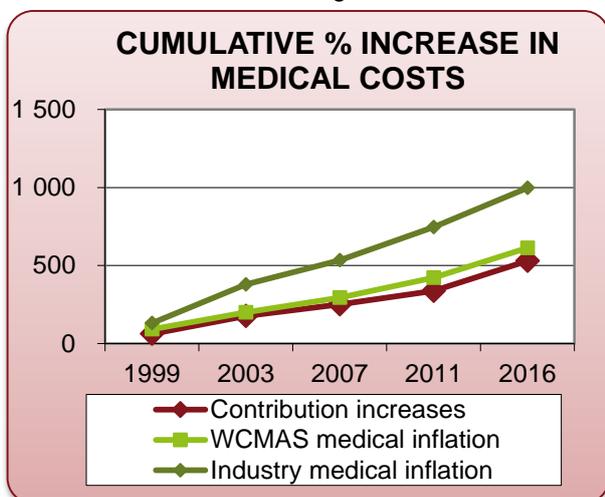
The board of trustees has after deliberation and consultation concluded that the Equalization Levy contracts with the major employer groups are not effective and appropriate in the current medical aid and employer group operating environment and that these contracts prohibit growth within the medical aid. The Board of Trustees decided to abolish the equalization levy agreement during the 2016 financial year.

Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the scheme's cash flow.

#### 5 REVIEW OF THE YEAR'S ACTIVITIES

##### 5.1 Operational overview

This year the scheme has experienced an increase in specialist, radiology and supplementary services as well as in chronic medication with significant costs incurred on lung related disorders as well as oncology.



The scheme experienced a decline in membership as a result of large scale retrenchments in the area in the employer groups associated with the scheme as well as some mines closing.

Towards the end of 2016, the scheme appointed Universal Healthcare to head the scheme's benefit management and hospital authorisations and the introduction of dedicated disease management.

The Exxaro group's withdrawal as reported in the prior year was finalised on 31 December 2016.

The operating results of WCMAS are set out in the annual financial statements, and the trustees believe that no further clarification is required.

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**BOARD OF TRUSTEES REPORT**  
**31 December 2016**

5.2 Operational statistics

	2016	2015	% Movement
<b>Comprehensive option</b>			
Average number of members during the year*	6 987	7 317	-4.5%
Number of members at 31 December	6 816	7 178	-5.0%
Average number of beneficiaries during the year*	18 067	18 879	-4.3%
Number of beneficiaries at 31 December	17 716	18 584	-4.7%
Dependant ratio to members at 31 December	1.6	1.6	0.6%
Average age of beneficiaries	31.1	30.8	0.9%
Pensioner ratio	21.9%	20.7%	5.8%
Percentage of beneficiaries above 65 years of age	7.1%	6.6%	7.6%
Average risk contributions pmpm*	R 3 450	R 3 237	6.6%
Average risk contributions pbpm*	R 1 334	R 1 254	6.4%
Average relevant healthcare expenditure pmpm*	R 3 401	R 3 039	11.9%
Average relevant healthcare expenditure pbpm*	R 1 315	R 1 178	11.6%
Relevant healthcare expenditure as percentage of net contributions	98.6%	93.9%	5.0%
Average non-health expenses pbpm*	R 103	R 86	19.8%
Non-health expenses as % of gross contributions	5.8%	5.2%	11.3%
<b>Yebomed option</b>			
Average number of members during the year*	2 407	2 581	-6.7%
Number of members at 31 December	2 383	2 511	-5.1%
Average number of beneficiaries during the year*	6 300	6 577	-4.2%
Number of beneficiaries at 31 December	6 278	6 444	-2.6%
Dependant ratio to members at 31 December	1.6	1.6	2.2%
Average age of beneficiaries	26.3	26.2	0.4%
Pensioner ratio	0.0%	0.0%	0.0%
Percentage of beneficiaries above 65 years of age	0.2%	0.2%	0.0%
Average risk contributions pmpm*	R 1 405	R 1 307	7.5%
Average risk contributions pbpm*	R 537	R 513	4.6%
Average relevant healthcare expenditure pmpm*	R 1 314	R 1 220	7.7%
Average relevant healthcare expenditure pbpm*	R 502	R 479	4.8%
Relevant healthcare expenditure as percentage of net contributions	93.5%	93.4%	0.1%
Average non-health expenses pbpm*	R 35	R 34	2.2%
Non-health expenses as % of gross contributions	6.5%	6.6%	-1.9%
<b>Scheme</b>			
Average accumulated funds per member*	R 51 825	R 47 620	8.8%
Average return on investments as % of investments	6.7%	5.5%	21.8%

Legend: pmpm - per member per month pbpm - per beneficiary per month  
 \*Averages are calculated using the sum of the 12 months' actual membership divided by 12

5.3 Reserve accounts

Movement in the reserves are set out in the Statement of Changes in Funds and Reserves.

5.4 Solvency ratio

	2016	2015
Total members' funds per statement of financial position	508 003 216	492 191 812
LESS: revaluation reserve	(31 265 141)	(30 799 538)
LESS: cumulative gain on re-measurement to fair value through profit and loss investments	-	-
<b>Accumulated funds per Regulation 29</b>	476 738 075	461 392 274
<b>Gross contributions (Note 12)</b>	426 295 101	419 399 492
<b>Accumulated funds ratio</b>	111.8%	110.0%
= Accumulated funds / Gross annual contributions x 100		

Accumulated funds ratio has increased by 1.8% for this period and is still significantly over the minimum requirement of 25%.

5.5 Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in note 9 and this is consistent with the prior year. The provision of R 16 400 000 is sufficient for the medical claims that the scheme expect to pay in 2016 in respect of prior years.

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### BOARD OF TRUSTEES REPORT

31 December 2016

#### 6 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There are no subsequent events to report on.

#### 7 INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL

The scheme holds no direct investments or interest in the participating employers of the scheme.

Mpumalanga Managed Health Care (Pty) Ltd, the wholly owned company of the scheme is still dormant and has no influence on the day to day management and operations.

#### 8 RELATED PARTY TRANSACTIONS

These are disclosed in note 28 to the annual financial statements.

#### 9 AUDIT AND GOVERNANCE COMMITTEE

An Audit and Governance Committee exists in accordance with the provisions of the Act. The committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The committee consists of seven members of which three are members of the Board of Trustees.

In accordance with the provisions of the Act, the primary responsibility of the committee is to assist the board of trustees in carrying out its duties relating to the scheme's accounting policies, internal control systems and financial reporting practices and good corporate governance. The external auditors report formally to the committee on critical findings arising from audit activities.

The majority of the members, including the chairperson, should not be officers of the scheme. The committee met on four occasions during the course of the year. The following schedule sets out members' meeting attendances:

Member	Meetings	Member	Meetings
M Wenum (Chairperson)	2 of 4	R Robbertse	3 of 4
H Pearson (Vice-chairperson)	3 of 4	A Nienaber	2 of 4
OA Maritz	4 of 4	AJ de Klerk	3 of 4
AD de Jager	3 of 4		

The chairperson of the scheme, the principal officer, the accountant and the external auditors attend all Audit Committee meetings and have unrestricted access to the chairperson of the Audit Committee. The Board of Trustees successfully expanded the number of non-executives on the Audit Committee to ensure enhanced independence.

#### 10 TRUSTEE ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees meeting attendances. The number of board meetings for the year was 12.

Member	Meetings	Member	Meetings	Member	Meetings
<b>Voting members</b>					
OA Maritz (Chair)	10 of 12	JC de Carvalho	11 of 12	M Dugmore (Vice-chair)	11 of 12
JA de Jager	10 of 12	C Logan Delagey	10 of 12	T Masike	6 of 12
GC Robbertse	10 of 12	HGR Schoeman	11 of 12		
<b>Resigned members who used to be voting members</b>					
H Smith	5 of 6	JL Pienaar	6 of 7	JA Pienaar	10 of 12
<b>Non-voting members</b>					
TA Gloss (Co-opt)	4 of 4	A Nienaber (Co-opt)	10 of 12	E Lange (Co-opt)	2 of 7

Legend: [R] Resigned members [A] Alternate [Co-opt] Co-opted members

#### 11 MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT

##### 11.1 Contributions received later than 3 days after payment became due (Section 26(7))

Contributions are payable by members within 3 days of due date. Occasionally payments are received after the 3rd of the subsequent month for some of the employer groups. While some payments were not always received timeously all commitments were met soon after due dates. The credit control department follows up on outstanding amounts on a regular basis.

##### 11.2 Claims paid in excess of 30 days from receipt S 59(2)

A small percentage of claims were not paid within 30 days as prescribed by the Act. Particularly between December and January the number of days between the receipt of a claim and the payment could amount to 38 days, causing the Scheme not to be fully compliant. The scheme normally performs month end runs on the second last business day of the month.

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**BOARD OF TRUSTEES REPORT**

31 December 2016

**11 MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT (continued)**

11.3 Investments in an administrator, holding company of the administrator or any employer group.

A medical scheme shall not invest in the business of an administrator of a medical scheme or any holding company of an administrator or any related employer group. The scheme has indirect underlying investments in unrelated listed administrators of medical schemes, amounting to 0.28% (2015:0.25%), in unrelated holding companies of administrators of 0.64% (2015: 0.64%) and in related listed employer groups of 0.7% (2015:0.49%) (Anglo American PLC 0.55%; Exxaro Resources 0.11%; Glencore PLC 0.04%) as part of total investments held through Unit Trust portfolios and Linked Fund policies. The Board of Trustees is of the opinion that in principal this non-compliance is not a risk to the Scheme since the Scheme is not related to any of the administrators in which investments are held and no direct influence is exercised by any of the employer groups by investing in these financial instruments. The Council for Medical Schemes has granted WCMAS exemption.

11.4 A benefit option must be self-supporting S 33(2) (b)

Section 33(2)(b) of the Act requires that each option is self-supporting in terms of membership and financial performance and be financially sound. The 2016 budgets submitted to the Council for Medical Schemes reflected a net healthcare deficit. The net healthcare deficit incurred on the comprehensive option was better than the budget submitted to the Council for Medical Schemes by R1.1 million. The Scheme has sufficient reserves to support this option. The Scheme takes into account Section 33(2)(b) of the Act in designing its benefits.

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### ADDITIONAL MEDICAL SCHEME STATISTICS: COMPREHENSIVE OPTION

31 December 2016

Below the Comprehensive option presents some of the statistics and top conditions of its members over the past year.

#### Top conditions

Condition	Patients for the year	% of scheme population
Hypertension	2 359	13.32%
Hyperlipidaemia	1 481	8.36%
Diabetes type 2	581	3.28%
Hypothyroidism	536	3.03%
Major depression	516	2.91%
HIV	346	1.95%
Menopause	303	1.71%
Asthma	190	1.07%
Cardiac Dysrhythmia	129	0.73%
Epilepsy	109	0.62%

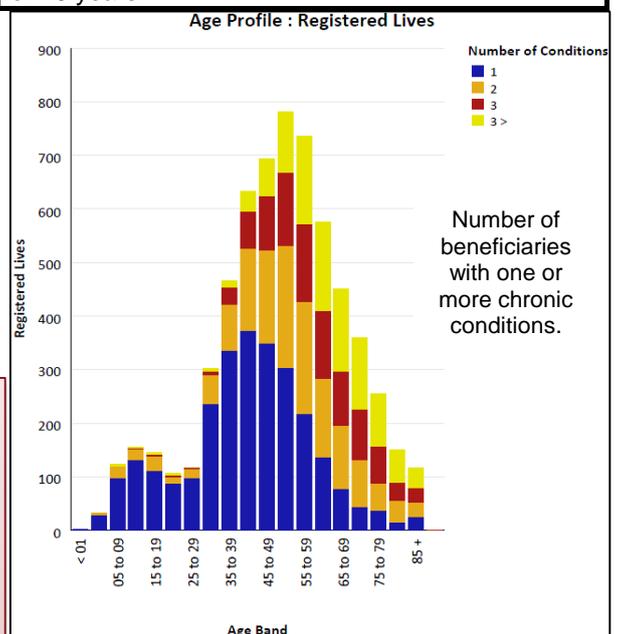
#### Oncology prevalence for the as at year end

Type of cancer	Number of patients	% of total oncology
Breast	71	27.66%
Prostate	60	23.40%
Lymphoid Tissue	18	7.09%
Other	16	6.38%
Haematological (Leukaemia)	16	6.38%
Colon	11	4.26%
Rectal	11	4.26%
Respiratory	9	3.55%
Skin	9	3.55%
Cervical/ Uterine/ Ovarian / Gestational	9	3.55%
Endocrine system	7	2.84%
Kidney / Bladder	5	2.13%
Brain	5	2.13%
Stomach	4	1.42%
Oesophagus	4	1.42%

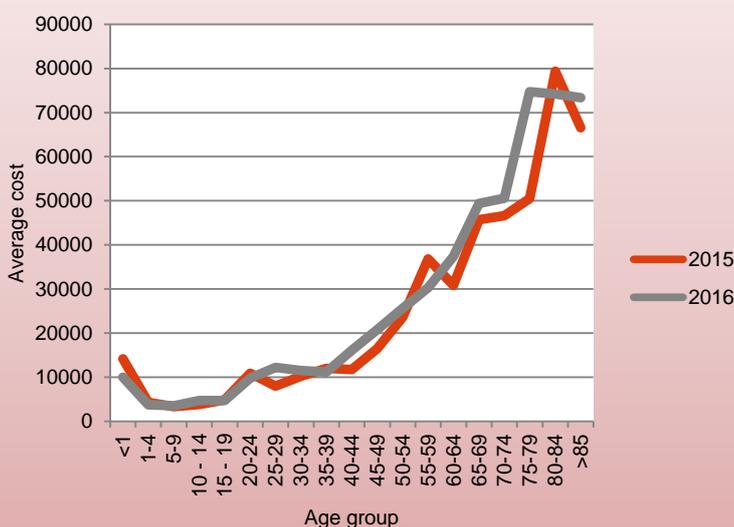
#### Number of deceased members for the year

Age	Natural	Unnatural	Total
Less than 1 year	2	-	2
1 - 4 years	1	-	1
5 - 9 years	-	1	1
10 - 14 years	-	-	-
15 - 19 years	-	-	-
20 - 24 years	-	-	-
25 - 29 years	1	1	2
30 - 34 years	2	3	5
35 - 39 years	3	-	3
40 - 44 years	5	1	6
45 - 49 years	9	-	9
50 - 54 years	1	-	1
55 - 59 years	6	2	8
60 - 64 years	7	2	9
65 - 69 years	14	-	14
70 - 74 years	11	-	11
75 - 79 years	17	-	17
80 - 84 years	17	-	17
85+ years	19	-	19
	115	10	125

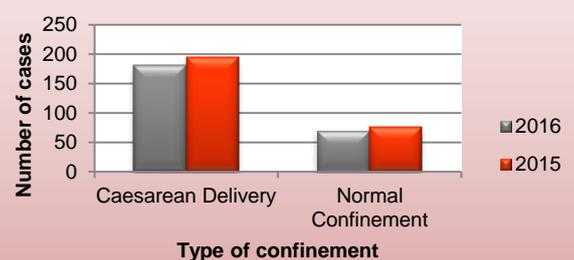
The scheme currently has 25 members that have been associated with it for more than 50 years. The oldest member on the scheme as at 31 December 2016 was 101 years of age and has been a member for 45 years.



#### Average cost per beneficiary



#### Confinements



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**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES**  
31 December 2016

The trustees are responsible for the preparation, integrity, and fair presentation of the financial statements of Witbank Coalfields Medical Aid Scheme. The financial statements presented on pages 17 to 47 have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Medical Schemes Act and include amounts based on judgements and estimates made by the board of trustees.

The trustees confirm that, in preparing the financial statements, they have applied the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the scheme at reporting date. The trustees have overseen the preparation of the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The trustees are responsible for ensuring that adequate accounting records are maintained. The accounting records should disclose with reasonable accuracy the financial position of the scheme to enable the trustees to ensure that the financial statements comply with the relevant legislation.

The Scheme operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and that the risks to the scheme are adequately mitigated.

The financial statements have been prepared on the going concern basis, and the trustees have no reason to believe that the scheme, based on forecasts and available cash resources, will not continue to be a going concern in the foreseeable future.

The scheme's external auditors are responsible for auditing the fair presentation of the financial statements in terms of International Standards on Auditing and their report is presented on page 12.

The Audit Committee functioned effectively throughout the year.

The financial statements were approved by the Board of Trustees on 27 February 2017 and were signed on their behalf by:



OA MARITZ  
CHAIRPERSON



R BOOYENS  
PRINCIPAL OFFICER



M DUGMORE  
VICE-CHAIRPERSON

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**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES**  
**31 December 2016**

The Witbank Coalfields Medical Aid Scheme is committed to the principles and practice of fairness, responsibility, transparency and accountability in all dealings with its stakeholders. Where practical, the scheme strives to comply with the King III Code of Corporate Governance. Reporting in terms of King III is guided by the Council for Medical Schemes. The scheme is also looking to implement the newly released King IV Code of Corporate Governance.

**BOARD OF TRUSTEES**

The trustees are proposed and elected by the members of the scheme and participating employers and are governed by an agreed Terms of Reference.

The trustees meet regularly and monitor the performance of the Scheme. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

All trustees have access to the advice and services of the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

**INTERNAL CONTROL**

The scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event or occurrence has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

An Audit and Governance committee is established in accordance with the Act and it is functioning effectively.



OA MARITZ  
CHAIRPERSON



R BOOYENS  
PRINCIPAL OFFICER



M DUGMORE  
VICE-CHAIRPERSON

*To the Members of Witbank Coalfields Medical Aid Scheme*

## **Report on the Financial Statements**

### *Opinion*

We have audited the financial statements of *Witbank Coalfields Medical Aid Scheme* (the Scheme), set out on pages 17 to 47, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in members funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of *Witbank Coalfields Medical Aid Scheme* as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the 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.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Management estimation of the outstanding claims provision</i></p> <p>The outstanding claims provision represents the Scheme's best estimate of the total claims incurred but not yet received by the Scheme at year end, and amounted to R16 400 000. Refer to Note 9 of the financial statements for the disclosures.</p> <p>The estimation of the outstanding claims provision was considered a matter of most significance for the current year audit due to the uncertainty and judgement involved in determining the outstanding claims provision.</p> <p>The assumption that has the greatest impact on the measurement of the outstanding claims provision is the expected claims ratio for the most recent benefit years. The current year claim ratio was calculated by management using the last 3 years' information on claims paid in the respective year relating to the prior year. The expected claims ratio assumed for the 2016 benefit year is 5.8% as per management calculation.</p>	<p>We obtained the outstanding claims provision as calculated by the Scheme's management. Our procedures to test management's estimation of the outstanding claims provision included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• We evaluated whether the method of measurement used is appropriate and consistent with the prior year;</li> <li>• We reformed management's calculation of the expected claims ratio, and agreed the data to the historical claim run statistics. To test the historical claim run statistics we agreed the claim inputs to underlying source documentation for a sample of claims. We did not identify any material differences.</li> </ul> <p>In addition, to assess the reasonability of the provision, we compared the actual claim run post year-end to the provision calculated per month up to the date of this report.</p>
<p><i>Risk Transfer Arrangement for the Yebomed option beneficiaries</i></p> <p>The scheme entered into a risk transfer arrangement (capitation contract) whereby the parties agreed that the Anglo Coal Highveld Hospital (ACHH) render services to beneficiaries on the Yebomed option. A fixed fee was paid by WCMAS to ACHH per beneficiary, in return ACHH provides a full range of health services as well as health care.</p> <p>The cost the scheme would have incurred to deliver the specified benefits had it not entered into the capitation agreement primarily represents the scheme's exposure to its members, as the capitation agreement cannot absolve the scheme from its responsibility towards its members. This "cost" is disclosed as risk claims incurred.</p> <p>Refer to Note 13 and 15 of the financial statements for the related disclosure. The</p>	<p>We evaluated management's calculation of the cost under the risk transfer arrangement, and the assumptions used. We performed an assessment of the methodology used in calculating the cost. Given the attributes of the capitation contract, the approach taken appears sensible.</p> <p>We utilised our actuarial expertise and performed an independent calculation of the cost under the risk transfer arrangement by calculating the average claim per member based on industry averages. The industry average was calculated by selecting options with similar characteristics as the Yebomed option, and obtaining the claim information from the most recent CMS reports.</p> <p>We compared our independent calculation of</p>

estimation of the costs that the scheme would have incurred to deliver the specified benefits was considered a matter of most significance to the current year audit due to the complexity inherent in the calculation of these costs. Management relies on the information obtained from the hospital as their principle source. Furthermore, management made assumptions to determine the attributable portion of the hospital's total costs relating to Yebomed members. Although the cost does not have any effect on the surplus of the Scheme, disclosure of the net amount of the cost and the contribution received is a requirement of IFRS 4. It demonstrates whether the arrangement is favourable or not, and whether it is in the best interest of the members of the Scheme and therefore important to the users of the financial statements.

the cost and net income/expense under the risk transfer arrangement with management calculation and we considered management calculation to be within a reasonable range.

#### *Other Information*

The Scheme's trustees are responsible for the other information. The other information comprises the *Annual Report* (but does not include the financial statements and our auditor's report thereon).

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Scheme's Trustees for the Financial Statements*

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme'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 Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' 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 Scheme'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 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 Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the

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

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

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, that have come to our attention during the course of our audit.

  
PricewaterhouseCoopers Inc.

Director: S Eicker

Registered Auditor

eMalahleni

10 March 2017

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF FINANCIAL POSITION**  
31 December 2016

	Notes	2016 R	2015 R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
		<b>465 719 766</b>	440 618 255
Equipment and other assets	2	<b>1 849 475</b>	1 621 464
Investment properties	3	<b>9 957 811</b>	10 502 432
Available for sale investments	4	<b>453 912 480</b>	428 494 359
<b>CURRENT ASSETS</b>			
		<b>248 383 285</b>	238 443 677
Trade and other receivables	5	<b>20 351 385</b>	19 701 019
Investments		<b>206 702 001</b>	184 447 034
Investment of PMSA trust monies managed by the scheme on behalf of its members	6	<b>155 196 199</b>	141 911 435
Available for sale investments	4	<b>51 505 802</b>	42 535 599
Cash and cash equivalents	7	<b>21 329 899</b>	34 295 624
Investment of PMSA trust monies managed by the scheme on behalf of its members		-	22 918
Scheme		<b>21 329 899</b>	34 272 706
<b>TOTAL ASSETS</b>		<b>714 103 051</b>	679 061 932
<b>FUNDS AND LIABILITIES</b>			
<b>MEMBERS' FUNDS</b>			
		<b>508 003 216</b>	492 191 812
Accumulated funds	p19	<b>476 738 075</b>	461 392 274
Revaluation Reserve - Investments	p19	<b>31 265 141</b>	30 799 538
<b>LONG TERM LIABILITIES</b>			
		<b>2 705 452</b>	2 726 055
Post retirement medical aid benefit	8	<b>2 705 452</b>	2 726 055
<b>CURRENT LIABILITIES</b>			
		<b>203 394 383</b>	184 144 065
Post retirement medical aid benefit	8	<b>25 548</b>	23 832
Provision for leave pay		<b>841 000</b>	659 000
Outstanding claims provision	9	<b>16 400 000</b>	14 930 000
PMSA trust monies managed by the scheme on behalf of its members	10	<b>155 196 199</b>	141 934 353
Accounts payable	11	<b>30 931 636</b>	26 596 880
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>714 103 051</b>	679 061 932

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
31 December 2016

	Notes	2016 R	2015 R
<b>Risk contribution income</b>	12	<b>329 865 950</b>	324 667 416
<b>Relevant healthcare expenditure</b>		<b>(323 113 092)</b>	(304 621 548)
Net claims incurred		<b>(323 113 092)</b>	(304 621 548)
Risk claims incurred	13	<b>(321 308 403)</b>	(303 391 901)
Accredited managed care: management services	14	<b>(3 572 932)</b>	(3 062 871)
Third party claim recoveries		<b>1 768 243</b>	1 833 224
Net income / (expense) on risk transfer arrangement		-	-
Risk transfer arrangement fees	15	<b>(37 950 322)</b>	(37 797 204)
Recoveries from risk transfer arrangement	15	<b>37 950 322</b>	37 797 204
<b>Gross healthcare result</b>		<b>6 752 858</b>	20 045 868
Broker fees	16	<b>(70 198)</b>	(81 290)
Administration expenditure	17	<b>(24 808 668)</b>	(22 045 839)
Net impairment losses on healthcare receivables	18	<b>(82 793)</b>	(60 082)
<b>Net healthcare result</b>		<b>(18 208 801)</b>	(2 141 343)
<b>Other income</b>		<b>51 216 416</b>	50 818 368
Investment income	19	<b>44 660 163</b>	45 276 997
Scheme		<b>33 053 214</b>	36 414 718
Return on PMSA trust monies invested		<b>11 606 949</b>	8 862 279
Rental income from investment property		<b>4 303 279</b>	4 012 740
Sundry income	20	<b>2 252 974</b>	1 528 631
<b>Other expenditure</b>		<b>(17 661 814)</b>	(15 777 796)
Asset management fees		<b>(3 229 600)</b>	(3 802 675)
Scheme		<b>(2 960 127)</b>	(3 620 011)
PMSA trust monies invested		<b>(269 473)</b>	(182 664)
Direct operating expenses incurred in the rental of investment property		<b>(3 094 738)</b>	(3 295 506)
Interest paid on savings accounts	21	<b>(11 337 476)</b>	(8 679 615)
<b>Net surplus for the year</b>		<b>15 345 801</b>	32 899 229
<b>Other comprehensive income</b>	p19	<b>465 603</b>	(10 224 708)
Realised gain on disposal of available for sale investments		<b>(5 704 159)</b>	(10 465 360)
Fair value adjustment on available for sale investments		<b>6 169 762</b>	240 652
<b>Total comprehensive surplus / (deficit) for the year</b>		<b>15 811 404</b>	22 674 521

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
31 December 2016

	<b>REVALUATION RESERVE INVESTMENTS R</b>	<b>ACCUMULATED FUNDS R</b>	<b>MEMBERS' FUNDS R</b>
<b>BALANCE AT 31 DECEMBER 2014</b>	<b>41 024 246</b>	<b>428 493 045</b>	<b>469 517 291</b>
Net surplus for the year	-	32 899 229	32 899 229
Other comprehensive income	(10 224 708)	-	(10 224 708)
<b>BALANCE AT 31 DECEMBER 2015</b>	<b>30 799 538</b>	<b>461 392 274</b>	<b>492 191 812</b>
Net surplus for the year	-	15 345 801	15 345 801
Other comprehensive income	465 603	-	465 603
<b>BALANCE AT 31 DECEMBER 2016</b>	<b>31 265 141</b>	<b>476 738 075</b>	<b>508 003 216</b>
 <b>BALANCE AT 31 DECEMBER 2016</b>			
Consisting of:			
Comprehensive option	31 265 141	463 504 708	494 769 849
Yebomed option	-	13 668 367	13 668 367
	<b>31 265 141</b>	<b>477 173 075</b>	<b>508 438 216</b>

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF CHANGES IN CASH FLOW**  
**31 December 2016**

	Notes	2016 R	2015 R
<b>OPERATING ACTIVITIES</b>			
Cash flows from operations before working capital changes	22	(14 484 506)	585 367
Working capital changes:			
Movement in trade and other receivables		(578 957)	(12 666 639)
Movement in impairment losses		(71 409)	12 321
Movement in savings plan liability		13 261 846	12 999 962
Movement in provision for outstanding claims		1 470 000	-
Movement in provision for post retirement benefit		(18 887)	693 887
Movement in other payables		4 516 757	3 747 762
<b>Cash generated from operations</b>		<b>4 094 844</b>	<b>5 372 660</b>
Interest received on PMSA trust monies		11 749 353	8 862 279
Interest on savings balances		(11 337 476)	(8 679 615)
<b>Net cash flow effect of operating activities</b>		<b>4 506 721</b>	<b>5 555 324</b>
<b>INVESTING ACTIVITIES</b>			
Additions to investment properties		(31 091)	(1 309 967)
Additions to equipment and other assets		(1 170 473)	(677 719)
Proceeds on disposal of equipment		6 500	989
Increase in investments		(47 207 485)	(52 301 409)
Proceeds on disposal of available for sale investments		5 561 755	10 528 251
Interest received on Scheme funds		21 111 130	19 945 728
Dividends received		6 278 277	6 034 970
Investment managers' fees		(3 229 600)	(3 802 675)
Net rentals received		1 208 541	717 234
<b>Net cash flow effect of investing activities</b>		<b>(17 472 446)</b>	<b>(20 864 598)</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>(12 965 725)</b>	<b>(15 309 274)</b>
Cash and cash equivalents at beginning of year		34 295 624	49 604 898
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	7	<b>21 329 899</b>	<b>34 295 624</b>
<b>Cash and cash equivalents comprise of:</b>			
Investment of PMSA trust monies managed by the scheme on behalf of its members	7	-	22 918
Scheme	7	21 329 899	34 272 706
		<b>21 329 899</b>	<b>34 295 624</b>

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2016

#### 1 PRINCIPAL ACCOUNTING POLICIES

The financial statements of the scheme comprise the scheme.

#### Standards and interpretations in issue, but not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations are applicable:

##### *Standards and Interpretations that are effective and adopted*

- \* IAS 1 Amendments to clarify guidance in IAS 1 on materiality and Effective 1 January 2016 aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies
- \* IAS 16 Amendments to clarify basis for calculating depreciation and Effective 1 January 2016 amortisation
- \* IAS 19 Clarifies that market depth of high quality corporate bonds is assessed Effective 1 January 2016 based on the currency in which the obligation is denominated
- \* IFRS 7 Applicability of the offsetting disclosures to condensed interim financial Effective 1 January 2016 statements

##### *Standards and Interpretations that is not applicable to the scheme and is effective*

- \* IAS 16 Scoping in of bearer plants Effective 1 January 2016
- \* IAS 27 Amendment to restore the option to use the equity method to account Effective 1 January 2016 for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements
- \* IAS 34 Interim disclosures must either be in the interim financial statements or Effective 1 January 2016 cross-referenced between the interim financial statements
- \* IFRS 5 Clarifies that changing from one of the disposal methods to the other Effective 1 January 2016 should not be considered to be a new plan of disposal
- \* IFRS 7 Clarifies that servicing contracts that include a fee can constitute Effective 1 January 2016 continuing involvement in a financial asset.
- \* IFRS 10 Affect how an entity should determine any gain or loss it recognises Effective 1 January 2016 when assets are sold or contributed between the entity and associate or joint venture.
- \* IFRS 10 Clarify the application of the consolidation exception for investment Effective 1 January 2016 entities and their subsidiaries.
- \* IFRS 11 Adds new guidance on how to account for the acquisition of an Effective 1 January 2016 interest in a joint operation that constitutes a business.
- \* IFRS 14 Interim standard on the accounting for certain balances that arise from Effective 1 January 2016 rate-regulated activities

##### *Standards and Interpretations that may be applicable to the scheme but are not yet effective and not adopted*

- \* IAS 7 Introducing an additional disclosure that will enable users of financial Effective 1 January 2017 statements to evaluate changes in liabilities arising from financing activities
- \* IAS 12 To clarify the requirements for recognising deferred tax assets on Effective 1 January 2017 unrealised losses
- \* IFRS 9 New standard on financial instruments to replace IAS39 Effective 1 January 2018
- \* IFRS 15 Revenue is recognised based on the satisfaction of performance Effective 1 January 2018 obligations, which occurs when control of good or service transfers to a customer. Amendments were also made to the standard to clarify the guidance.
- \* IFRS 16 Lessees should be required to recognise assets and liabilities arising Effective 1 January 2019 from all leases.

##### *Standards and Interpretations that is not applicable to the scheme are not yet effective*

- \* IFRS 2 Addresses the accounting for cash-settled share-based payments and Effective 1 January 2018 equity-settled awards that include a net settlement feature in respect of withholding taxes.

Management is still considering the impact that the applicable standards amendments will have on the scheme.

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2016

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Statement of compliance

The financial statements are prepared on the going concern basis, in accordance with International Financial Reporting Standards (IFRS) and interpretations of those Standards, as adopted by the International Accounting Standards Board (IASB) and the requirements of the Medical Schemes Act.

##### Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards on the historical cost basis, except for available-for-sale investments which are reflected at fair value.

The accounting policies are consistent with the prior year.

##### Basis of consolidation

Subsidiaries are entities controlled by the scheme. Control exists when the scheme is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The scheme has control over two dormant entities: Mpumalanga Managed Healthcare (Pty) Ltd and Witbank Coalfields Investments (Pty) Ltd. The balances contained in these subsidiaries are considered to be immaterial and are therefore not consolidated.

##### Recognition of assets and liabilities

Assets are only recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost or fair value can be measured reliably. Liabilities are only recognised if it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Unless specifically permitted by an Accounting Standard, assets and liabilities are not offset.

##### Equipment and other assets

Equipment and other assets are reflected at historical cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual values. The following annual depreciation rates are used:

* Computer equipment	33.3%
* Motor vehicles	20.0%
* Office equipment	25.0%
* Mailroom equipment	20.0%
* Generator	10.0%

Management annually reassesses the useful life and residual value of equipment and other assets.

Maintenance and repairs, which neither materially add to the value of assets, nor appreciably prolong their useful lives, are charged against profit or loss.

Surpluses and deficits on the disposal of property, plant and equipment are charged to profit or loss.

Assets are reviewed annually for indications of impairment. An impairment loss is recognised in the statement of comprehensive income immediately when it arises.

##### Investment properties

Investment properties are held to earn rental income and for capital appreciation.

The investment properties are valued at historical cost, less accumulated depreciation and accumulated impairment. Depreciation is charged on the straight-line basis over the estimated useful life of the assets after taking into consideration the asset's residual value. The values of properties are reviewed annually for impairment. An impairment loss is recognised in the statement of comprehensive income.

Assets are depreciated as follows:

* Air conditioners	15.0%
* Developed buildings	0.0%
* Land	0.0%
* Lifts	6.7%
* Partitioning & electrical	10.0%

Depreciation on developed buildings was seized from the 2010 financial year due to the management believing that the building's value is not decreasing.

# ANNUAL REPORT

## WITBANK COALFIELDS MEDICAL AID SCHEME

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2016

#### 1 PRINCIPAL ACCOUNTING POLICIES

The residual values and useful lives of the assets are reviewed on an annual basis.

##### **Register of investment properties and all investments**

A register of all investment properties and investments, is available for inspection at the registered office of the Scheme.

##### **Financial instruments**

###### *Offsetting financial instruments*

This applies where a legally enforceable right to set off exists for recognised financial assets and financial liabilities, and there is an intention to realise the asset and settle the liability simultaneously or to settle on a net basis.

The Scheme will disclose the net asset or liability in the Statement of Financial Position or accompanying notes if the above conditions are met.

###### *Derecognition of financial assets and liabilities*

The Scheme derecognises a financial asset or part of a financial asset when:

- The contractual right to the cash flows from the asset expires;
- The Scheme retains the contractual right to receive cash flows of the asset, but assumes the obligation to pay one or more third parties the cash flow without material delay;
- The Scheme transfers the asset, while transferring substantially all the risks and rewards of ownership;
- The Scheme neither transfers the financial asset nor retains significant risk and reward of ownership, but has transferred control of the financial asset.

The Scheme derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from a third party on substantially different terms or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit section of the Statement of comprehensive Income.

The Scheme will disclose the net asset or liability in the Statement of Financial Position or accompanying notes if the above conditions are met.

###### *Initial recognition and measurement*

All financial instruments are initially recognised at fair value, which represents the consideration receivable or given. The direct transaction costs are expensed. Regular purchases and sales of financial instruments are recognised on trade date, which is the date on which the Scheme commits to purchase or sell the instruments. Subsequent to initial recognition, financial instruments are measured as set out in the paragraphs below.

###### *Investments*

All purchases and sales of investments are recognised on the trade date, which is the date when the commitment is made to purchase or sell the investment. Cost of purchase includes transaction costs. Available for sale investments are subsequently measured at fair value. Unrealised gains and losses from changes in the fair value of available for sale financial instruments are included in the revaluation reserve and are reclassified to other comprehensive income. When they are disposed of, the realised fair value gain or loss on the available for sale financial instruments is included in the Statement of Comprehensive Income as Investment income.

###### *Trade and other receivables*

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost, using the effective interest method. An allowance for estimated irrecoverable amounts is recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses recognised in the statement of comprehensive income when they occur.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, bank balances, cash on call and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are initially measured at fair value and subsequently measured at amortized cost.

###### *Financial liabilities*

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

# **ANNUAL REPORT**

## **WITBANK COALFIELDS MEDICAL AID SCHEME**

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**31 December 2016**

#### **1 PRINCIPAL ACCOUNTING POLICIES**

##### **Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Scheme has certain of its investments in other funds (investee funds), which are investments in unconsolidated structured entities. The Scheme invests in investee funds whose objectives range from achieving medium- to long-term capital growth. The investee funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

##### **Personal medical savings accounts: trust monies managed by the scheme on behalf of its members**

The personal medical savings accounts, which are managed by the scheme on behalf of its members, represent savings contributions (deposit component of the insurance contracts), and accrued interest thereon, net of any savings claims paid on behalf of members in terms of the scheme's registered rules.

Credit balances are carried forward to meet future expenses for which the members are responsible. In terms of the Medical Schemes Act 131 of 1998, as amended, balances standing to the credit of members are refundable only in terms of Regulation 10 of the Act.

Advances on savings contributions are funded from the scheme's funds, and the risk of impairment is carried by the scheme.

The deposit component of the insurance contracts has been unbundled, since the scheme can measure the deposit component separately. The deposit component is recognised in accordance with IAS 39 and is initially measured at fair value and subsequently at amortised cost using the effective interest rate method. The insurance component is measured in accordance with IFRS 4.

The personal medical savings accounts are invested on behalf of members in deposits held at call with banks, money market funds and fixed deposits with banks. These monies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

##### **Provisions**

Provisions are recognised when the scheme has a present legal or constructive obligation as a result of past events, from which it is probable that an outflow of economic benefits will be required to settle the obligation, and it can be reliably estimated.

##### **Insurance contracts**

These are contracts under which the scheme accepts significant insurance risk from another party (the member), by agreeing to compensate the member or beneficiary for costs incurred if a specified uncertain event (the insured event) adversely affects the member or beneficiary. The contracts issued insures the scheme's members against healthcare expenses incurred.

##### **Outstanding claims provision**

A provision is made for the estimated cost of healthcare benefits that have occurred before year-end, but that have not been reported to the Scheme by that date. The provision is determined based on a number of factors, which include previous experience in claims patterns, historical run-off triangles, changes in the number of members according to their gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim. The outstanding claims provision is reduced by the estimated recoveries from savings plan accounts. The scheme does not discount its provision for outstanding claims since the effect of the time value of money is not considered to be material. It is of such short term nature that the effect of discounting may be insignificant.

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#### **1 PRINCIPAL ACCOUNTING POLICIES**

##### **Risk contribution income**

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Risk contributions represent the gross contributions per the registered rules after the unbundling of savings contributions. The earned portion of risk contributions received is recognised as revenue. Risk contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis. Risk contributions are shown before the deduction of broker services, fees and other acquisition costs.

##### **Relevant healthcare expenditure**

Relevant healthcare expenditure consists of net claims incurred and net income or expense from risk transfer arrangements.

##### **Risk claims incurred**

Risk claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the scheme is responsible, whether or not reported by the end of the year.

Net risk claims incurred represent claims incurred net of discounts received, recoveries from members for co-payments and personal medical savings accounts. Net risk claims incurred represent risk claims incurred after taking into account recoveries from third parties.

Accredited managed care: management services comprise amounts paid or payable to third parties for managing the utilisation, cost and quality of healthcare services of the fund and is deemed to be part of the relevant healthcare expenditure.

##### **Reimbursement from the Road Accident Fund (RAF)**

The scheme grants assistance to its members in defraying expenditure incurred in connection with the rendering of any relevant health service. Such expenditure may be in connection with a claim that is also made to the RAF by the member, in terms of the Road Accident Fund Amendment Act, 2001. If the member is reimbursed by the RAF, they are obliged contractually to cede that payment to the scheme to the extent of healthcare expenses incurred by the Scheme on behalf of the member. The amount of submitted claims to the Road Accident fund amounted to R 10 467 366 (2015: R 13 238 608).

Due to the uncertainty around the confirmation and measurability of the Road Accident Fund amounts, the Scheme accounts for these amounts on a cash basis and recognises them as a reduction of net claims incurred.

##### **Third party recoveries**

Recoveries from third parties are recognised only when the recoveries can be measured reliably, the scheme becomes entitled to them and it is probable that future economic benefit will flow to the Scheme.

##### **Risk transfer arrangements**

Contracts entered into by the scheme with third party service providers under which the scheme is compensated for losses/claims (through the provision of services to members) on one or more contracts issued by the scheme and that meet the classification requirements of insurance contracts are classified as risk transfer arrangements (reinsurance contracts). Only contracts that give rise to a significant transfer of insurance risk are accounted for as risk transfer arrangements. Risk transfer premiums/fees are recognised as an expense over the indemnity period on a straight-line basis. Where applicable, a portion of risk transfer premiums/fees is treated as pre-payments.

Risk transfer claims and benefits reimbursed are presented in the statement of comprehensive income and statement of financial position on a gross basis.

Assets relating to risk transfer arrangements include balances due under risk transfer arrangements for outstanding risk claims provisions and claims reported not yet paid. Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the risk claims provisions, claims reported not yet paid, and settled claims associated with the risk transfer arrangement taking into account the terms of the contract. The amounts recoverable under such contracts are recognised in the same year as the related claim.

Amounts recoverable under risk transfer arrangements are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the scheme may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the scheme will receive under the risk transfer arrangement.

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#### **1 PRINCIPAL ACCOUNTING POLICIES**

##### **Allocation of income and expenditure to benefit options**

The following items are directly allocated to benefit options: risk contributions, risk claims incurred, net income/(expenses) on risk transfer arrangements, managed care: management services, investment income and other income and expenditure. The actual administration expenditure is borne by the Comprehensive option, and disclosed net of the administration costs paid to the Comprehensive option from the Yebomed option. Yebomed pays a per member per month cost to the Comprehensive option.

##### **Liabilities and related assets under liability adequacy test**

The liabilities for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of any related assets (i.e. the value of the business acquired).

Where a shortfall is identified, an additional provision is made and the scheme recognises the deficiency in the surplus / deficit for the year.

##### **Investment income**

Interest income is recognised on the effective interest rate method, taking into account the principal amount outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the scheme.

Dividend income is recognised when the right to receive payment is established.

Rental income from investment properties is recognised in the statement of comprehensive income on a contractual basis over the lease term. All leases with tenants are linked to the Consumer Price Index (CPI) and straight lining is therefore not possible.

##### **Retirement benefits of WCMAS employees**

Employees all belong to a defined contribution pension fund. The contributions to the fund are recognised in the statement of comprehensive income in the year in which they are incurred.

##### **Medical benefits of WCMAS employees**

Most employees belong to the scheme. WCMAS subsidises 50% of these premiums until resignation or retirement from the employment of the Scheme.

##### **Post retirement medical aid benefits of WCMAS employees**

On retirement the staff employed by the scheme as at 31 January 2011, will receive a medical aid subsidy equal to 50% of their contribution for the remainder of their lives. Surviving spouses of employees entitled to the subsidy will continue to receive the benefit. The benefit will cease upon the death of the surviving spouse. Payments in terms of this liability has been effective from 1 January 2012.

The post retirement medical aid contribution benefit liability is measured at the present value of the amount payable for the remaining lives of the beneficiaries and their surviving spouses. Employees become eligible at retirement age of 60. The liability is regularly valued by a recognised actuary.

An actuarial valuation is performed every second year to determine the value of the liability and the liability is unfunded. For the year ended 31 December 2016 the Projected Unit Credit discounted cash flow method was used.

##### **Impairment of financial assets**

The carrying amounts of the scheme's assets are reviewed at reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (loss event) and that loss event has an adverse impact on the estimated cash flows from the asset that can be reliably measured.

An financial asset is impaired if its carrying amount is greater than its recoverable amount. The recoverable amount of all assets, excluding available-for-sale investments, is the greater of the selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Impairment of financial assets (continued)**

###### *Impairment of available-for-sale financial assets*

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as objective evidence that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from reserves and recognised in the Statement of Comprehensive Income.

###### *Impairment of receivables and other financial assets carried at amortised cost*

Objective evidence that a financial asset (or group of financial assets) carried at amortised cost is impaired includes observable data that comes to the attention of the Scheme regarding the following loss events:

- Significant difficulty of service provider or member debtors;
- Breach of contract, such as non-payment of member contributions when due and if these remain unpaid for extended periods;
- Default or delinquency in payments due by service providers and other debtors;
- The absence of an active market for that financial asset due to financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from other Scheme assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Scheme;
- Adverse changes in the payment status of members of the Scheme; or
- National or local economic conditions that correlate with non-payment of debtor contributions.

If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated cash flows, discounted at the asset's effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within Net impairment losses on receivables.

###### *Reversals of impairment losses*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

##### **Impairment of non-financial assets**

A non-financial asset is impaired if its carrying amount is greater than its recoverable amount. The recoverable amount of all assets, excluding available-for-sale investments, is the greater of the selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement. The Scheme leases certain property, plant and equipment.

##### **Critical accounting judgements and areas of key sources of estimation uncertainty**

###### *Outstanding claims provision*

There are certain estimation uncertainties inherent in the estimation of the fair value of the liability arising from claims made under insurance contracts. Estimates are made according to the latest available information on reported claims and derived as the claims process develops. Refer to note 9.

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**2 EQUIPMENT AND OTHER ASSETS**

	<b>Generator</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Year ended 31 December 2016</b>					
<i>Cost</i>	758 238	3 317 755	1 526 713	138 161	5 740 867
At beginning of year	758 238	2 938 579	1 336 296	138 161	5 171 274
Additions	-	614 193	556 280	-	1 170 473
Disposals	-	(235 017)	(365 863)	-	(600 880)
<i>Accumulated depreciation</i>	(570 847)	(2 480 273)	(751 292)	(88 980)	(3 891 392)
At beginning of year	(511 506)	(2 143 798)	(814 664)	(79 842)	(3 549 810)
Depreciation charges	(59 341)	(571 492)	(258 376)	(9 138)	(898 347)
Accumulated depreciation on disposals	-	235 017	321 748	-	556 765
<b>Carrying amount at end of year</b>	<b>187 391</b>	<b>837 482</b>	<b>775 421</b>	<b>49 181</b>	<b>1 849 475</b>
<b>Year ended 31 December 2015</b>					
<i>Cost</i>	758 238	2 938 579	1 336 296	138 161	5 171 274
At beginning of year	758 238	2 414 523	1 242 130	136 661	4 551 552
Additions	-	571 577	104 642	1 500	677 719
Disposals	-	(47 521)	(10 476)	-	(57 997)
<i>Accumulated depreciation</i>	(511 506)	(2 143 798)	(814 664)	(79 842)	(3 549 810)
At beginning of year	(452 165)	(1 744 306)	(644 446)	(61 866)	(2 902 783)
Depreciation charges	(59 341)	(445 658)	(180 694)	(17 976)	(703 669)
Accumulated depreciation on disposals	-	46 166	10 476	-	56 642
<b>Carrying amount at end of year</b>	<b>246 732</b>	<b>794 781</b>	<b>521 632</b>	<b>58 319</b>	<b>1 621 464</b>

**3 INVESTMENT PROPERTIES**

	<b>Land &amp; Buildings</b>	<b>Partitioning, electrical &amp; fittings</b>	<b>Lift</b>	<b>Airconditioners</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Year ended 31 December 2016</b>					
<i>Cost</i>	9 189 663	2 122 148	1 486 448	3 079 128	15 877 387
At beginning of year	9 189 663	2 122 148	1 486 448	3 086 862	15 885 121
Additions	-	-	-	31 091	31 091
Disposals	-	-	-	(38 825)	(38 825)
<i>Accumulated depreciation</i>	(1 647 474)	(1 944 676)	(161 033)	(2 166 393)	(5 919 576)
At beginning of year	(1 647 474)	(1 881 537)	(61 936)	(1 791 742)	(5 382 689)
Depreciation charges	-	(63 139)	(99 097)	(410 738)	(572 974)
Accumulated depreciation on disposals	-	-	-	36 087	36 087
<b>Carrying amount at end of year</b>	<b>7 542 189</b>	<b>177 472</b>	<b>1 325 415</b>	<b>912 735</b>	<b>9 957 811</b>
<b>Year ended 31 December 2015</b>					
<i>Cost</i>	9 189 663	2 122 148	1 486 448	3 086 862	15 885 121
At beginning of year	9 123 096	1 961 533	1 361 962	2 650 996	15 097 587
Additions	66 567	160 615	646 919	435 866	1 309 967
Disposals	-	-	(522 433)	-	(522 433)
<i>Accumulated depreciation</i>	(1 647 474)	(1 881 537)	(61 936)	(1 791 742)	(5 382 689)
At beginning of year	(1 647 474)	(1 847 351)	(419 861)	(1 402 161)	(5 316 847)
Depreciation charges	-	(34 186)	(70 643)	(389 581)	(494 410)
Accumulated depreciation on disposals	-	-	428 568	-	428 568
<b>Carrying amount at end of year</b>	<b>7 542 189</b>	<b>240 611</b>	<b>1 424 512</b>	<b>1 295 120</b>	<b>10 502 432</b>

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**3 INVESTMENT PROPERTIES (continued)**

Investment properties comprise the land and buildings on the corner of OR Tambo Road and Susanna Street, erf 5091 and erf 286, Emalaheni (Witbank) and the vacant land in Susanna Street, erf 5090. The fair value of the properties as valued by the Board of Trustees is R 50 million (2015: R40 million). The Board of Trustees has assessed that the residual value of the building is greater than the current carrying value and therefore no depreciation has been processed.

Direct operating expenses arising from the property that generated rental income amount to R3 058 402 (2015: R 3 261 848) and which did not generate rental income amount to R 36 336 (2015:R 33 658).

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>4 AVAILABLE FOR SALE INVESTMENTS</b>		
Fair value at the beginning of the year	471 029 958	443 831 642
Additions and interest capitalised	33 922 721	37 423 024
Realised gain on disposal of available for sale investments / instruments	(5 704 159)	(10 465 360)
Unrealised (loss) / gain on revaluation of investments transferred directly to reserves	6 169 762	240 652
Fair value at the end of the year	<u>505 418 282</u>	<u>471 029 958</u>
Non-current	453 912 480	428 494 359
Current	51 505 802	42 535 599
Fair value at the end of the year	<u>505 418 282</u>	<u>471 029 958</u>
<i>The available for sale investments comprise of the following:</i>		
Segregated Multi Class Portfolio	299 640 853	285 318 246
Linked fund policies	154 271 527	143 176 013
Unlisted equities	100	100
Money market instruments	51 505 802	42 535 599
	<u>505 418 282</u>	<u>471 029 958</u>
<i>These underlying investments are as follows:</i>		
Cash	169 056 261	143 081 000
Interest bearing investments and investments in property	35 725 287	35 069 522
Interest bearing investments, including bonds	157 687 808	160 554 467
Listed equities	142 948 926	132 324 969
	<u>505 418 282</u>	<u>471 029 958</u>

**MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT**

**Investments in an administrator, holding company of the administrator or any employer group. S35(8)(a,c&d)**

A medical scheme shall not invest in the business of an administrator of a medical scheme or any holding company of an administrator or any related employer group. The scheme has indirect underlying investments in unrelated listed administrators of medical schemes, amounting to 0.28% (2015:0.25%), in unrelated holding companies of administrators of 0.64% (2015: 0.64%) and in related listed employer groups of 0.7% (2015:0.49%) (Anglo American PLC 0.55%; Exxaro Resources 0.11%; Glencore PLC 0.04%) as part of total investments held through Unit Trust portfolios and Linked Fund policies. The Board of Trustees is of the opinion that in principal this non-compliance is not a risk to the Scheme since the Scheme is not related to any of the administrators in which investments are held and no direct influence is exercised by any of the employer groups by investing in these financial instruments. The Council for Medical Schemes has granted WCMAS exemption.

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	2016 R	2015 R
<b>5 TRADE AND OTHER RECEIVABLES</b>		
<b>Insurance receivables</b>		
Contributions outstanding	19 737 346	15 885 292
Recoveries from members	22 857	16 681
	<u>19 760 203</u>	<u>15 901 973</u>
Less: provision for impairment losses	(24 144)	(25 157)
Carrying amount beginning of the period	(25 157)	(28 575)
Reversal of provision	1 013	3 418
Service provider balances	38 201	31 229
	<u>19 774 260</u>	<u>15 908 045</u>
<b>Non-insurance receivables</b>		
Savings account advances (Note 10)	95 177	110 321
Saving plan recoveries	385 972	485 416
Less: provision for impairment losses	(305 729)	(376 125)
Carrying amount beginning of the period	(376 125)	(360 386)
Reversal of provision	70 396	(15 739)
Accounts paid in advance	134 980	3 399 776
Balances due by tenants	167 059	58 948
Electricity deposit	99 666	99 666
Staff loans	-	14 972
	<u>577 125</u>	<u>3 792 974</u>
Total insurance and other receivables	<u>20 351 385</u>	<u>19 701 019</u>

The carrying amounts of accounts receivable approximate their fair values due to the short-term maturities of these assets.

**6 INVESTMENT OF PMSA TRUST MONIES MANAGED BY THE SCHEME ON BEHALF OF ITS MEMBERS**

The personal medical savings accounts were invested on behalf of members in the following assets:

Balance at beginning of the year	141 911 435	127 033 050
Additional investments	1 863 011	6 000 000
Interest income	11 749 353	8 978 939
Realised gains / (losses)	(142 404)	63 044
Fees	(185 196)	(163 598)
Total medical savings account trust monies invested	<u>155 196 199</u>	<u>141 911 435</u>

The reconciliation above does not include investment managers' fees paid to Willis Towers Watson amounting to R 84 277 (2015: R 82 112) which is attributable to the trust account. From time to time the trust balance exceeds the liability due to timing differences.

The carrying amount of the trust investment approximates its fair value due to the short term maturities of these assets. The effective average interest rate was 7.7% (2015: 6.6%) and the funds are available on demand.

**7 CASH AND CASH EQUIVALENTS**

Scheme current accounts with bankers	21 329 899	34 272 706
Personal medical savings account trust monies invested	-	22 918
Total as per cash flow statement	<u>21 329 899</u>	<u>34 295 624</u>

The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these balances.

The effective interest rate on the bank account was 1% (2015: 1%).

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**8 POST RETIREMENT MEDICAL AID BENEFIT**

On retirement the staff employed by the scheme as at 31 January 2011, will receive a medical aid subsidy equal to 50% of their contribution per month for the remainder of their lives. Surviving spouses of employees entitled to the subsidy will continue to receive the benefit. The benefit will cease upon the death of the surviving spouse. The actuarial valuation to determine the liability is performed every second year and the liability is unfunded.

The post retirement medical aid contribution benefit liability is measured at the present value of the amount payable for the remaining lives of the beneficiaries and their surviving spouses. Employees become eligible for the medical aid contribution subsidy on normal retirement at any age after 60.

Movements in the post-retirement medical aid benefit liability are as follows:

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Balance at the beginning of the year	<b>2 749 887</b>	2 056 000
Expenses in respect of the current year	<b>(18 887)</b>	693 887
Benefits paid	<b>(21 846)</b>	(22 864)
Service cost	<b>150 000</b>	526 887
Interest cost	<b>218 000</b>	190 000
Remeasurements	<b>(365 041)</b>	(136)
Closing post retirement medical aid benefit	<b>2 731 000</b>	2 749 887
Non-current liabilities	<b>2 705 452</b>	2 726 055
Current liabilities	<b>25 548</b>	23 832
Balance at end of year	<b>2 731 000</b>	2 749 887

R 4 945 (2015: R 761 003) has been included in Employment costs in the Statement of Comprehensive Income.

If the assumed future rate of medical inflation was 1% higher, the liability would have been R 260 095 higher.

The five year summary of the post-employment healthcare benefits liability as at 31 December 2016 is as follows:

	<b>2016</b>	2015	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Present value of liability	<b>2 731 000</b>	2 749 887	2 056 000	1 760 000	1 719 000
Actuarial loss / (gain)	<b>(365 041)</b>	(136)	20 936	371 879	(48 000)

**Key assumptions used**

Below we have outlined the significant assumptions used in the valuation. An actuarial valuation was performed by independent valuers, 3One Actuaries (Pty) Ltd for the year ended 31 December 2016 using the Projected Unit Credit discounted cashflow method.

**Members included**

It is assumed that 100% of in-service members will continue medical aid scheme membership of their current medical scheme option on retirement. It was assumed that 75% of in service members will remain married while actual marital statistics were used for pensioners. (Unchanged from 2011).

**Long-term price inflation rate**

A long-term future inflation rate of 9% per annum has been assumed (2015: 7.3%).

**Salary inflation**

A salary inflation rate of 10.5% per annum has been assumed for 2016 (2015: 8.2%).

**Health care cost inflation:**

It has been assumed that health care cost inflation will take place at a rate of 1.5% per annum (2015: 1.5%) in excess of price inflation, i.e 10.5% per annum (2015: 8.8%).

**Discount rate**

A rate of 11.2% per annum has been assumed (2015: 9.3%). The discount rate is based on rates applicable to long term government bonds.

**Retirement ages**

The normal retirement age of active employees is age 63 and it is assumed that all employees will retire at this age if they are still employed.

**Mortality rates**

Pre-retirement : SA85-90 (Light) with a 3 year age reduction for females.

Post retirement : PA (90).

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	Not covered by risk transfer arrangement R	Total R
<b>9 OUTSTANDING CLAIMS PROVISION</b>		
<b>2016</b>		
Provision for outstanding claims	15 965 000	15 965 000
<b>Analysis of movements in outstanding claims</b>		
Balance at beginning of year	14 930 000	14 930 000
Payments in respect of prior year	(13 032 595)	(13 032 595)
(Under) /over provision in respect of prior year	1 897 405	1 897 405
Adjustment for current year	14 502 595	14 502 595
Provision at end of year	16 400 000	16 400 000
<b>Analysis of outstanding claims provision</b>		
Estimated gross claims	21 154 541	21 154 541
Less: estimated savings plan claims	(4 754 541)	(4 754 541)
Balance at end of year	16 400 000	16 400 000
<b>2015</b>		
Provision for outstanding claims	14 930 000	14 930 000
<b>Analysis of movements in outstanding claims</b>		
Balance at beginning of year	14 930 000	14 930 000
Payments in respect of prior year	(11 863 660)	(11 863 660)
(Under) /over provision in respect of prior year	3 066 340	3 066 340
Adjustment for current year	11 863 660	11 863 660
Provision at end of year	14 930 000	14 930 000
<b>Analysis of outstanding claims provision</b>		
Estimated gross claims	19 142 611	19 142 611
Less: estimated savings plan claims	(4 212 611)	(4 212 611)
Balance at end of year	14 930 000	14 930 000

At year end no provision for reported claims not paid by risk transfer arrangements was raised as no information could be obtained from the service provider.

**Process used to determine the assumptions**

The process used to determine the assumptions is intended to result in neutral estimates of the most likely expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. There is more emphasis on current trends and actual claims paid in January and February 2017.

Certain high claims are assessed on a case by case basis with due regard to the claim circumstances, and historical evidence of the size of similar claims. The provision is based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of components affecting the ultimate costs of the loss is difficult to estimate. The provision estimation components also differ by category of claims (i.e. in-hospital, chronic and above threshold benefits), claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of the claim, and reporting lags. The cost of outstanding claims is estimated using a range of statistical methods.

The methods extrapolate the development of paid and incurred claims, average cost per claim and ultimate claim numbers for each benefit year based upon observed development of earlier years and expected loss ratios. Statistical calculations are used in situations where it takes time after the treatment date until the full extent of the claims to be paid is known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in the known cumulative payments from one month to the next can then be used to estimate future expenses for future development months.

The actual method or combination of methods used varies by benefit year being considered, categories of claims and observed historical claims development. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include (1) economic, legal, political and social trends (resulting in different than expected levels of inflation and /or minimum medical benefits to be provided); (2) changes in composition of members and their dependants; and (3) random fluctuations, including the impact of large losses.

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**9 OUTSTANDING CLAIMS PROVISION (continued)**

**Assumptions**

The assumptions that have the greatest effect on the measurement of the outstanding claims provision are the expected claims ratios for the most recent benefit years. This is the portion of claims paid in the current year relating to the prior year. These are used for assessing the outstanding claims provisions for the last three years. The expected claims ratio assumed for the 2016 benefit year is 5.8% (2015: 5.3%).

**Changes in assumptions and sensitivities to changes in key variables**

The assumptions used in the estimation process are influenced by the actual claims paid in January and February after year end in respect of prior years. History of claims processing indicate that the bulk of prior year claims are paid before end of February of the following year.

Where variables are considered to be immaterial, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present. However, should the materiality levels of an individual variable change, assessment of changes to that variable in the future may be required.

An analysis of sensitivity around various scenario's for the general medical insurance business provides an indication of the adequacy of the scheme's estimation process. The trustees believe that the liability for claims reported in the balance sheet is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise. Impact on surplus reported caused by a 1% reasonable change in the key variable "expected claims ratio", may increase the liability with R 2 807 467 (2015: R 2 650 231).

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>10 PMSA TRUST MONIES MANAGED BY THE SCHEME ON BEHALF OF ITS MEMBERS</b>		
Balance of PMSA trust liability at the beginning of the year	<b>141 824 032</b>	128 784 380
Add:		
Savings account contributions received	<b>96 429 151</b>	94 732 076
Transfers from other schemes in terms of Regulation 10(4)	<b>870 365</b>	607 945
Interest and other income earned on trust monies invested	<b>11 606 949</b>	8 862 279
Advances on savings account balances (Note 5)	<b>95 177</b>	110 321
Less:		
Transfers to other schemes in terms of Regulation 10(4)	<b>(770 631)</b>	(271 021)
Contributions payable to trust	<b>(106 584)</b>	(2 391 433)
Investment management fees incurred	<b>(269 473)</b>	(182 664)
Savings claims paid on behalf of members	<b>(82 298 754)</b>	(78 892 680)
Refunds on death or resignation in terms of Regulation 10(5)	<b>(12 184 033)</b>	(9 424 850)
Balance due to members on savings account balances in trust	<b><u>155 196 199</u></b>	<u>141 934 353</u>

The personal medical savings account (PMSA) trust liability contains a demand feature in terms of regulation 10 of the Medical Schemes Act that any credit balance on a member's savings account must be taken as a cash benefit when the member terminates his/her membership of the scheme and then enrolls in another medical scheme without a personal medical savings account or does not enrol in another medical scheme. It is estimated that claims to be paid out of members' savings accounts in respect of claims incurred in 2016, not recorded, will amount to R 4 754 541 (Note 9). Advances on savings plan accounts are included in trade and other receivables (Note 5). Interest is paid on savings balances based on the effective interest rate method (Note 21). As at year end the carrying amounts of the members' personal medical savings accounts were deemed to be equal to its fair value due to the short term nature thereof and being payable on demand (refer to Note 6 for investment).

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	2016 R	2015 R
<b>11 ACCOUNTS PAYABLE</b>		
<b>Insurance payables</b>		
Reported claims not yet paid	21 200 524	18 596 645
Contributions in advance	2 803 368	2 682 157
Unknown deposits	7 141	2 936
Stale cheques	730 647	692 539
	<u>24 741 680</u>	<u>21 974 277</u>
<b>Other payables</b>		
Auditors' fees	469 004	269 171
Staff bonuses	383 000	342 000
Accruals	1 226 862	-
Accounts received in advance	-	4 084
Contributions payable to savings account balances in trust	4 077 907	3 971 323
SARS - VAT	33 183	36 025
	<u>6 189 956</u>	<u>4 622 603</u>
Total insurance and other payables	<u>30 931 636</u>	<u>26 596 880</u>

The carrying amounts of accounts payable approximate their fair values due to the short-term nature of these liabilities.

**12 RISK CONTRIBUTION INCOME**

Gross contributions per registered rules	426 295 101	419 399 492
Less: Savings contributions received	(96 429 151)	(94 732 076)
Risk contribution income per statement of comprehensive income	<u>329 865 950</u>	<u>324 667 416</u>

The savings contributions are received by the scheme in terms of Regulation 10(1) and the scheme's registered rules and held in trust on behalf of its members. Refer to note 10 for more detail on how these monies were utilised.

**MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT**

**Contributions received later than 3 days after payment became due (Section 26(7))**

Contributions are payable by members within 3 days of due date. Occasionally payments are received after the 3rd of the subsequent month for some of the employer groups. While some payments were not always received timeously all commitments were met soon after due dates. The credit control department follows up on outstanding amounts on a regular basis.

**13 RELEVANT HEALTHCARE EXPENDITURE**

Claims incurred excluding risk transfer arrangements claims		
Current year claims per registered rules	364 807 705	345 083 910
Movement in provision for outstanding claims	1 470 000	-
(Over) / Under provision in prior year	(1 897 405)	(3 066 340)
Adjustment for current year	3 367 405	3 066 340
Claims paid from personal medical savings accounts (Note 10)*	(82 298 754)	(78 892 680)
Discounts received	(620 870)	(596 533)
	<u>283 358 081</u>	<u>265 594 697</u>
Claims incurred in respect of risk transfer arrangements	37 950 322	37 797 204
Risk claims incurred	<u>321 308 403</u>	<u>303 391 901</u>

\* Claims are paid on behalf of the members from their personal medical savings accounts in terms of Regulation 10(3) and the scheme's registered benefits. Refer to note 10 for a breakdown of the movement in these balances.

**MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT**

**Claims paid in excess of 30 days from receipt (Section 59(2))**

A small percentage of claims were not paid within 30 days as prescribed by the Act. Particularly between December and January the number of days between the receipt of a claim and the payment could amount to 38 days, causing the Scheme not to be fully compliant. The Scheme normally performs month end runs on the second last business day of the month.

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	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>14 ACCREDITED MANAGED CARE: MANAGEMENT SERVICES</b>		
Specialist, hospital referrals and pre-authorisation	1 887 234	1 689 019
Medical advisors	158 508	156 647
Pharmacy benefit management	770 355	763 710
Disease management	266 077	
Oncology benefit management	490 758	453 495
	<u>3 572 932</u>	<u>3 062 871</u>
<b>15 RISK TRANSFER ARRANGEMENT</b>		
Risk transfer arrangement fees	37 950 322	(37 797 204)
Recoveries from risk transfer arrangement	(37 950 322)	37 797 204
Net income / (expense) on risk transfer arrangement	<u>-</u>	<u>-</u>

A risk transfer arrangement is defined by IFRS 4 as an insurance contract issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant. The cost the scheme would have incurred to deliver the specified benefits had it not entered into the capitation agreement primarily represents the scheme's exposure to its members, as the capitation agreement cannot absolve the scheme from its responsibility towards its members. This "cost" is disclosed as claims incurred (Note 13).

The scheme would have incurred this cost (had it not entered into the capitation agreement) to deliver the specified benefits and as such it represents the scheme's recovery in kind from the managed healthcare provider. This recovery in kind, of cost incurred, is disclosed as recoveries from risk transfer arrangements.

The scheme entered into a risk transfer arrangement (capitation contracts) whereby the parties agreed that the Anglo Coal Highveld Hospital (ACHH) render services to beneficiaries on the Yebomed option. A fixed fee was paid monthly to ACHH per beneficiary. The following services were rendered to beneficiaries: 1) GP consultations, 2) acute and chronic medication, 3) pathology as required, 4) radiology as required, 5) conservative dentistry, 6) optometry and 7) hospitalisation as required.

The methodologies used to determine the claims covered by this arrangement is set out below:

The Yebomed option is fully capitated through a comprehensive Health Maintenance Organisation providing a full range of health services as well as health care. ACHH provided the scheme with a breakdown of income received from all respective resources and expenditure incurred and the following assumptions were made:

- Calculations were based on 2016 actual income and expenditure
- The loss from operations was deemed to be an under recovery funded by the hospital's holding company
- 20% of the hospital's under recovery in terms of costs were deemed to be attributable to the Yebomed option

**16 BROKER SERVICE FEES**

Brokers' fees	70 198	81 290
	<u>70 198</u>	<u>81 290</u>

**17 ADMINISTRATION EXPENDITURE**

Association fees	108 226	106 295
Auditors' remuneration	527 866	509 910
Audit services	518 772	508 410
Prior year under /(over) provision	2 344	-
Other	6 750	1 500
BOT remuneration and considerations (note 27)	118 658	129 604
Consulting fees	217 522	108 562
Depreciation of property, plant and equipment	898 347	703 669
Employment costs	13 515 117	12 840 143
Fidelity insurance	27 322	27 422
Long service awards BOT members	-	500
Medikredit administration fee	1 132 115	1 102 857
Other expenses (page 47)	4 811 338	4 438 755
Principal officer's conference and travel costs	27 528	24 188
Principal officer's remuneration	1 820 393	1 700 210
Professional indemnity insurance	42 000	42 000
Registrar's levies	313 020	311 724
Unaccredited managed care	1 249 216	-
	<u>24 808 668</u>	<u>22 045 839</u>

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	2016 R	2015 R
<b>18 NET IMPAIRMENT LOSSES</b>		
<b>Insurance receivables</b>		
Contributions that are not collectable	2 498	13 103
Movement in provision (Note 5)	2 498	5 455
Recognised directly in profit or loss	-	7 648
Members' and service providers' portions not recoverable	(3 233)	(8 201)
Movement in provision (Note 5)	(3 511)	(8 873)
Recognised directly in profit or loss	278	672
<b>Non-insurance receivables</b>		
Advances to saving plan accounts that are not recoverable	84 690	55 180
Movement in provision (Note 5)	(70 396)	15 739
Recognised directly in profit or loss	155 086	39 441
Previously impairment losses recovered	(1 162)	-
	<b>82 793</b>	<b>60 082</b>
<b>19 INVESTMENT INCOME</b>		
<b>Scheme</b>		
Available for sale financial assets - dividend income	6 278 277	6 034 970
Available for sale financial assets - interest income	19 642 689	18 219 926
Cash and cash equivalents - interest income	1 468 441	1 725 802
(Loss) / Profit on sale of asset	(40 352)	(94 231)
Realised gain on sale of available for sale equity investments	5 704 159	10 528 251
<b>Return on PMSA trust monies invested</b>		
Interest income	11 749 353	8 862 279
Realised loss on sale of PMSA trust monies	(142 404)	-
	<b>44 660 163</b>	<b>45 276 997</b>
<b>20 SUNDRY INCOME</b>		
Over utilisation levy	2 252 974	1 528 631
WCMA used to have unique Equalisation Levy contracts signed with major employer groups. With these contracts risks relating to a specific group were "ring fenced" to only impact members of that group. Employer groups had to contribute additional funds where their members have spent more on claims and administration costs than contributions paid, averaged over 3 years. However, these agreements were abolished during the 2016 financial year.		
<b>21 INTEREST PAID ON SAVINGS ACCOUNTS (Note 10)</b>		
Interest paid	11 337 476	8 679 615
	<b>11 337 476</b>	<b>8 679 615</b>
Interest paid on credit balances based on the effective interest rate method.		
<b>22 RECONCILIATION OF SURPLUS TO CASH GENERATED FROM OPERATIONS</b>		
Surplus for the year	15 345 801	32 899 229
Adjustments for:		
Depreciation	1 471 321	1 198 079
Net investment income	(42 639 104)	(42 191 556)
Net finance costs	11 337 476	8 679 615
Cash from operations before working capital changes	<b>(14 484 506)</b>	<b>585 367</b>
<b>23 ADMINISTRATION COSTS</b>		
The overall net cost of administration and benefit management is calculated as follows:		
Broker fees (refer to note 16)	70 198	81 290
Administration expenses (refer note 17)	24 808 668	22 045 839
	<b>24 878 866</b>	<b>22 127 129</b>
Administration cost per member per month (members as at year end)	<b>220.71</b>	186.30
Administration cost as a % of gross contribution income	<b>5.84%</b>	5.28%

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	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>24 COMMITMENTS</b>		
1. Capital expenditure budgeted but not committed	<b>1 616 990</b>	1 196 855
2. Operating lease :		
The future minimum lease payments under a non-cancellable contract:	<b>98 984</b>	200 397
The following 12 months	<b>88 018</b>	102 196
Greater than 1 year and less than 5 years	<b>10 966</b>	98 201
3. There are no known other material contingencies or commitments that have not been disclosed in other areas of these financial statements.		

**25 FIDELITY COVER**

In accordance with the Rules of the Scheme, the fidelity cover at 31 December 2016 amounted to R 800 000. The cover is provided under a group Fidelity Policy covering the scheme.

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**26 SURPLUS PER BENEFIT OPTION**

The scheme offers two benefit options. Principal features of these benefit options are as follows:

- Comprehensive option: this option provides comprehensive cover through a risk pool for all major medical expenses and a savings account for day-to-day medical expenses.
- Yebomed option: this option was implemented during 2007 and provides medical cover through a preferred provider network on a capitation fee basis.

	<b>Comprehensive 2016 R</b>	<b>Yebomed 2016 R</b>	<b>TOTAL SCHEME 2016 R</b>	<b>Comprehensive 2015 R</b>	<b>Yebomed 2015 R</b>	<b>TOTAL SCHEME 2015 R</b>
<b>Risk contribution income</b>	289 287 457	40 578 493	329 865 950	284 196 232	40 471 184	324 667 416
<b>Relevant healthcare expenditure</b>	(285 162 770)	(37 950 322)	(323 113 092)	(266 824 344)	(37 797 204)	(304 621 548)
Net claims incurred	(285 162 770)	(37 950 322)	(323 113 092)	(266 824 344)	(37 797 204)	(304 621 548)
Risk claims incurred	(283 358 081)	(37 950 322)	(321 308 403)	(265 594 697)	(37 797 204)	(303 391 901)
Managed care: management services	(3 572 932)	-	(3 572 932)	(3 062 871)	-	(3 062 871)
Third party claim recoveries	1 768 243	-	1 768 243	1 833 224	-	1 833 224
Net income on risk transfer arrangement	-	-	-	-	-	-
Risk transfer arrangement premiums paid	-	(37 950 322)	(37 950 322)	-	(37 797 204)	(37 797 204)
Recoveries from risk transfer arrangements	-	37 950 322	37 950 322	-	37 797 204	37 797 204
<b>Gross healthcare result</b>	4 124 687	2 628 171	6 752 858	17 371 888	2 673 980	20 045 868
Broker fees	(70 198)	-	(70 198)	(81 290)	-	(81 290)
Administration expenses	(22 180 497)	(2 628 171)	(24 808 668)	(19 382 161)	(2 663 678)	(22 045 839)
Net impairment losses: Healthcare receivables	(82 793)	-	(82 793)	(60 082)	-	(60 082)
<b>Net healthcare result</b>	(18 208 801)	-	(18 208 801)	(2 151 645)	10 302	(2 141 343)
<b>Other income</b>	50 445 099	771 317	51 216 416	49 970 960	847 408	50 818 368
Investment income	43 888 846	771 317	44 660 163	44 429 589	847 408	45 276 997
Income from use of own facilities by external parties	4 303 279	-	4 303 279	4 012 740	-	4 012 740
Sundry income	2 252 974	-	2 252 974	1 528 631	-	1 528 631
<b>Other expenditure</b>	(17 661 814)	-	(17 661 814)	(15 777 796)	-	(15 777 796)
Asset management fees	(3 229 600)	-	(3 229 600)	(3 802 675)	-	(3 802 675)
Cost incurred in provision of own facilities to external parties	(3 094 738)	-	(3 094 738)	(3 295 506)	-	(3 295 506)
Net interest paid on savings accounts	(11 337 476)	-	(11 337 476)	(8 679 615)	-	(8 679 615)
<b>Net surplus / (deficit) for the year</b>	14 574 484	771 317	15 345 801	32 041 519	857 710	32 899 229
<b>Other comprehensive income</b>	465 603	-	465 603	(10 224 708)	-	(10 224 708)
Realised gain on disposal: available for sale investment	(5 704 159)	-	(5 704 159)	(10 465 360)	-	(10 465 360)
Fair value adjustment: available for sale investment	6 169 762	-	6 169 762	240 652	-	240 652
<b>Total comprehensive surplus/(deficit) for the year</b>	15 040 087	771 317	15 811 404	21 816 811	857 710	22 674 521
<b>Number of members at year end</b>	6 816	2 383	9 199	7 178	2 511	9 689

**MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT**

A benefit option must be self-supporting S 33(2) (b)

Section 33(2)(b) of the Act requires that each option is self-supporting in terms of membership and financial performance and be financially sound. The 2016 budgets submitted to the Council for Medical Schemes reflected a net healthcare deficit. The net healthcare deficit incurred on the comprehensive option was better than the budget submitted to the Council for Medical Schemes by R1.1 million. The Scheme has sufficient reserves to support this option. The Scheme takes into account Section 33(2)(b) of the Act in designing its benefits.

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**27 TRUSTEE AND SUB-COMMITTEES' REMUNERATION AND CONSIDERATIONS**

	Meeting attendance	External experts	Meeting travel fees	Training travel and accommodation	Total direct remuneration	Training course costs	Total indirect remuneration	Total direct and indirect remuneration
<b>2016</b>								
<b>Board of Trustees</b>								
De Carvalho, JC	19 408	-	16	-	19 424	-	-	19 424
De Jager, JA	17 987	-	449	-	18 436	-	-	18 436
Dugmore, M (A)	-	-	-	10 263	10 263	9 895	9 895	20 158
Maritz, OA	-	-	-	8 915	8 915	9 895	9 895	18 810
Robbertse, GC	16 396	-	307	-	16 703	-	-	16 703
	53 791	-	772	19 178	73 741	19 790	19 790	93 531
<b>Audit &amp; Governance</b>								
De Jager, AD	5 939	-	131	-	6 070	-	-	6 070
De Klerk, AJ	7 530	-	3 089	-	10 619	-	-	10 619
Robbertse, GC	4 433	-	-	-	4 433	-	-	4 433
	17 902	-	3 220	-	21 122	-	-	21 122
<b>Investment committee</b>								
Dickman, N	-	4 005	-	-	4 005	-	-	4 005
<b>Total</b>	<b>71 693</b>	<b>4 005</b>	<b>3 992</b>	<b>19 178</b>	<b>98 868</b>	<b>19 790</b>	<b>19 790</b>	<b>118 658</b>
<b>2015</b>								
<b>Board of Trustees</b>								
De Carvalho, JC	18 473	-	-	-	18 473	-	-	18 473
De Jager, JA	28 420	-	654	-	29 074	-	-	29 074
Dugmore, M (A)	-	-	-	9 316	9 316	7 626	7 626	16 942
Maritz, OA	-	-	-	9 316	9 316	7 626	7 626	16 942
Robbertse, GC	19 894	-	393	-	20 287	-	-	20 287
	66 787	-	1 047	18 632	86 466	15 252	15 252	101 718
<b>Audit &amp; Governance</b>								
De Jager, AD	8 526	-	192	-	8 718	-	-	8 718
De Klerk, AJ	9 947	-	3 709	-	13 656	-	-	13 656
Robbertse, GC	2 842	-	-	-	2 842	-	-	2 842
	21 315	-	3 901	-	25 216	-	-	25 216
<b>Investment committee</b>								
Dickman, N	-	2 670	-	-	2 670	-	-	2 670
	-	2 670	-	-	2 670	-	-	2 670
<b>Total</b>	<b>88 102</b>	<b>2 670</b>	<b>4 948</b>	<b>18 632</b>	<b>114 352</b>	<b>15 252</b>	<b>15 252</b>	<b>129 604</b>

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#### 28 RELATED PARTIES

##### Wholly owned subsidiaries (dormant)

These financial statements incorporate the wholly owned subsidiaries, Witbank Coalfields Investments (Pty) Ltd and Mpumalanga Managed Health Care (Pty) Ltd (MMHC). Both subsidiaries are dormant, have no reserves and intergroup balances of R2 300 are included in investments. No transactions took place between the scheme and its subsidiaries during the current and previous financial year. MMHC has an estimated Capital Gains Tax loss of R5 719 243. This loss is available to be set off against future capital profits, however the Board of Trustees are of the opinion that this may not be realized.

##### Key management personnel and their close family members

Key management include the Board of Trustees, the Principal Officer and members of the Executive Committees.

All transactions and balances are at the same terms as applicable to third parties.	2016 R	2015 R
Transactions and balances of these members:		
Gross contributions received	576 508	581 634
Claims incurred from the PMSA	138 058	147 416
Claims incurred by the scheme	334 784	772 119
Principal officer remuneration	1 820 393	1 700 210
Travel, accommodation and conferences	27 528	24 188
BOT Meeting and travel fees (note 27)	118 658	129 604
BOT Long service rewards	-	500
Savings account balances in trust	26 338	44 854
Post retirement liability attributable to Principal Officer	118 906	138 780
Purchases at arms' length: BM Booyens t/a Surebrick (BOT approved)	47 350	266 000

##### Employer groups

Detail of all employer groups are disclosed on pages 48 to 52. Anglo Operations Limited (an employer group) has leased office space from the Scheme from 1 January 2011. The Scheme received rental income of R 247 068 (2015: R 266 922) from the employer group. The rental contract was terminated during the course of 2016.

All lease agreements with related parties are negotiated at arm's length prices.

#### 29 INSURANCE RISK MANAGEMENT

##### Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the scheme assumes the risk of loss from members and their dependants that are directly exposed to the risk. These risks relate to the health of the scheme members. As such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The scheme also has exposure to market risk through its insurance and investment activities.

The scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation, case management, service provider profiling and monitoring of emerging issues.

The Board of Trustees have delegated the oversight of the operational duties and management of insurance risk to which the Scheme is exposed, to the Audit Committee. The Audit Committee reviews the insurance risks to which the Scheme is exposed at each meeting. The Board of Trustees ensures that the benefit options provided to members are structured to fall within the acceptable insurance risk levels specified.

The scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected.

Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

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#### 29 INSURANCE RISK MANAGEMENT (continued)

The following table summarises the concentration of insurance risk, with reference to the carrying amounts of the insurance claims incurred, excluding capitation fee, by age group in relation to the type of risk covered / benefits provided. Where appropriate prescribed minimum benefits (PMB) and non-PMB claims have been split.

##### Concentration of insurance risk (Comprehensive option only)

Age group	No of memb	In-hospital		Chronic		Day to day		Total
		PMB	Non-PMB	PMB	Non-PMB	PMB	Non-PMB	
<b>2016</b>								
<24	181	1 965 453	15 258 720	4 928 367	727 305	6 222 958	8 421 754	37 524 557
25-34	1 640	2 002 235	12 425 672	948 888	870 720	7 251 374	6 769 968	30 268 858
35-49	2 486	2 840 081	24 064 964	5 429 273	2 638 121	14 687 632	14 345 344	64 005 414
50-64	1 586	3 714 273	28 053 930	7 496 456	3 651 136	16 487 538	15 753 929	75 157 261
65>	923	3 926 052	30 542 016	5 392 130	2 126 380	15 837 691	15 966 331	73 790 600
<b>Total</b>	<b>6 816</b>	<b>14 448 093</b>	<b>110 345 302</b>	<b>24 195 115</b>	<b>10 013 661</b>	<b>60 487 192</b>	<b>61 257 326</b>	<b>280 746 689</b>
<b>2015</b>								
<24	254	652 698	21 917 443	2 776 252	1 231 500	8 104 974	8 970 436	43 653 302
25-34	1 798	463 937	12 638 018	783 118	689 918	6 910 921	6 535 623	28 021 535
35-49	2 612	921 701	22 986 558	5 285 020	2 004 141	13 028 011	13 723 074	57 948 506
50-64	1 607	881 799	34 640 759	7 134 346	2 288 522	14 476 190	16 238 609	75 660 225
65>	907	977 034	27 092 445	5 196 874	1 933 753	12 371 914	12 167 478	59 739 499
<b>Total</b>	<b>7 178</b>	<b>3 897 168</b>	<b>119 275 224</b>	<b>21 175 611</b>	<b>8 147 834</b>	<b>54 892 011</b>	<b>57 635 220</b>	<b>265 023 067</b>

The scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the volatility of the outcome. The strategy is set out in the annual business plan, which specifies the benefits to be provided, the preferred target market and demographic split thereof.

In-hospital benefits cover all cost incurred by members, whilst they are in hospital to receive pre-authorised treatment for certain medical conditions.

Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/diseases, such as high blood pressure, cholesterol and asthma.

Day-to-day benefits cover the cost (up to 100% of the Scheme tariff) of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines. Savings account claims are excluded. All the contracts are annual in nature and the scheme has the right to change the terms and conditions of the contract at renewal. Management information, including contribution income, claims ratios and demographic split, is reviewed monthly.

#### Risk transfer arrangements

The scheme reinsures a portion of the risks it underwrites so that it can limit its exposures to losses and protect capital resources. The scheme has entered into a capitation agreement with Anglo Coal Highveld Hospital in respect of the Yebomed option.

#### Risk in terms of risk transfer arrangements

The risk transfer arrangement spreads the risk and minimises the effect of losses. According to the terms of the capitation agreement, the Anglo Coal Highveld Hospital Network provides certain benefits to all Yebomed members, as and when required by the members. The scheme does, however, remain liable to its members and suppliers with respect to ceded insurance obligations if any reinsurer (supplier) fails to meet the obligations it assumes.

#### Claims development

Claims development tables are not presented, as the uncertainty regarding the amount and timing of claim payments is typically resolved within one year.

#### 30 FINANCIAL RISK MANAGEMENT

The scheme's activities expose it to a variety of financial risks, including the effects of changes in the equity market, foreign currency exchange rates and interest rates. The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments, which the scheme holds to meet its obligations to its members. Risk management and investment decisions are carried out by the investment committee, under the guidance and policies approved by the Board of Trustees.

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#### 30 FINANCIAL RISK MANAGEMENT (continued)

The Investment Committee identifies and evaluates financial risks associated with the scheme's investment portfolio. The investment committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and policies around the investment of excess funds. The Board of Trustees approves all of these written policies.

#### Capital risk management

The Scheme's objectives when managing capital are to maintain the capital requirements of the Medical Schemes Act 131 of 1998, as amended, and to safeguard the Scheme's ability to continue as a going concern in order to provide benefits for its stakeholders. It does this by maximising accumulated funds by obtaining the highest return on investments; minimising investment risk and; ensuring sufficient liquid cash reserves at all times.

The risk is that there could be insufficient reserves to provide for adverse variations on actual and future experience. The Medical Schemes Act 131 of 1998, as amended, requires a minimum ratio of accumulated funds expressed as a percentage of gross premiums to be 25%. The scheme's solvency ratio comfortably exceeds the required 25% as set out in the Board of Trustees Report and is actively monitored by management, the Board of Trustees and the auditors.

Even though these measures are considered to be non-GAAP measures, they are relevant when considering the requirements of the Medical Schemes Act with regards to the solvency of a medical scheme and hence will add to the understanding of the Scheme's business.

#### Gearing ratio

The Board of Trustees ensures that all savings account liabilities are covered by liquid cash resources. Debt is usually limited and of a short term nature.

	2016		2015	
	Risk pool	MSA pool	Risk pool	MSA pool
Cash and cash equivalents	21 329 899	155 196 199	34 295 624	141 934 353
Less: Current liabilities	(48 198 184)	(155 196 199)	(42 209 712)	(141 934 353)
Net cash and cash equivalents	(26 868 285)	-	(7 914 088)	-
Members' Funds	476 738 075		461 392 274	
Net cash and cash equivalents to members' funds	-5.6%		-1.7%	

#### Categories of financial instruments

		2016	2015
Financial assets		702 295 765	666 938 036
Available for sale investments	(Note 4)	505 418 282	471 029 958
Insurance receivables	(Note 5)	19 774 260	15 908 045
Non-insurance receivables	(Note 5)	577 125	3 792 974
Investment of PMSA trust monies	(Note 6)	155 196 199	141 911 435
Cash and cash equivalents	(Note 7)	21 329 899	34 295 624
Financial liabilities		202 527 835	183 461 233
Outstanding claims provision	(Note 9)	16 400 000	14 930 000
Savings plan liability	(Note 10)	155 196 199	141 934 353
Trade and other payables	(Note 11)	6 189 956	4 622 603
Insurance liabilities	(Note 11)	24 741 680	21 974 277

The carrying amount reflected above represents the Scheme's maximum exposure to credit risk financial assets.

#### Analyses of carrying amounts of financial assets and liabilities per category

	Available for sale	Loans and receivables	Financial liabilities at amortised cost	Insurance receivables and payables	Total carrying amount
	R'000	R'000	R'000	R'000	R'000
<b>As at 31 December 2016</b>					
Investments in equities, unit trusts & linked fund policies	453 912	-	-	-	453 912
Money market instruments	51 506	-	-	-	51 506
Cash and cash equivalents	-	21 330	-	-	21 330
Trade and other receivables	-	577	-	19 774	20 351
Trade and other payables	-	-	(6 190)	(24 742)	(30 932)
Savings plan liability	-	-	(155 196)	-	(155 196)
	505 418	21 907	(161 386)	(4 967)	360 972

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**30 FINANCIAL RISK MANAGEMENT (continued)**

	Available for sale	Loans and receivables	Financial liabilities at amortised cost	Insurance receivables and payables	Total carrying amount
<b>As at 31 December 2015</b>					
Investments in equities, unit trusts & linked fund policies	428 494	-	-	-	428 494
Money market instruments	42 536	-	-	-	42 536
Cash and cash equivalents	-	34 296	-	-	34 296
Trade and other receivables	-	3 793	-	15 908	19 701
Trade and other payables	-	-	(4 623)	(21 974)	(26 597)
Savings plan liability	-	-	(141 934)	-	(141 934)
	471 030	38 089	(146 557)	(6 066)	356 495

**Market risk**

Interest rate risk

The table below summarises the scheme's exposure to interest rate risk. Included in the table are the scheme's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month R'000	1-3 months R'000	3-12 months R'000	1-5 years R'000	Non-interest bearing R'000	Total R'000
<b>As at 31 December 2016</b>						
Accounts receivable	-	-	-	-	20 351	20 351
Available for sale investments	-	505 418	-	-	-	505 418
Cash and cash equivalents	21 330	-	-	-	-	21 330
<b>TOTAL</b>	<b>21 330</b>	<b>505 418</b>	<b>-</b>	<b>-</b>	<b>20 351</b>	<b>547 100</b>
<b>As at 31 December 2015</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Accounts receivable	-	-	-	-	19 701	19 701
Available for sale investments	-	471 030	-	-	-	471 030
Cash and cash equivalents	34 296	-	-	-	-	34 296
<b>TOTAL</b>	<b>34 296</b>	<b>471 030</b>	<b>-</b>	<b>-</b>	<b>19 701</b>	<b>525 027</b>

Interest rate sensitivity analyses

The sensitivity analyses below was performed on the value of interest bearing investments and have been determined assuming the amount of assets and liabilities as at statement of financial position date were the balances for the full year. If the interest rates had decreased by a further 1% and all other variables were held constant, the scheme's :

- surplus for the year would decrease by R 5.3 million (2015: R 5 million): mainly due to the high exposure to interest bearing instruments including interest bearing instruments within the available for sale investments.
- all reserves would decrease by R 5.3 million (2015: R5 million): mainly as a result in reduction of capitalised interest and fair value of available for sale instruments.

Currency risk

The scheme operates in South Africa and therefore its cash flows are denominated in South African Rand (ZAR). In the year under review and the previous year, the scheme had minimal exposure to international investments.

Market risk

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date on available for sale investments. The analyses assumes that all other variables remain constant. The method remained consistent with the prior period. If the equity indexes had been 3% lower, the scheme's:

- surplus and accumulated funds for the year would have been unaffected as the equity investments are classified as available-for-sale investments (at fair value).
- the revaluation reserve would reduce by R 14.7 million (2015: R13.7 million) as a result of the change in the market value of available for sale instruments.
- The available for sale instruments have a variable interest rate only. Any gains or losses will be recognised through the Statement of Comprehensive Income.

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**30 FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk**

Credit risk is the risk of financial loss to the Scheme, if a counterparty to a financial instrument fails to meet its contractual obligations. The Scheme's principal financial assets are cash and cash equivalents, accounts receivable and investments. The Scheme's credit risk is primarily attributable to its trade and other receivables. The credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies.

The scheme actively manages this risk by actively pursuing all contributions not received after three days of becoming due and by involving debt collectors where internal attempts are unsuccessful.

There is no significant concentration of credit risk with respect to receivables as the Scheme has a large number of members who are nationally dispersed.

**Trade and other receivables**

The Scheme's trade and other receivables are set out in note 5 of this report.

**Exposure to credit risk**

	Total	Fully Performing	Past due not impaired	Impaired
<b>2016</b>				
<b>Insurance receivables</b>				
Contributions outstanding	19 737 346	19 716 371	20 975	-
Recoveries from members	22 857	3 258	7 692	11 907
Service provider balances	38 201	13 136	12 828	12 237
Provision for impairment losses	(24 144)	-	-	(24 144)
	<b>19 774 260</b>	<b>19 732 765</b>	<b>41 495</b>	<b>-</b>
<b>Non-insurance receivables</b>				
MSA recoveries (members)	385 972	15 280	64 963	305 729
Provision for impairment losses	(305 729)	-	-	(305 729)
Accounts paid in advance	134 980	134 980	-	-
Balances due by tenants	167 059	43 390	123 669	-
Savings account advances	95 177	36 284	58 893	-
Electricity deposit	99 666	99 666	-	-
	<b>577 125</b>	<b>329 600</b>	<b>247 525</b>	<b>-</b>
<b>Ageing of Past due receivables</b>				
	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>120+ Days</b>
<b>Insurance receivables</b>				
Contributions outstanding	10 579	4 510	4 336	1 550
Recoveries from members	6 974	718	-	-
Service provider balances	463	-	12 365	-
	<b>18 016</b>	<b>5 228</b>	<b>16 701</b>	<b>1 550</b>
<b>Non-insurance receivables</b>				
MSA recoveries (members)	24 170	23 213	9 225	8 355
Balances due by tenants	49 705	49 723	24 241	-
Savings account advances	12 619	27 627	18 647	-
	<b>86 494</b>	<b>100 563</b>	<b>52 113</b>	<b>8 355</b>
	<b>Total</b>	<b>Fully Performing</b>	<b>Past due not impaired</b>	<b>Impaired</b>
<b>2015</b>				
<b>Insurance receivables</b>				
Contributions outstanding	15 885 292	15 823 174	62 118	-
Recoveries from members	16 681	1 555	5 865	9 261
Service provider balances	31 229	11 132	4 201	15 896
Provision for impairment losses	(25 157)	-	-	(25 157)
	<b>15 908 045</b>	<b>15 835 861</b>	<b>72 184</b>	<b>-</b>

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**30 FINANCIAL RISK MANAGEMENT (continued)**

	<b>Total</b>	<b>Fully Performing</b>	<b>Past due not impaired</b>	<b>Impaired</b>
<b>2015</b>				
<b>Non-insurance receivables</b>				
MSA recoveries (members)	485 416	20 589	88 702	376 125
Provision for impairment losses	(376 125)	-	-	(376 125)
Accounts paid in advance	3 399 776	3 399 776	-	-
Balances due by tenants	58 948	50 856	8 092	-
Savings account advances	110 321	54 022	56 299	-
Staff loans	14 972	500	14 472	-
Electricity deposit	99 666	99 666	-	-
	<b>3 792 974</b>	<b>3 625 409</b>	<b>167 565</b>	<b>-</b>
<b>Ageing of Past due receivables</b>				
	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>120+ Days</b>
<b>Insurance receivables</b>				
Contributions outstanding	33 498	11 157	9 802	7 661
Recoveries from members	4 570	1 141	154	-
Service provider balances	886	1 209	2 106	-
	<b>38 954</b>	<b>13 507</b>	<b>12 062</b>	<b>7 661</b>
<b>Non-insurance receivables</b>				
MSA recoveries (members)	655	45 370	23 725	18 952
Balances due by tenants	8 092	-	-	-
Savings account advances	3 882	16 090	36 327	-
	<b>12 629</b>	<b>61 460</b>	<b>60 052</b>	<b>18 952</b>

The fully performing contracts are receivable from high credit quality employer groups and from members and service providers that we consider will meet all their debts soon.

**Provision for impairment**

The Scheme establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The provision is based on the difference between the carrying amount and the amount recoverable from the counterparty.

The movement in the provision for impairment, for each component of trade and other receivables, during the year ended 31 December:

	<b>Member subscription and members' portion debtors</b>	<b>Member MSA debtors</b>	<b>Service provider debtors</b>	<b>Total</b>
<b>Balance as at 1 January 2015</b>	11 795	360 386	16 780	388 961
Increase in provision for impairment	-	15 738	-	15 738
Amounts utilised	(2 534)	-	(883)	(3 417)
<b>Balance as at 31 December 2015</b>	9 261	376 124	15 897	401 282
Increase in provision for impairment	2 646	-	-	2 646
Amounts utilised	-	(70 396)	(3 659)	(74 055)
<b>Balance as at 31 December 2016</b>	<b>11 907</b>	<b>305 728</b>	<b>12 238</b>	<b>329 873</b>

Based on past experience, the Scheme believes that no provision for impairment is required in respect of Contribution debtors that are past due and outstanding for less than 90 days.

**Credit quality**

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed with reference to historical information about counterparty default. It can further be based on the fact that the scheme is a closed scheme and active members' subscriptions being guaranteed by participating employers. The trustees therefore believe that the credit quality is high.

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**30 FINANCIAL RISK MANAGEMENT (continued)**

**Top 6 Financial Institutions**

	2016		2015	
	Amount	% of total	Amount	% of total
<b>Current accounts</b>				
Nedbank Ltd	21 329 899	100.0%	34 295 624	100.0%
<b>Money Market Available for Sale investments</b>				
Nedbank Ltd	9 116 527	20.8%	8 696 880	23.6%
Firststrand Bank	11 511 547	26.2%	7 443 730	20.2%
Standard Bank of SA Ltd	9 822 156	22.4%	11 186 863	30.4%
ABSA Bank Ltd	9 698 543	22.1%	5 444 557	14.8%
Other	1 091 923	2.5%	2 637 207	7.2%
Investec Bank Ltd	2 621 645	6.0%	1 446 210	3.9%
	<b>43 862 341</b>	<b>100.0%</b>	<b>36 855 447</b>	<b>100.0%</b>
Cash included in non-current Available for sale investments	125 193 920		143 081 000	
	<b>190 386 160</b>		<b>214 232 071</b>	

Cash investments are limited to high credit quality financial institutions. The scheme has a policy of limiting the amount of credit exposure to any one financial institution.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Trustees, which has built an appropriate liquidity risk management framework for the management of the scheme's short, medium and long-term funding and liquidity management requirements.

The bank balance is monitored by management on an on-going basis. An adequate minimum balance is maintained in the bank account at all times. An appropriate and sufficient amount of funds is kept in liquid funds as determined by the Board of Trustees. This amount is sufficient to cover the full savings account liability, all other liabilities, as well as any unforeseen major claims or events.

Contractual cash outflow:	TOTAL R	< 3 months R	4-6 months R	7-12 months R	1-2 years R	>2 years R
<b>2016</b>						
<b>Financial liabilities</b>						
Members' savings accounts	155 196 199	153 892 031	356 431	623 966	323 771	-
Trade & other payables	34 503 636	33 600 028	38 426	33 230	9 029	822 923
Outstanding claims provision	16 400 000	15 596 400	492 000	164 000	147 600	-
	<b>206 099 835</b>	<b>203 088 459</b>	<b>886 857</b>	<b>821 196</b>	<b>480 400</b>	<b>822 923</b>
<b>2015</b>						
<b>Financial liabilities</b>						
Members' savings accounts	141 934 353	139 843 481	890 101	815 513	385 258	-
Trade & other payables	25 641 473	24 488 689	169 565	68 898	70 049	844 272
Outstanding claims provision	14 930 000	14 165 258	649 587	115 155	-	-
	<b>182 505 826</b>	<b>178 497 428</b>	<b>1 709 253</b>	<b>999 566</b>	<b>455 307</b>	<b>844 272</b>

Fair value estimation

*Available-for-sale investments*

The fair value of publicly traded financial instruments is based on quoted market prices at the statement of financial position date.

In assessing the fair value of other financial instruments, the scheme uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

The face values, less any estimated credit adjustments, of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the scheme for similar financial instruments.

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**30 FINANCIAL RISK MANAGEMENT (continued)**

Fair values of financial assets by hierarchy level

	Level 1	Level 2	Level 3
<b>2016</b>			
Available for sale financial assets			
- Segregated Multi Asset class	299 366 863	273 990	-
- Linked Fund	153 495 883	775 644	-
- Money Market	51 505 802	-	-
Unlisted equity	-	-	100
Fair value at the end of the year	<b>504 368 548</b>	<b>1 049 634</b>	<b>100</b>
<b>2015</b>			
Available for sale financial assets			
- Segregated Multi Asset class	275 617 422	9 700 824	-
- Linked Fund	141 601 077	1 574 936	-
- Money Market	42 535 599	-	-
Unlisted equity investments	-	-	100
Fair value at the end of the year	<b>459 754 098</b>	<b>11 275 760</b>	<b>100</b>

Fair value hierarchy may have the following levels:

Level 1: Inputs are determined directly by reference to published price quotations in an active market for identical assets or liabilities.

Level 2: Inputs are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: The fair values are determined based on assumptions that are not supported by observable market data. There were no changes in the level 3 instruments from the previous year.

*Investment property*

The fair value of investment property disclosed in note 3 is deemed to be a level 2 fair value estimation valued at R 50 million (2015: R 40 million). Level 2 fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

**Structured entities**

The Scheme's investments in investee funds are subject to the terms and conditions of the respective investee fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investee funds. The investment manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager. All of the investee funds in the investment portfolio are managed by portfolio managers who are compensated by the respective investee funds for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee and is reflected in the valuation of the fund's investment in each of the investee funds. These investments are included in financial assets at fair value as available-for-sale in the Statement of Financial Position.

The exposure of the investments in investee funds at fair value is disclosed in the following table:

Investee fund	Net asset value in investee fund	Fair value of scheme's share of net assets of investee fund	% of Scheme's share of investee fund's net assets
Coronation Medical Scheme	1 311 574 418	154 271 527	11.76%
Investec Stable Money Market	1 222 669 671	51 505 802	4.21%

The strategy of the investee funds is to protect the capital of investors in an absolute sense, whilst providing income in excess of short-term bank deposit rates. The Scheme is not exposed to any further risks of financial loss beyond the fair value of its share in the investee funds as outlined in the preceding table.

**OTHER ADMINISTRATION EXPENSES**

	2016 R	2015 R
Annual general meeting and committee meetings	29 645	28 328
Bank charges	232 141	221 837
Computer expenses	1 039 706	892 753
Debt collection fees	25 181	14 618
Insurance	165 728	147 909
Marketing costs	2 128 253	2 123 231
MVA collection costs	331 989	208 483
Operating leases - office equipment	110 368	101 028
Other levies	22 440	7 081
Repairs and maintenance	40 056	47 375
Stationery and printing	312 655	223 767
Telephone, postage and fax	341 851	399 395
Travel, accommodation & conferences	31 325	22 950
	<b>4 811 338</b>	<b>4 438 755</b>

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**UNIT PROFITABILITY REPORT - RISK POOL**  
**COMPREHENSIVE OPTION**  
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COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
<b>ANGLO COAL</b>								
ANGLO COAL SHARED SERV	447	20 108 640	16 412 737	3 695 902	82%	3 749	3 060	689
GOEDEHOOP	537	23 512 881	16 303 883	7 208 999	69%	3 649	2 530	1 119
GREENSIDE	240	10 968 062	6 229 001	4 739 061	57%	3 808	2 163	1 646
ISIBONELO	212	8 958 556	5 880 119	3 078 437	66%	3 521	2 311	1 210
NEW DENMARK	361	15 507 809	10 552 578	4 955 231	68%	3 580	2 436	1 144
NEW VAAL	345	16 009 723	12 663 958	3 345 766	79%	3 867	3 059	808
S.A.C.E.	417	19 143 904	15 282 351	3 861 553	80%	3 826	3 054	772
MBS	0	-	-	-	0%	-	-	-
<b>TOTAL</b>	<b>2559</b>	<b>114 209 575</b>	<b>83 324 627</b>	<b>30 884 948</b>	<b>73%</b>	<b>3 719</b>	<b>2 713</b>	<b>1 006</b>
<b>INYOSI COAL</b>								
KRIEL	313	12 999 475	8 723 879	4 275 596	67%	3 461	2 323	1 138
ZIBULU	318	13 463 395	6 824 670	6 638 725	51%	3 528	1 788	1 740
<b>TOTAL</b>	<b>631</b>	<b>26 462 870</b>	<b>15 548 549</b>	<b>10 914 321</b>	<b>59%</b>	<b>3 495</b>	<b>2 053</b>	<b>1 441</b>
<b>EXXARO</b>								
ARNOT	76	7 294 483	5 404 408	1 890 075	74%	7 998	5 926	2 072
NORTH BLOCK COMPLEX	32	1 352 355	591 680	760 675	44%	3 522	1 541	1 981
MATLA	524	22 670 065	21 318 359	1 351 706	94%	3 605	3 390	215
NEW CLYDESDALE	0	-	-	-	0%	-	-	-
<b>TOTAL</b>	<b>632</b>	<b>31 316 903</b>	<b>27 314 448</b>	<b>4 002 455</b>	<b>87%</b>	<b>4 129</b>	<b>3 602</b>	<b>528</b>
<b>GLENCORE OPERATIONS SA</b>								
ARTHUR TAYLOR	312	13 088 467	10 235 804	2 852 663	78%	3 496	2 734	762
GOEDGEVONDEN	303	12 198 052	7 370 140	4 827 912	60%	3 355	2 027	1 328
KOORNFONTEIN	2	104 616	59 574	45 042	57%	4 359	2 482	1 877
OPTIMUM	1	48 672	12 356	36 316	25%	4 056	1 030	3 026
PHOENIX	0	-	-	-	0%	-	-	-
SHANDUKA	14	583 068	191 316	391 752	33%	3 471	1 139	2 332
SPRINGLAKE	2	122 796	25 676	97 120	21%	5 117	1 070	4 047
SPITZKOP	0	-	-	-	0%	-	-	-
HEAD OFFICE	163	7 582 193	5 003 319	2 578 874	66%	3 876	2 558	1 318
TAVISTOCK	0	-	-	-	0%	-	-	-
TCS	113	4 492 700	2 955 206	1 537 494	66%	3 313	2 179	1 134
TWEEFONTEIN	374	15 390 709	11 881 138	3 509 571	77%	3 429	2 647	782
<b>TOTAL</b>	<b>1284</b>	<b>53 611 273</b>	<b>37 734 529</b>	<b>15 876 745</b>	<b>70%</b>	<b>3 479</b>	<b>2 449</b>	<b>1 030</b>
<b>MAFUBE</b>	113	5 177 760	2 380 111	2 797 649	46%	3 818	1 755	2 063
<b>WITBANK CHAMBER</b>	32	1 466 792	1 750 571	(283 779)	119%	3 820	4 559	(739)
<b>STAFF</b>	21	851 775	793 186	58 589	93%	3 380	3 148	232
<b>MSOBO COAL</b>	51	2 142 166	1 919 607	222 558	90%	3 500	3 137	364
<b>TOTAL</b>	<b>5323</b>	<b>235 239 115 *</b>	<b>170 765 628</b>	<b>64 473 487</b>	<b>73%</b>	<b>3 683</b>	<b>2 673</b>	<b>1 009</b>

All figures annotated with "\*" have been verified by the auditors

α - The unit had no members at year end but there were members in this unit during the course of the year

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**UNIT PROFITABILITY REPORT - RISK POOL**  
**COMPREHENSIVE OPTION**  
**31 December 2016**

NO OF MEM	CAWM MEMBERS				PER MEMBER PER MONTH			COMBINED PER MEMBER PER MONTH		
	CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI-BUTIONS	EXPENDI-TURE	SUR / (DEF)	CONTRI-BUTIONS	EXPENDI-TURE	SUR / (DEF)
159	6 184 839	10 364 124	(4 179 286)	168%	3 242	5 432	(2 190)	3 616	3 682	(66)
179	6 339 781	11 226 767	(4 886 986)	177%	2 951	5 227	(2 275)	3 474	3 204	270
98	3 386 761	7 326 909	(3 940 148)	216%	2 880	6 230	(3 350)	3 539	3 342	197
11	385 149	297 903	87 246	77%	2 918	2 257	661	3 492	2 309	1 183
79	3 102 436	5 270 405	(2 167 969)	170%	3 273	5 559	(2 287)	3 525	2 997	528
91	3 466 009	8 352 810	(4 886 801)	241%	3 174	7 649	(4 475)	3 722	4 017	(295)
219	7 676 550	15 534 076	(7 857 525)	202%	2 921	5 911	(2 990)	3 514	4 038	(524)
11	333 740	1 345 128	(1 011 388)	403%	2 528	10 190	(7 662)	2 528	10 190	(7 662)
<b>847</b>	<b>30 875 265</b>	<b>59 718 121</b>	<b>(28 842 856)</b>	<b>193%</b>	<b>3 038</b>	<b>5 875</b>	<b>(2 838)</b>	<b>3 550</b>	<b>3 500</b>	<b>50</b>
96	3 477 101	6 238 596	(2 761 495)	179%	3 018	5 415	(2 397)	3 357	3 049	308
4	178 650	120 879	57 771	68%	3 722	2 518	1 204	3 531	1 798	1 733
<b>100</b>	<b>3 655 751</b>	<b>6 359 475</b>	<b>(2 703 724)</b>	<b>174%</b>	<b>3 046</b>	<b>5 300</b>	<b>(2 253)</b>	<b>3 433</b>	<b>2 497</b>	<b>936</b>
31	1 230 845	2 560 968	(1 330 123)	208%	3 309	6 884	(3 576)	6 640	6 204	436
4	93 632	2 087 562	(1 993 929)	2230%	1 951	43 491	(41 540)	3 347	6 202	(2 855)
171	6 170 314	13 698 898	(7 528 584)	222%	3 007	6 676	(3 669)	3 458	4 199	(741)
0	-	-	-	0%	-	-	-	-	-	-
<b>206</b>	<b>7 494 791</b>	<b>18 347 427</b>	<b>(10 852 636)</b>	<b>245%</b>	<b>3 032</b>	<b>7 422</b>	<b>(4 390)</b>	<b>3 860</b>	<b>4 541</b>	<b>(681)</b>
19	656 911	824 103	(167 192)	125%	2 881	3 614	(733)	3 461	2 784	676
2	85 116	194 959	(109 843)	229%	3 547	8 123	(4 577)	3 356	2 067	1 289
0	-	-	-	0%	-	-	-	4 359	2 482	1 877
0	-	-	-	0%	-	-	-	4 056	1 030	3 026
8	294 068	786 277	(492 210)	267%	3 063	8 190	(5 127)	3 063	8 190	(5 127)
0	-	-	-	0%	-	-	-	-	-	-
0	-	-	-	0%	-	-	-	3 471	1 139	2 332
48	1 577 759	2 635 616	(1 057 858)	167%	2 739	4 576	(1 837)	2 739	4 576	(1 837)
35	1 509 907	2 508 186	(998 279)	166%	3 595	5 972	(2 377)	3 827	3 161	665
32	1 181 126	2 100 927	(919 802)	178%	3 076	5 471	(2 395)	3 076	5 471	(2 395)
31	963 923	2 483 012	(1 519 089)	258%	2 591	6 675	(4 084)	3 158	3 147	11
103	3 677 678	8 445 012	(4 767 334)	230%	2 975	6 833	(3 857)	3 331	3 551	(220)
<b>278</b>	<b>9 946 486</b>	<b>19 978 093</b>	<b>(10 031 607)</b>	<b>201%</b>	<b>2 982</b>	<b>5 989</b>	<b>(3 007)</b>	<b>3 391</b>	<b>3 079</b>	<b>312</b>
0	8 388	-	8 388	0%	-	-	-	3 825	1 755	2 069
50	1 466 065	4 550 631	(3 084 566)	310%	2 443	7 584	(5 141)	2 981	6 404	(3 423)
3	84 420	76 235	8 185	90%	2 345	2 118	227	3 251	3 019	232
9	517 175	951 079	(433 904)	184%	4 789	8 806	(4 018)	3 694	3 987	(294)
<b>1493</b>	<b>54 048 342 *</b>	<b>109 981 061</b>	<b>(55 932 720)</b>	<b>203%</b>	<b>3 017</b>	<b>6 139</b>	<b>(3 122)</b>	<b>3 537</b>	<b>3 432</b>	<b>104</b>

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**UNIT PROFITABILITY REPORT - SAVINGS PLAN**  
**COMPREHENSIVE OPTION**  
**31 December 2016**

COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
<b>ANGLO COAL</b>								
ANGLO COAL SHARED SERV	447	6 702 880	5 863 040	839 840	87%	1 250	1 093	157
GOEDEHOOP	537	7 837 627	6 477 692	1 359 935	83%	1 216	1 005	211
GREENSIDE	240	3 656 021	3 251 686	404 334	89%	1 269	1 129	140
ISIBONELO	212	2 986 185	2 332 444	653 741	78%	1 174	917	257
NEW DENMARK	361	5 169 270	4 063 821	1 105 448	79%	1 193	938	255
NEW VAAL	345	5 336 574	4 551 196	785 379	85%	1 289	1 099	190
S.A.C.E.	417	6 381 301	5 541 897	839 404	87%	1 275	1 107	168
MBS	0	-	-	-	0%	-	-	-
<b>TOTAL</b>	<b>2559</b>	<b>38 069 858</b>	<b>32 081 777</b>	<b>5 988 082</b>	<b>84%</b>	<b>1 240</b>	<b>1 045</b>	<b>195</b>
<b>INYOSI COAL</b>								
KRIEL	313	4 333 158	3 685 066	648 092	85%	1 154	981	173
ZIBULU	318	4 487 798	3 609 389	878 410	80%	1 176	946	230
<b>TOTAL</b>	<b>631</b>	<b>8 820 957</b>	<b>7 294 455</b>	<b>1 526 502</b>	<b>83%</b>	<b>1 165</b>	<b>963</b>	<b>202</b>
<b>EXXARO</b>								
ARNOT	76	2 431 494	2 271 855	159 640	93%	2 666	2 491	175
NORTH BLOCK COMPLEX	32	450 785	340 760	110 025	76%	1 174	887	287
MATLA	524	7 556 688	6 519 979	1 036 709	86%	1 202	1 037	165
NEW CLYDESDALE	0	-	-	-	0%	-	-	-
<b>TOTAL</b>	<b>632</b>	<b>10 438 968</b>	<b>9 132 593</b>	<b>1 306 374</b>	<b>87%</b>	<b>1 376</b>	<b>1 204</b>	<b>172</b>
<b>GLENCORE OPERATIONS SA</b>								
ARTHUR TAYLOR	312	4 362 822	3 548 220	814 603	81%	1 165	948	218
GOEDGEVONDEN	303	4 066 017	3 263 066	802 951	80%	1 118	897	221
KOORNFONTEIN	2	34 872	29 497	5 375	85%	1 453	1 229	224
OPTIMUM	1	16 224	10 982	5 242	68%	1 352	915	437
PHOENIX	0	-	-	-	0%	-	-	-
SHANDUKA	14	194 356	136 112	58 244	70%	1 157	810	347
SPRINGLAKE	2	40 932	47 329	(6 397)	116%	1 706	1 972	(267)
SPITZKOP	0	-	-	-	0%	-	-	-
HEAD OFFICE	163	2 527 398	2 454 751	72 647	97%	1 292	1 255	37
TAVISTOCK	0	-	-	-	0%	-	-	-
TCS	113	1 497 567	1 301 755	195 811	87%	1 104	960	144
TWEEFONTEIN	374	5 130 236	3 917 756	1 212 480	76%	1 143	873	270
<b>TOTAL</b>	<b>1284</b>	<b>17 870 424</b>	<b>14 709 468</b>	<b>3 160 956</b>	<b>82%</b>	<b>1 160</b>	<b>955</b>	<b>205</b>
<b>MAFUBE</b>	113	1 725 920	1 105 371	620 549	64%	1 273	815	458
<b>WITBANK CHAMBER</b>	32	488 931	461 863	27 068	94%	1 273	1 203	70
<b>STAFF</b>	21	283 925	248 521	35 404	88%	1 127	986	140
<b>MSOBO COAL</b>	51	714 055	518 684	195 371	73%	1 167	848	319
<b>TOTAL</b>	<b>5323</b>	<b>78 413 038</b>	<b>65 552 732</b>	<b>12 860 306</b>	<b>84%</b>	<b>1 228</b>	<b>1 026</b>	<b>201</b>

All figures annotated with "\*" have been verified by the auditors

α - The unit had no members at year end but there were members in this unit during the course of the year

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**UNIT PROFITABILITY REPORT - SAVINGS PLAN**  
**COMPREHENSIVE OPTION**  
**31 December 2016**

NO OF MEM	CAWM MEMBERS				PER MEMBER PER MONTH			COMBINED PER MEMBER PER MONTH		
	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
159	2 061 613	1 825 955	235 658	89%	1 081	957	124	1 205	1 057	148
179	2 113 260	1 998 125	115 136	95%	984	930	54	1 158	986	172
98	1 128 920	997 415	131 505	88%	960	848	112	1 180	1 048	132
11	128 383	121 488	6 895	95%	973	920	52	1 164	917	247
79	1 034 145	911 645	122 501	88%	1 091	962	129	1 175	942	233
91	1 155 336	1 024 464	130 873	89%	1 058	938	120	1 241	1 066	175
219	2 558 850	2 364 784	194 066	92%	974	900	74	1 171	1 036	135
11	111 247	107 957	3 289	97%	843	818	25	843	818	25
<b>847</b>	<b>10 291 755</b>	<b>9 351 832</b>	<b>939 923</b>	<b>91%</b>	<b>1 013</b>	<b>920</b>	<b>92</b>	<b>1 183</b>	<b>1 014</b>	<b>170</b>
96	1 159 034	1 072 750	86 283	93%	1 006	931	75	1 119	969	150
4	59 550	71 381	(11 831)	120%	1 241	1 487	(246)	1 177	953	224
<b>100</b>	<b>1 218 584</b>	<b>1 144 131</b>	<b>74 452</b>	<b>94%</b>	<b>1 015</b>	<b>953</b>	<b>62</b>	<b>1 144</b>	<b>962</b>	<b>183</b>
31	410 282	517 690	(107 408)	126%	1 103	1 392	(289)	2 213	2 173	41
4	31 211	25 871	5 340	83%	650	539	111	1 116	849	267
171	2 056 771	1 894 132	162 639	92%	1 002	923	79	1 153	1 009	144
0	-	-	-	0%	-	-	-	-	-	-
<b>206</b>	<b>2 498 264</b>	<b>2 437 693</b>	<b>60 571</b>	<b>98%</b>	<b>1 011</b>	<b>986</b>	<b>25</b>	<b>1 287</b>	<b>1 151</b>	<b>136</b>
19	218 970	216 191	2 779	99%	960	948	12	1 154	948	206
2	28 372	30 189	(1 817)	106%	1 182	1 258	(76)	1 119	900	219
0	-	-	-	0%	-	-	-	1 453	1 229	224
0	-	-	-	0%	-	-	-	1 352	915	437
8	98 023	71 457	26 566	73%	1 021	744	277	1 021	744	277
0	-	-	-	0%	-	-	-	1 157	810	347
0	-	-	-	0%	-	-	-	1 706	1 972	(267)
48	525 920	453 223	72 697	86%	913	787	126	913	787	126
35	503 302	502 757	545	100%	1 198	1 197	1	1 276	1 245	31
32	393 709	342 984	50 725	87%	1 025	893	132	1 025	893	132
31	321 308	342 107	(20 799)	106%	864	920	(56)	1 053	951	101
103	1 225 893	1 136 709	89 184	93%	992	920	72	1 110	883	227
<b>278</b>	<b>3 315 495</b>	<b>3 095 616</b>	<b>219 879</b>	<b>93%</b>	<b>994</b>	<b>928</b>	<b>66</b>	<b>1 130</b>	<b>950</b>	<b>180</b>
0	2 796	-	2 796	0%	-	-	-	1 275	815	460
50	488 688	471 632	17 056	97%	814	786	28	994	949	45
3	28 140	30 030	(1 890)	107%	782	834	(53)	1 084	967	116
9	172 392	215 087	(42 695)	125%	1 596	1 992	(395)	1 231	1 019	212
<b>1493</b>	<b>18 016 114</b>	<b>16 746 022</b>	<b>1 270 092</b>	<b>93%</b>	<b>1 006</b>	<b>935</b>	<b>71</b>	<b>1 179</b>	<b>1 006</b>	<b>173</b>

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**UNIT PROFITABILITY REPORT - RISK POOL**  
**YEBOMED OPTION**  
**31 December 2016**

YEBOMED OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
<b>ANGLO COAL</b>								
ANGLO COAL SHARED SERV	118	2 155 020	2 023 980	131 040	94%	1 522	1 429	93
GOEDEHOOP	285	4 085 846	3 791 825	294 021	93%	1 195	1 109	86
GREENSIDE	140	2 369 751	2 216 689	153 062	94%	1 411	1 319	91
ISIBONELO COLLIERY	51	705 939	661 895	44 044	94%	1 153	1 082	72
KLEINKOPJE	229	4 563 653	4 285 284	278 369	94%	1 661	1 559	101
LANDAU	239	4 864 072	4 575 329	288 743	94%	1 696	1 595	101
NEW DENMARK	255	4 133 599	3 847 313	286 286	93%	1 351	1 257	94
NEW VAAL	496	8 669 576	8 125 669	543 907	94%	1 457	1 365	91
<b>TOTAL</b>	<b>1813</b>	<b>31 547 456</b>	<b>29 527 984</b>	<b>2 019 472</b>	<b>94%</b>	<b>1 450</b>	<b>1 357</b>	<b>93</b>
<b>INYOSI COAL</b>								
KRIEL	91	1 432 489	1 331 479	101 010	93%	1 312	1 219	93
ZIBULU	298	4 535 571	4 226 080	309 491	93%	1 268	1 182	87
<b>TOTAL</b>	<b>389</b>	<b>5 968 060</b>	<b>5 557 559</b>	<b>410 501</b>	<b>93%</b>	<b>1 279</b>	<b>1 191</b>	<b>88</b>
<b>MAFUBE</b>	181	3 062 977	2 864 779	198 198	94%	1 410	1 319	91
<b>TOTAL</b>	<b>2383</b>	<b>40 578 493 *</b>	<b>37 950 322</b>	<b>2 628 171</b>	<b>94%</b>	<b>1 419</b>	<b>1 327</b>	<b>92</b>

All figures annotated with "\*" have been verified by the auditors

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