



# WCMAS

*Our members. Our passion.*  
Witbank Coalfields Medical Aid Scheme

## 2018 SUMMARISED 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 **84** years*



**SUMMARISED ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
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31 December 2018

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**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**ANNUAL GENERAL MEETING PACK**  
31 December 2018



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 84th 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 Tuesday, 28 May 2019 at 14h00.

BY ORDER OF THE BOARD OF TRUSTEES

PRINCIPAL OFFICER

1 April 2019

**AGENDA OF THE 84th ANNUAL GENERAL MEETING**

1. Notice of meeting
2. Minutes - Confirmation of the minutes of the 83rd annual general meeting held on 23 April 2018
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 2019 in terms of Rule 25
9. Election of office bearers
10. General

# SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT

31 December 2018

The Board of Trustees present their report for the year ended 31 December 2018.

## 1. DESCRIPTION OF THE MEDICAL SCHEME


WCMAS is a not for profit, restricted membership, self-administered medical aid scheme registered in terms of the Medical Schemes Act 131 of 1998 as amended, and has been servicing its members, associated Employer Groups, and the community for over 80 years. The Scheme was founded in 1935 and originated from the amalgamation of a number of “medical clubs” operated by some of the Coal Mines in the Witbank area.

These “medical clubs” date back to the early 1920’s and mainly offered their members hospital benefits in return for a monthly membership fee. In 1935, these “medical clubs” amalgamated and formed the Witbank Coalfields Benefit Society (WCBS), a non-profit organization offering its members medical cover mainly through a panel doctor system. With the development in the Coal Mining Industry the Scheme went from strength to strength and in 1976 it changed from a Benefit Society to a Medical Aid Scheme, offering members a wide range of benefits at service providers of their choice.

WCMAS is a steady-fast and stable scheme built on the following core values:

- a member is not a number;
- the member's health and well-being is of great importance to the scheme;
- the service provided to members, service providers and employers are important;
- the scheme enforces an open-door policy;
- Striving towards healthcare funding at affordable rates while maintaining a financially viable scheme.

## 2. PRODUCT OFFERING

Comprehensive option	Midmas option	Ntsika option	Yebomed option*
<ul style="list-style-type: none"><li>• This option provides comprehensive cover through a risk pool for all major medical expenses and a savings account of 25% for day-to-day medical expenses</li></ul>	<ul style="list-style-type: none"><li>• New generation option providing access to hospitalisation in any private hospital and a discretionary savings account of 18% for day to day benefits</li></ul>	<ul style="list-style-type: none"><li>• Low cost option providing access to a network of service providers including hospitalisation in private hospitals</li></ul> 	<ul style="list-style-type: none"><li>• Provides medical cover through a preferred provider network on a capitation fee basis</li></ul>

\*This option is a risk transfer arrangement. 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.

### Saving accounts managed on members' behalf (Comprehensive and Midmas options)

Personal medical savings accounts 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.

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.

# SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT

31 December 2018

## 2. PRODUCT OFFERING (continued)

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.

## 3. MANAGEMENT AND GOVERNANCE

### Registered Office and postal address:

Cnr. Susanna Street/ & OR Tambo Road  
2<sup>nd</sup> Floor South Wing  
Emalahleni  
WCMAS Building

P O Box 26  
Emalahleni  
1035

### Principal Officer

R Booyens  
A Jacobs

Resigned 31.12.2018  
Appointed 01.01.2019

Same address as scheme

### Board of Trustee members

OA Maritz

M Dugmore

HG Schoeman

Ms CD Logan-Delagey

MH Pearson

JA de Jager

JC de Carvalho

T Masike

S Viljoen

R Mofokeng

TS Lessing

S Makile

E Pretorius

A Nienaber

MP Barnes

M Motubatse

T Lewele

Appointed: April 2018

Appointed: June 2018

Appointed: April 2018

Resigned: April 2018

### Audit committee

M Wenum (Chairperson)

AJ de Klerk (Vice-chairperson)

Z Hammond

OA Maritz

AD de Jager

MH Pearson

A Nienaber

### Investment committee

OA Maritz (Chairperson)

NA Dickman

AJ Nienaber

### Disputes Committee

HA Ackermann

E Wiese

F Kruger

### Remuneration committee

M Dugmore

T Masike

C Logan-Delagey

TS Lessing

# **SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT**

**31 December 2018**

## **Auditors**

PricewaterhouseCoopers Incorporated  
Registered Chartered Accountants and Auditors  
WCMAS Building  
Cnr Susanna & OR Tambo  
Emalahleni

P O Box 500  
River Crescent  
1042

Please refer to the summarised Corporate Governance report for further information on the scheme's management, governance and meeting attendance statistics.

## **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.

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**

Some high claims were honoured in the year under review, but overall, claims are reasonable and in line with recent trends. There was also an increase in hospital costs which may be attributable to the high cost medical cases.

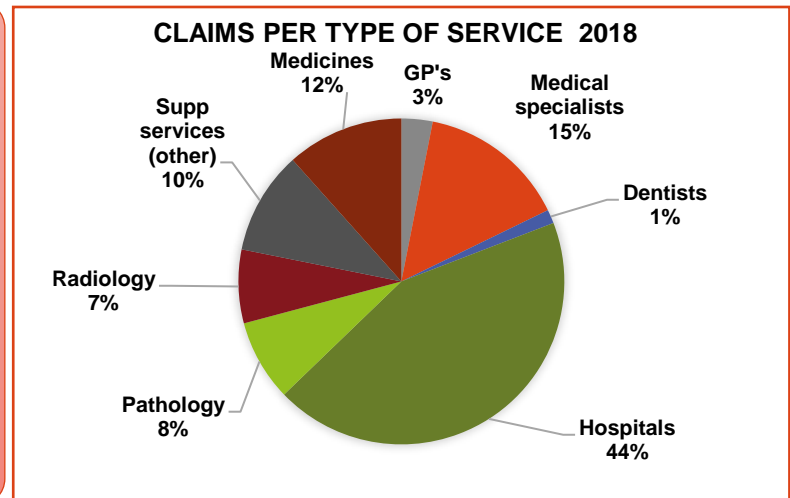
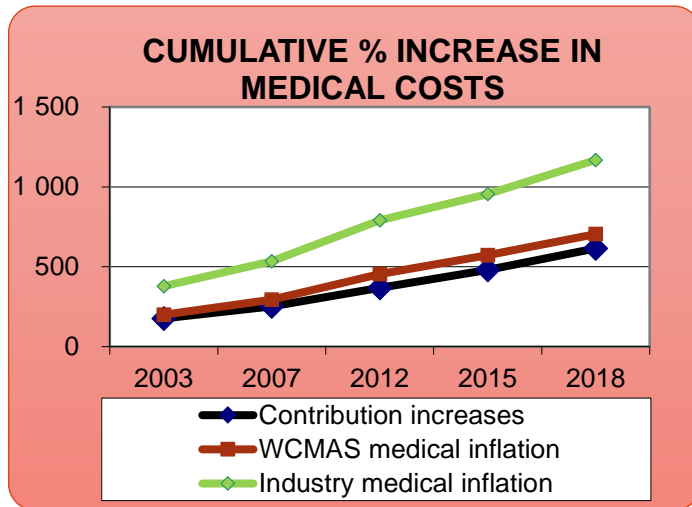
The Scheme's two new options, Midmas and Ntsika, effectively started operating from 1 January 2017 and has gained some members with more growth expected in 2019. The scheme is actively pursuing growth within these options.

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

# SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT

31 December 2018

## 5.1 Operational overview (continued)



## 5.2 Solvency ratio

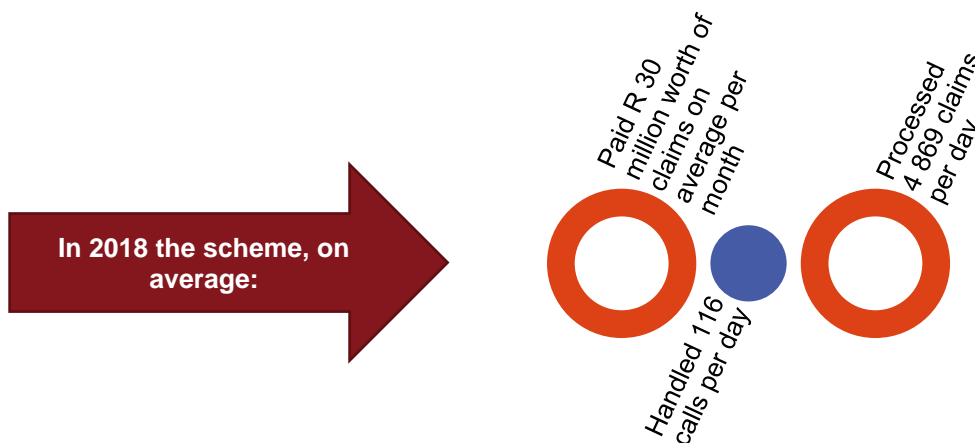
Accumulated funds ratio has decreased by 7.4% for this period mainly as a result increase in members and lower realised surpluses for the year. It is still significantly over the minimum requirement of 25%.

	2018	2017
Total members' fund per statement of financial position	503 151 236	522 446 237
Less: Revaluation reserve	19 156 780	(33 502 390)
Less: cumulative gain on re-measurement to fair value through profit and loss investment	-	-
<b>Accumulated funds per Regulation 29</b>	<b>522 308 016</b>	<b>488 943 847</b>
Gross contributions	457 304 108	402 132 960
<b>Accumulated funds ratio (= Accumulated funds / Gross annual contributions x 100)</b>	<b>114.2%</b>	<b>121.6%</b>

## 5.3 Outstanding claims

The basis of calculation of the outstanding claims provision is consistent with the prior year. The provision of R 23 471 000 is sufficient for the medical claims that the scheme expect to pay in 2019 in respect of prior years.

## 5.4 Operational statistics





# SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT

31 December 2018

## 5.4 Operational statistics (continued)

	Comprehensive	Yebomed	Midmas	Ntsika	
2018	Average number of members during the year*	6 231	2 282	143	319
	Number of members at 31 December	6 306	2 261	146	477
	Average number of beneficiaries during the year*	16 282	6 065	311	455
	Number of beneficiaries at 31 December	16 559	6 039	318	622
	Dependant ratio to members at 31 December	1.63	1.67	1.18	0.30
	Average age of beneficiaries	30.7	26.0	28	30.2
	Pensioner ratio	20.4%	0.0%	0.0%	0.0%
	Percentage of beneficiaries above 65 years of age	7.0%	0.2%	0.0%	0.2%
	Average risk contributions pmpm*	R 4 016	R 1 658	R 2 817	R 1 478
	Average risk contributions pbpm*	R 1 537	R 624	R 1 295	R 1 037
	Average relevant healthcare expenditure pmpm*	R 4 147	R 1 623	R 1 668	R 1 035
	Average relevant healthcare expenditure pbpm*	R 1 587	R 611	R 767	R 726
	Relevant healthcare expenditure as percentage of risk contributions	103.3%	97.9%	59.2%	70.0%
	Average non-health expenses pbpm*	R 116.18	R 38.92	R 60.69	R 89.61
Non-health expenses as % of risk contributions	7.6%	6.2%	4.7%	8.6%	
2017	Average number of members during the year*	6 031	2 343	17	47
	Number of members at 31 December	6 060	2 335	24	52
	Average number of beneficiaries during the year*	15 729	6 189	45	96
	Number of beneficiaries at 31 December	15 821	6 176	59	108
	Dependant ratio to members at 31 December	1.61	1.64	1.46	1.08
	Average age of beneficiaries	30.9	26.1	20.6	27.6
	Pensioner ratio	21.2%	0.0%	0.0%	0.0%
	Percentage of beneficiaries above 65 years of age	7.2%	0.2%	0.0%	0.0%
	Average risk contributions pmpm*	R 3 710	R 1 503	R 2 808	R 2 079
	Average risk contributions pbpm*	R 1 423	R 569	R 1 061	R 1 018
	Average relevant healthcare expenditure pmpm*	R 3 752	R 1 405	R 2 524	R 1 132
	Average relevant healthcare expenditure pbpm*	R 1 439	R 532	R 954	R 554
	Relevant healthcare expenditure as percentage of risk contributions	101.1%	93.5%	89.9%	54.4%
	Average non-health expenses pbpm*	R 117.25	R 36.96	R 63.56	R 66.00
Non-health expenses as % of risk contributions	8.2%	6.5%	6.0%	6.5%	

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

On average the scheme has R 56 834 (2017: R 57 720) accumulated funds per member and the scheme's average pensioner ratio is 5.0% (2017: 5.2%). The average age of beneficiaries for the scheme as a whole is 29.4 (2017: 29.5).



# **SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT**

31 December 2018

## **5. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE**

There are no further material events subsequent to the year-end that would require separate mention by the trustees.

## **6. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES**

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

## **7. MATTERS OF NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT**

The scheme places high priority to meeting requirements set by the Medical Schemes Act and other legislation and regulations. In this regard, the scheme subjects itself to internal audit as well as independent external audits to ensure compliance. Due to this approach, the scheme does not focus on one area for compliance only, but on all areas that affect the scheme and ensures compliance in this way.

The following are non-compliances with the Medical Schemes Act that arose during the year under review. Even though the scheme did not incur any regulatory penalties, sanctions or fines for any contraventions, the details of each are disclosed here:

### **7.1 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.

### **7.2 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.

### **7.3 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 Board of Trustees believe that the scheme continues to be adequately priced to meet claims expenditure and benefit obligations. The scheme has excess reserves that provide a layer of protection from large membership risk profile changes.

### **7.4 Investments in an administrator, holding company of the administrator or any employer group. S 35(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 0.1% (2017:0.5%), in unrelated holding companies of administrators of 0.1% (2017: 0.13%) and in related listed employer groups of 0.90% (2017:0.44%) (Anglo American PLC 0.90%) 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.

# SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME SUMMARISED CORPORATE GOVERNANCE STATEMENT

31 December 2018

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 IV Code of Corporate Governance. Reporting in terms of King IV is guided by the Council for Medical Schemes.

In meeting Corporate Governance requirements, the scheme management, Board of Trustees and sub-committees have access to governance experts as and when the need arises. This is deemed to be adequate for appropriately governing the affairs of the scheme.

The complete Corporate Governance statement can be observed in the scheme's full set of financial statements available on the WCMAS website.

## BOARD OF TRUSTEE ATTENDANCE

Member	Meetings	Member	Meetings
OA Maritz	11 of 11	T Masike	7 of 11
M Dugmore	11 of 11	A Nienaber [Co-opt]	10 of 11
HG Schoeman	11 of 11	MP Barnes [Co-opt]	4 of 11
S Viljoen	2 of 11	TS Lessing [A]	3 of 11
Ms CD Logan-Delagey	10 of 11	E Pretorius [A]	0 of 11
MH Pearson	8 of 11	R Mofokeng	4 of 7
JA de Jager	10 of 11	M Motubatse	2 of 7
JC de Carvalho	11 of 11	T Lewele [Co-Opt]	2 of 4
S Makile	4 of 6		

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

## 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 majority of the members, including the chairperson, should not be officers of the scheme. The external auditors report formally to the committee on critical findings arising from audit activities.

The committee met on four occasions during the course of the year. 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.

### Committee attendance

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

## INVESTMENT COMMITTEE

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.

# SUMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME SUMMARISED CORPORATE GOVERNANCE STATEMENT

31 December 2018

WCMAS appointed Willis Towers Watson as their Investment advisors.

## Committee attendance

Member	Meetings	Member	Meetings
OA Maritz	4 of 4	NA Dickman	2 of 4
A Nienaber	3 of 4		

## 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.

## REMUNERATION COMMITTEE

The remuneration 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 four members who do not receive remuneration for attending meetings. Three of the committee members are members of the Board of Trustees.

The committee's primary objective is to develop, manage and monitor all remuneration and remuneration related matters by recommending appropriate remuneration values and strategies to the Board for approval and by so doing to ensure the objectivity and credibility of the remuneration and bonus system (staff only), for the board of trustees, sub-committees, principal officer and other members of management and staff.

## Committee attendance

Member	Meetings	Member	Meetings
M Dugmore	1 of 1	T Masike	0 of 1
Ms CD Logan-Delagey	1 of 1	TS Lessing	1 of 1

# SUMMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME

31 December 2018

The summarised financial results have been derived from the audited financial statements of the Scheme for the year ended 31 December 2018, which are available on our website at [www.witbankcoalfieldsmedicalaid.co.za](http://www.witbankcoalfieldsmedicalaid.co.za) or a hard copy can be obtained from our offices.

The summarised financial results do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the scheme, which is provided by the detailed annual financial statements.

## **Basis of preparation**

The summarised financial results for the year ended 31 December 2018 have been prepared in accordance with the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of International Accounting Standard 34 Interim Financial Reporting applied to year end reporting, the SAICA Financial Reporting Guides as well as the requirements of the Medical Schemes Act.

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 trustees are responsible for the preparation, integrity, and fair presentation of the summarised financial statements of Witbank Coalfields Medical Aid Scheme and confirm that the financial information has been correctly extracted from the underlying audited annual financial statements.

## **Accounting policies**

The accounting policies applied in the preparation of these summarised financial statements are in terms of IFRS and are consistent with those applied in the annual financial statements for the year ended 31 December 2018.

## **Related party transactions**

The scheme, in the ordinary course of business, entered into various transactions on an arm's length basis with related parties.



OA MARITZ  
CHAIRPERSON



R BOOYENS  
PRINCIPAL OFFICER



M DUGMORE  
VICE-CHAIRPERSON



## ***Independent auditor's report on the summary financial statements***

To the Board of Trustees of Witbank Coalfields Medical Aid Scheme

### **Opinion**

The summary financial statements of Witbank Coalfields Medical Aid Scheme, set out on pages 14 to 17, which comprise the summary statement of financial position as at 31 December 2018, the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Witbank Coalfields Medical Aid Scheme for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with Circular 6 of 2013 issued by the Council of Medical Schemes.

### **Summary Financial Statements**

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Medical Scheme Act of South Africa as applicable to annual financial statements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

### **The Audited Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 1 April 2019.

### **Trustees' Responsibility for the Summary Financial Statements**

The directors are responsible for the preparation of the summary financial statements in accordance with the Circular 6 of 2013.

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*PricewaterhouseCoopers Inc., WCMAS Building, Cnr Susanna & OR Tambo, Emalaheni, 1039, Mpumalanga*  
*P O Box 500, River Crescent, 1042*  
*T: (0) 13 813 0600, F: (0) 13 813 0700, www.pwc.co.za*



**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

*PricewaterhouseCoopers Inc.*  
**PricewaterhouseCoopers Inc.**

**Director: Stephan Eicker**

**Registered Auditor**

**eMalaheni**

**1 April 2019**

**SUMMARISED ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF FINANCIAL POSITION**  
**31 December 2018**

	<b>2018</b> <b>R</b>	<b>2017</b> <b>R</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	<b>459 162 507</b>	371 135 416
Equipment and other assets	<b>1 010 649</b>	1 321 300
Investment properties	<b>9 754 675</b>	10 218 722
Investments at fair value through other comprehensive income	<b>448 397 183</b>	359 595 394
<b>CURRENT ASSETS</b>	<b>278 191 177</b>	358 750 451
Trade and other receivables	<b>17 383 793</b>	1 191 007
Investments at fair value through other comprehensive income	<b>227 430 148</b>	315 626 988
Cash and cash equivalents	<b>33 377 236</b>	41 932 456
<b>TOTAL ASSETS</b>	<b>737 353 684</b>	729 885 867
<b>FUNDS AND LIABILITIES</b>		
<b>MEMBERS' FUNDS</b>	<b>503 151 236</b>	522 446 237
Accumulated funds	<b>522 308 016</b>	488 943 847
Revaluation reserve - Investments	-	33 502 390
Other reserves	<b>(19 156 780)</b>	-
<b>LONG TERM LIABILITIES</b>	<b>2 940 360</b>	3 399 323
Post retirement medical aid benefit	<b>2 940 360</b>	3 399 323
<b>CURRENT LIABILITIES</b>	<b>231 262 088</b>	204 040 307
Post retirement medical aid benefit	<b>29 640</b>	27 900
Provision for leave pay	<b>824 000</b>	953 000
Outstanding claims provision	<b>23 471 000</b>	16 482 000
Personal medical savings account liability	<b>178 696 345</b>	159 736 636
Accounts payable	<b>28 241 103</b>	26 840 771
<b>TOTAL FUNDS AND LIABILITIES</b>	<b>737 353 684</b>	729 885 867



**SUMMARISED ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
31 December 2018

	2018 R	2017 R
<b>Risk contribution income</b>	<b>356 168 949</b>	312 508 637
<b>Relevant healthcare expenditure</b>	<b>(359 473 585)</b>	(312 205 466)
Net claims incurred	<b>(361 366 081)</b>	(317 297 894)
Risk claims incurred	<b>(358 333 996)</b>	(313 567 755)
Accredited managed care: management services	<b>(5 404 964)</b>	(4 631 966)
Third party claim recoveries	<b>2 372 879</b>	901 827
Net income / (expense) on risk transfer arrangement	<b>1 892 496</b>	5 092 428
Risk transfer arrangement fees	<b>(42 560 989)</b>	(39 501 594)
Recoveries from risk transfer arrangement	<b>44 453 485</b>	44 594 022
<b>Gross healthcare result</b>	<b>(3 304 636)</b>	303 171
Broker fees	<b>(89 553)</b>	(75 393)
Administration expenditure	<b>(26 116 509)</b>	(24 912 702)
Net impairment losses on healthcare receivables	<b>(42 154)</b>	2 727
<b>Net healthcare result</b>	<b>(29 552 852)</b>	(24 682 197)
<b>Other income</b>	<b>45 235 987</b>	55 281 438
Investment income	<b>40 015 843</b>	49 938 355
Rental income from investment property	<b>4 544 829</b>	4 562 963
Sundry income	<b>675 315</b>	780 120
<b>Other expenditure</b>	<b>(15 821 356)</b>	(18 393 469)
Asset management fees	<b>(3 397 536)</b>	(3 024 571)
Direct operating expenses incurred in the rental of investment property	<b>(2 980 941)</b>	(3 492 408)
Interest paid on savings accounts	<b>(9 442 879)</b>	(11 876 490)
<b>Net surplus for the year</b>	<b>(138 221)</b>	12 205 772
<b>Other comprehensive income</b>	<b>(19 156 780)</b>	2 237 249
Realised gain/ (loss) on disposal of fair value investments	<b>7 482 064</b>	(9 013 642)
Unrealised (loss) / gain on revaluation of investments	<b>(26 638 844)</b>	11 250 891
<b>Total comprehensive surplus / (deficit) for the year</b>	<b>(19 295 001)</b>	14 443 021

**ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
**31 December 2018**

	REVALUATION RESERVE INVESTMENTS R	OTHER RESERVES R	ACCUMULATED FUNDS R	MEMBERS' FUNDS R
<b>BALANCE AT 31 DECEMBER 2016</b>	<b>31 265 141</b>	-	<b>476 738 075</b>	<b>508 003 216</b>
Net surplus for the year	-	-	12 205 772	12 205 772
Other comprehensive income	2 237 249	-	-	2 237 249
<b>BALANCE AT 31 DECEMBER 2017</b>	<b>33 502 390</b>	-	<b>488 943 847</b>	<b>522 446 237</b>
Changes on initial application of IFRS 9	(33 502 390)	-	33 502 390	-
<b>RESTATED BALANCE AT 1 JANUARY 2018</b>	<b>-</b>	<b>-</b>	<b>522 446 237</b>	<b>522 446 237</b>
Net surplus for the year	-	-	(138 221)	(138 221)
Other comprehensive income	-	(19 156 780)	-	(19 156 780)
<b>BALANCE AT 31 December 2018</b>	<b>-</b>	<b>(19 156 780)</b>	<b>522 308 016</b>	<b>503 151 236</b>

**BALANCE AT 31 December 2018**

Consisting of:

Comprehensive option	-	(19 233 739)	503 538 369	484 304 630
Midmas option	-	-	1 828 737	1 828 737
Ntsika option	-	-	1 719 900	1 719 900
Yebomed option	-	76 959	15 221 010	15 297 969
	-	(19 156 780)	522 308 016	503 151 236

**SUMMARISED ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**STATEMENT OF CHANGES IN CASH FLOW**  
**31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>R</b>	<b>R</b>
<b>OPERATING ACTIVITIES</b>		
Cash flows from operations before working capital changes	<b>(27 537 175)</b>	(22 247 389)
Working capital changes:		
Movement in trade and other receivables	<b>(16 128 157)</b>	19 301 157
Movement in impairment losses	<b>(64 629)</b>	(140 779)
Movement in savings plan liability	<b>18 959 709</b>	4 540 437
Movement in provision for outstanding claims	<b>6 989 000</b>	82 000
Movement in provision for post retirement benefit	<b>(457 223)</b>	696 223
Movement in other payables	<b>1 271 332</b>	(3 978 865)
<b>Cash generated from operations</b>	<b>(16 967 143)</b>	(1 747 216)
Interest on savings balances	<b>(9 442 879)</b>	(11 876 490)
<b>Net cash flow effect of operating activities</b>	<b>(26 410 022)</b>	(13 623 706)
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties	<b>(107 544)</b>	(907 683)
Additions to equipment and other assets	<b>(460 559)</b>	(479 848)
Proceeds on disposal of equipment	<b>5 120</b>	4 841
Increase in investments	<b>(19 761 729)</b>	(12 370 652)
Proceeds on disposal of investments at fair value through OCI	<b>-</b>	9 013 642
Interest received on Scheme funds	<b>31 885 811</b>	35 267 281
Dividends received	<b>8 127 351</b>	5 652 698
Investment managers' fees	<b>(3 397 536)</b>	(3 024 571)
Net rentals received	<b>1 563 888</b>	1 070 555
<b>Net cash flow effect of investing activities</b>	<b>17 854 802</b>	34 226 263
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(8 555 220)</b>	20 602 557
Cash and cash equivalents at beginning of year	<b>41 932 456</b>	21 329 899
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>33 377 236</b>	41 932 456
<b>Cash and cash equivalents comprise of:</b>		
Scheme	<b>33 377 236</b>	41 932 456
	<b>33 377 236</b>	41 932 456

**SUMMARISED ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**UNIT PROFITABILITY REPORT**  
**COMPREHENSIVE OPTION**  
31 December 2018

RISK POOL	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	1841	99 420 628	78 104 814	21 315 814	79%	4 500	3 535	965
BUFFALO COAL	22	1 045 467	777 692	267 775	74%	3 960	2 946	1 014
GLENCORE OPERATIONS SA	1309	63 440 388	49 489 747	13 950 641	78%	4 039	3 151	888
INYOSI COAL	353	19 685 875	21 649 196	(1 963 321)	110%	4 647	5 111	(463)
KOORNFONTEIN	2	121 860	109 505	12 355	90%	5 078	4 563	515
MAFUBE	119	5 934 631	2 966 454	2 968 177	50%	4 156	2 077	2 079
MANTELLA	20	861 382	653 540	207 842	76%	3 589	2 723	866
MSOBO COAL	76	3 091 420	2 662 142	429 278	86%	3 390	2 919	471
OPTIMUM	1	56 700	15 321	41 379	27%	4 725	1 277	3 448
WITBANK CHAMBER	18	978 120	675 432	302 688	69%	4 528	3 127	1 401
SERITI COAL	1239	50 562 028	34 225 581	16 336 447	68%	3 401	2 302	1 099
STAFF	22	1 087 776	711 383	376 393	65%	4 120	2 695	1 426
<b>TOTAL</b>	<b>5022</b>	<b>246 286 275 *</b>	<b>192 040 807 *</b>	<b>54 245 468</b>	<b>78%</b>	<b>4 087</b>	<b>3 187</b>	<b>900</b>

SAVINGS ACCOUNT	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	1841	33 133 700	27 973 035	5 160 665	84%	1 500	1 266	234
BUFFALO COAL	22	348 489	252 444	96 045	72%	1 320	956	364
GLENCORE OPERATIONS SA	1309	21 143 372	17 089 937	4 053 435	81%	1 346	1 088	258
INYOSI COAL	353	6 561 564	5 274 824	1 286 740	80%	1 549	1 245	304
KOORNFONTEIN	2	40 620	30 650	9 970	75%	1 693	1 277	415
MAFUBE	119	1 978 210	1 420 618	557 592	72%	1 385	995	390
MANTELLA	20	287 127	240 153	46 974	84%	1 196	1 001	196
MSOBO COAL	76	1 030 473	703 491	326 982	68%	1 130	771	359
OPTIMUM	1	18 900	9 189	9 711	49%	1 575	766	809
WITBANK CHAMBER	18	326 040	286 446	39 594	88%	1 509	1 326	183
SERITI COAL	1239	16 844 560	13 514 305	3 330 255	80%	1 133	909	224
STAFF	22	362 595	391 242	(28 647)	108%	1 373	1 482	(109)
<b>TOTAL</b>	<b>5022</b>	<b>82 075 650 *</b>	<b>67 186 334 *</b>	<b>14 889 316</b>	<b>82%</b>	<b>1 362</b>	<b>1 115</b>	<b>247</b>

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

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

**SUMMARISED ANNUAL REPORT  
WITBANK COALFIELDS MEDICAL AID SCHEME  
UNIT PROFITABILITY REPORT  
COMPREHENSIVE OPTION  
31 December 2018**

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)
661	29 722 713	61 804 333	(32 081 620)	208%	3 747	7 792	(4 045)	4 301	4 660	(359)
0	- √	-	-	0%	-	-	-	3 960	2 946	1 014
281	11 326 637	20 746 906	(9 420 269)	183%	3 359	6 153	(2 794)	3 919	3 681	237
7	973 887	2 889 413	(1 915 526)	297%	11 594	34 398	(22 804)	4 782	5 680	(898)
0	- √	-	-	0%	-	-	-	5 078	4 563	515
0	- √	-	-	0%	-	-	-	4 156	2 077	2 079
1	28 350	94 548	(66 198)	334%	2 363	7 879	(5 517)	3 531	2 969	562
8	340 200	1 119 769	(779 569)	329%	3 544	11 664	(8 121)	3 404	3 752	(348)
0	- √	-	-	0%	-	-	-	4 725	1 277	3 448
50	1 703 862	4 396 855	(2 692 993)	258%	2 840	7 328	(4 488)	3 287	6 216	(2 929)
273	9 801 276	18 257 776	(8 456 500)	186%	2 992	5 573	(2 581)	3 327	2 893	434
3	98 550	435 957	(337 407)	442%	2 738	12 110	(9 372)	3 954	3 824	130
<b>1284</b>	<b>53 995 475 *</b>	<b>109 745 557 *</b>	<b>(55 750 082)</b>	<b>203%</b>	<b>3 504</b>	<b>7 123</b>	<b>(3 618)</b>	<b>3 968</b>	<b>3 988</b>	<b>(20)</b>

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)
661	9 907 415	9 107 051	800 364	92%	1 249	1 148	101	1 434	1 235	199
0	- √	-	-	0%	-	-	-	1 320	956	364
281	3 775 546	3 531 386	244 160	94%	1 120	1 047	72	1 306	1 081	225
7	324 629	320 942	3 687	99%	3 865	3 821	44	1 594	1 295	299
0	- √	-	-	0%	-	-	-	1 693	1 277	415
0	- √	-	-	0%	-	-	-	1 385	995	390
1	9 450	7 107	2 343	75%	788	592	195	1 177	981	196
8	113 400	80 239	33 161	71%	1 181	836	345	1 135	778	357
0	- √	-	-	0%	-	-	-	1 575	766	809
50	567 954	527 410	40 544	93%	947	879	68	1 096	997	98
273	3 267 091	2 695 269	571 822	82%	997	823	175	1 108	893	215
3	32 850	40 222	(7 372)	122%	913	1 117	(205)	1 318	1 438	(120)
<b>1284</b>	<b>17 998 335 *</b>	<b>16 309 626 *</b>	<b>1 688 709</b>	<b>91%</b>	<b>1 168</b>	<b>1 059</b>	<b>110</b>	<b>1 322</b>	<b>1 103</b>	<b>219</b>

**SUMMARISED ANNUAL REPORT**  
**WITBANK COALFIELDS MEDICAL AID SCHEME**  
**UNIT PROFITABILITY REPORT**  
31 December 2018

**MIDMAS OPTION**

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
RISK POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	69	2 418 651	981 499	1 437 152	41%	2 921	1 185	1 736
BUFFALO COAL	13	408 442	192 731	215 711	47%	2 618	1 235	1 383
MANTELLA TRADING	64	2 007 152	977 013	1 030 139	49%	2 613	1 272	1 341
<b>TOTAL</b>	<b>146</b>	<b>4 834 245 *</b>	<b>2 151 243 *</b>	<b>2 683 002</b>	<b>45%</b>	<b>2 759</b>	<b>1 228</b>	<b>1 531</b>

**MIDMAS OPTION**

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
SAVINGS POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	69	530 922	449 605	81 317	85%	641	543	98
BUFFALO COAL	13	89 658	57 273	32 385	64%	575	367	208
MANTELLA TRADING	64	440 594	359 760	80 834	82%	574	468	105
<b>TOTAL</b>	<b>146</b>	<b>1 061 174 *</b>	<b>866 638 *</b>	<b>194 536</b>	<b>82%</b>	<b>606</b>	<b>495</b>	<b>111</b>

**NTSIKA OPTION**

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
RISK POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	68	2 169 704	1 321 267	848 437	61%	2 659	1 619	1 040
BUFFALO COAL	29	347 532	86 924	260 608	25%	999	250	749
MANTELLA TRADING	380	3 142 123	2 105 894	1 036 229	67%	689	462	227
<b>TOTAL</b>	<b>477</b>	<b>5 659 359 *</b>	<b>3 514 085 *</b>	<b>2 145 274</b>	<b>62%</b>	<b>989</b>	<b>614</b>	<b>375</b>

**YEBOMED OPTION**

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
RISK POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	905	21 730 401	20 410 845	1 319 556	94%	2 001	1 879	122
INYOSI COAL	260	5 383 823	5 035 054	348 769	94%	1 726	1 614	112
MAFUBE	183	3 624 419	3 395 090	229 329	94%	1 650	1 546	104
SERITI COAL	913	14 654 952	13 720 000	934 952	94%	1 338	1 252	85
<b>TOTAL</b>	<b>2261</b>	<b>45 393 595 *</b>	<b>42 560 989 *</b>	<b>2 832 606</b>	<b>94%</b>	<b>1 673</b>	<b>1 569</b>	<b>104</b>

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



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