



WCMAS

Our members Our passion

Witbank Coalfields Medical Aid Scheme

2019 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 **85** years*





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31 December 2019

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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 85th 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, or via a Zoom Link provided by the Scheme, on Tuesday, 29 September 2020 at 14h00.

Please direct any queries to agm@wcmas.co.za

BY ORDER OF THE BOARD OF TRUSTEES

27 August 2020

AGENDA OF THE 84th ANNUAL GENERAL MEETING

1. Notice of meeting
2. Minutes - Confirmation of the minutes of the 84th annual general meeting held on 28 May 2019
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 2020 in terms of Rule 25
9. Election of office bearers
10. General

SUMMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT

31 December 2019

The Board of Trustees present their report for the year ended 31 December 2019.

1. DESCRIPTION OF THE MEDICAL SCHEME

Witbank Coalfields Medical Aid Scheme ("WCMAS") with registration number 401, is a non-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 organisation offering its members medical cover mainly through a panel doctor system. With the development in the coal mining industry the Scheme flourished 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 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;
- the Scheme strives towards healthcare funding at affordable rates while maintaining a financially viable scheme.

1. BENEFIT OPTIONS

The Scheme offered four benefit options to participating employer groups and members of the public, namely:

Comprehensive option	Midmas option	Ntsika option	Yebomed option*
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • A new generation option providing access to hospitalisation in any private hospital and a discretionary savings account of 18% for day to day benefits 	<ul style="list-style-type: none"> • A low cost option providing access to a network of service providers including hospitalisation in private hospitals 	<ul style="list-style-type: none"> • This option provides medical cover through a preferred provider network on a capitation fee basis.

*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.

2. MEDICAL SAVINGS ACCOUNT

WCMAS provides personal medical savings account options through the Comprehensive and Midmas options. The savings plan was established to meet future day-to-day healthcare costs not fully covered by the risk pool.

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

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3. MEDICAL SAVINGS ACCOUNT (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.

4. MANAGEMENT AND GOVERNANCE

Registered Office and Postal Address:

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

P O Box 26
Emalahleni
1035

Principal Officer

AM Jacobs	Appointed 01.01.2019	Same address as scheme
MA Anthony	Acting from 11.02.2020	Same address as scheme

Board of Trustee Members

OA Maritz	Chairman	Anglo Coal appointee	
M Dugmore	Vice-Chairman	Anglo Coal appointee	
AJ Nienaber		Co-optee	Resigned 01 July 2019
HGR Schoeman		Glencore appointee	
JC de Carvalho		Member elected	
KL Leripa		Member elected	Elected 28 May 2019
PM Motubatse		Co-optee	
RA Mofokeng		Member elected	
SN Makile		Alternate trustee	
TA Gloss		Co-optee	Co-opted 28 May 2019; Resigned 28 August 2019
TM Masike		Seriti appointee	
CD Logan-Delagey		Member elected	
MH Pearson		Member elected	
S Viljoen		Glencore appointee	
ZP Nkosi		Alternate trustee	Appointed 28 May 2019
MP Barnes		Co-optee	Resigned 28 May 2019
E Pretorius		Alternate trustee	Resigned 28 May 2019
TS Lessing		Alternate trustee	Resigned 28 May 2019
JA de Jager		Member elected	Resigned 28 May 2019
S Matthews		Co-optee	Co-opted 28 August 2019
A Mazibuko		Co-optee	Co-opted 28 August 2019
E Buthlezi		Co-optee	Co-opted 28 August 2019

Auditors

PricewaterhouseCoopers Incorporated Registered Chartered Accountants and Auditors WCMAS Building Cnr Susanna & OR Tambo Emalahleni	P O Box 500 River Crescent 1042
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Please refer to the summarised Corporate Governance report for further information on the scheme's management, governance and meeting attendance statistics.

SUMMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME BOARD OF TRUSTEES REPORT

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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 2020. 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.

1.1 Solvency ratio

Accumulated funds ratio has decreased by 15.75% (2018: 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%.

	2019	2018
Total members' fund per statement of financial position	499 902 959	503 151 236
Less: Revaluation reserve	15 163 336	19 156 780
Accumulated funds per Regulation 29	515 066 295	522 308 016
Gross contributions	516 173 108	457 304 108
Accumulated funds ratio (Accumulated funds / Gross contributions)	99.79%	114.21%

1.2 Outstanding claims

The basis of calculation of the outstanding claims provision is consistent with the prior year. The provision of R26 444 000 (2018: R23 471 000) is sufficient for the medical claims that the scheme expect to pay in 2020 in respect of prior years.

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6.4 Operational statistics

2019	Compre- hensive	Midmas	Ntsika	Yebomed	Total
Average number of members during the year	6 489	143	503	2 228	9 398
Number of members at 31 December	6 573	185	518	2 194	9 470
Average number of beneficiaries during the year	16 951	397	659	6 030	24 037
Number of beneficiaries at 31 December	17 204	412	693	5 975	24 284
Dependant ratio to members at 31 December	1.62	1.23	0.34	1.72	1.56
Average age of beneficiaries	31.1	27.4	30.2	26.4	29.9
Pensioner ratio at year end	7.1%	0.5%	0.0%	0.3%	5.1%
Average risk contributions net of savings per member per month	R 4 358	R 2 958	R 1 430	R 1 798	R 3 567
Average risk contributions net of savings per beneficiary per month	R 1 666	R 1 326	R 1 092	R 664	R 1 393
Average relevant healthcare expenditure per member per month	R 4 460	R 1 885	R 993	R 1 737	R 3 579
Average relevant healthcare expenditure per average beneficiary per month	R 1 705	R 845	R 758	R 642	R 1 398
Relevant healthcare expenditure as percentage of risk contributions	102.3%	63.7%	69.4%	96.6%	100.3%
Average non-healthcare expenses per beneficiary per month	R 179.06	R 55.55	R 97.81	R 40.18	R 139.95
Non-healthcare expenses as a percentage of risk contributions	10.8%	4.2%	9.0%	6.0%	
Accumulated funds per member at year-end					R 54 389
Return on investments as percentage of total investments					5.94%
2018					
Average number of members during the year	6 231	143	319	2 282	8 975
Number of members at 31 December	6 306	146	477	2 261	9 190
Average number of beneficiaries during the year	16 282	311	455	6 065	23 113
Number of beneficiaries at 31 December	16 559	318	622	6 039	23 538
Dependant ratio to members at 31 December	1.63	1.18	0.30	1.67	1.61
Average age of beneficiaries	30.7	28.0	30.2	26.0	29.4
Pensioner ratio at year end	20.4%	0.0%	0.0%	0.0%	5.0%
Average risk contributions net of savings per member per month	R 4 016	R 2 817	R 1 478	R 1 658	R 3 307
Average risk contributions net of savings per beneficiary per month	R 1 537	R 1 295	R 1 037	R 624	R 1 284
Average relevant healthcare expenditure per member per month	R 4 147	R 1 688	R 1 035	R 1 623	R 3 355
Average relevant healthcare expenditure per average beneficiary per month	R 1 587	R 767	R 726	R 611	R 1 303
Relevant healthcare expenditure as percentage of risk contributions	103.3%	59.2%	70.7%	97.9%	101.5%
Average non-healthcare expenses per beneficiary per month	R 115.55	R 59.49	R 88.71	R 38.92	R 94.16
Non-healthcare expenses as a percentage of risk contributions	7.6%	4.7%	8.6%	6.2%	7.4%
Accumulated funds per member at year-end					R 56 834
Return on investments as percentage of total investments					8.81%

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7. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

South Africa confirmed its first case of the COVID-19 virus on 5 March 2020. As of 15 March 2020, a state of disaster was declared by the Presidency. The Presidency declared a national lock down of the state which will be in effect from 26 March. The impact of the virus varies greatly based on the demographics of the population. The ultimate infection rate remains highly uncertain across the globe. Certain projections have estimated that this could be 60% - 70% (as communicated by South Africa's Minister of Health).

There is significant uncertainty globally regarding the trajectory of the pandemic as well as the associated costs. Currently available information remains largely uncertain and unverifiable in the absence of corroborating data. Results are likely to change as more data becomes available. The manageability of costs is highly dependent on the term over which the infections occur and the slowing of the virus through measures such as hygiene and social distancing are critical, as well as early detection of infected individuals.

The actuaries have conducted an impact assessment with readily available data, based on the following assumptions:

- An ultimate infection of 40%, as no infection rates globally have not yet reached close to 60%
- A greater consideration for mild and asymptomatic cases, which may have not been fully contemplated due to not being reported or measured
- Severity rates have been differentiated by age
- All patients listed as severe or worse would be expected to require hospitalisation
- It is expected that there is likely to be a lack of capacity in hospitals to cater for COVID-19 patients, particularly in respect of critical care and ICU for critical patients and therefore it is assumed that one third of hospitalisations will ultimately not be able to be accommodated due to capacity constraints.

Given the assumptions, together with the population demographics of WCMAS, the estimated cost per beneficiary over the period of the pandemic is approximately R 3 400 per beneficiary, with an estimated cost per infected beneficiary of R 8 400 per beneficiary. As 24 438 beneficiaries participate on WCMAS this could result in an ultimate cost of approximately R 83.1 million.

There is also expected to be a relatively significant impact on the size of reserves, given the impact of COVID-19 on the economy and asset markets. Until there is further clarity on the potential impact thereof, the actuaries have assumed that any reduction in investment income and reserves has already been experienced by the Scheme. In particular, the unrealised loss to date is R 49.4 million.

There have been no other material facts or circumstances that have occurred between the reporting date and the date of approval of these financial statements that the Trustees consider should be brought to the members' attention.

8. 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.

9. 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:

9.1 Investments in an administrator, holding company of the administrator or any employer group.
In terms of Section 35(8)(a,c&d) of the Medical Schemes Act of South Africa No. 131 of 1998, as amended, 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 (MMI Group Ltd), amounting to 0.04% (2018: 0.1%), in unrelated holding

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companies of employer groups (Glencore PLC) of 0.02% (2018: 0.1%) and in related listed employer groups of 0.92% (2018: 0.90%) (Anglo American PLC 0.86% (2018: 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 on any of the employer groups by investing in these financial instruments.

9.2 Benefit options in deficit

In terms of Section 33(2) of the Medical Schemes Act of South Africa No. 131 of 1998, as amended, each option shall be 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 generated a net health care deficit of R 40 516 709 (2018: R 29 552 852). Once regard is, however, given to supplementary investment and other net income, the Scheme generated a net operating deficit of R 14 055 296 (2018: R 138 221).

During the 2019 financial year, the following options generated net healthcare deficits and were not self-sustaining:

- Comprehensive - R 44 459 772 (2018: R 32 504 918)

The Scheme has excess reserves that provide a layer of protection against large membership risk profile changes.

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.

9.3 Late receipt of contributions

Section 26(7) of the Medical Schemes Act of South Africa No. 131 of 1998, as amended, requires membership contributions to be collected within three days of payment becoming due. Occasionally payments are received after the third day of the subsequent month for some of the employer groups. If contributions are not collected as stipulated, the risk of not receiving it increases. While some payments were not always received timeously, all commitments were met soon after due date. The credit control department follows up on outstanding amounts on a regular basis.

9.4 Claims paid in excess of 30 days of receipt

In terms of section 59(2) of the Medical Schemes Act of South Africa No. 131 of 1998, as amended, a medical scheme shall pay claims within 30 days of receipt thereof. 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.

9.5 Claims approved more than 60 days after request for correction

In terms of Regulation 6(3) of the Medical Schemes Act of South Africa No. 131 of 1998, as amended, once an individual has been informed that his/her claim was rejected, the individual has 60 days to correct the claim information. Some claims were approved after the 60 days period has passed. In these instances management had used its discretion in favour of the member, where sufficient justification allowed, in the interest of treating customers fairly.

10. SIGNIFICANT EVENTS

Reportable Irregularity

The Scheme's external auditors reported an irregularity in terms of Section 45(1) of the Auditing Profession Act, 2005 (No.26 of 2005) to the Independent Regulatory Board for Auditors. The irregularity relates to alleged fraudulent activities committed by a member of senior management. The alleged fraudulent activities included misuse of the Scheme's property, expenses incurred without the appropriate authorisation, non-compliance with the Scheme's internal procurement policies and theft of the Scheme's monetary assets.

The Scheme subsequently commissioned an independent forensic investigation on the matter and the investigation is not yet finalised. Over and above commissioning a forensic investigation the member of senior management has been suspended pending the outcome of the investigation. The Board of Trustees considers its continued success

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31 December 2019

to be dependent on the consistent enforcement of, and adherence to, principles of the highest standard of corporate governance and ethics.

11. CORPORATE GOVERNANCE

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 (Chairman)	11 of 11	ZP Nkosi [A]	2 of 6
M Dugmore (Vice-Chairman)	8 of 11	E Buthelezi [C]	0 of 2
JC de Carvalho	11 of 11	S Matthews [C]	1 of 6
KL Leripa	2 of 6	A Mazibuko [C]	0 of 2
CD Logan-Delagey	8 of 11	PM Motubatse [C]	5 of 11
T Masike	8 of 11	MP Barnes [R]	1 of 6
R Mofokeng	10 of 11	TA Gloss [R]	0 of 6
MH Pearson	8 of 11	JA de Jager [R]	4 of 6
HG Schoeman	8 of 11	TS Lessing [R]	4 of 6
S Viljoen	8 of 11	AJ Nienaber [R]	4 of 6
S Makile [A]	6 of 11	E Pretorius [R]	0 of 6

Legend: [A] Alternate [C] Co-opted member [R] Resigned member

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 five 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.

Committee attendance

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

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31 December 2019

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 (Chairman)	1 of 1	TM Masike	1 of 1
Ms CD Logan-Delagey	1 of 1	TS Lessing	1 of 1

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31 December 2019

The summarised financial results have been derived from the audited financial statements of the Scheme for the year ended 31 December 2019 which are available on our website at 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 2019 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 2019.

Related party transactions

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



OAMARITZ
CHAIRPERSON



MA ANTHONY
ACTING PRINCIPAL OFFICER



M DUGMORE
VICE-CHAIRPERSON

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF WITBANK COALFIELDS MEDICAL AID SCHEME

31 December 2019



Independent auditor's report on the summary consolidated 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 17 to 20, which comprise the summary statement of financial position as at 31 December 2019 the summary statement 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 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the relevant Circular 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 Schemes 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 consolidated financial statements and the auditor's report thereon. A reportable irregularity has been identified and disclosed appropriately in the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 04 June 2020.

Trustees's Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the relevant Circular issued by the Council of Medical Schemes. .

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

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1996/012055/21, VAT reg.no. 4950174682.



INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF WITBANK COALFIELDS MEDICAL AID SCHEME

31 December 2019

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.
Director: Stephan Eicker
Registered Auditor
eMalahleni
25 June 2020

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

Chief Executive Officer: L S Machaba
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Reg. no. 1996/012055/21, VAT reg.no. 4950174682.

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF FINANCIAL POSITION
31 December 2019

	2019 R	2018 R
ASSETS		
NON-CURRENT ASSETS	461,057,806	459,162,507
Equipment and other assets	5,125,221	1,010,649
Right of use assets	54,581	-
Investment properties	15,041,861	9,754,675
Investments at fair value through other comprehensive income	440,836,143	448,397,183
	<hr/>	<hr/>
CURRENT ASSETS	296,847,329	278,191,177
	<hr/>	<hr/>
Trade and other receivables	17,703,752	17,383,793
Investments at fair value through other comprehensive income	240,620,636	227,430,148
Cash and cash equivalents	38,522,941	33,377,236
	<hr/>	<hr/>
TOTAL ASSETS	757,905,135	737,353,684
	<hr/>	<hr/>
FUNDS AND LIABILITIES		
MEMBERS' FUNDS	499,902,959	503,151,236
Accumulated funds	515,066,295	522,308,016
Revaluation reserve	(15,163,336)	(19,156,780)
	<hr/>	<hr/>
LONG TERM LIABILITIES	2,696,880	2,940,360
Post retirement medical aid benefit	2,696,880	2,940,360
	<hr/>	<hr/>
CURRENT LIABILITIES	255,305,296	231,262,088
Lease liabilities	57,327	-
Post retirement medical aid benefit	113,120	29,640
Outstanding claims provision	26,444,000	23,471,000
Personal medical savings account liabilities	199,859,865	178,696,345
Trade and other payables	28,830,984	28,241,103
	<hr/>	<hr/>
TOTAL FUNDS AND LIABILITIES	757,905,135	737,353,684
	<hr/>	<hr/>

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2019

	2019	2018
	R	R
Risk contribution income	401,872,825	356,168,949
Relevant healthcare expenditure	(401,927,340)	(359,473,585)
Net claims incurred	(403,265,065)	(361,366,081)
Risk claims incurred	(397,777,387)	(358,333,996)
Accredited managed care: management services	(6,022,817)	(5,404,964)
Third party claim recoveries	535,139	2,372,879
Net income / (expense) on risk transfer arrangement	1,337,725	1,892,496
Risk transfer arrangement fees	(45,337,491)	(42,560,989)
Recoveries from risk transfer arrangement	46,675,216	44,453,485
Gross healthcare result	(54,515)	(3,304,636)
Broker fees	(32,625)	(89,553)
Administration expenditure	(40,368,232)	(26,116,509)
Net impairment losses on healthcare receivables	(61,337)	(42,154)
Net healthcare result	(40,516,709)	(29,552,852)
Other income	48,114,298	45,235,987
Investment income	42,783,825	40,015,843
Rental income from investment property	4,694,473	4,544,829
Sundry income	636,000	675,315
Other expenditure	(21,652,885)	(15,821,356)
Asset management fees	(3,413,659)	(3,397,536)
Direct operating expenses incurred in the rental of investment property	(7,661,973)	(2,980,941)
Interest paid on savings accounts	(10,577,253)	(9,442,879)
Net surplus for the year	(14,055,296)	(138,221)
Other comprehensive income	10,815,006	(19,156,780)
Realised gain on disposal of fair value investments	6,821,562	7,482,064
Unrealised profit/(loss) on revaluation of investments	3,993,444	(26,638,844)
Total comprehensive surplus / (deficit) for the year	(3,240,290)	(19,295,001)

**SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF CHANGES IN FUNDS AND RESERVES**

31 December 2019

	OTHER RESERVES R	ACCUMULATED FUNDS R	TOTAL MEMBERS' FUNDS R
BALANCE AT 01 JANUARY 2018	-	522,446,237	522,446,237
Deficit for the year	-	(138,221)	(138,221)
Other comprehensive income	(19,156,780)	-	(19,156,780)
BALANCE AT 31 DECEMBER 2018	(19,156,780)	522,308,016	503,151,236
Opening balances as previously reported	(19,156,780)	522,308,016	503,151,236
Change in accounting policy: IFRS 16	-	(7,987)	(7,987)
RESTATED BALANCE AT 1 JANUARY 2019	(19,156,780)	522,300,029	503,143,249
Deficit for the year	-	(14,055,296)	(14,055,296)
Other comprehensive income	10,815,006		10,815,006
Realised profit on investments transferred to retained earnings	(6,821,562)	6,821,562	-
BALANCE AT 31 December 2019	(53,476,896)	515,066,295	499,902,959

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF CHANGES IN CASH FLOW
31 December 2019

	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from operations before working capital changes	(44,818,606)	(27,537,175)
Working capital changes:		
Movement in trade and other receivables	2,586,204	(16,128,157)
Movement in impairment losses	61,337	(64,629)
Movement in savings plan liability	21,163,520	18,959,709
Movement in provision for outstanding claims	2,973,000	6,989,000
Movement in provision for post retirement benefit	(160,000)	(457,223)
Movement in other payables	3,179,539	1,271,332
Cash generated from operations	(15,015,006)	(16,967,143)
Interest on savings balances	(10,577,253)	(9,442,879)
Net cash flow effect of operating activities	(25,592,259)	(26,410,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties	(5,751,525)	(107,544)
Additions to equipment and other assets	(5,016,348)	(460,559)
Proceeds on disposal of equipment	23,501	5,120
Purchase of investments at fair value through OCI	(47,814,442)	(19,761,729)
Proceeds on disposal of investments at fair value through other comprehensive income	53,000,000	-
Purchase of right-of-use assets	(148,148)	
Interest received on investments	35,532,626	31,885,811
Dividends received	7,244,119	8,127,351
Asset managers' fees	(3,413,659)	(3,397,536)
Net rentals received	(2,967,500)	1,563,888
Net cash flow effect of investing activities	30,688,624	17,854,802
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on lease liability	49,340	-
MOVEMENT IN CASH AND CASH EQUIVALENTS	5,145,705	(8,555,220)
Cash and cash equivalents at beginning of year	33,377,236	41,932,456
CASH AND CASH EQUIVALENTS AT END OF YEAR	38,522,941	33,377,236
Cash and cash equivalents comprise of:		
Scheme	38,522,941	33,377,236
	38,522,941	33,377,236

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT
COMPREHENSIVE OPTION
31 December 2019

RISK POOL	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI-BUTIONS	EXPENDI-TURE	SUR / (DEF)
ANGLO COAL	1876	102,920,192	73,014,709	29,905,483	71%	4,572	3,243	1,328
BUFFALO COAL	21	1,048,162	1,477,766	(429,604)	141%	4,159	5,864	(1,705)
GLENCORE OPERATIONS SA	1319	70,146,868	63,812,051	6,334,817	91%	4,432	4,032	400
INYOSI COAL	386	20,308,703	18,103,778	2,204,925	89%	4,384	3,908	476
KOORNFONTEIN	1	100,728	299,127	(198,399)	297%	8,394	24,927	(16,533)
MAFUBE	134	6,740,547	3,722,094	3,018,453	55%	4,192	2,315	1,877
MANTELLA	24	1,173,046	1,263,966	(90,920)	108%	4,073	4,389	(316)
MSOBO COAL	75	4,261,517	3,381,578	879,939	79%	4,735	3,757	978
OPTIMUM	0	(9,450)	(1,677)	(7,773)	18%	-	-	-
WITBANK CHAMBER	18	1,050,192	801,656	248,536	76%	4,862	3,711	1,151
SERITI COAL	1419	71,415,890	51,805,519	19,610,371	73%	4,194	3,042	1,152
STAFF	18	1,156,465	1,079,963	76,502	93%	5,354	5,000	354
TOTAL	5291	280,312,860	218,760,530	61,552,330	78%	4,415	3,445	969

SAVINGS POOL	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI-BUTIONS	EXPENDI-TURE	SUR / (DEF)
ANGLO COAL	1876	34,296,821	27,894,952	6,401,869	81%	1,523	1,239	284
BUFFALO COAL	21	349,387	267,019	82,368	76%	1,386	1,060	327
GLENCORE OPERATIONS SA	1319	23,374,095	18,853,704	4,520,391	81%	1,477	1,191	286
INYOSI COAL	386	6,769,568	5,282,371	1,487,197	78%	1,461	1,140	321
KOORNFONTEIN	1	33,576	30,230	3,346	90%	2,798	2,519	279
MAFUBE	134	2,246,849	1,588,825	658,024	71%	1,397	988	409
MANTELLA	24	391,015	329,822	61,193	84%	1,358	1,145	212
MSOBO COAL	75	1,420,506	1,068,496	352,010	75%	1,578	1,187	391
OPTIMUM	0	(3,150)	(1,342)	(1,808)	43%	-	-	-
WITBANK CHAMBER	18	350,064	398,137	(48,073)	114%	1,621	1,843	(223)
SERITI COAL	1419	23,787,976	18,665,643	5,122,333	78%	1,397	1,096	301
STAFF	18	385,488	414,174	(28,686)	107%	1,785	1,917	(133)
TOTAL	5291	93,402,195	74,792,031	18,610,164	80%	1,471	1,178	293

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

v - 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 2019

RISK POOL	NO OF MEM	CAWM MEMBERS				PER MEMBER PER MONTH			COMBINED PER MEMBER PER MONTH		
		CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI-BUTIONS	EXPENDITURE	SUR / (DEF)	CONTRI-BUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	664	30,502,422	62,491,579	(31,989,157)	205%	3,828	7,843	(4,015)	4,377	4,446	(68)
BUFFALO COAL	0	- √	-	-	0%	-	-	-	4,159	5,864	(1,705)
GLENCORE OPERATIONS SA	277	12,242,813	23,935,209	(11,692,396)	196%	3,683	7,201	(3,518)	4,302	4,582	(280)
INYOSI COAL	8	405,656	493,785	(88,129)	122%	4,226	5,144	(918)	4,381	3,933	448
KOORNFONTEIN	0	- √	-	-	0%	-	-	-	8,394	24,927	(16,533)
MAFUBE	0	- √	-	-	0%	-	-	-	4,192	2,315	1,877
MANTELLA	1	61,776	43,860	17,916	71%	5,148	3,655	1,493	4,116	4,359	(243)
MSOBO COAL	9	411,840	287,182	124,658	70%	3,813	2,659	1,154	4,636	3,640	997
OPTIMUM	0	- √	-	-	0%	-	-	-	-	-	-
WITBANK CHAMBER	48	1,834,953	5,986,685	(4,151,732)	326%	3,186	10,394	(7,208)	3,643	8,571	(4,928)
SERITI COAL	271	12,961,741	27,091,694	(14,129,953)	209%	3,986	8,331	(4,345)	4,161	3,890	270
STAFF	4	116,532	146,746	(30,214)	126%	2,428	3,057	(629)	4,822	4,647	175
TOTAL	1282	58,537,733 *	120,476,740	(61,939,007)	206%	3,805	7,831	(4,026)	4,296	4,301	(5)

SAVINGS POOL	NO OF MEM	CAWM MEMBERS				PER MEMBER PER MONTH			COMBINED PER MEMBER PER MONTH		
		CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI-BUTIONS	EXPENDITURE	SUR / (DEF)	CONTRI-BUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	661	10,165,972	9,142,169	1,023,803	90%	1,282	1,153	129	1,460	1,217	244
BUFFALO COAL	0	- √	-	-	0%	-	-	-	1,386	1,060	327
GLENCORE OPERATIONS SA	281	4,080,938	3,767,355	313,583	92%	1,210	1,117	93	1,430	1,178	252
INYOSI COAL	7	135,219	129,437	5,782	96%	1,610	1,541	69	1,464	1,148	317
KOORNFONTEIN	0	- √	-	-	0%	-	-	-	2,798	2,519	279
MAFUBE	0	- √	-	-	0%	-	-	-	1,397	988	409
MANTELLA	1	20,592	19,264	1,328	94%	1,716	1,605	111	1,372	1,164	208
MSOBO COAL	8	137,280	105,399	31,881	77%	1,430	1,098	332	1,564	1,179	385
OPTIMUM	0	- √	-	-	0%	-	-	-	-	-	-
WITBANK CHAMBER	50	611,651	622,150	(10,499)	102%	1,019	1,037	(17)	1,179	1,250	(72)
SERITI COAL	273	4,320,580	3,810,908	509,672	88%	1,319	1,163	156	1,384	1,107	277
STAFF	3	38,844	30,446	8,398	78%	1,079	846	233	1,684	1,764	(81)
TOTAL	1284	19,511,076 *	17,627,128	1,883,948	90%	1,266	1,144	122	1,431	1,171	260

SUMMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME UNIT PROFITABILITY REPORT

31 December 2019

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	96	3,327,626	2,453,187	874,439	74%	2,889	2,130	759
BUFFALO COAL	18	666,369	456,740	209,629	69%	3,085	2,115	971
MANTELLA TRADING	63	2,318,060	1,289,162	1,028,898	56%	3,066	1,705	1,361
STAFF	0	6,550	-	6,550	0%	-	-	-
TOTAL	177	6,318,605	4,199,089	2,119,516	66%	2,975	1,977	998

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	96	730,455	656,055	74,400	90%	634	569	65
BUFFALO COAL	18	146,276	103,269	43,007	71%	677	478	199
MANTELLA TRADING	63	508,843	462,070	46,773	91%	673	611	62
STAFF	0	1,439	65	1,374	5%	-	-	-
TOTAL	177	1,387,013	1,221,459	165,554	88%	653	575	78

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	73	2,471,836	785,907	1,685,929	32%	2,822	897	1,925
BUFFALO COAL	35	485,068	154,547	330,521	32%	1,155	368	787
MANTELLA TRADING	393	5,579,337	4,373,863	1,205,474	78%	1,183	927	256
STAFF	4	97,897	39,877	58,020	41%	2,040	831	1,209
TOTAL	112	8,634,138	5,354,194	3,279,944	62%	6,424	3,984	2,440

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	856	19,576,896	18,631,020	945,876	95%	1,906	1,814	92
INYOSI COAL	273	5,651,515	5,294,428	357,087	94%	1,725	1,616	109
MAFUBE	193	3,982,113	3,733,097	249,016	94%	1,719	1,612	108
SERITI COAL	872	18,858,966	17,678,944	1,180,022	94%	1,802	1,690	113
TOTAL	2194	48,069,490	45,337,489	2,732,001	94%	1,826	1,722	104

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



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