

WCMAS

Our members Our passion

Witbank Coalfields Medical Aid Scheme

2017 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 **83** 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 2017



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 83rd 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, 23 April 2018 at 13h00.

BY ORDER OF THE BOARD OF TRUSTEES

PRINCIPAL OFFICER

26 February 2018

AGENDA OF THE 83rd ANNUAL GENERAL MEETING

1. Notice of meeting
2. Minutes - Confirmation of the minutes of the 82nd annual general meeting held on 24 April 2017
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 2018 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 2017

The Board of Trustees present their report for the year ended 31 December 2017.

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">• 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">• 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">• Low cost option providing access to a network of service providers including hospitalisation in private hospitals 	<ul style="list-style-type: none">• 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.

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.

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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
2nd Floor South Wing
Emalahleni
WCMAS Building

P O Box 26
Emalahleni
1035

Principal Officer

R Booyens

Same address as scheme

Board of Trustee members

OA Maritz

M Dugmore

HG Schoeman

LS Lessing

Appointed 24.04.2017

Ms CD Logan-Delagey

MH Pearson

Appointed 24.04.2017

JA de Jager

JC de Carvalho

T Masike

A Nienaber

MP Barnes

Appointed 24.04.2017

S Viljoen

Appointed 24.04.2017

E Pretorius

Appointed 24.04.2017

E Lange

Resigned February 2017

GC Robbertse

Term expired April 2017

Audit committee

M Wenum (Chairperson)

GC Robbertse

AJ de Klerk (Vice-chairperson)

A Nienaber

MH Pearson

AD de Jager

OA Maritz

Investment committee

OA Maritz (Chairperson)

AJ Nienaber

NA Dickman

Disputes Committee

HA Ackermann

F Kruger

E Wiese

Remuneration committee

M Dugmore

C Logan-Delagey

T Masike

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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 scheme's 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 high cost medical cases with significant increases in pathology and supplementary services.

The scheme experienced a decline in membership as a result of the Exxaro group's withdrawal as reported in the prior year which was finalised on 31 December 2016. The scheme also welcomed two new employer groups to our association, namely, Buffalo Coal and Mantella Trading.

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 2018.

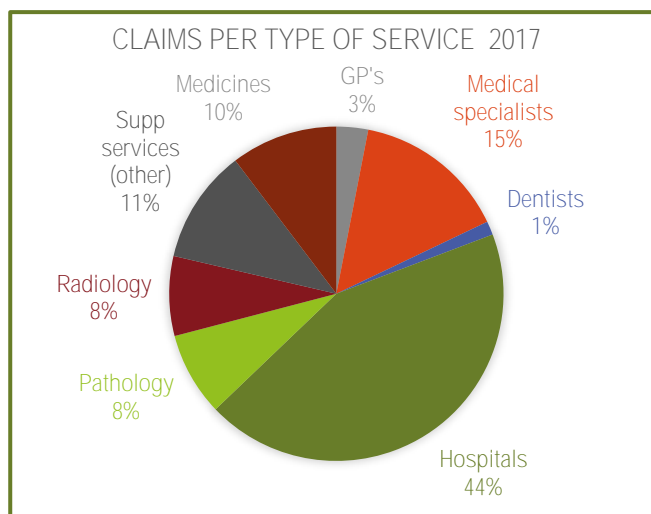
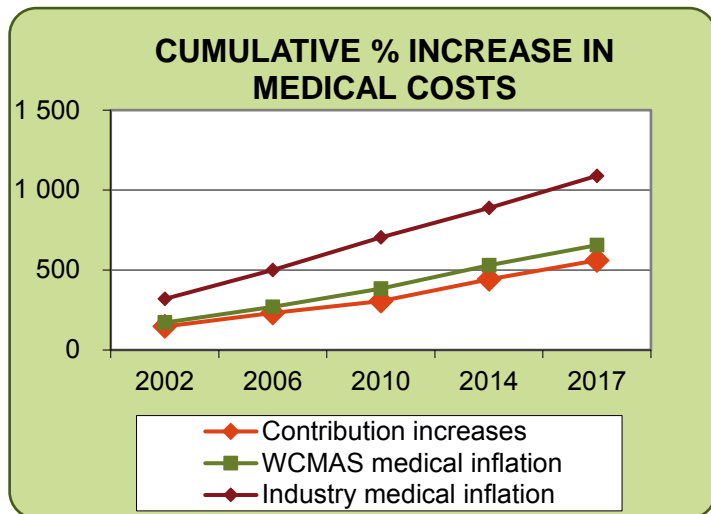
Active marketing is undertaken by the scheme to ensure that consistent and sustainable membership growth is achieved.

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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5.1 Operational overview (continued)



5.2 Solvency ratio

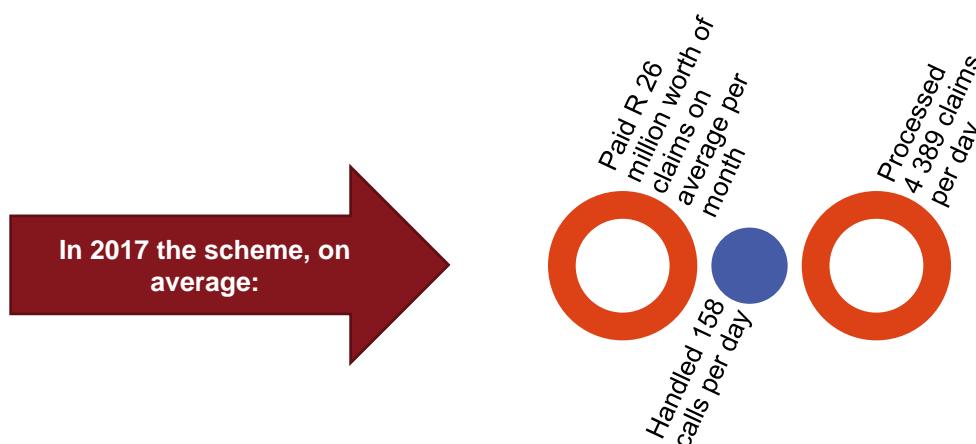
Accumulated funds ratio has increased by 9.8% for this period mainly as a result of the decline in membership and is still significantly over the minimum requirement of 25%.

	2017	2016
Total members' fund per statement of financial position	522 446 237	508 003 216
Less: Revaluation reserve	(33 502 390)	(31 265 141)
Less: cumulative gain on re-measurement to fair value through profit and loss investment	-	-
Accumulated funds per Regulation 29	488 943 847	476 738 075
Gross contributions (Note 12)	402 132 960	426 295 101
Accumulated funds ratio (= Accumulated funds / Gross annual contributions x 100)	121.6%	111.8%

5.3 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 2018 in respect of prior years.

5.4 Operational statistics



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5.4 Operational statistics (continued)

		Comprehensive	Yebomed	Midmas	Ntsika
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%	6.4%	
2016	Average number of members during the year*	6 987	2 407	-	-
	Number of members at 31 December	6 816	2 383	-	-
	Average number of beneficiaries during the year*	18 067	6 300	-	-
	Number of beneficiaries at 31 December	17 716	6 278	-	-
	Dependant ratio to members at 31 December	1.6	1.63	-	-
	Average age of beneficiaries	31.1	26.3	-	-
	Pensioner ratio	21.9%	0.0%	-	-
	Percentage of beneficiaries above 65 years of age	7.1%	0.2%	-	-
	Average risk contributions pmpm*	R 3 450	R 1 405	-	-
	Average risk contributions pbpm*	R 1 334	R 537	-	-
	Average relevant healthcare expenditure pmpm*	R 3 401	R 1 314	-	-
	Average relevant healthcare expenditure pbpm*	R 1 315	R 502	-	-
	Relevant healthcare expenditure as percentage of risk contributions	98.6%	93.5%	-	-
	Average non-health expenses pbpm*	R 103	R 35	-	-
Non-health expenses as % of risk contributions	7.7%	6.5%	-	-	

Legend: pmpm - per member per month pbpm - per beneficiary per month

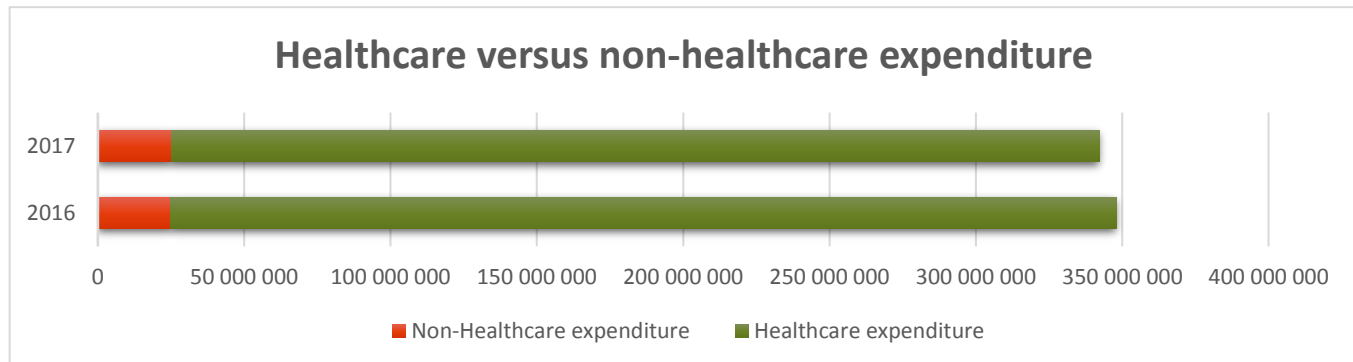
* Averages are calculated using the sum of the 12 months' actual membership divided by 12

Midmas & Ntsika options implemented from 1 January 2017, therefore no comparative information available

On average the scheme has R 57 720 (2016: R 51 825) accumulated funds per member and the scheme's average pensioner ratio is 5.2% (2016: 6.7%). The average age of beneficiaries for the scheme as a whole is 29.5 (2016: 29.8).

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5.4 Operational statistics (continued)



6. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

At a Board of Trustee meeting held on 29 January 2018, the trustees resolved to deregister the two dormant companies associated with the scheme, namely Mpumalanga Managed Healthcare (Pty) Ltd and Witbank Coalfields Investments (Pty) Ltd. These two companies have been dormant for more than 5 years and the scheme does not envisage making use of it in the foreseeable future.

7. 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.

8. 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:

8.1 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.

8.2 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.

8.3 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 and valuable investment returns that provide a layer of protection from large membership risk profile changes. The actuarial valuation on the scheme's options as performed by 3One Consulting Actuaries for 2018 confirmed the above.

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8.4 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 0.5% (2016:0.28%), in unrelated holding companies of administrators of 0.13% (2016: 0.64%) and in related listed employer groups of 0.44% (2016:0.7%) (Anglo American PLC 0.42%; Glencore PLC 0.02%) 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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WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES**

31 December 2017

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 25 to 56 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 20.

The Audit Committee functioned effectively throughout the year.

The financial statements were approved by the Board of Trustees on 26 February 2018 and were signed on their behalf by:



OA MARITZ
CHAIRPERSON



R BOOYENS
PRINCIPAL OFFICER



M DUGMORE
VICE-CHAIRPERSON

ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME CORPORATE GOVERNANCE STATEMENT

31 December 2017

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.

ETHICS

Ethics, according to the King IV definition, is considering what is good and right for the self and the other and can be expressed in terms of the golden rule, namely, to treat others as you would like to be treated yourself.

Ethics is considered at the highest priority by the scheme's Board, management and staff. We believe that acting honestly and fairly in all situations and circumstances plays a big role in our success over the last 82 years.

The scheme has the following arrangements in place to govern and manage ethics:

- All staff are required to adhere to a code of conduct that instils the Board and management's principles of respect, fairness, honesty, integrity, quality and professionalism;
- Staff are required to declare gifts of any value;
- All staff, Board and sub-committee members are subject to induction and on-the-job training;
- All staff, Board and sub-committee members, managed care organisations, brokers and other third party service providers are required to sign and adhere to confidentiality agreements and to set Service Levels;
- Board and sub-committee members are given an opportunity at every meeting to declare conflicts of interest and gifts;
- All queries and complaints from members are monitored by management to ensure that irregularities are detected on a timely basis;
- The scheme has stringent fraud policies in place and processes to prevent, detect and discipline any fraudulent activities. The Board also approved the pay-out of a reward to whistle blowers.

During the year under review, the scheme focused on updating its fraud policies and enforcing its code of conduct in a bid to keep tabs on ethics and integrity.

The scheme measures adherence to ethics and codes of conduct through:

- Bi-annual staff appraisals that take account not only performance but also conformance to Service Level Agreements;
- Biennial trustee and sub-committee performance reviews;
- Review and monitor of member and service provider complaints.

CORPORATE CITIZENSHIP

In terms of the King IV code on corporate governance, corporate citizenship is defined as the recognition that the scheme is an integral part of the broader society in which it operates, affording the organisation standing as a juristic person in that society with rights but also responsibilities and obligations. It is also the recognition that the broader society is the licensor of the scheme.

The scheme acknowledges its responsibility for being a responsible and ethical corporate citizen, and management and the trustees make decisions with this in mind.

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CORPORATE CITIZENSHIP (continued)

Stakeholder engagement

Stakeholder relationships are governed by contracts with the relevant parties where applicable and also by policies put in place to ensure that the scheme staff, management and Board are on par with the highest priority set to good stakeholder relationships. In this regard, the scheme enforces:

- Regular communication with all stakeholder groups;
- Adequate representation by major groups on the scheme's Board of Trustees;
- Queries are routed to the correct person with fast turnaround times and prompt resolution;
- Complaints received, from any stakeholder, is followed up on and escalated to management where necessary.

Responsible business practices

The scheme is committed to responsible business practices to ensure the future success and sustainability of the scheme. The following areas are of importance:

- The scheme employs competent, adequately trained staff to run and manage its day-to-day operations;
- We maintain the highest standards of ethics, honesty and integrity;
- The scheme takes into account the impact of its decisions on all relevant third parties.

During the period under review, the scheme worked extensively on its marketing and sustainability strategies to ensure that it remains relevant and the scheme of choice for existing and potential members.

Due to the scheme placing great value on its stakeholders and its corporate citizenship, extensive quality control procedures are in place along with staff and trustee performance reviews and monitoring of complaints and queries from key stakeholders.

PRINCIPAL OFFICER

The Principal Officer's duties and responsibilities are governed by her Service Level Agreement in addition to the Medical Schemes Act and the Scheme's Rules. She is contractually required to give the scheme 30 days' notice in the event of resigning, but sufficient succession planning is in place to ensure that the position will not be vacant for extended periods of time.

The Principal Officer is employed in an executive capacity and is employed on a full-time basis by the scheme. She does not hold other positions or memberships of other governing bodies outside the scheme.

GOVERNING BODY - BOARD OF TRUSTEES

The primary governing body of the scheme is the Board of Trustees. Even though they delegate some of their functions to other committees in an appropriate delegation of authority framework, they remain the primary decision maker and the party where the ultimate responsibility rests for the proper functioning of the scheme.

The Board of Trustees (BOT) has the appropriate balance of knowledge, skills, experience, diversity and independence to adequately manage the affairs of the medical scheme and its members. They are proposed and elected by the members of the scheme and participating employers and are governed by an agreed Terms of Reference. The BOT 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.

The BOT believes that the delegation of authority framework contributes to the role clarity and the effective exercise of authority and responsibilities of the Board's duties.

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Composition, experience and tenure of Board members

BOT member	Age	Professional positions	Highest qualification	Career Experience	Tenure
OA Maritz Chairperson: Anglo Appointee	45	Business Performance manager, Anglo American	CA(SA)	22 years	8 years
M Dugmore Vice-chair: Anglo Appointee	54	HR manager, Anglo American	B.Com, H.Dip.ED, LLB	33 years	8 years
HG Schoeman Glencore Appointee	55	Payroll manager, Glencore Coal	Senior certificate	36 years	15 years
S Viljoen Glencore Appointee	38	Group HR Manager, Glencore Coal	B-Tech degree - Human Resources and Labour relations Management	17 years	8 months
Ms CD Logan-Delagey Member elected	45	HR manager, Anglo American	B.Tech Human Resource Management, MDP	23 years	11 years
MH Pearson Member elected	48	Financial manager, Glencore Coal	B.Com Financial Management	27 years	8 months
JA de Jager Member elected	65	Retired principal officer of WCMAS	Business Administration, and Management	40 years	4 years
JC de Carvalho Member elected	66	Retired UASA sector manager	Telecommunications, Qualified Electrician	41 years	21 years
T Masike Member elected	54	HR Manager, Anglo American	BBA Degree	30 years	5 years
A Nienaber Co-opted: SACMA	55	Finance manager, Anglo American	B.Com Financial management	30 years	3 years
MP Barnes Co-opted: UASA	36	UASA union representative	Qualified Diesel Mechanic	14 years	8 months
TS Lessing Alternate: Glencore	57	HR manager, Glencore Coal	National Diploma in Personnel Management	36 years	8 months
E Pretorius Alternate: Glencore	26	Management accountant, Glencore Coal	B.Com Accounting	5 years	8 months
T Lewele Co-opted: NUM	38	NUM representative, Glencore Coal	Discipline and training short courses	12 years	8 months

Reasons for resignations

One of the union representatives, Mr. E Lange, resigned due to taking up alternative commitments during the year. Another member, Mr. GC Robbertse, retired.

Chairperson

The chairperson is one of the Anglo American appointees, but was elected as chairman by the Board of Trustees. His roles and responsibilities are outlined in the Medical Schemes Act and the Rules of the scheme.

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Performance evaluations

The Board of Trustees are evaluated through a biennial review process whereby they are required to complete a set of questions pertaining to their functioning and performance. These are reviewed by a review committee who consists of the chairman of each of the scheme's committees (BOT, Audit, Investment and Remuneration) where after feedback and remedial actions, if any, are given to the BOT.

In 2017, the last annual review process was conducted, where after, biennial reviews will take place in accordance with recommendation of King IV.

Overall, the Board and sub-committees were found to be fit and proper and functioning within their mandate. There were no remedial actions necessary as all members were found to be acting satisfactorily.

The governing body believes this process to be sufficient and efficient in evaluating its performance and motivating it to improve output.

Remuneration

As from 1 June 2012, Board and sub-committee members are compensated for their time, input and the responsibilities that they bear. To qualify for these fees committee members will need to have completed all the required training and orientation courses defined by the CMS and WCMAS rules. The King IV report on Corporate Governance was taken into account in drafting the policy for remuneration of committee members.

Board of Trustees (voting members only), Audit and Governance committee members, Investment and Remuneration committee members may be paid R 1 604 (2016: R1 506) per meeting fully attended up to a maximum of 12 per annum.

However, no fees will be paid for consulting service performed and not all trustee and committee members exercise their right to remuneration due to alternative arrangements with their employers.

Chairpersons of Committees may be paid R 2 405 (2016: R2 258) per meeting fully attended. This is also applicable to the acting chairman at any particular meeting

Committee members are paid travel costs at the standard AA rate for members who do not qualify for travel allowances through other institutions.

All remuneration paid to trustee and committee members are detailed in note 27 of the financial statements.

Trustee attendance

Member	Meetings	Member	Meetings
OA Maritz	10 of 11	T Masike	8 of 11
M Dugmore	10 of 11	A Nienaber [Co-opt]	9 of 11
HG Schoeman	11 of 11	MP Barnes [Co-opt]	5 of 7
S Viljoen	4 of 7	LS Lessing [A]	2 of 7
Ms CD Logan-Delagey	9 of 11	E Pretorius [A]	1 of 7
MH Pearson	5 of 7	E Lange [R]	1 of 1
JA de Jager	11 of 11	GC Robbertse [R]	2 of 4
JC de Carvalho	10 of 11	T Lewele [Co-Opt]	5 of 6

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

ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME CORPORATE GOVERNANCE STATEMENT

31 December 2017

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.

Composition, experience and tenure of committee members

BOT member	Age	Professional positions	Highest qualification	Career Experience	Tenure
M Wenum Chairperson: Anglo	47	Internal audit manager, Anglo American	N.Dip Cost and Management Accounting, MDP	28 years	12 years
AJ de Klerk Vice-chair	66	Retired internal auditor	B.Com MDP	26 years	5 years
AD de Jager WCMAS member	66	Retired payroll manager	Senior certificate	34 years	5 years
GC Robbertse WCMAS member	66	Retired project manager	Senior certificate	39 years	9 years
OA Maritz BOT chairperson	45	Business Performance manager, Anglo American	CA(SA)	22 years	3 years
MH Pearson BOT member	48	Financial manager, Glencore Coal	B.Com Financial Management	27 years	11 years
A Nienaber BOT member	55	Finance manager, Anglo American	B.Com Financial management	30 years	3 years

Committee attendance

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

WCMAS appointed Willis Towers Watson as their Investment advisors.

ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME CORPORATE GOVERNANCE STATEMENT

31 December 2017

Composition, experience and tenure of committee members

BOT member	Age	Professional positions	Highest qualification	Career Experience	Tenure
OA Maritz BOT chairperson	45	Business Performance manager, Anglo American	CA(SA)	22 years	3 years
A Nienaber BOT member	55	Finance manager, Anglo American	B.Com Financial management	30 years	3 years
NA Dickman External expert	51	Private practice	CA(SA)	23 years	5 years

Committee attendance

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

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.

Composition, experience and tenure of committee members

BOT member	Age	Professional positions	Qualifications	Career Experience	Tenure
M Dugmore Vice-chair: Anglo Appointee	54	HR manager, Anglo American	B.Com, H.Dip.ED, LLB	33 years	8 years
Ms CD Logan-Delagey Member elected	45	HR manager, Anglo American	B.Tech Human Resource Management, MDP	23 years	11 years
T Masike Member elected	54	HR Manager, Anglo American	BBA Degree	30 years	5 years

Committee attendance

Member	Meetings	Member	Meetings
M Dugmore	3 of 3	T Masike	3 of 3
Ms CD Logan-Delagey	3 of 3		

DISPUTES COMMITTEE

The disputes 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. The members are not members of the board of trustees and only meet when a dispute arises that necessitates their meeting.

There were no disputes during the year under review that necessitated the committee to meet.

ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME CORPORATE GOVERNANCE STATEMENT

31 December 2017

RISK MANAGEMENT

As with any business, the scheme is faced with inherent and business risks that need to be identified, mitigated and / or managed to ensure that the scheme can be sustainable.

The scheme's risk management processes include:

- Management identifying risks on a continual basis;
- Formal strategic planning processes;
- Management being charged with putting appropriate controls in place to mitigate risks;
- Quarterly review of risk assessments done by the Audit and Governance committee;
- Annual review of internal policies and procedures;
- Review of committee terms of reference at least every three years.

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.

The scheme monitors the effectiveness of controls and resultant deficiencies (if any):

- Monthly, quarterly, bi-annual and annual quality control processes;
- Internal audit governed by the Audit and Governance committee;
- Monthly BOT meetings where queries and complaints from members are addressed.

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.

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.

INFORMATION TECHNOLOGY

The scheme's information technology is managed in-house through a small dedicated IT department.

Proper system and program change controls exist and the procurement of technology is closely managed through annual budgets and monitoring adherence thereto.

IT staff are screened for adequate qualifications before employment. They are also subjected to vigorous interview processes and testing to ensure that they are suitably qualified to meet the scheme's IT requirements.

During the year under review, the IT function focused on the implementation of the new options and all system requirements in that regard. They also implemented many enhancements to the existing system and are investigating other technological advancements.

The systems of the scheme and its capabilities are continuously monitored by all levels of staff and enhancements or improvements done as and when necessary through a supervisor based approval process.

ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME REPORT FROM THE AUDIT AND GOVERNANCE COMMITTEE

31 December 2017

The Audit and Governance Committee oversees the scheme's financial reporting process on behalf of the Board of Trustees (BOT) in terms of a delegation of authority framework.

In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements and the related schedules in the Annual Report with scheme's management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The scheme discussed with the internal auditors and independent external auditor the overall scope and plans for their respective audits.

Independent external auditors

The Committee meets with the independent external auditor, with and without management present, to discuss the results of their examinations; their evaluations of the scheme's internal control, including internal control over financial reporting, and the overall quality of the scheme's financial reporting.

The Audit and Governance committee recognises the importance of maintaining the independence of the scheme's independent external auditor, both in fact and appearance. The committee, therefore, remains vigilant of any facts or circumstance that may arise that may cloud the auditor's independence and judgment and takes that into account in recommending re-engagement of the external auditor to the BOT.

Based on the above, the Audit committee has recommended to the BOT that PricewaterhouseCoopers Inc. (PWC) be retained as the auditors of Witbank Coalfields Medical Scheme for the 2017 financial year. The firm and the audit partner has been the scheme's external auditors since the 2013 financial year and the partner will not be rotated unless required by law or legislation due to the specialised nature of the industry that the scheme operates in and the loss of knowledge and experience that this will have to effect.

The members of the Audit and Governance Committee and the BOT believe that, due to PWC's knowledge of the scheme and of the medical scheme industry, it is in the best interests of the scheme to continue retention of the firm to serve as the scheme's Independent External Auditor. This decision has also been ratified by the Annual General Meeting of the scheme held on 24 April 2017.

Any non-audit services that the scheme may require is recommended for approval to the BOT by the committee as and when the need arises. During the year under review, the scheme did not require any non-audit services from the independent external auditors.

Internal audit

The internal audit function is performed by senior management of the scheme and independence is maintained through the review of audit work being performed by a non-executive member of the Audit and Governance committee.

The committee is satisfied with the workings of the internal audit function, with the results from the tests performed and with the member of management charged with the responsibilities of the Chief Audit Executive. The lack of dependence of the function is adequately mitigated through the external review by a non-executive and by the fact that no reliance is placed on the function by the external auditors.

Senior management

There has been no major changes senior management of the scheme since the change in Principal Officers in 2013.

The committee is confident that the Principal Officer and the senior management of the scheme are competent and suitably qualified to perform the duties entrusted to them.

**ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
REPORT FROM THE AUDIT AND GOVERNANCE COMMITTEE
31 December 2017**

Annual financial statements

The Committee reviewed and discussed together with management and the independent auditor the scheme's audited financial statements for the year ended December 31, 2017, and the results of management's assessment of the effectiveness of the scheme's internal control over financial reporting and the independent auditor's audit of internal control over financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Trustees, and the BOT has approved, that the audited financial statements and related schedules be included in the Annual Report for the year ended December 31, 2017.

Signed on behalf of the Audit and Governance committee on 26 February 2018 by:

A handwritten signature in black ink, appearing to be 'M Wenum', written over a horizontal line.

M WENUM
CHAIRPERSON: AUDIT AND GOVERNANCE COMMITTEE



Independent Auditor's Report

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 25 to 55, which comprise the statement of financial position as at 31 December 2017, and statement of profit or loss and other comprehensive income, statement of changes in funds and reserves and the statement of changes in 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 the Scheme as at 31 December 2017, 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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P O Box 500, River Crescent 1042
T: (013) 813 0600, F: (013) 813 0700, www.pwc.co.za*

Key audit matter	How our audit addressed the key audit matter
<p><i>Risk Transfer Arrangement</i></p> <p>Refer to Note 15 (page 43) of the financial statements. 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.</p> <p>A fixed fee was paid by Witbank Coalfields Medical Aid Scheme (“WCMAS”) to ACHH per beneficiary, in return ACHH provide 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 part of risk claims incurred (Note 13).</p> <p>Management used external actuaries (“management’s expert”) to perform a calculation on the risk transfer arrangement to determine the claims that Yebomed beneficiaries were expected to make in a fee for service environment given their demographic profile and the benefits available to them.</p> <p>The risk transfer arrangement was identified as a matter of most significance due to the assumptions used in the calculation of the cost that the scheme would have incurred had it not entered into the capitation agreement (disclosed as recoveries from risk transfer arrangements) and the magnitude of the recoveries amounting to R44 million.</p> <p>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 is therefore important to the users of the financial statements.</p>	<p>We evaluated the competence, capabilities, independence and objectivity of the management expert and obtained an understanding of their work. We inspected the company profile and curricula vitae of the individuals performing the valuation in order to assess their experience and competence.</p> <p>We evaluated the calculation of the cost under the risk transfer arrangement, and the assumptions used, by performing the following procedures:</p> <ul style="list-style-type: none"> • With the assistance of our internal actuarial experts, we assessed the methodology and the approach used and found it to be reasonable. • Our internal actuarial experts specifically considered the claims per beneficiary per month by comparing it to comparable benefit options in the market. Immaterial differences were noted. • On a sample basis, we tested membership numbers by inspecting supporting documentation (application and termination forms) for new members as well as member terminations. • We also tested the mathematical accuracy of the calculation.
<p><i>Outstanding claims provision</i></p> <p>The outstanding claims provision (“IBNR”) of R16.4 million at year-end as described in Note 9 (pages 40 and 41) to the financial statements, is a provision recognised for the estimated cost of healthcare benefits that have</p>	<p>We obtained an understanding from the Scheme’s management regarding the process to calculate the outstanding claims provision.</p> <p>To test the reasonableness of the Scheme’s</p>

been incurred prior to year-end but that were only reported to the Scheme after year-end.

As disclosed in the accounting policies, 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 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 2017 benefit year is 5.51% for Comprehensive option, 5.77% for Midmas option and 4.50% for Ntsika option as per management's calculation.

We identified this as a matter of most significance to the audit because of the uncertainty in the expected claims ratio assumed. A change in the expected claims ratio assumed can cause a material change to the amount of the provision.

estimation process, we compared actual claim results in the current year to the prior year provision and no material differences were noted.

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:

- We compared the method used with the prior year and found it to be consistent.
- We independently recalculated the expected claims ratio and agreed the data to the historical claims run statistics.
- To test the historical claim run statistics, we agreed the claim inputs to underlying source documentation for a sample of claims. Immaterial differences were noted.
- In addition, to assess the reasonability of the provision, we compared the actual claims for the month after year end to the claims assumptions applied in the provision calculation. Our testing did not indicate any material exceptions in the assumptions applied.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the *Witbank Coalfields Medical Aid Scheme Annual Report 31 December 2017* 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 trustees are responsible for assessing the Scheme 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 public interest benefits of such communication.

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.

PricewaterhouseCoopers Inc.

Director: Stephan Eicker

Registered Auditor

eMalaheni

23 March 2018

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF FINANCIAL POSITION
31 December 2017

	Notes	2017 R	2016 R
ASSETS			
NON-CURRENT ASSETS			
		371 135 416	465 719 766
Equipment and other assets	2	1 321 300	1 849 475
Investment properties	3	10 218 722	9 957 811
Available for sale investments	4	359 595 394	453 912 480
CURRENT ASSETS			
		358 750 451	248 383 285
Trade and other receivables	5	1 191 007	20 351 385
Investments		315 626 988	206 702 001
Personal medical savings account investment	6	-	155 196 199
Available for sale investments	4	315 626 988	51 505 802
Cash and cash equivalents	7	41 932 456	21 329 899
TOTAL ASSETS		729 885 867	714 103 051
FUNDS AND LIABILITIES			
MEMBERS' FUNDS			
		522 446 237	508 003 216
Accumulated funds	p27	488 943 847	476 738 075
Revaluation Reserve - Investments	p27	33 502 390	31 265 141
LONG TERM LIABILITIES			
		3 399 323	2 705 452
Post retirement medical aid benefit	8	3 399 323	2 705 452
CURRENT LIABILITIES			
		204 040 307	203 394 383
Post retirement medical aid benefit	8	27 900	25 548
Provision for leave pay		953 000	841 000
Outstanding claims provision	9	16 482 000	16 400 000
Personal medical savings account liability	10	159 736 636	155 196 199
Accounts payable	11	26 840 771	30 931 636
TOTAL FUNDS AND LIABILITIES		729 885 867	714 103 051

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2017

	Notes	2017 R	2016 R
Risk contribution income	12	312 508 637	329 865 950
Relevant healthcare expenditure		(312 205 466)	(323 113 092)
Net claims incurred		(317 297 894)	(323 113 092)
Risk claims incurred	13	(313 567 755)	(321 308 403)
Accredited managed care: management services	14	(4 631 966)	(3 572 932)
Third party claim recoveries		901 827	1 768 243
Net income / (expense) on risk transfer arrangement		5 092 428	-
Risk transfer arrangement fees	15	(39 501 594)	(37 950 322)
Recoveries from risk transfer arrangement	15	44 594 022	37 950 322
Gross healthcare result		303 171	6 752 858
Broker fees	16	(75 393)	(70 198)
Administration expenditure	17	(24 912 702)	(24 808 668)
Net impairment losses on healthcare receivables	18	2 727	(82 793)
Net healthcare result		(24 682 197)	(18 208 801)
Other income		55 281 438	51 216 416
Investment income	19	49 938 355	44 660 163
Scheme		49 938 355	33 053 214
Return on PMSA trust monies invested		-	11 606 949
Rental income from investment property		4 562 963	4 303 279
Sundry income	20	780 120	2 252 974
Other expenditure		(18 393 469)	(17 661 814)
Asset management fees		(3 024 571)	(3 229 600)
Scheme		(3 024 571)	(2 960 127)
PMSA trust monies invested		-	(269 473)
Direct operating expenses incurred in the rental of investment property		(3 492 408)	(3 094 738)
Interest paid on savings accounts	21	(11 876 490)	(11 337 476)
Net surplus for the year		12 205 772	15 345 801
Other comprehensive income	p27	2 237 249	465 603
Realised gain on disposal of available for sale investments		(9 013 642)	(5 704 159)
Unrealised (loss) / gain on revaluation of investments		11 250 891	6 169 762
Total comprehensive surplus / (deficit) for the year		14 443 021	15 811 404

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF CHANGES IN FUNDS AND RESERVES
31 December 2017

	REVALUATION RESERVE INVESTMENTS R	ACCUMULATED FUNDS R	MEMBERS' FUNDS R
BALANCE AT 31 DECEMBER 2015	30 799 538	461 392 274	492 191 812
Net surplus for the year	-	15 345 801	15 345 801
Other comprehensive income	465 603	-	465 603
BALANCE AT 31 DECEMBER 2016	31 265 141	476 738 075	508 003 216
Net surplus for the year	-	12 205 772	12 205 772
Other comprehensive income	2 237 249	-	2 237 249
BALANCE AT 31 December 2017	33 502 390	488 943 847	522 446 237

BALANCE AT 31 December 2017

Consisting of:

Comprehensive option	33 502 390	473 865 193	507 367 583
Midmas option	-	23 724	23 724
Ntsika option	-	466 764	466 764
Yebomed option		14 588 166	14 588 166
	33 502 390	488 943 847	522 446 237

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
STATEMENT OF CHANGES IN CASH FLOW
31 December 2017

	Notes	2017 R	2016 R
OPERATING ACTIVITIES			
Cash flows from operations before working capital changes	22	(22 247 389)	(14 484 506)
Working capital changes:			
Movement in trade and other receivables		19 301 157	(578 957)
Movement in impairment losses		(140 779)	(71 409)
Movement in savings plan liability		4 540 437	13 261 846
Movement in provision for outstanding claims		82 000	1 470 000
Movement in provision for post retirement benefit		696 223	(18 887)
Movement in other payables		(3 978 865)	4 516 757
Cash generated from operations		(1 747 216)	4 094 844
Interest received on PMSA trust monies		-	11 749 353
Interest on savings balances		(11 876 490)	(11 337 476)
Net cash flow effect of operating activities		(13 623 706)	4 506 721
INVESTING ACTIVITIES			
Additions to investment properties		(907 683)	(31 091)
Additions to equipment and other assets		(479 848)	(1 170 473)
Proceeds on disposal of equipment		4 841	6 500
Increase in investments		(12 370 652)	(47 207 485)
Proceeds on disposal of available for sale investments		9 013 642	5 561 755
Interest received on Scheme funds		35 267 281	21 111 130
Dividends received		5 652 698	6 278 277
Investment managers' fees		(3 024 571)	(3 229 600)
Net rentals received		1 070 555	1 208 541
Net cash flow effect of investing activities		34 226 263	(17 472 446)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		20 602 557	(12 965 725)
		21 329 899	34 295 624
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	41 932 456	21 329 899
Cash and cash equivalents comprise of:			
Scheme	7	41 932 456	21 329 899
		41 932 456	21 329 899

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1 PRINCIPAL ACCOUNTING POLICIES

The financial statements of the scheme comprise the scheme.

Accounting standards and guidance

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

Standards and interpretations effective for the first time

- * IAS 7 Introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities Effective 1 January 2017
- * IFRS 12 The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information Effective 1 January 2017

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

- * IAS 12 To clarify the requirements for recognising deferred tax assets on unrealised losses Effective 1 January 2017

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

- * IAS28 Regarding measuring an associate or joint venture at fair value Effective 1 January 2018
- * IAS40 These amendments clarify that to transfer to, or from, investment properties there must be a change in use Effective 1 January 2018
- * IFRS 1 Regarding the deletion of shortterm exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018. Effective 1 January 2018
- * IFRS 4 These amendments introduce two approaches: an overlay approach and a deferral approach Effective 1 January 2018
- * 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 obligations, which occurs when control of good or service transfers to a customer. Amendments were also made to the standard to clarify the guidance. Effective 1 January 2018
- * IFRIC 22 Addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. Effective 1 January 2018
- * IFRS 16 Lessees should be required to recognise assets and liabilities arising from all leases. Effective 1 January 2019
- * IFRS 17 IFRS 17 defines clear and consistent rules for insurance contracts that will significantly increase the comparability of financial statements Effective 1 January 2021

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 equity-settled awards that include a net settlement feature in respect of withholding taxes. Effective 1 January 2018
- * IFRIC23 Provides a framework to consider, recognise and measure the accounting impact of tax uncertainties Effective 1 January 2019
- * IFRS 10 Changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. Effective date postponed

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

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.

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1 PRINCIPAL ACCOUNTING POLICIES

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.

Subsequent to year end, the Board of Trustees resolved to deregister these two companies as they are and have been dormant for more than 5 years.

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 if it exists.

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.

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

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1 PRINCIPAL ACCOUNTING POLICIES

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 assets

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.

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.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially measured at fair value and subsequently measured at amortized cost.

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.

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.

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Impairment of financial assets (continued)

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.

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.

Financial liabilities

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

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.

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).

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1 PRINCIPAL ACCOUNTING POLICIES

Structured entities (continued)

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

The personal medical savings accounts, 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.

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.

Unspent savings at year end 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 scheme will assess the advances for impairment.

The personal medical savings accounts are invested in money market instruments and deposits held at call with banks in terms of the rules of the scheme. These monies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

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.

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.

Outstanding risk claims provision

Outstanding risk claims comprise provisions for the scheme's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date. Outstanding risk claims are determined as accurately as possible on the basis of 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.

Liabilities and related assets under liability adequacy test

The liability 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.

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.

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1 PRINCIPAL ACCOUNTING POLICIES

Post retirement medical aid benefits of WCMAS employees (continued)

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 2017 the Projected Unit Credit discounted cash flow method was used.

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

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 13 915 338 (2016: R 10 467 366).

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.

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.

Relevant healthcare expenditure

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

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.

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Risk transfer arrangements (continued)

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.

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, administration fees, broker fees, investment income and other income and expenditure.

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.

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

	Generator	Computer equipment	Office equipment	Motor vehicles	Total
	R	R	R	R	R
Year ended 31 December 2017					
<i>Cost</i>	758 238	3 489 502	1 564 349	138 161	5 950 250
At beginning of year	758 238	3 317 755	1 526 713	138 161	5 740 867
Additions	-	438 240	41 608	-	479 848
Disposals	-	(266 493)	(3 972)	-	(270 465)
<i>Accumulated depreciation</i>	(627 578)	(2 885 574)	(1 026 518)	(89 280)	(4 628 950)
At beginning of year	(570 847)	(2 480 273)	(751 292)	(88 980)	(3 891 392)
Depreciation charges	(56 731)	(671 687)	(279 198)	(300)	(1 007 916)
Accumulated depreciation on disposals	-	266 386	3 972	-	270 358
Carrying amount at end of year	130 660	603 928	537 831	48 881	1 321 300
Year ended 31 December 2016					
<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
Carrying amount at end of year	187 391	837 482	775 421	49 181	1 849 475

3 INVESTMENT PROPERTIES

	Land & Buildings	Partitioning, electrical & fittings	Lift	Airconditioners	Total
	R	R	R	R	R
Year ended 31 December 2017					
<i>Cost</i>	9 239 230	2 122 148	1 486 448	3 639 434	16 487 260
At beginning of year	9 189 663	2 122 148	1 486 448	3 079 128	15 877 387
Additions	49 567	-	-	858 116	907 683
Disposals	-	-	-	(297 810)	(297 810)
<i>Accumulated depreciation</i>	(1 647 474)	(2 004 598)	(260 130)	(2 356 336)	(6 268 538)
At beginning of year	(1 647 474)	(1 944 676)	(161 033)	(2 166 393)	(5 919 576)
Depreciation charges	-	(59 922)	(99 097)	(487 753)	(646 772)
Accumulated depreciation on disposals	-	-	-	297 810	297 810
Carrying amount at end of year	7 591 756	117 550	1 226 318	1 283 098	10 218 722
Year ended 31 December 2016					
<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
Carrying amount at end of year	7 542 189	177 472	1 325 415	912 735	9 957 811

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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, Emalahleni (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 (2016: R50 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 624 991 (2016: R 3 058 402) and which did not generate rental income amount to R 38 657 (2016:R 36 336).

	2017 R	2016 R
4 AVAILABLE FOR SALE INVESTMENTS		
Fair value at the beginning of the year	505 418 282	471 029 958
Additions and interest capitalised	167 566 851	33 922 721
Realised gain on disposal of available for sale investments / instruments	(9 013 642)	(5 704 159)
Unrealised (loss) / gain on revaluation of investments transferred directly to reserves	11 250 891	6 169 762
Fair value at the end of the year	<u>675 222 382</u>	<u>505 418 282</u>
Non-current	359 595 394	453 912 480
Current	315 626 988	51 505 802
Fair value at the end of the year	<u>675 222 382</u>	<u>505 418 282</u>
<i>The available for sale investments comprise of the following:</i>		
Segregated Multi Class Portfolio	164 059 793	299 640 853
Linked fund policies	195 535 501	154 271 527
Unlisted equities	100	100
Money market instruments	315 626 988	51 505 802
	<u>675 222 382</u>	<u>505 418 282</u>
<i>These underlying investments are as follows:</i>		
Cash	379 821 846	169 056 261
Interest bearing investments and investments in property	26 083 804	35 725 287
Interest bearing investments, including bonds	130 550 390	157 687 808
Listed equities	138 766 342	142 948 926
	<u>675 222 382</u>	<u>505 418 282</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 0.5% (2016:0.28%), in unrelated holding companies of administrators of 0.13% (2016: 0.64%) and in related listed employer groups of 0.44% (2016:0.7%) (Anglo American PLC 0.42%; Glencore PLC 0.02%) 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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	2017 R	2016 R
5 TRADE AND OTHER RECEIVABLES		
Insurance receivables		
Contributions outstanding	460 899	19 737 346
Recoveries from members	7 609	22 857
	<u>468 508</u>	<u>19 760 203</u>
Less: provision for impairment losses	(8 337)	(24 144)
Carrying amount beginning of the period	(24 144)	(25 157)
Reversal of provision	15 807	1 013
Service provider balances	<u>123 589</u>	<u>38 201</u>
	<u>583 760</u>	<u>19 774 260</u>
Non-insurance receivables		
Savings account advances (Note 10)	94 401	95 177
Saving plan recoveries	249 848	385 972
Less: provision for impairment losses	(180 757)	(305 729)
Carrying amount beginning of the period	(305 729)	(376 125)
Reversal of provision	124 972	70 396
Accounts paid in advance	134 506	134 980
Balances due by tenants	209 583	167 059
Electricity deposit	99 666	99 666
	<u>607 247</u>	<u>577 125</u>
Total insurance and other receivables	<u>1 191 007</u>	<u>20 351 385</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
Additional investments	-	1 863 011
Interest income	-	11 749 353
Realised gains / (losses)	-	(142 404)
Fees	-	(185 196)
Total medical savings account trust monies invested	<u>-</u>	<u>155 196 199</u>

In respect of 2016, the reconciliation above does not include investment managers' fees paid to Willis Towers Watson amounting to R 84 277 which was attributable to the trust account. The effective average interest rate in 2016 was 7.7% and the funds were available on demand.

A constitutional court judgment on 6 June 2017 found that Personal Medical Savings Account (PMSA) funds enter the scheme's bank account without being impressed by a trust or fiduciary relationship. Once paid into the scheme's bank account, it becomes assets of the scheme, regardless of whether a proportion is later allocated by the scheme to a PMSA. Consequently, there is no distinction between scheme and PMSA assets and all assets must be invested in accordance with the Medical Schemes Act and Regulations. There is no statutory requirement for assets arising from any unspent PMSA allocation to be invested separately. The judgment found that as PMSAs are not trust assets that medical schemes may keep interest accruing from PMSAs in its bank account.

The effect of the judgment on the annual financial statements is that the word "trust" is no longer required when referring to PMSA assets and liabilities and that as there is no longer a legal requirement to separately invest PMSA assets, no separate disclosure is required on the face of the Statement of Financial Position.

Accordingly, PMSA assets are now included in Available for Sale investments, note 4.

7 CASH AND CASH EQUIVALENTS

Scheme current accounts with bankers	41 932 456	21 329 899
Total as per cash flow statement	<u>41 932 456</u>	<u>21 329 899</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% (2016: 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:

	2017	2016
	R	R
Balance at the beginning of the year	2 731 000	2 749 887
Expenses in respect of the current year	696 223	(18 887)
Benefits paid	(25 728)	(21 846)
Service cost	162 000	150 000
Interest cost	306 000	218 000
Remeasurements	253 951	(365 041)
Closing post retirement medical aid benefit	3 427 223	2 731 000
Non-current liabilities	3 399 323	2 705 452
Current liabilities	27 900	25 548
Balance at end of year	3 427 223	2 731 000

R 721 951 (2016: R 4 945) 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 326 402 higher.

The five year summary of the post-employment healthcare benefits liability as at 31 December 2017 is as follows:

	2017	2016	2015	2014	2013
	R	R	R	R	R
Present value of liability	3 427 223	2 731 000	2 749 887	2 056 000	1 760 000
Actuarial loss / (gain)	253 951	(365 041)	(136)	20 936	371 879

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. The projections contained in the valuation was used for 2017.

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 (2016: 9%).

Salary inflation

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

Health care cost inflation:

It has been assumed that health care cost inflation will take place at a rate of 1.5% per annum (2016: 1.5%) in excess of price inflation, i.e 10.5% per annum (2016: 10.5%).

Discount rate

A rate of 11.2% per annum has been assumed (2016: 11.2%). 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
9 OUTSTANDING CLAIMS PROVISION		
2017		
Provision for outstanding claims	16 482 000	16 482 000
Analysis of movements in outstanding claims		
Balance at beginning of year	16 400 000	16 400 000
Payments in respect of prior year	(16 207 394)	(16 207 394)
(Under) /over provision in respect of prior year	192 606	192 606
Adjustment for current year	16 289 394	16 289 394
Provision at end of year	16 482 000	16 482 000
Analysis of outstanding claims provision		
Estimated gross claims	20 730 325	20 730 325
Less: estimated savings plan claims	(4 248 325)	(4 248 325)
Balance at end of year	16 482 000	16 482 000
2016		
Provision for outstanding claims	15 965 000	15 965 000
Analysis of movements in outstanding claims		
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
Analysis of outstanding claims provision		
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

The scheme does not carry any risk in terms of the capitation fee agreement, and hence did not make a provision for those claims under the IBNR provision.

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 2018.

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 2017 benefit year is 5.51% for Comprehensive option, 5.77% for Midmas option and 4.50% for Ntsika option (2016: 5.8% - Comprehensive option only).

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 2 693 899 (2016: R 2 807 467).

10 PERSONAL MEDICAL SAVINGS ACCOUNT LIABILITY

	2017 R	2016 R
Balance of PMSA liability at the beginning of the year	155 101 022	141 824 032
Add:		
Savings account contributions received	89 624 323	96 429 151
Transfers from other schemes in terms of Regulation 10(4)	624 641	870 365
Interest and other income earned on trust monies invested	11 876 490	11 606 949
Advances on savings account balances (Note 5)	94 401	95 177
Less:		
Transfers to other schemes in terms of Regulation 10(4)	(15 581 518)	(770 631)
Contributions payable to trust	3 963 419	(106 584)
Investment management fees incurred	-	(269 473)
Savings claims paid on behalf of members	(77 125 535)	(82 298 754)
Refunds on death or resignation in terms of Regulation 10(5)	(8 840 607)	(12 184 033)
Balance due to members on savings account balances in trust	<u>159 736 636</u>	<u>155 196 199</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.

Interest is paid in terms of the rules of the scheme on the personal medical savings account on a monthly basis, based on the effective interest method.

It is estimated that claims to be paid out of members' savings accounts in respect of claims incurred in 2017, not recorded, will amount to R 4 248 325 (Note 9).

Advances on personal medical savings accounts are funded by the scheme and are included in trade and other receivables (Note 5). The scheme does not charge interest on advances on PMSAs.

A constitutional court judgment on 6 June 2017 found that Personal Medical Savings Account (PMSA) funds enter the scheme's bank account without being impressed by a trust or fiduciary relationship. Once paid into the scheme's bank account, it becomes assets of the scheme, regardless of whether a proportion is later allocated by the scheme to a PMSA. Consequently, there is no distinction between scheme and PMSA assets and all assets must be invested in accordance with the Medical Schemes Act and Regulations. There is no statutory requirement for assets arising from any unspent PMSA allocation to be invested separately. The judgment found that as PMSAs are not trust assets that medical schemes may keep interest accruing from PMSAs in its bank account.

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2017
R

2016
R

10 PERSONAL MEDICAL SAVINGS ACCOUNT LIABILITY (continued)
The effect of the judgment on the annual financial statements is that the word "trust" is no longer required when referring to PMSA assets and liabilities and that as there is no longer a legal requirement to separately invest PMSA assets, no separate disclosure is required on the face of the Statement of Financial Position.

Accordingly, PMSA assets are now included in Available for Sale investments, note 4 and interest will be allocated to members with positive PMSA balances in accordance with the Rules of the scheme.

11 ACCOUNTS PAYABLE

Insurance payables

Reported claims not yet paid	21 005 153	21 200 524
Contributions in advance	2 947 841	2 803 368
Unknown deposits	-	7 141
Stale cheques	692 101	730 647
	24 645 095	24 741 680
Other payables		
Auditors' fees	336 343	469 004
Staff bonuses	392 000	383 000
Accruals	1 307 428	1 226 862
Contributions payable to savings account balances in trust	114 488	4 077 907
SARS - VAT	45 417	33 183
	2 195 676	6 189 956
Total insurance and other payables	26 840 771	30 931 636

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	402 132 960	426 295 101
Less: Savings contributions received	(89 624 323)	(96 429 151)
Risk contribution income per statement of comprehensive income	312 508 637	329 865 950

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	346 586 278	364 807 705
Movement in provision for outstanding claims	82 000	1 470 000
(Over) / Under provision in prior year	(192 606)	(1 897 405)
Adjustment for current year	274 606	3 367 405
Claims paid from personal medical savings accounts (Note 10)*	(77 125 535)	(82 298 754)
Discounts received	(569 010)	(620 870)
	268 973 733	283 358 081
Claims incurred in respect of risk transfer arrangements	44 594 022	37 950 322
Risk claims incurred	313 567 755	321 308 403

* 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.

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	2017 R	2016 R
13 RELEVANT HEALTHCARE EXPENDITURE (continued)		
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.		

14 ACCREDITED MANAGED CARE: MANAGEMENT SERVICES

Specialist, hospital referrals and pre-authorisation	1 946 525	1 887 234
Medical advisors	-	158 508
Pharmacy benefit management	706 721	770 355
Disease management	1 536 152	266 077
Oncology benefit management	442 568	490 758
	<u>4 631 966</u>	<u>3 572 932</u>

15 RISK TRANSFER ARRANGEMENT

Risk transfer arrangement fees	(39 501 594)	(37 950 322)
Recoveries from risk transfer arrangement	44 594 022	37 950 322
Net income / expense on risk transfer arrangement	<u>5 092 428</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. The scheme contracted actuaries to perform a valuation on capitation fee arrangement to determine whether it is in the members' best interest or not. To this end, they determined the claims that Yebomed beneficiaries were expected to make in a fee for service environment given their demographic profile and the benefits available to them. The following assumptions were used in determining the recovery from the arrangement:

- Generally lower claiming expectations for a healthy, low-income mining group
- Mining-specific health demands
- Higher primary health costs due to proximity of facilities and resulting ease of access

16 BROKER SERVICE FEES

Brokers' fees	75 393	70 198
	<u>75 393</u>	<u>70 198</u>

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	2017 R	2016 R
17 ADMINISTRATION EXPENDITURE		
Association fees	99 496	108 226
Auditors' remuneration	634 532	527 866
Audit services	611 632	518 772
Prior year under /(over) provision	22 800	2 344
Other	100	6 750
BOT remuneration and considerations (note 27)	108 574	118 658
Consulting fees	52 104	217 522
Depreciation of property, plant and equipment	1 007 916	898 347
Employment costs	15 273 551	13 515 117
Fidelity insurance	28 434	27 322
Medikredit administration fee	1 040 822	1 132 115
Other expenses (page 56)	4 282 134	4 811 338
Principal officer's conference and travel costs	35 803	27 528
Principal officer's remuneration	1 991 764	1 820 393
Professional indemnity insurance	42 000	42 000
Registrar's levies	285 950	313 020
Universal healthcare: administration costs	29 622	-
Unaccredited managed care	-	1 249 216
	24 912 702	24 808 668
18 NET IMPAIRMENT LOSSES		
Insurance receivables		
Contributions that are not collectable	(1 526)	2 498
Movement in provision (Note 5)	(3 955)	2 498
Recognised directly in profit or loss	2 429	-
Members' and service providers' portions not recoverable	585	(3 233)
Movement in provision (Note 5)	(11 852)	(3 511)
Recognised directly in profit or loss	12 437	278
Non-insurance receivables		
Advances to saving plan accounts that are not recoverable	4 685	84 690
Movement in provision (Note 5)	(124 975)	(70 396)
Recognised directly in profit or loss	129 660	155 086
Previously impairment losses recovered	(6 471)	(1 162)
	(2 727)	82 793
19 INVESTMENT INCOME		
Scheme		
Available for sale financial assets - dividend income	5 652 698	6 278 277
Available for sale financial assets - interest income	34 052 704	19 642 689
Cash and cash equivalents - interest income	1 214 577	1 468 441
(Loss) / Profit on sale of asset	4 734	(40 352)
Realised gain on sale of available for sale equity investments	9 013 642	5 704 159
Return on PMSA trust monies invested		
Interest income (refer note 10 for explanation on zero balance)	-	11 749 353
Realised loss on sale of PMSA trust monies	-	(142 404)
	49 938 355	44 660 163
20 SUNDRY INCOME		
Over utilisation levy	780 120	2 252 974

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	2017 R	2016 R
21 INTEREST PAID ON SAVINGS ACCOUNTS (Note 10)		
Interest paid	11 876 490	11 337 476
	<u>11 876 490</u>	<u>11 337 476</u>
Interest paid on credit balances based on the effective interest rate method.		
22 RECONCILIATION OF SURPLUS TO CASH GENERATED FROM OPERATIONS		
Surplus for the year	12 205 772	15 345 801
Adjustments for:		
Depreciation	1 654 688	1 471 321
Net investment income	(47 984 339)	(42 639 104)
Net finance costs	11 876 490	11 337 476
Cash from operations before working capital changes	<u>(22 247 389)</u>	<u>(14 484 506)</u>
23 ADMINISTRATION COSTS		
The overall net cost of administration and benefit management is calculated as follows:		
Broker fees (refer to note 16)	75 393	70 198
Administration expenses (refer note 17)	24 912 702	24 808 668
	<u>24 988 095</u>	<u>24 878 866</u>
Administration cost per member per month (members as at year end)	246.82	220.71
Administration cost as a % of gross contribution income	6.21%	5.84%
24 COMMITMENTS		
1. Capital expenditure budgeted but not committed	824 000	1 616 990
2. Operating lease :		
The future minimum lease payments under a non-cancellable contract:	438 426	98 984
The following 12 months	153 900	88 018
Greater than 1 year and less than 5 years	284 526	10 966
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 2017 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.

	Comp 2017 R	Midmas 2017 R	Ntsika 2017 R	Yebomed 2017 R	SCHEME 2017 R	Comp 2016 R	Midmas 2016 R	Ntsika 2016 R	Yebomed 2016 R	SCHEME 2016 R
Risk contribution income	268 517 030	572 749	1 172 408	42 246 450	312 508 637	289 287 457	-	-	40 578 493	329 865 950
Relevant healthcare expenditure	(271 550 572)	(514 941)	(638 359)	(39 501 594)	(312 205 466)	(285 162 770)	-	-	(37 950 322)	(323 113 092)
Net claims incurred	(271 550 572)	(514 941)	(638 359)	(44 594 022)	(317 297 894)	(285 162 770)	-	-	(37 950 322)	(323 113 092)
Risk claims incurred	(267 869 059)	(505 701)	(599 063)	(44 594 022)	(313 567 845)	(283 358 081)	-	-	(37 950 322)	(321 308 403)
Managed care: management services	(4 583 340)	(9 240)	(39 296)	-	(4 631 876)	(3 572 932)	-	-	-	(3 572 932)
Third party claim recoveries	901 827	-	-	-	901 827	1 768 243	-	-	-	1 768 243
Net income on risk transfer arrangement	-	-	-	5 092 428	5 092 428	-	-	-	-	-
Risk transfer arrangement premiums paid	-	-	-	(39 501 594)	(39 501 594)	-	-	-	(37 950 322)	(37 950 322)
Recoveries from risk transfer arrangements	-	-	-	44 594 022	44 594 022	-	-	-	37 950 322	37 950 322
Gross healthcare result	(3 033 542)	57 808	534 049	2 744 856	303 171	4 124 687	-	-	2 628 171	6 752 858
Broker fees	(74 466)	(236)	(691)	-	(75 393)	(70 198)	-	-	-	(70 198)
Administration expenses	(22 058 417)	(34 085)	(75 344)	(2 744 856)	(24 912 702)	(22 180 497)	-	-	(2 628 171)	(24 808 668)
Net impairment losses: Healthcare receivables	2 727	-	-	-	2 727	(82 793)	-	-	-	(82 793)
Net healthcare result	(25 163 698)	23 487	458 014	-	(24 682 197)	(18 208 801)	-	-	-	(18 208 801)
Other income	54 351 863	1 025	8 750	919 800	55 281 438	50 445 099	-	-	771 317	51 216 416
Investment income	49 008 780	1 025	8 750	919 800	49 938 355	43 888 846	-	-	771 317	44 660 163
Income from use of own facilities by external parties	4 562 963	-	-	-	4 562 963	4 303 279	-	-	-	4 303 279
Sundry income	780 120	-	-	-	780 120	2 252 974	-	-	-	2 252 974
Other expenditure	(18 392 681)	(788)	-	-	(18 393 469)	(17 661 814)	-	-	-	(17 661 814)
Asset management fees	(3 024 571)	-	-	-	(3 024 571)	(3 229 600)	-	-	-	(3 229 600)
Cost incurred in provision of own facilities to external parties	(3 492 408)	-	-	-	(3 492 408)	(3 094 738)	-	-	-	(3 094 738)
Net interest paid on savings accounts	(11 875 702)	(788)	-	-	(11 876 490)	(11 337 476)	-	-	-	(11 337 476)
Net surplus / (deficit) for the year	10 795 484	23 724	466 764	919 800	12 205 772	14 574 484	-	-	771 317	15 345 801
Other comprehensive income	2 237 249	-	-	-	2 237 249	465 603	-	-	-	465 603
Realised gain on disposal: available for sale investment	(9 013 642)	-	-	-	(9 013 642)	(5 704 159)	-	-	-	(5 704 159)
Fair value adjustment: available for sale investment	11 250 891	-	-	-	11 250 891	6 169 762	-	-	-	6 169 762
Total comprehensive surplus/(deficit) for the year	13 032 733	23 724	466 764	919 800	14 443 021	15 040 087	-	-	771 317	15 811 404
Number of members at year end	6 060	24	52	2 335	8 471	6 816	-	-	2 383	9 199

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 Board of Trustees believe that the scheme continues to be adequately priced to meet claims expenditure and benefit obligations. The scheme has excess reserves and valuable investment returns that provide a layer of protection from large membership risk profile changes. The actuarial valuation on the scheme's options as performed by 3One Consulting Actuaries for 2018 confirmed the above.

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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
2017								
Board of Trustees								
Barnes, MP	-	-	-	-	-	1 167	1 167	1 167
De Carvalho, JC	17 546	-	-	-	17 546	1 167	1 167	18 713
De Jager, JA	19 052	-	462	-	19 514	1 167	1 167	20 681
Dugmore, M (A)	-	-	-	-	-	1 167	1 167	1 167
Lessing, TS	-	-	-	-	-	1 167	1 167	1 167
Lewele, T	-	-	-	-	-	-	-	-
Logan-Delagey, CD	-	-	-	-	-	1 167	1 167	1 167
Maritz, OA	-	-	-	11 023	11 023	11 162	11 162	22 185
Masike, T	-	-	-	-	-	1 167	1 167	1 167
Nienaber, A	-	-	-	-	-	1 167	1 167	1 167
Pearson, MH	-	-	-	-	-	1 167	1 167	1 167
Pretorius, E	-	-	-	-	-	-	-	-
Robbertse, GC	-	-	-	-	-	-	-	-
Schoeman, HG	-	-	-	-	-	1 167	1 167	1 167
Van der Merwe, C	-	-	-	-	-	-	-	-
Viljoen, S	-	-	-	-	-	1 167	1 167	1 167
	36 598	-	462	11 023	48 083	23 999	23 999	72 082
Audit & Governance								
De Jager, AD	6 318	-	139	-	6 457	1 167	1 167	7 624
De Klerk, AJ	9 526	-	3 886	-	13 412	1 166	1 166	14 578
Robbertse, GC	6 318	-	131	-	6 449	-	-	6 449
Wenum, M	-	-	-	-	-	1 166	1 166	1 166
	22 162	-	4 156	-	26 318	3 499	3 499	29 817
Investment committee								
Dickman, N	-	6 675	-	-	6 675	-	-	6 675
Total	58 760	6 675	4 618	11 023	81 076	27 498	27 498	108 574

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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
2016								
Board of Trustees								
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
Audit & Governance								
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
Investment committee								
Dickman, N	-	4 005	-	-	4 005	-	-	4 005
	-	4 005	-	-	4 005	-	-	4 005
Total	71 693	4 005	3 992	19 178	98 868	19 790	19 790	118 658

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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. Subsequent to year end, both the companies will be deregistered as per a decision taken by the Board of Trustees. Please refer to the Board of Trustees report for more information.

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.	2017 R	2016 R
Transactions and balances of these members:		
Gross contributions received	767 328	576 508
Claims incurred from the PMSA	193 801	138 058
Claims incurred by the scheme	598 383	334 784
Principal officer remuneration	1 991 764	1 820 393
Principal Officer: Travel, accommodation and conferences	35 803	27 528
BOT Meeting and travel fees (note 27)	108 574	118 658
Savings account balances in trust	122 421	26 338
Post retirement liability attributable to Principal Officer	200 952	118 906
Purchases at arms' length: BM Booyens t/a Surebrick (BOT approved)	423 470	47 350

Employer groups

Detail of all employer groups are disclosed on pages 57 to 64. Anglo Operations Limited (an employer group) has leased office space from the Scheme from 1 January 2011 up to 31 December 2016 when their contract expired.

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 (All options excluding Yebomed)

Age group	No of memb	In-hospital		Chronic		Day to day		Total
		PMB	Non-PMB	PMB	Non-PMB	PMB	Non-PMB	
2017								
<24	154	11 920 365	7 536 628	1 041 020	790 214	7 248 009	8 682 185	37 218 421
25-34	1 462	11 186 559	3 229 915	786 143	752 023	6 782 837	6 683 235	29 420 712
35-49	2 296	15 531 367	7 586 613	4 311 965	2 097 004	12 731 704	13 378 275	55 636 929
50-64	1 399	25 120 056	10 838 795	6 938 476	2 890 008	17 451 980	15 445 636	78 684 951
65>	825	21 910 681	8 795 530	5 375 133	2 364 035	15 689 640	14 293 859	68 428 879
Total	6 136	85 669 028	37 987 482	18 452 737	8 893 284	59 904 170	58 483 190	269 389 891
2016								
<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
Total	6 816	14 448 093	110 345 302	24 195 115	10 013 661	60 487 192	61 257 326	280 746 689

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.

	2017		2016	
	Risk pool	MSA pool	Risk pool	MSA pool
Cash and cash equivalents	41 932 456	159 736 636	21 329 899	155 196 199
Less: Current liabilities	(44 303 671)	(159 736 636)	(48 198 184)	(155 196 199)
Net cash and cash equivalents	(2 371 215)	-	(26 868 285)	-
Members' Funds	488 943 847		476 738 075	
Net cash and cash equivalents to members' funds	-0.5%		-5.6%	

Categories of financial instruments

		2017	2016
Financial assets		718 345 845	702 295 765
Available for sale investments	(Note 4)	675 222 382	505 418 282
Insurance receivables	(Note 5)	583 760	19 774 260
Non-insurance receivables	(Note 5)	607 247	577 125
Investment of PMSA trust monies	(Note 6)	-	155 196 199
Cash and cash equivalents	(Note 7)	41 932 456	21 329 899
Financial liabilities		203 059 407	202 527 835
Outstanding claims provision	(Note 9)	16 482 000	16 400 000
Savings plan liability	(Note 10)	159 736 636	155 196 199
Trade and other payables	(Note 11)	2 195 676	6 189 956
Insurance liabilities	(Note 11)	24 645 095	24 741 680

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
As at 31 December 2017					
Investments in equities, unit trusts & linked fund policies	359 595	-	-	-	359 595
Money market instruments	315 627	-	-	-	315 627
Cash and cash equivalents	-	41 932	-	-	41 932
Trade and other receivables	-	607	-	584	1 191
Trade and other payables	-	-	(2 196)	(24 645)	(26 841)
Savings plan liability	-	-	(159 737)	-	(159 737)
	675 222	42 540	(161 932)	(24 061)	531 768

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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
As at 31 December 2016					
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)	(24 741)	(30 931)
Savings plan liability	-	-	(155 196)	-	(155 196)
	505 418	21 907	(161 386)	(4 967)	360 972

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
As at 31 December 2017						
Accounts receivable	-	-	-	-	1 191	1 191
Available for sale investments	-	675 222	-	-	-	675 222
Cash and cash equivalents	41 932	-	-	-	-	41 932
TOTAL	41 932	675 222	-	-	1 191	718 346
As at 31 December 2016	R'000	R'000	R'000	R'000	R'000	R'000
Accounts receivable	-	-	-	-	20 352	20 352
Available for sale investments	-	505 418	-	-	-	505 418
Cash and cash equivalents	21 330	-	-	-	-	21 330
TOTAL	21 330	505 418	-	-	20 352	547 100

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 7.1 million (2016: R 5.3 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 7.1 million (2016: R5.3 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 20 million (2016: R14.7 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
2017				
Insurance receivables				
Contributions outstanding	460 899	450 234	10 665	-
Recoveries from members	7 609	3 567	(4 295)	8 337
Service provider balances	123 589	122 386	1 203	-
Provision for impairment losses	(8 337)	-	-	(8 337)
	583 760	576 187	7 573	-
Non-insurance receivables				
MSA recoveries (members)	249 848	2 719	66 372	180 757
Provision for impairment losses	(180 757)	-	-	(180 757)
Accounts paid in advance	134 506	134 506	-	-
Balances due by tenants	209 583	209 583	-	-
Savings account advances	94 401	37 401	57 000	-
Electricity deposit	99 666	99 666	-	-
	607 247	483 875	123 372	-
Ageing of Past due receivables				
	30 Days	60 Days	90 Days	120+ Days
Insurance receivables				
Contributions outstanding	9 459	1 017	109	80
Recoveries from members	(4 295)	-	-	-
Service provider balances	311	307	-	585
	5 475	1 324	109	665
Non-insurance receivables				
MSA recoveries (members)	17 772	1 581	24 363	22 656
Balances due by tenants	-	-	-	-
Savings account advances	4 928	23 554	28 518	-
	22 700	25 135	52 881	22 656
	Total	Fully Performing	Past due not impaired	Impaired
2016				
Insurance receivables				
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)
	19 774 260	19 732 765	41 495	-

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30 FINANCIAL RISK MANAGEMENT (continued)

	Total	Fully Performing	Past due not impaired	Impaired
2016				
Non-insurance receivables				
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	-	-
	577 125	329 600	247 525	-
Ageing of Past due receivables				
	30 Days	60 Days	90 Days	120+ Days
Insurance receivables				
Contributions outstanding	10 579	4 510	4 336	1 550
Recoveries from members	6 974	718	-	-
Service provider balances	463	-	12 365	-
	18 016	5 228	16 701	1 550
Non-insurance receivables				
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	-
	86 494	100 563	52 113	8 355

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:

	Member subscription and members' portion debtors	Member MSA debtors	Service provider debtors	Total
Balance as at 1 January 2016	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)
Balance as at 31 December 2016	11 907	305 728	12 238	329 873
Increase in provision for impairment	385	-	-	385
Amounts utilised	(3 955)	(124 971)	(12 238)	(141 164)
Balance as at 31 December 2017	8 337	180 757	-	189 094

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

	2017		2016	
	Amount	% of total	Amount	% of total
Current accounts				
Nedbank Ltd	41 932 456	100.0%	21 329 899	100.0%
Money Market Available for Sale investments				
ABSA Bank Ltd	61 408 712	19.7%	9 698 543	22.1%
Firststrand Bank	62 789 497	20.2%	11 511 547	26.2%
Investec Bank Ltd	17 515 691	5.6%	2 621 645	6.0%
Nedbank Ltd	93 235 699	30.0%	9 116 527	20.8%
Other	-	0.0%	1 091 923	2.5%
Standard Bank of SA Ltd	76 062 449	24.5%	9 822 156	22.4%
	311 012 048	100.0%	43 862 341	100.0%
Cash included in non-current Available for sale investments	68 809 798		125 193 920	
	421 754 302		190 386 160	

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	< 1 month R	2 - 3 months R	3 - 9 months R	9 - 12 months R	>1 year R
2017						
Financial liabilities						
Members' savings accounts	159 736 635	157 922 183	495 109	1 319 343	-	-
Trade & other payables	27 793 771	26 922 411	178 164	115 951	95 152	482 093
Outstanding claims provision	16 482 000	13 720 892	1 941 246	618 249	201 613	-
	204 012 406	198 565 486	2 614 519	2 053 543	296 765	482 093
2016						
Financial liabilities						
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	-
	206 099 835	203 088 459	886 857	821 196	480 400	822 923

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
2017			
Available for sale financial assets			
- Segregated Multi Asset class	163 977 863	82 030	-
- Linked Fund Policies	194 965 545	569 856	-
- Money Market	315 626 988	-	-
Unlisted equity	-	-	100
Fair value at the end of the year	674 570 396	651 886	100
2016			
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 investments	-	-	100
Fair value at the end of the year	504 368 548	1 049 634	100

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 (2016: R 50 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	1 184 435 106	165 282 289	13.95%
Investec Stable Money Market	1 376 103 711	161 947 153	11.77%
Prudential Medical Scheme Policy	1 175 952 423	30 253 212	2.57%

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

	2017 R	2016 R
Annual general meeting and committee meetings	29 931	29 645
Bank charges	228 514	232 141
Computer expenses	821 805	1 039 706
Debt collection fees	33 639	25 181
Insurance	113 560	165 728
Marketing costs	2 111 020	2 128 253
MVA collection costs	185 043	331 989
Operating leases - office equipment	126 018	110 368
Other levies	20 832	22 440
Repairs and maintenance	75 647	40 056
Stationery and printing	251 716	312 655
Telephone, postage and fax	256 808	341 851
Travel, accommodation & conferences	27 601	31 325
	4 282 134	4 811 338

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WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - RISK POOL
YEBOMED OPTION
31 December 2017

YEBOMED OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL								
ANGLO COAL SHARED SERV	99	1 957 098	1 836 432	120 666	94%	1 647	1 546	102
GOEDEHOOP	237	4 411 809	4 095 133	316 676	93%	1 551	1 440	111
GREENSIDE	148	2 443 360	2 283 090	160 270	93%	1 376	1 286	90
ISIBONELO COLLIERY	48	916 010	859 140	56 870	94%	1 590	1 492	99
KLEINKOPJE	263	4 615 111	4 342 398	272 713	94%	1 462	1 376	86
LANDAU	191	4 281 433	4 027 789	253 644	94%	1 868	1 757	111
NEW DENMARK	257	4 327 766	4 027 712	300 054	93%	1 403	1 306	97
NEW VAAL	536	9 638 559	9 024 627	613 932	94%	1 499	1 403	95
TOTAL	1779	32 591 146	30 496 321	2 094 825	94%	1 527	1 429	98
INYOSI COAL								
KRIEL	87	1 437 752	1 334 327	103 425	93%	1 377	1 278	99
ZIBULU	282	4 941 075	4 607 562	333 513	93%	1 460	1 362	99
TOTAL	369	6 378 827	5 941 889	436 938	93%	1 441	1 342	99
MAFUBE	187	3 276 477	3 063 384	213 093	93%	1 460	1 365	95
TOTAL	2335	42 246 450 *	39 501 594 *	2 744 856	94%	1 508	1 410	98

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

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - RISK POOL
COMPREHENSIVE OPTION
31 December 2017

COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SURPLUS (DEFICIT)
ANGLO COAL								
ANGLO COAL SHARED SERV	444	20 453 876	15 451 304	5 002 572	76%	3 839	2 900	939
GOEDEHOOP	569	25 966 137	17 563 424	8 402 713	68%	3 803	2 572	1 231
GREENSIDE	260	11 615 761	10 198 434	1 417 327	88%	3 723	3 269	454
ISIBONELO	217	9 886 463	5 215 882	4 670 581	53%	3 797	2 003	1 794
NEW DENMARK	392	17 633 720	13 018 675	4 615 045	74%	3 749	2 768	981
NEW VAAL	358	17 366 256	13 978 155	3 388 101	80%	4 042	3 254	789
S.A.C.E.	385	18 654 999	14 007 209	4 647 790	75%	4 038	3 032	1 006
MBS	0	-	-	-	0%	-	-	-
TOTAL	2625	121 577 212	89 433 083	32 144 129	74%	3 860	2 839	1 020
INYOSI COAL								
KRIEL	318	14 372 983	8 051 022	6 321 961	56%	3 767	2 110	1 657
ZIBULU	335	15 396 453	11 439 380	3 957 073	74%	3 830	2 846	984
TOTAL	653	29 769 436	19 490 402	10 279 034	65%	3 799	2 487	1 312
EXXARO								
ARNOT	0	-	427 038	(427 038)	0%	-	-	-
NORTH BLOCK COMPLEX	0	-	21 940	(21 940)	0%	-	-	-
MATLA	0	-	1 461 359	(1 461 359)	0%	-	-	-
NEW CLYDESDALE	0	-	-	-	0%	-	-	-
TOTAL	0	-	1 910 337	(1 910 337)	0%	-	-	-
GLENCORE OPERATIONS SA								
ARTHUR TAYLOR	306	13 830 367	12 771 601	1 058 766	92%	3 766	3 478	288
GOEDGEVONDEN	283	12 989 924	10 553 724	2 436 200	81%	3 825	3 108	717
KOORNFONTEIN	2	112 320	122 845	(10 525)	109%	4 680	5 119	(439)
OPTIMUM	1	68 256	17 626	50 630	26%	5 688	1 469	4 219
PHOENIX	0	-	-	-	0%	-	-	-
SHANDUKA	22	1 067 322	446 319	621 003	42%	4 043	1 691	2 352
SPRINGLAKE	0	51 984	11 458	40 526	22%	-	-	-
SPITZKOP	0	-	-	-	0%	-	-	-
HEAD OFFICE	149	7 347 713	5 434 683	1 913 030	74%	4 109	3 040	1 070
TAVISTOCK	0	-	-	-	0%	-	-	-
TCS	120	4 867 214	3 263 288	1 603 926	67%	3 380	2 266	1 114
TWEEFONTEIN	390	16 852 518	11 407 555	5 444 963	68%	3 601	2 438	1 163
TOTAL	1273	57 187 618	44 029 099	13 158 519	77%	3 744	2 882	861
MAFUBE	117	5 499 482	2 793 174	2 706 308	51%	3 917	1 989	1 928
BUFFALO COAL	10	105 642	34 558	71 084	33%	880	288	592
WITBANK CHAMBER	20	1 133 473	1 314 078	(180 605)	116%	4 723	5 475	(753)
STAFF	20	880 770	395 763	485 007	45%	3 670	1 649	2 021
MSOBO COAL	55	2 550 314	2 819 882	(269 568)	111%	3 864	4 273	(408)
TOTAL	4773	218 703 947 *	162 220 376	56 483 571	74%	3 818	2 832	986

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

√ - The unit had no members during the year due to the group resigning effectively 31 December 2016. However, some claims were still received and payment in respect of them during the year.

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WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - RISK POOL
COMPREHENSIVE OPTION
31 December 2017

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)
164	6 927 644	11 510 880	(4 583 236)	166%	3 520	5 849	(2 329)	3 753	3 695	57
175	6 882 751	13 377 578	(6 494 827)	194%	3 278	6 370	(3 093)	3 679	3 466	214
95	3 635 855	9 931 468	(6 295 613)	273%	3 189	8 712	(5 522)	3 580	4 725	(1 145)
16	532 766	430 624	102 142	81%	2 775	2 243	532	3 726	2 019	1 707
80	3 334 070	6 531 078	(3 197 008)	196%	3 473	6 803	(3 330)	3 702	3 452	250
93	3 864 913	10 097 790	(6 232 877)	261%	3 463	9 048	(5 585)	3 923	4 449	(526)
217	8 163 397	15 890 421	(7 727 024)	195%	3 135	6 102	(2 967)	3 712	4 139	(426)
10	303 218	899 146	(595 928)	297%	2 527	7 493	(4 966)	2 527	7 493	(4 966)
850	33 644 614	68 668 985	(35 024 371)	204%	3 298	6 732	(3 434)	3 722	3 791	(69)
95	3 534 233	4 808 135	(1 273 902)	136%	3 100	4 218	(1 117)	3 613	2 595	1 019
6	248 319	184 379	63 940	74%	3 449	2 561	888	3 823	2 841	983
101	3 782 552	4 992 514	(1 209 962)	132%	3 121	4 119	(998)	3 708	2 706	1 002
0	-	134 043 v	(134 043)	0%	-	-	-	-	-	-
0	-	1 000 v	(1 000)	0%	-	-	-	-	-	-
0	-	585 008 v	(585 008)	0%	-	-	-	-	-	-
0	-	- v	-	0%	-	-	-	-	-	-
0	-	720 051	(720 051)	0%	-	-	-	-	-	-
19	713 085	2 167 624	(1 454 539)	304%	3 128	9 507	(6 380)	3 729	3 831	(101)
1	52 272	21 570	30 702	41%	4 356	1 798	2 559	3 827	3 103	724
0	-	-	-	0%	-	-	-	4 680	5 119	(439)
0	-	-	-	0%	-	-	-	5 688	1 469	4 219
8	319 572	392 223	(72 651)	123%	3 329	4 086	(757)	3 329	4 086	(757)
1	17 424	2 626	14 798	15%	1 452	219	1 233	3 930	1 627	2 304
0	-	-	-	0%	-	-	-	-	-	-
48	1 653 951	2 975 762	(1 321 811)	180%	2 871	5 166	(2 295)	2 871	5 166	(2 295)
38	1 672 099	2 415 202	(743 103)	144%	3 667	5 296	(1 630)	4 020	3 498	521
29	1 177 470	4 058 896	(2 881 426)	345%	3 384	11 663	(8 280)	3 384	11 663	(8 280)
32	1 063 067	1 630 075	(567 008)	153%	2 768	4 245	(1 477)	3 251	2 683	568
100	3 733 869	11 618 122	(7 884 253)	311%	3 112	9 682	(6 570)	3 501	3 916	(415)
276	10 402 809	25 282 100	(14 879 291)	243%	3 141	7 633	(4 493)	3 636	3 729	(93)
0	-	-	-	0%	-	-	-	3 917	1 989	1 928
0	-	-	-	0%	-	-	-	880	288	592
49	1 547 770	5 217 250	(3 669 480)	337%	2 632	8 873	(6 241)	3 238	7 888	(4 650)
3	90 864	113 762	(22 898)	125%	2 524	3 160	(636)	3 520	1 846	1 674
8	344 474	1 152 395	(807 921)	335%	3 588	12 004	(8 416)	3 829	5 254	(1 425)
1287	49 813 083 *	106 147 057	(56 333 974)	213%	3 225	6 873	(3 648)	3 692	3 690	2

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WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - SAVINGS PLAN
COMPREHENSIVE OPTION
31 December 2017

COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL								
ANGLO COAL SHARED SERV	444	6 817 959	5 940 984	876 975	87%	1 280	1 115	165
GOEDEHOOP	569	8 655 052	7 158 274	1 496 778	83%	1 268	1 048	219
GREENSIDE	260	3 871 920	3 395 434	476 486	88%	1 241	1 088	153
ISIBONELO	217	3 295 488	2 662 227	633 261	81%	1 266	1 022	243
NEW DENMARK	392	5 877 907	4 907 460	970 447	83%	1 250	1 043	206
NEW VAAL	358	5 785 122	4 851 966	933 156	84%	1 347	1 129	217
S.A.C.E.	385	6 218 333	5 358 764	859 569	86%	1 346	1 160	186
MBS	0	-	-	-	0%	-	-	-
TOTAL	2625	40 521 781	34 275 109	6 246 672	85%	1 286	1 088	198
INYOSI COAL								
KRIEL	318	4 788 998	4 126 411	662 587	86%	1 255	1 081	174
ZIBULU	335	5 132 151	4 137 768	994 383	81%	1 277	1 029	247
TOTAL	653	9 921 149	8 264 179	1 656 970	83%	1 266	1 055	211
EXXARO								
ARNOT	0	-	20 952	(20 952)	0%	-	-	-
NORTH BLOCK COMPLEX	0	-	19 670	(19 670)	0%	-	-	-
MATLA	0	2 125	183 529	(181 404)	0%	-	-	-
NEW CLYDESDALE	0	-	-	-	0%	-	-	-
TOTAL	0	2 125	224 151	(222 026)	0%	-	-	-
GLENCORE OPERATIONS SA								
ARTHUR TAYLOR	306	4 609 832	3 986 896	622 936	86%	1 255	1 086	170
GOEDGEVONDEN	283	4 329 975	3 608 413	721 562	83%	1 275	1 063	212
KOORNFONTEIN	2	37 440	40 946	(3 506)	109%	1 560	1 706	(146)
OPTIMUM	1	22 752	12 085	10 667	53%	1 896	1 007	889
PHOENIX	0	-	-	-	0%	-	-	-
SHANDUKA	22	355 774	312 196	43 578	88%	1 348	1 183	165
SPRINGLAKE	0	17 328	14 656	2 672	85%	-	-	-
SPITZKOP	0	-	-	-	0%	-	-	-
HEAD OFFICE	149	2 449 238	2 294 409	154 829	94%	1 370	1 283	87
TAVISTOCK	0	-	-	-	0%	-	-	-
TCS	120	1 622 114	1 316 158	305 956	81%	1 126	914	212
TWEEFONTEIN	390	5 614 836	4 590 199	1 024 637	82%	1 200	981	219
TOTAL	1273	19 059 289	16 175 958	2 883 331	85%	1 248	1 059	189
MAFUBE	117	1 833 161	1 343 771	489 390	73%	1 306	957	349
BUFFALO COAL	10	35 214	18 817	16 397	53%	293	157	137
WITBANK CHAMBER	20	377 824	399 582	(21 758)	106%	1 574	1 665	(91)
STAFF	20	293 590	251 946	41 644	86%	1 223	1 050	174
MSOBO COAL	55	850 103	655 863	194 240	77%	1 288	994	294
TOTAL	4773	72 894 236 *	61 609 376 *	11 284 860	85%	1 273	1 076	197

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

√ - The unit had no members during the year due to the group resigning effectively 31 December 2016. However, some claims were still received and payment in respect of them during the year.

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - SAVINGS PLAN
COMPREHENSIVE OPTION
31 December 2017

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)
164	2 309 215	2 225 535	83 680	96%	1 173	1 131	43	1 251	1 119	132
175	2 294 250	2 088 890	205 360	91%	1 093	995	98	1 226	1 036	191
95	1 211 952	1 127 009	84 943	93%	1 063	989	75	1 193	1 062	132
16	177 589	179 191	(1 602)	101%	925	933	(8)	1 242	1 016	226
80	1 111 357	999 781	111 576	90%	1 158	1 041	116	1 234	1 043	191
93	1 288 304	1 162 332	125 972	90%	1 154	1 042	113	1 307	1 111	196
217	2 721 132	2 507 480	213 652	92%	1 045	963	82	1 237	1 089	149
10	101 073	127 526	(26 453)	126%	842	1 063	(220)	842	1 063	(220)
850	11 214 872	10 417 744	797 128	93%	1 099	1 021	78	1 241	1 072	169
95	1 178 078	1 108 573	69 505	94%	1 033	972	61	1 204	1 056	148
6	82 773	59 536	23 237	72%	1 150	827	323	1 274	1 026	249
101	1 260 851	1 168 109	92 742	93%	1 040	964	77	1 236	1 042	193
0	(635)	15 092 v	(15 727)	0%	-	-	-	-	-	-
0	(1 212)	1 391 v	(2 603)	-115%	-	-	-	-	-	-
0	-	43 107 v	(43 107)	0%	-	-	-	-	-	-
0	-	- v	-	0%	-	-	-	-	-	-
0	(1 847)	59 590	(61 437)	0%	-	-	-	-	-	-
19	237 695	226 254	11 441	95%	1 043	992	50	1 243	1 080	163
1	17 424	28 784	(11 360)	165%	1 452	2 399	(947)	1 276	1 067	208
0	-	-	-	0%	-	-	-	1 560	1 706	(146)
0	-	-	-	0%	-	-	-	1 896	1 007	889
8	106 524	101 589	4 935	95%	1 110	1 058	51	1 110	1 058	51
1	5 808	3 239	2 569	0%	-	-	-	1 310	1 143	167
0	-	-	-	0%	-	-	-	-	-	-
48	551 317	519 468	31 849	94%	957	902	55	957	902	55
38	557 366	490 582	66 784	88%	1 222	1 076	146	1 340	1 241	99
29	392 490	364 569	27 921	93%	1 128	1 048	80	1 128	1 048	80
32	354 356	297 811	56 545	84%	923	776	147	1 084	885	199
100	1 246 469	1 156 062	90 407	93%	1 039	963	75	1 167	977	190
276	3 469 449	3 188 358	281 091	92%	1 048	963	85	1 212	1 042	170
0	-	-	-	0%	-	-	-	1 306	957	349
0	-	-	-	0%	-	-	-	293	157	137
49	515 923	460 510	55 413	89%	877	783	94	1 079	1 039	41
3	30 288	27 814	2 474	92%	841	773	69	1 173	1 014	160
8	114 825	67 298	47 527	59%	1 196	701	495	1 276	957	320
1287	16 604 361	15 389 423	1 214 938	93%	1 075	996	79	1 231	1 059	172

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WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - RISK POOL
MIDMAS OPTION
31 December 2017

COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA								
ARTHUR TAYLOR	2	72 649	15 923	56 726	22%	3 027	663	2 364
GOEDGEVONDEN	14	410 623	432 971	(22 348)	105%	2 444	2 577	(133)
TCS	1	56 856	154	56 702	0%	4 738	13	4 725
TOTAL	17	540 128	449 048	91 080	83%	2 648	2 201	446
BUFFALO COAL	7	32 621	347	32 274	1%	388	4	384
TOTAL	24	572 749 *	449 395 *	123 354	78%	1 989	1 560	428

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

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WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - SAVINGS PLAN
MIDMAS OPTION
31 December 2017

COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	2	15 947	14 243	1 704	89%	664	593	71
ARTHUR TAYLOR	14	90 137	101 102	(10 965)	112%	537	602	(65)
GOEDGEVONDEN	1	12 480	9 756	2 724	78%	1 040	813	227
TCS								
TOTAL	17	118 564	125 101	(6 537)	106%	581	613	(32)
BUFFALO COAL	7	7 162	1 635	5 527	23%	85	19	66
TOTAL	24	125 726 *	126 736 *	(1 010)	101%	437	440	(4)

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

ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT - RISK POOL
NTSIKA OPTION
31 December 2017

COMPREHENSIVE OPTION	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA								
ARTHUR TAYLOR	20	547 626	229 467	318 159	42%	2 282	956	1 326
GOEDGEVONDEN	21	416 692	228 009	188 683	55%	1 654	905	749
TCS	9	198 930	111 995	86 935	56%	1 842	1 037	805
TOTAL	50	1 163 248	569 471	593 777	49%	1 939	949	990
BUFFALO COAL	2	9 160	3 592	5 568	39%	382	150	232
TOTAL	52	1 172 408 *	573 063 *	599 345	49%	1 879	918	960

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



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