

WCMAS

Our members Our passion

Witbank Coalfields Medical Aid Scheme

2017 SUMMARISED ANNUAL REPORT

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

*Providing affordable healthcare funding to our members for **83** years*



**SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
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31 December 2017

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ANNUAL REPORT
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

SUMMARISED 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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31 December 2017

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

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

31 December 2017

Auditors

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

P O Box 500
River Crescent
1042

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

4. MANAGEMENT OF INSURANCE RISK

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

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

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

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

5. REVIEW OF THE YEAR'S ACTIVITIES

5.1 Operational overview

Some high claims were honoured in the year under review, but overall, claims are reasonable and in line with recent trends. There was also an increase in 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.

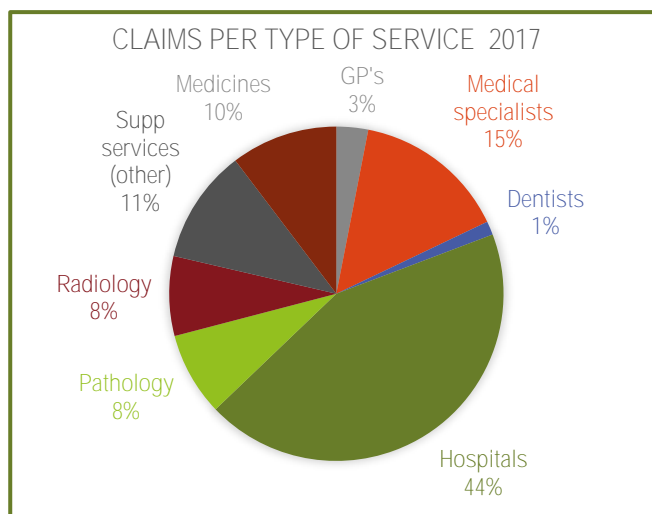
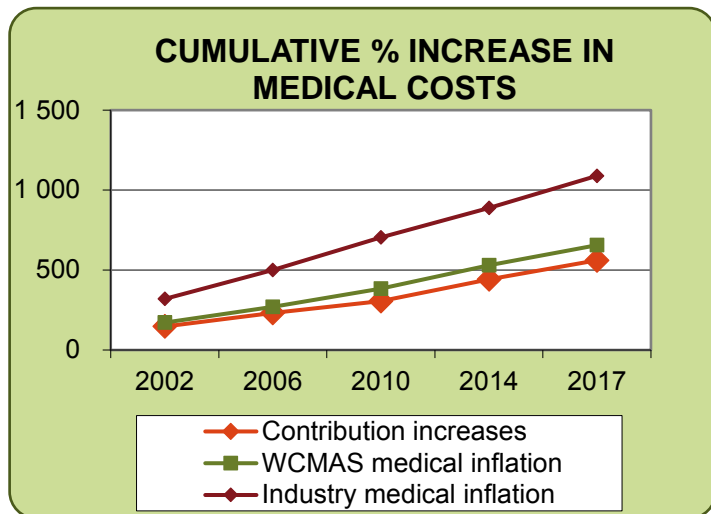
Active marketing is undertaken by the scheme to ensure that consistent and sustainable membership growth is achieved.

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

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

31 December 2017

5.1 Operational overview (continued)



5.2 Solvency ratio

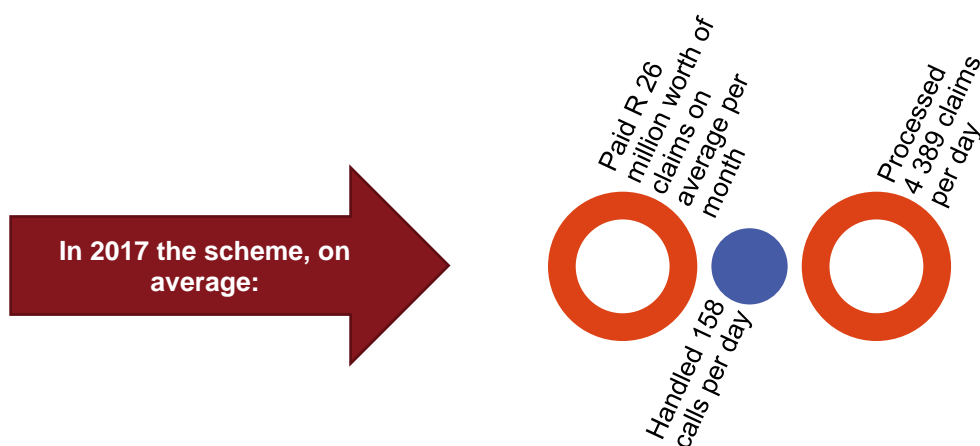
Accumulated funds ratio has increased by 9.8% for this period mainly as a result of the decline in membership and is still significantly over the minimum requirement of 25%.

	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	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 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



**SUMMARISED ANNUAL REPORT
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BOARD OF TRUSTEES REPORT**

31 December 2017

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

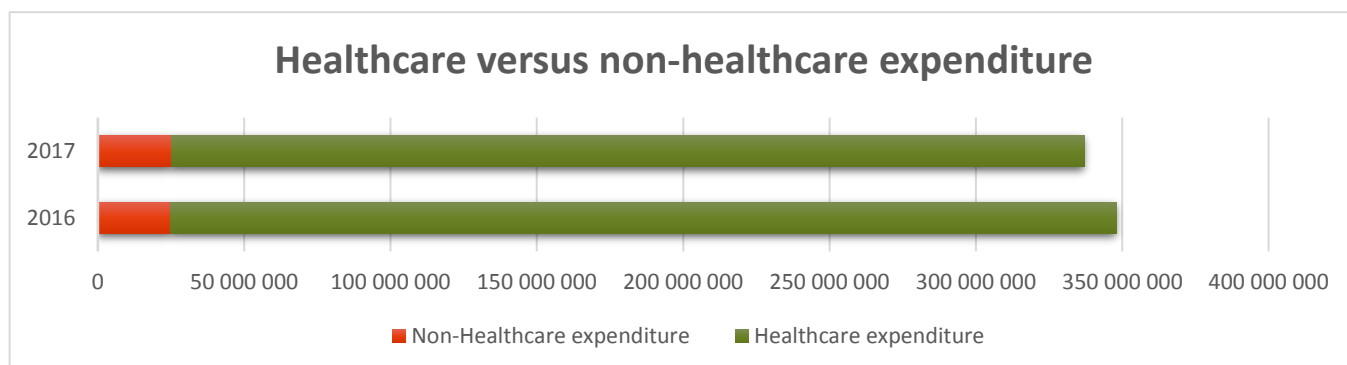
* Averages are calculated using the sum of the 12 months' actual membership divided by 12

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).

**SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
BOARD OF TRUSTEES REPORT
31 December 2017**

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.

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

31 December 2017

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.

SUMMARISED ANNUAL REPORT WITBANK COALFIELDS MEDICAL AID SCHEME SUMMARISED 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.

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

BOARD OF TRUSTEE ATTENDANCE

Member	Meetings	Member	Meetings
OA Maritz	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

AUDIT AND GOVERNANCE COMMITTEE

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

In accordance with the provisions of the Act, the primary responsibility of the committee is to assist the board of trustees in carrying out its duties relating to the scheme's accounting policies, internal control systems and financial reporting practices and good corporate governance. The majority of the members, including the chairperson, should not be officers of the scheme. The external auditors report formally to the committee on critical findings arising from audit activities.

The committee met on four occasions during the course of the year. The chairperson of the scheme, the principal officer, the accountant and the external auditors attend all Audit Committee meetings and have unrestricted access to the chairperson of the Audit Committee.

Committee attendance

Member	Meetings	Member	Meetings
M Wenum (Chairperson)	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.

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

31 December 2017

INVESTMENT COMMITTEE (continued)

Committee attendance

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

Investment strategy

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

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

REMUNERATION COMMITTEE

The remuneration committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and responsibilities and consists of four members who do not receive remuneration for attending meetings. Three of the committee members are members of the Board of Trustees.

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

Committee attendance

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

SUMMARISED ANNUAL REPORT

WITBANK COALFIELDS MEDICAL AID SCHEME

31 December 2017

The summarised financial results have been derived from the audited financial statements of the Scheme for the year ended 31 December 2017, which are available on our website at www.witbankcoalfieldsmedicalaid.co.za or a hard copy can be obtained from our offices.

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

Basis of preparation

The summarised financial results for the year ended 31 December 2017 have been prepared in accordance with the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of International Accounting Standard 34 Interim Financial Reporting applied to year end reporting, the SAICA Financial Reporting Guides as well as the requirements of the Medical Schemes Act.

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

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

Accounting policies

The accounting policies applied in the preparation of these summarised financial statements are in terms of IFRS and are consistent with those applied in the annual financial statements for the year ended 31 December 2017.

Related party transactions

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



OA MARITZ
CHAIRPERSON



R BOOYENS
PRINCIPAL OFFICER



M DUGMORE
VICE-CHAIRPERSON



Independent auditor's report on the summary financial statements

To the Board of Trustees of WITBANK COALFIELDS MEDICAL AID SCHEME

Opinion

The summary financial statements of Witbank Coalfields Medical Aid Scheme set out on pages 15 to 18, which comprise the summary statement of financial position as at 31 December 2017, the summary statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Witbank Coalfields Medical Aid Scheme for the year ended 31 December 2017.

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

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 23 March 2018.

Trustees's Responsibility for the Summary Financial Statements

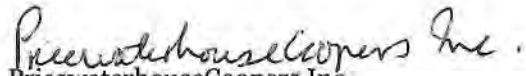
The trustees are responsible for the preparation of the summary financial statements in accordance with Circular 6 of 2013 issued by the Council of Medical Scheme as applicable to summary financial statements.

*PricewaterhouseCoopers, WCMAS Building, Cnr Susanna & OR Tambo, Emalahleni 1039, Mpumalanga
P O Box 500, River Crescent 1042
T: (013) 813 0600, F: (013) 813 0700, www.pwc.co.za*

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Firm's principal place of business is at 2 Eglin Road, Sunninghill where a list of the partners' names is available for inspection.
VAT reg.no. 4070182128.

Auditor's Responsibility

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



PricewaterhouseCoopers Inc.

Director: Stephan Eicker

Registered Auditor

eMalahleni

23 March 2018

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

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

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

	2017 R	2016 R
Risk contribution income	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	(313 567 755)	(321 308 403)
Accredited managed care: management services	(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	(39 501 594)	(37 950 322)
Recoveries from risk transfer arrangement	44 594 022	37 950 322
Gross healthcare result	303 171	6 752 858
Broker fees	(75 393)	(70 198)
Administration expenditure	(24 912 702)	(24 808 668)
Net impairment losses on healthcare receivables	2 727	(82 793)
Net healthcare result	(24 682 197)	(18 208 801)
Other income	55 281 438	51 216 416
Investment income	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	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	(11 876 490)	(11 337 476)
Net surplus for the year	12 205 772	15 345 801
Other comprehensive income	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

SUMMARISED 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

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

	2017 R	2016 R
OPERATING ACTIVITIES		
Cash flows from operations before working capital changes	(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	20 602 557	(12 965 725)
Cash and cash equivalents at beginning of year	21 329 899	34 295 624
CASH AND CASH EQUIVALENTS AT END OF YEAR	41 932 456	21 329 899
Cash and cash equivalents comprise of:		
Scheme	41 932 456	21 329 899
	41 932 456	21 329 899

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT
31 December 2017

MIDMAS OPTION

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
RISK POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	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

MIDMAS OPTION

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
SAVINGS POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	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)

NTSIKA OPTION

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
RISK POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
GLENCORE OPERATIONS SA	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

YEBOMED OPTION

		ORDINARY MEMBERS				PER MEMBER PER MONTH		
RISK POOL	NO OF MEM	CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	1779	32 591 146	30 496 321	2 094 825	94%	1 527	1 429	98
INYOSI COAL	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

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT
COMPREHENSIVE OPTION
31 December 2017

RISK POOL	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	2625	121 577 212	89 433 083	32 144 129	74%	3 860	2 839	1 020
INYOSI COAL	653	29 769 436	19 490 402	10 279 034	65%	3 799	2 487	1 312
EXXARO	0	-	1 910 337	(1 910 337)	0%	-	-	-
GLENCORE OPERATIONS SA	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

SAVINGS ACCOUNT	NO OF MEM	ORDINARY MEMBERS				PER MEMBER PER MONTH		
		CONTRIBUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRIBUTIONS	EXPENDITURE	SUR / (DEF)
ANGLO COAL	2625	40 521 781	34 275 109	6 246 672	85%	1 286	1 088	198
INYOSI COAL	653	9 921 149	8 264 179	1 656 970	83%	1 266	1 055	211
EXXARO	0	2 125	224 151	(222 026)	0%	-	-	-
GLENCORE OPERATIONS SA	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

√ - 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.

SUMMARISED ANNUAL REPORT
WITBANK COALFIELDS MEDICAL AID SCHEME
UNIT PROFITABILITY REPORT
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)
850	33 644 614	68 668 985	(35 024 371)	204%	3 298	6 732	(3 434)	3 722	3 791	(69)
101	3 782 552	4 992 514	(1 209 962)	132%	3 121	4 119	(998)	3 708	2 706	1 002
0	-	720 051	(720 051)	0%	-	-	-	-	-	-
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

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)
850	11 214 872	10 417 744	797 128	93%	1 099	1 021	78	1 241	1 072	169
101	1 260 851	1 168 109	92 742	93%	1 040	964	77	1 236	1 042	193
0	(1 847)	59 590	(61 437)	-3226%	-	-	-	-	-	-
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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