



BMW
Employees
Medical Aid Society

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2015**

**Annual General Meeting
5 June 2016**

BMW EMPLOYEES MEDICAL AID SOCIETY

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty first Annual General Meeting of the BMW Employees Medical Aid Society will be held at BMW Rosslyn, on Sunday, 5 June 2016 at 09:30

A G E N D A

1. Chairman's welcome to members
2. Confirmation of the Minutes of Thirtieth Annual General Meeting
3. Election of Trustees
4. Adoption of the Annual Financial Statements ("AFS") and Board of Trustees report for the year ended 31 December 2015
5. Appointment of the External Auditors for the ensuing financial year
6. General
 - 6.1 Notices of motions to be placed before the Annual General Meeting must reach the Principal Officer, Mr. A Kelbrick by no later than close of business on 27 May 2016.
 - 6.2 Nomination for Employee Representatives must reach the Principal Officer, Mr. A Kelbrick by no later than close of business on 27 May 2016. A nomination form is attached.
 - 6.3 If a member cannot attend the meeting, then he/she is entitled to appoint a proxy to speak, and to vote in his/her behalf. Proxies must be lodged with the Principal Officer, Mr. A Kelbrick by not later than close of business on 27 May 2016. A proxy form is attached.

BY ORDER OF THE BOARD OF TRUSTEES BMW Employees Medical Aid Society

BMW (SA)(Pty) Limited
6 Frans Du Toit Street
Rosslyn 0200

E-mail: anthony.kelbrick@bmw.co.za
Facsimile 086 678 1892

A member is entitled to appoint a proxy TO VOTE on his/her behalf at the meeting. A form of proxy is enclosed on the last page (perforated page).

May 2016

BMW EMPLOYEES MEDICAL AID SOCIETY

MINUTES OF THE THIRTIETH ANNUAL GENERAL MEETING OF THE BMW EMPLOYEES MEDICAL AID SOCIETY HELD ON 7 JUNE 2015 AT 9H30, IN THE MAIN CANTEEN, BMW SA (PTY) LIMITED, ROSSLYN

PRESENT

Ms C Hector (In the Chair)
31 members as per the attendance register
13 proxies for voting received

IN ATTENDANCE

Ms R Felstead Fund Manager, Discovery Health
Ms Z Chaudhry Fund Coordinator, Discovery Health

APOLOGIES

The following apology was noted:
Dr J Fegbeutel Pensioner Member Representative (Alternate)

Action

1. CHAIRPERSON'S WELCOME

The Chairperson welcomed all present to the thirtieth Annual General Meeting (AGM) of the BMW Employees Medical Aid Society. It was confirmed that there were 31 members present and 13 represented by proxy. The necessary quorum being present, the meeting was declared duly constituted.

The Chairperson noted that an attendance register was available and requested that all members present sign the register. The apology received from Dr J Fegbeutel was noted.

The chairperson confirmed that one additional motion was received and will be dealt with under General.

2. CONFIRMATION OF THE MINUTES OF THE TWENTY- NINTH ANNUAL GENERAL MEETING HELD ON 9 JUNE 2014

The minutes of the Twenty Ninth Annual General Meeting held on 9 June 2014 having been circulated with the notice of the meeting as part of the AGM Agenda Pack were taken as READ. The Chairman enquired whether there were any questions regarding the minutes of the previous meeting. The Chairman moved to accept the minutes of the Annual General Meeting ("AGM") held on 9 June 2014 which was approved by Mr Lee and seconded by Mr Meiring. The Chairman declared the motion CARRIED.

3. ELECTION OF TRUSTEES

The Chairman confirmed that in terms of Rule 18 of the Society, the Society would be managed according to the Rules by a Board consisting of nine persons who are fit and

proper to be Trustees and of whom four should be appointed by the Employer, and five should be elected by members in general meetings. All Trustees would hold office for three years from the date that he/she was appointed or elected and would retire automatically every three years. A retiring Trustee would be eligible for re-election, provided that with effect from 1 January 2008, no person would serve more than two consecutive terms and no more than a total of three terms.

The Chairman confirmed the employer appointed and member elected Trustees that were currently serving in 2014/15 were

:

Ms C Hector (Chairperson)	Appointed 9 June 2014 (1 st Term)
Ms N Moonia	Appointed 4 June 2015 (1 nd Term)
Mr D Radebe	Appointed 9 June 2014 (1 st Term)
Ms W Scott	Alternate: to Mr D Radebe – Appointed 21 August 2012
Mr F Viljoen	Appointed 4 June 2015 (2 nd Term)

The member elected Trustees serving in 2014/2015 were:

Mr C Bathauer (Vice-Chairperson)	Elected 19 June 2013 (2 nd term)
Mr D Lee	Elected 19 June 2012 (1 st term and due for re-election)
Mr K Madumo	Elected 19 June 2012 (1 st term and due for re-election)
Mr M Molefe	Alternate-Mr K Madumo since 21 August 2012
Mr A Kgoathe	Elected 19 June 2013 (1 st Term)
Mr J Meiring	Pensioner representative re- elected 9 June 2014 (2 nd Term)
Dr J Fegbeutel	Alternate to J Meiring-Appointed 21 August 2014

The co-opted Trustee serving in 2014/2015 was:

Mr S Roodt	Co- opted 25 February 2013
Dr Vuyelwa Vatsha-Mahlaba	Co-opted 9 June 2014

The Chairperson noted that in terms of Rule 18.7, a member of the Board would have the right to nominate a member of the Society to act as his alternate on the Board. The office of an alternate would become vacant in the same manner as that of a member of the Board, in addition to which he would cease to be an alternate if the member he represented ceased to be a member of the Board.

The chairman confirmed that Mr D Lee, Mr K Madumo and Mr M Molefe (Alternate) were required to stand down at the meeting and were eligible for re-election. Ms Hector confirmed that nominations were received for Mr D Lee and Mr K Madumo to serve a second term. Mr Lee, Mr K Madumo and Mr M Molefe (Alternate) were duly appointed for a second term.

A member queried whether Mr K Madumo and Mr M Molefe were nominated as two separate member elected trustees. Ms Hector clarified that Mr K Madumo was elected as a member elected trustee and Mr M Molefe was elected as an alternate to Mr K Madumo. Ms Hector further clarified that there were only two vacancies for a member elected trustees.

APPOINTMENT OF A DISPUTES COMMITTEE

The Chairman confirmed that in terms of the Rules of the Society, a Disputes Committee consisting of three persons were required to be appointed by the Board of Trustees annually. At the Board of Trustees meeting held it was confirmed that the following individuals were appointed to the Disputes Committee:

- Mrs LA Fitzsimons;
- Ms P Ndlazi and
- Ms S Rambharos.

4. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS (“AFS”) AND BOARD OF TRUSTEES REPORT FOR THE YEAR ENDED 31 December 2013

The Chairperson confirmed that in terms of Rule 26.1.2 of the Society, the Notice of the AGM, Agenda, Board of Trustees Report, highlights of the Annual Financial Statements and external auditor's report would be provided to the employer's registered office, and to the members of the Society at least 14 days prior to the date of the meeting.

The full set of the Annual Financial Statements, together with the unqualified audit report issued by KPMG (the Society auditors) was made available at the Administrator's office and was distributed to those members to requested a copy thereof. The chairperson confirmed that the Annual Financial Statements had been reviewed closely by the Board of Trustee as well as the Auditors Committee.

The Chairperson noted that abbreviated set of Annual Financial Statements, together with the unqualified audit report were also included in the AGM Pack and circulated to all members of the Society. Mr Kelbrick also confirmed that a full set of AFS was available on the BMW Intranet.

The Chairperson motioned for the adoption of the Annual Financial Statements and the Board of Trustees report for the year ended 31 December 2014. Mr D Lee seconded the motion and the Chairman declared the motion to accept the Annual Financial Statements and the Report of the Board of Trustees effective 31 December 2014 CARRIED unanimously.

Ms Hector provided a broad financial overview of the financial results in 2014 as compared to 2013 and focus on the following:

- Claims ratio (claims as % of contributions) increased from 87,5% to 96,1%
- Non-healthcare expenditure ratio (NHE as % of contributions) decreased from 8,7% to 8,4%
- Return on investments for 2014 was 12,4%. This is positive against the benchmark of 10%
- Surplus declined from R6,0m to R1,3m. A reduction of 78% in results y-o-y.
- Solvency ratio decrease from 60,2% to 55,6%

Ms Hector confirmed that the Scheme spent money on the disciplines below during the year 2014:

- Hospital -30%
- Doctors -29%
- Medicine-19%
- Allied Health-15%

- Auxillary-2%

Ms Hector emphasised that it was very important to manage costs effectively for the Scheme to remain sustainable and affordable for all members.

Ms Hector confirmed that the Scheme was also introducing a medicine formulary for to help manage costs for treating every day conditions as well as chronic conditions. Ms Hector advised that the medicines on the formulary were carefully reviewed by Discovery and the main concern of the Scheme was the members' best health interests.

Ms Hector advised that degrandfathering was introduced to contain costs for chronic medication but not compromising the health of members.

A member queried whether claims incurred while the Scheme was administered by Medscheme would be paid. Ms Hector confirmed that these claims were reviewed by the Board of Trustees and some of the claims were approved for payment. Mr Kelbrick clarified that Mr Tsholo's late claim was paid to him.

A member queried the payment of levies for medication dispensed for treatment received in casualty. Ms Hector advised that these levies are charged by service providers as a means to recover their administration costs and is not a levy imposed by the Scheme.

A member also queried the fee that members have to pay at trauma units. Ms Hector confirmed that the Board could in future liaise with the relevant trauma units to see if these levies can be avoided.

Ms Hector informed members that there was fraud detected on the Scheme. She further explained that an occupational therapist in the Rosslyn area was billing incorrectly. Ms Hector confirmed that there would be a drive by the Scheme to actively educate members on medical aid fraud and how to prevent it.

Ms Hector advised that at a workshop that was held earlier in the year the Board of Trustees had agreed to investigate incentivise/rewards programme for members who lead a healthier lifestyle. She advised that once approved a communication will be sent to all members.

5 APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING FINANCIAL YEAR

The Chairman stated that KPMG Inc. had made themselves available for re-appointment as the Society's Auditors for the ensuing year, to hold office until the conclusion of the next Annual General Meeting.

The Chairman proposed that KPMG Inc. be re-appointed as the Society's external auditors. The motion was seconded by Mr R Bender and was CARRIED unanimously by the members who attended the meeting.

6 GENERAL

The following matters were raised under general:

One motion has been received by Mr Eric Lemon and he raised the following questions:

- 1. That the BMW Audit team investigates the co-payments incurred by Members over the last 6 months.**

Answer:

The Board agreed to change the acute medication benefit and members were informed of the change in the year end communication that read:

As of **1 January 2015**, we will implement the **Acute Medicine Benefit**. Cover for acute medicine will extend to certain cost-effective branded medicine through the **Preferred Medicine List**. The Preferred Medicine List will consist of preferentially priced branded and generic medicines. We will cover these medicines **in full** when you use medicine on the Preferred Medicine List. We will cover medicine not on our Preferred Medicine List, both branded and generic, up to 75% of the Scheme Rate. Please discuss with your pharmacist. **Generic drugs are medicines that have the same active ingredient, strength and form as the brand original medicine.**

- 2. That if the co-payments are due to the “limits within limits”(i.e. Sub limits) or due to the Chronic Drug Amounts (i.e. Medicine categories) that the BOT reviews and eliminates the rules leading to these co-payments.**

Answer:

This will definitely have a cost impact on the Scheme. We will ask the Scheme actuary to calculate the impact and make a recommendation to the Board at their benefit pricing meetings for 2016

- 3. That Discovery, instead of simply applying the co-payments (based on their Admin Rules), discuss medication alternatives with Service providers on behalf of the Member.**

Answer:

Where the alternative is a generic, the Retail Pharmacist can make the switch. Discovery have sent out copies of the formularies on member communication to aid this process i.e. doctors, pharmacies etc.

Where the alternative is a therapeutic one, the patient will need a new prescription in order to get the medicine at the Pharmacy. So the patient should see the doctor to appropriately discuss alternative therapy and get a new prescription.

Furthermore, Discovery approves medicine ongoing and may not have the patient's current treating doctor details. The doctor, who originally prescribed the medicine they have on the system against that authorization, may not necessarily be the doctor that the patient is currently seeing for the chronic condition. An added complexity to this is that we are also dealing with authorizations taken over from a previous administrator.

Members complained that since the change in administrator, there have been many queries which have remained unresolved. Ms Hector confirmed that queries needs to be sent to the Principal Officer or the Board members so that they can be investigated.

Ms Hector responded that the purpose of the AGM was to conclude regulatory matters as required by the Council for Medical Schemes. The Chairperson confirmed that the Board of Trustees would gladly address the various member concerns at a separate

Special General meeting if required.

7. CONCLUSION

There being no further business or questions raised, the Chairman thanked those members present for their attendance and closed the meeting.

8. DATE OF THE NEXT MEETING

The next meeting to be confirmed.

SIGNED AS A CORRECT RECORD

CHAIRMAN

DATE

TRUSTEE

DATE

BMW EMPLOYEES MEDICAL AID SOCIETY

MEMBERSHIP OF THE BOARD OF TRUSTEES

In terms of Rule 18 of the Society, which took effect 14 March 2012, the Society shall be managed according to the Rules by a Board consisting of nine persons who are fit and proper to be Trustees and of whom four shall be appointed by the Employer, and five shall be elected by members in general meetings. All Trustees shall hold office for three years from the date that he/she was appointed or elected and will automatically retire every three years. A retiring Trustee shall be eligible for re-election provided that with effect from 1 January 2008, no person shall serve more than two consecutive terms and no more than a total of three terms.

The employer appointed Trustees serving in 2015/16 are:

Ms C Hector - Chairperson	Appointed 09 June 2014 (1st Term)
Ms N Moonia	Appointed 4 June 2015 (1st Term)
Mr D Radebe	Appointed 09 June 2014 (1 st Term)
Ms W Scott	Alternate; D Radebe – Appointed 21 August 2012
Mr F Viljoen	Appointed 4 June 2015 (2 nd Term)

The member elected Trustees serving in 2015/16 are:

Ms C Bathauer (Vice-Chairman)	Elected 19 June 2013 (2nd Term)
Mr D Lee	Elected 9 June 2015 (2nd Term)
Mr K Madumo	Elected 9 June 2015 (2nd Term)
Mr M Molefe	Alternate: Mr K Madumo since 21 August 2012
Mr A Kgoathe	Elected 19 June 2013 (1st Term and due for re-election)
Mr J Meiring	Pensioner representative re-elected 9 June 2014 (2nd Term)
Dr JP Fegbeutel	Alternate to J Meiring – Appointed 21 August 2014

The co-opted Trustees serving in 2015/2016 are:

Mr S Roodt	Co-opted 25 February 2013
Dr V Vatsha-Mahlaba	Co-opted 9 June 2014

In terms of the Rule 18.7 a member of the Board shall have the right to nominate a member of the Society to act as his alternate on the Board. The office of an alternate shall become vacant in the same manner as that of a member of the Board, in addition to which he shall cease to be an alternate if the member he represents ceases to be a member of the Board.

It has been determined that Ms Bathauer and Mr Kgoathe will stand down at this meeting, due to the fact that they have served three years, however, Mr Kgoathe is eligible for re-election and will present himself for re-election at the meeting.

Nominations to fill the vacancies must be signed by a proposer and the nominee and must reach the Principal Officer by not later than 7 days before the date of the meeting. Nomination Forms are included in this communication.

EXTERNAL AUDIT REPORT

A decision was taken by the Board to distribute a more concise version of the financial results to make the information easier for members to understand and read. The audited AFS are available upon members' requests.

Please do not hesitate to contact the Administrator's office to obtain a copy of the external audit report together with the audited set of the AFS and/or any further information in this regard.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

FINANCIAL STATEMENTS

for the year ended 31 December 2015

TRUSTEES

C Hector	Chairman - Employer Representative
C Bathauer	Vice Chairman - Employee Representative
DW Blue	Employer Representative - resigned 07 June 2015
D Radebe	Employer Representative
N Moonia	Employer Representative
W Scott	Employer Representative
F Viljoen	Employer Representative
A Kgoathe	Employee Representative
D Lee	Employee Representative
K Madumo	Employee Representative
M Molefe	Employee Alternative Representative
J Meiring	Pensioner Representative
JP Fegbeutel	Pensioner Alternative Representative
S Roodt	Co-opted Employer Representative
V Vatsha-Mahlaba	Co-opted Employer Representative

PRINCIPAL OFFICER

AR Kelbrick

AUDITOR

KPMG Inc.

ADMINISTRATOR

Discovery Health (Pty) Ltd
16 Fredman Drive
Sandton
2146

REGISTERED OFFICE

Discovery Health (Pty) Ltd
16 Fredman Drive
Sandton
2146

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BMW EMPLOYEES MEDICAL AID SOCIETY

FINANCIAL STATEMENTS

for the year ended 31 December 2015

TRUSTEES' RESPONSIBILITY AND APPROVAL

The Trustees are responsible for the preparation and fair presentation of the financial statements of BMW Employees Medical Aid Society, comprising the statement of financial position at 31 December 2015, the statements of comprehensive income, changes in funds and reserves and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Medical Schemes Act of South Africa. In addition, the Trustees are responsible for preparing the report of the Board of Trustees.

The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the ability of the Scheme to continue as a going concern and have no reason to believe the Scheme will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements of BMW Employees Medical Aid Society, as identified in the first paragraph, were approved by the Trustees on 18 April 2016 and are signed on their behalf by:



CHAIRMAN



TRUSTEE



PRINCIPAL OFFICER

BMW EMPLOYEES MEDICAL AID SOCIETY

FINANCIAL STATEMENTS

for the year ended 31 December 2015

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The BMW Employees Medical Aid Society (the Scheme) is committed to the principles and practice of responsibility, accountability, fairness and transparency with its dealings with all stakeholders and applies good governance principals.

The Scheme is committed to ensure compliance with recognised framework and conducting affairs in accordance with ethical values, to ensure the adoption of risk assessment, evaluation and management processes with regular monitoring of third party administrators and providers in accordance with the service level agreements. This includes evaluating the performance of the Board and of the Board sub-committees against agreed terms of reference and performance targets, establishment and management of internal controls by assessing the adequacy and effectiveness through the reports of the internal auditors and calling on expert and professional advice when required. The Trustees are either appointed by the respective employers or elected by the members of the Scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the performance of the Administrator and other service providers. 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 consultants and, where appropriate, may seek independent professional advice at the expense of the Scheme.

INTERNAL CONTROL

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

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



CHAIRMAN



TRUSTEE



PRINCIPAL OFFICER

18 April 2016



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BMW EMPLOYEES MEDICAL AID SOCIETY

Report on the financial statements

We have audited the financial statements of BMW Employees Medical Aid Society as set out on pages 6 to 44 which comprise the statement of financial position at 31 December 2015, and the statements of comprehensive income, changes in funds and reserves and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Scheme's Trustees are responsible for the preparation and fair presentation of these 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BMW Employees Medical Aid Society as at 31 December 2015, 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.

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:
Chief Executive: TH Hoole

Executive Directors: M Letsisi, SL Louw, NKS Malaba, MM Mapeya, M Odity, CAT Smit

Other Directors: LP Fourie, N Fulu, AH Jaffer (Chairman of the Board), FA Karreem, ME Magondo, AMS Morigabudi, GM Pickering, JN Pierco

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

Report on other legal and regulatory requirements

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 the audit.

KPMG Inc.



Per M Fouché
Chartered Accountant (SA)
Registered Auditor
Director
18 April 2016

BMW EMPLOYEES MEDICAL AID SOCIETY**STATEMENT OF FINANCIAL POSITION**

at 31 December 2015

	Notes	2015 R	2014 R
ASSETS			
Non-current assets			
Available-for-sale investments	2	59 201 902	67 384 295
Current assets			
Trade and other receivables	3	2 256 801	502 737
Cash and cash equivalents	4	28 429 542	20 251 296
Current, short term deposits and money market accounts		26 990 226	18 952 989
Personal medical savings account trust funds		1 439 316	1 298 307
Total assets		89 888 245	88 138 328
FUNDS AND LIABILITIES			
Members' funds			
Accumulated funds		71 558 133	64 834 013
Available-for-sale reserve		12 076 393	15 909 537
Current liabilities			
Outstanding risk claims provision	5	2 500 000	4 200 000
Personal medical savings account trust liability	6	1 528 132	1 379 947
Trade and other payables	7	2 225 587	1 814 831
Total funds and liabilities		89 888 245	88 138 328

BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	2015 R	2014 R
Risk contribution income	8	129 651 621	115 509 680
Relevant healthcare expenditure		(122 006 327)	(114 017 476)
Risk claims incurred	9	(121 786 822)	(111 769 264)
Managed care: management services	12	(2 915 785)	(2 967 342)
Claims recoveries from third parties	10	2 272 758	346 115
Net income on risk transfer arrangement		423 522	373 015
Risk transfer arrangement fees	11	(371 595)	(364 544)
Recoveries from risk transfer arrangement	11	795 117	737 559
Gross healthcare results		7 645 294	1 492 204
Administration expenditure		(6 040 233)	(6 175 836)
Other operating expenses	13	(989 499)	(572 647)
Net impairment on healthcare receivables	14	(296 795)	-
Net healthcare results		318 767	(5 256 279)
Other income		7 102 127	7 144 392
Investment income	15	7 102 127	7 000 390
Scheme		7 010 841	6 928 410
Return on personal medical savings account trust funds		91 286	71 980
Sundry income	16	-	144 002
Other expenditure		(696 774)	(603 435)
Expenses for asset management services rendered		(605 488)	(531 455)
Interest paid on personal medical savings account trust funds		(91 286)	(71 980)
Net surplus for the year		6 724 120	1 284 678
Other comprehensive income		(3 833 144)	1 934 037
Fair value djustment on available-for-sale investments		786 823	6 172 632
Realised gain on available-for-sale investments		(4 619 967)	(4 238 595)
Total comprehensive income		2 890 976	3 218 715

BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2015

	Accumulated funds R	Available-for- sale reserve R	Members' funds R
Balance as at 1 January 2014	63 549 335	13 975 500	77 524 835
Total comprehensive income for the year	1 284 678	1 934 037	3 218 715
Net surplus for the year	1 284 678	-	1 284 678
Other comprehensive income	-	1 934 037	1 934 037
Changes in fair value of available-for-sale investments	-	6 172 632	6 172 632
Realised gains on disposal of available-for-sale investments	-	(4 238 595)	(4 238 595)
Balance as at 31 December 2014	64 834 013	15 909 537	80 743 550
Total comprehensive income for the year	6 724 120	(3 833 144)	2 890 976
Net surplus for the year	6 724 120	-	6 724 120
Other comprehensive income	-	(3 833 144)	(3 833 144)
Changes in fair value of available-for-sale investments	-	786 823	786 823
Realised gains on disposal of available-for-sale investments	-	(4 619 967)	(4 619 967)
Balance as at 31 December 2015	71 558 133	12 076 393	83 634 526

BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 R	2014 R
Cash flows from operating activities			
Cash flows from operations before working capital changes	17	10 074	(5 643 732)
Working capital changes			
- (Increase)/ decrease in trade and other receivables		(2 013 187)	2 216
- Increase in trade and other payables		410 756	643 754
- (Decrease)/ increase in outstanding risk claims provision		(1 700 000)	964 000
- Increase in medical savings account liability		148 185	99 362
Cash utilised by operations		<u>(3 144 172)</u>	<u>(3 934 400)</u>
- Income from investments		2 444 488	2 758 822
- Interest paid		(91 286)	(71 980)
Net cash flows utilised from operating activities		<u>(790 970)</u>	<u>(1 247 558)</u>
Cash flows from investing activities			
Additions to available-for-sale investments	2	(6 470 594)	(23 672 680)
Proceeds on disposal of investments	2	15 439 810	22 040 398
Net cash inflow/ (outflow) investing activities		<u>8 969 216</u>	<u>(1 632 282)</u>
Net increase/ (decrease) in cash and cash equivalents		8 178 246	(2 879 840)
Cash and cash equivalents at beginning of the year		20 251 296	23 131 136
Cash and cash equivalents at end of the year	4	<u><u>28 429 542</u></u>	<u><u>20 251 296</u></u>
Current, short term deposits and money market accounts		26 990 226	18 952 989
Personal medical savings account trust funds		1 439 316	1 298 307

BMW EMPLOYEES MEDICAL AID SOCIETY

Registration Number: 1526

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2015.

1 DESCRIPTION OF THE SCHEME

1.1 Terms of registration

The BMW Employees Medical Aid Society is a not-for-profit restricted membership Scheme registered in terms of the Medical Schemes Act, of South Africa.

1.2 Benefit options within the BMW Employees Medical Aid Society

The Scheme offers one (1) benefit option.

1.3 Savings plan

To provide a facility for Scheme members to set funds aside to meet day-to-day and other healthcare costs not covered by the 'risk' benefits in the option, the Trustees have made a personal medical savings account available.

Contributions to the personal medical savings accounts (MSA) are set and the total available amount is based on family size and the member's income level. The amounts contributed to the personal MSA do not exceed 1% (one percent) of the member's total medical scheme contribution.

The liability to the members in respect of the savings plan is reflected as a current liability in the Scheme's financial statements, repayable in terms of Regulation 10.

In terms of the rules of the Scheme, the savings plan is underwritten by the Scheme.

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)

2 MANAGEMENT

2.1 Board of Trustees in office during the year and at the date of this report was:

C Hector	Chairman - Employer Representative	
C Bathauer	Vice Chairman - Employee Representative	
DW Blue	Employer Representative	- resigned 07 June 2015
D Radebe	Employer Representative	
N Moonia	Employer Representative	
W Scott	Employer Representative	
F Viljoen	Employer Representative	
A Kgoathe	Employee Representative	
D Lee	Employee Representative	
K Madumo	Employee Representative	
M Molefe	Employee Alternative Representative	
J Meiring	Pensioner Representative	
JP Fegbeutel	Pensioner Alternative Representative	
S Roodt	Co-opted Employer Representative	
V Vatsha-Mahlaba	Co-opted Employer Representative	

2.2 Principal Officer

AR Kelbrick

2.3 Registered office address and postal address

16 Fredman Drive	PO Box
Sandton	Sandton
2146	2146

2.4 Scheme administrator during the year

Discovery Health (Pty) Limited

16 Fredman Drive	PO Box
Sandton	Sandton
2146	2146

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)

2.5 Investment managers during the year

The Scheme made use of the services of the following asset managers:

- Acsis Limited
- Coronation Fund Managers
- Huysamer Capital Investments (Pty) Ltd
- Prescient Management Company (Pty) Ltd
- Prudential Portfolio Managers (South Africa) Life Ltd

2.6 Investment consultant during the year

Acsis Limited

Old Mutual Square
3rd Floor, Ubomi Building
93 Grayston Drive
Sandton
2010

PO Box 650140
Benmore
Johannesburg
2010

2.7 Actuaries

Mr Pieter Grobler

Discovery Health (Pty) Ltd

5th Floor
16 Fredman Drive
Sandton
2146

PO Box 784262
Sandton
2146

3 INVESTMENT AND FIXED ASSET POLICY OF THE SCHEME

The Trustees continue to invest funds in line with the requirements of the Act. The Scheme continues to pursue a growth-orientated investment strategy.

REPORT OF THE BOARD OF TRUSTEES (continued)

4 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

4.1 Operational statistics

	2015	2014
Number of members at the end of the accounting period	3 278	3 264
Number of beneficiaries at the end of the accounting period	7 713	7 551
Average number of members for the accounting period	3 274	3 209
Average age of beneficiaries for the accounting period	27.88	28.18
Pensioner ratio (beneficiaries > 65 years)	1.87%	1.71%
Average net contributions per member per month	R 3 300.37	R 2 999.63
Average net contributions per beneficiary per month	R 1 400.79	R 1 274.77
Average claims incurred per member per month	R 3 105.75	R 2 960.88
Average claims incurred per beneficiary per month	R 1 318.19	R 1 258.30
Average administration costs per member per month	R 178.95	R 175.25
Average administration costs per beneficiary per month	R 75.95	R 74.48
Average managed care: Management services per member per month	R 74.22	R 77.06
Accumulated funds per member at 31 December	R 21 829.81	R 19 863.36
Beneficiary ratio at 31 December 2013	2.35	2.31
Net claims as a percentage of net contributions	94.10%	98.71%
Managed care: Management services as a percentage of gross contributions	2.23%	2.54%
Administration expenses as a percentage of gross	5.60%	5.78%

4.2 Results of operations

The results of the Scheme are set out in the financial statements and the Trustees believe that no further clarification is required.

4.3 Accumulated funds ratio

	2015	2014
	R	R
The accumulated funds ratio is calculated on the following		
Total members' funds per statement of financial position	83 634 526	80 743 550
- Less: Available-for-sale reserve ** (Refer to next page)	(12 076 393)	(15 909 537)
Accumulated funds per Regulation 29	<u>71 558 133</u>	<u>64 834 013</u>
Annualised gross contributions	<u>130 941 871</u>	<u>116 670 920</u>
Accumulated funds ratio = Accumulated funds/annualised gross contribution income x 100	<u>54.65%</u>	<u>55.57%</u>

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)

4.3 Accumulated funds ratio (continued)

** Cumulative net gains on re-measurement to fair value are calculated as follows:

	2015	2014
	R	R
Net cumulative gain at the beginning of the period	15 909 537	13 975 500
Unrealised gain on revaluation of available-for-sale investments included in accumulated funds	786 823	6 172 632
Realised gains on derecognition of available-for-sale investments	(4 619 967)	(4 238 595)
Cumulative net gain on remeasurement to fair value of available-for-sale investments included in accumulated funds	12 076 393	15 909 537

4.4 Reserve accounts

Movements in the reserves are set out in the statement of changes in funds and reserves. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

4.5 Outstanding risk claims

Movements on the outstanding risk claims provision are set out in note 5 to the financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

5 ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels. The Scheme's actuaries also calculate the annual budget and monthly actuarial reports of the Scheme, including the monthly incurred but not yet reported (IBNR) claims provision.

6 EVENTS AFTER THE REPORTING DATE

There have been no events that occurred subsequent to the end of the accounting period that affect the financial statements and that the Trustees consider should be reported.

BMW EMPLOYEES MEDICAL AID SOCIETY**Registration Number: 1526****REPORT OF THE BOARD OF TRUSTEES (continued)****7 INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE SCHEME AND TO OTHER RELATED PARTIES**

Discovery Health (Pty) Ltd is the administrator of the Scheme.

Payments are made in terms of the administration and managed care agreements, for 2015 at the end of 2014, with Discovery Health (Pty) Ltd:

	2015	2014
	R	R
Discovery Health (Pty) Ltd	8 956 018	8 874 126
Administration fees	6 040 233	6 175 836
Managed care: management services fees	2 915 785	2 698 290

8 AUDIT AND RISK COMMITTEE

An Audit and Risk Committee (the Committee) was established 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 6 members of which 2 are members of the Board of Trustees. The Committee met on two occasions during the course of the year as follows:

- 09 April 2015
- 09 November 2015.

The Chairman of the Board of Trustees and the Administrator attend all Committee meetings and have unrestricted access to the Chairman of the Committee. The external auditor of the Scheme attend meetings on invitation only.

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. The external auditor formally reports to the Committee on critical findings arising from audit activities.

This Committee also acts as a risk committee.

The Committee presently comprises:

S Moodley	Independent - Chairman
J Badenhorst	Independent
S Bisnath	Independent
C Dorasamy	Independent
C Hector	Employer Trustee
C Bathauer	Employee Trustee

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)

9 NON-COMPLIANCE MATTERS

9.1 Contributions not received within three days of them becoming due

In terms of Section 26(7) of the Medical Schemes Act, of South Africa ("the Act"), all subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Although the majority of contribution payments were made within the stipulated payment deadlines, there were a small number of instances where the Scheme received contributions after three days of becoming due. These contributions equate to 0.22% of the gross contributions billed and were received within the month of them becoming due. Such arrear payments are outside the agreed contribution collection agreements with paying parties and are actively addressed as and when they occur.

The procedures that the Scheme follows for collection of these arrear contributions are aligned with its credit risk management policies.

9.2 Investment in Medical Administrators and Other Medical Schemes

At 31 December 2015, the Scheme indirectly held shares in Discovery Holdings Limited amounting to R2 083 421 (2014: R2 150 243), MMI Holdings Limited amounting to R465 934 (2014: R525 782) and Liberty Group Limited amounting to R90 516 (2014: R59 490).

Ordinarily this would be in contravention of Section 35(8) of the Act which, inter alia, prohibits medical schemes from holding shares in any other medical scheme, any administrator and any person associated with any of these. However, as funds in these portfolios are structured at the sole discretion of the asset manager in a manner that maximises returns and the Scheme provides no input into the structuring of the portfolios.

The Scheme has received exemption from the Council for Medical Schemes, from compliance this section of the Act.

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)**10 MEETING ATTENDANCE**

The following schedules set out Board of Trustee meeting attendances and attendances by members of Sub-Committees:

Board of Trustees meetings	Number of meetings
Number of meetings for the year	5
C Hector	5
C Bathauer #	2
DW Blue - resigned 07 June 2015	-
D Radebe	4
N Moonia	5
W Scott	3
F Viljoen	5
A Kgoathe	2
D Lee	5
K Madumo	3
M Molefe	2
J Meiring	3
JP Fegbeutel	5
S Roodt	5
V Vatsha-Mahlaba	1
<i>Attendees:</i>	
AR Kelbrick - Principal Officer	5

REPORT OF THE BOARD OF TRUSTEES (continued)

10 MEETING ATTENDANCE (continued)

Audit and Risk Committee meetings	Number of meetings
Number of meetings for the year	2
S Moodley	2
J Badenhorst	2
S Bisnath	1
C Dorasamy	2
C Hector	2
C Bathauer #	1

Maternity leave from February 2015 to August 2015



CHAIRMAN



TRUSTEE



PRINCIPAL OFFICER

18 April 2015