



2020

**ANNUAL GENERAL MEETING
INFORMATION BOOKLET**



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CHAIRPERSON'S REPORT

I write to you during a time of great uncertainty, as South Africa and the world deals with a global pandemic in the form of COVID-19. These are extraordinary times for the BMW Employees Medical Aid Society ('the Society') and the medical scheme industry as a whole. Now, more than ever, protecting one's health has become of paramount importance, to ensure that all our hopes for the future are realized.

The wellbeing of the Society is of equal importance, to ensure that our members are protected and have access to vital healthcare when they need it most. Through careful planning of benefits and contributions, the Society has maintained solvency reserves at levels that have managed to ride out some of the higher cost claims and poor investment returns endured during 2019, offering protection against the tidal wave of the COVID-19 pandemic. The current financial position and projected solvency of the Society continues to be healthy and sound, giving our members hope for the future in these unprecedented times.

Thus far, we have not seen a material impact from COVID-related claims but the investment income remains muted and is expected to be substantially lower than budgeted for the full 2020 year. The Society's financial performance has therefore been in sharp focus since the beginning of 2020 to ensure its long-term financial sustainability for the benefit of all members.

PERFORMANCE OVERVIEW

The claims experience for the 2019 financial year was in line with expectation, recording a positive net healthcare result of R15 million, compared to R23.6 million in 2018.

An overall net surplus of R19.7 million after investment income and other expenditure was recorded in 2019, compared to a net surplus of R32.6 million in 2018.

The solvency reserve ratio increased by 3.76% from 2018 to a level of 98.34% at the end of 2019.

Although COVID-19 has had a dramatic impact on the South African and global investment markets, resulting in a decline in the fair value of the Society's investments, the Board of Trustees are of the view that the strong financial position and reserve levels will allow it to absorb the potential direct and indirect negative impact of COVID-19 and it is not envisaged that this will have an impact on the Society's ability to pay claims as they arise.

REGULATORY OVERVIEW

The Health Market Enquiry report was finalised and published at the end of 2019. We now await considerations by the Department of Health and Industry Stakeholders on the implementation of the report's recommendations.

The announcement of the National State of Disaster and subsequent National lockdown in March has delayed the finalisation of the NHI Bill and Medical Schemes Amendment Act (MSA Act). These discussions will continue when possible.

Lockdown restrictions on social gatherings (still currently in force), saw the Council for Medical Schemes announce that Scheme AGMs may need to be deferred. As a result, the 2020 AGM has been postponed to next year and we have provided you with this information booklet to keep you informed of the Society's operations.

VOTE OF THANKS

I would like to take this opportunity to thank the following stakeholders for their efforts and contributions to the BMW Employees Medical Aid Society:

- The Board of Trustees
- The Audit & Risk Committee members and
- External Auditors, Deloitte.
- The Administrator, Discovery Health.W

A special thank you is extended to the Board of Trustees. Our trustees are not remunerated, yet their attendance and engagement at Society meetings is truly commendable. This attests to the fact that as fellow colleagues at BMW South Africa, they all have the same goal in mind: how the Society can best serve its members with its available resources. Their devotion to this cause allows the decisions for the operations of the Society to be carried out seamlessly.

Thank you.

CONCLUDING REMARKS

Members are assured that we remain committed to taking care of you and your family's healthcare needs, especially during these extraordinary times. As a valuable asset, the Society is worth protecting for the benefit of all its members. It is therefore imperative to make sensible decisions for the sake of our own health and to plan ahead as best we possibly can, with the well-being of all in mind.

C HECTOR (CHAIRPERSON)

BMW EMPLOYEES MEDICAL AID SOCIETY

MINUTES OF THE THIRTY FOURTH ANNUAL GENERAL MEETING OF THE BMW EMPLOYEES MEDICAL AID SOCIETY HELD ON 2 JUNE 2019 AT 09H30, IN THE MAIN CANTEEN, BMW SA (PTY) LIMITED, ROSSLYN

PRESENT

Ms C Hector (In the Chair)

91 members as per the attendance register
19 proxied received

IN ATTENDANCE

Ms R Shilenge BEMAS Onsite Consultant, Discovery Health
Ms Z Chaudhry Fund Coordinator, Discovery Health

APOLOGIES

Formal apologies noted from:
Ms G Shafee.

1. CHAIRPERSON'S WELCOME

The Chairperson welcomed all present to the Thirty Fourth Annual General Meeting (AGM) of the BMW Employees Medical Aid Society. A special welcome was extended to the representative from the Council for Medical Schemes, Mr Kwena Mokoatedi. It was confirmed that there were 91 members present and 19 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 it.

A concern was raised relating to the receipt of the notice of the AGM. Mr Kelbrick confirmed that notices for the meeting were placed on the notice board by 14 May 2019 and this communication advised members to collect packs from the Human Resources Department in Rosslyn. However, additional packs were also made available and handed to members from the on-site office in the Health Management Centre. Mr Kelbrick noted that notices were also e-mailed to all members with e-mail addresses.

A request was made for members to be given an opportunity to engage with Trustees and discuss concerns they may have.

The Chairperson confirmed that no motions were received, however, member questions and concerns could be discussed under "General."

2. CONFIRMATION OF THE MINUTES OF THE THIRTY THIRD ANNUAL GENERAL MEETING HELD ON 10 JUNE 2018

The minutes of the Thirty Third Annual General Meeting held on 10 June 2018, having been circulated with the notice of the meeting, were taken as READ.

The Chairperson provided attendees with the opportunity to ask questions of clarity.

The Chairperson moved to accept the minutes of the Annual General Meeting (AGM) held on 10 June 2018. Motion was approved by Dr J Fegbeutel and seconded by Mr J Meiring. The Minutes were approved as a true reflection of the proceedings.

The Chairperson declared the motion CARRIED.

3. ELECTION OF TRUSTEES

The Chairperson confirmed that in terms of Rule 18 of the Society, the Society would be managed by a Board consisting of nine persons who are fit and proper to be Trustees and of whom four were appointed by the Employer, and five elected by members in general meetings. All Trustees are to 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 Chairperson confirmed the employer appointed and member elected Trustees serving in 2018/19:

Ms C Hector (Chairperson)	Appointed 4 June 2017 (2 nd Term)
Ms N Moonia	Appointed 4 June 2015 (1 st Term) – Resigned 1 October 2018
Mr D Radebe	Appointed 9 June 2014 (2 nd Term)
Ms C McCrea-Phillips	Appointed 10 August 2017 – Replacing KN Lebelo
Ms T Harakhchand	Appointed 10 August 2017
Ms K Kgomo	Appointed 10 August 2017 – Resigned 4 May 2018
Ms K Lebelo	Appointed 22 November 2016 – Resigned 31 May 2017
Mr J Selumane	Appointed 10 August 2017, Alternate to Mr D Radebe
Mr M Gounden	Appointed 1 October 2018, Alternate
Ms G Shafee	Appointed 1 October 2018, Alternate

Member elected Trustees serving in 2018/2019:

Mr S Sohan	Elected 5 June 2016
Mr C Louw	Elected 5 June 2016
Mr K Madumo	E Hlophane from 10 June 2018, Alternate
Mr E Hlophane	Elected 10 June 2018
Dr J Fegbeutel	Elected 7 June 2017
Mr S Hoon	Elected 10 June 2018
Mr J Meiring	Nominated Alternate to Dr J Fegbeutel

Co-opted Trustee serving in 2018/2018:

Dr Vuyelwa Vatsha-Mahlaba	Co-opted 9 June 2014
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The Chairperson advised that the 1st terms for Mr S Sohan and Mr C Louw are ending at the conclusion of the Annual General Meeting. She confirmed that there were two member vacancies to be filled and nominations were requested to be sent to Mr Kelbrick by 24 May 2019. The Chairperson reported that there was only one nomination received for Mr Prince Masuku.

The Chairperson explained that given that only one nomination was received, no ballot was necessary. Mr Prince Masuku was confirmed as having been elected as a member Trustee of the Board effective 02 June 2019.

The Chairperson congratulated Mr Masuku and welcomed him onto the Board of Trustees.

APPOINTMENT OF A DISPUTES COMMITTEE

The Chairperson 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 on an annual basis. The Chairperson confirmed that the current appointees are Mr C Barnardo, Dr A Foster and Mr A Kolapen.

4. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS (AFS) AND BOARD OF TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Chairperson confirmed that, as is required, 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 were provided to members 14 days prior to the date of the AGM.

The Chairperson confirmed that the Annual Financial Statements had been closely reviewed by the Board of Trustees as well as by the Audit and Risk Committee.

The Chairperson motioned for the adoption of the Annual Financial Statements and the Board of Trustees Report for the year ended 31 December 2018. Dr Fegbeutel approved the motion and Mr Meiring seconded the motion. The Chairperson declared the motion CARRIED unanimously.

The Chairperson provided a broad overview of the financial results in 2018 as compared to 2017. The following was noted:

- Claims ratio (claims as % of contributions) increased from 77.9% to 80.4%;
- Non-healthcare expenditure ratio (NHE as % of contributions) increased from 5.5% to 5.9%;
- Return on investments for 2018 reduced to 4.43% per annum over the three year period and 5.59% over the five year period;
- Surplus increased from R28.9m in 2017 to R32.6m in 2018. This equates to a 12.9% increase in the year on year surplus and
- Solvency ratio increased from 84.1% to 94.6%

The Chairperson confirmed that the Society spend per disciplines during the year 2018 was:

- Hospital – 30%
- Doctors – 32%
- Medicine – 18%
- Allied Health and Auxillary – 14%
- Dental – 6%

The Chairperson reported that as at April 2019, the Society has earned a surplus of R7.5m, 13.4% behind budget. The major contributor was weaker investment performance due to volatility of the markets.

The Chairperson advised that despite of the performance of the investments, the Society is still in a financially sound position.

5. APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING FINANCIAL YEAR

The Chairperson reported that the Society went out to tender for audit services. Proposals were received from:

- BDO
- Deloitte
- SNG Grant Thornton

The Chairperson advised that the Society's Audit and Risk Committee reviewed all proposals and recommended that Deloitte be appointed as the Society's auditors until the conclusion of the next Annual General Meeting in 2020. The Chairperson advised that the Board of Trustees agreed with the recommendation and APPROVED the appointment.

The Chairperson proposed that the approval of Deloitte as the Society's External Auditors be adopted. The motion was approved by Mr Meiring and seconded by Dr Fegbeutel and was CARRIED unanimously by the members in attendance.

6. GENERAL

As requested under Agenda item 6 of the meeting, the Chairperson gave members an opportunity to ask questions of the Board.

- a) A member asked what criteria was followed to appoint a Principal Officer for the Society.

The Chairperson explained that the role of the Principal Officer is a regulated role and the candidate needs to be a fit and proper person with knowledge and experience pertaining to medical schemes and its rules. She advised that Mr Kelbrick has a wealth of knowledge and therefore the Board of Trustees deem him fit for the role. She advised that the Society is on the lookout for a person to shadow Mr Kelbrick for knowledge transfer to take place and take over from Mr Kelbrick once competent. A member requested that candidates from middle and lower management be considered.

- b) A concern was raised by a member about there not being sufficient network doctors and pharmacists in the Soshanguve area.

The Chairperson confirmed that an exercise was conducted on the number of providers when they changed administrators from Medscheme to Discovery Health. The exercise revealed that the Society would have more network providers than had been the case in the past. The Chairperson requested that members encourage their service providers to join the Society's network if they were not already part of it.

- c) A query was raised relating to the limit in placed on over the counter medication :

The Chairperson reported that the current limit for over the counter medication is R830.00 per beneficiary per annum, and it is crucial for members to claim for over the counter medication for the correct dependent. She explained the limit per beneficiary is deemed to be sufficient and should only be used for schedule 0, 1 and 2 medication. The Chairperson proposed that if a beneficiary does exceed their annual limit for over the counter medication, they probably need to be assessed by a doctor. The Chairperson advised that this limit is reviewed every year and increased by inflation.

- d) Members raised concerns about incurring levies and co-payments when consulting healthcare providers.

The Chairperson explained that the levy is not administered by the Society but by the pharmacist. She explained that there is a formulary for medication indicating prices that members should be paying. The Chairperson clarified that the levy is an add-on by the pharmacy, however, the Society will only pay for the actual price of the medication.

The Chairperson explained that the same applied to co-payments. She explained that doctors get paid for their services as per the industry standards. She explained that doctors that are not on the Society's network will charge what they see fit. However, the Society will only pay for such services at the Society rate.

A member noted that he went to a network doctor and had to pay a co-payment. The Chairperson requested for members to report incidents where network doctors are charging co-payments for investigation.

A member raised a concern that he incurred a co-payment at the pharmacy based at the Rosslyn plant. The Chairperson advised that Mr C Louw, who manages the Healthcare Department, will investigate this and provide feedback to the member.

One of the members requested a list of network service providers in the Soshanguve area. Ms Shilenge will assist the member with a list.

- e) Concerns was raised relating to receipt of communication.

Mr Kelbrick confirmed that notices for the meeting were placed on the notice board on the 14 May 2019 and it was communicated that agenda packs could be collected from the Human Resources Department, the onsite consultant or the medical centre. He advised that the packs were also handed out across the plant.

The Chairperson advised that the Society's Communications Committee will be embarking on an exercise to ensure that Scheme communication is also shared with pensioner members either by post or email. The Chairperson also appealed to all pensioner members to update their contact details with the Society.

- f) A member asked whether the administrator could be changed back to Medscheme as there is a feeling that they have encountered problems since the administrator changed.

The Chairperson advised that the Board of Trustees debated and discussed the issue of changing administrators rigorously and since the administrator changed to Discovery Health, the Society is in a more financially sound position with better claims and solvency ratios.

In response, members noted that the healthcare providers were turning them away when they realise that the Society is administered by Discovery Health.

The Chairperson reiterated that BEMAS is an independent medical scheme. Mr Meiring reported that he visited an Ophthalmologist who stated that "Discovery patients pay cash, medical aid not accepted." He advised that he reported this incident to Discovery Health and the doctor was visited and the problem fixed. Mr Meiring proposed that members also report such incidents where they are being turned away to Discovery Health so that they can investigate and resolve any issues.

- g) The Chairperson was questioned on the composition of the Board and the fact that the member Trustees are not representative of all members.

The Chairperson advised that members are always given an opportunity to nominate member Trustees and participate in the Trustee elections. She advised that for 2019, only one nomination was received. Members have the onus to nominate individuals who they feel are representative of the Society's membership. She also reminded the meeting that the rules currently provide for 5 member trustees and only 4 from the employer.

- h) Concerns were noted that the Discovery Health logo appears on the membership card and this could be the reason why members are being turned away. A member advised that a new membership card could be considered, however, this will cost the Society money. The member also appealed to members to explain to doctors they are not on Discovery Health but on BEMAS and advised that it is crucial for members to explain this to healthcare providers. The member asked if the Society have a record of the levies that members pays.

The Chairperson advised that the Society does not have a record of levies charged as this is an additional charge from the healthcare providers. She explained that the Society only has records of claims submitted by the different service providers.

The Chairperson advised that the review of the design of the membership card has been noted and this issue will be discussed by the Board of Trustees. However, there is a disclosure issue that needs to be reviewed, in terms of what must be disclosed on the membership card. She explained that the cost of new membership cards will also need to be considered.

Mr Hlophane, reported that he was involved in an accident and he was required to pay certain medical claims up-front, however, he went to Ms Rulani Shilenge for assistance and received due assistance. He appealed to members to approach him or Mr Madumo for any queries on the medical aid and also to consult with the onsite consultant, Ms Rulani Shilenge.

- i) Members raised a concern about being charged a co-payment when receiving treatment in casualty.

Ms Shilenge explained that members can visit the casualty unit at any hospital in South Africa and there will be no co-payment on the hospital bill. However, the doctor that treats members in the casualty unit needs to be on the network in order for claims to be paid in full. She explained that if the doctors is not on the network, the Society only settles 80% of the claim. Ms Shilenge confirmed that the casualty doctors at the Akasia Clinic were part of the network but the casualty doctors at the Legae Hospital were not interested in joining the network.

- j) A member raised a concern that even though BEMAS claims to be rich in benefits, he is still faced with co-payments when visiting a doctor.

The Chairperson explained that a comparison of the Society's benefits, against other Schemes such as Bonitas and Discovery Health, was conducted, and BEMAS is still a Society with richer benefits.

- k) A member queried why, if he does not claim a lot from the Society, he is faced with co-payments even though he pays all this premiums timeously.

The Chairperson explained that all premiums received contribute towards member benefits. She explained that BEMAS is a closed scheme and the healthier members do support the sicker members. However, if there is a situation where a healthy member required medical care, it will be funded as per the benefit rules.

- l) A member asked if the Scheme can do anything for members to avoid them being turned away from healthcare providers.

Dr Fegbeutel proposed that the Board of Trustees will look at a letter that members can be provided with to avoid members being turned away from healthcare provider due to Discovery being the Society's administrator. He assured that the Board of Trustees will also look into the membership card and the possible new design of a membership card.

- m) The criteria for the appointment of the administrator as well as their tenure was questioned.

The Chairperson explained that the Board of Trustees consider the experience of an administrator, their service level agreements and negotiation skills. It was further explained that a move is very disruptive if done every three years. The Chairperson assured members competence and service levels are assessed and reviewed by the Board of Trustees at every Board of Trustees meeting.

- n) A member reported that challenges are faced when members consult with doctors outside of Gauteng. He advised that he submitted a claim for R800 and was only reimbursed an amount of R600.00.

Ms Shilenge reported that the claim was paid as such, as the doctor consulted is not on the network therefore only 80% of the claim was reimbursed. The member confirmed that he was referred to the doctor by the medical centre at the plant. Mr Louw will investigate this matter and ensure that the medical centre only refers members to network doctors to avoid co-payments.

- o) Concern was raised that radiology and pathology facilities based at the hospitals are charging an up-front payment.

Ms Shilenge advised that the radiology and pathology facilities at the hospitals are standalone practices and submit separate claims to schemes. She advised that they don't have agreements with the Scheme and can charge what they see fit unless they are part of the scheme's pathology or radiology network.

- p) A member questioned how long child dependents can remain on the Scheme.

The Chairperson explained that once a child dependent reaches the age of 21, and is not a student or financially dependent on the principal member, he/she will be terminated as a beneficiary. However, if still financially dependent he/she may remain on the scheme where the full adult rate premium will be paid by the member. She clarified that if the dependent who is between 21 and 27 years is still a student, the employer subsidy will continue.

- q) A pensioner member asked how long he can remain on the Scheme.

The Chairperson advised that pensioner members may remain on the Scheme for as long as they want. She advised that there are two pensioner Trustees on the Scheme, Dr Fegbeutel and Mr Meiring that are there for assistance.

The Chairperson asked each of the Trustees and Ms Shilenge to appeal to members to speak to them in the event of any concerns or queries.

Closure of the Meeting:

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

7. DATE OF THE NEXT MEETING

The next meeting to be confirmed.



BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

FINANCIAL STATEMENTS

for the year ended 31 December 2019

TRUSTEES' RESPONSIBILITY AND APPROVAL

The Trustees are responsible for the preparation and fair presentation of the financial statements of BMW Employees Medical Aid Society, which comprise the statement of financial position at 31 December 2019, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of 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.

Subsequent to the reporting date and prior to the date the financial statements were authorised for approval, the President of South Africa declared a national state of disaster as a result of the global COVID-19 pandemic on 15 March 2020. Even though South Africa is in the early stage of the outbreak, and there exist uncertainties about the potential impact of COVID-19 on the Scheme and its members, various possible scenarios, including stress test scenarios, have been considered to assess the potential impact of COVID-19 on the Scheme.

Based on the most likely scenario, and it is not envisaged that it will have an impact on the Scheme's ability to pay claims as they arise, the Scheme's strong financial position and reserve levels allows the Scheme to absorb the potential negative impact of COVID-19, with a potential negligible impact on the Scheme's 2020 solvency level, The Trustees also concluded that there was no need to adjust the 2019 Financial Statements.

On the basis of this review and in light of the current financial position and available resources, the Trustees have no reason to believe that the Scheme will not be a going concern for the foreseeable future.

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 annual financial statements

The annual financial statements of BMW Employees Medical Aid Society, as identified in the first paragraph, were approved by the Trustees on 6 May 2020 and are signed on their behalf by:



CHAIRMAN
C HECTOR



TRUSTEE
S SOHAN



PRINCIPAL OFFICER
AR KELBRICK

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

FINANCIAL STATEMENTS

for the year ended 31 December 2019

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 principles.

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
C HECTOR



TRUSTEE
S SOHAN



PRINCIPAL OFFICER
AR KELBRICK

6 May 2020

Independent Auditor's Report

To the Members of BMW Employees Medical Aid Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BMW Employees Medical Aid Society (the Scheme), set out on pages 8 to 45, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in funds and reserves and the statement of 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 BMW Employees Medical Aid Society as at 31 December 2019, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



National Executive: *LL Barn Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

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Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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.

Key Audit Matters	How the matter was addressed in the audit
<p>Outstanding Claims Provision:</p> <p>As disclosed in Note 5, the carrying amount of the Outstanding Claims Provision (IBNR) at year-end was R3 000 000 (2018: R4 000 000). The determination of the IBNR requires the Scheme's Trustees to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not reported at the Statement of Financial Position date.</p> <p>The IBNR calculation is based on a number of variables and assumptions of which the most significant are as follows:</p> <ul style="list-style-type: none"> • Previous experience in claims processing patterns; and • Average claims paid in the run-off period from March each year-end based on historical data. <p>Given the judgement and assumptions involved, we identified the valuation of the IBNR as representing a key audit matter.</p>	<p>In evaluating the valuation of the IBNR, we audited the calculations approved by the Board of Trustees and performed various procedures including the following:</p> <ul style="list-style-type: none"> • Obtained an understanding from the Scheme's actuaries regarding the process to calculate the outstanding claims provision. • Tested the integrity of the information used in the calculation of the IBNR by performing substantive procedures; • Performed a retrospective review of the IBNR raised in the 2018 financial year based on actual claims paid in 2019 to verify the assumptions applied to determine the IBNR is reasonable; and • Assessed the presentation and disclosure in respect of the IBNR and consider whether the disclosures reflect the risks inherent in the accounting for the IBNR. <p>The assumptions applied in the IBNR are appropriate and we are satisfied that the movement of the IBNR in the Statement of Comprehensive Income and the related disclosure of the IBNR balance and assumptions are appropriate.</p>

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the Statement of Responsibility by the Board of Trustees, the Statement of Corporate Governance by the Board of Trustees and the Report of the Board of Trustees as required by Medical Schemes Act of South Africa which we obtained prior to the date of this report. The other information 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 on the other information obtained prior to the date of this auditor's report, 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's trustees are responsible for assessing the Scheme's 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.

We also provide the Scheme's trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Audit tenure

In terms of CMS Circular 38 of 2018 Audit tenure, we report that Deloitte has been the auditor of BMW Employees Medical Aid Society for 1 year.

The engagement associate director, Jan van Staden, has been responsible for the BMW Employees Medical Aid Society audit for 1 year.

The logo for Deloitte & Touche, featuring the company name in a stylized, cursive script.

Deloitte & Touche
Registered Auditors
Per: Jan van Staden
Associate Director 15
May 2020

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2019

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

From 1 January 2017 the Scheme discontinued the MSA component of the benefit option. MSA balances owing to members are being refunded accordingly. The Scheme is attempting to refund all unpaid balances with assistance from the employer.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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	
D Radebe	Employer Representative	
E Hlophane	Employee Representative	
C Louw	Employee Representative	– resigned 31 Aug 2019
S Sohan	Employee Representative	
K Madumo	Employee Representative	
C McCrea-Phillips	Employer Representative	– resigned 20 Nov 2019
S Hoon	Employer Representative	
J Meiring	Pensioner Alternative Representative	
JP Fegbeutel	Pensioner Member Representative	
V Vatsha-Mahlaba	Co-opted Employer Representative	
T Harakhchand	Alternative Employer Representative	
J Selumane	Alternative Employer Representative	– resigned 14 Nov 2019
M Gounden	Alternative Employer Representative	
G Shafee	Alternative Employer Representative	
D Govender	Alternative Employer Representative	– appointed 14 Nov 2019

2.2 Principal Officer

AR Kelbrick

2.3 Registered office address and postal address

1 Discovery Place	PO Box 786722
Sandton	Sandton
2146	2146

2.4 Scheme administrator during the year

Discovery Health Proprietary Limited

1 Discovery Place	PO Box 786722
Sandton	Sandton
2146	2146

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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:

- 27Four Life Limited
- Allan Gray Life Limited
- Aluwani Capital Partners Proprietary Limited
- Mazi Asset Management Proprietary Limited
- Prudential Portfolio Managers (South Africa) Life Limited
- Sanlam Collective Investments (RF) Proprietary Limited

2.6 Investment consultant during the year

Old Mutual Wealth Limited

1 Mutual Place	PO Box 650140
Second Floor	Benmore
107 Rivonia Road	Johannesburg
Sandton	2010
2146	

2.7 Actuaries

Mr Pieter Grobler	Discovery Health Proprietary Limited
1 Discovery Place	PO Box 784262
Sandton	Sandton
2146	2146

2.8 Risk transfer arrangement during the year

Netcare 911 (Pty) Ltd

Details regarding the result in respect of risk transfer arrangement have been disclosed in note 11.

The Crescent Office Park	P.O.Box 3455
No.3 Eglin Road	Halfway House
Crescent 2	1685
Sunninghill	
2157	

3 INVESTMENT 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.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES (continued)

4 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

4.1 Operational statistics

	2019	2018
Number of members at the end of the accounting period	3 295	3 640
Number of beneficiaries at the end of the accounting period	8 087	8 512
Average number of members for the accounting period	3 488	3 441
Average age of beneficiaries for the accounting period	28.04	27.86
Pensioner ratio (beneficiaries > 65 years)	2.47%	2.20%
Average net contributions per member per month	R4 447.73	R4 183.78
Average net contributions per beneficiary per month	R1 918.35	R1 691.30
Average claims incurred per member per month	R 3,819.02	R3 364.78
Average claims incurred per beneficiary per month	R1 647.18	R1 360.22
Average administration costs per member per month	R209.81	R200.56
Average administration costs per beneficiary per month	R90.49	R81.08
Average managed care: Management services per member per month	R93.69	R88.88
Accumulated funds per member at 31 December	R55 555.89	R44 887.09
Beneficiary ratio at 31 December	2.45	2.34
Net claims as a percentage of net contributions	85.86%	80.42%
Managed care: Management services as a percentage of gross contributions	2.11%	2.12%
Administration expenses as a percentage of gross	6.10%	5.92%

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

	2019	2018
	R	R
The accumulated funds ratio is calculated on the following basis		
Total members' funds per statement of financial position	203 547 226	175 689 014
- Less: Available-for-sale reserve **	(20 490 572)	(12 300 016)
(Refer to 4.3)		
Accumulated funds per Regulation 29	183 056 654	163 388 998
Annualised gross contributions	186 164 161	172 756 552
Accumulated funds ratio = Accumulated funds/annualised gross contribution income x	98.33%	94.58%

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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:

	2019	2018
	R	R
Net cumulative gain at the beginning of the period	12 300 016	18 525 858
Unrealised gain/(loss) on revaluation of available-for-sale investments included in accumulated funds	8 190 556	(994 322)
Realised (gains) on derecognition of available-for-sale investments	-	(5 231 520)
Cumulative net gain on remeasurement to fair value of available-for-sale investments included in accumulated funds	20 490 572	12 300 016

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

At the reporting date, there were no cases of COVID-19 identified in South Africa, and the decline in the fair value of investments occurred after the reporting date. These events are non-adjusting events after the reporting date and no adjustments were made to the amounts recognised in the financial statements as at 31 December 2019.

Subsequent to the reporting date and prior to the date the financial statements were authorised for signature, the President of South Africa declared a national state of disaster as a result of the global COVID-19 pandemic on 15 March 2020. Even though South Africa is in the early stage of the outbreak, and there exist uncertainties about the potential impact of COVID-19 on the Scheme and its members, the Scheme has considered various possible scenarios, including stress test scenarios, to assess the potential impact of COVID-19. The results of the scenarios indicate that the Scheme's claims for 2020 could either decrease by approximately 2.4% or increase by approximately 6.5%.

The Board of Trustees are of the view that the Scheme's strong financial position and reserve levels will allow the Scheme to absorb the potential direct and indirect negative impact of COVID-19 with a reduction of less than 1% in the 2020 solvency level, based on the most likely scenario, and it is not envisaged that it will have an impact on the Scheme's ability to pay claims as they arise.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES (continued)

6 EVENTS AFTER THE REPORTING DATE (continued)

COVID-19 has also had a dramatic impact on the South African and global investment markets resulting in a decline in the fair value of investments between the reporting date and the date when the financial statements were authorised for signature. The Trustees and investment advisor continue to monitor this impact.

The Trustees have considered various benefit initiatives to ensure that members' healthcare requirements are adequately addressed, while also ensuring the sustainability of the Scheme. Amongst these are costs associated with diagnostic and treatment interventions for COVID-19, which are covered in accordance with the Prescribed Minimum Benefit requirements as well as the parameters outlined in the registered Scheme Rules.

7 RELATED PARTY TRANSACTIONS

Discovery Health Proprietary Limited is the administrator of the Scheme.

Payments are made in terms of the administration and managed care agreements, reviewed for 2019 at the end of 2018, with Discovery Health (Pty) Ltd. Fees were paid as follows:

	2019	2018
	R	R
Discovery Health Proprietary Limited	12 044 824	11 272 576
Administration fees	8 123 370	7 602 488
Managed care: management services fees	3 921 454	3 670 088

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 six members of which two are members of the Board of Trustees.

The Committee met on two occasions during the course of the year as follows:

- 10 April 2019
- 7 November 2019

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

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	– resigned 31 October 2019
C Bathauer	Independent	– resigned 30 June 2019
J Badenhorst	Independent	
S Bisnath	Independent	
C Dorasamy	Independent	
C Hector	Employer Trustee	
S Sohan	Employer Trustee	

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 0.20% (2018: 0.29%) 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 participating employers and medical scheme administrators

At 31 December 2019, the Scheme indirectly held investments in Momentum Metropolitan Holdings Limited, Liberty Holdings Limited, Standard Bank Group Limited and Discovery Holdings Limited.

Ordinarily this would be in contravention of Section 35(8) of the Act, which, inter alia, prohibits a medical scheme from investing any of its assets in an employer that participates in that scheme. However, as funds in these specific portfolios are structured at the sole discretion of the asset manager in a manner that maximizes the return on investment, and neither the Scheme nor these employers provide input into the structuring of the portfolio.

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

9.3 Claims payments in excess of 30 days

In terms of Section 59(2) of the Medical Schemes Act, of South Africa (the Act), a medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme

Instances were identified where claims that were processed on time had not passed for payment within 30 days. These are isolated cases and thus do not have a material effect on the Scheme.

The error is not expected to re-occur as internal quality assurance checks have been implemented to ensure payments are released timeously.

9.4 Prescribed minimum benefits

Section 29(1)(o) and Regulation 8 provide the scope and level of minimum benefits that the Scheme must provide to members and dependants. During the year under review there were isolated instances where the Scheme did not pay claims in accordance with the scope and level of minimum benefits. The claims are being reprocessed to ensure that they are correctly paid.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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	6
C Hector	3
D Radebe	3
E Hlophane	5
C Louw – resigned 31 Aug 2019	2
S Sohan	5
K Madumo	4
J Meiring	5
JP Fegbeutel	6
V Vatsha-Mahlaba	4
C McCrea-Phillips – resigned 20 Nov 2019	3
T Harakhchand	2
J Selumane – resigned 14 Nov 2019	–
S Hoon	4
M Gounden	4
G Shafee	3
D Govender – appointed 14 Nov 2019	–
Attendees:	
AR Kelbrick – Principal Officer	6

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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 - resigned as at 31 Oct 2019	1
C Bathauer - resigned as at 30 June 2019	1
J Badenhorst	2
S Bisnath	2
C Dorasamy	2
C Hector	-



CHAIRMAN
C HECTOR



TRUSTEE
S SOHAN



PRINCIPAL OFFICER
AR KELBRICK

6 May 2020

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION

at 31 December 2019

	Notes	2019 R	2018 R
ASSETS			
Non-current assets			
Available-for-sale investments	2	157 814 529	127 942 836
Current assets			
Trade and other receivables	3	2 134 279	3 778 596
Cash and cash equivalents	4	49 287 991	51 026 753
Total assets		209 236 799	182 748 185
FUNDS AND LIABILITIES			
Members' funds			
Accumulated funds		183 056 654	163 388 998
Available-for-sale reserve		20 490 572	12 300 016
Current liabilities			
Outstanding risk claims provision	5	3 000 000	4 000 000
Personal medical savings account liability	6	107 772	107 828
Trade and other payables	7	2 581 801	2 951 343
Total funds and liabilities		209 236 799	182 748 185

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Notes	2019 R	2018 R
Risk contribution income	8	186 164 161	172 756 552
Relevant healthcare expenditure		(159 848 860)	(138 938 536)
Risk claims incurred	9	(157 516 264)	(138 149 864)
Managed care: management services	12	(3 921 454)	(3 670 088)
Claims recoveries from third parties	10	1 561 977	2 050 256
Net income on risk transfer arrangement		26 881	831 160
Risk transfer arrangement fees	11	(322 602)	(272 914)
Recoveries from risk transfer arrangement	11	349 483	1 104 074
Gross healthcare results		26 315 301	33 818 016
Administration expenditure		(8 123 370)	(7 602 488)
Other operating expenses	13	(658 464)	(678 967)
Net impairment on healthcare receivables	14	(2 571 664)	(1 945 106)
Net healthcare results		14 961 803	23 591 455
Other income		5 446 759	9 672 285
Investment income	15	5 446 935	9 643 204
Sundry (expenses)/income	16	(176)	29 081
Other expenditure		(740 905)	(690 142)
Expenses for asset management services rendered	2	(740 905)	(690 142)
Net surplus for the year		19 667 656	32 573 598
Other comprehensive income/(loss)		8 190 556	(6 225 842)
Fair value adjustment on available-for-sale investments	2	8 190 556	(994 322)
Realised (gain) on available-for-sale investments	2	-	(5 231 520)
Total comprehensive income		27 858 213	26 347 756

STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2019

	Accumulated funds	Available-for-sale reserve	Members' funds
	R	R	R
Balance at 1 January 2018	130 815 400	18 525 858	149 341 258
Total comprehensive income for the year	32 573 598	(6 225 842)	26 347 756
Net surplus for the year	32 573 598	-	32 573 598
Other comprehensive expense	-	(6 225 842)	(6 225 842)
Changes in fair value of available-for-sale investments	-	(994 322)	(994 322)
Realised (gains) on disposal of available-for-sale investments	-	(5 231 520)	(5 231 520)
Balance at 31 December 2018	163 388 998	12 300 016	175 689 014
Total comprehensive income for the year	19 667 656	8 190 556	27 858 213
Net surplus for the year	19 667 656	-	19 667 656
Other comprehensive income	-	8 190 556	8 190 557
Changes in fair value of available-for-sale investments	-	8 190 556	8 190 556
Realised losses on disposal of available-for-sale investments	-	-	-
Balance at 31 December 2019	183 056 654	20 490 572	203 547 227

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 R	2018 R
Cash flows from operating activities			
Cash flows from operations before working capital changes	17	16 817 109	24 777 060
Working capital changes			
– (Decrease) in trade and other receivables		(952 831)	(1 912 505)
– (Decrease) in trade and other payables		(369 542)	(603 973)
– (Decrease)/increase in outstanding risk claims provision		(1 000 000)	1 000 000
– (Decrease) in medical savings account liability		(56)	(108 798)
		<hr/>	<hr/>
Cash generated by operations		14 494 680	23 151 784
– Income from investments		5 447 695	4 372 479
Net cash inflows generated from operating activities		19 942 375	27 524 263
Cash flows from investing activities			
(Additions) to available-for-sale investments	2	(22 422 042)	(46 480 886)
Proceeds on disposal of investments	2	740 905	27 581 650
Net cash outflow from investing activities		(21 681 137)	(18 899 236)
Net (decrease) increase in cash and cash equivalents		(1 738 762)	8 625 027
Cash and cash equivalents at beginning of the year		51 026 753	42 401 726
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	4	49 287 991	51 026 753
		<hr/> <hr/>	<hr/> <hr/>
Current, short term deposits and money market accounts		49 287 991	51 026 753



At a meeting of the BMW Employees Medical Aid Society's Board of Trustees held on 17th September 2020, the Trustees resolved to re-appoint Deloitte & Touche as the Scheme's auditors for the 2020 financial year.





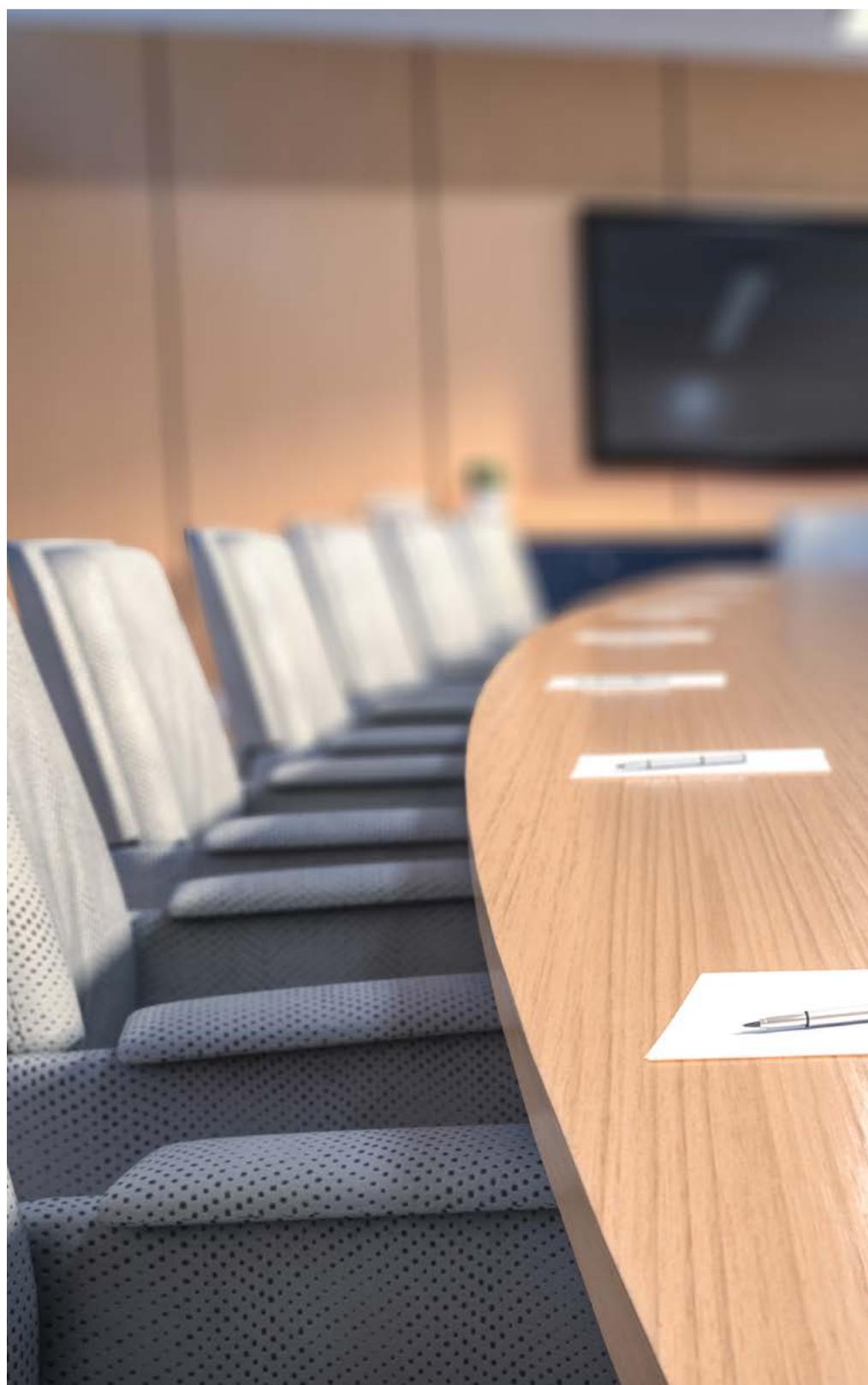
BMW EMPLOYEES
MEDICAL AID SOCIETY

NOTICE OF
**ANNUAL
GENERAL
MEETING**

INFORMATION
BOOKLET

2021

Notice is hereby given that the Thirty Fifth Annual General Meeting of the BMW Employees Medical Aid Society will be held at BMW Plant Rosslyn, on Sunday, 27 June 2021 at 09:30



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EXTERNAL AUDITORS FOR THE 2020 FINANCIAL YEAR	22



CHAIRPERSON'S REPORT – BEMAS AGM BOOKLET

The year 2020 hadn't exactly gone according to plan, as South Africa and the world grappled with a global pandemic that brought about fear, uncertainty and loss of life. While we try to recover as a nation from the devastating economic effects of the pandemic and rebuild our lives, I'm reminded that despite these unique circumstances, the year has presented some valuable opportunities for learning and personal growth, and these takeaways shouldn't be forgotten as we move through 2021. I am also heartened by the fact that as a member of the BMW Employees Medical Aid Society (BEMAS), my healthcare needs as well as those of my family are in good hands. These turbulent times have caused hardship, job losses and challenged the way we have had to operate as a medical scheme, but rest assured that BEMAS remains resolute in support of its members and dependants in these trying times.

It is normal to feel despondent about the year that has passed, or to simply dismiss the entire year as a loss, but I encourage you to try and reflect on the good that has happened and to appreciate all that you have. Let us recognize our collective strength and resilience and continue to pull together as a nation to defeat this common enemy. However, let us not forget the effects that such a devastating year may have had on our mental, physical and financial wellbeing.

Mental wellbeing is an integral part of our everyday lives – be it at home with family, at work, or in our social lives. We know that mental wellbeing is just as important as physical wellbeing and needs to be treated with the same level of understanding and urgency. I encourage you to take care of this as well as that of your families. It's also fair to say that physical health has never been this present in the world's collective consciousness. It certainly is an appropriate time to reflect on recent developments and how we can change our relationship with our health. As a BEMAS member, you have support for your health and wellness management across key health measures and your lifestyle habits.

While we certainly could not predict a worldwide pandemic, we can assume that more uncertainties lie ahead. Financial planning is therefore something that you should start now, even if you don't feel ready. Whether your goal is to get out of debt, build your savings, or create a strong investment portfolio – set a goal and develop a plan to reach it. To assist our members, BEMAS continues to seek the best in industry healthcare services at the most affordable costs.

PERFORMANCE OVERVIEW

The Society had a favourable claims experience for the 2020 financial year due to the lock-down and a delay in elective procedures, with relevant healthcare expenditure approximately 8.5% better than budget. A positive net healthcare result of R25.1 million was recorded, compared to a R15 million surplus in 2019.

In 2020, the Society recorded an overall net surplus of R28.8 million after investment income and other expenditure, compared to a net surplus of R20 million in 2019.

The solvency reserve ratio increased by 14.31% from 2019 to a level of 112.64% at the end of 2020.

Despite the dramatic impact of COVID-19 on South African and global investment markets, the fair value of the Society's investments grew by approximately 16% from 2019. The Board of Trustees are confident that the Society's strong financial position and reserve levels will allow it to absorb any possible direct or indirect negative impact of COVID-19 and continue to pay claims as they are incurred.

COVID-19 VACCINATION

The South African Government has procured enough COVID-19 vaccines to vaccinate all adults in South Africa through the national COVID-19 vaccination programme.

Vaccines will be administered in various phases according to the national prioritisation framework, to ensure that those individuals most at-risk receive their vaccinations first.

Vaccines will be administered at various accredited vaccination sites across the country. These include pharmacies, GP practices, hospitals, and dedicated vaccination sites. In partnership with the Society's administrator, we are setting up several dedicated vaccination sites for your convenience.

As a member of BEMAS, the cost of your vaccination at an accredited vaccination site will be covered in full. COVID-19 vaccination is supported by real-world evidence in countries that have already vaccinated their populations in large proportions to be safe and effective in preventing severe disease, whilst also reducing the number of new infections. I strongly encourage you to vaccinate as soon as you are eligible.

CHAIRPERSON'S REPORT – BEMAS AGM BOOKLET (cont.)

VOTE OF THANKS

I would like to take this opportunity to thank the following stakeholders for their efforts and contributions to the BMW Employees Medical Aid Society:

- The Board of Trustees
- The Audit & Risk Committee members and
- External Auditors, Deloitte.
- The Administrator, Discovery Health.

A special thank you is extended to the Board of Trustees. Our trustees are not remunerated, yet their attendance and engagement at Society meetings is truly commendable. This attests to the fact that as fellow colleagues at BMW South Africa and retirees, they all have the same goal in mind: how the Society can best serve its members with its available resources. Their devotion to this cause allows the decisions for the operations of the Society to be carried out seamlessly.

I must also thank our outgoing Principal Officer, Mr. Anthony Kelbrick, who has been a steady hand at the helm of the BEMAS Scheme for many years and wish him well into his retirement. We welcome on Board, Ms. Mashianyane Kunene who took over on 1 March 2021 from Mr. Kelbrick. Ms Kunene is supported by a dedicated, highly skilled team and I thank the Trustees for their resilience and commitment to our members, and to the Scheme's long-term sustainability during this transition.

CONCLUDING REMARKS

Members are assured that we remain committed to taking care of you and your family's healthcare needs, especially during these extraordinary times. Your Health as well as those of your dependents remains a top priority. 2021 brings hope with vaccines for COVID-19 to bring an end to this pandemic. The economic climate is likely to remain challenging it is therefore imperative to make sensible decisions for the sake of our own health and to plan as best as we possibly can. On behalf of the board of trustees, I would like to assure you of our continued commitment to providing excellent value to our members.

Finally, our deep condolences to our members and stakeholder community who have lost loved ones and colleagues through the COVID-19 pandemic. The Scheme will continue to do everything in our power to minimize the impact and severity of the disease, by ensuring our members have access to appropriate benefits and by delivering innovative supportive measures. Stay Safe

“Much is being asked of you, far more than should ever be asked. And we dare not fail. We shall recover. We shall overcome.”

– President Cyril Ramaphosa –

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

FINANCIAL STATEMENTS

for the year ended 31 December 2020

TRUSTEES' RESPONSIBILITY AND APPROVAL

The Trustees are responsible for the preparation and fair presentation of the financial statements of BMW Employees Medical Aid Society, which comprise the statement of financial position at 31 December 2020, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of 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 monitored the impact of the COVID-19 pandemic on the Scheme closely during 2020. The Trustees were provided with regular updates in respect of the COVID-19 pandemic regarding emerging trends in the country in general as well as within the medical industry and for the Scheme. The Scheme's strong financial position and reserve levels allow the Scheme to absorb the potential negative impact of COVID-19, and it is not envisaged that it will have an impact on the Scheme's ability to pay claims as they arise.

On the basis of this review and in light of the current financial position and available resources, the Trustees have no reason to believe that the Scheme will not be a going concern for the foreseeable future.

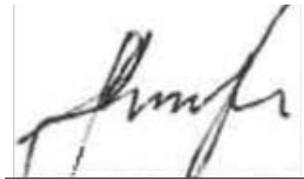
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of BMW Employees Medical Aid Society, as identified in the first paragraph, were approved by the Trustees on 22 April 2021 and are signed on their behalf by:



CHAIRMAN
S SOHAN



TRUSTEE
G SHAFEE



PRINCIPAL OFFICER
M KUNENE

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

FINANCIAL STATEMENTS

for the year ended 31 December 2020

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 principles

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.

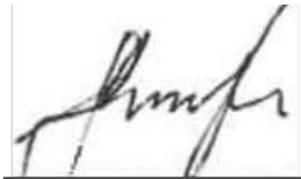
INTERNAL CONTROL

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
S SOHAN



TRUSTEE
G SHAFEE



PRINCIPAL OFFICER
M KUNENE

22 April 2021

Independent Auditor's Report

To the Members of BMW Employees Medical Aid Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BMW Employees Medical Aid Society (the Scheme), set out on pages 8 to 46, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in funds and reserves and the statement of 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 BMW Employees Medical Aid Society as at 31 December 2020, 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**MAKING AN
IMPACT THAT
MATTERS**
since 1845

National Executive: *LL Barn Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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.

Key Audit Matters	How the matter was addressed in the audit
<p>Outstanding Claims Provision:</p> <p>As disclosed in note 5, the carrying amount of the Outstanding Risk Claims Provision (IBNR) at year-end was R4 100 000 (2019: R3 000 000). The determination of the IBNR requires the Scheme's Trustees to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not reported at the Statement of Financial Position date.</p> <p>The IBNR calculation is based on a number of variables and assumptions of which the most significant are as follows:</p> <ul style="list-style-type: none"> • Previous experience in claims processing patterns; and • Average claims paid in the run-off period from March each year-end based on historical data. <p>Given the judgement and assumptions involved, we identified the valuation of the IBNR as representing a key audit matter.</p>	<p>In evaluating the valuation of the IBNR, we audited the calculations approved by the Board of Trustees and performed various procedures including the following:</p> <ul style="list-style-type: none"> • Obtained an understanding from the Scheme's actuaries regarding the process to calculate the IBNR; • Tested the integrity of the information used in the calculation of the IBNR by performing substantive procedures; • Performed a retrospective review of the IBNR raised in the 2019 financial year based on actual claims paid in 2020 to verify the assumptions applied to determine the IBNR is reasonable; and • Assessed the presentation and disclosure in respect of the IBNR and considered whether the disclosures reflect the risks inherent in the accounting for the IBNR. <p>The assumptions applied in the IBNR are appropriate and we are satisfied that the movement of the IBNR in the Statement of Comprehensive Income and the related disclosure of the IBNR balance and assumptions are appropriate.</p>

Other Information

The Scheme's Trustees are responsible for the other information. The other information comprises the information included in the document titled "BMW Employees Medical Aid Society Financial Statements for the year ended 31 December 2020", which comprises the Statement of Responsibility by the Board of Trustees, the Statement of Corporate Governance by the Board of Trustees and the Report of the Board of Trustees as required by Medical Schemes Act of South Africa which we obtained prior to the date of this report. The other information 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 on the other information obtained prior to the date of this auditor's report, 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's Trustees are responsible for assessing the Scheme's 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.

We also provide the Scheme's Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Audit tenure

In terms of CMS Circular 38 of 2018 Audit tenure, we report that Deloitte has been the auditor of BMW Employees Medical Aid Society for 2 years.

The engagement associate director, Jan van Staden, has been responsible for the BMW Employees Medical Aid Society audit for 2 years.

The logo for Deloitte & Touche, featuring the company name in a stylized, cursive script.

Deloitte & Touche
Registered Auditors
Per: Jan van Staden
Associate Director 7
May 2021

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2020

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

From 1 January 2017 the Scheme discontinued the MSA component of the benefit option. MSA balances owing to members are being refunded accordingly. The Scheme is attempting to refund all unpaid balances with assistance from the employer.

1.4 Risk transfer arrangements

The Scheme had the Netcare 911 risk transfer agreement in place during the year under review. Netcare 911 Proprietary Limited provided emergency medical advice, emergency medical response and transportation to the members of the Scheme. See note 11 of the Financial Statements for more information on this contract.

In 2009, the CMS took the decision that Netcare 911 did not require accreditation as a managed healthcare provider to provide certain services to medical schemes. Following a complaint, in December 2017, the CMS found that Netcare 911 cannot perform functions which require accreditation. Netcare 911 appealed this ruling, which appeal is still pending. The effect of the pending appeal is that the 2017 Ruling remains in abeyance pending the finalisation of the appeal, in line with Section 49(2) of the Medical Schemes Act, resulting in the Scheme's agreement with Netcare 911 remaining valid.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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:

Employer Appointed

S Sohan	Chairman – effective 1 October 2020
C Hector	Term ended 30 September 2020
C Hector*	Effective 1 October 2020
M Gounden	
D Govender	Appointed 1 June 2020
T Harakhchand*	Resigned 31 October 2020
M Makwela	Appointed 1 November 2020 (Co-opted)
D Radebe	Resigned 31 May 2020
G Shafee	
V Vatsha-Mahlaba	Resigned 31 October 2020 (Co-opted)

Employee elected

JP Fegbeutel	
E Hlophane	
S Hoon	
K Madumo*	
P Masuku	
J Meiring*	
S Sohan	Term ended 30 September 2020

2.2 Principal Officer

AR Kelbrick (Resigned 28 February 2021)

M Kunene (Appointed 1 March 2021)

2.3 Registered office address and postal address

1 Discovery Place	PO Box 786722
Sandton	Sandton
2146	2146

2.4 Scheme administrator during the year

Discovery Health Proprietary Limited

1 Discovery Place	PO Box 786722
Sandton	Sandton
2146	2146

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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:

- 27Four Life Limited
- Allan Gray Life Limited
- Aluwani Capital Partners Proprietary Limited
- Mazi Asset Management Proprietary Limited
- Prudential Portfolio Managers (South Africa) Life Limited
- Sanlam Collective Investments (RF) Proprietary Limited
- Stanlib Collective Investments (RF) Proprietary Limited

2.6 Investment consultant during the year

Old Mutual Wealth Limited

1 Mutual Place	PO Box 650140
Second Floor	Benmore
107 Rivonia Road	Johannesburg
Sandton	2010
2146	

2.7 Actuaries

Mr Pieter Grobler	Discovery Health Proprietary Limited
1 Discovery Place	PO Box 784262
Sandton	Sandton
2146	2146

3 INVESTMENT 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.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES (continued)

4 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

4.1 Operational statistics

	2020	2019
Number of members at the end of the accounting period	3 141	3 295
Number of beneficiaries at the end of the accounting period	7 907	8 087
Average number of members for the accounting period	3 224	3 488
Average age of beneficiaries for the accounting period	28.12	28.04
Pensioner ratio (beneficiaries > 65 years)	2.59%	2.47%
Average net contributions per member per month	R4 861.30	R4 447.73
Average net contributions per beneficiary per month	R1 982.25	R1 918.35
Average claims incurred per member per month	R3 980.46	R3 819.02
Average claims incurred per beneficiary per month	R1 623.08	R1 647.18
Average administration costs per member per month	R217.82	R209.81
Average administration costs per beneficiary per month	R88.82	R90.49
Average managed care: Management services per member per month	R98.61	R93.69
Accumulated funds per member at 31 December	R67 451.06	R55 555.89
Beneficiary ratio at 31 December	2.52	2,45
Net claims as a percentage of net contributions	81.88%	85.86%
Managed care: Management services as a percentage of gross contributions	2.03%	2.11%
Administration expenses as a percentage of gross contributions	4.79%	6.10%

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

	2020	2019
	R	R
The accumulated funds ratio is calculated on the following basis		
Total members' funds per statement of financial position	236 362 481	203 547 226
- Less: Available-for-sale reserve **	(24 498 710)	(20 490 572)
(Refer to 4.3)		
Accumulated funds per Regulation 29	211 863 771	183 056 654
Annualised gross contributions	188 083 575	186 164 161
Accumulated funds ratio = Accumulated funds/annualised gross contribution income x 100	112.64%	98.33%

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

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:

	2020	2019
	R	R
Net cumulative gain at the beginning of the period	20 490 572	12 300 016
Unrealised loss on revaluation of available-for-sale investments included in accumulated funds	4 008 138	8 190 556
Cumulative net gain on remeasurement to fair value of available-for-sale investments included in accumulated funds	24 498 710	20 490 572

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

The impact of Covid-19 pandemic on the Scheme is being monitored closely by the Trustees as described in note 10 of the Report of the Board of Trustees.

There were no other events after the reporting date that had a material impact on the Scheme.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES (continued)

7 RELATED PARTY TRANSACTIONS

Discovery Health Proprietary Limited is the administrator of the Scheme.

Payments are made in terms of the administration and managed care agreements, reviewed for 2019 at the end of 2018, with Discovery Health (Pty) Ltd. Fees were paid as follows:

	2020	2019
	R	R
Discovery Health Proprietary Limited	11 718 040	12 044 824
Administration fees	7 902 900	8 123 370
Managed care: management services fees	3 815 140	3 921 454

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 six members of which two are members of the Board of Trustees.

The Committee met on two occasions during the course of the year as follows:

- 14 April 2020
- 19 November 2020

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

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:

Ms C Hector	Employer Appointed Trustee
Ms S Bisnath	Independent member
Mr C Dorasamy	Independent member
Ms L Erasmus	Independent member
Mr J Badenhorst	Independent member
Mr S Sohan	Employer Appointed Trustee

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 0.43% (2019: 0.20%) 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 participating employers and medical scheme administrators

At 31 December 2020, the Scheme indirectly held shares in Momentum Metropolitan Holdings Limited amounting to R 188 137 (2019: R 139 800) and Discovery Holdings Limited amounting to R798 406 (2019: R 125 038).

Ordinarily this would be in contravention of Section 35(8)(c) of the Act, which, inter alia, prohibits a medical scheme from investing on any medical scheme administrators. However, as funds in these specific portfolios are structured at the sole discretion of the asset manager in a manner that maximizes the return on investment, and neither the Scheme nor these employers provide input into the structuring of the portfolio.

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

9.3 Claims payments in excess of 30 days

Member or provider claims should be settled within 30 days of submission. Instances were noted where settlements took more than 30 days.

Instances were identified where claims that were processed on time had not passed for payment within 30 days. These are isolated cases and thus do not have a material effect on the Scheme.

Internal quality assurance checks have been implemented to ensure payments are released timeously.

9.4 Prescribed minimum benefits

Section 29(1)(o) and Regulation 8 provide the scope and level of minimum benefits that the Scheme must provide to members and dependants. During the year under review there were isolated instances where the Scheme did not pay claims in accordance with the scope and level of minimum benefits. The claims have been reprocessed and correctly paid.

9.5 Rule 18.1.1 & 18.1.2 of the Society's Rules requires that the Board of Trustees consist of four (4) persons who shall be appointed by the employer and five (5) persons (who shall be members of the Society), to be elected by members in general meetings.

Due to trustee resignations and movements during the year under review and the deferral of the Society's 2020 Annual General Meeting because of the COVID-19 pandemic, a vacancy amongst the member elected trustees existed at 31 December 2020, resulting in non-compliance with the Society's Rules.

The vacancy will be filled at the 2021 Annual General Meeting.

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES (continued)

10 COVID-19

During 2020 and up to 25 March 2021, 448 beneficiaries of BMW Employees Medical Aid Scheme total members tested positive for COVID-19, 442 beneficiaries recovered and 3 beneficiaries passed away. The Scheme's COVID-19 related claims costs (i.e. costs for tests, consultations, medicine and hospitalisation) was approximately R8.66m up to 25 March 2021 (4.60% of risk contributions).

The Trustees have monitored the impact of the COVID-19 pandemic on the Scheme closely during 2020. The Trustees were provided with regular updates in respect of the COVID-19 pandemic regarding emerging trends in the country in general as well as within the medical industry and for the Scheme.

Claims costs in 2020 were slightly lower than budget mainly due to the cancellation and/or postponement of elective surgeries as well as a general reduction in the utilisation of other medical services. This resulted in a surplus of 15.32% of risk contributions with the solvency ratio increasing to 112.64% at the end of 2020.

It should be noted that it is expected that there will be a catch up of some of the services during the course of 2021 and 2022. Some of the surpluses generated in 2020 will therefore be required to fund the catch-up of claims in future. The timing and extent of the catch-up is uncertain at this stage since this will be impacted by potential future waves of COVID infections.

11 MEETING ATTENDANCE

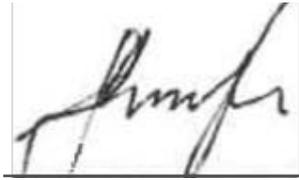
The following schedules set out Board of Trustee meeting attendances and attendances by members of Sub- Committees:

Board of Trustees meetings	Number of meetings
Number of meetings for the year	6
C Hector	3
D Radebe	-
E Hlophane	-
S Sohan	6
K Madumo	1
J Meiring	1
JP Fegbeutel	6
V Vatsha-Mahlaba	-
T Harakhchand	-
S Hoon	6
M Gounden	4
D Govender	5
P Masuku	5
Attendees:	
AR Kelbrick – Principal Officer	6

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



CHAIRMAN
S SOHAN



TRUSTEE
G SHAFEE



PRINCIPAL OFFICER
M KUNENE

22 April 2021

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Notes	2020 R	2019 R
ASSETS			
Non-current assets			
Available-for-sale investments	2	183 235 338	157 814 529
Current assets			
Trade and other receivables	3	2 146 233	2 134 279
Cash and cash equivalents	4	58 249 110	49 287 991
Total assets		243 630 681	209 236 799
FUNDS AND LIABILITIES			
Members' funds			
Accumulated funds		211 863 771	183 056 654
Available-for-sale reserve		24 498 710	20 490 572
Current liabilities			
Outstanding risk claims provision	5	4 100 000	3 000 000
Personal medical savings account liability	6	107 132	107 772
Trade and other payables	7	3 061 068	2 581 801
Total funds and liabilities		243 630 681	209 236 799

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 R	2019 R
Risk contribution income	8	188 083 575	186 164 161
Relevant healthcare expenditure		(154 004 154)	(159 848 860)
Risk claims incurred	9	(152 231 688)	(157 516 264)
Managed care: management services	12	(3 815 140)	(3 921 454)
Claims recoveries from third parties	10	1 868 219	1 561 977
Net income on risk transfer arrangement		174 455	26 881
Risk transfer arrangement fees	11	(335 612)	(322 602)
Recoveries from risk transfer arrangement	11	510 067	349 483
Gross healthcare results		34 079 421	26 315 301
Administration expenditure		(7 902 900)	(8 123 370)
Other operating expenses	13	(524 747)	(658 464)
Net impairment on healthcare receivables	14	(582 470)	(2 571 664)
Net healthcare results		25 069 304	14 961 803
Other income		4 716 539	5 446 759
Investment income	15	4 639 790	5 446 935
Sundry (expenses)/income	16	76 749	(176)
Other expenditure		(978 726)	(740 905)
Expenses for asset management services rendered	2	(978 726)	(740 905)
Net surplus for the year		28 807 117	19 667 656
Other comprehensive income/(loss)		4 008 138	8 190 556
Fair value adjustment on available-for-sale investments	2	4 008 138	8 190 556
Total comprehensive income		32 815 255	27 858 213

STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2020

	Accumulated funds	Available-for-sale reserve	Members' funds
	R	R	R
Balance at 1 January 2019	163 388 998	12 300 016	175 689 014
Total comprehensive income for the year	19 667 656	8 190 556	27 858 213
Net surplus for the year	19 667 656	-	19 667 656
Changes in fair value of available-for-sale investments	-	8 190 556	8 190 556
Balance at 31 December 2019	183 056 654	20 490 572	203 547 226
Total comprehensive income for the year	28 807 117	4 008 138	32 815 255
Net surplus for the year	28 807 117	-	28 807 117
Changes in fair value of available-for-sale investments	-	4 008 138	4 008 138
Balance at 31 December 2020	211 863 771	24 498 710	236 362 481

STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash flows from operations before working capital changes	17	21 534 148	16 817 109
Working capital changes			
– (Decrease) in trade and other receivables		2 504 543	(952 830)
– (Decrease) in trade and other payables		479 267	(369 542)
– (Decrease)/increase in outstanding risk claims provision		1 100 000	(1 000 000)
– (Decrease) in medical savings account liability		(640)	(56)
Cash generated by operations		25 617 318	14 494 681
– Income from investments		4 756 472	5 447 694
Net cash inflows generated from operating activities		30 373 790	19 942 375
Cash flows from investing activities			
(Additions) to available-for-sale investments	2	(22 391 398)	(22 422 040)
Proceeds on disposal of investments	2	978 726	740 905
Net cash outflow from investing activities		(21 412 672)	(21 681 136)
Net increase/(decrease) in cash and cash equivalents		8 961 118	(1 738 761)
Cash and cash equivalents at beginning of the year		49 287 991	51 026 753
Cash and cash equivalents at end of the year	4	58 249 110	49 287 991
Current, short term deposits and money market accounts		58 249 110	49 287 991



At a meeting of the BMW Employees Medical Aid Society's Board of Trustees held on 17th September 2020, the Trustees resolved to re-appoint Deloitte & Touche as the Scheme's auditors for the 2020 financial year.





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