



**BMW EMPLOYEES
MEDICAL
AID SOCIETY**

NOTICE OF ANNUAL GENERAL MEETING
INFORMATION BOOKLET 2022




NOTICE IS HEREBY GIVEN THAT THE THIRTY-SIXTH ANNUAL GENERAL MEETING OF THE BMW EMPLOYEES MEDICAL AID SOCIETY WILL BE HELD AT BMW PLANT ROSSLYN, ON SUNDAY, 18 SEPTEMBER 2022 AT 11:00



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CHAIRPERSON'S REPORT

BEMAS AGM BOOKLET

After a turbulent 2020, where South Africa and the world experienced the devastating effects of a global pandemic, we entered 2021 with renewed hope in the fight against COVID19. The roll-out of COVID19 vaccines brought a sense of optimism as we set our sights on recovering from the socio-economic impact of the pandemic and looked forward to rebuilding our lives. Upon reflection of the extraordinary times we have endured, I am extremely encouraged by the resilience we have shown as a nation and our collective efforts in trying to defeat this common enemy. I am equally heartened by the ability of our BMW Employees Medical Aid Society (BEMAS) to withstand such seemingly insurmountable challenges. Throughout these unique circumstances, the Society's single focus remained the wellbeing of its members and the continued provision of quality healthcare when it was needed most. At the same time, the Society maintained its financial sustainability through the careful management of benefits and sound financial prudence. An enormous debt of gratitude is therefore extended to the Board of Trustees and our Principal Officer who showed outstanding leadership to ensure the Society remained financially viable for the foreseeable future.

It may be reasonable to look back with despair at the two years that have passed, but I would encourage you to reflect on the valuable learning and growth opportunities presented by these exceptional circumstances. We have emerged stronger and more resilient than ever before, so let us move forward with positivity and a sense of pride in our collective achievements.

As we move forward, it will become increasingly important to take care of our mental and physical wellbeing. Our mental and physical health has never been in such sharp focus, and it certainly is an appropriate time to change our mindset with regards to our health. As a BEMAS member, you have full support for your health and wellness across essential health measures and lifestyle habits.

While the future holds its fair share of uncertainties, I have a sense that we certainly are better prepared. Remember that BEMAS will continue to provide some of the best-in-industry healthcare services at very affordable costs.

PERFORMANCE OVERVIEW

Despite the easing of lock-down restrictions during the year 2021 and a gradual return to normal activity, the Society continued to benefit from delays in elective procedures and a lower-than-expected claims experience. Relevant healthcare expenditure was therefore approximately 9% better than budget. A positive net healthcare result of R3.5 million was recorded, compared to a R25 million surplus in 2020.

In 2021, the Society recorded an overall net surplus after investment income and other expenditure of R7.3 million compared to a net surplus of R28.8 million in 2020.

The solvency reserve ratio increased by 3.87% from 2020 to a level of 116.51% at the end of 2021.

The Board of Trustees are confident that the Society's healthy financial position and reserve levels are sufficient to withstand any adverse future claims experiences and to pay claims as they are incurred.

COVID-19 VACCINATION

During the first quarter of 2021, the first batch of vaccines were administered in various phases according to the national prioritization framework, to ensure that those individuals most at-risk received their vaccinations first. Through a rigorous national vaccine-drive, vaccinations were administered at various accredited vaccination sites across the country. These included pharmacies, GP practices, hospitals, and dedicated vaccination sites, including those set up in partnership with the Society's Administrator.

Whilst the initial uptake amongst BEMAS members was low, we are pleased to report that to date, over 40% of our membership base has been vaccinated.

A reminder that as a member of BEMAS, the cost of your vaccinations at an accredited vaccination site will be covered in full. COVID-19 vaccination is supported by real-world evidence to be safe and effective in preventing severe disease, whilst also reducing the number of new infections. Similar results are evident in our own BEMAS numbers, and we therefore strongly encourage you to vaccinate as soon as you can so that we may see the return of normal social and economic activity.

CHAIRPERSON'S REPORT

BEMAS AGM BOOKLET (cont.)

VOTE OF THANKS

I would like to take this opportunity to thank all our stakeholders for their efforts and contributions to the BMW Employees Medical Aid Society and in particular, all the members who look after their own health, diligently comply with our rules and conditions, and bring concerns regarding our medical society to the attention of the administrator and/or the trustees.

A special thanks to the Board of Trustees, who voluntarily serve the Society without any compensation. Your commitment to our members is truly commendable. It is due to this kind of devotion that we can effectively manage the Society's operations and ensure that our members receive good quality healthcare.

I must also extend my gratitude to our Principal Officer, Ms. Mashianyane Kunene, who assumed the role during extremely challenging times, but fulfilled her duties with great excellence and dedication. Your support of our trustees has been enormous, and we look forward to your successful tenure.

CONCLUDING REMARKS

Your Health as well as those of your dependents remains a top priority for BEMAS and with a renewed sense of hope, we look forward to a prosperous 2022. On behalf of the board of trustees, I would like to assure you of our continued commitment to providing excellent value to our members.

Stay Safe!

BEMAS Chairperson

MINUTES OF THE PREVIOUS MEETING

Minutes of the thirty-fifth Annual General Meeting of the BMW Employees Medical Aid Society held on 27 June 2021 at 10h00 in the main canteen, BMW SA (pty) limited, Rosslyn and via MS Teams

PRESENT

Mr. S Sohan Chairperson

9 Members on site attendance

23 Members virtual attendance

30 Proxies received

IN ATTENDANCE

A Rogers Discovery Health

M Buckingham Discovery Health

S Makhubela Discovery Health

L Nthoba Discovery Health

K Mokoatedi Council for Medical Schemes

1. Welcome

The Chairperson welcomed all present to the Thirty Fifth 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.

The Chairperson confirmed that notices for the meeting were distributed to members and also placed on the notice board by 14 June 2021, in accordance with the Society Rules.

With proper notice having been given and having 9 members on site and 23 members online a quorum of 30 members was reached, and the meeting was declared properly constituted.

The Chairperson explained the online and the onsite voting process to the members and shared the agenda with all present.

2. Minutes of the previous meeting

The minutes of the Thirty Fourth Annual General Meeting held on the 2nd of June 2019, 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 2nd of June 2019. Motion was approved by Ms. G Shafee and seconded by Ms. M Kunene. The Minutes were approved as a true reflection of the proceedings.

3. Adoption of the Annual Financial Statements and Board of Trustees Report for the year ended 31 December 2019/2020

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 Audit and Risk Committee and further approved by the Board of Trustees as well as the Society's external auditors, Deloitte.

MINUTES OF THE PREVIOUS MEETING (cont.)

The Chairperson motioned for the adoption of the Annual Financial Statements and the Board of Trustees Report for the year ending 31 December 2019 and 31 December 2020. Mr. S Hoon approved the motion and Ms. G Shafee seconded the motion. The Chairperson declared the motion as CARRIED.

The Chairperson provided a broad overview of the financial results in 2020.

The following was noted:

- Claims ratio (claims, including managed care as % of contributions) decreased from 85.9% to 81.9%
- Non-Healthcare expenditure ratio (NHE as % of contributions) decreased from 6.1% to 4.8%
- Return on investments for 2020 was 2.87%, 3.26% per annum over the 3 year period and 4.71% over the 5 year period
- Surplus increased from R27,9m to R32.8m. This equates to a 17.6% increase in the year on year results
- Solvency ratio increased from 98.3% to 112.6%

The Chairperson confirmed that the Society's claims spend per disciplines during the year 2020 was:

- Hospital – 32%
- Medical specialists – 24%
- Medicine – 17%
- Supp and Allied Health professionals – 13%
- General Practitioners – 8%
- Dental – 5%
- Other – 1%

He further confirmed that the Society had spent just under R10m on COVID-related costs and reaching close to 500 members being impacted.

The Chairperson reported that as at May 2021, the Society had incurred a surplus of R2.65 million compared to a budgeted deficit of R389k. The major contributor was that claims were still lower than expected due to delays in elective procedures and that investments were recovering well.

4. Appointment of external auditors for the ensuing financial year

The Chairperson proposed that the approval of Deloitte as the Society's External Auditors be adopted. The motion was approved by Mr. Gounden and seconded by Ms. Kunene and the Chairperson confirmed the appointment for the ensuing financial year.

5. 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 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.

He confirmed that Dr. Fegbeutel's first term ended in June 2020 and the continuation members elected him early in 2020 as there was no AGM in 2020. He was therefore appointed to his second term on the 3rd of June 2020, and it was ratified at the 2021 AGM, and at his request Mr. John Meiring was appointed as his alternate.

MINUTES OF THE PREVIOUS MEETING (cont.)

The Chairperson confirmed the employer appointed and member elected Trustees serving in 2020/21:

Employer elected Trustees serving in 2020/21:

Mr. S Sohan
Ms. G Shafee
Mr. D Govender
Mr. M Gounden

Member elected Trustees serving in 2020/21:

Dr. J Fegbeutel
Mr. E Hlophane (alternate Mr. K Madumu)
Mr. S Hoon
Mr. P Masuku
Mr. P Mahlangu

Co-opted Trustee serving in 2021:

Dr. M Makwela

The Chairperson advised that the first terms for Mr. E Hlophane and Mr. S Hoon were ending at the conclusion of the 2021 Annual General Meeting. He confirmed that Mr. P Mahlangu's term was deferred from 2020 to the 2021 Annual General Meeting. He confirmed that there were therefore three member vacancies to be filled and nominations were requested to be sent to Ms. Kunene by the 20th of June 2021.

Nominations for Trustee elections were:

Esrom Hlopne
Spencer Hoon
Robert Francis Wright
Rulani Shilenge
Khutso Mphela
Mpho Mathamelo
Joe Boikanyo

Voting was conducted via the online voting platform and ballot wherein members onsite were afforded the opportunity to cast their votes for their preferred candidates. After a rigorous validation process, all submitted votes were counted and three candidates emerged as successfully elected.

The Chairperson congratulated Mr. Hoon, Ms. Shilenge and Ms. Mathamelo on their election and welcomed them to the Board of Trustees.

MINUTES OF THE PREVIOUS MEETING (cont.)

6. General

The Chairperson confirmed that two motions were received from Mr. Robert Francis Wright:

- I would submit that an improved system be introduced to deal with medical aid costs. Pensioners payments from investments are decreasing annually. Medical aid costs increasing annually copayments should be stopped as they are spiraling out of control. The medical aid should insist the pharmacies only charge the member whatever they authorize or negotiate a solution in favor of the members.
- The medical aid should revisit their handling of some chronic illnesses. Example Alzheimers's and dementia and others. I find it difficult to logically understand how HIV and Covid are covered when they are in the main self-inflicted by members who refuse to use the protocols which would prevent infection while other chronic illnesses are inflicted by god with no help from the member who suffers the suffering without any help from the medical aid.

He confirmed that the Board of Trustees acknowledged the motions received and ensured Mr. Wright that it would be discussed at the upcoming Board of Trustees Meeting and that feedback would be given directly to him.

The Chairperson gave members an opportunity to ask questions of the Board.

- A member raised a question pertaining to the national health bill and what the impact would be on the medical aid

Mr. Rogers, the Society's fund manager explained that there was still much to be deliberated regarding the national health bill and the role that medical schemes would play in its functioning, but he assured members that medical schemes would work closely with Government and the National Department of Health to ensure the most optimal outcome for all.

- A member raised a concern that he did not receive the financial statements

The Chairperson informed him that it was available on the BEMAS website.

7. Closing

In conclusion the Chairperson thanked everyone present for their attendance and time.

There being no further matters to discuss, the meeting was closed.

8. Date of the next meeting

The next meeting to be confirmed.

Minutes accepted



S. Sohan
CHAIRMAN

DATE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

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 2021, 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 2021. 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.

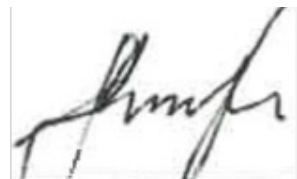
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

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 2022 and are signed on their behalf by:



CHAIRMAN
S SOHAN



TRUSTEE
G SHAFEE



PRINCIPAL OFFICER
M KUNENE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021 (cont.)

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

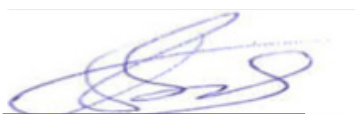
The Trustees meet regularly and monitor the performance of the Administrator and other service providers. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

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.

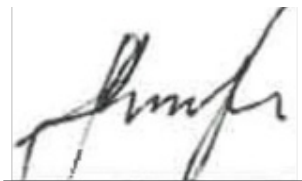
Internal Control

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

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 08 to 46, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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.



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 OUTSTANDING CLAIM PROVISION (IBNR)	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>IFRS requires the Scheme to make provision for all future cash outflows for which the past event has occurred. In doing so the Scheme calculates a best estimate of claims payments for claim events occurring prior to year-end but for which the scheme has not been notified.</p> <p>As disclosed on the face of the statement of financial position and in Note 5, the outstanding claim provision of R7.6 million (2020: R4.1 million).</p> <ul style="list-style-type: none"> This matter is considered significant as the underlying calculation requires a use of significant assumptions, estimates and judgement by management. 	<p>We assessed the competence, capabilities and objectivity of the Trustee's specialist performing the calculation of the provision;</p> <ul style="list-style-type: none"> Performed a retrospective review of the IBNR raised in the 2020 financial year based on actual claims paid in 2021 to verify reasonability of the assumptions applied to the IBNR and assess the ability of the Scheme to estimate the IBNR with some reliability; Performed a substantive analytical review procedure, using historical claims data to develop an expected IBNR amount, comparing that to the amount determined by the Trustee's specialist to ensure adequacy of the provision; Performed tests of detail on the current year IBNR including testing actual claims experienced subsequent to year end and to as close as possible to audit completion date; and Assessed the presentation and disclosure in respect of the IBNR and considered whether the disclosures reflected the risks inherent in the accounting for the IBNR.

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 (CMS), 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 Employee Medical Aid Society for 3 years.

The engagement associate director, Kelby Moothoosamy, has been responsible for the BMW Employee Medical Aid Society's audit for 1 year.



Deloitte & Touche Registered Auditors Per: Kelby Moothoosamy 6 May 2022

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2021

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 (cont.)

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
C Hector*	Resigned 31 March 2021
M Gounden	
G Shafee	
D Govender	
M Makwela	Co-opted

Employee elected

JP Fegbeutel	
E Hlophane	Resigned 30 June 2021
S Hoon	
K Madumo*	
P Masuku	
J Meiring*	
R Shilenge	Appointed 27 June 2021
L Mathamelo	Appointed 27 June 2021

* alternate

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 Sandton 2146	PO Box 786722 Sandton 2146
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2.4 | SCHEME ADMINISTRATOR DURING THE YEAR

Discovery Health Proprietary Limited

1 Discovery Place Sandton 2146	PO Box 786722 Sandton 2146
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BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF THE BOARD OF TRUSTEES (cont.)

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 (cont.)

4 | Review of the Accounting Period's Activities

4.1 | OPERATIONAL STATISTICS

	2021	2020
Number of members at the end of the accounting period	3,165	3,141
Number of beneficiaries at the end of the accounting period	7,976	7,907
Average number of members for the accounting period	3,013	3,224
Average age of beneficiaries for the accounting period	28.16	28.12
Pensioner ratio (beneficiaries > 65 years)	2.88%	2.59%
Average net contributions per member per month	R 5,201.90	R4,861.30
Average net contributions per beneficiary per month	R 1,965.17	R1,982.25
Average claims incurred per member per month	R 4,856.96	R3,980.46
Average claims incurred per beneficiary per month	R 1,834.86	R1,623.08
Average administration costs per member per month	R 232.37	R217.82
Average administration costs per beneficiary per month	R 87.78	R88.82
Average managed care: Management services per member per month	R 102.53	R98.61
Accumulated funds per member at 31 December	R 69,239.96	R76,622.38
Beneficiary ratio at 31 December	2.52	2.52
Net claims as a percentage of net contributions	93.37%	81.88%
Managed care: Management services as a percentage of gross contributions	1.97%	2.03%
Administration expenses as a percentage of gross contributions	4.75%	4.79%

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.

REPORT OF THE BOARD OF TRUSTEES (cont.)

4.3 | ACCUMULATED FUNDS RATIO

	2021 R	2020 R
The accumulated funds ratio is calculated on the following basis		
Total members' funds per statement of financial position	268,519,218	236,362,481
- Less: Available-for-sale reserve **	(49,374,743)	(24,498,710)
(Refer to 4.3)		
Accumulated funds per Regulation 29	219,144,475	211,863,771
Annualised gross contributions	188,090,438	188,083,575
Accumulated funds ratio = Accumulated funds/annualised gross contribution income x 100	116.51%	112.64%

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

	2021 R	2020 R
Net cumulative gain at the beginning of the period	24,498,710	20,490,572
Unrealised loss on revaluation of available-for-sale investments included in accumulated funds	24,876,033	4,008,138
Cumulative net gain on remeasurement to fair value of available-for-sale investments included in accumulated funds	49,374,743	24,498,710

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.

REPORT OF THE BOARD OF TRUSTEES (cont.)

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.

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 2021 at the end of 2020, with Discovery Health (Pty) Ltd. Fees were paid as follows:

	2021 R	2020 R
Discovery Health Proprietary Limited	11,387,331	11,718,040
Administration fees	7,679,904	7,902,900
Managed care: management services fees	3,707,427	3,815,140

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:

- 15 April 2021
- 9 November 2021

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:

Mr S Hoon	Employee Elected 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 (cont.)

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 0.428% (2020: 0.430%) 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 2021, the Scheme indirectly held shares in Momentum Metropolitan Holdings Limited amounting to R 155 526 (2020: R 188 137) and Discovery Holdings Limited amounting to R798 406 (2020: R 798 406).

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.

REPORT OF THE BOARD OF TRUSTEES (cont.)

10 | COVID-19

During 2020 and up to 22 March 2022, 1 318 beneficiaries of BMW Employees Medical Aid Scheme total members tested positive for COVID-19, 1 282 beneficiaries recovered, 16 still recovering and 20 beneficiaries passed away. The Scheme's COVID-19 related claims costs (i.e. costs for tests, consultations, medicine and hospitalisation) was approximately R26.43m up to 22 March 2022.

The Trustees have monitored the impact of the COVID-19 pandemic on the Scheme closely during 2020 and 2021. 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.

Provision for COVID vaccinations

COVID-19 vaccination data, recently received from the Department of Health from the EVDS system, showed that a significant number of members had been vaccinated for COVID-19 at public vaccination sites but that a significant portion of cost at these sites have not yet been billed to the Scheme. Therefore, an additional IBNR allowance should be made in for these COVID-19 vaccine costs. The IBNR amount was determined based on the number of doses received by members to date that have not yet been billed multiplied by the assumed cost for each dose (including both the vaccine and administration components). The total IBNR amounts to R320 460.

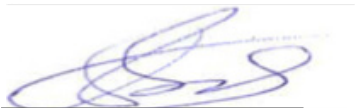
11 | Meeting Attendance

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

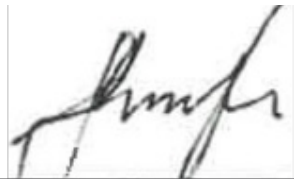
BOARD OF TRUSTEES MEETINGS	NUMBER OF MEETINGS
Number of meetings for the year	5
S Sohan	5
K Madumo (alternate)	1
J Meiring	4
JP Fegbeutel	5
S Hoon	4
M Gounden	4
D Govender	3
P Masuku	5
R Shilenge	2
L Mathamelo	3
G Shafee	5
Attendees:	
M Kunene – Principal Officer	5

REPORT OF THE BOARD OF TRUSTEES (cont.)

AUDIT AND RISK COMMITTEE MEETINGS	NUMBER OF MEETINGS
Number of meetings for the year	2
J Badenhorst	2
S Bisnath	2
C Dorasamy	2
L Erasmus	2
S Sohan	2
S Hoon	1



CHAIRMAN
S SOHAN
22 April 2022



TRUSTEE
G SHAFEE



PRINCIPAL OFFICER
M KUNENE

BMW EMPLOYEES MEDICAL AID SOCIETY

(Registration no. 1526)

REPORT OF STATEMENT OF FINANCIAL POSITION

at 31 December 2021

	NOTES	2021 R	2020 R
ASSETS			
Non-current assets			
Available-for-sale investments	2	245,807,320	183,235,338
Current assets			
Trade and other receivables	3	1,962,776	2,146,233
Cash and cash equivalents	4	32,934,884	58,249,110
Total assets		280,704,980	243,630,681
FUNDS AND LIABILITIES			
Members' funds			
Accumulated funds		219,144,473	211,863,771
Available-for-sale reserve		49,374,745	24,498,710
Current liabilities			
Outstanding risk claims provision	5	7,600,000	4,100,000
Personal medical savings account liability	6	106,630	107,132
Trade and other payables	7	4,479,132	3,061,068
Total funds and liabilities		280,704,980	243,630,681

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	NOTES	2021 R	2020 R
Risk contribution income	8	188,090,438	188,083,575
Relevant healthcare expenditure		(175,617,952)	(154,004,154)
Risk claims incurred	9	(172,749,312)	(152,231,688)
Managed care: management services	12	(3,707,427)	(3,815,140)
Claims recoveries from third parties	10	767,260	1,868,219
Net income on risk transfer arrangement		71,527	174,455
Risk transfer arrangement fees	11	(372,247)	(335,612)
Recoveries from risk transfer arrangement	11	443,774	510,067
Gross healthcare results		12,472,486	34,079,421
Administration expenditure	13	(7,679,904)	(7,902,900)
Other operating expenses	14	(722,132)	(524,747)
Net impairment on healthcare receivables	15	(535,445)	(582,470)
Net healthcare results		3,535,005	25,069,304
Other income		5,006,245	4,716,539
Investment income	16	5,001,401	4,639,790
Sundry (expenses)/income	17	4,844	76,749
Other expenditure		(1,260,548)	(978,726)
Expenses for asset management services rendered	2	(1,260,548)	(978,726)
Net surplus for the year		7,280,702	28,807,117
Other comprehensive income/(loss)		24,876,033	4,008,138
Fair value adjustment on available-for-sale investments	2	24,876,033	4,008,138
Total comprehensive income		32,156,735	32,815,255

STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2021

	ACCUMULATED FUNDS R	AVAILABLE-FOR- SALE RESERVE R	MEMBERS' FUNDS R
Balance at 1 January 2020	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
Total comprehensive income for the year	7,280,702	24,876,033	32,156,735
Net surplus for the year	7,280,702	-	7,280,702
Changes in fair value of available-for-sale investments	-	24,876,033	24,876,033
Balance at 31 December 2021	219,144,473	49,374,745	268,519,216

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	NOTES	2021 R	2020 R Restated *
Cash flows from operating activities			
Cash receipts from members and providers		188,912,239	189,826,223
Cash receipts from members – contributions		188,093,102	187,978,657
Cash receipts from members and providers – other		819,137	1,847,566
Cash paid to providers, employees and members		(180,360,764)	(163,230,175)
Cash paid to providers and members – claims		(172,592,042)	(154,280,682)
Cash paid to providers – non-healthcare expenditure		(7,768,722)	(8,949,373)
Cash paid to members – savings plan refunds		-	(121)
Net cash from operating activities		8,551,475	26,596,047
Cash generated from operations			
Interest received		5,090,796	4,756,469
Net cash from operating activities		13,642,271	31,352,517
Cash flows from investing activities			
Purchase of investments		(38,956,497)	(22,391,398)
Net cash (used in) / from investing activities		(38,956,497)	(22,391,398)
Net (decrease) / increase in cash and cash equivalents		(25,314,225)	8,961,119
Cash and cash equivalents at beginning of period		58,249,110	49,287,991
- As previously reported		58,249,110	49,287,991
Cash and cash equivalents at end of year		32,934,884	58,249,110

* Refer to note 25



At a meeting of the BMW Employees Medical Aid Society's Board of Trustees held on 27 June 2021, the Trustees resolved to re-appoint Deloitte & Touche as the Scheme's auditors for the 2022 financial year.



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BMW Employees Medical Aid Society. Registration number 1526. Administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07, an authorised financial services provider.