



EST 1964

BCIMA
Medical Aid

**AGM
2019**



Administered by Universal Healthcare Administrators (Pty) Ltd



Universal
Administrators



EST 1964

BCIMA
Medical Aid

NOTICE CONVENING THE 2019 ANNUAL GENERAL MEETING

Notice is hereby given of the **EIGHTEENTH ANNUAL GENERAL MEETING** of members of **THE BUILDING & CONSTRUCTION INDUSTRY MEDICAL AID FUND**.

Venue: Reception Room at Metro Centre, 158 Loveday Street, Braamfontein
(Opposite Civic Theatre - Loveday Street, Cnr De Korte Street)
Date: Saturday, 22 June 2019
Time: 10:00

Please note: Admission to the meeting will be on presentation of a valid membership card. Registration will be from 09H00 to 10H00 and the meeting will commence at 10H00.

AGENDA

1. *Opening & Welcome*
2. *To confirm the minutes of the Seventeenth Annual General Meeting held on 09 June 2018.*
3. *To receive and consider the Annual Financial Statements for the year ended 31 December 2018.*
4. *To confirm Trustees / Trustees Election*
5. *To confirm Trustee Remuneration.*
6. *To appoint the auditor for the ensuing year.*
7. *Feedback regarding matters raised in 2018.*
8. *To transact any other business that may be transacted at an annual general meeting.*

(Notices of motions to be placed before the annual general meeting must please be in writing and must reach the principal officer not later than seven days prior to the date of the meeting).

BY ORDER OF THE BOARD OF TRUSTEES

May 2019

The full set of Annual Financial Statements is available on our website, www.bcima.co.za, and from customer services by contacting 011 208 1005.

**THE BUILDING & CONSTRUCTION INDUSTRY MEDICAL AID FUND
MINUTES OF THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE BUILDING &
CONSTRUCTION INDUSTRY MEDICAL AID FUND, HELD IN THE RECEPTION ROOM,
GROUND FLOOR, AT METRO CENTRE, 158 LOVEDAY STREET BRAAMFONTEIN, ON
SATURDAY, 09 JUNE 2018, AT 10H00.**

PRESENT

- Mr C Schmidt - Chairperson (Employer Trustee)
- Mr E Koji - Vice-Chairperson (Member Trustee)
- Mr J A Odendaal - Employer Trustee
- Mr J Mpe - Member Trustee
- Ms E Gilbert - Member Trustee

Action

PRINCIPAL OFFICER Mr B le Roux

- Members - 140 present (25 Companies)

OBSERVER

- V Pullen - Council for Medical Schemes
- Mr Lebohang NUM

IN ATTENDANCE

- P Gegeza S Lowings
- H Ueckermann C Pillay
- A Gildenhuys Y Disney
- L Nemulate M Theron
- M Booysen F Snyman
- P Gegeza G Crompton
- O Sheehan

APOLOGIES

- Mr C Froneman - Employer Trustee
- Mr M Mphomela - Employer Trustee
- M Bayley - Universal Healthcare

1. OPENING AND NOTICE OF MEETING

Ms E Gilbert led the Seventeenth Annual General Meeting with a prayer.

The Chairman welcomed all who were in attendance and thanked Ms Gilbert for the opening prayer.

Mr E Koji kindly agreed to assist with the translation.

The Chairman welcomed Mr Viaan Pullen from the Council for Medical Schemes, the Members, the Trustees and the Principal Officer to the Seventeenth Annual General Meeting of the Building and Construction Industry Medical Aid.

The Chairman highlighted that in celebrating the unity of diversity, the chosen focus of the AGM for 2018, which followed on from the previous year's theme of equality, was around leaving a legacy. He stated that leaving a legacy is very closely related to the Building and Construction Medical Aid Fund for a number of reasons, one being that the Fund encourages health and looks after the longevity of life for its members. The Chairman noted that the 18th July 2018 would mark the centenary year of South Africa's beloved former President, Nelson Rolihlahla Mandela and in this year, the Fund would like to honour the life of the founding President of a democratic South Africa. The Chairman stated that former President Mandela is representative of all in South Africa and those gathered at this meeting seek to build a better nation and a sustainable medical aid, BCIMA, where health and human dignity is affirmed and advanced.

The Chairman stated that when the Fund was created in 1964, to those who had the foresight to start the Fund and then resuscitate it at the turn of the century, we are all grateful and today we express our gratitude both formally and collectively as we hold the baton to pass on to future generations of this Fund.

The Chairman formally opened the proceedings of the Seventeenth Annual General Meeting.

The Chairman confirmed that the notice calling the meeting was duly publicised as per the Rules of the Fund. Apologies were noted and the Principal Officer confirmed that no notices of motions were received. In terms of Rule 29 (1)(3) of the AGM the notice of the meeting was taken as read and as a quorum was present the meeting was declared duly constituted.

The Chairman requested that the agenda be followed and any medical aid related questions be addressed after the meeting with the relevant administrative staff.

2. CONFIRMATION OF THE MINUTES OF THE SIXTEENTH ANNUAL GENERAL MEETING HELD ON 10 JUNE 2017

The minutes of the sixteenth Annual General Meeting, held on 10 June 2017, having been circulated, were adopted after being unanimously accepted. These were proposed Mr F Nhlapo and seconded by Mr T Mashaba.

The Chairman briefly discussed the importance of maintaining and supporting the Fund, and emphasised that this Fund belongs to its Members.

3. TO RECEIVE AND CONSIDER THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Annual Financial Statements of the Fund for the year ended 31 December 2017 was circulated to members. (It was confirmed that an abridged version of the relevant documentation was attached to the minute book). The Chairperson confirmed that the Fund is in a very strong financial status and stated that the solvency is well above the 25% prescribed by the Council for Medical Schemes and the Medical Schemes Act. He stated that due to the positive financial health of the Fund, the Contribution increases whilst medical inflation is running close on double digits i.e. 10% or more, BCIMA have been able to contain its increases to CPI.

There was a query with regard to page 20, the Statement of Comprehensive Income concerning the Administration Fee, which increased from R12 575 477 in 2016 to R14 715 625 in 2017. The Chairperson handed over to Ms Charisha Pillay, the Financial Manager, who explained that this was due to the increase in membership. She confirmed that the Administration Fee is charged as a percentage of the Contributions received. If the number of members increases the administration fee paid will increase and if it reduces the Administration fee paid will reduce.

The Chairman referred to the total Comprehensive Income Surplus for the year 2017 of R13 666 430 compared to the R6 394 655 surplus in 2016.

A question was raised as to why broker commission increased from R30 156 in 2016 to R40 436 in 2017. The Chairman explained that this was as a result of the increased number of members from 2016 to 2017.

A question was raised in terms of the Net Surplus for the year and the Other Comprehensive Income. Ms Pillay explained that the R11 217 438 was the surplus that the Fund generated for the year 2017 and the R2 448 992 was the surplus made from the shares that the Fund holds in its Investment portfolio.

It was proposed that the financial statements be presented in simpler terms. The Chairperson agreed that as a Board the Trustees of BCIMA would endeavour to present the financial statements in a simpler format at the next AGM.

As there were no questions regarding the Annual Financial Statements, the Chairperson moved that they be adopted and that all matters and actions undertaken by the Board of Trustees on behalf of the Fund be confirmed. The motion having been proposed by Mr L Ramaboto and duly seconded by Mr TJ Shongwe was unanimously agreed to.

4. TO CONFIRM BOARD OF TRUSTEES

As per Rule 19.1: The affairs of the Fund must be managed according to the Rules by a Board consisting of eight (8) persons who are fit and proper to be Trustees.

As per rule 19.2: At least half of such Trustees must be elected by Members from amongst the Members to serve for three (3) years each. The balance of the Trustees shall be appointed by participating Employers also for a period of three (3) years.

The Board was confirmed as follows:

Employer Appointed Trustees:

Mr C Schmidt – Chairman
Mr C Froneman
Mr M Mphomela
Mr A Odendaal

Member Elected Trustees:

Mr E Koji - Vice-Chairperson
Mr S Mbhiza
Ms E Gilbert
Mr J Mpe

5. TO CONFIRM TRUSTEE REMUNERATION

The Chairman stated that the Trustee fees increase annually, effective on 1 January of each year. He noted that these fees should be approved at the AGM and the Members were requested to approve the fees for 2019.

The average CPI for 2017 was 6% and for 2018 year-to-date it was 6.5%. For 2018 the fee increase was 6% which was slightly below inflation. The proposed increase for 2019 is 6%, in-line with CPI.

The Chairman noted and confirmed that the Trustees' remuneration for 2018 was R3 600.00 per meeting attended and with the proposed adjustment in CPI of 6% it was proposed suggested that the Trustees' remuneration be increased to R3 816.00 for 2019.

The motion having been proposed by Mr TJ Themba and duly seconded by Mr I Mali and Mr JS Sibiya was unanimously agreed to.

6. TO APPOINT THE AUDITOR FOR THE ENSUING YEAR

The Chairman proposed that Ransome Russouw be re-appointed, subject to the same level of Governance as in the previous years and in line with the Procurement Policy, for the ensuing year. The Chairman stated that he was proposing Ransome Russouw.

It was noted that the policy states that the auditors are rotated every 7 years (SAICA requirement). Ransome Russouw is in their fourth year of the current rotation. The membership requested that serious attention be given to reviewing and considering alternative auditing companies, in terms of good governance this should happen on a regular basis. The Chairman stated that he took heed of the proposal and will embark on a process to evaluate various auditing companies. He was open to suggestions for alternative auditing companies and confirmed that consideration would be made if they fit the necessary requirements.

In summary, the Chairman clarified that if there are any concerns regarding the current auditors, from a Governance and transparency perspective it was understood from the members that another auditing company be considered. It was confirmed that this should be the way forward.

Mr Pullen, from the Council for Medical Schemes, confirmed that there are guidelines that the Fund is required to follow. He explained that the appointment of an auditor is prescribed by the Medical Schemes Act and is written into the Scheme Rules. He explained that the approval of an auditor is required to be done at an AGM before the end of June of that year. Mr Pullen confirmed that a policy is in place and therefore confirmation of the auditor is required to be adopted at this AGM. He stated that nothing prevents the policy from being changed during the year depending on what the members agree upon.

The Chairman confirmed that in terms of the law and as required by the Act the Fund is required to consider an auditor for the 2018 audit, which is Ransome Rossouw.

The motion was proposed by Mr Abraham Nkadameng and seconded by Ms P Gwaza from Grinaker.

7. GENERAL

There was a robust discussion on benefits and the non-payment of certain accounts. Members from Nkomati stated that they had not been informed on how the Fund and benefits worked, and as a result they had been left with a number of unpaid accounts.

There was a proposal from the floor that this matter be addressed after the meeting as the administration were in attendance to discuss individual problems. In response the Chairman proposed that a Task Team be formed, which would include the Administrator, Trustees and PO to meet with the members from Nkomati and resolve the issues with the members affected.

8. CLOSURE

There being no further business, the Chairman thanked those present for attending. The Trustees and Administrator were thanked for a job well done and the meeting closed with a prayer.

The meeting was declared closed at 12h00.

DATE

CHAIRPERSON

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The trustees are responsible for the preparation, integrity, and fair presentation of the annual financial statements of The Building and Construction Industry Medical Aid Fund (the Scheme). The financial statements presented on pages 14 to 39 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the SAICA Medical Schemes Accounting Guide for the year ended 31 December 2018 and include amounts based on judgements and estimates made by management.

The trustees consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the scheme at year-end. The trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

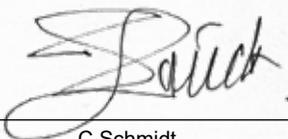
The trustees are responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the scheme to enable the trustees to ensure that the annual financial statements comply with the relevant legislation.

The Building and Construction Industry Medical Aid Fund (the Scheme) operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The trustees have no reason to believe that the scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the scheme.

The scheme's external auditors, Ransome Russouw Incorporated, are responsible for auditing the annual financial statements, and their report is presented on pages 5 - 8.

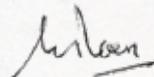
The financial statements were approved by the Board of Trustees on 02 April 2019 and are signed on its behalf by:



C Schmidt
Chairperson



E Koji
Trustee



B Le Roux
Principal Officer

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The Building and Construction Industry Medical Aid Fund (the Scheme) is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The trustees are proposed and elected by the members of the scheme and the employers.

Board of Trustees

The trustees meet regularly and monitor the performance of the administrators. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

All trustees have access to the advice and services of the principal officer and, where appropriate, may seek independent professional advice at the expense of the scheme, to support them in their duties.

Internal Control

The administrators of the scheme maintain 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 Board of Trustees that indicates any material breakdown in the functioning of key internal controls and systems during the year under review.

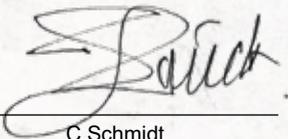
Transparency and Ethics

The scheme conducts its affairs according to high ethical values and in a manner that contributes to the welfare of the key stakeholders. We are committed to open communication with our stakeholders about the scheme's financial and business targets and to treat them fairly in all our business dealings.

Risk Assessment and Evaluation

The Trustees have developed a risk register which lists the key risks that are facing the scheme. The risks are continually evaluated and assessed to ensure that the necessary plans are implemented to control and manage these risks.

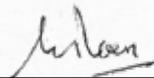
The performance of the Board of Trustees and Board sub-committees is evaluated against agreed terms of reference and performance targets.



C Schmidt
Chairperson



E Koji
Trustee



B Le Roux
Principal Officer

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

REPORT BY THE AUDIT COMMITTEE

Introduction

The audit committee presents its report for the financial year ended 31 December 2018. The committee has discharged all its responsibilities and carried out all the functions assigned to it in terms of section 36(12) of the Medical Schemes Act 31 of 1998, as amended.

Role of the Audit Committee

The committee operates independent of the Board of Trustees within written terms of reference which are reviewed and updated regularly. The responsibility of the committee includes:

- (i) Assisting the Board of Trustees in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied by the Building and Construction Industry Medical Aid Fund (the Scheme) or its administrator in the day to day management of its business;
- (ii) Facilitating and promoting communication and liaison regarding the matters referred to in the paragraph above or a related matter, between the Board of Trustees, principal officer, administrator and, where applicable, the internal audit staff of the Scheme;
- (iii) Recommending the introduction of measures which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning the affairs of the Scheme; and
- (iv) Advising on any matter referred to the committee by the Board of Trustees.

Discharge of Responsibilities

During the year under review the committee:

- (i) Reviewed the annual financial statements and recommended them for approval by the Board of Trustees
- (ii) Satisfied itself that the internal audit function performed as required and approved the internal audit plans;
- (iii) Received and reviewed reports from both the internal and external auditors, and the reviewers of the internal control systems, which included commentary on effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the Board of Trustees;
- (iv) Ensured that the appointment of the external auditors complied with the provisions of the Medical Schemes Act 31 of 1998, as amended, and other legislation relating to the appointment of auditors;
- (v) Was responsible for the oversight of financial reporting risks, internal financial controls, fraud risks as it relates to financial reporting and IT risks as it relates to financial reporting; and
- (vi) Reviewed with management legal and regulatory matters that could have a material impact on the Scheme.



C Fontaine
Chairperson
02 April 2019



RANSOME RUSSOUW^{inc}
registered auditors • chartered accountants

Established 1995

Registration No.: 2017/064889/21 • Practice No.:953717

REPORT OF THE INDEPENDENT AUDITORS'

TO THE MEMBERS OF THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND

Report on the Financial Statements

Opinion

We have audited the financial statements of The Building and Construction Industry Medical Aid Fund (from here on referred to as the scheme), set out on pages 14 to 39, which comprise the statement of financial position as at 31 December 2018 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment and Bank Balances

Investments and Bank Balances comprise significant balances on the statement of financial position. These balances are subject to the risk of material misstatement and fraudulent activities. We agreed the balances of these accounts to statements received from the third-party financial institutions and further requested confirmations from the financial institutions to verify that the amounts reflected in the accounting records were accurately and completely reflected. These balances were also checked for compliance with the requirements of the Medical Schemes Act. Details for investments are set out in notes 3 and 5 and bank balances are set out in note 6 of the annual financial statements.



1 Mowbray Road, Greenside, Johannesburg, 2193 • PO Box 6706, Cresta, 2118
011 482 8595 • info@ranrus.co.za • www.ransomerussouw.co.za
Directors: HJ Russouw CA(SA) • N Russouw CA(SA) • JA Barnard CA(SA)

Provision for Outstanding Claims

Significant judgement is required by management and the auditors in determining the provision for outstanding claims. The provision is calculated in line with a computation which takes into account the historical claims paid after year end and the information available at the time of the audit. The calculation was subject to audit and the assumptions and information used in the calculation was subjected to various audit inquiries. A further calculation is reperformed by us and the results of our reperformed computation are compared with the results of management computations. These procedures were consistent with those conducted in the previous years. Details related to the provision for outstanding claims are set out in note 7 of the notes to the annual financial statements.

Internal Controls

The scheme places significant reliance on the Administrators for the system of internal controls and maintenance thereof. Internal controls are vital to the scheme and the management of the funds. An independent "Agreed Upon Procedures"(AUP) review is done with respect to the control environment. This report is reviewed, and further testing is done if considered necessary by us. The AUP review did not reveal any significant weaknesses in the system of internal controls which would affect the annual financial statements of the scheme.

Claims and Contributions

Claims and contributions are significant classes of transactions in the annual financial statements of the scheme. These are also subject to significant risk of fraud or material misstatement. The scheme places significant reliance on the system of internal controls and various analytical and system-based checks to ensure that all claims and contributions are valid and accurate. During the audit the claims system is subjected to various tests of controls, exception reports are reviewed, and "live" claims tests conducted. We further reviewed the results of the AUP to determine if any weaknesses would have a significant effect on the system of internal controls. Contributions are further subjected to analytical procedures and the re-computation of contributions from various source information. Claims and contributions have been reflected in notes 9 and 10 of the annual financial statements.

Compliance with The Medical Schemes Act

The scheme is required to comply with the Medical Schemes Act. The risk of non-compliance with laws and regulations may result in liabilities to the scheme. A compliance checklist is completed by us and any non-compliances have been noted in the annual financial statements of the scheme (refer to note 19).

Other Information

The Scheme's trustees are responsible for the other information, which comprises of The Board of Trustees' report.

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 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 consistent with the financial statements and our knowledge obtained during the audit.

If, based on the work we have performed, we conclude that there is a material misstatement of the 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.

Auditors' 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 auditors' 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 and design and perform audit procedures responsive to those risks. 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

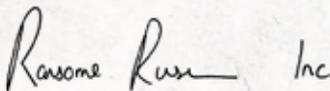
Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Aid Scheme 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 the audit. Instances of non-compliance are set out in note 19 of the notes to the annual financial statements.

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ransome Russouw Incorporated have been the auditors of The Building and Construction Industry Medical Aid Fund for 24 years.



Ransome Russouw Incorporated

Per: JA Barnard CA(SA)

Registered Auditor

02 April 2019

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Board of Trustees hereby presents its report for the year ended 31 December 2018

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1. Terms of registration

The Building and Construction Industry Medical Aid Fund (the Scheme) is a not-for-profit closed medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

The scheme is exempt from providing prescribed minimum benefits in terms of the provisions of Section 29(1)(o) of the Act, until 31 December 2019.

1.2. Benefit option within The Building and Construction Industry Medical Aid Fund

The scheme offers one benefit option which is restricted to employees of employers in the construction industry.

2. MANAGEMENT

2.1. Board of Trustees in office during the year under review

Name	Details	Appointment / Resignation
CG Schmidt	Chairperson (Employer Trustee)	Appointed Chairperson 01.01.2016
M Mphomela (Alternate: B Malaza)	Employer Trustee	Reappointed Trustee 11.06.2016
C Froneman (Alternate: J Martin)	Employer Trustee	Reappointed Trustee 11.06.2016
JA Odendaal (Alternate: M Danisa)	Employer Trustee	Reappointed Trustee 11.06.2016
S Mbhiza	Member Trustee	Appointed Trustee 10.06.2017
E Koji (Alternate: ZJ Ndlazi)	Member Trustee	Reappointed Trustee 11.06.2016
E Gilbert (Alternate: HR Maesela)	Member Trustee	Reappointed Trustee 11.06.2016
J Mpe	Member Trustee	Reappointed Trustee 11.06.2016

2.2. Principal Officer

Mr B Le Roux
Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 1554
Rivonia
2149

2.3. Registered office address and postal address

Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 3201
Johannesburg
2000

2.4. Medical Scheme Administrator during the year

Universal Healthcare Administrators (Pty) Ltd
Universal House
15 Tambach Road
Sunninghill Park
Sandton

PO Box 1411
Rivonia
2128

Accreditation number: ADMIN:5

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. MANAGEMENT (continued)

2.5. Auditors

Ransome Russouw 1 Mowbray Road Greenside 2193	PO Box 6706 Cresta 2118
--	-------------------------------

2.6. Actuary

Insight Actuaries & Consultants 400 16th Road, Central Park Midrand	Private Bag X17 Halfway House 1685
---	--

2.7. Investment Managers

Old Mutual Wealth Trust Company (Pty) Ltd 2 Oxbow Crescent, Century City Cape Town	PO Box 650140 Benmore Gardens 2010
--	--

Investec Wealth & Investment 100 Grayston Drive, Sandown Sandton	PO Box 78055 Sandton 2146
--	---------------------------------

Mazi Asset Management 90 Rivonia Road Sandton	PO Box 784583 Sandton 2146
---	----------------------------------

3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The scheme's investment objectives are to maximise the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees. Details of investments are set out in the annual financial statements.

Investment decisions are made by the Board of Trustees to ensure that:

- the scheme remains liquid;
- investments are placed at minimum risk and the best possible rate of return;;
- investments are made in compliance with the regulations of the Act and;
- a risk assessment is performed.

The scheme invested in equities, term deposits and money market instruments during 2018. This policy is reviewed regularly, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

4. MANAGEMENT OF INSURANCE RISK

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

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

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. MANAGEMENT OF INSURANCE RISK (continued)

The scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The principal risk is that the frequency and severity of claims are greater than expected.

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

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1. Operational statistics

	2018	2017
Average number of members during the accounting period	4 846	4 643
Number of members at 31 December	4 897	4 858
Average number of dependants during the accounting period	8 099	7 795
Number of dependants at 31 December	8 204	8 143
Average number of beneficiaries during the accounting period	12 944	12 438
Number of beneficiaries at 31 December	13 101	13 001
Dependant ratio at 31 December	1,68	1,68
Net contributions per average beneficiary per month (R)	856	759
Relevant healthcare expenditure per average beneficiary per month (R)	717	640
Non-healthcare expenditure per average beneficiary per month (R)	114	99
Relevant healthcare expenditure as a percentage of gross contributions	83,73	84,30
Non-healthcare expenditure as a percentage of gross contributions	13,34	13,03
Average age of beneficiaries	27,49	27,80
Pensioner ratio at 31 December	2,01	2,08
Average accumulated funds per member at year end (R)	30 086	27 308
Breakdown of total amount paid to administrator:		
- Administration fees (R)	13 518 625	11 437 234
- Investment data collation fees (R)	99 403	99 497
Return on investments as a percentage of investments (%)	5,53	6,74

5.2. Results of operations

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

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5.3. Solvency ratio

	2018	2017
	R	R
Total members' funds per Statement of Financial Position	147 330 393	137 547 439
Less: Available-for-sale reserve	-	(4 885 048)
Less: Adjustment of prior year surplus - IFRS 9	(4 885 048)	-
Add: Cumulative net gains on revaluation of investments	2 665 245	372 140
Accumulated funds per Regulation 29	145 110 590	133 034 531
Gross contributions	132 963 223	113 235 460

Solvency ratio:

(Accumulated funds/ Gross annual contribution income x 100)	109,1%	117,5%
---	---------------	---------------

5.4. Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. During the year under review the Scheme adopted IFRS 9, a new accounting standard. The adoption of this standard has resulted in the Available for sale reserve being transferred to the accumulated funds.

5.5. Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in Note 7 to the annual financial statements and this is consistent with the prior year. Movements in the outstanding claims provision are set out in Note 7 to the annual financial statements. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the scheme.

6. ACTUARIAL SERVICES

The Scheme's actuary was consulted for the 2018 budget review and in determining the contribution and benefit levels for 2018.

7. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial report and that the trustees consider should be brought to the attention of the members of the scheme.

8. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

The scheme holds no investments in participating employers of scheme members.

9. RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 16 to the financial statements.

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. AUDIT COMMITTEE

An audit 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 five members, of which two are members of the Board of Trustees. The majority of the members, including the chairperson, are not officers of the medical scheme or its third party administrator. The committee met on two occasions during the course of the year.

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 auditors formally report to the committee on critical findings arising from audit activities. The committee, during the year under review and up to the date of approval of the financial statements, comprised:

Name	Details	
C Fontaine	Independent Chairperson	Appointed 23.03.2015
T Davies	Independent	Appointed 23.03.2015
R Harris	Independent	Appointed 10.07.2018
M Danisa	Independent	Appointed 10.07.2018
E Koji	Trustee	Reappointed 11.06.2016
M Mphomela	Trustee	Reappointed 11.06.2016

11. BOARD OF TRUSTEES AND AUDIT COMMITTEE MEETING ATTENDANCE

The following schedule sets out the Board of Trustees and Audit Committee meeting attendances. Trustees' remuneration is disclosed in Note 12 to the annual financial statements.

Trustee/ Committee Member	Board Meetings		Audit Committee Meetings		Other Sub Committee Meetings	
	A	B	A	B	A	B
* C Froneman	5	5	-	-	-	-
* S Mbhiza	5	5	-	-	-	-
* E Gilbert	5	5	-	-	-	-
* J Mpe	5	5	-	-	6	6
* E Koji	5	4	2	1	13	13
* M Mphomela	5	5	2	1	4	4
* C Schmidt	5	5	-	-	13	9
* JA Odendaal	5	5	-	-	13	10
R Harris	-	-	2	0	-	-
T Davies	-	-	2	2	-	-
C Fontaine	-	-	2	2	-	-
M Danisa	-	-	1	1	-	-
Z Ndlazi	1	1	-	-	-	-

A - Total possible number of meetings could have attended.

B - Actual number of meetings attended

* Trustee

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. NON-COMPLIANCE WITH THE ACT

In accordance with the Council for Medical Schemes circular 11/2006 the scheme is required to report all non-compliance with the Act noted during the course of the audit irrespective of whether the auditor considers the non-compliance as material or immaterial. Refer note 19 to the annual financial statements

12.1. Payment of contributions

Section 26(7) of the Act requires contributions to be paid to a scheme not later than three days after payment thereof becoming due. Whilst every effort is made to enforce this requirement the onus is on the member or employer group to ensure compliance. During the financial year certain contributions were identified that were not paid to the Scheme within three days of becoming due.

The non-compliance increases the liquidity risk to the Scheme. Outstanding amounts, are actively pursued, if not received within three days of becoming due.

12.2. Payment of claims

Section 59(2) of the Act requires claims to be paid to a member or supplier of service within 30 days after the day on which the claim is received by the Scheme.

Instances were identified where claims were paid after the 30 day period allowed, due to queries or late receipt of contributions. The fund does not pay any claims when a member's contribution has not been paid.

12.3. Investments in Medical Scheme Administrators

Section 35(8) of the Act states that a medical scheme shall not invest any of its assets in the business of any administrator.

The Scheme holds investments with Sanlam, Old Mutual & Discovery. The Scheme has been granted an exemption to 1 August 2019.

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	<u>2018</u>	<u>2017</u>
		R	R
ASSETS			
Non-current assets		-	21 116 239
Available-for-sale investments	3	-	21 116 239
Current assets		158 730 864	127 757 131
Trade and other receivables	4	8 795 633	7 928 302
Investments held at fair value through profit or loss	5	37 044 699	16 342 509
Cash and cash equivalents	6	112 890 532	103 486 320
Total assets		<u>158 730 864</u>	<u>148 873 370</u>
FUNDS AND LIABILITIES			
Members' funds		147 330 393	137 547 439
Accumulated funds		147 330 393	132 662 391
Available-for-sale reserve		-	4 885 048
Current liabilities		11 400 471	11 325 931
Outstanding claims provision		6 560 000	7 090 000
Trade and other payables		4 840 471	4 235 931
Total funds and liabilities		<u>158 730 864</u>	<u>148 873 370</u>

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R	2017 R
Net contribution income	9	132 963 223	113 235 460
Relevant healthcare expenditure		(111 332 798)	(95 461 396)
Net claims incurred		(107 938 325)	(92 540 688)
Claims incurred	10	(107 978 886)	(92 541 338)
Third party claim recoveries		40 561	650
Managed healthcare services (no risk transfer)	11	(3 394 473)	(2 920 708)
Gross healthcare result		21 630 425	17 774 064
Administration expenses	12	(17 559 945)	(14 715 625)
Broker commission		(177 921)	(40 436)
Net healthcare result		3 892 559	3 018 003
Other income		6 243 790	8 400 812
Investment income	13	6 242 625	8 398 422
Sundry income	14	1 165	2 390
Investment management fees		(353 395)	(201 377)
Net surplus for the year		9 782 954	11 217 438
Other comprehensive income		-	2 448 992
Unrealised gains on revaluation of available-for-sale investments	3	-	2 448 992
Total comprehensive income for the year		9 782 954	13 666 430

**THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Accumulated funds	Available- for-sale reserve	Total members' funds
	R	R	R
Balance at 1 January 2017	121 444 953	2 436 056	123 881 009
Total comprehensive income for the year	11 217 438	2 448 992	13 666 430
Surplus for the year	11 217 438	-	11 217 438
Other comprehensive income	-	2 448 992	2 448 992
Balance at 1 January 2018	132 662 391	4 885 048	137 547 439
Adjustment of prior year surplus - IFRS 9	4 885 048	(4 885 048)	-
	137 547 439	-	137 547 439
Total comprehensive income for the year	9 782 954	-	9 782 954
Surplus for the year	9 782 954	-	9 782 954
Balance at 31 December 2018	147 330 393	-	147 330 393

THE BUILDING AND CONSTRUCTION INDUSTRY MEDICAL AID FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	<u>2018</u>	<u>2017</u>
		R	R
Cash flows from operating activities			
Cash flows from operations before working capital changes	15	3 540 329	2 819 016
Working capital changes:			
(Increase)/decrease in trade and other receivables		(867 331)	(4 933 829)
Increase/(decrease) in trade and other payables		604 540	1 124 411
Increase/(decrease) in outstanding claims provision		(530 000)	1 990 000
		<u>2 747 538</u>	<u>999 598</u>
<i>Cash (utilised)/generated from operating activities</i>			
Cash flows from investing activities			
Purchase of investments	5	(7 072 440)	(16 972 408)
Disposal of investments		5 193 384	355 734
Interest received		7 883 955	8 718 357
Dividends received		651 775	52 205
		<u>6 656 674</u>	<u>(7 846 112)</u>
<i>Cash (utilised)/generated from investing activities</i>			
Net increase in cash and cash equivalents		9 404 212	(6 846 514)
Cash and cash equivalents at the beginning of the year		103 486 320	110 332 834
Cash and cash equivalents at the end of the year	6	<u>112 890 532</u>	<u>103 486 320</u>

Contact Us

J C C I House
27 Owl Street
Cnr Empire Road
Milpark
Tel: 011 208 1005

E-mail:
bcima@universal.co.za

P O Box 3201
Johannesburg
2000
Fax: 0867 266 633
011 208 1026

Should you have any queries, or require any further information please contact:

Claims & Administration:

Direct Tel: 011 208 1005
Direct Fax: 0865 292 757

E-mail:
claims@universal.co.za

Hospital Pre-Authorisation:

Direct Tel: 011 208 1100
Direct Fax: 0862 957 355

E-mail:
preauthorisation@universal.co.za

Contribution Department:

Yolandé Disney
Direct Tel: 011 208 1369/1370
Direct Fax: 0865 292 738

E-mail:
bcimafund@universal.co.za

Membership:

Lindi Nemulalate
Direct Tel: 011 208 1271/1404
Direct Fax: 0865 292 566

E-mail:
bcimafund@universal.co.za

Operations Manager:

Sarie Lowings
Direct Tel: 011 208 1380
Direct Fax: 0865 292 580

E-mail:
bcimafund@universal.co.za

Fund Manager:

Hélana Ueckermann
Direct Tel: 011 208 1228
Direct Fax: 0865 328 067

Email:
helana.ueckermann@universal.co.za

Council for Medical Schemes: General Queries and Complaints

Private Bag X34
Hatfield
0028
Share Call: 0861 123 267

E-mail:
support@medicalschemes.com
complaints@medicalschemes.com

Key Account Manager:

Patrick Geqeza
Direct Tel: 011 208 1321
Mobile: 060 449 7150

E-mail:
bcimafund@universal.co.za

Principal Officer:

Mr Bernard le Roux
Direct Tel: 011 208 1250
Direct Fax: 011 803 6237

E-mail:
bernardleroux@iafrica.com

Call back SMS facility:

SMS the word **"CALL"** followed by your membership number (e.g. CALL 1234567) to 47975, and one of our agents will phone you within 24 hours.

07h00 – 19h00 weekdays
08h00 – 13h00 Saturdays





Administered by Universal Healthcare Administrators (Pty) Ltd