

2018/2019  
**ANNUAL  
GENERAL**  
**MEETING REPORT**



Medical Aid Fund

*We care for your health!*

# WHAT DOES OUR MEDICAL AID COVER?

Pula Medical Aid Fund provides healthcare cover for a variety of conditions through healthcare disciplines. Broadly, this is Hospital cover and out-patient cover. The Fund gives you the right to choose a service provider of your choice. Accessibility to high-quality healthcare is guaranteed to a holder of the PULA card.

To confirm your optical benefits dial 3650 555 or email to info @ppn.co.za



## Spectacles and optical

For the treatment of long and short sight and other diagnosed conditions. Available once every 2 years

## Dentistry

General and specialised dental treatments such as braces and crowns

## Dread and chronic diseases

cancer, organ transplants, heart diseases, stroke, kidney failure, hepatitis, sle, road accidents t&c.

## Hospitalisations

We cater for both private and public hospitals. Hospitalisation requires pre-authorisation in most cases except emergency

## Drug addiction and alcoholism

Patients struggling with addiction can be admitted to rehab, t&c.

## Emergency Medical Services

Emergency evacuations through our contracted partner EA991, applies to road and air lifting.

## Diagnostics-pathology and radiology

## Clinical psychology and Mental health

## Physiotherapy

## Funeral benefit and Premium waiver on death

## Preventive screening

## Medications

Acute, Chronic, Psychiatric and ART medicines t&c

## Child birth-Maternity

We cover both natural and C-section births.

## Consultations GP and Specialists

## Safe male circumcision

## International Travel Insurance

- Executive ●
- Deluxe ●
- Galaxy ●
- Standard ●
- Flexi ●

\*No waiting periods for HIV/AIDS on our plans

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# NOTICE & AGENDA

## NOTICE OF THE 2019 ANNUAL GENERAL MEETING

Notice is hereby given that the **2019 Annual General Meeting (AGM)** of PULA MEDICAL AID FUND will be held at **09:00 Hours** on **Friday 06<sup>th</sup> December 2019** at **AVANI RESORT & CASINO** in Gaborone, Botswana to transact the following business:

### AGENDA:

- |    |   |     |  |
|----|---|-----|--|
| 1. | To read the Notice convening the meeting.   | 9.  | Any other Business.  |
| 2. | To adopt the Agenda.  | 10. | To close the meeting.  |
| 3. | To note the Chairman's Remarks.   | 11. | <b>VOTING AND PROXIES</b><br>A member entitled to attend and vote may appoint a proxy to attend and vote for him/her on his/her behalf The instrument appointing such a proxy, if not completed online, must be emailed to <a href="mailto:secretary@pulamed.co.bw">secretary@pulamed.co.bw</a> or deposited at the registered office of the Fund at:<br><br><b>AFA House</b><br><b>Plot 61918</b><br><b>Showgrounds Office Park</b><br><b>Gaborone</b><br><br>Proxies must be deposited no later than 0900Hours on Thursday 05th December 2019. |
| 4. | <b>ORDINARY RESOLUTION NO.1</b><br>To receive and confirm the Minutes of the previous Annual General Meeting held on 14 December 2018.  | 12. | <b>NOTE TO MEMBERS</b><br>A copy of the Annual General Meeting Report together with Proxy Forms will be availed to Members by mail/email and is accessible at <a href="http://www.pulamed.co.bw">www.pulamed.co.bw</a>   |
| 5. | To receive, consider and adopt the Trustees' Report for the year ended 30th June 2019.  |     |  |
| 6. | <b>ORDINARY RESOLUTION NO.2</b><br>To receive, consider and adopt the Audited Financial Statements for the year ended 30th June 2019 together with the External Auditors' Report. |     |  |
| 7. | <b>ORDINARY RESOLUTION NO.3</b><br>To appoint or re-appoint Trustees in terms of the Rules of the Fund.   |     |  |
| 8. | <b>ORDINARY RESOLUTION NO.4</b><br>To appoint External Auditors for the ensuing year.   |     |  |

### BY ORDER OF THE BOARD

Nomsa L. Otsogile

**CORPORATE SECRETARY**

# PROXY

If you cannot attend the Annual General Meeting of the Pula Medical Aid Fund to be held on the **6 December 2019** at **09:00** am at **Avani Resort & Casino** In Gaborone, Botswana, and you are entitled to vote at the Annual General Meeting, you may appoint a proxy to vote on your behalf. This proxy only applies to the Annual General Meeting, and any adjournment of that meeting.

## A. YOUR DETAILS

<b>FULL NAMES</b>	
<b>MEMBERSHIP NO.</b>	
<b>POSTAL ADDRESS</b>	
<b>EMAIL</b>	

## B. WHO DO YOU WANT TO APPOINT AS YOUR PROXY

**I appoint as my proxy (tick one box only):**

☐

### **Chairperson of the Annual General Meeting**

If you appoint the Chairman as your proxy, and direct the Chairman on how to vote, the Chairman must call a poll on that vote and must vote the way you direct.

☐

### **The following person**

If you want to appoint someone else, give their details. If you do not provide a name, you will be taken to have appointed the Chairman as your proxy.

<b>FULL NAMES</b>	
<b>MEMBERSHIP NO.</b>	
<b>POSTAL ADDRESS</b>	
<b>EMAIL</b>	

**DATE:** \_\_\_\_\_ **SIGNATURE:** \_\_\_\_\_

\* A proxy nomination shall only be given to a member of the Fund.

\* The instrument appointing the proxy must be deposited at the office of the Administrators of the Fund at the under mentioned address; not later than 24hrs before the time for holding the Annual General Meeting.

AFA House, Plot 61918, Showgrounds Office Park, P O Box 1212, Gaborone, Tel: 365 0500, Fax: 3951165

# MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS

HELD ON 14 DECEMBER 2018 AT 9: 00 AT AVANI HOTEL BOARDROOM

## PRESENT:

### Board of Trustees

M. Mothibatsela (Chairman)  
B. Thiye  
G. Mahlaka  
O. Sebonego  
M. Pelaelo

### Absent With Apologies

A. Masunga

### Principal Officer's Office

T. Moumakwa (PO)

### General Membership

74 members attended in person and 96 proxies.

## IN ATTENDANCE:

Administrators – AFA Botswana (Pty) Ltd  
D. Thela  
M. Scheffers  
M. Matome  
S. Hlope  
N. Otsogile

### External Auditors

PricewaterhouseCoopers (PwC):  
Mr. Lalithkumar Mahesan.

### Board Secretary – KG Attorneys

W. Kelobang (WK) Recording  
The meeting was called to order at 09:20.

## ACTION

### 1. NOTICE AND CONSTITUTION OF THE MEETING

The notice of the meeting having been circulated was taken as read and approved, following a proposal by Ms. Modimakwane, seconded by Mr. Lecage. A quorum being present, the Chairman declared the meeting duly constituted.

### 2. APOLOGIES FOR NON-ATTENDANCE

Apologies were received and noted from A. Masunga.

### 3. ADOPTION OF THE AGENDA

The agenda was adopted as proposed following a proposal by Mr. Reetsang and seconded by Mr. Mambo.

### 4. CHAIRMAN'S OPENING REMARKS

The Chairman welcomed all present to the meeting and thanked them for their attendance. The Chairman further advised that the meeting would be divided in two sessions being the formal AGM proceedings followed by a question and answer session.

### 5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 24 NOVEMBER 2017

The minutes of the AGM held on 24 November 2017 having been duly circulated were taken as read. The minutes were approved as a true record of the proceedings on proposal by Mr. Mpuang, seconded by Mr. Modise.

a. Matters Arising from the Minutes of the Previous AGM Held on 28 November 2016

#### i. Item 6 – To consider a proposal to split the Finance and Audit Committee to maintain the independence of the audit function

The members were informed that the Trustees considered the proposal and resolved to retain committees as they are. The members were informed that the current arrangement does not go against principles of governance and the Board also took into consideration the size of the Fund and complexities of issues dealt with in the committees.

#### ii. Item 7 – To roll out a wellness program at the end of the first half of 2018

# MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS

The rollout of the wellness program was planned in 2018/19 but was delayed due to the decision by the Fund to conduct a review of existing programs before rolling out new ones. Since the review had been completed, the revised target for the rollout was the second half of 2019.

## **iii. Item 7 – Implementation of the Dental Benefit Management**

The PO reported that the Dental Benefit Management was being considered for rollout in 2019. Further the members were informed that the Fund had received a Prove of Value proposal that was being considered by the Board Procurement Committee.

## **6. CONSIDERATION AND ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES TO THE MEMBERS FOR THE YEAR ENDED 30 JUNE 2018**

The members were referred to the report for the year ended 30 June 2018, as reflected on page 20 of the 2017/2018 AGM report. The report had been circulated with the notice for the AGM, and was accordingly taken as read.

The Chairman informed members that the Fund had added resumes of the Trustees as well as a summary of the Fund's health performance. The Chairman asked the members if they had any comments or questions on the report and the following were noted:

Mr. Reetsang

1. Mr. Reetsang sought clarity on the difference between the Galaxy and Flexi options. The PO and Mr. Thela explained that the Galaxy and Flexi benefit options were introduced in July 2018. They explained that the Galaxy benefit option was deemed to be a comprehensive bridging option between the old Standard benefit option and the Deluxe benefit option, therefore attracting members who cannot afford the premiums charged for the Deluxe benefit option, but who nonetheless require comprehensive benefits than currently offered in the Standard benefit option. On the other hand, the Flexi benefit option targets low income earning members who

require access to outpatient primary healthcare and such members can only have access to minor procedures that can be performed in doctor's procedure rooms as opposed to being performed in hospitals.

2. Mr. Reetsang also sought to understand what the Fund was doing to manage the growth of Non-communicable Diseases (NCDs) related admissions. The PO explained that the Fund had plans to put in place a wellness and NCD management plan to proactively manage NCDs.

3. Mr. Reetsang also sought clarity on the investment strategy of the Fund. He argued that if indeed the investment strategy of the Fund was to invest conservatively in order to preserve capital, why was 50% of the Fund's investments in domestic listed equities even though they had proven to be risky. The Chairman clarified by stating that the Fund had engaged BIFM as investment managers and that over time there shall be a significant reduction in equity investment.

4. Lastly Mr. Reetsang enquired on the high Incurred but not reported claims (IBNR) and wanted to know the cause. Mr. Thela explained that it was mainly due to the delays of some service providers in submitting their claims, queries that result in delayed payments and membership growth (which results in the Fund making higher IBNR provisions).

It was RESOLVED that the Board of Trustees report to members for the year ended 30 June 2018 be and is hereby adopted on proposal by Mr. Reetsang and seconded by Mr. Koma.

# MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS

## 7. CONSIDERATION AND ADOPTION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 AND THE EXTERNAL AUDITORS

The members were referred to the Audited Financial Statements for the year ended 30 June 2018 on page 37 – 56 of the Report. The Chairman asked the members if they had any comments or questions on the financial statements and the following members commented as follows:

### Mr. Reetsang

Mr. Reetsang pointed out that at page 43, the Statement of Financial Position as at June 30, 2018 there was a typo in the Total Equity and Liabilities for 2017 must be reflected as BWP111 006 566 as opposed to BWP11 006 566.

### Ms. Cawilly

Ms. Cawilly enquired that since the Fund realised a healthy surplus in excess of BWP5 million why was it increasing contributions every year. The PO, Mr. Thela and the Chairman explained that the inflation of health care costs was high, thus necessitating the Fund to make any annual increments as near inflation as possible to build reserves. Further in line with the Fund's strategy, there was need to roll out and capacitate the Fund's office through recruitment of staff and to meet the regulatory requirements for solvency levels.

### Ms. Mekgwe

Ms. Mekgwe echoed the sentiments of Ms. Cawilly and stated that the contributions were too high notwithstanding that most members do not exhaust their benefits in a given year. Mr. Thela explained that the Fund needs the reserves to cushion the members against a steep increase in contributions. He explained that health inflation was about 6-7% but the Fund only increases contributions by around 4%. The PO explained that the Fund was about members cross subsidising each other and those members who have been hospitalised will know that in most instances the hospitalisation bill exceeds a member's yearly contributions.

### Mr. Mumbuluma

Mr. Mumbuluma implored the Board to consider research on the possible investments to alleviate members from the high increases in contributions. The PO stated that the Fund had engaged investment managers, which was a milestone. He further explained the Fund had, through its investment managers, made investments which should be considered a major shift from previous times where all the Fund's reserves were held in bank accounts. The PO further stated that the Fund was moving in the right direction as the Statement of Comprehensive Income indicates a significant growth in dividend income.

It was RESOLVED that the audited Annual Financial Statements for the year ended 30 June 2018 be and are hereby adopted on proposal by Mr. Mambo and seconded by Mr. Oranye.

## 8. APPOINTMENT OR REAPPOINTMENT OF TRUSTEES

The Chairman presented on the appointment or reappointment of Trustees and highlighted the following:

In terms of the PULA Rule Book, the term of office for Trustees shall be limited to five (5) years with a possibility of renewal at the Annual General Meeting for those Trustees who are at the end of their term, provided that no person shall serve on the Board for more than 10 years. During the year under review, the following Trustees resigned from the Board:

- Mr. Phillip Mmokwa who was an employer group representative from Botswana Ash; and
- Ms. Matlhogonolo Mponang who was an employer group representative from Botswana Accountancy College;

# MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS

Outside of the year under review and before the AGM, Mr. Batho Motubudi who was an Independent Trustee resigned from the Board, while Mr. Obakeng Moroka who was an employer group representative from Debswana Diamond Company retired from the Board, and stated that he will not be available for consideration for re-appointment. None of the other Trustees were at the end of their terms, therefore, there were no recommendations for renewal/re-appointment. At the time of preparing this report, the Board was in the process of considering candidates to be appointed to occupy the vacant positions and an update will be given to the members at the next AGM.

## 9. APPOINTMENT OR REAPPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING YEAR

The Chairman presented on the appointment or reappointment of External Auditors and highlighted the following:

In terms of the Pula Rules, members shall approve the appointment of an external auditor, who shall be a body corporate, at each Annual General Meeting, to hold office from the conclusion of that Annual General Meeting, until the conclusion of the next Annual General Meeting. Notwithstanding the above, an external auditor shall first be appointed through an open tender process; the duration and other terms thereof having been specified as part of the Terms of Reference for the tender. Subsequent to the 2016 Annual General Meeting, PwC was selected for appointment as the Fund's external auditors, through an open tender process, for a three (3) years period. At the AGM held on 24 November 2017, the members approved the appoint PwC as auditors of the Fund from conclusion of the 2017 AGM until conclusion of the 2018 AGM. The Board recommended that members approve the re-appointment of PwC as external auditors of the Fund from the conclusion of this AGM until conclusion of the 2019 AGM at a fee to be agreed. The following were noted from members:

### Mr. Mumbuluma

Mr. Mumbuluma raised concerns on issues of corporate governance and stated that Fund must float a tender as opposed to reappointments. The Chairman explained

that the Fund floated a tender in 2016 and partners were rotated at re-appointment as is best practice.

It was RESOLVED on proposal by Mr. Sebetela and seconded by Mr. Felix that PwC be re-appointed as auditors of the Fund from conclusion of this AGM until conclusion of the 2019 AGM at a fee to be agreed upon.

## 10. ANY OTHER BUSINESS

There was no other business discussed.

## 11. MEETING CLOSURE

There being no other business to discuss, the Chairman declared the meeting closed at 11:30hrs. The Chairman invited the members to a question and answers session and advised that the PO and the Administrators would be available to address the questions.

Verified and signed by the Chairman on this

\_\_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_

**M MOTHIBATSELA**

# CHAIRMAN'S FOREWORD

On behalf of PULA Medical Aid Fund (the “Fund”) Board of Trustees, I am pleased to report that the financial year under review (July 2018 to June 2019), was another successful year for your medical aid fund in terms of availed healthcare access and growth of the Fund.

The Fund's continued ability to discharge its principal mandate of defraying the cost of access to quality healthcare services while managing external pressures and maintaining strong solvency, is pleasing indeed. Our focus has remained steadfast on sustainability of the Fund, amidst rising healthcare cost inflation coupled with the challenging economic backdrop. The Trustees annually review, critically, the benefit options and areas to improve access to healthcare with a view to offering a better value proposition to our members. In this regard, I am pleased to report that the Fund has achieved its mandate of improving access to healthcare for members and posted a good financial performance on the back of difficult economic conditions.

## MEMBERSHIP

I am further pleased to inform you that, during the year under review, the Fund experienced a net principal membership increase of 2%. The Fund closed the period with 19 246 principal members and 46 572 total lives covered. A good development indeed against the backdrop of a weak economic environment.

## HEALTH INDICATORS

During the period under review 42 311 members, representing 91% of total lives covered, were facilitated access to healthcare services. This represented an increase of 2% in the number of lives that accessed healthcare services over the prior year. The average age of principal members stood at 41 years, which has remained stable compared to 40.8 years recorded in the prior year. This is a welcome development suggestive of a stable age profile as the Fund is able to continue attracting younger lives. Currently, only 2 % of the Fund (total beneficiaries) is above the age of 60 years, while 7.9% of beneficiaries are on the Fund's chronic program compared to last year's 7.5 %. The Fund is concerned about the rising impact of non-communicable diseases on future sustainability. It is against this background that a preventative care approach through Wellness is planned for the financial year 2019/20.

## FINANCIAL PERFORMANCE

On the back of solid membership growth figures and inflation aligned increases in premiums, the Fund's gross contribution income grew by 8.3% to P316.2M, from P291.9M in the prior year. Accordingly, claims costs rose by 10.6% on the prior year to P276.2M, reflecting both heightened utilisation, and increased unit cost of care. Notwithstanding, our claims ratio closed out at 87.3%, indicating an increase of 2% when compared to prior year. The Fund continues to be a significant contributor in healthcare financing in Botswana.

In as far as other income is concerned, investment income (Dividends and interest received) grew by 0.4% on the prior year to P4.98m, reflecting the challenging investment environment this financial year. Consistent with underlying capital market conditions of low rates and depressed equity markets, the Fund posted a P3.28m fair value loss on marked-to-market financial assets. This represented 3.8% of the Funds' financial assets at close of period.

Notwithstanding that, the overall solvency remained strong at 30.2% versus 31.9% reported in the prior year. This was mainly driven by growth in membership, which also saw overall provisions rise quite considerably to close the year on a lower comprehensive income surplus of P2.3million (2018: P5.1m).

## 5 YEAR STRATEGY

The growth of membership and managing the rising costs of healthcare remain key strategic focus areas for the Board of Trustees. This is intended to afford the Fund to better absorb adverse claims and improve affordability of healthcare by members. Accordingly, our strategy is anchored on 5 pillars and 8 priority areas. Over this financial year, we can reflect on three (3) noteworthy achievements in this regard.

1. In the prior year, I shared with you two (2) new benefit options, the Galaxy and Flexi Benefit options. This year (2018/19), we saw the Galaxy Benefit option performing well, growing by 32.3% and the Flexi Option by 32%. The Board continues to monitor performance of these benefit options with a view of increasing and protecting the value we offer to our members.
2. The Board of Trustees adopted King IV as the Fund's standard for good corporate governance as recognised as best practice internationally. To this end, key trustee and board sub-committee appointments were made towards this alignment as well as ongoing Trustee training forming part of our key priorities in this regard. The Fund, through the Wits Business School and the Board of Healthcare Funders of Southern Africa continues to expose Trustees to quality structured training (on an ongoing basis) on governance and broader healthcare related developments, such as Fraud Waste and Abuse as well as other key emerging themes and challenges within the healthcare environment.
3. You will also remember that in the prior year I shared with you that the Fund was embarking on a structural and operational review with the end objective of bringing added capacity to the PULA corporate office, and thereby facilitating the platform to deliver strategy implementation more closely as well as adherence to developing regulatory requirements. I am happy to report

to you that the organisational review exercise is complete and implementation is well underway. Specifically, during this period this period and immediate post reporting period, three key operational and governance roles have been filled. In addition, work is at an advanced stage towards the furnishing of the Funds' new corporate offices. These will be occupied within the 1st quarter of 2020.

## BOARD & CORPORATE GOVERNANCE

The Fund Rules provide for ten (10) Trustees to direct the affairs of the Fund. We started the financial year with eight (8) Trustees. During the financial year we lost Mr Batho Motubudi who resigned in October 2018, Mr Obakeng Moroka who resigned by rotation in August 2018 and Mrs Mukani Pelaelo who resigned in April 2019 following her retirement. Mr Obakeng and Mrs Pelaelo were employer group representatives while Mr. Motubudi served as an independent Trustee.

Mrs Leawetsa Meyer joined the Board of Trustees in February 2019 as an employer group representative. The process of filling other Board vacancies commenced in the period under review with interviews, regulatory vetting and induction. In this regard, I am pleased to inform you that the following individuals joined the Board and have commenced Board duties with effect from July 2019:

1. Ms. Kushatha Moswela
2. Mrs. Naiko Carol Ralebala
3. Mr. Ishmael Dipholo

I would like to take this opportunity to welcome them to PULA and trust that your Fund will benefit greatly from their contributions and experience going forward.

In line with bringing greater governance and independence of oversight, the PULA Board took the decision to appoint an experienced independent professional, to chair and lead the sub-committee of Finance and Audit. Accordingly, in the period under review, Mr. Priyalal De Silva was appointed independent chairman to this committee. It gives me great pleasure, to welcome him into the PULA governance structures. We believe his wealth of experience in business, governance, audit and finance will certainly add depth to our governance architecture.

It is also noteworthy to mention that, Mrs Grace Siamisang resigned from the Board in the post reporting period (October 2019) and the process of replacing her as an employer group representative to the board, is on-going.

During the financial year 2018/19, the Principal Officer of the Fund resigned and Dr Bakani Thipe was appointed interim Principal Officer from January to June 2019 whilst recruitment for a substantive Principal Officer was on-going.

In June 2019, Dr Khumoetsile Mapitse was substantively appointed, following successful regulatory vetting as the new Principal Officer to the Fund. We welcome him on board and look forward to the benefit of his vast experience in the healthcare industry, both in management and as an established medical practitioner.

The Board of Trustees is charged with the responsibility of establishing and preserving an ethos of good governance, transparency and accountability. In this regard, bringing depth, capacity and broad skills representation to your Board remains an ongoing priority.

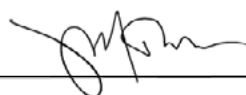
## REGULATORY MATTERS

The Fund remains in good standing with the regulator, NBFIRA. As at the close of the financial year, Regulations specific to the medical aid industry had not been promulgated.

## CONCLUSION

On behalf of the Board of Trustees, I would like to extend our gratitude to all stakeholders that continue to support our efforts of service improvement to members and indeed our strategic road map.

I would also like to take this opportunity to thank each member of the Board for their dedication, energy and commitment during the past year, in providing the much needed guidance and strategic leadership on key matters pertinent to the Fund. To the Funds' Management and the Administrator (AFA), as the backbone to the Fund, we value your commitment and appreciate all the hard day-to-day work during the past year.



**Maleho Mothibatsela**  
Chairman of the Board of Trustees  
Pula Medical Aid Fund



# BOARD OF TRUSTEES REPORT

## ABOUT US

### SCOPE AND BOUNDARY

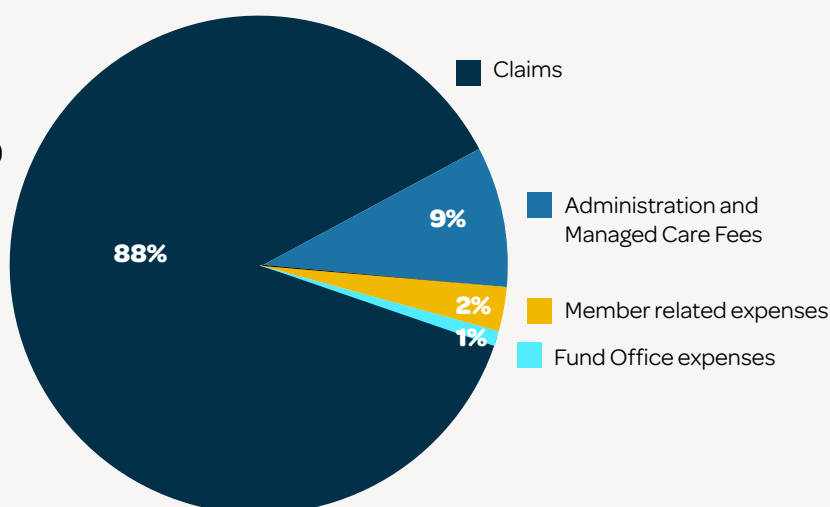
This report covers the financial year from 1 July 2018 to 30 June 2019 also referred to as “the year”. The report also touches on some events in the immediate post reporting period and some forward looking information.

### ABOUT US

PULA Medical Aid Fund “PULA” or “Fund” is a medical aid scheme established in terms of a Deed of Trust dated 28th May 1991. PULA is a not-for-profit open medical scheme regulated by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). Any member of the public can join the Fund subject to the Fund Rules. The Fund’s purpose is to provide easy access to affordable, equitable and high quality healthcare sustainably to our members through innovation. The Fund belongs to its members and an independent Board of Trustees oversees its activities. The Fund has outsourced its administration and managed care to Associated Fund Administrators Botswana “AFA” or “Administrator(s)”.

PULA is the second largest open medical scheme in Botswana covering 46 572 beneficiaries as at 30 June 2019. Our value proposition to our members is access to affordable quality healthcare as espoused in our key strategic priorities of smart product offerings, managing costs and leveraging ICT. The Fund derives its income from member contributions and returns on investments. The Fund’s income is used to fund claims and as such, in setting member contributions, the Fund tries to ensure that there is sufficient contribution income to pay all claims with a little surplus to add to reserves to cushion against future unexpected cost increases.

**Fund Expenses as a percentage of contributions income 2018-2019**



**We offered the following benefit options to employers and members of the public during the year under review:”**

<b>Executive</b>	The Executive Benefit Option provides a comprehensive cover of BWP 2 Million per member/family per annum.
<b>Deluxe</b>	The De-luxe Benefit Option provides a comprehensive cover of BWP 1,200, 000 per member/family per annum. The Deluxe Benefit Option cover is split into two parts: the Annual Basic Limit of P700, 000 and a dread cover benefit of P500,000.
<b>Galaxy</b>	The Galaxy Benefit Option is a comprehensive cover targeted at small medium enterprises or low earning employees. The cover provides a total of BWP 100, 000 per member/family per annum. Galaxy does not have a dread disease benefit.
<b>Standard</b>	This option offers a total of P40 000 in benefits per financial year. PULA members and their dependents on the Standard Benefit Option liable for paying the 10% co-payment. The Standard Benefit option does not have a dread disease cover.
<b>Flexi</b>	This option offers a total of P60 000 flexible out-patient benefits per financial year. PULA members and their dependents are liable for paying the 10% co-payment.

**\* PULA PAYS VAT FOR ALL SERVICES RENDERED TO A MEMBER AND THEIR DEPENDENTS.**

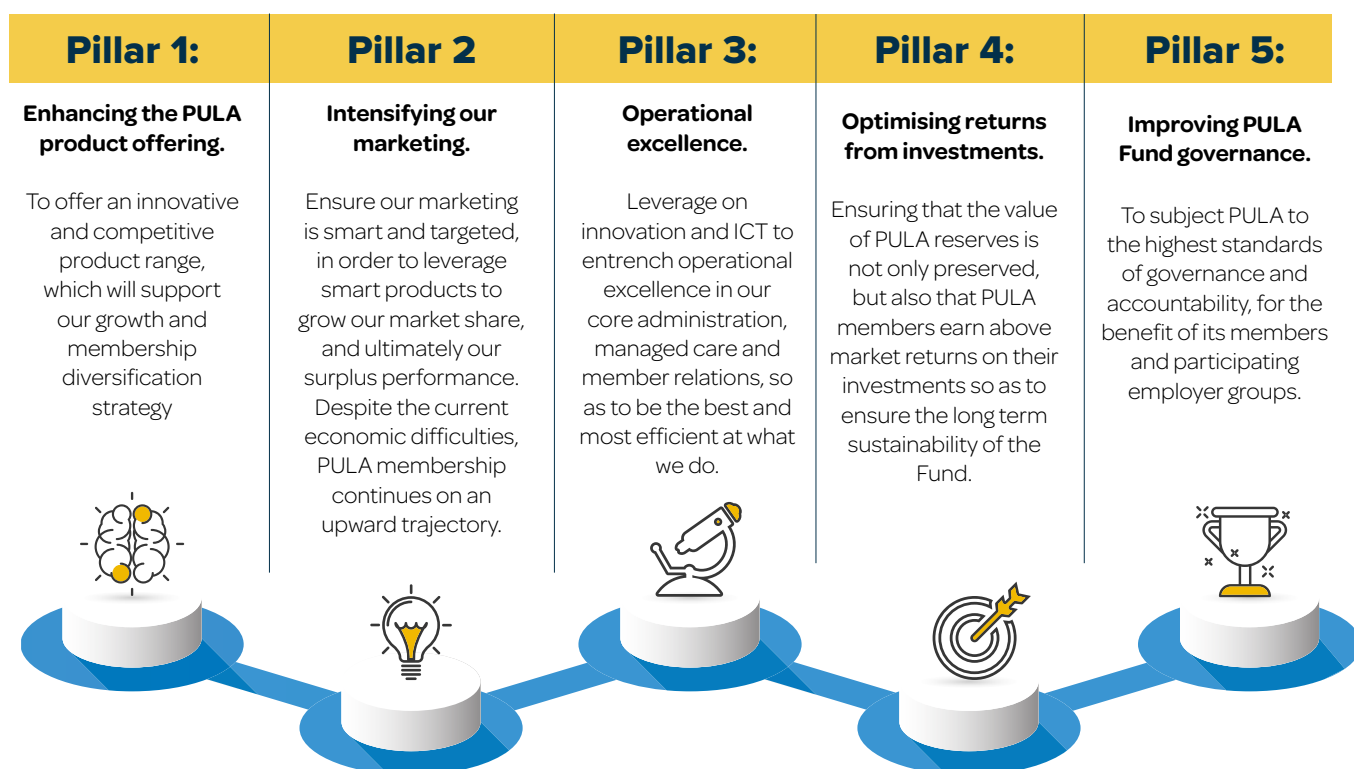
# BOARD OF TRUSTEES REPORT ABOUT US

## OUR STRATEGIC THEMES

To ensure the long-term sustainability of the Fund, the Board of Trustees and management, on an annual basis, take into account changes in the operating environment and needs of our members to review the Fund's strategy. The strategy review is always guided by our mission and vision.

PULA strives to be the medical aid scheme of choice, one that provides easy access of affordable and high quality healthcare to members whilst promoting preventative care and healthy lifestyles. The overarching goal is to optimise member value.

**We have a five (5) year strategy (2016 – 2021) that is anchored on five (5) pillars**



The 2018/19 financial year has been characterised by challenging economic conditions that have led to job losses and stagnant income growth - leading to a reduction in disposable income. This has led to terminations and/or requests for benefit option downgrades by members. It is therefore imperative that the Fund's Strategy is continuously being reviewed for relevance to respond to emerging needs. The strategic themes have been retained and will be used in 2019/20 as they still address our material issues and mitigate our risks when executed right.

### The Fund's strategy is characterised by the following strategic objectives:

- Enhancing the Fund product offering;
- Intensify marketing in a manner that is smart and targeted;
- Diversifying the client base (and with particular focus on reducing overexposure to the mining sector);
- Leveraging ICT- across all areas of the Fund's operations;
- Managing costs and combating fraud, waste and abuse;
- Improving returns from Investment to anchor Fund solvency;
- Continuously improving the Fund governance; and
- Increasing capacity of the Fund's office.

# BOARD OF TRUSTEES REPORT

## STAKEHOLDER VALUE

### STAKEHOLDER ENGAGEMENT

The Fund relies on a number of stakeholders whose engagement seeks to achieve the best possible outcomes for members. The majority of our stakeholder engagement is done through the Fund's Administrator.

### OUR MEMBERS

The Fund exists for the primary purpose of enabling access to private healthcare of the highest quality for our members. Member engagement fora include comprehensive information through our website, contact through our call centre or visiting the AFA office directly. Members have access to the Principal Officer as well. We conduct annual member satisfaction surveys; these were duly done for the year under review.

#### ASSOCIATED FUND ADMINISTRATORS (AFA)

AFA is the leading administrator and managed care provider for medical aid schemes in Botswana. AFA reports to the Board of Trustees, the Board Committees and the Fund Office. The performance of AFA is monitored through a Service Level Agreement. There are monthly meetings between AFA and the Fund office as well as quarterly meetings between AFA, Board Committees and Board of Trustees.

#### REGULATORY BODIES

The Fund is regulated by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). The Fund maintains a collaborative working relationship with NBFIRA to ensure issues of compliance are met. The Regulations governing medical aid schemes have not been promulgated, but even so, PULA continues to adopt industry best practice.

#### HEALTHCARE PROVIDERS AND PROFESSIONAL SOCIETIES

As PULA, we continue to engage with healthcare professionals and their professional societies. The Fund, through the Administrator, schedules regular meetings with healthcare professionals with the aim of achieving high quality, affordable care for our members.

Engagements in the 2018/19 financial year included updating healthcare professionals on changes proposed by the Fund and its Administrator. Engagements with professional societies on mitigating waste and abuse as well as limiting dispensing by general practitioners in certain localities were also done.

#### EMPLOYER GROUPS

PULA, until recently, only accepted employer groups as the target market to provide medical aid services to. Premised against this background, majority of PULA members are part of employer groups. The Fund, through the Administrator, regularly schedules engagement meetings with employers to maintain relations and understand the needs of the employer and member employees.

#### ASSET MANAGERS AND INVESTMENT CONSULTANTS

Botswana Insurance Fund Management (BIFM) is the Fund's asset managers whilst Malaczynski Burn Risk Management (MB-RISK) is the Fund's investment consultants. During the period under review, MB-Risk reviewed the PULA investment policy document to aid the Board's Investment Committee to better allocate investment funds and optimise returns for the Fund.

#### ACTUARIAL SERVICES

Insight Actuaries and Consultants provide actuarial services to the Fund. The Actuaries interact with the Administrator and Fund office on an on-going basis and attend all scheduled quarterly Board meetings to provide their report.

# BOARD OF TRUSTEES REPORT

## STAKEHOLDER VALUE

### HEALTH RISK MANAGERS

In certain specialised clinical disciplines, the Fund and the Administrator may not have the necessary skills to adjudicate claims and monitor waste and abuse to the extent that other specialised health risk managers could. In such cases, the risk is transferred to such organisations with a view of saving the Scheme's funds. The following health risk managers were appointed to provide various health risk management services:

**Verimed Health Group –**  
provides radiology and pathology benefit management;

**Preferred Provider Network (PPN) Optimum –**  
provides optical benefit management; and

**Emergency Assist 991 –**  
provides emergency medical services

### EXTERNAL AUDIT SERVICES

During the period under review, PriceWaterhouseCoopers (PwC) served as the Fund's external auditors.

## INTERNATIONAL TRAVEL INSURANCE

**Up to P2 Million**  
International Travel cover

**Up to P20,000**  
Luggage, trade samples, personal effects, travel documents, money and credit cards

**Up to P15,000**  
Travel Guard

**Up to P20,000**  
Trip cancellation

**P2,000,000**  
Medical expenses

**P300,000**  
Emergency Medical

Evacuation  
Emergency medical evacuation in a remote area with limited healthcare facilities.

**P2 Million**  
Personal Liability

The benefit will help off-set settlements incurred for third party injuries and any damages or losses to their personal property that you may have caused.

**P200,000**  
Repatriation of remains and coffin costs

If you or your covered dependants pass on whilst on travel, the Insurer will provide transportation costs to the country of origin.

**Up to 90**  
consecutive days  
outside Botswana

**P750,000**  
Kidnap and Wrongful detention

If you find your self in the wrong side of the law or you are kidnapped with intention to seek ransom or extortion our cover provides P750,000 to get you out of the situation.

**P10,000** Hijack

The cover provides for hijack when travelling outside the Country.

**VISA Application Letters**

Download Travel Insurance visa letter application form  
Send to: [marketing@afa.co.bw](mailto:marketing@afa.co.bw)

Travel Insurance number at the back of your card:  
**+44 1273 7745 69**

# BOARD OF TRUSTEES REPORT

## GOVERNANCE

### BOARD OF TRUSTEES

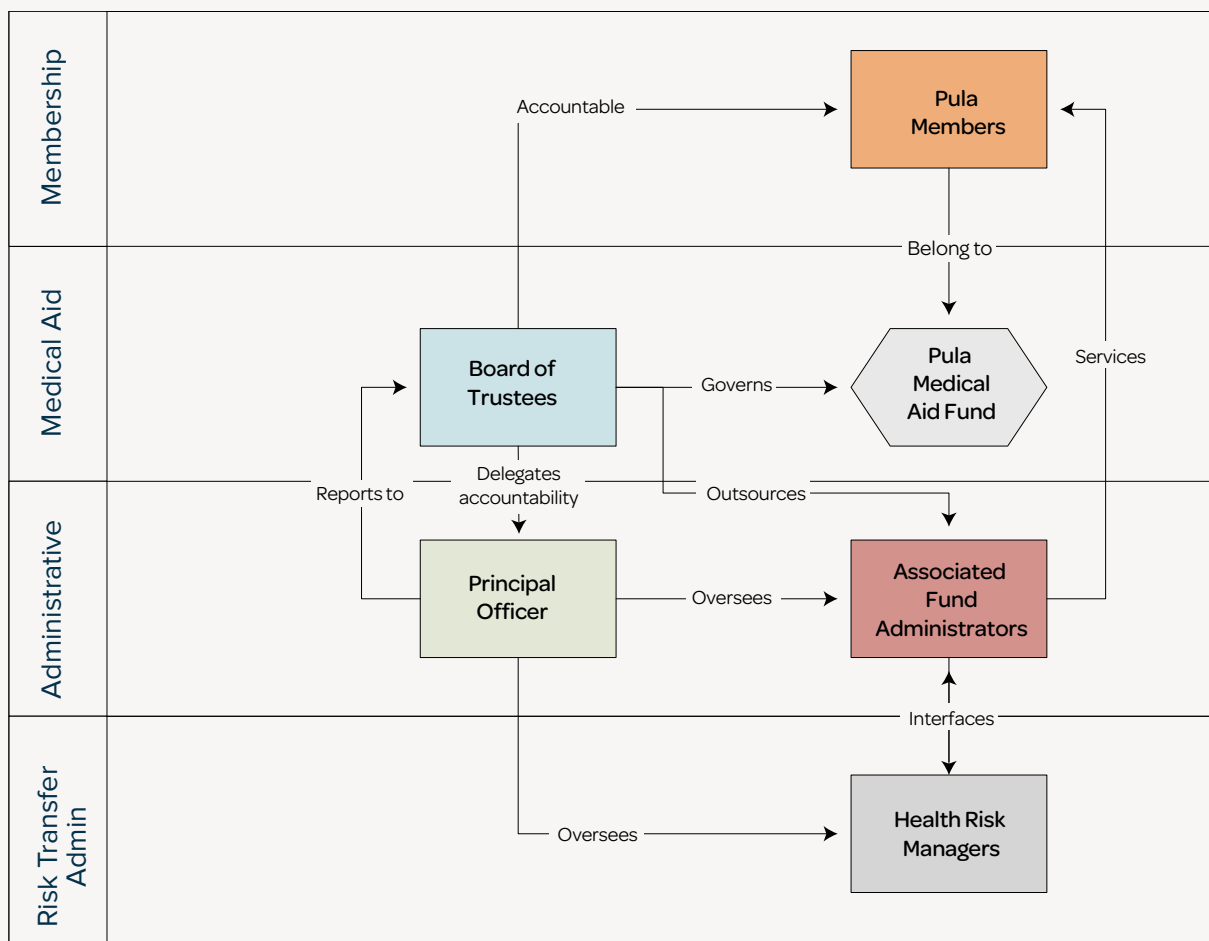
In terms of the Fund Rules, the affairs of the Fund shall be managed by ten (10) Trustees, a minimum of whom five (5) shall be representatives of major employer groups contributing to PULA, and at least three (3) shall be independent members. The term of office for Trustees shall be limited to a five (5) year period, with a possibility of renewal at each Annual General Meeting (AGM), provided that no person shall serve on the Board for more than ten (10) years.

The Board of Trustees is responsible for the oversight of the Fund. The Board is responsible for the development and implementation of the Fund's strategy and sound management of its business. Trustees are accountable to the members.

The Board comprises of highly skilled professionals with diverse skills and experience to ensure robust oversight for the Fund. Our Trustees have expertise in law, human resources, actuarial science, finance, investment, ICT and governance.

Corporate Governance remains a focus and priority to PULA. The Board of Trustees, at all times, ensures that the affairs of the Fund are managed in accordance with the highest standards of governance for the benefit of members and participating employer groups. During the year under review, PULA engaged the services of a Governance expert to assist in this process. The Governance expert came up with recommendations that have been implemented whilst some are in the process of being implemented. It is worth noting that PULA has adopted King IV as the Fund's standard for Corporate Governance.

### OUR GOVERNANCE STRUCTURE



# BOARD OF TRUSTEES REPORT

## GOVERNANCE

### OUR TRUSTEES

The following are Trustees of Pula Medical Aid Fund during the year under review



#### **Maleho Mothibatsela - Chairman**

Mr. Mothibatsela is a professional with a career spanning 22 years in investment management. His career commenced as a Fixed Income & Equity analyst at Fleming Asset Management, then later seconded to Robert Fleming, UK. He later progressed to JP Morgan Europe discharging sector analytical and investment coverage for banking, mining and industrial sectors within EMEA. He later joined the Imara group serving in various capacities including; Asset Management CEO, Country Head and Board Director at group level. He also co-managed Imara's Flagship Fund, the Imara African Opportunities Fund from inception to 2007.

He has served in various fiduciary capacities including, Investment Committee member at Fleming and maiden Chairman of the Investment Committee of the Botswana Public Officers' Medical Aid Scheme (BPOMAS), amongst others.

Mr. Mothibatsela is Director and Chief Investment Officer at BlackThread Capital.



#### **Dr. Bakani Thipe - Deputy Chairman**

Dr. Thipe is a General Practitioner with over 20 years of medical practice. He has a Bachelor's Degree in Medicine and Surgery (MBChB) from the University of Manchester, United Kingdom and a Masters in Business Administration (MBA) from the University of North West, South Africa. He has worked for both Debswana Hospitals (Orapa and Jwaneng) as Medical Officer and Senior Medical Officer respectively. He has also worked at Tati Nickel Mine Company as Head of Health Services. Currently, Dr Thipe operates a Private Medical Practice.



#### **Geoffrey Mahlaka - Trustee**

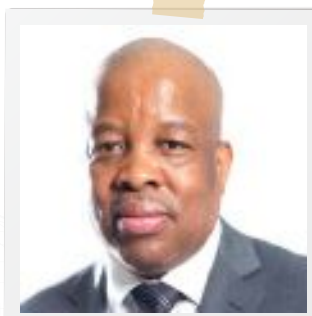
Mr. Mahlaka is a qualified Attorney and a Fellow member of the International Academy of Business & Financial Management and the Insurance Institute of South Africa. He is certified in Risk Management, ComplianceM, Anti-Money Laundering prevention, corporate and board Governance, internal audit processes, contract management and short term insurance.

Mr. Mahlaka has over 14 years of experience obtained in various sectors ranging from banking, parastatals and mining. He is currently a board member for the Botswana Environmental Assessment Practitioners Association.

Mr. Mahlaka is the Corporate Secretary of Minerals Development Company Botswana (MDCB), a position he has held since 2016.

# BOARD OF TRUSTEES REPORT

## GOVERNANCE



### **Anthony Masunga - Trustee**

Mr. Masunga holds a BSc Computer Science from McGill University (Canada) and a MBA from De Montfort University (UK). He is an Alumni of the University of Stellenbosch Business School, having completed their Executive Development Programme.

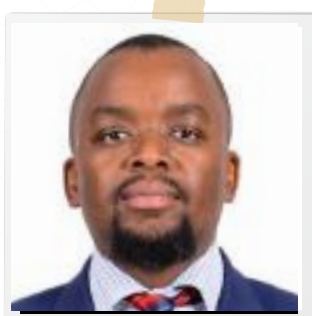
He was previously the Chief Operating Officer at BTC and is the founding General Manager of beMOBILE (now BTC Mobile). He has worked for Mascom as Chief Technical Officer and has over 20 years' experience in the field of Telecommunications and Information Technology.

Mr. Masunga is currently the Managing Director of BTC where he is tasked with providing overall leadership of the business.



### **Leawetsa Meyer (joined February 2019) - Trustee**

Ms. Meyer has over 21 years of Nursing Experience (13 of which she has been in Management). She holds a Diploma in Registered Nursing (Institute of Health Sciences, Molepolole), BSc with Honors in Neonatal Care (Leeds University, UK) and is currently pursuing her MBA through the University of Botswana. She worked in a teaching hospital in the United Kingdom for 7 years where she gained vast experience in clinical management. Ms. Meyer is currently employed as Deputy Nursing Manager at LenMed Health Bokamoso Private Hospital.



### **Batho Motubudi - Trustee (retired October 2018)**

Mr. Motubudi is an experienced board member and well-rounded financial services individual. Having served on the Boards of Pula Medical Aid Fund, Boitekanelo College and Bokamoso Private Hospital, Mr Motubudi brings a multi-pronged perspective of the Health Sector ranging from funding, primary care, and education feeding into the sector.

Mr Motubudi is a serial entrepreneur having been a founder/partner in startup companies across a diverse range of sectors such as drill and blast (Mining & Quarrying) , Aquaponics (Intense Farming] and Mobile Communications (ICT).

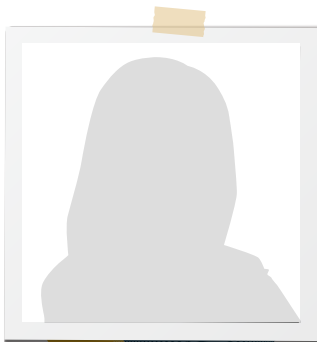


### **Oteng Sebonego - Trustee**

Mr. Sebonego holds a BA (cum laude) in Actuarial Science from the University of Hartford and a MBA from the Kellogg School of Management. He has broad experience in Private Equity, Financial Services and Technology across Africa. His earlier experience was with Fortune 500 companies, GE and Aetna, based in the United States. He was previously a Managing Director of O&E Consulting, where he was responsible for the business development and execution of mostly acquisition related mandates across Africa. Mr. Sebonego is currently an Investment Director at Norsad Finance.

# BOARD OF TRUSTEES REPORT

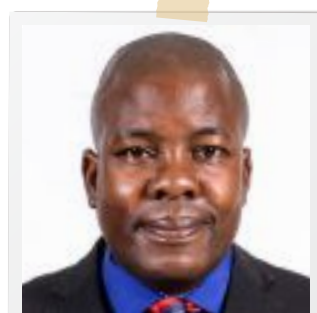
## GOVERNANCE



### **Grace Siamisang - Alternate Trustee to Mukani Pelaelo (substantive from April 2019 - retired October 2019)**

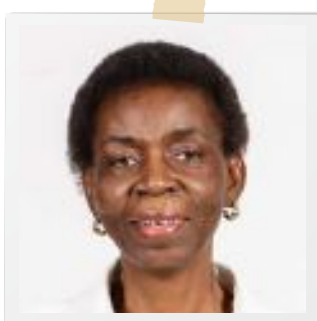
Ms. Siamisang holds a Bachelor of Social Sciences (Public Administration and Accounting) degree obtained from the University of Botswana in 1996. She also graduated from Hawaii Pacific University with a Masters of Arts in Human Resources Management in 2001.

Ms. Siamisang served in the Directorate of Public Service Management (DPSM) from 1996 to 2007 up to Assistant Director I, when she left to join the Botswana Unified Revenue Service (BURS) as Manager - Human Resource Services. She is currently General Manager, Human Resources Service Delivery at BURS. Ms. Siamisang is the Principal Officer of BURS Employees' Pension Fund, and sits in the Board of Directors of the Botswana National Productivity Centre (BNPC).



### **Obakeng Moroka - Trustee (retired August 2018)**

Obakeng Moroka is a finance professional. He works for Debswana Diamond Company. He has previously worked for BCL Mine, Peo Venture Capital and Metsef Holdings. Moroka's areas of specialty are governance, commercial performance and strategy development.



### **Mukani Pelaelo - Trustee (retired April 2019)**

Ms. Pelaelo has a Bachelor's Degree in Public Administration and Sociology obtained from the University of Botswana and a Master's Degree in Human Resources from the University of Manchester. She started her career in the public service and progressed through the ranks until she became Senior Assistant Director at the Directorate of Public Service Management (DPSM).

She retired from the Public Service in 2005 and joined the Botswana Unified Revenue Services (BURS) as Director, Human Resources, a position she occupied until her retirement in April 2019. She has attended various human resources leadership and pension related courses. She was the first Principal Officer for both the Botswana Public Service and the BURS Pension Funds. She has also served as Trustee for the Botswana Public Officers' Medical Service Aid (BPOMAS).

# BOARD OF TRUSTEES REPORT

## GOVERNANCE

### Board Composition and Attendance

The Board is supported by six (6) Board Committees as prescribed in the Fund Rules. The Board of Trustees meets on a prescribed regular basis to consider the financial and operational performance of the Fund. The Board Committees are constituted according to the needs of the Fund to assist the Board to fulfil its fiduciary duties effectively. The Committees make recommendations to the Board for approval

of decisions. Special meetings of the Board are also called to consider special items such as budget, audit results and on-going special projects. The departure of the Principal Officer during the financial year called for an additional special board meeting held in the year under review.

**The table below reflects the attendance of Trustees to Board and Committee meetings during the year.**

Name	Designation	Board	Special Board	Finance and Audit	Risk and Compliance	Investment	Remuneration and Nominations	Procurement	Annual General Meeting
Maleho Mothibatsela	Chairman	5/5	6/6	4/4	1/4	1/4	6/11		1/1
Bakani Thipe	Deputy Chairman	3/5	4/6		2/4			1/2	1/1
Mukani Pelaelo	Trustee	3/5	5/6				9/11	1/2	1/1
Oteng Sebonego	Trustee	3/5	5/6	4/4		4/4			1/1
Batho Motubudi*	Trustee	1/5	1/6		1/4	1/4			
Obakeng Moroka**	Trustee	0/5	0/6						
Anthony Masunga	Trustee	4/5	4/6	3/4		3/4			1/1
Geoffrey Mahlaka	Trustee	5/5	6/6		4/4		11/11	2/2	1/1
Leawetsa Meyer***	Trustee	1/5	1/6						

\* Resigned October 2018

\*\* Resigned August 2018

\*\*\* Appointed February 2019

### Notes:

**Board:** There were 4 scheduled Board meetings for the year, however one of the meetings had to be split into two sessions, hence the 5 meetings.

**Special Board:** There were 6 special Board meetings in the year under review.

**Remuneration and Nominations:** There were 4 scheduled Remunerations and Nominations Committee meetings for the year under review. Seven (7) additional Sub-Committee meetings were held due to various needs that arose in the course of business during the year, such as the vacant Trustee posts, the vacant Principal Officer post, the PULA re-organisational exercise and other related issues.

# BOARD OF TRUSTEES REPORT

## GOVERNANCE

### Board Committees

The Board of Trustees delegates some of its powers and functions to Board Sub-Committees.

**The following are the Fund's Board Sub-Committees:**

Finance & Audit Committee (FAC)  
Risk & Compliance Committee (RAC)  
Remuneration & Nominations Committee (REMNO)  
Procurement & Asset Disposal Committee  
Investment Committee (IC)  
Disputes & Ethics Committee

### FINANCE & AUDIT COMMITTEE

The Finance & Audit Committee performs a key oversight role by safeguarding the integrity of the Fund's finance management function, financial reporting and the internal control environment. The Committee meets quarterly.

**Members of the Committee are as follows:**

Obakeng Moroka	Chairman and Trustee (resigned August 2018)
Oteng Sebonego	Trustee (Chairman from August 2018)
Anthony Masunga	Trustee
Maleho Mothibatsela	Trustee (from August 2018 – interim appointment)

### INVESTMENT COMMITTEE

The Investment Committee meets every quarter and is mandated to review and maintain oversight over the Fund's investments, their performance, and the performance of investment managers and consultants.

**Members of the Committee are as follows:**

Oteng Sebonego	Chairman and Trustee
Batho Motubudi	Trustee (Resigned October 2018)
Anthony Masunga	Trustee
Maleho Mothibatsela	Trustee (from January 2019)

### RISK & COMPLIANCE COMMITTEE

The Risk & Compliance Committee meets quarterly, and is mandated to monitor the Funds financial, clinical and operational risks, and to implement appropriate risk management strategies and measures. Additionally, the Committee advises the Board on compliance and legal matters.

**Members of the Committee are as follows:**

Batho Motubudi	Chairman and Trustee (Resigned October 2018)
Bakani Thipe	Trustee
Anthony Masunga	Trustee (from January 2019)
Geoffrey Mahlaka	Trustee (Chairman from October 2018)

# BOARD OF TRUSTEES REPORT

## GOVERNANCE

### REMUNERATION & NOMINATIONS COMMITTEE

The Remuneration & Nomination Committee meets on an ad hoc basis to review remuneration of both PULA officials and of the Board of Trustees. Additionally, the Committee is mandated to recommend nominations to the Board, when there are Board and Committee vacancies.

#### Members of the Committee are as follows:

Mukani Pelaelo	Chairman and Trustee
Geoffrey Mahlaka	Trustee

### PROCUREMENT & ASSET DISPOSAL COMMITTEE

The Procurement & Asset Disposal Committee meets on an ad hoc basis with a mandate to provide oversight over all procurement and asset disposal issues and to provide recommendations on which third party entities may be engaged to provide services to the Fund.

#### Members of the Committee are as follows:

Geoffrey Mahlaka	Chairman and Trustee
Bakani Thiye	Trustee

### DISPUTE & ETHICS COMMITTEE

The Committee meets on ad hoc basis with a mandate to assist the Board discharge its responsibilities in respect of ethics and to deal with disputes declared by members against the Fund. The Committee monitors the following areas in the Fund:

- a) Social Corporate Citizenship;
- b) Ethics;
- c) Environment, health and public safety with specific reference to the impact of the Fund's activities, its products and services on the environment, health and public safety; and
- d) Consumer relationships with specific reference to advertising practices of the Fund and the Fund's public relations.

#### Members of the Committee are as follows:

Bakani Thiye	Chairman and Trustee
Oteng Sebonego	Trustee
Anthony Masunga	Trustee

### TRUSTEE FEES

The Board from time to time compares the fees paid to the Trustees to industry benchmarks. The last such exercise showed that Trustee fees were within acceptable levels when compared to industry benchmarks.

**The fees payable to Trustees are based on a meeting attendance fee structure, which is set as per table 2**

# BOARD OF TRUSTEES REPORT

## GOVERNANCE

**Table 2**

	<b>2018/2019</b>
Chairman	P7500 (taxable) per meeting
Other Trustees	P6500 (taxable) per meeting

In addition to fees paid for meetings as per attendance in table 1 above, Trustees are paid fees in relation to other Board activities, such as the strategy review session, attendance of industry conferences and Trustee development. Furthermore, additional expenses are incurred for Trustee business travel, accommodation and food in relation to the various activities/ events cited above. A total of P1.68M was recorded for Trustee remuneration and expenses during the year under review, against a budget of P1.37M. Of the P573.1K expenses on other Board assignments, P438.5K were expenses carried over from the financial year 2017/18 which were paid out during the year under review, otherwise, the Trustees' fees would have been within budget for the year. Table 3 provides a breakdown of the Trustees fees.

**Table 3**

Name	<b>Board Sitting Remuneration</b> (before TAX) BWP	<b>**Other Board Assignments Remuneration</b> (before TAX) BWP	<b>Total</b> (before TAX) BWP
Maleho Mothibatsela	247,325.00	181,375.00	428,700.00
Bakani Thipe	106,375.00	212,125.00	318,500.00
Geoffrey Mahlaka	265,000.00	26,000.00	291,000.00
Leawetsa Meyer	19,500.00	-	19,500.00
Batho Motubudi	34,500.00	26,000.00	60,500.00
Mukani Pelaelo	147,000.00	13,000.00	160,000.00
Obakeng Moroka	-	13,000.00	13,000.00
Oteng Sebonego	158,875.00	69,125.00	228,000.00
Anthony Masunga	120,000.00	13,000.00	133,000.00
Matlhogonolo Mponang	-	13,000.00	13,000.00
Grace Siamisang (alt.)	13,000.00	6,500.00	19,500.00
<b>Total</b>	<b>1,111,575.00</b>	<b>573,125.00</b>	<b>1,684,700.00</b>

\* \*\*includes costs carried over from 2017/18 financial year but only paid in the year under review.

### BOARD SECRETARIAT SERVICES

During the year under review, Board Secretariat Services were provided by Kelobang-Godisang Attorneys (KGA), represented by Ms Wandipa Kelobang. Post the reporting period, the Fund has filled the position of Governance and Compliance Specialist. The scope of the position covers Board Secretariat Services and as such services provided by Kelobang-Godisang Attorneys were terminated in July of 2019.

### MATTERS OF NON-COMPLIANCE

In the period under review, PULA had no issues of non-compliance to report with Regulators such as Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and others.

# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE

### SUMMARY OF PULA HEALTH PERFORMANCE

The primary role of the Fund is to facilitate access by its beneficiaries to private healthcare services and assisting them defray the cost of such services. Table 4 below shows indicators of key healthcare services in PULA's health balance sheet.

**Table 4: Comparison of key healthcare services in financial year 2018/19**

Type of healthcare service	Fin Yr 2017/18	Fin Yr 2018/19	Comment
<b>Number of GP &amp; Specialist visits</b>	194,220	183,340	Although the visits reduced by 5.6%, the Fund continues to provide access to general and specialist medical care.
<b>Number of hospital admissions</b>	3,557	4,055	Hospital care increased by 14% due to increased access to specialised services and care facilitation by the Fund.
<b>Number of beneficiaries on ART</b>	2,511	2,513	Member movements in and out of the Fund affected the net number of patients on the program.
<b>Number of beneficiaries registered on the chronic medicine benefit</b>	3,334	3,695	An 11% net increase was recorded. The Fund will during 2019/20 introduce a Wellness Program to help improve beneficiaries' health and wellness.
<b>Number of births</b>	523	473	9.6% fewer births were registered for 2018/19. The Fund encourages Normal Delivery as opposed to Caesarian Sections in line with international norms.
<b>Chronic Disease Ratio (NCD)</b>	7.58%	7.72%	The chronic disease ratio has remained fairly stable. It is however important to introduce a wellness/NCD management tool into the Fund.
<b>Average Mortality Rate (deaths as % of total lives covered)</b>	0.03%	0.02%	A slight reduction in mortality rate was observed. The Fund provides funeral benefits based on benefit option selected by the member.
<b>Average Contribution per Beneficiary per Month</b>	P529.33	P565.77	Contribution per beneficiary per month increased by 6.9%.
<b>Average Claims Cost per Beneficiary per Month</b>	P452.83	P494.27	Claims cost per beneficiary per month increased by 9.2% year-on-year, hence; the rate of healthcare expenditure increase was higher than the contribution increase rate, resulting in a smaller surplus being recorded for the year.

# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE

The HIV/AIDS Management Program is performing well - ensuring optimal management of our members. Members enrolled on this program have remained fairly stable. In the year under review, the number of beneficiaries registered on the chronic medicines benefit has increased by 11% which is significant and points to an urgent need to intensify our wellness messaging and introduce a wellness and non-communicable disease management program. However, the chronic disease ratio remains favourable comparatively at 7.72%.

Hospital admissions have increased considerably by 14% compared to the prior year as more beneficiaries are now able to access healthcare and the burden of non-communicable diseases has an effect on hospitalisation. The increase in hospitalisation has also had an effect on the average claims cost per beneficiary per month as costs are higher with hospital services. The Fund registered 15 new General Practitioners and 10 new Specialists in the year 2018/19, notwithstanding, the members' visits to GPs and Specialists reduced by 5.6%.

### MEMBERSHIP

The Fund achieved membership growth of 2% against a budget of 19,240 (1.5%), this compares unfavourably to growth of 7.8% recorded the year before. PULA closed the year with 19 246 principal members, and 46 572 total lives covered.

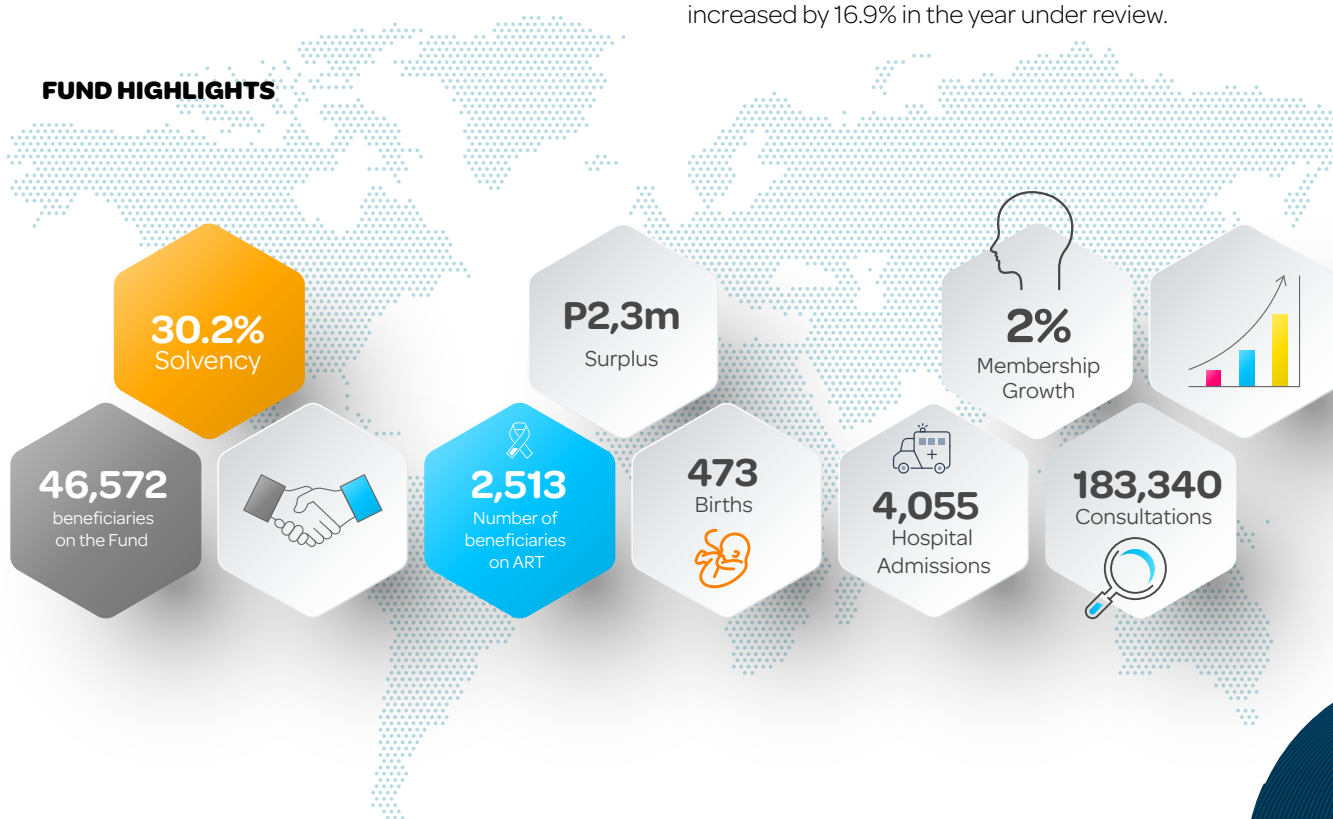
### FACILITATING ACCESS TO PRIVATE HEALTH CARE SERVICES

From the 46 572 beneficiaries as at June 2019, the Fund fulfilled its principal mandate by assisting 42 311 beneficiaries (91% of total beneficiaries) to access private healthcare services in 2018/19, an improvement from 89% in 2017/18. This was due to increased utilisation of benefits and higher membership numbers in 2017/18.

During the period under review, sixty-three (63) new health practices were registered by PULA. Sixteen (16) new Pharmacies, fifteen (15) new General Practitioners and thirteen (13) new General Dental Practices were registered, amongst others, throughout the country. Hospital based claims grew by 10% year on year compared to 5% the prior year. This has largely been due to beneficiaries' access to more hospital based specialised care. Dentistry claims expenditure grew by 29% compared to 21% the prior year largely driven by increased supply and access to the service as shown by new registrations. Pharmacy services grew by 21% year-on-year compared to 31% the prior year also driven by new supply and easy access as shown by new registrations. The Fund changed the reimbursement policy for dispensed medicine, prohibiting some General Practitioners from dispensing within their practices.

The Fund continues to look for opportunities to facilitate access to quality private healthcare at the lowest cost possible. Access to foreign based healthcare services increased by 16.9% in the year under review.

### FUND HIGHLIGHTS



# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE

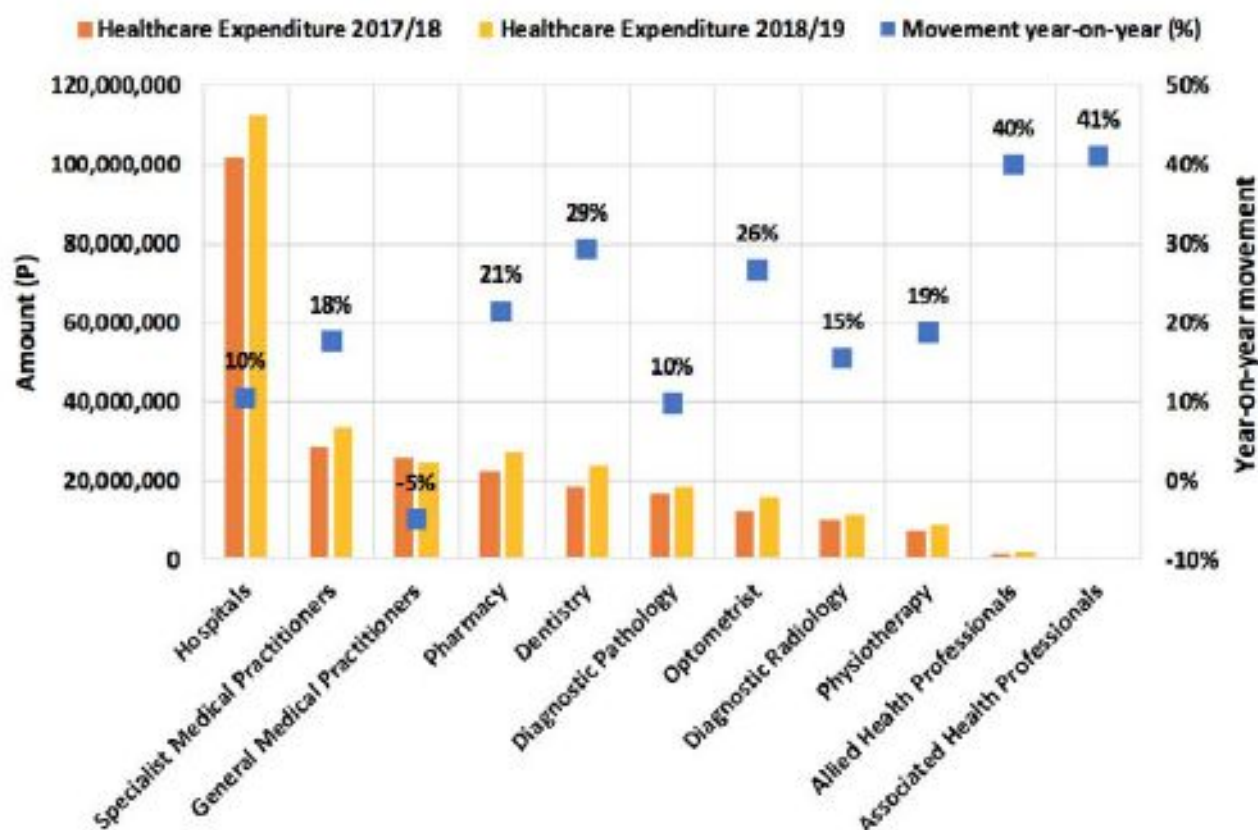


Figure 2: A comparison of healthcare expenditure between the year 2018/19 and 2017/18

### INVESTMENT STRATEGY

The Board of Trustees has a fiduciary duty to invest the Fund's assets in a responsible and prudent manner. Pursuant to this objective, PULA developed an Investment Policy (IPD), whose objectives are to:

- Provide returns on investments that will yield at least CPI+3% over a three (3) year rolling cycle.
- Position the Fund's investments to achieve incremental cash contribution to the Fund.
- Anchor the solvency of the Fund by being an increasingly important contributor to Fund reserves.

The Fund's Financial Assets at Fair Value as at the year ended 30 June 2019 vs the year prior are tabulated in table 5 below:

FINANCIAL ASSETS AT FAIR VALUE JUNE 2019		
Description	Fair Value Holdings as at June 2018 (BWP)	Fair Value Holdings as at June 2019 (BWP)
Money Market and Term Deposits	24 396 798	27 958 058
Domestic Bonds	12 166 460	7 096 584
Domestic Listed Equities	50 092 455	51 956 286
<b>TOTAL OF PUMEDF ASSETS</b>	<b>86 655 713</b>	<b>87 010 928</b>

Table 5: Financial Assets at fair value as at June 2019 compared to June 2018

# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE

It has been a challenging period for the investment market with most financial instruments underperforming. Botswana Insurance Fund Management (BIFM) is the appointed manager and Malackzynski Burn Risk Management has been appointed as investments consultants for the Fund. During the period under review, BIFM performed better than benchmark despite not realising the

expected returns as a result of subdued markets. The PULA investment policy has been reviewed during the year to address the current challenges. Total investment income for the year stood at P4.98M compared to P4.96M the prior year. The fair value loss on financial assets at fair value through profit or loss is P3.28M compared to P3.88M the prior year.

### SUMMARY OF FINANCIAL PERFORMANCE

The table below summarises PULA's key financial indicators for 2018/2019:

	2017/2018 (BWP)	2018/2019 (BWP)	Change
<b>Risk Contribution Income</b>	291 923 942	316 188 465	8.3%
<b>Incurred Claims &amp; other benefits</b>	255 982 961	283 062 985	10.6%
<b>Administrative Expenses</b>	28 445 324	32 430 784	14%
<b>Net Surplus</b>	5 141 655	2 291 643	-55.4%
<b>Solvency</b>	31.8%	30.2%	-1.6%
<b>Net Assets Value</b>	93 076 175	95 367 818	2.5%

**Table 6: A comparison of PULA's key financial indicators in 2018/19 with 2017/18**

### INCOME/REVENUE

Our contribution income increased by 8.3% during the year 2018/19. Membership grew by 2% in the same period. The contribution increase was a result of premium adjustments at the beginning of the year and growth in membership. The impact of the investment of financial assets was insignificant due to the finance income being eroded by the fair value loss.

The Fund sets a target for a desired claims ratio that ensures members receive high quality healthcare services whilst ensuring sustainability of the Fund. The claims ratio in the period under review was 87.3%, an increase from 85% the prior year. High utilisation coupled with high healthcare inflation are responsible for the high claims ratio.

### CLAIMS COST

More of our members continue to access health services with 2% more of our total beneficiaries seeking healthcare. The members' contributions are used to pay for services used.

Claims cost risk for the Fund arises from the risk relating to healthcare provider costs. This risk relates to the health of PULA members. The Fund manages claims risk through benefit limits and sub-limits, and approval procedures for benefit transactions that involve:

# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE

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- Pricing guidelines
- Pre-authorisation
- Case management
- The monitoring of emerging clinical and claim risks
- Analysis and profiling of clinical service providers

### ADMINISTRATIVE EXPENSES

Administrative expenses are those expenses that support the management of the Fund, enabling beneficiaries to receive high quality healthcare services whilst ensuring long-term sustainability. Non-Health Care Costs (NHCC) closed the year at P32.4M which is 10.3% of general contribution income (GCI), slightly down from 10.6% the year prior.

### OTHER INCOME

Our income comes from primarily two (2) sources, being; member contributions and investment income. During the year under review, investments underperformed because of the poor performance of financial markets.

### CHALLENGES

87.3% of all the money collected through contributions has been spent on paying out member benefits (claims plus other member related expenses). This demonstrates that money collected from members is directed back to benefit our members. However, PULA needs to assure itself that all benefits paid are devoid of fraud, waste and abuse (FWA).

PULA actively profiles and scrutinises service provider claim activity and patterns to identify areas suggestive of FWA. Apart from working on strategies to reduce fraud, waste and abuse, the Board of Trustees would like to urge members to be prudent with their medical aid and ensure that all invoices are checked for services actually provided before signing them off. Your medical aid is like your bank account. Additionally, PULA is collaborating with the Board of Healthcare Funders of Southern Africa (BHF) to develop a FWA framework document, which once complete, will be used by PULA to enhance existing initiatives to combat fraud, waste and abuse.

Our medical aid, PULA, operates on the principle of social solidarity, where our resources are pooled together for the common good of making quality private care accessible to all members. It is therefore important to selflessly guard and protect our medical aid against any potential threat that would adversely affect it. At PULA, we implore on all our members to educate themselves on the various benefit options, their conditions, interrogate the value they are getting from the services provided, question anything that is not clear to them and report to the Fund any suspicious activity that may be suggestive of FWA.

### RULES REVIEW

PULA Rules are reviewed on an annual basis in response to members' needs and the demands of a changing private healthcare environment.

However, there are no proposed Rule changes to be considered at the 2019 AGM.

### OUTLOOK

The future outlook of PULA is bright. The interventions on health risk management are planned for the period 2019/20. These include dental and chronic diseases management (including a wellness program). The Fund is also looking for simpler and most efficient ways of communicating with our members interactively.

### APPRECIATION

The Fund would like to express its sincere gratitude and appreciation to its members, service providers, staff and all stakeholders for their loyalty and continued support.

# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE

### APPOINTMENT OR RE-APPOINTMENT OF TRUSTEES

In terms of the PULA Rule Book, the term of office for Trustees shall be limited to five (5) years with a possibility of renewal at the Annual General Meeting for those Trustees who are at the end of their term, provided that no person shall serve on the Board for more than 10 years.

During the year under review, the following Trustees resigned from the Board:

- Mr. Batho Motubudi who was an Independent Trustee;
- Ms. Mukani Pelaelo who was an employer group representative from Botswana Unified Revenue Services; and
- Mr. Obakeng Moroka who was an employer group representative from Debswana Diamond Company.

### RECOMMENDATION BY BOARD OF TRUSTEES

Following favourable vetting from the Regulator, the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), the Board of Trustees recommends that the Annual General Meeting appoint the following persons as Trustees of the Fund:



**Ms. Kushatha Moswela – Independent Trustee;**

Kushatha Moswela is the Managing Director of Old Mutual Short Term Insurance Botswana - a position she has held since July 2016. Previously she was the COO of Old Mutual Botswana

and this was a period when she started Old Mutual Botswana Life Insurance operations in Botswana.

She is an actuarial professional who holds an MSc in Actuarial Science and is a CFA level 2 candidate. Kushatha has over 14 years working experience in the fields of actuarial, capital and risk management. She has held various roles from Managing Director, COO, Executive Assistance to Old Mutual South Africa

CEO and Senior Actuarial Specialist. Prior to joining Old Mutual, she was with KPMG South Africa and Botswana in their Actuarial and Risk Advisory Services. She has a proven impressive track record in leadership and delivery of business performance. She has extensive experience in developing and executing on business strategies and managing key stakeholders.

In 2010, she was seconded to Old Mutual Plc to join the Solvency II ORSA team as a Subject Matter Expert with responsibility to define and develop the Group ORSA Framework. Her key stakeholders then included the Board Risk Committee, the FSA (UK Regulator) and country Risk Executives.

Kushatha is the current Chairperson of Botswana Short Term Insurance Underwriters Association (BISTUA). The association mandate is to develop and progress the Short Term Insurance profession and practice in Botswana through collaborative efforts mainly with NBFIRA (Regulator), government Ministries and other associated professional bodies.

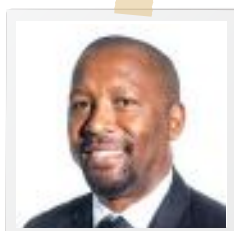


**Ms. Leawetsa Meyer – Trustee;**

Ms. Meyer has over 21 years of Nursing Experience (13 of which she has been in Management). She holds a Diploma in Registered Nursing (Institute of Health Sciences, Molepolole), BSc with Honors in Neonatal Care (Leeds University, UK) and is currently pursuing her MBA through the University of Botswana. She worked in a teaching hospital in the United Kingdom for 7 years where she gained vast experience in clinical management. Ms. Meyer is currently employed as Deputy Nursing Manager at Lenmed Health Bokamoso Private Hospital.

# BOARD OF TRUSTEES REPORT

## FUND PERFORMANCE



**Mr. Ishmael Dipholo –  
Trustee**

Ishmael Dipholo graduated from the University of Botswana in 1998 with a Bachelor of Arts Degree in Social Sciences, combined major in Economics and

Accounting. He later graduated from the University of Botswana with a Masters in Business Administration Degree in 2006. He has also attended several short courses and seminars in various areas of Human Resources Management which have helped develop his skills in the area.

He is an all rounded business executive with extensive experience in Human Resources, Business Development, Operations Management and Business Strategy. He is currently employed by the Botswana Accountancy College as Head of Human Resources. He has previously worked for Boitekanelo College as Director Human Capital, the Botswana National Sports Commission (BNSC) as Human Resources and Administration Director and prior to that he held the role of Human Resources Director and Lead Consultant in the areas of Business Development and Human Resources with Clearwater Consultants. He has also worked with G4S (Botswana) Limited as a Human Resources Director, Regional Manager and Business Development Analyst. Prior to that he was employed by Air Botswana as a Commercial Planning Analyst.



**Mrs. Naiko Carol Ralebala –  
Trustee**

Mrs. Naiko Carol Ralebala, is a Senior Finance Manager at Debswana Corporate Centre in Gaborone. She has over 20 years' experience in the field of Finance, which include external

auditing, internal auditing, financial accounting business performance analysis, budgeting and Forecasting.

Prior to joining Debswana in 2007, Mrs. Ralebala, was a Business Finance Manager at Standard Chartered Bank at which she served in Botswana and the United Arab Emirates (UAE).

She started her accounting career as an auditor with PriceWaterhouse Coopers.

Mrs. Ralebala, is a member of the Association of Chartered Certified Accountants (ACCA) and Botswana Institute of Chartered Accountants (BICA). She also holds a MSc in Leadership and Change from Leeds Metropolitan University. Mrs Ralebala, has recently completed the Global Executive Development Programme from Gordon Institute of Business Science.

None of the other Trustees are at the end of their terms, therefore, there are no recommendations for renewal/ re-appointment at the 2019 Annual General Meeting.

### APPOINTMENT OF AUDITORS

In terms of the Fund Rules, members shall approve the appointment of an external auditor, who shall be a body corporate, at each Annual General Meeting, to hold office from the conclusion of that Annual General Meeting, until the conclusion of the next Annual General Meeting. Notwithstanding the above, an external auditor shall first be appointed through an open tender process; the duration and other terms thereof having been specified as part of the Terms of Reference for the tender.

The Fund's contract with Pricewaterhouse Coopers (PwC) lapsed at the end of the audit for the period under review, with their last assignment being to present the Audited Financials at the 2019 Annual General Meeting.

PULA invited suitably qualified corporate entities to provide the Fund with External Audit Services. The Fund's Procurement Services were followed, with the Tender being evaluated by the Board's Procurement & Asset Disposal Committee and subsequently making a recommendation to the Board of Trustees for appointment of the preferred bidder, subject to approval by the AGM at its meeting of 06th December 2019.

### RECOMMENDATION BY BOARD OF TRUSTEES

The Board of Trustees of PULA, having satisfied itself with the due process followed throughout the tender process recommends that the Annual General Meeting appoint Deloitte & Touche as External Auditors of the Fund for the ensuing year.

# PULA BABY MATERNITY PROGRAMME

At PULA, we understand that being pregnant is a very important time in a woman's life and that having a baby is a life changing experience, and can be rather overwhelming to the family. This is why we have PULA Baby, a tailored maternity care programme that offers the best care to you and your partner throughout the stages of pregnancy. We walk this most exciting period with you by offering;



## Advice And Educational Material

Throughout the various stages of pregnancy, we provide you with a learning opportunity so that you and your partner are prepared to participate in your own medical care and even make informed choices relating to delivery, mother and baby's health. We give both the expectant mother and father advice and educational materials.



## Hamper Bag

What is pregnancy without goodies or a smile on your face. During the last trimester of the pregnancy our expectant members receive a hamper bag with goodies and educational materials on the mother and the baby's health as well as a guide to the father.



## Early Identification Of High Risk Pregnancy

Not all pregnancies are the same; some are healthy while others can be a bit risky where you and the baby have an increased chance of health complications. At PULA we are committed to helping you deliver that bundle of joy safely and healthy, our programme is geared towards early identification of high risk pregnancy for referral to the relevant service provider.



## Email Service To Expectant Father

Pregnancy is a transformational process for a man as such we do not leave our expectant fathers behind. We ensure that as a father you are fully involved from the first trimester to the last by providing you with an email service on what to expect when expecting to assist you to better understand the demands of expecting and be better placed to guide your partner.



## On-going Telephone Advice And Support

Our advice and tips do not end with the first trimester of our members' pregnancy. During the second and third trimester we also provide on-going advice and support through the telephone. This allows our members to seek timely clarification and or further information. The opportunity also gives the necessary contact required during pregnancy.



## How To Register For The Programme

- To enjoy the benefit, expectant parents can download an application on [www.pulamed.co.bw](http://www.pulamed.co.bw)
- Fill out the application form
- Submit to [marketing@pulamed.co.bw](mailto:marketing@pulamed.co.bw)



**Note T&C. Only registered members qualify for the hamper bag**

# PRINCIPAL OFFICER'S REPORT

The Principal Officer, as described in rule 6.34, was in November 2014 appointed in terms of the Rules of PULA, and industry best practice. The Principal Officer derives his responsibilities through delegation from the Board of Trustees. The Trustees delegate accountability for the day-to-day management of the Fund to the Principal Officer. The Principal Officer is required to carry out the decisions of the Board and bears ultimate responsibility for all management functions. During the period under review the Fund office had two (2) staff members, the Principal Officer and the Executive Assistant. Post the reporting period, the staff complement is expected to increase in line with the strategic objective of capacitating the Fund office as part of the re-organisational exercise.

2018/19 has been a challenging period characterised by slow economic activity. Despite that, PULA ended the year in a very solid position marked by increased access to healthcare by beneficiaries, as well as growth and sustainability of the Fund.

Hospital admissions increased by 14% when compared to prior year whilst beneficiaries registered on the chronic medicine benefit increased by 11% demonstrating increased access to healthcare services by beneficiaries. Beneficiaries accessed more specialised healthcare, as these services became more readily available. Access to foreign healthcare services increased by 16.9% year-on-year.

Under the prevailing tough economic conditions, the Fund performed well financially posting a surplus and achieving a solvency level of 30% which is adequate to buffer future periods of unexpected poor claims experience.

This result proves the Fund's ability to remain resilient during difficult financial periods attributable to sound strategy execution.

The prevalence of lifestyle diseases such as diabetes, hypertension, HIV/AIDS is on the increase. A primary care approach/ preventative care has shown to offer the best intervention to managing non-communicable diseases. PULA has therefore deliberately shifted towards this model, as this would offer the greatest benefit to the health of its members.

Our members are important to us, we hold regular stakeholder engagements either through employer groups or scheduled meetings to relay Fund communication and understand members' needs. During the period under review, we conducted a customer satisfaction survey and overall, customers appear to be satisfied by the services offered by PULA.

The survey produced a customer satisfaction index of 84.17%, similarly the communication between the Fund and members is rated highly scoring a communication index of 85.94%. Loyalty, speaking favourably to others and recommending them to the Fund was calculated.

The loyalty index is 90.27%, which is favourable and indicates the likelihood of retention and willingness to recommend the medical aid. PULA will continue to engage with members and strive to serve them better.

Affordability is becoming a concern with healthcare inflation out-pacing the consumer price index - driven primarily by pharmaceutical products and hospital services. To deliver sustainable value to our members, the Fund should move towards contracting for value-based healthcare services and move away from the current fee-for-service payment model. This will be new in our shores but we believe the model will bring sustainability to the Fund and the entire healthcare system.

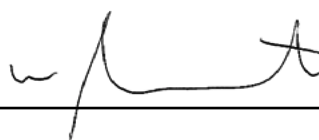
It is estimated that 15% of claims in the South African healthcare industry are fraudulent and wasteful. In Botswana, no such studies have been undertaken, but we believe PULA is not immune from such activities therefore, we have taken steps to minimise fraud, waste and abuse (FWA). FWA has an adverse effect on the sustainability of the Fund and represents theft from members of the scheme.

## PRINCIPAL OFFICER'S REPORT

PULA has contracted health risk managers in optometry, radiology, pathology, pharmacy and case management to curb or minimise the impact of FWA. A review of the programs showed savings for the Fund. We will continue to look for solutions on FWA to safeguard members' contributions.

Staffing of the Fund office is ongoing and we have since welcomed our new Governance and Compliance Specialist, Ms Nomsa L. Otsogile, who joined PULA in July 2019. Other key vacancies will be filled in the 2019/2020 financial year.

I would like to thank our members who are at the forefront of what we do, ensuring that we deliver services and products of the highest quality. I would also like to take this opportunity to offer my gratitude to my team, the Board of Trustees and our partners for contributing towards the long-term sustainability of the Fund.



**Dr. Khumoetsile Mapitse**

### Principal Officer's Profile

Dr. Khumoetsile Mapitse is a health professional with over 17 years of medical practice and over 13 years of senior management experience. He has worked for Debswana Jwaneng Mine Hospital as Medical Officer. He has worked for MRI Botswana Limited as Medical Director and Acting Managing Director.

He also worked for BCL Limited as Health Services Manager. Dr. Mapitse has a Bachelor of Medicine and a Bachelor of Surgery from the University of the Witwatersrand.

He holds a Post-Graduate Diploma in Strategic Management from the University of Derby, a Post-Graduate Diploma in Anaesthesia from the Colleges of Medicine of South Africa and a Post-Graduate Diploma in Occupational Health from the University of the Witwatersrand. He enrolled with the University of Johannesburg for a Senior Leadership Program.





50%

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-33.29	28.92	17.25	1.11	16.53
-37.04	28.76	17.28	1.08	16.44

Stock Market Report

Low	Close
\$18,168.27	\$12,525.54
\$19,367.83	\$13,849.99
\$19,078.60	\$14,338.54
\$17,973.70	\$13,481.28

2018/2019

# ABRIDGED ANNUAL

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2019



Medical Aid Fund

*We care for your health!*

# GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	Botswana
<b>Principal activity</b>	Pula Medical Aid Fund (the "Fund") provides assistance to its members and their dependents in defraying expenditure incurred in relation to medical and related services.
<b>Trustees</b>	Maleho Mothibatsela Bakani Thipe Batho Motubudi (resigned on October 2018) Geoffrey Mahlaka Oteng Sebonego Mukani Pelaelo ( Resigned on April 2019) Anthony Masunga Obakeng Moroka( Resigned on August 2018) Leawetsa Meyer ( Joined February 2019)
	Alternates Grace Siamisang
<b>Registered office</b>	Plot 61918 AFA House Showgrounds Office Park Gaborone
<b>Postal address</b>	PO Box 1212 Gaborone Botswana
<b>Principal Officer</b>	Khumoetsile Mapitse (Joined on June 2019) Thato Moumakwa ( resigned on December 2018) Bakani Thipe ( Acted as Principal Officer from January to June 2019)
<b>Administrators</b>	Associated Fund Administrators Botswana (Proprietary) Limited
<b>Auditors</b>	PricewaterhouseCoopers
<b>Registration</b>	The Fund was registered in Botswana under the Notarial Deed of Trust (registration reference MA 22/91)
<b>Investment managers</b>	Botswana Insurance Fund Management Limited
<b>Lawyers</b>	Armstrongs- Attorneys Notaries & Conveyancers

# CONTENTS

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The reports and statements set out below comprise the abridged annual financial statements presented to the trustees:

	Page
Trustees' Responsibilities and Approval	38
Trustees' Report	39
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Statement of Financial Position	41
Statement of Comprehensive Income	42
Statement of Changes in Reserves	43
Statement of Cash Flows	44
Accounting Policies	45 - 48
Notes to the Abridged Annual Financial Statements	49 - 57

# TRUSTEES' RESPONSIBILITIES AND APPROVAL STATEMENT

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The Board of Trustees is responsible for the preparation of the abridged annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of abridged annual financial statements in accordance with International Financial Reporting Standards (IFRS).

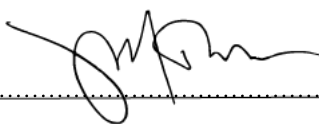
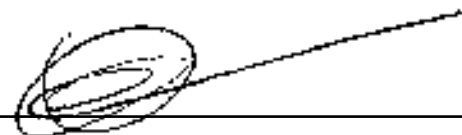
The Board of Trustees acknowledges that it is ultimately responsible for the system of internal financial control established by the Fund and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees of the administrator company are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Board of Trustees is of the opinion, based on the information and explanations given by the administrators, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the abridged annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The auditors are responsible for giving an independent opinion on the true and fair view of the abridged annual financial statements based on their audit of the affairs of the Fund.

The going concern assumption has been applied, in the preparation of the abridged annual financial statements. The Board of Trustees has no reason to believe that the Fund will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The abridged annual financial statements and additional schedules set out on pages 35 to 57, which have been prepared on the going concern basis, were approved by the board on 11 October 2019 and were signed on its behalf by:

  
\_\_\_\_\_  
**Chairperson**  
\_\_\_\_\_  
**Trustee**

# TRUSTEES' REPORT

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The trustees have pleasure in submitting their report on the abridged annual financial statements of Pula Medical Aid Fund for the year ended 30 June 2019.

## 1. Nature of business

Pula Medical Aid Fund (the "Fund") was registered on 31 July 1991 under a Notarial Deed of Trust to provide assistance to members of the Fund and their dependents in defraying expenditure incurred in connection with medical and related services. The fund is domiciled in Botswana.

There have been no material changes to the nature of the fund's business from the prior year.

## 2. Review of financial results and activities

The abridged annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the fund are set out in these abridged annual financial statements.

## 3. Contact information

Registered office	Plot 61918 AFA House Showgrounds Office Park Gaborone
Postal address	PO Box 1212 Gaborone Botswana

## 4. Going concern

The abridged annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 5. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

## 6. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for 2019.

# STATEMENT BY MANAGEMENT ON THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The financial statements are summarised from a complete set of the Financial Statements on which the Independent Auditors, PricewaterhouseCoopers, have expressed an unqualified audit opinion, which is available for inspection at the Fund's registered office.

This report is extracted from audited information, but is not itself audited. The Auditor's Report does not necessarily report on all of the information contained in this report. Members are therefore advised that in order to obtain a full understanding of the nature of the Auditors engagement they should obtain a copy of the Auditor's Report together with the accompanying financial information from the Fund's registered office.

The Trustees of Pula Medical Aid take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underline annual financial statements. A copy of the Annual Financial Statements that have been summarised in this report can be obtained from the Fund's registered office.

Plot 61918 | AFA House  
Showgrounds Office Park  
Gaborone  
P.O. Box 1212 | Gaborone  
**Call Centre:** 365 0500 / 365 0586 |  
Fax: 395 1165

Plot 31966 | Unit 2 | Ground Floor  
Baines Avenue Francistown  
P.O. Box 323 | Francistown  
**Call Centre:** 241 229 / 241 2390

[www.pulamed.co.bw](http://www.pulamed.co.bw)

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 P	2018 P
<b>ASSETS</b>			
<b>Non-Current Assets</b>	5	297,520	0
<b>Current Assets</b>			
Investments at fair value	6	87,010,928	86,655,713
Trade and other receivables	9	1,465,973	3,819,154
Cash and cash equivalents	10	41,180,169	29,625,813
		<b>129,657,070</b>	<b>120,100,680</b>
<b>Total Assets</b>		<b>129,954,590</b>	<b>120,100,680</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated surplus		95,367,818	93,076,175
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Provision for outstanding claims	12	17,530,000	18,700,000
Trade and other payables	11	17,056,772	8,324,505
		<b>34,586,772</b>	<b>27,024,505</b>
<b>Total Liabilities</b>		<b>34,586,772</b>	<b>27,024,505</b>
<b>Total Reserves and Liabilities</b>		<b>129,954,590</b>	<b>120,100,680</b>

The accounting policies on pages 45-48 and the notes on pages 49-57 form an integral part of the abridged annual financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE 2019

	Notes	2019 P	2018 P
Income from contributions		316,188,465	291,923,942
Claim expenditure and other member benefits		(283,062,985)	(255,982,961)
<b>Net contribution surplus</b>		<b>33,125,480</b>	<b>35,940,981</b>
Other income		11,502	228,473
Movement in credit loss allowances	13	(114,058)	(3,656,495)
Administrative expenses		(32,430,784)	(28,445,324)
<b>Operating surplus</b>	<b>13</b>	<b>592,140</b>	<b>4,067,635</b>
Finance income	14	2,114,192	1,784,197
Fair value loss on financial assets at fair value through profit or loss		(3,277,049)	(3,883,097)
Dividend income	14	2,862,360	3,172,920
<b>Surplus before taxation</b>		<b>2,291,643</b>	<b>5,141,655</b>
Taxation	15	-	-
<b>Surplus for the year</b>		<b>2,291,643</b>	<b>5,141,655</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>2,291,643</b>	<b>5,141,655</b>

The accounting policies on pages 45-48 and the notes on pages 49-57 form an integral part of the abridged annual financial statements.

# STATEMENT OF CHANGES IN RESERVES

AS AT 30 JUNE 2019

	Accumulated surplus P	Total equity P
<b>Balance as at 01 July 2017</b>	<b>87,934,520</b>	<b>87,934,520</b>
Surplus for the year	5,141,655	5,141,655
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>5,141,655</b>	<b>5,141,655</b>
<b>Balance as at 01 July 2018</b>	<b>93,076,175</b>	<b>93,076,175</b>
Surplus for the year	2,291,643	2,291,643
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>2,291,643</b>	<b>2,291,643</b>
<b>Balance as at 30 June 2019</b>	<b>95,367,818</b>	<b>95,367,818</b>

# STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2019

	Notes	2019 P	2018 P
Surplus before taxation		2 291 643	5 141 655
<b>Adjustments for :</b>			
Depreciation		28 958	-
Dividend Income		(2,862,360)	(3,172,920)
Interest income		(2,114,192)	(1,784,197)
Fair value loss on financial assets at fair value through profit or loss		3 277 049	3 883 097
(Decrease)/Increase in debtors provision		114 058	3 656 495
Increase in provision for outstanding claims		(1,170,000)	5 000 000
<b>Changes in working capital</b>			
Trade and other receivables		2 239 123	(2,683,782)
Increase in trade and other payables		8 732 267	(1,047,541)
<b>Net cash flows from operating activities</b>		<b>10 536 546</b>	<b>8 992 807</b>
<b>Cash flows from investing activities</b>			
Interest received		2,114,192	1,784,197
Dividends income		2,862,360	3,172,920
Purchase of PPE		(326,478)	-
Net movement in financial assets		(3,632,264)	(25,930,733)
<b>Net cash flows from investing activities</b>		<b>1,017,810</b>	<b>(20,973,616)</b>
<b>Total cash movement for the year</b>		<b>11,554,356</b>	<b>(11,980,809)</b>
Cash at the beginning of the year		29,625,813	41,606,622
<b>Total cash at the end of the year</b>	4	<b>41,180,169</b>	<b>29,625,813</b>

The accounting policies on pages 45-48 and the notes on pages 49-57 form an integral part of the abridged annual financial statements.

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

## GENERAL INFORMATION

Pula Medical Aid Fund (the "Fund") was registered on 31 July 1991 under a Notarial Deed of Trust to provide assistance to members of the Fund and their dependents in defraying expenditure incurred in connection with medical and related services. The Fund is domiciled in Botswana.

The abridged annual financial statements set out on pages 37-57 have been approved by the Board of Trustees on 11 October 2019.

## 1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these abridged annual financial statements, which have been applied on a consistent basis with those of the previous year, are set out below.

### 1.1 Basis of preparation

The abridged annual financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair values through profit or loss.

The preparation of abridged annual financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

### 1.2 Financial Instruments: IAS 39 Comparatives

#### 1.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### a. Financial instruments designated at fair value through profit or loss

These include financial assets that the entity either holds for trading purposes or upon initial recognition it designates as at fair value through profit or loss. A entity may use this latter designation when doing so results in more relevant information by eliminating or significantly reducing a measurement or recognition inconsistency (an accounting mismatch) or where a group of financial assets and/or financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the assets and/or liabilities is provided internally to the entity's key management personnel.

#### b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Fund's loans and receivables comprise 'loans and advances', 'trade receivables', 'other receivables' and Cash at bank and cash equivalents in the statement of financial position (Notes 3 and 4).

#### c. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

## 1.2.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'investment income' in the period in which they arise. Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in the statement of changes in reserves.

## 1.2.3 Off-setting financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 1.3 Impairment

The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The impairments of financial assets are done in accordance with financial asset recognition and measurement criteria.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

## 1.4 Contributions receivable

Contributions receivable are amounts due from customers for insurance cover provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Contributions receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of contributions receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contributions receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount. Bad debts are written-off to the statement of comprehensive income during the year in which they are identified.

## 1.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank net of bank overdrafts and deposits held at call with banks. Bank overdrafts are given under short term borrowings in the statement of financial position

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

## 1.6 Foreign currencies

### a) Functional and presentation currency

Items included in the abridged annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The abridged annual financial statements are presented in Botswana Pula, which is the Fund's functional and the presentation currency.

### b) Transactions and balances

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of comprehensive income in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in reserves, any exchange component of that gain or loss is recognised directly in reserves. When a gain or loss on a non-monetary item is recognised in statement of comprehensive

income, any exchange component of that gain or loss is recognised in statement of comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

## 1.7 Revenue recognition

### 1.7.1 Income from contributions

The Fund obtains monthly contributions from its members. These contributions are recognised in the statement of comprehensive income on an accrual basis. The premiums include adjustments to premiums from backdated termination and registrations.

### 1.7.2 Investment income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in the statement of comprehensive income, using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate method. Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established. The accumulated fair value adjustments of available-for-sale investments are included in the income statement as gains and losses from investment securities, at the time of disposal. Please refer note 1.3 for basis recognising fair value gains/losses on arising on investment classified as fair value through profit or loss.

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

## 1.8 Claims and administration fees

### Claims incurred

Claims incurred consist of claims paid during the financial year together with the movement in the provision for outstanding claims.

The provision for outstanding claims comprises the Fund's estimate of the cost of settling all claims incurred but not intimated at the reporting date.

Whilst the trustees consider that gross provisions for claims are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used to value these provisions, and the estimates made, are reviewed regularly.

### Administration fees

Administration fees relate to amounts paid to the Fund's administrators. The fees are charged to the statement of comprehensive income as the services are provided.

## 1.9 Current income tax

The normal Botswana tax has not been made as the Fund is registered under a Notarial Deed of Trust and according to part 1, paragraph (v) of the second schedule of the Income Tax Act, 1995, the Fund is exempt from income tax.

## 1.10 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision is made for estimated outstanding claims incurred during the financial year, which are payable in the succeeding financial year.

## 1.11 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 5. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	P	P	P	P	P	P
Office equipment	326 478	(28 958)	297 520	-	-	-

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
	P	P	P	P
Office equipment	-	326 478	(28 958)	297 520

2019	2018
P	P

## 6. Investments at fair value

Investments held by the fund which are measured at fair value, are as follows:

### Categorisation of investments at fair value according to IFRS 9 Financial instruments and comparative Information as per IAS 39

Equity Investments at fair value through profit or loss

Debt Investments at fair value through profit or loss

50,092,455	51,956,286
36,563,258	35,054,642
<b>86,655,713</b>	<b>87,010,928</b>

### Mandatorily at fair value through profit or loss

Listed equity

Listed bonds

Deposits and unlisted bonds held at bank

50,092,455	51,956,286
12,166,460	7,096,584
24,396,798	27,958,058
<b>86,655,713</b>	<b>87,010,928</b>

### Split between non-current and current portions

Current assets

<b>86,655,713</b>	<b>87,010,928</b>
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# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 6. Investments at fair value (continued)

### Fair value information

Refer to note 7 Fair value information for details of valuation policies and processes.

### Risk exposure

The investments held by the fund expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 3 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

### Initial adoption of IFRS 9

IFRS 9 Financial instruments was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments. Prior year figures have not been restated. Refer to the "other financial assets" note 7 for disclosure of the comparative figures in accordance with IAS 39.

## 7. Fair value information

### Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the fund can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

### Levels of fair value measurements

#### Level 1

#### Recurring fair value measurements

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 7. Fair value information (continued)

### Assets

	2019 P	2018 P
<b>Financial assets mandatorily at fair value through profit or loss</b>		
Listed equity and bonds	59,052,870	62,258,915
<b>Total</b>	<b>59,052,870</b>	<b>62,258,915</b>

Note(s)

6

### Level 2

### Recurring fair value measurements

### Assets

	2019 P	2018 P
<b>Financial assets mandatorily at fair value through profit or loss</b>		
Deposits and unlisted bonds held at bank	27,958,058	24,396,798
<b>Total</b>	<b>27,958,058</b>	<b>24,396,798</b>

Note(s)

6

## 8. Financial assets at fair value through profit or loss - Comparative information as per IAS 39

### Reconciliation of financial assets at fair value through profit or loss for comparatives under IAS 39

#### Investments

Opening balance	64 608 077
Additions	41 505 033
Withdrawals	(15 574 300)
Fair value loss	(3 883 097)
<b>Closing balance</b>	<b>86 655 713</b>

\*IAS 39 reconciliation is not applicable for year 2019

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 9 Trade and other receivables

### Financial Instruments:

Contributions receivable	8 004 274	5 163 864
Loss allowance	(4 457 507)	(3 963 238)
Trade Receivables at amortised cost	3 546 767	1 200 626
Sundry receivables	266 012	265 347

### Non-financial instruments:

Prepayments	6 375	-
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### Total trade and other receivables

**3 819 154      1 465 973**

### Split between Non-current and Current portion

Non-current assets	-	-
Current assets	3,819,154	1,465,973
	<b>3,819,154</b>	<b>1,465,973</b>

### Categorisation of Trade and other receivables

Trade and other receivables are categorised as follows in accordance to IFRS

#### Financial Instruments

At amortised cost	3,812,779	1,465,973
Non-financial Instruments	6,375	-
	<b>3,819,154</b>	<b>1,465,973</b>

Trade receivables inherently expose the fund to credit risk, being risk that the fund will incur financial losses if the customers fail to make payments as they fall due

The fund's historical credit loss experience does not show different loss patterns for different customer segments. The provision for credit losses is therefore based on past status without disaggregating into risk profiles. The loss allowance provision is determined as below.

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 9 Trade and other receivables (continued)

### Expected credit loss rate

	2019 Estimated gross carrying amount at default	2019 Loss Allowance (Life time expected credit loss)	2018 Estimated gross carrying amount at default	2018 Loss Allowance (Life time expected credit loss)
Not past due:34%(2018:0%)	1,815,599	614,972	2,669,783	-
Less than 30 days past due:100%(2018:24%)	267,758	267,758	657,295	156,461
31-60 days past due:100%(2018:84%)	343,816	343,816	416,057	350,166
61-90 days past due:100%(2018:81%)	121,402	121,402	530,585	430,560
More than 90 days past due 100%( 2018:94%)	2,615,290	2,615,290	3,730,554	3,520,320
<b>Total</b>	<b>5,163,865</b>	<b>3,963,238</b>	<b>8,004,274</b>	<b>4,457,507</b>

2019  
P

### Reconciliation of loss allowance

The following table shows the movement in loss allowance(life time expected credit loss) for trade and other receivables.

### Opening balance in accordance to IAS 39 financial instruments

### Recognition and measurement

Adjustments upon application of IFRS 9

### Opening balance in accordance to IFRS 9

Amounts recovered

Provision reversed on settled trade receivables

Provision for the year

### Closing Balance

4,457,507

-

**4,457,507**

-

(608,327)

114,058

**3,963,238**

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 9 Trade and other receivables (continued)

As of June 2018, trade and other receivables of 4,457,507 were impaired and provided for.

The ageing of these trade and other receivables are as follows

0 to 3 months	1,657,650
Over 3 months	2,799,857

### Reconciliation of provision for impairment of trade and other receivables

Opening balance	-	801,012
Additional/(reversal) provision for impairment	-	3,656,495
	-	4,457,507

\*ISA 39 is not applicable to year 2019

## 10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include total cash assets less bank overdrafts:

Bank balances	41,180,169	29,625,813
	<b>41,180,169</b>	<b>29,625,813</b>

Surplus funds are retained in both the current account and the call account. The call account bears interest at current commercial bank rates. As there is a right to set-off, the settlement accounts are included in cash and cash equivalents.

The overdraft reflected at the reporting date represents a temporary book balance which arose pending the transfer of funds from the Fund's call account under its standing sweeping facility with the bank.

## 11 Trade and other Payables

### Financial Instruments

Creditor for claims	10,076,480	2,049,031
Administration fees payables	2,821,998	2,829,981
Other accounts payables	1,747,451	1,508,919

### Non-Financial instruments

Contributions received in advance	2,410,843	1,936,214
	<b>17,056,772</b>	<b>8,324,505</b>

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 11 Trade and other Payables (continued)

Creditors for claims represents the claims that have been processed and approved for payment but have not yet been paid at reporting date.

### Fairvalue of trade and other payables

The fair value of trade and other payables approximates their carry amounts.

## 12. Provision for outstanding claims

### Reconciliation of provision for outstanding claims - 2019

	Opening balance	Utilised during the year	Closing balance
Provision for outstanding claims (P)	<b>18,700,000</b>	<b>(1,170,000)</b>	<b>17,530,000</b>

### Reconciliation of provision for outstanding claims - 2018

	Opening balance	Addition	Closing balance
Provision for outstanding claims (P)	13,700,000	5,000,000	18,700,000

The provision for outstanding claims represents the Trustees' best estimate of claims, with the assistance of actuaries, that have been incurred during the current financial year but which are payable after the year-end.

The following are key assumptions used in the computation of claims which were incurred but not reported (IBNR) as at 30 June 2019.

Membership growth: Executive option 10.5% (2018: 31.8%) per annum, Standard option 3.3% per annum (2018: 7%) and deluxe option 1.4% per annum (2018: 6%), Galaxy option-100%, Flexi-100%

Inflation rate-3% per annum (2018-3.6%)

Investment return -4.8% per month (2018-4.75%)

Assumed bad debts-1.1% per annum (2018-1.6%)

Contribution increase-8.3% per annum (2018-9.8%)

# NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 13. Operating surplus

Operating surplus for the year is stated after charging (credited) the following, amongst others

### Auditor's remuneration- external

Audit fees

296,680

248,966

### Remuneration other than to employees

Consultancy fees

353,591

412,623

Administration fees

18,073,329

16,821,848

Legal Fees

603,738

129,425

Secretarial services

534,752

243,000

**19,565,410**

**17,606,896**

Employee Costs

### Principal Officer remuneration

1,893,909

1,427,020

### Depreciation and amortisation

Depreciation of property, plant and equipment

28,958

-

### Movement in credit loss allowances

Trade and other receivables

114,058

3,656,495

### Other

Claims expenditure

283,062,985

255,982,961

Promotions and advertising

990,099

990,341

Travel insurance

1,473,140

1,290,779

Trustees' fees

1,885,784

1,527,954

Trustees' training

51,175

58,420



# CHRONIC DISEASE MANAGEMENT

**NON COMMUNICABLE** diseases kill around 41 million people a year. People of all age groups, regions and countries are affected by NCDs. Children, adults and the elderly are all vulnerable to the risk factors contributing to NCDs, whether from unhealthy diets, physical inactivity, and exposure to tobacco smoke or the harmful use of alcohol

If you are diagnosed with any chronic disease, register with our Managed Care Department. Simply download the registration form, fill it out and send it to 3935 281 / 3951 165. Alternatively, contact us at 3650 574.

## Chronic conditions

- Asthma
- Bipolar Mood Disorder
- Bronchiectasis
- Cardiac Failure
- Cardiomyopathy
- Chronic Obstructive Pulmonary Disease
- Benign Prostate Hypertrophy
- Chronic Renal Disease
- Coronary Artery Disease
- Crohn's Disease
- Diabetes Insipidus
- Diabetes Type 1
- Diabetes Type 2
- Dysrhythmia
- Osteoporosis
- Epilepsy
- Glaucoma
- Haemophilia
- Hepatitis C
- HIV
- Hyperlipidaemia
- Hypertension
- Hypothyroidism
- Multiple Sclerosis
- Irritable Bowel Syndrome
- Parkinson's Disease
- Rheumatoid Arthritis
- Schizophrenia
- Systemic Lupus
- Erythematosis
- Ulcerative Colitis

## Confidentiality

We strive to keep all information about patients and their diagnosis as confidential as possible and it will not be disclosed to any third parties, employers or any persons without your express written consent. When sending your forms, especially for Chronic conditions and HIV you can personally deliver to Managed Care or send to [managedcare@afa.co.bw](mailto:managedcare@afa.co.bw)

## The Chronic Disease Benefit

It covers you for a defined list of chronic conditions. You need to apply to Pula Medical Aid Fund, Managed Care administrators to have your medicine covered for your chronic condition. This means filling out either the Chronic Disease Management Application Form or the HIV/ART application form. These forms can be found on [www.pulamed.co.bw/downloads](http://www.pulamed.co.bw/downloads)

## Where to get your medicine?

You can choose from over 160 registered pharmacies around the country to collect your prescribed chronic medicines. We do not restrict you.

[www.pulamed.co.bw/findadoctor](http://www.pulamed.co.bw/findadoctor)

## Medicine cover for Chronic conditions

Medicine cover for Chronic conditions - You get full cover for approved chronic medicine on our medicine list. For medicine not on our list, we cover you up to a set tariff Pula amount, meaning that we pay up to the prescribed amount. You must note that in that case you may have to top up from your pocket.

# PREVENTIVE CARE BENEFIT

## *Prevention is still the best cure*

We believe that 'Prevention is still better the best cure', we appreciate that being healthy is an ever changing state of being, but at the same time we know that a focus on regular screening and early diagnosis can go a long way in helping you and your family live a long and happy life. Our Preventive Care Benefit includes annual medical examination inclusive of screening tests to prevent illness, disease and other health related problems.

### Liver Function Test

We all want to live with the certainty that our body organs including our livers are functioning well. Doctors use the liver function test to check how well the liver is working.



### Diabetes

#### Fasting Blood Sugar

A test that measures blood glucose after you have not eaten for some hours. It is often the first test done to check for prediabetes and diabetes.



### Prostate Cancer Test (PSA)

for men over the age of 50

As men grow older, chances of them developing prostate cancer increase as such it is very important to perform tests like this. The prostate specific antigen (PSA) test is a blood test checking if a men has prostate cancer



### HIV Test

Test aimed at detecting HIV antigen (a part of the virus) and HIV antibodies in blood



### Annual Physical Examinations by a Physician

A routine test performed by a physician to check your overall health:

- Weight •
- BMI •
- Blood Pressure •
- Cholesterol •



### Breast Cancer Mammograms for women over the age of 45

This is an x-ray picture of the breast. It can be used to check for breast cancer in women who have no signs or symptoms of the disease



### Cervical Cancer Pap Smear

Screening procedure for cervical cancer testing for the presence of precancerous or cancerous cells on the cervix, the opening of the uterus.



### Full Blood Count

This is a very common blood test that checks the number of red cells, white cells and platelets in the blood. It is used to check a person's general health as well as screening for specific conditions, such as anemia.



### Urea and Electrolytes

Urea and electrolytes provides essential information on renal function, principally in excretion and homeostasis, they are the most commonly requested biochemistry tests.

## Pula Medical Aid Fund

Plot 61918 | AFA House  
Showgrounds Office Park  
Gaborone  
P.O. Box 1212 | Gaborone  
**Call Centre:** 365 0500 / 365 0586 |  
Fax: 395 1165

Plot 31966 | Unit 2 | Ground Floor  
Baines Avenue Francistown  
P.O. Box 323 | Francistown  
**Call Centre:** 241 229 / 241 2390

[www.pulamed.co.bw](http://www.pulamed.co.bw)

