



B·H·F
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2004
**Annual Report
& Accounts**

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Chairman's Review

Mbasa Mxenge

THE HEALTHCARE INDUSTRY has been subject to significant strains and stresses during 2004/2005 and pressures on all stakeholders have been comparably heavy. Yet in many ways this is proving beneficial, as the industry is driven to greater co-operation. BHF's role in this process is key in facilitating discussion and consultation, providing its research and advocacy expertise and strengthening its own position as an objective, reliable and reputable industry body.

Our out-going managing director, Penny Tlhabi has been a remarkable catalyst in the process of establishing BHF's reputation and professionalism. She has successfully created pivotal relationships of trust and confidence with both public and private sectors. This has contributed notably to BHF's status within the healthcare sector. Regulatory and policy-making bodies, statutory organisations and stakeholder entities in the industry increasingly view BHF as a recognised authority on issues affecting the medical industry and it is sought after for testimony, expertise and regulatory input.

Such has been the impact of BHF's contribution across the entire spectrum of the healthcare industry, that it has representation on the Financial Soundness Task Team, the Medicines Pricing Task Group, the Risk Equalisation Fund Technical Advisory Panel and the teams examining governance frameworks and alternative solvency models. But of possibly even greater importance is our involvement with the Health Charter Task Team. BHF will endeavour to exert crucial influence in shaping policy, informing opinion and guiding the development process of this document which is set to transform healthcare as we know it.

BHF is fully committed to the Charter process and its main objective is to promote a collaborative relationship between public and private healthcare sectors to promote sustainable, accessible and quality healthcare in our country. It is vital that we be able to communicate the value of the private healthcare industry as a national asset with a solid record of offering quality products and services of international standard. This legacy must be protected and leveraged to the benefit of all South Africans. The enormous potential of this sector to contribute effectively to the overall healthcare needs of the nation must not be squandered.

If the Charter is to be accepted and implemented by all, the process must be on-going, and above all, inclusive, not limited only to beneficiaries, and ensuring that there is equitable and balanced consultation with and participation by owners. To this end, BHF played an important role in the establishment of the Private Healthcare Forum (PHF), which represents the medical profession, private funders, the medical devices industry, a section of private hospitals and the pharmaceutical industry.

Chairman's Review

Mbasa Mxenge
continued

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In considering a Healthcare Charter, the objectives of both BHF and the PHF focus on four main areas: equity, access, human resources and financial management.

Of vital importance is an evidence- or researched-based assessment of the current status of the health system, the direction we need to take and the objectives aimed at. This will be crucial in establishing targets and measuring results, particularly with the goal of determining appropriate strategies for South Africa's health needs. It will then be simpler to identify the roles and responsibilities of all stakeholders involved.

Equity, access, cost-effectiveness and sustainability are of necessity inextricably linked. With our limited resources however, it is unrealistic to expect to achieve an ideal health-care system, but we must be able to develop a basic package of services which any individual could enjoy if required to use the services of a healthcare establishment in the public or private sector.

BHF is firmly convinced that transformation should be broad-based, not just a question of capital changing hands but of extending to decision-makers within organisations and raising the capabilities and developing the skills of people at all levels. Similarly, in considering human resources issues, specific attention should be given to promotion of women.

Migration of skills is of considerable concern. South African health professionals have an exceptional reputation overseas and we need to develop a comprehensive strategy not only to retain skills, but to entice back those already lost. Healthcare delivery is labour-intensive – without skilled and qualified people to implement them, all our plans, charters, strategies and policies are just so much paper. The public and private sectors need to pool resources to create an over-arching human resources strategy. The success of the Charter lies in a shared vision on values on health and healthcare delivery and the BHF vision of “a private healthcare funding system which ensures lifetime access to comprehensive and affordable healthcare for the family of the average working person in SA” is in perfect symmetry with this.

With regard to more closely BHF-related objectives, I am confident that as an organisation we are now admirably positioned to add considerable value to our members. New resources have been added to our departments which have been growing their expertise and knowledge base exponentially.

Chairman's Review


Mbasa Mxenge
continued

Among the most demanding challenges is the need to give impetus to membership numbers of medical schemes. To do this, we need to design attractive and cost-effective low-cost options for lower income population sectors. However, before we can successfully achieve this objective, we must, amongst other things, ensure a balance of power between funders and providers, develop improved risk-sharing models, alternative reimbursement models and achieve greater transparency in pricing models. It is vital that we consider our long-term interests as an industry, find compromises and transform from within.

For the survival of the healthcare industry it is critical that roleplayers find the will to compromise and work together. Funders and providers, public and private sectors need to co-operate for the good of the whole healthcare industry. We still have the time and opportunity to achieve this. What a pity it would be to look back after five years, only to see missed opportunities.

CONCLUSION

It has been a momentous and challenging year for me. I am confident however, that BHF is well placed to make important contributions to the healthcare industry. We have an exceptional team of people and an extremely high calibre of professional serving on committees and task teams, as well as conducting the normal day-to-day work of a dynamic organisation such as BHF. I express my heartfelt thanks to our managing director, Penny Tlhabi for her many and far-reaching achievements, especially in liaising with the public sector. I am also grateful to the management team and to the Directors for their on-going support and encouragement. I am confident that 2005/2006 will see BHF go from strength to strength.



Mbasa Mxenge
Chairman

**Managing
Director's
Report**
Penny Tlhabi

THE HEALTHCARE INDUSTRY has undergone yet another challenging and turbulent year, during which the resources and expertise of BHF have been severely put to the test. The organisation has shown a growing maturity in grappling with the many critical issues in the industry, tapping into constantly new reserves of innovation, lateral thinking, wisdom in compromise and diplomacy, building vital relationships with stakeholders and being a catalyst in finding solutions acceptable to all. In the process, its status and reputation within the industry have grown immeasurably. Increasingly, both public and private sector respect BHF's role as impartial and highly professional industry body.

To a great extent, this can be ascribed to BHF's drive to redefine itself, becoming proactive, an effective advocate within the healthcare industry, a recognised authority on issues relative to the sector, which keeps all stakeholders comprehensively informed of matters pertinent not only to their sustainability in this changing environment, but to their growth. When BHF could no longer publish the Recommended Scale of Benefits, there were those who began to question whether its existence was justified. The achievements of the past, and particularly from 2004 to date, have effectively eliminated this doubt.

Legal issues which were tying up much-needed resources have now been successfully resolved and this has enabled us to concentrate our focus on the three areas where we determined we could add significant value to our members: in advocacy and research, benefit and risk and communication.

ADVOCACY AND RESEARCH

Now representing some 95% of the funding sector, BHF has become a proactive lobbyist, instrumental in creating a legislative environment which is more open to consultation, representation and compromise. BHF is becoming ever more successful in influencing legislation at policy-making stage, developing relationships which are more receptive to lobbying and which evince a greater propensity to appreciate different points of view from the many different stakeholders in this complex industry. It is BHF's objective to ensure that policy is analysed scientifically and its impact on the industry properly assessed. In the process, it can help prepare members to evaluate the effect of coming changes on their business.

Considerable time was spent on matters relevant to the Medicines and Related Substances Act and supporting regulation and BHF has been instrumental in facilitating the process of developing financial models acceptable to all stakeholders. Seven accepted principles have guided the consultation process as BHF aims to come to a solution which can guarantee a sustainable return to pharmacists and which upholds the spirit of the legislation.

Managing Director's Report

Penny Tlhabi
continued

BENEFIT AND RISK

BHF has published numerous invaluable position papers, on issues such as HIV/AIDs, solvency, risk-based capital and PMB costing. Defining PMBs and working on a Basic Benefit Package are other areas of current focus. As a member of the Risk Equalisation Fund Technical Advisory Panel (RETAP), BHF is also involved in the implementation, monitoring and control of the REF's two "shadow years" and will be keeping members apprised of progress. BHF has provided on-going information and support to members on the introduction of the new ICD10 diagnostic codes, also supplying a CD with relevant coding information.

The role of BHF in developing and publishing the National Recommended Price List has been further entrenched during this time, collating input from schemes, undertaking impact analyses and ensuring that all issues have been adequately captured.

BHF is a strong supporter of the industry Health Quality Assessment initiative, which aims to create a system to measure healthcare outcomes for the medical scheme industry. One of the advantages is that it would provide an incentive to service providers themselves to ensure that their diagnostic codes are accurate. Provision of more accurate diagnostic codes would be hugely beneficial to Trustees in evaluating performance and collating precise data, and thus in defining more cost-effective benefit packages.

The Forensic Management Unit is another important success story. Now representative of well over 90% of the industry, the FMU has been instrumental in saving several hundred million rands. Fraud and abuse cost the healthcare industry over R8 billion annually. BHF views the FMU as a crucial factor in helping contain costs within the private healthcare sector. Both funders and providers participate in the FMU. A key strategic focus of the unit is to lobby for specific healthcare fraud legislation, permitting prosecutors and courts specialised in healthcare fraud to operate within the healthcare industry.

COMMUNICATION

BHF has excelled in establishing and constantly developing numerous channels of communication with its members and stakeholders in the healthcare industry. Relationships with regulatory bodies and various government departments have enjoyed on-going improvement, and strong reserves of confidence and trust have been established between BHF and these organisations. Regular meetings are held with the

**Managing
Director's
Report**
Penny Tlhabi
continued

CMS on change management and policy issues. Both government and the industry itself place great reliance on BHF's expertise and facilitation. The organisation is a member of several important industry task teams.

Keeping members updated on matters of relevance to them is a key priority for BHF which has identified four main target audiences: member schemes, consumers, government and other statutory and other industry bodies and providers.

Regular workshops and seminars are held and these have been particularly well attended during 2004/2005, as have been the quarterly regional meetings. Regular communiqués are forwarded to principal officers, administrators and trustees of medical schemes on developments in the industry. An electronic newsletter has also been launched for providers and funders and has been growing rapidly in popularity and authority.

BHF has also identified a profound need for Trustee training and is consequently extending its training arm, liaising with the Pretoria University Business School to develop and refine the Trustee Training Programme further.

In its role as industry body, BHF has very effectively established its credentials and reputation with the media, who constantly approach the organisation for information, clarification or opinion. This provides BHF with an excellent platform to keep both members and the general public informed of developments within the industry.

The Annual conference this year promises to be the most successful and best attended in BHF's history. Highlighting all the most pressing issues in the sector, the conference draws delegates not only from the healthcare industry, but from general business, from government, actuarial companies, broker organisations, claims processing organisations and various provider associations. It provides a unique opportunity for both local and international delegates to network and share experiences.

LOOKING AHEAD

BHF will continue its evolution to meet the constantly shifting demands of this rapidly transforming environment, adding value to members where most required. The Healthcare Charter promises to occupy a considerable portion of BHF's resources, skills and expertise during 2005/2006. BHF has a pivotal role to play, ensuring that all stakeholders are equitably represented and consulted and can participate fully in the process.

**Managing
Director's
Report**
Penny Tlhabi
continued

The organisation will continue its involvement in the Private Healthcare Forum, the Medicines Pricing process, clarifying PMBs, developing low-income options and alternative governance and reimbursement models. The issue of hospital costs is an emerging priority for the CMS and it will be critical for BHF to be able to respond to and influence debates and developments on the matter, focusing on strategic rather than operational details.

CONCLUSION

The three years I have spent at BHF have without doubt been the happiest, most exciting and most challenging of my life. Not only have I learned a great deal, but I have been privileged and honoured to create and develop relationships with exceptional people whom I am truly proud to know. The unfailing support and constant encouragement I have received have been the motivating factors which have spurred me on to ever greater initiatives. I am humbly aware that without these individuals, their advice, their expertise and assistance, I would never have been able to attain the achievements notched up over the past three years.

Appreciative thanks are due to all members who loyally stood by BHF during the rocky period when it was redefining its mission and objectives and have continued to support it. It is so important that our membership continue to grow so that our voice can be heard ever louder by government.

A special thanks also to the management team and support services on whom I came to rely so heavily. I am deeply grateful to you all. Though I am leaving BHF, I am still active in the industry and I am confident that we will still enjoy many more opportunities to co-operate and work together for the benefit of the industry. I have no doubt that you will provide the same commitment and support to my successor who will be able to continue to build on the strong and deep foundation which we have laid together over the past years.



Dr Penny Tlhabi
Managing Director

**Annual
Financial
Statements**

at
31 December 2004

DIRECTORS	G Abrahams TEG Borrill B Brooks MT Chaora (Zimbabwean) BM Dick WJ du Plessis KA Ebineng (Botswana) RP Gush KPC Hollis BL Khan JA Kotzé S Matisonn	PW Mboniso Y Motsisi M Mxenge (Chairman) B Nkosi RJ Parsons (British) AO Rijnen A September (Namibian) J Seoloane B Swartzberg PM Tlhabi (Executive) J van Vught
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NATURE OF BUSINESS "To promote the interest of its members as medical schemes with a view to an efficient access of their subscribing members to health care benefits."

SECRETARY AJ Kreft

AUDITORS Ernst & Young

COMPANY REGISTRATION NUMBER 2001/003387/08

REGISTERED OFFICE	Wanderers Office Park 52 Corlett Drive Illovo 2196	PO Box 2322 Johannesburg 2000
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**Annual
Financial
Statements**
at
31 December 2004

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and the preparations and integrity of the financial statements and related information. The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with South African Auditing Standards. The financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act, 1973 of South Africa.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The annual financial statements which appear on pages 11 to 36 were approved by the board of directors on 12 May 2005.

Signed on behalf of the board by:



DIRECTOR



DIRECTOR

Report of the Independent Auditors

to the Members of
the Board of
Healthcare Funders
of Southern Africa
(Association
incorporated under
Section 21 of the
Companies Act)

We have audited the annual financial statements of Board of Healthcare Funders of Southern Africa set out on pages 11 to 36 for the year ended 31 December 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to report on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material aspects, the financial position of the company at 31 December 2004, and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

Supplementary information

The supplementary schedules set out on pages 37 to 39 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.



REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (SA)

Johannesburg
12 May 2005

**Report of the
Directors**
for the year ended
31 December 2004

– BUSINESS AND OPERATIONS

The company promotes the interest of its members as medical schemes with a view to efficient access of their subscribing members to health care benefits. The business and operations of the company during the year under review continued as in the past and we have nothing further to report thereon.

– FINANCIAL RESULTS

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comment.

– PROPERTY AND EQUIPMENT

There has been no change in the nature of property and equipment or in the policy regarding their use.

– DIRECTORS AND SECRETARY

At the annual general meeting held on 11 May 2004 at the Cape Town International Conference Centre the following changes to the composition of the board of directors took place:

Remained in office	Eligible for re-election and re-elected	Retired	Newly elected
WJ du Plessis	B Brooks	H Heydt	G Abrahams
KPC Hollis	BM Dick	B Hlatshwayo	TEG Borrill
BL Khan	RP Gush	JD Krige	Y Motsisi
JA Kotzé	S Matisonn	HC Schäfer	B Nkosi
M Mxenge	PW Mboniso	MCT Schultz	A September
RJ Parsons	B Swartzberg		
AO Rijnen			
J Seoloane			
J van Vught			
PM Tlhabi (Executive director)			

Report of the Directors

for the year ended
31 December 2004

continued

At the board of directors meeting held on 5 August 2004 at the offices of the company, the board of directors elected, in terms of Article 60 of the Articles of Association, to appoint the following persons:

Appointed

MT Chaora
KA Ebineng

Particulars of the present directors and secretary are given on page 8.

– NUMBER OF EMPLOYEES

The average number of employees during the year was 34 (2003:34).

– SETTLEMENT OF LITIGATION

Practice Code Numbering System

In December 2000 Bestmed Medical Scheme advised Board of Healthcare Funders of Southern Africa (“BHF”) that Bestmed were of the opinion that BHF did not own the copyright to the Practice Code Numbering System (PCNS). This resulted in a litigation process between Bestmed and BHF which culminated in an application by BHF for leave to appeal to the Appellate Division, which was granted in August 2003. The appeal was due to be heard on 17 August 2004.

However, before the appeal was heard, an out of court settlement was reached with Bestmed on 11 August 2004. The details of the settlement are:

- purchase of the copyright in PCNS for R2 500 000. An initial payment of R1 000 000 was made on 10 September 2004, with the balance of R1 500 000 repayable over 36 months;
- an additional payment of R350 000 in respect of the Bestmed costs of litigation;
- outstanding amounts bear interest at a rate of prime less 4% and
- the assignment of the PCNS copyright to BHF will be effected once all monies due and payable to Bestmed have been made.

Report of the Directors

for the year ended
31 December 2004

continued

Competition Commission

In November 2003 the Competition Commission submitted a proposed consent order to BHF alleging that BHF and those members that are open medical schemes, had contravened section 4(1)(b)(i) of the Competition Act, 1998 (Act No. 89, of 1998), as amended. It was alleged that the respondents had directly or indirectly fixed a purchase or selling price or other trading condition by determining, recommending and publishing recommended scales of benefits.

This resulted in a process of negotiation with the Competition Commission by BHF, which resulted in an agreement being reached on 8 February 2005, which included the settlement payment of R500 000 made on 15 September 2004. The settlement agreement was confirmed by the Competition Tribunal on 3 March 2005.

The terms of the settlement agreement are:

- BHF undertakes to cease publishing a tariff, scale of benefits or other form of guideline for services rendered in the private healthcare industry;
- BHF will be entitled to convert information that exists in the public domain into an alternative format for use by medical schemes;
- BHF sends a letter to each of its members informing them that it shall no longer determine, recommend or publish tariffs for the provision of medical services;
- BHF advises its members of the competition concerns that arise from deciding to jointly utilize the Reference Price List as published by the Council for Medical Schemes. BHF must impress upon its members not to engage in collusive activity with another medical scheme;
- All undertakings are without any admission of guilt or wrongdoing by BHF and
- A settlement payment of R500 000 that was paid on 15 September 2004 to the Competition Commission.

Report of the Directors

for the year ended
31 December 2004

continued

Medical Scale of Benefits Copyright

In 2001 the South African Medical Association (SAMA) advised BHF that it owned the copyright to the descriptors and codes to the medical scale of benefits. Since the 1980's both SAMA and BHF have published the separate scale of benefits, with the SAMA publication containing both the SAMA and BHF benefits.

The SAMA approach to BHF was to amend the publication arrangement, with the SAMA document being the only publication in future. Negotiations to this effect were unsuccessful. The allegation of the Competition Commission of BHF directly or indirectly fixing a purchase or selling price influenced this event.

An amicable agreement, which still needs to be signed, was reached with SAMA that in future neither SAMA nor BHF would publish recommended scales of benefits.

– TAXATION

Prior to its incorporation as a Section 21 company BHF was an unincorporated association, exempt from income tax. After incorporation under S21 of the Companies Act, BHF had to reapply for a tax exemption certificate.

Simultaneously, with the above, the provisions of the Income Tax Act with regard to tax exempt organisations were revised and section 10(1)(cN) (dealing with Public Benefit Organisations) and section 10(1)(d) (dealing, inter alia, with representative bodies) was introduced. All exempt bodies had to reapply for exempt status in terms of one of the above sections.

SARS has established a small exemption unit to deal with these applications and priority is being given to Public Benefit Organisations at this stage. SARS has recently published the regulations called for in section 10(1)(d) which will govern the conditions under which exempt status will be granted to representative bodies.

Because SARS did not issue the section 10(1)(d) regulations timeously, representative bodies have continued to enjoy exempt status in terms of the old, now superseded, provisions of the Income Tax Act. However, because BHF was newly established as a Section 21 company, the superseded exemption will not apply to it.

Report of the Directors

for the year ended
31 December 2004

continued

While BHF lodged its exemption application, SARS continue to give priority to Public Benefit Organisations over representative bodies.

There is therefore a risk that between incorporation as a Section 21 company and the time of approval of the section 10(1)(d) application, BHF may not enjoy exemption from income tax.

For the reasons stated above, BHF has again accrued for taxation in the annual financial statements (refer to note 17 to the financial statements).

— PRIVATE HEALTHCARE FORUM

BHF is a participant in the Private Healthcare Forum, with the private healthcare funding industry being represented by Vishal Brijlal, Brian Brink, Keith Hollis, Shaun Matisson, Mbasa Mxenge and Penny Tlhabi. The cost of participation in 2004 was R350 458.

— HEALTH MONITOR COMPANY

In February 2004 BHF entered into an agreement with the Health Monitor Company (HMC), whereby HMC would develop and implement the National Health Monitor for BHF. This will be delivered in four phases, with completion in mid 2005. The cost of this agreement in 2004 was R863 158.

— EVENTS SUBSEQUENT TO YEAR END

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report

Balance Sheet
at
31 December 2004

	Notes	2004 R	2003 R
Assets			
Non-current assets			
Property and equipment	2	1 068 849	1 191 341
Intangible asset	3	1	–
Deferred tax asset	4	955 145	205 472
Current assets			
Trade and other receivables	5	740 705	632 473
Bank balances and cash	6	5 211 000	5 160 564
Total assets		7 975 700	7 189 850
Equity and liabilities			
Reserves			
Accumulated funds	7	1 209 546	2 860 822
Non-current liabilities			
Long term liabilities	8	933 334	47 500
Current liabilities			
Trade and other payables	9	3 590 805	2 648 178
Taxation		524 418	354 373
Provisions	10	751 122	745 867
Current portion of long term liabilities	8	780 833	47 500
Income received in advance		185 642	485 610
Total equity and liabilities		7 975 700	7 189 850

	Notes	2004 R	2003 R	
Revenue	12	16 175 467	14 702 693	<p>Income Statement for the year ended 31 December 2004</p>
Other income		2 412 266	1 558 246	
Operating expenses		(20 698 811)	(16 963 305)	
Operating deficit	13	(2 111 078)	(702 366)	
Interest received		793 938	1 158 632	
Interest paid	15	(48 309)	(15 699)	
Exceptional items	16	(500 000)	–	
Net (deficit)/surplus before taxation		(1 865 449)	440 567	
Taxation	17	214 173	(148 901)	
Net (deficit)/surplus for the year		(1 651 276)	291 666	

Cash Flow Statement

for the year ended
31 December 2004

	Notes	2004 R	2003 R
Cash flows from operating activities		1 667 872	1 323 287
Cash receipts from customers/members		16 067 235	14 195 509
Cash paid to suppliers and employees		(14 779 537)	(14 015 155)
Cash generated by operating activities	22.1	1 287 698	180 354
Interest received		793 938	1 158 632
Interest paid		(48 309)	(15 699)
Taxation paid	22.2	(365 455)	–
Cash flows from investing activities		(1 569 936)	(570 193)
Investment to maintain operations:			
Aquisition of PCNS copyright		(1 183 333)	–
Replacement of property and equipment		(387 230)	(580 159)
Proceeds on disposal of property and equipment		627	9 966
Cash flows from financing activities		(47 500)	95 000
Long term loans raised		–	95 000
Long term loans repaid		(47 500)	–
Net increase in cash and cash equivalents		50 436	848 094
Cash and cash equivalents at the beginning of the year	22.3	5 160 564	4 312 470
Cash and cash equivalents at the end of the year	22.3	5 211 000	5 160 564

**Statement of
Changes in
Equity**
for the year ended
31 December 2004

	Accumulated funds R
Balance at 31 December 2002	2 569 156
Net surplus for the year	291 666
Balance at 31 December 2003	2 860 822
Net deficit for the year	(1 651 276)
Balance at 31 December 2004	1 209 546

Notes to the Financial Statements

at
31 December 2004

– 1 ACCOUNTING POLICIES

The financial statements set out on pages 11 to 36 are prepared on the historical cost basis except where disclosed otherwise in the notes below, in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate the following principal accounting policies:

1.1 Property and equipment

All property and equipment are initially recorded at cost and adjusted for any impairment in value. Property and equipment are depreciated on a straight line basis estimated to write each asset down to estimated residual value over the term of its useful life. Property and equipment purchased after the date of incorporation are depreciated at the following rates:

- Motor vehicles 20.00% p.a.
- Furniture and fittings 10.00% p.a.
- Office equipment 20.00% p.a.
- Computer equipment 33.33% p.a.
- Computer software 50.00% p.a.
- Leasehold improvements over the remainder of the lease period

Surpluses and losses on disposal of property and equipment are charged to the income statement. Impairment losses and reversals of impairment losses are recognised in the income statement.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

1.2 Intangible asset

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets. Amortisation is provided on a straight line basis to write each asset down to estimated residual value over the term of its useful life.

The PCNS copyright is amortised over 22 months which represents the remainder of the period BHF has the right to administer the PCNS system.

The carrying amount of all intangibles are reviewed annually and written down for any impairment in value.

1.3 Deferred taxation

Deferred tax is provided, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Current tax rates are used to determine the deferred tax balance.

Deferred tax assets relating to assessed losses carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Notes to the Financial Statements

at
31 December 2004
continued

1.4 Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, trade debtors, trade creditors and long term liabilities.

The company recognises financial assets and financial liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial instruments are initially recorded at cost and subsequently measured at amortised cost where a specified repayment date exists.

Impairment losses and reversals of impairment losses are recognised in the income statement.

1.5 Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Foreign currency gains and losses are charged to the income statement.

1.6 Leased assets

Leases of equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The interest element of the finance charge is charged to the income statement over the lease period. The equipment acquired under finance leasing contracts are depreciated over the useful life of the assets.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

1.7 Provisions

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

**Notes to the
Financial
Statements**
at
31 December 2004
continued

— **1 ACCOUNTING POLICIES** *continued*

1.8 Revenue recognition

Levy income from members and user income from the Practice Code Numbering System is accounted for on the accrual basis.

Revenue from the sale of tariff books/compact disks and ICD-10 compact discs is recognised when the significant risks and rewards of ownership are transferred to the buyer.

All other income is accounted for on the accrual basis.

1.9 Interest received

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

1.10 Post retirement benefits

Post retirement benefits are made up of those obligations which the company has towards retired employees.

Defined contribution fund

Contributions in respect of defined contribution plans are recognised as an expense in the year to which they relate.

Post retirement medical benefits

The cost of providing post retirement medical benefits is determined assuming the PA90 Mortality Table in the actuarial valuation.

The post retirement medical benefit contributions in respect of retired employees are charged to the income statement.

1.11 Comparatives

Where necessary, comparative figures have been adjusted to take effect of changes in presentation in the current year. In the prior year, an amount of R63 533 relating to the interest on the post retirement medical benefit obligation was incorrectly classified as interest paid, and has been reclassified under staff costs.

— 2 PROPERTY AND EQUIPMENT

	2004			2003		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Owned assets						
Motor vehicles	1	-	1	1	-	1
Furniture and fittings	625 708	235 146	390 562	618 751	167 839	450 912
Office equipment	373 630	201 227	172 403	222 699	128 637	94 062
Computer equipment	759 237	520 635	238 602	567 245	409 163	158 082
Computer software	313 786	266 605	47 181	278 452	172 254	106 198
Leasehold improvements	480 640	337 760	142 880	478 624	199 498	279 126
	2 553 002	1 561 373	991 629	2 165 772	1 077 391	1 088 381
Capitalised leased assets						
Office equipment	128 700	51 480	77 220	128 700	25 740	102 960
	2 681 702	1 612 853	1 068 849	2 294 472	1 103 131	1 191 341

Notes to the
Financial
Statements

at
31 December 2004
continued

The carrying amounts of property and equipment can be reconciled as follows:

	Carrying value at beginning	Additions	Disposals	Depreciation	Carrying value at beginning
	R	R	R	R	R
Owned assets					
Motor vehicles	1	-	-	-	1
Furniture and fittings	450 912	6 957	-	(67 307)	390 562
Office equipment	94 062	150 931	-	(72 590)	172 403
Computer equipment	158 082	191 992	-	(111 472)	238 602
Computer software	106 198	35 334	-	(94 351)	47 181
Leasehold improvements	279 126	2 016	-	(138 262)	142 880
	1 088 381	387 230	-	(483 982)	991 629
Capitalised leased assets					
Office equipment	102 960	-	-	(25 740)	77 220
	1 191 341	387 230	-	(509 722)	1 068 849

The capitalised leased assets are secured as stated in note 8. Assets disposed of during the year had a nil book value.

**Notes to the
Financial
Statements**

at
31 December 2004
continued

	2004	2003
	R	R
— 3 INTANGIBLE ASSET		
PCNS Copyright		
Carrying value at beginning of year	—	—
Additions	2 850 000	—
Impairment	(2 849 999)	—
	<hr/>	<hr/>
Carrying value at end of year	1	—
	<hr/>	<hr/>

The PCNS copyright was purchased from Bestmed Medical Scheme, in terms of an out of court settlement.

The Council for Medical Schemes, which accredits BHF with the administration of PCNS, stipulated that no profit may be derived from the PCNS. The excess PCNS income over the actual expenditure is refunded to subscribers.

The impairment was assessed on the date of acquisition of the copyright and represents the recoverable amount. The recoverable amount was determined at the PCNS cash-generating unit level and was based on the value in use of zero, as no profit may be derived from the PCNS administration.

The intangible asset is secured as stated in note 8.

Notes to the
Financial
Statements

at
31 December 2004
continued

	2004 R	2003 R
— 4 DEFERRED TAXATION		
Deferred tax assets		
Intangible asset	855 000	—
Provisions	225 337	261 420
Capitalised lease liability	12 500	25 000
	<u>1 092 837</u>	<u>286 420</u>
Deferred tax liability		
Property and equipment	66 030	30 888
Pre-payments	71 662	50 060
	<u>137 692</u>	<u>80 948</u>
Net deferred tax asset	<u>955 145</u>	<u>205 472</u>
The movement on the deferred tax balance is as follows:		
Balance at beginning of year	205 472	—
Income statement charge	749 673	205 472
Balance at end of year	<u>955 145</u>	<u>205 472</u>

**Notes to the
Financial
Statements**

at
31 December 2004
continued

	2004	2003
	R	R
— 5 TRADE AND OTHER RECEIVABLES		
Trade receivables	—	204 949
Provision for doubtful debts	—	(167 375)
Other receivables	23 215	33 931
Prepayments	238 872	166 864
Loan to director – Unsecured, interest free loan to PM Tlhabi (Advanced in December 2004 and repaid in January 2005)	6 796	—
SARS - VAT	471 822	394 104
	740 705	632 473

— 6 BANK BALANCES AND CASH

Included in bank balances and cash is an amount of R133 368 (ZIM \$131 917 089) [2003 - R109 220 (ZIM \$13 522 370)] relating to a bank account held in Zimbabwe. The official exchange rate used for conversion was R0.001011 = ZIM \$1 (2003 - R0.0081 = ZIM \$1).

At 31 December 2004 the company had an outstanding letter of guarantee for R53 000 issued by Nedbank to Broll Properties (Pty) Ltd in respect of the lease agreement between BHF and Broll Properties (Pty) Ltd.

— 7 ACCUMULATED FUNDS

In terms of the Companies Act, these funds are not distributable to constituent members in the normal course of business and can be used to create a specific reserve.

Notes to the
Financial
Statements

at
31 December 2004
continued

— 8 LONG TERM LIABILITIES

Secured

Capitalised finance lease liability secured over office equipment with a book value of R77 220 (2003 – R102 960) repayable in 36 monthly instalments of both interest and capital. The current lease instalment is R5 030 (2003 - R5 343). The lease bears interest at 20.65% per annum. The last instalment is repayable on 1 December 2005.

Less: current portion included under current liabilities

47 500

95 000

(47 500)

(47 500)

–

47 500

Liability of R1 500 000 in terms of the settlement agreement with Bestmed Medical Scheme for the purchase of the PCNS copyright repayable in 36 monthly instalments, bearing interest at prime less 4%. The last instalment is repayable on 10 September 2007.

Less: current portion included under current liabilities

1 375 000

–

(500 000)

–

875 000

–

Liability of R350 000 in terms of the settlement agreement with Bestmed Medical Scheme for the cost of litigation over the PCNS copyright repayable in 18 monthly instalments, bearing interest at prime less 4%. The last instalment is repayable on 10 March 2006.

Less: current portion included under current liabilities

291 667

–

(233 333)

–

58 334

–

**Notes to the
Financial
Statements**

at
31 December 2004
continued

	2004	2003
	R	R
— 8 LONG TERM LIABILITIES <i>continued</i>		
The assignment of the PCNS copyright will be effected once all monies due and payable to Bestmed are paid.		
Total liabilities	1 714 167	95 000
Total current portion	(780 833)	(47 500)
Total long term liability	933 334	47 500
— 9 TRADE AND OTHER PAYABLES		
Trade payables	538 386	109 292
Accruals	155 981	725 282
Other payables	379 616	469 055
Membership levies credit notes	101 367	-
Refunds – PCNS over recovery	2 415 455	1 344 549
	3 590 805	2 648 178
— 10 PROVISIONS		
Provision for leave pay		
Balance at beginning of year	360 445	291 101
Provision (utilised)/raised during year	(2 244)	69 344
Balance at end of year	358 201	360 445
Provision for post employment medical benefits		
Balance at beginning of year	385 422	321 889
Provided during the year	7 499	63 533
Balance at end of year	392 921	385 422
	751 122	745 867

Notes to the
**Financial
 Statements**

at
31 December 2004
continued

— **11 CONTINGENT LIABILITY**

Subsequent to the Bestmed Medical Scheme Litigation (refer to page 12), there is a possibility of BHF restructuring, which could result in the separation of the PCNS from BHF by transferring the PCNS to a separate Section 21 Company. In the event of this happening, there could be restructuring costs estimated between R115 000 and R625 000. No dates have been set and no formal plan has been laid out.

— **12 REVENUE**

Revenue consists of levy income from members, user income for the Practice Code Numbering System and sale of the tariff books and compact disks.

Revenue comprises:

Levy income
 Practice Code Numbering System income
 Sales of tariff books / compact disks and ICD-10 compact disks.

	2004	2003
	R	R
	13 316 980	11 658 955
	2 851 955	2 727 409
	6 532	316 329
	16 175 467	14 702 693

**Notes to the
Financial
Statements**

at
31 December 2004
continued

	2004	2003
	R	R
— 13 OPERATING DEFICIT		
The operating deficit is stated after:		
Income		
Surplus on disposal of:		
- property and equipment	627	2 852
Expenses		
Auditors' remuneration	291 341	160 041
- audit fee	135 996	109 956
- prior year under-provision	66 361	24 440
- other services	88 984	25 645
Production of tariff books/compact disks	-	539 087
Depreciation	509 722	455 354
- on owned assets		
- Furniture and fittings	67 307	65 920
- Office equipment	72 590	52 764
- Computer equipment	111 472	125 653
- Computer software	94 351	94 567
- Leasehold improvements	138 262	90 710
- on capitalised leased assets		
- Office equipment	25 740	25 740
Foreign exchange loss on Zimbabwe bank account (refer to note 6)	150 433	127 323
Impairment of intangible asset	2 849 999	-
Staff costs	7 982 383	7 519 828
- salaries and wages	7 874 454	7 322 160
- contributions to pension funds	49 666	89 086
- post retirement medical benefit expense (refer to note 20)	58 263	108 582
Director emoluments (refer to note 14)	1 277 202	1 064 289
Operating lease expense	1 072 687	956 103
- office equipment	109 611	103 842
- premises	963 076	852 261
Research costs	360 058	499 706

Notes to the
Financial
Statements

at
31 December 2004
continued

	2004 R	2003 R
— 14 DIRECTOR EMOLUMENTS		
Managing director		
- management of the company	1 097 202	917 308
- bonuses	180 000	146 981
	<hr/>	<hr/>
Total emoluments	1 277 202	1 064 289
	<hr/>	<hr/>
— 15 INTEREST PAID		
Interest paid on		
- capitalised finance leases	13 069	15 565
- acquisition of Practice Code Numbering System copyright	31 196	-
- other	4 044	134
	<hr/>	<hr/>
	48 309	15 699
	<hr/>	<hr/>
— 16 EXCEPTIONAL ITEM		
Settlement payment made to the Competition Commission, in terms of a settlement agreement.	500 000	-
	<hr/>	<hr/>

**Notes to the
Financial
Statements**

at
31 December 2004
continued

32

	2004	2003
	R	R
— 17 TAXATION		
South African normal tax		
- Current tax	535 500	354 373
- Deferred tax		
- attributable to timing differences arising in the current year	(749 673)	(205 472)
	(214 173)	148 901
Reconciliation of tax rate	%	%
Standard tax rate	(30,00)	30,00
Adjusted for:		
Deferred tax not raised in prior years	—	(45,38)
Disallowable expenditure	18,52	52,37
Tax losses	—	(3,19)
Effective tax rate	(11,48)	33,80
	R	R
Estimated tax losses:		
At beginning of year	—	46 809
Utilised	—	(46 809)
Available for set off against future taxable income	—	—

Notes to the
Financial
Statements

at
31 December 2004
continued

	2004 R	2003 R
— 18 BHF CONFERENCE		
Other income and operating expenses are stated after:		
BHF conference income and sponsorship (included in other income)	1 957 599	1 398 045
Conference expenses (included in operating expenses)	<u>(1 497 721)</u>	<u>(1 125 003)</u>
Conference surplus	<u>459 878</u>	<u>273 042</u>
— 19 LEASE COMMITMENTS		
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating lease agreements at year-end are as follows:		
- Up to 1 year	1 144 797	1 134 593
- After one year but not more than five years	191 520	1 336 317
- More than five years	—	—
	<u>1 336 317</u>	<u>2 470 910</u>
Finance lease commitments		
Future minimum lease payments payable under non-cancellable finance lease agreement at year-end are as follows:		
	Up to 1 year	Between 1 and 5 years
2004		
- Total minimum lease payments	60 361	—
- Less: finance charges	<u>(12 861)</u>	<u>—</u>
Present value of minimum lease payments	<u>47 500</u>	<u>—</u>
2003		
- Total minimum lease payments	64 125	64 125
- Less: finance charges	<u>(16 625)</u>	<u>(16 625)</u>
Present value of minimum lease payments	<u>47 500</u>	<u>47 500</u>

**Notes to the
Financial
Statements**

at
31 December 2004
continued

— 20 RETIREMENT BENEFIT INFORMATION

Defined contribution fund

The company continues to contribute to the Board of Healthcare Funders Old Mutual Orion Pension Fund, a defined contribution plan. The fund is registered under and governed by the Pension Funds Act, 1956 as amended. Membership of the fund is not compulsory. Nine percent of the company's employees belong to the defined contribution fund.

Post retirement medical benefits

The company contributes to a defined benefit medical aid scheme for the benefit of two retired employees. Post retirement medical benefits are provided to the employees by subsidising 12% of the medical aid contribution for one of the retired employees and 100% for the other employee. These benefits are unfunded.

Actuarial valuations were performed as at 31 December 2004. Full provision has been made for the liability relating to retired employees. The next actuarial valuation is due to be performed as at 31 December 2005.

The principal assumptions used in determining the post employment medical benefit obligation are:

Medical contribution escalation rate: 8% per annum
Discount rate: 10% per annum

	2004	2003
	R	R
Post retirement medical benefit net expense:		
Interest cost on benefit obligation	7 499	63 533
Current year's contribution	50 764	45 049
	<hr/>	<hr/>
Net benefit expense	58 263	108 582
	<hr/>	<hr/>
Post retirement medical benefit obligation:		
Present value of obligation (included in provisions)	392 921	385 422
	<hr/>	<hr/>
Movements in the benefit obligation during the year are as follows:		
Opening net obligation	385 422	321 889
Expense per income statement (as above)	58 263	108 582
Medical contributions paid by the company	(50 764)	(45 049)
	<hr/>	<hr/>
	392 921	385 422
	<hr/>	<hr/>

Notes to the
Financial
Statements

at
31 December 2004
continued

— 21 FINANCIAL INSTRUMENTS

Credit risk management

The company only deposits cash surpluses with financial institutions with a credit rating of not less than the equivalent of B+ with Global Credit Ratings.

Fair value

The directors are of the opinion that the book value of financial instruments approximates fair value.

— 22 NOTES TO THE CASH FLOW STATEMENT

	2004 R	2003 R
22.1 Reconciliation of net (deficit)/surplus before taxation to cash generated by operations		
Net (deficit)/ surplus before taxation	(1 865 449)	440 567
Adjustments:		
Depreciation	509 722	455 354
Surplus on disposals of property and equipment	(627)	(2 852)
Impairment of intangible asset	2 849 999	—
Interest received	(793 938)	(1 158 632)
Interest paid	48 309	15 699
Increase in provisions	5 255	132 877
	753 271	(116 987)
Decrease in working capital	534 427	297 341
Decrease in inventories	—	116 416
Increase in trade and other receivables	(108 232)	(507 184)
Increase in trade and other payables and income received in advance	642 659	688 109
Cash generated by operations	1 287 698	180 354

**Notes to the
Financial
Statements**

at
31 December 2004
continued

— 22 NOTES TO THE CASH FLOW STATEMENT *continued*

	2004 R	2003 R
22.2 Taxation paid		
Amount owing at beginning of the year	354 373	–
Amount charged to income statement excluding deferred taxation	535 500	354 373
Amount owing at the end of the year	(524 418)	(354 373)
Amount paid	365 455	–
22.3 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank balances and cash	5 211 000	5 160 564

**Detailed
Income
Statement**

for the year ended
31 December 2004

*Supplementary schedule not
forming part of the Annual
Financial Statements*

	Page	2004 R	2003 R
Revenue		16 175 467	14 702 693
Levy income		13 316 980	11 658 955
Sales of tariff books/compact disks and ICD-10 compact disks		6 532	316 329
Practice Code Numbering System income		2 851 955	2 727 409
Other income		3 206 204	2 716 878
BHF conference income and sponsorship		1 957 599	1 398 045
Discount received		1 980	1 395
Interest received		793 938	1 158 632
Profit on disposal of property and equipment		627	2 852
Sundry income		346 065	139 994
Trustee training income		105 995	15 960
		19 381 671	17 419 571
Competition Commission – Settlement		(500 000)	–
Interest paid		(48 309)	(15 699)
Operating expenses	38	(20 698 811)	(16 963 305)
(Deficit)/Surplus before taxation		(1 865 449)	440 567

**Detailed
Income
Statement**

for the year ended
31 December 2004
*Supplementary schedule not
forming part of the Annual
Financial Statements*

	2004 R	2003 R
Operating expenses	20 698 811	16 963 305
Advertising	79 317	60 021
Agency fees	103 202	56 963
Auditors' remuneration	291 341	160 041
Bank charges	148 683	86 773
Cleaning	23 673	33 166
Computer expenses	197 643	169 338
Conferences	1 497 721	1 125 003
Consumables	64 715	42 919
Depreciation	509 722	455 354
Electricity, water and rates	160 870	201 959
Entertainment	16 495	6 135
Impairment of intangible assets	2 849 999	–
Inspection fees	185 098	83 212
Insurance	86 767	83 625
Legal expenses	627 524	903 186
Loss on foreign exchange	150 433	127 323
Maintenance	79 806	96 303
Marketing	124 450	–
Meetings	741 091	663 814
Motor vehicle expenses	70 507	67 207
Operating lease expenses – equipment	109 611	103 842
Operating lease expenses – premises	963 076	852 261
Postage and courier	171 896	354 621
Printing and stationary	117 850	453 763
Production of BHF tariff books and compact disks	–	539 087
Professional services	1 581 361	856 367
Publications	15 660	–
Recruitment costs	3 768	–
Research	360 058	499 706
RSC and other levies	117 772	111 174
Salaries	7 982 383	7 519 828
Speeches and presentations	20 658	18 560
Subscriptions	156 859	122 019
Sundry expenses	24 127	13 322
Telephone	389 943	354 693
Training and welfare costs	209 545	197 132
Travel and accommodation	465 187	544 588

**Detailed
PCNS
Income
Statement**

for the year ended
31 December 2004
*Supplementary schedule not
forming part of the Annual
Financial Statements*

	2004 R	2003 R
Income	5 964 779	6 842 559
BHF levy contribution	2 095 039	2 629 234
PCNS service provider income	3 290 330	3 819 669
PCNS user agreement income	445 442	251 780
Interest received	133 968	141 876
Expenses	5 081 536	5 498 010
Advertising	37 293	28 815
Agency fees	33 383	44 196
Audit fee	36 000	42 543
Bank charges	132 862	75 976
Cleaning	2 297	5 434
Computer expenses	84 774	66 965
Consumables	7 493	8 647
Depreciation	61 267	61 021
Electricity, water and rates	34 578	51 750
Entertainment	1 418	990
Insurance	17 183	8 643
Interest	44 266	15 565
Legal expenses	283 760	657 785
Maintenance	35 440	44 086
Meetings	91 940	70 701
Motor vehicle expenses	18 115	14 375
Operating lease expenses – equipment	36 019	33 946
Operating lease expenses – premises	60 425	145 036
Postage and courier	155 529	353 750
Printing and stationery	78 430	150 924
Professional services	259 115	103 992
RSC and other levies	40 676	44 771
Research	72 012	–
Salaries	3 154 804	3 159 083
Speeches and presentations	5 394	2 581
Subscriptions	65 484	32 246
Sundry expenses	5 201	–
Telephone	146 156	106 855
Travel and accommodation	71 678	116 967
Training and welfare costs	8 544	50 367
PCNS over recovery	883 243	1 344 549

General Information
for the year ended
31 December 2004

— **MANAGEMENT TEAM**

Penny Tlhabi – Managing Director (3 years service)
Thiru Appasamy – Statistics and Informatics Manager (5 years service)
Vishal Brijlal – Head: Research and Advocacy (1 year service)
Tony Kreft – Chief Financial Officer (6 years service)
Heidi Kruger – Manager: PR and Communication (5 years service)
Eugene Mackay – Chief Operating Officer (5 years service)
Sally Velzeboer – Head: Benefit and Risk (1 year service)

— **ATTENDANCE AT MEETINGS**

Board of Directors meetings 2004

Director	18th February	16th April	12th May	10th June	5th August	18th November
G Abrahams	n/a	n/a	•	A	A	A
TEG Borrill	n/a	n/a	•	•	•	•
B Brooks	•	•	•	•	•	•
MT Chaora	•	•	A	A	•	A
B Dick	•	•	A	•	•	•
WJ du Plessis	•	•	•	•	A	•
KA Ebineng	•	•	•	•	A	•
RP Gush	•	•	•	•	•	•
H Heydt	A	•	n/a	n/a	n/a	n/a
B Hlatshwayo	•	•	n/a	n/a	n/a	n/a
KPC Hollis	•	A	•	•	•	•
BL Khan	•	•	A	•	•	A
JA Kotzé	•	•	•	•	•	•
JD Krige	•	A	n/a	n/a	n/a	n/a
S Matisonn	•	A	A	•	A	•
PW Mboniso	A	A	•	•	a	•
Y Motsisi	n/a	n/a	•	•	•	A
M Mxenge	•	•	•	•	•	A
B Nkosi	n/a	n/a	•	•	•	•
RJ Parsons	•	•	•	•	•	•
AO Rijnen	•	A	•	•	•	•
HC Schäfer	A	A	n/a	n/a	n/a	n/a
MCT Schultz	•	•	n/a	n/a	n/a	n/a
J Seoloane	•	•	•	•	•	•
A September	n/a	•	•	•	•	•
B Swartzberg	•	•	•	•	•	•
PM Tlhabi	•	•	•	•	•	•
J van Vught	•	A	•	•	•	A

— **AUDIT COMMITTEE**

The role of the audit committee is fulfilled by the Finance and Audit Committee.

Finance and audit committee meetings 2004

Director	17th February	15th April	7th July	8th August	5th November
B Dick	•	•	•	A	A
H Heydt	A	•	n/a	n/a	n/a
BL Khan	A	A	A	A	•
JD Krige	•	a	n/a	n/a	n/a
Y Motsisi	n/a	n/a	•	A	•
RJ Parsons	•	•	•	•	•
MCT Schultz	•	•	n/a	n/a	n/a
J Seoloane	A	A	•	•	A
PM Tlhabi	A	•	A	•	•
J van Vught	•	•	n/a	n/a	n/a

The vision of BHF is
a private healthcare funding system that ensures
lifetime access to comprehensive and affordable healthcare
for the family of the average working person
in Southern Africa

Designed by Brendan Finnegan IGD