



**South African  
Pharmacy Council**

South African Pharmacy Council  
Financial statements  
for the year ended 31 December 2014

These financial statements were prepared by:  
Voster Himbotwe  
General manager: Finance  
OMA Chartered Accountants Incorporated  
Chartered Accountants (S.A.)  
Registered Auditors

These financial statements have been audited in compliance with the applicable requirements of the Pharmacy Act 53 of 1974.

Published 14 May 2015

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Pharmacy industry regulator
<b>Registered office</b>	591 Belvedere Street Arcadia Pretoria 0083
<b>Business address</b>	591 Belvedere Street Arcadia Pretoria 0083
<b>Postal address</b>	Private Bag X40040 Arcadia Pretoria 0007
<b>Bankers</b>	Standard Bank of South Africa Investec Bank Limited
<b>Auditors</b>	OMA Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors
<b>Level of assurance</b>	These financial statements have been audited in compliance with the applicable requirements of the Pharmacy Act 53 of 1974.
<b>Preparer</b>	The financial statements were internally compiled by: Voster Himbotwe General manager: Finance

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

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The reports and statements set out below comprise the financial statements presented to the South African Pharmacy Council:

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The following supplementary information does not form part of the financial statements and is unaudited:

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### Preparer

Voster Himbotwe  
General manager: Finance

### Published

14 May 2015

# South African Pharmacy Council

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## Councillors' Responsibilities and Approval

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The Registrar shall keep true and accurate records of all income and expenditure as required by the Pharmacy Act 53 of 1974 and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the councillors' responsibility to ensure that the financial statements fairly present the state of affairs of the council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The councillors acknowledge that they are ultimately responsible for the system of internal financial control established by the council and place considerable importance on maintaining a strong control environment. To enable the councillors to meet these responsibilities, the councillors 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 council and all employees are required to maintain the highest ethical standards in ensuring the council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the council is on identifying, assessing, managing and monitoring all known forms of risk across the council. While operating risk cannot be fully eliminated, the council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The councillors have reviewed the council's cash flow forecast for the year to 31 December 2015 and, in the light of this review and the current financial position, they are satisfied that the council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the council's financial statements. The financial statements have been examined by the council's external auditors and their report is presented on page 4.

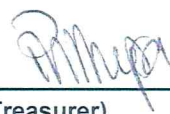
The financial statements set out on pages 6 to 22, which have been prepared on the going concern basis, were approved by the councillors on 14 May 2015 and were signed on its behalf by:



Prof M Chetty (President)



Mr TA Masango (Registrar)



Ms NP Thipa (Treasurer)



## REPORT OF THE INDEPENDENT AUDITOR TO THE COUNCILORS OF SOUTH AFRICAN PHARMACY COUNCIL

We have audited the financial statements of South African Pharmacy Council, as set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Councilors' Responsibility for the Financial Statements

The councilors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and requirements of the Pharmacy Act 53 of 1974, and such internal control as the councilors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

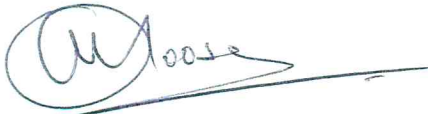
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of South African Pharmacy Council as at 31 December 2014, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Pharmacy Act 53 of 1974.

**Other reports required by the Companies Act**

As part of our audit of the financial statements for the year ended 31 December 2014, we have read the Councilors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

A handwritten signature in blue ink, appearing to read 'Osman Moosa', with a long horizontal flourish extending to the right.

**O.M.A Chartered Accountants Incorporated  
Registered Auditors**

**Per: Osman Moosa CA (S.A.)  
Pretoria  
14 May 2015**

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Councillors' Report

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The council members have pleasure in submitting their report on the financial statements of South African Pharmacy Council for the year ended 31 December 2014.

### 1. Nature of business

The South African Pharmacy Council is a non-profit making statutory body governed by the Pharmacy Act 53 of 1974. The objectives of the council (as contained in the act) may be summarised as follows:

- 1) to assist in the promotion of the health of the population of the Republic;
- 2) to advise the minister, or any other person, on any matter relating to pharmacy;
- 3) to promote the provision of pharmaceutical care;
- 4) to uphold and safeguard the rights of the general public to universally acceptable standards of pharmacy practice; and
- 5) to establish, develop, maintain and control universally acceptable standards relating to pharmaceutical education and training, registration, practice and professional conduct.

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

### 2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Pharmacy Act 53 of 1974. 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 company are set out in these financial statements.

### 3. Councillors

The councillors in office at the date of this report are as follows:

Councillors	Office	End of term	
Prof. Manoranjenni Chetty	President	31/12/2018	Appointed 01 January 2014
Mr. Douglas James Heaslet Defty	Vice President	31/12/2018	Appointed 01 January 2014
Ms. Nocawe Portia Thipa	Treasurer	31/12/2018	Appointed 01 January 2014
Mr. Gavin Stewart Steel	Representative from DOH	31/12/2018	Appointed 01 January 2014
Prof. Roderick Bryan Walker	Education committee chairperson	31/12/2018	Appointed 01 January 2014
Mr. Vusi Cornelias Dlamini	Health committee chairperson	31/12/2018	Appointed 01 January 2014
Ms. Lizette Roets	CPI chairperson	31/12/2018	Appointed 01 January 2014
Mr. Rajatheran Moodley	CII Chairperson	31/12/2018	Appointed 01 January 2014
Mr. Hezron Tshepo Mphaka	Practice committee chairperson	31/12/2018	Appointed 01 January 2014
Dr. Panjasaram Naidoo	CPD committee chairperson	31/12/2018	Appointed 01 January 2014
Ms. Ayanda Soka		31/12/2018	Appointed 01 January 2014
Mr. Gaobohe Jonas Kgasane		21/10/2013	Appointed 01 January 2014
Mr. Charles John Cawood		31/12/2018	Appointed 01 January 2014
Mr. Panajiotaki George Kyriacos		31/12/2018	Appointed 01 January 2014
Mr. Tshuba Solomon Rasekele		31/12/2018	Appointed 01 January 2014
Ms. Letty Mahlangu		31/12/2018	Appointed 01 January 2014
Mr. Johannes Albertus Raats		31/12/2018	Appointed 01 January 2014
Ms. Jacqueline Ann Maimin		31/12/2018	Appointed 01 January 2014
Ms. Helen Catherine Hayes		31/12/2018	Appointed 01 January 2014
Mr. Mathys Jacobus Snyman		31/12/2018	Appointed 01 January 2014
Mr. Johannes Stephanus Du Toit		31/12/2018	Appointed 01 January 2014
Prof. Shirley-Anne Boschmans		31/12/2018	Appointed 01 January 2014
Ms. Rachel Verity Wrigglesworth		31/12/2018	Appointed 01 January 2014
Ms. Claudette Norina Jasson		31/12/2018	Appointed 01 January 2014
Ms. Sphiwe Dorris Mayinga		Resigned	Appointed 01 January 2014

### 4. Events after the reporting period

The councillors are not aware of any event which occurred after the reporting date and up to the date of this report that has a material effect on the financial statements.



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Councillors' Report

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### 5. Going concern

The councillors believe that the council has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The councillors have satisfied themselves that the council is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The councillors are not aware of any new material changes that may adversely impact the council. The councillors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the council.

### 6. Auditors

OMA Chartered Accountants Incorporated continued in office as auditors for the council for 2014.

At the council meeting, the Registrar will be requested to reappoint OMA Chartered Accountants Incorporated as the independent external auditors of the council and to confirm Mr Osman Moosa as the designated lead audit partner for the 2015 financial year.

### 7. Audit committee

The audit committee is constituted in terms of the requirements of sound corporate governance practices and operates within that framework. The committee consists of non-executive members of which two are councillors and three are independent professionals with accounting, auditing and legal background. The committee meets at least three times a year.

The primary responsibility of the committee is to assist the councillors in carrying out their duties relating to the council's accounting policies, internal control systems, financial reporting and practices. The external auditors formally report to the committee on critical findings arising from audit activities.

The committee members during the year were: Mr T Boltman (chairperson); Mr PG Kyriacos; Mr J S Du Toit; Advocate M Ralefatane and Prof. J Kruger.



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Statement of Financial Position as at 31 December 2014

	Note(s)	2014 R	2013 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	11 813 555	8 787 390
Intangible assets	3	1 147 178	1 602 637
Retirement benefit asset	4	-	1 417 000
		<b>12 960 733</b>	<b>11 807 027</b>
<b>Current Assets</b>			
Trade and other receivables	5	10 491 437	6 529 655
Cash and cash equivalents	6	17 074 278	5 709 931
		<b>27 565 715</b>	<b>12 239 586</b>
<b>Total Assets</b>		<b>40 526 448</b>	<b>24 046 613</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		9 138 308	4 224 204
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Finance lease obligation	7	57 906	8 435
<b>Current Liabilities</b>			
Finance lease obligation	7	233 942	40 259
Trade and other payables	9	28 424 091	18 474 603
Provisions	8	2 672 201	1 299 112
		<b>31 330 234</b>	<b>19 813 974</b>
<b>Total Liabilities</b>		<b>31 388 140</b>	<b>19 822 409</b>
<b>Total Equity and Liabilities</b>		<b>40 526 448</b>	<b>24 046 613</b>

## South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

### Statement of Comprehensive Income

	Note(s)	2014 R	2013 R
Revenue	10	61 400 500	52 249 452
Other income	11	230 951	1 459 447
Operating expenses		(57 197 662)	(51 813 584)
<b>Operating profit</b>	12	<b>4 433 789</b>	<b>1 895 315</b>
Investment revenue	13	804 945	435 463
Finance costs	14	(324 630)	(2 377 430)
<b>Profit (loss) for the year</b>		<b>4 914 104</b>	<b>(46 652)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the year</b>		<b>4 914 104</b>	<b>(46 652)</b>

## South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

### Statement of Changes in Equity

	Retained income R	Total equity R
<b>Balance at 01 January 2013</b>	<b>4 270 856</b>	<b>4 270 856</b>
Loss for the year	(46 652)	(46 652)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(46 652)</b>	<b>(46 652)</b>
<b>Balance at 01 January 2014</b>	<b>4 224 204</b>	<b>4 224 204</b>
Profit for the year	4 914 104	4 914 104
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>4 914 104</b>	<b>4 914 104</b>
<b>Balance at 31 December 2014</b>	<b>9 138 308</b>	<b>9 138 308</b>

Note(s)

## South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

### Statement of Cash Flows

	Note(s)	2014 R	2013 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	16 199 475	2 898 846
Interest income		804 945	435 463
Finance costs		(6 294)	(2 266 573)
<b>Net cash from operating activities</b>		<b>16 998 126</b>	<b>1 067 736</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(4 887 013)	(1 654 515)
Sale of property, plant and equipment	2	35 287	38 955
Purchase of other intangible assets	3	(706 872)	(631 299)
<b>Net cash from investing activities</b>		<b>(5 558 598)</b>	<b>(2 246 859)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(75 182)	(202 876)
<b>Total cash movement for the year</b>		<b>11 364 346</b>	<b>(1 381 999)</b>
Cash at the beginning of the year		5 709 931	7 091 931
<b>Total cash at end of the year</b>	6	<b>17 074 277</b>	<b>5 709 932</b>



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Pharmacy Act 53 of 1974. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

##### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the company accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### Other estimates made

The council makes estimates for:

- the calculation of finance lease present values; and
- the determination of useful lives and residual values of items of property plant and equipment

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Land	indefinite
Buildings	20 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Cellphones & tablets (included in office equipment)	2 years

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Land is not depreciated as it is deemed to have an indefinite life.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

### 1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost.

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date if there are indicators present that there is a change from the previous estimate.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 years
Register (included in computer software)	5 years

### 1.4 Financial instruments

#### Initial measurement

The council classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

### 1.6 Impairment of assets

The council assesses at each reporting date whether there is any indication that an asset may be impaired.



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Accounting Policies

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### 1.6 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.7 Employee benefits

#### Defined contribution plans

Under defined contribution plan the council's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by employees

Council operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The benefits payable by the fund in the future, due to retirements and withdrawals from the fund, are contributions by members to fund together with fund interest at a rate determined by the valuator with the consent of the trustees. The rate is so determined that the value of total of the fund shall not exceed the value of the total assets of the fund. Council's contribution to the plan is charged to the income statement when incurred.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Past service costs are recognised immediately as an expense.

Actuarial gains or losses are recognised in profit or loss.

### 1.8 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingencies are disclosed in note .

### 1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Notes to the Financial Statements

	2014 R	2013 R
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### 2. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Land	600 000	-	600 000	600 000	-	600 000
Buildings	12 608 780	(5 107 458)	7 501 322	10 254 952	(4 557 349)	5 697 603
Furniture and fixtures	2 082 161	(1 052 041)	1 030 120	1 974 145	(951 504)	1 022 641
Motor vehicles	357 456	(195 943)	161 513	155 220	(155 219)	1
Office equipment	1 839 156	(915 736)	923 420	1 237 010	(791 355)	445 655
IT equipment	3 510 717	(1 913 537)	1 597 180	2 541 627	(1 520 137)	1 021 490
<b>Total</b>	<b>20 998 270</b>	<b>(9 184 715)</b>	<b>11 813 555</b>	<b>16 762 954</b>	<b>(7 975 564)</b>	<b>8 787 390</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	600 000	-	-	-	600 000
Buildings	5 697 603	2 355 312	(93)	(551 500)	7 501 322
Furniture and fixtures	1 022 641	192 880	(6 644)	(178 757)	1 030 120
Motor vehicles	1	202 236	-	(40 724)	161 513
Office equipment	445 655	920 619	(53 880)	(388 974)	923 420
IT equipment	1 021 490	1 215 966	(22 337)	(617 939)	1 597 180
	<b>8 787 390</b>	<b>4 887 013</b>	<b>(82 954)</b>	<b>(1 777 894)</b>	<b>11 813 555</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	600 000	-	-	-	600 000
Buildings	5 608 061	581 660	-	(492 118)	5 697 603
Furniture and fixtures	1 102 779	98 683	(7 603)	(171 218)	1 022 641
Motor vehicles	1	-	-	-	1
Office equipment	590 142	154 236	(19 503)	(279 220)	445 655
IT equipment	697 041	819 936	(15 165)	(480 322)	1 021 490
	<b>8 598 024</b>	<b>1 654 515</b>	<b>(42 271)</b>	<b>(1 422 878)</b>	<b>8 787 390</b>

#### Assets subject to finance lease (Net carrying amount)

Office equipment	244 671	34 095
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#### Details of properties

Land and buildings is situated at 591 Belvedere Street, Arcadia, Pretoria.

The title deed number to the property is Erf 1470, Arcadia, Pretoria in the extent of 1708 (one thousand seven hundred and eight) square meters.



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Notes to the Financial Statements

	2014 R	2013 R				
3. Intangible assets						
	2014	2013				
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	4 389 156	(3 241 978)	1 147 178	3 682 283	(2 079 646)	1 602 637

### Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	1 602 637	706 872	(1 162 331)	1 147 178

### Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	1 902 302	631 299	(930 964)	1 602 637

## 4. Retirement benefits

### Defined contribution plan

The council has a post-employment benefit plan established on 01 July 1977 operated as a separate legal entity in terms of the Pension Funds Act No. 24 of 1956, the South African Pharmacy Council Pension (the Fund).

As at 01 July 2010 the structure of the Fund changed from defined benefit plan (DB) to defined contribution plan (DC) whereby all new employees after 01 July 2010 were on DC.

The council fully converted the whole Fund to DC as at 28 February 2014 after amending the rules and approval of the Financial Services Board (FSB).

The council liability to the Fund is limited to paying contributions. Employer contributions are charged against income when incurred.

### Carrying value

Present value of the defined benefit obligation wholly funded	(30 432 000)	(28 452 000)
Fair value of plan assets	32 124 000	29 869 000
Fund Conversion - Portion related to Pensioners and Contribution plan performance	(1 692 000)	-
	-	<b>1 417 000</b>

### Reconciliation of opening and closing balances of the defined benefit obligation

Opening balance	(1 417 000)	3 422 000
Contributions by members	(796 000)	(3 903 000)
Fund Conversion - Portion related to Pensioners and Contribution plan performance	1 692 000	-
Net expense recognised in profit or loss	521 000	(936 000)
	-	<b>(1 417 000)</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Notes to the Financial Statements

	2014 R	2013 R
<b>Net expense recognised in profit or loss</b>		
Current service cost	506 000	4 023 000
Defined contribution contributions	159 000	-
Interest cost	422 000	2 257 000
Actuarial (gains) losses	(1 183 000)	(5 246 000)
Settlement gain	1 055 000	-
Expected return on plan assets	(438 000)	(1 970 000)
	<b>521 000</b>	<b>(936 000)</b>

### Key assumptions used

Discount rates used	8,50 %	9,00 %
Expected rate of return on assets	8,50 %	9,00 %
Expected rate of general inflation	6,20 %	6,20 %
Expected increase in salaries	7,20 %	7,20 %

Assumptions regarding mortality are based on published tables and are consistent with previous statutory valuations.

### 5. Trade and other receivables

Trade receivables	10 432 058	5 893 106
Deposits	11 822	29 556
VAT	-	606 993
Other receivable	47 557	-
	<b>10 491 437</b>	<b>6 529 655</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 324	2 509
Bank balances	13 880 010	3 765 531
Short-term deposits	3 190 944	1 941 891
	<b>17 074 278</b>	<b>5 709 931</b>

### 7. Finance lease obligation

#### Minimum lease payments due

- within one year	461 268	65 686
- in second to fifth year inclusive	68 941	10 631

less: future finance charges	530 209	76 317
	(238 361)	(27 623)

<b>Present value of minimum lease payments</b>	<b>291 848</b>	<b>48 694</b>
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Non-current liabilities	57 906	8 435
Current liabilities	233 942	40 259
	<b>291 848</b>	<b>48 694</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Notes to the Financial Statements

	2014 R	2013 R	
<b>8. Provisions</b>			
<b>Reconciliation of provisions - 2014</b>			
	<b>Opening balance</b>	<b>Additions</b>	<b>Total</b>
Legal proceedings	-	1 245 625	1 245 625
Provisions for leave pay	1 299 112	127 464	1 426 576
	<b>1 299 112</b>	<b>1 373 089</b>	<b>2 672 201</b>
<b>Reconciliation of provisions - 2013</b>			
	<b>Opening balance</b>	<b>Additions</b>	<b>Total</b>
Provisions for leave pay	1 192 029	107 083	1 299 112
<b>9. Trade and other payables</b>			
Trade payables		392 327	1 658 858
Income received in advance		27 148 831	16 729 545
VAT		765 613	-
Other payables- Department of Health		117 320	86 200
		<b>28 424 091</b>	<b>18 474 603</b>
<b>10. Revenue</b>			
Annual and registration fees		52 097 185	39 556 596
Rendering of services		395 041	41 686
Other revenue		8 908 274	12 651 170
		<b>61 400 500</b>	<b>52 249 452</b>
<b>11. Other income</b>			
Sponsorship		91 638	1 459 447
Other income		68 020	-
Insurance claim received		71 293	-
		<b>230 951</b>	<b>1 459 447</b>
<b>12. Operating profit</b>			
Operating profit for the year is stated after accounting for the following:			
Property, plant and equipment		(47 667)	(3 316)
Depreciation on property, plant and equipment		2 940 224	2 353 840
Employee costs		35 515 577	26 631 176
Research and development costs		82 450	68 828
<b>13. Investment revenue</b>			
<b>Interest revenue</b>			
Bank		804 945	435 463

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Notes to the Financial Statements

	2014 R	2013 R
<b>14. Finance costs</b>		
Retirement fund interest	-	2 257 000
Finance leases	318 336	110 857
Bank	6 294	9 573
	<b>324 630</b>	<b>2 377 430</b>
<b>15. Auditors' remuneration</b>		
Fees	146 400	170 949
<b>16. Cash generated from operations</b>		
Profit (loss) before taxation	4 914 104	(46 652)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 940 224	2 353 840
Loss on sale of assets	47 667	3 316
Interest received - investment	(804 945)	(435 463)
Finance costs	324 630	2 377 430
Movements in retirement benefit assets and liabilities	1 417 000	(4 839 000)
Movements in provisions	1 373 089	107 083
<b>Changes in working capital:</b>		
Trade and other receivables	(3 961 782)	1 737 412
Trade and other payables	9 949 488	1 640 880
	<b>16 199 475</b>	<b>2 898 846</b>
<b>17. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Committed but not contracted</b>		
• Property, plant and equipment	3 985 000	5 664 234
This committed expenditure relates to plant and equipment and will be financed by funds internally generated.		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	461 268	658 575
- in second to fifth year inclusive	68 941	61 457
	<b>530 209</b>	<b>720 032</b>



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Notes to the Financial Statements

	2014 R	2013 R
<b>18. Related parties</b>		
<b>Relationships</b>		
Key management personnel are those members having authority and responsibility for planning, directing and controlling the activities of the council. Key management personnel include the councillors, committee members and the Registrar.		
<b>Related party balances and transactions with persons with control, joint control or significant influence over the council</b>		
<b>Related party transactions</b>		
Allowances	321 578	186 966
Committee meeting expenses	245 995	196 824
Council and sub-committee member fees	326 088	416 184
Election expenses	-	379 733
Locum fees	91 359	85 095
Preparation fees	74 411	185 802
Transport	1 121 986	692 469

### 19. Going concern

The 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.

### 20. Events after the reporting period

There were no adjusting events after the reporting period.

### 21. Financial risk management

The council's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the council's financial performance.

Risk management is carried out by the senior management under financial policies approved by council members.

#### Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The council manages liquidity risk through the compilation and monitoring of cash forecasts, as well as ensuring that adequate borrowing facilities are maintained. The maturity profile of the council's financial instruments is less than 12 months.

#### Interest rate risk

The council's interest rate risk arises from the interest payable on operating leases. Interest rate is based on prime.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The council only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

As at 31 December 2014, the carrying values of trade payables, cash and accrued expenses are assumed to approximate their fair values due to the short-term maturities of these financial statements.

## South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

### Detailed Income Statement

	Note(s)	2014 R	2013 R
<b>Revenue</b>			
Annual and registration fees		52 097 185	39 556 596
Examination fees		395 041	41 686
Other revenue		8 908 274	12 651 170
	10	<b>61 400 500</b>	<b>52 249 452</b>
<b>Other income</b>			
Sponsorships received		91 638	1 459 447
Other income		68 020	-
Insurance claim received		71 293	-
Interest received	13	804 945	435 463
		<b>1 035 896</b>	<b>1 894 910</b>
<b>Expenses (Refer to page 22)</b>		<b>(57 197 662)</b>	<b>(51 813 584)</b>
<b>Operating profit</b>	12	<b>5 238 734</b>	<b>2 330 778</b>
Finance costs	14	(324 630)	(2 377 430)
<b>Profit (loss) for the year</b>		<b>4 914 104</b>	<b>(46 652)</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2014

## Detailed Income Statement

	Note(s)	2014 R	2013 R
<b>Operating expenses</b>			
Advertising		(651 719)	(367 549)
Allowances		(321 578)	(186 966)
Auditors remuneration	15	(146 400)	(170 949)
Bad debts and provision for doubtful debts		(1 673 827)	(5 652 682)
Bank charges		(527 450)	(427 761)
Cleaning		(19 560)	-
Committee meeting expenses		(245 995)	(196 824)
Computer expenses		(1 618 368)	(1 234 074)
Conferences		(11 061)	(3 342 373)
Consumables		(82 711)	(100 756)
Council and sub-committee member fees		(326 088)	(416 184)
Curriculum development		(1 166 263)	(922 434)
Depreciation, amortisation and impairments		(2 940 224)	(2 353 840)
Disciplinary fees		(82 784)	(45 045)
Election expenses		-	(379 733)
Employee costs		(35 515 577)	(26 631 176)
Interest and penalties - SARS		(33 366)	-
Inspection fees		(2 855 578)	(2 267 736)
Insurance		(232 842)	(181 818)
Lease rentals on operating lease		(792 495)	(711 228)
Legal expenses		(1 469 725)	(731 079)
Legislation review		-	(102 000)
Locum fees		(91 359)	(85 095)
Loss on disposal of assets		(47 667)	(3 316)
Office expenses		(1 525 938)	(1 516 820)
Postage		(551 399)	(521 420)
Preparation fees		(74 411)	(185 802)
Printing and stationery		(499 668)	(412 392)
Repairs and maintenance		(544 534)	(422 206)
Research and development costs		(82 450)	(68 828)
Security		(343 506)	(212 542)
Telephone and fax		(776 841)	(782 935)
Training		(379 046)	(136 372)
Transport expenses		(1 121 986)	(692 469)
Utilities		(445 246)	(351 180)
		<b>(57 197 662)</b>	<b>(51 813 584)</b>