



**South African
Pharmacy Council**

South African Pharmacy Council
Financial statements
for the year ended 31 December 2015

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

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

Issued 11 May 2016

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

General Information

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

South African Pharmacy Council

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Preparer

Voster Himbotwe
General manager: Finance

Published

11 May 2016

South African Pharmacy Council

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Councillors' Responsibilities and Approval

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 auditor is 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 set 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 2016 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 auditor is responsible for independently auditing and reporting on the council's financial statements. The financial statements have been examined by the council's external auditor whose report is presented on page 4.

The financial statements set out on pages 6 to 23, which have been prepared on the going concern basis, were approved by the councillors on 11 May 2016 and were signed on its behalf by:



Prof M Chetty (President)



Ms NP Thipa (Treasurer)



Mr TA Masango (Registrar)

**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 9 to 21, which comprise the statement of financial position as at 31 December 2015, 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 auditor's 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.

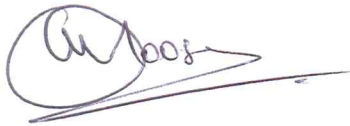
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2015, 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 2015, 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 dark 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.)

Director

Pretoria

11 May 2016

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Councillors' Report

The council members have pleasure in submitting their report on the financial statements of South African Pharmacy Council for the year ended 31 December 2015.

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:

- to assist in the promotion of the health of the population of the Republic;
- to advise the minister, or any other person, on any matter relating to pharmacy;
- to promote the provision of pharmaceutical care;
- to uphold and safeguard the rights of the general public to universally acceptable standards of pharmacy practice; and
- 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.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Councillors' Report

3. Councillors

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

| Councillors | Office | Designation | Nationality |
|---------------------------------|---------------------------------|---------------|---------------|
| Prof. Manoranjenni Chetty | President | Non-executive | South African |
| Mr. Douglas James Heaslet Defty | Vice President | Non-executive | South African |
| Ms. Nocawe Portia Thipa | Treasurer | Non-executive | South African |
| Mr. Gavin Stewart Steel | Representative from DOH | Non-executive | South African |
| Prof. Roderick Bryan Walker | Education committee chairperson | Non-executive | South African |
| Mr. Vusi Cornelias Dlamini | Health committee chairperson | Non-executive | South African |
| Ms. Lizette Roets | CPI chairperson | Non-executive | South African |
| Mr. Rajatheran Moodley | CII Chairperson | Non-executive | South African |
| Ms. Jacqueline Ann Maimin | Practice committee chairperson | Non-executive | South African |
| Dr. Panjasaram Naidoo | CPD committee chairperson | Non-executive | South African |
| Mr. Ayanda Soka | | Non-executive | South African |
| Mr. Gaoboihe Jonas Kgasane | | Non-executive | South African |
| Mr. Charles John Cawood | | Non-executive | South African |
| Mr. Panajiotaki George Kyriacos | | Non-executive | South African |
| Mr. Tshuba Solomon Rasekele | | Non-executive | South African |
| Ms. Letty Mahlangu | | Non-executive | South African |
| Mr. Johannes Albertus Raats | | Non-executive | South African |
| Mr. Hezron Tshepo Mphaka | | Non-executive | South African |
| Ms. Helen Catherine Hayes | | Non-executive | South African |
| Mr. Mathys Jacobus Snyman | | Non-executive | South African |
| Mr. Johannes Stephanus Du Toit | | Non-executive | South African |
| Prof. Shirley-Anne Boschmans | | Non-executive | South African |
| Ms. Rachel Verity Wrigglesworth | | Non-executive | South African |
| Ms. Claudette Norina Jasson | | Non-executive | South African |
| Adv. Nazreen Shaik-Peremanov | | Non-executive | South African |

4. Events after the reporting period

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

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 2015.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Councillors' Report

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, information technology 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: Advocate MJ Ralefatane (chairperson); Mr PG Kyriacos; Mr J S Du Toit; Ms AMM Badimo, Ms S Hari and Mr XP Khumalo.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Statement of Financial Position as at 31 December 2015

| | Note(s) | 2015 | 2014 |
|-------------------------------------|---------|-------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 12 065 592 | 11 813 555 |
| Intangible assets | 3 | 620 923 | 1 147 178 |
| | | 12 686 515 | 12 960 733 |
| Current Assets | | | |
| Trade and other receivables | 4 | 11 520 186 | 10 491 437 |
| Cash and cash equivalents | 5 | 29 417 205 | 17 074 278 |
| | | 40 937 391 | 27 565 715 |
| Total Assets | | 53 623 906 | 40 526 448 |
| Equity and Liabilities | | | |
| Equity | | | |
| Retained income | | 11 025 728 | 9 138 308 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Finance lease liabilities | 6 | - | 57 906 |
| Current Liabilities | | | |
| Trade and other payables | 8 | 39 820 897 | 28 424 091 |
| Finance lease liabilities | 6 | 54 528 | 233 942 |
| Provisions | 7 | 2 722 753 | 2 672 201 |
| | | 42 598 178 | 31 330 234 |
| Total Liabilities | | 42 598 178 | 31 388 140 |
| Total Equity and Liabilities | | 53 623 906 | 40 526 448 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

| | Note(s) | 2015 | 2014 |
|--|---------|------------------|------------------|
| Revenue | 9 | 61 920 823 | 61 400 500 |
| Other income | 10 | 236 014 | 230 951 |
| Operating expenses | | (61 515 718) | (57 197 662) |
| Operating profit | 11 | 641 119 | 4 433 789 |
| Investment revenue | 12 | 1 478 542 | 804 945 |
| Finance costs | 13 | (232 241) | (324 630) |
| Profit for the year | | 1 887 420 | 4 914 104 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 1 887 420 | 4 914 104 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Statement of Changes in Equity

| | Retained income | Total equity |
|--|--------------------|-------------------|
| Balance at 01 January 2014 | 4 224 204 | 4 224 204 |
| Profit for the year | 4 914 104 | 4 914 104 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 4 914 104 | 4 914 104 |
| Balance at 01 January 2015 | 9 138 308 | 9 138 308 |
| Profit for the year | 1 887 420 | 1 887 420 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 1 887 420 | 1 887 420 |
| Balance at 31 December 2015 | 11 025 728 | 11 025 728 |

Note(s)

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

| | Note(s) | 2015 | 2014 |
|---|---------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 15 | 14 085 186 | 16 199 475 |
| Interest income | | 1 478 542 | 804 945 |
| Finance costs | | (5 562) | (6 294) |
| Net cash from operating activities | | 15 558 166 | 16 998 126 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (2 566 303) | (4 887 013) |
| Sale of property, plant and equipment | 2 | 105 041 | 35 287 |
| Purchase of other intangible assets | 3 | (289 978) | (706 872) |
| Net cash from investing activities | | (2 751 240) | (5 558 598) |
| Cash flows from financing activities | | | |
| Finance lease payments | | (463 999) | (75 182) |
| Total cash movement for the year | | 12 342 927 | 11 364 346 |
| Cash at the beginning of the year | | 17 074 278 | 5 709 931 |
| Total cash at end of the year | 5 | 29 417 205 | 17 074 277 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Accounting Policies

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.

Lease classification

Financial lease classification

The council is party to leasing arrangements, as a lessee. The treatment of leasing transactions in the financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

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.

Useful lives of property, plant and equipment

The council reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Impairment testing

The council reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 7 - Provisions.

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

Trade receivables, Held to maturity investments and Loans and receivables

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

The Council assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Council makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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, or 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.

Cost 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 as follows:

| Item | Depreciation method | Average useful life |
|---|---------------------|---------------------|
| Land | Straight line | Indefinite |
| Buildings | Straight line | 20 years |
| Furniture and fixtures | Straight line | 10 years |
| Motor vehicles | Straight line | 4 years |
| Office equipment | Straight line | 5 years |
| IT equipment | Straight line | 3 years |
| Cellphones & tablets (included in office equipment) | Straight line | 2 years |

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

The carrying values 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, as follows:

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Accounting Policies

1.3 Intangible assets (continued)

| 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.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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.

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.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Accounting Policies

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 the 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 benefits 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.

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.

Provisions are disclosed in note 7.

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 2015

Notes to the Financial Statements

2015 2014

2. Property, plant and equipment

| | 2015 | | | 2014 | | |
|------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Land | 600 000 | - | 600 000 | 600 000 | - | 600 000 |
| Buildings | 12 815 513 | (5 728 851) | 7 086 662 | 12 608 780 | (5 107 458) | 7 501 322 |
| Furniture and fixtures | 2 383 472 | (1 211 016) | 1 172 456 | 2 082 161 | (1 052 041) | 1 030 120 |
| Motor vehicles | 752 893 | (151 998) | 600 895 | 357 456 | (195 943) | 161 513 |
| Office equipment | 1 860 875 | (1 239 213) | 621 662 | 1 839 156 | (915 736) | 923 420 |
| IT equipment | 4 308 329 | (2 324 412) | 1 983 917 | 3 510 717 | (1 913 537) | 1 597 180 |
| Total | 22 721 082 | (10 655 490) | 12 065 592 | 20 998 270 | (9 184 715) | 11 813 555 |

Reconciliation of property, plant and equipment - 2015

| | Opening balance | Additions | Disposals | Depreciation | Total |
|------------------------|-------------------|------------------|-----------------|--------------------|-------------------|
| Land | 600 000 | - | - | - | 600 000 |
| Buildings | 7 501 322 | 206 734 | - | (621 394) | 7 086 662 |
| Furniture and fixtures | 1 030 120 | 369 766 | (26 444) | (200 986) | 1 172 456 |
| Motor vehicles | 161 513 | 550 657 | (1) | (111 274) | 600 895 |
| Office equipment | 923 420 | 134 630 | (15 609) | (420 779) | 621 662 |
| IT equipment | 1 597 180 | 1 304 516 | (43 604) | (874 175) | 1 983 917 |
| | 11 813 555 | 2 566 303 | (85 658) | (2 228 608) | 12 065 592 |

Reconciliation of property, plant and equipment - 2014

| | Opening balance | Additions | Disposals | Depreciation | Total |
|------------------------|------------------|------------------|-----------------|--------------------|-------------------|
| Buildings | 600 000 | - | - | - | 600 000 |
| Plant and machinery | 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 |
| | 8 787 390 | 4 887 013 | (82 954) | (1 777 894) | 11 813 555 |

Net carrying amounts of leased assets

| | | |
|------------------|--------|---------|
| Office equipment | 30 464 | 244 671 |
|------------------|--------|---------|

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.

3. Intangible assets

| | 2015 | | | 2014 | | |
|-------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software | 4 679 134 | (4 058 211) | 620 923 | 4 389 156 | (3 241 978) | 1 147 178 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements

2015 2014

3. Intangible assets (continued)

Reconciliation of intangible assets - 2015

| | Opening balance | Additions | Amortisation | Total |
|-------------------|--------------------|-----------|--------------|---------|
| Computer software | 1 147 178 | 289 978 | (816 233) | 620 923 |

Reconciliation of intangible assets - 2014

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

4. Trade and other receivables

| | | |
|-------------------|-------------------|-------------------|
| Trade receivables | 10 071 770 | 10 432 058 |
| Deposits | 11 822 | 11 822 |
| VAT | 232 365 | - |
| Other receivable | 1 204 229 | 47 557 |
| | 11 520 186 | 10 491 437 |

Included in the trade receivables amount is a provision for doubtful debts amounting to R 10 466 641 (2014: R 6 916 042)

5. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|-------------------|
| Cash on hand | 1 074 | 3 324 |
| Bank balances | 25 155 703 | 13 880 010 |
| Short-term deposits | 4 260 428 | 3 190 944 |
| | 29 417 205 | 17 074 278 |

Details of facilities held by the Council is as follows:

- Overdraft amounting to R 1 500 000.00 of which the expiry date is 12/04/2016 for unforeseen emergencies. The facility has not been used at reporting date.
- Guarantees by the bank amounting to R 50 000.00 of which the expiry date is 12/04/2016.
- Card facility by the bank amounting to R 350 000.00 of which the expiry date is 12/04/2016.

6. Finance lease liabilities

Minimum lease payments which fall due

| | | |
|--|---------------|----------------|
| - within one year | 65 049 | 461 268 |
| - in second to fifth year inclusive | - | 68 941 |
| | 65 049 | 530 209 |
| Less: future finance charges | (10 521) | (238 361) |
| Present value of minimum lease payments | 54 528 | 291 848 |
| Non-current liabilities | - | 57 906 |
| Current liabilities | 54 528 | 233 942 |
| | 54 528 | 291 848 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements

2015 2014

7. Provisions

Reconciliation of provisions - 2015

| | Opening balance | Utilised during the year | Reversed during the year | Total |
|--------------------------|------------------|--------------------------|--------------------------|------------------|
| Legal proceedings | 1 245 625 | - | (87 088) | 1 158 537 |
| Provisions for leave pay | 1 426 576 | (56 208) | 193 848 | 1 564 216 |
| | 2 672 201 | (56 208) | 106 760 | 2 722 753 |

Reconciliation of provisions - 2014

| | Opening balance | Additions | Total |
|--------------------------|------------------|------------------|------------------|
| Legal proceedings | - | 1 245 625 | 1 245 625 |
| Provisions for leave pay | 1 299 112 | 127 464 | 1 426 576 |
| | 1 299 112 | 1 373 089 | 2 672 201 |

8. Trade and other payables

| | | |
|--------------------------------------|-------------------|-------------------|
| Trade payables | 1 428 164 | 392 327 |
| Income received in advance | 38 335 933 | 27 148 831 |
| VAT | - | 765 613 |
| Other payables- Department of Health | 56 800 | 117 320 |
| | 39 820 897 | 28 424 091 |

9. Revenue

| | | |
|------------------------------|-------------------|-------------------|
| Annual and registration fees | 53 782 285 | 52 097 185 |
| Rendering of services | 146 147 | 395 041 |
| Other revenue | 7 992 391 | 8 908 274 |
| | 61 920 823 | 61 400 500 |

10. Other income

| | | |
|---|----------------|----------------|
| Profit and loss on sale of assets and liabilities | 19 383 | - |
| Sponsorship | 171 147 | 91 638 |
| Other income | 27 951 | 68 020 |
| Insurance claim received | 17 533 | 71 293 |
| | 236 014 | 230 951 |

11. Operating profit

Operating profit for the year is stated after accounting for the following:

| | | |
|---|------------|------------|
| Profit/(loss) on disposal of assets | 19 383 | (47 667) |
| Amortisation on intangible assets | 816 233 | 1 162 332 |
| Depreciation on property, plant and equipment | 2 228 608 | 1 777 892 |
| Employee costs | 34 539 763 | 35 515 577 |
| Research and development costs | 49 286 | 82 450 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements

| | 2015 | 2014 |
|---|-------------------|-------------------|
| 12. Investment revenue | | |
| Interest revenue | | |
| Bank | 1 478 542 | 804 945 |
| 13. Finance costs | | |
| Finance leases | 226 679 | 318 336 |
| Bank | 5 562 | 6 294 |
| | 232 241 | 324 630 |
| 14. Auditor's remuneration | | |
| Fees | 161 898 | 146 400 |
| 15. Cash generated from operations | | |
| Profit before taxation | 1 887 420 | 4 914 104 |
| Adjustments for: | | |
| Depreciation and amortisation | 3 044 841 | 2 940 224 |
| (Profit) loss on sale of assets | (19 383) | 47 667 |
| Interest received | (1 478 542) | (804 945) |
| Finance costs | 232 241 | 324 630 |
| Movements in retirement benefit assets and liabilities | - | 1 417 000 |
| Movements in provisions | 50 552 | 1 373 089 |
| Changes in working capital: | | |
| Trade and other receivables | (1 028 749) | (3 961 782) |
| Trade and other payables | 11 396 806 | 9 949 487 |
| | 14 085 186 | 16 199 474 |
| 16. Commitments | | |
| Authorised capital expenditure | | |
| Committed but not contracted | | |
| • Property, plant and equipment | 4 660 000 | 3 985 000 |
| This committed expenditure relates to plant and equipment and will be financed by funds internally generated. | | |
| Operating leases – as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 65 049 | 461 268 |
| - in second to fifth year inclusive | - | 68 941 |
| | 65 049 | 530 209 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements

2015

2014

17. Related parties

Relationships

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.

Related party balances and transactions with persons with control, joint control or significant influence over the council

Related party transactions

| | | |
|---------------------------------------|---------|-----------|
| Allowances | 694 215 | 321 578 |
| Committee meeting expenses | 274 039 | 245 995 |
| Council and sub-committee member fees | 362 342 | 326 088 |
| Locum fees | 133 406 | 91 359 |
| Preparation fees | 86 288 | 74 411 |
| Transport | 841 792 | 1 121 986 |

18. 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.

19. Events after the reporting period

There were no adjusting events after the reporting period.

20. 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 2015, 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 2015

Detailed Income Statement

| | Note(s) | 2015 | 2014 |
|------------------------------------|---------|---------------------|---------------------|
| Revenue | | | |
| Annual and registration fees | | 53 782 285 | 52 097 185 |
| Examination fees | | 146 147 | 395 041 |
| Other revenue | | 7 992 391 | 8 908 274 |
| | 9 | 61 920 823 | 61 400 500 |
| Other income | | | |
| Sponsorships received | | 171 147 | 91 638 |
| Other income | | 27 951 | 68 020 |
| Insurance claim received | | 17 533 | 71 293 |
| Interest received | 12 | 1 478 542 | 804 945 |
| Gains on disposal of assets | | 19 383 | - |
| | | 1 714 556 | 1 035 896 |
| Expenses (Refer to page 23) | | (61 515 718) | (57 197 662) |
| Operating profit | 11 | 2 119 661 | 5 238 734 |
| Finance costs | 13 | (232 241) | (324 630) |
| Profit for the year | | 1 887 420 | 4 914 104 |

South African Pharmacy Council

Financial Statements for the year ended 31 December 2015

Detailed Income Statement

| | Note(s) | 2015 | 2014 |
|--|---------|---------------------|---------------------|
| Operating expenses | | | |
| Advertising and promotions | | (254 775) | (651 719) |
| Allowances | | (694 215) | (321 578) |
| Auditors remuneration | 14 | (161 898) | (146 400) |
| Bad debts and provision for doubtful debts | | (5 536 202) | (1 673 827) |
| Bank charges | | (639 503) | (527 450) |
| Cleaning | | (28 330) | (19 560) |
| Computer expenses | | (2 155 508) | (1 618 368) |
| Committee meeting expenses | | (274 039) | (245 995) |
| Conferences | | (101 996) | (11 061) |
| Consumables | | (136 024) | (82 711) |
| Council and sub-committee member fees | | (362 342) | (326 088) |
| Curriculum development | | (1 440 282) | (1 166 263) |
| Depreciation, amortisation and impairments | | (3 044 841) | (2 940 224) |
| Disciplinary fees | | (48 765) | (82 784) |
| Employee costs | | (34 539 763) | (35 515 577) |
| Inspection fees | | (1 946 645) | (2 855 578) |
| Insurance | | (278 604) | (232 842) |
| Interest and penalties - SARS | | (157 639) | (33 366) |
| Lease rentals on operating lease | | (552 497) | (792 495) |
| Legal expenses | | (412 315) | (1 469 725) |
| Locum fees | | (133 406) | (91 359) |
| Loss on disposal of assets | | - | (47 667) |
| Office expenses | | (1 290 449) | (1 525 938) |
| Postage | | (862 660) | (551 399) |
| Preparation fees | | (86 288) | (74 411) |
| Printing and stationery | | (960 003) | (499 668) |
| Repairs and maintenance | | (1 225 810) | (544 534) |
| Research and development costs | | (49 286) | (82 450) |
| Security | | (358 714) | (343 506) |
| Telephone and fax | | (1 879 995) | (776 841) |
| Training | | (451 263) | (379 046) |
| Transport expenses | | (841 792) | (1 121 986) |
| Utilities | | (609 869) | (445 246) |
| | | (61 515 718) | (57 197 662) |