

Financial statements for the year ended 31 December 2016



These financial statements were prepared by: Voster Himbotwe
General Manager: Finance

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

Issued 10 May 2017

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

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	Rakoma and Associates 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

Financial Statements for the year ended 31 December 2016

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Preparer

Voster Himbotwe
General Manager: Finance

Published

10 May 2017

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 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 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 2017 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 auditor whose report is presented on page 4.

The financial statements set out on pages 6 to 24, which have been prepared on the going concern basis, were approved by the councillors on 10 May 2017 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 Councillors of the South African Pharmacy Council

We have audited the accompanying financial statements of the South African Pharmacy Council which comprise the statement of financial position as at 31 December 2016, statement of comprehensive income, statement of changes in equity and the statement of cash flows, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 22.

Councillors' responsibility for the Financial Statements

The Councillors 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 in the manner required by the Pharmacy Act 53 of 1974. This responsibility includes: designing, implementing and maintaining internal controls relevant for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 on 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 disclosure in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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.

Chairman of the Board: EM Rakoma CA (SA)

*Registered name : Rakoma and Associates Incorporated

**A complete list of Directors and Partners is available upon request.*

Head Office - Gauteng: (Primary
domicilium citandi et executandi)
Bryanston Gate Office Park,
Block 5, First Floor,
170 Curzon Road,
Bryanston, Sandton, 2191,
Johannesburg, South Africa

Eastern Cape:
95 Western Avenue,
Vincent,
East London, 5247

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35 Nelson Mandela Drive,
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Quays Commercial,
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Company Registration: 2012/034501/07

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Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the South African Pharmacy Council as at 31 December 2016 and of its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards for Small and Medium-sized entities, and in the manner required by the Pharmacy Council Act 53 of 1974.

Emphasis of matter

As disclosed in note 21 of the financial statements there were material prior period adjustments that were processed to recognise revenue from annual and registration fees in the correct accounting periods. Our opinion is not modified in respect of this matter.

Additional matters

We draw your attention to the matters below. Our opinion is not modified in respect of these matters.

Other report required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2016, we have read the Councillors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Councillors' report is the responsibility of the councillors. Based on reading these reports, we have not identified material inconsistencies between the reports and the audited financial statements. We have not audited the report and, accordingly, do not express an opinion on it.

Unaudited supplementary information

The supplementary information set out on pages 23 to 24 does not form part of the financial statements and is presented as additional information. We have not audited this information and, accordingly, we do not express an opinion thereon.

Rakoma & Associates Inc.

Rakoma & Associates Incorporated
Registered Auditors

Per: Collins Malunga
Chartered Accountant (SA)
Registered Auditor
Director

10 / 05 / 2017
Fourways

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

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 2016.

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 matters 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.

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
Mr. Tshuba Solomon Rasekele	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. Gaoboibe Jonas Kgasane		Non-executive	South African
Mr. Charles John Cawood		Non-executive	South African
Mr. Panajiotaki George Kyriacos		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

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Councillors' Report

Councillors	Office	Designation	Nationality
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
Ms. Josephine Herbert		Non-executive	South African

4. Events after the reporting period

In February 2017 Council signed a contract to purchase properties Erf 30 and Portion 1 of Erf 35 in Hatfield, Pretoria for future development at R15 Million to address problems of office space and parking for staff, public and pharmacy professionals. The purchase was financed from savings that had been made over prior periods.

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

Rakoma and Associates Incorporated were appointed as auditors for the 2016 period.

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 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:

Councillors	Office	Designation	Nationality
Adv. Motlatjo Josephine Ralefatane	Chairperson	Independent	South African
Ms. Anna Mirriam Mmanoko Badimo		Independent	South African
Ms. Shaila Hari		Independent	South African
Mr. Panajiotaki George Kyriacos		Council member	South African
Mr. Johannes Stephanus Du Toit		Council member	South African

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Statement of Financial Position as at 31 December 2016

	Note(s)	2016	Restated 2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	10 392 725	12 065 592
Intangible assets	3	101 638	620 923
		10 494 363	12 686 515
Current Assets			
Trade and other receivables	4	14 481 216	12 784 226
Cash and cash equivalents	5	38 176 849	29 417 205
		52 658 066	42 201 431
Total Assets		63 152 429	54 887 946
Equity and Liabilities			
Equity			
Retained income		19 820 434	12 289 768
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	6	10 996	-
Current Liabilities			
Trade and other payables	8	41 486 088	39 820 897
Finance lease liabilities	6	20 934	54 528
Provisions	7	1 813 976	2 722 753
		43 320 998	42 598 178
Total Liabilities		43 331 995	42 598 178
Total Equity and Liabilities		63 152 429	54 887 946

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Statement of Comprehensive Income

	Note(s)	2016	Restated 2015
Revenue	9	69 705 376	63 184 863
Other income	10	6 638 755	236 014
Operating expenses		(71 271 259)	(61 515 718)
Operating profit	11	5 072 872	1 905 159
Investment revenue	12	2 463 804	1 478 542
Finance costs	13	(6 011)	(232 241)
Profit for the year		7 530 664	3 151 460
Other comprehensive income		-	-
Total comprehensive income for the year		7 530 664	3 151 460

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Statement of Changes in Equity

	Retained income	Total equity
Restated balance at 01 January 2015	9 138 310	9 138 310
Profit for the year	3 151 460	3 151 460
Other comprehensive income	-	-
Total comprehensive income for the year	3 151 460	3 151 460
Restated balance at 01 January 2016	12 289 770	12 289 770
Profit for the year	7 530 664	7 530 664
Other comprehensive income	-	-
Total comprehensive income for the year	7 530 664	7 530 664
Balance at 31 December 2016	19 820 434	19 820 434

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Statement of Cash Flows

	Note(s)	2016	Restated 2015
Cash flows from operating activities			
Cash generated from operations	15	6 824 395	14 085 187
Interest income		2 463 804	1 478 542
Finance costs		(3 532)	(5 562)
Net cash from operating activities		8 020 627	15 558 168
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(554 846)	(2 566 303)
Sale of property, plant and equipment	2	61 190	105 040
Purchase of other intangible assets	3	-	(289 978)
Net cash from investing activities		(493 656)	(2 751 241)
Cash flows from financing activities			
Finance lease payments		(31 367)	(464 000)
Total cash movement for the year		8 759 644	12 342 927
Cash at the beginning of the year		29 417 205	17 074 278
Total cash at end of the year	5	38 176 849	29 417 205

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

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

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.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables, Held to maturity investments and Loans and receivables

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
Cell phones & tablets (included in office equipment)	Straight line	2 years

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

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Accounting Policies

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:

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.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Accounting Policies

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.

1.7 Employee benefits

Council operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund.

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.

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 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

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 2016

Notes to the Financial Statements

	2016			2015		
2. Property, Plant and equipment						
	2016			2015		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Land	600 000	-	600 000	600 000	-	600 000
Buildings	12 864 306	(6 283 917)	6 580 389	12 815 513	(5 728 851)	7 086 662
Furniture and fixtures	2 370 247	(1 417 994)	952 254	2 383 472	(1 211 016)	1 172 456
Motor vehicles	752 893	(340 221)	412 672	752 893	(151 998)	600 895
Office equipment	1 770 366	(1 211 556)	558 810	1 860 875	(1 239 213)	621 662
IT equipment	4 430 530	(3 141 929)	1 288 601	4 308 329	(2 324 412)	1 983 917
Total	22 788 342	(12 395 617)	10 392 725	22 721 082	(10 655 490)	12 065 592

Reconciliation of property, plant and equipment – 2016

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	600 000	-	-	-	600 000
Buildings	7 086 662	49 792	-	(555 066)	6 580 389
Furniture and fixtures	1 172 456	-	(4 233)	(215 970)	952 254
Motor vehicles	600 895	-	-	(188 223)	412 672
Office equipment	621 662	187 861	(2 168)	(248 546)	558 810
IT equipment	1 983 917	318 192	(18 227)	(995 282)	1 288 601
Total	12 065 592	554 846	(24 627)	(2 203 087)	10 392 725

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
Total	11 813 555	2 566 303	(85 658)	(2 228 608)	12 065 592

Net carrying amounts of leased assets

Office equipment	36 803	30 464
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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 2016

Notes to the Financial Statements

	2016			2015		
3. Intangible assets						
	2016			2015		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer software	4 679 134	(4 577 496)	101 638	4 679 134	(4 058 211)	620 923

Reconciliation of intangible assets – 2016

	Opening Balance	Additions	Depreciation	Total
Computer software	620 923	-	(519 285)	101 638

Reconciliation of intangible assets – 2015

	Opening Balance	Additions	Depreciation	Total
Computer software	1 147 178	289 978	(816 233)	620 923

4. Trade and other receivables

Trade receivables	14 354 158	11 335 810
Deposits	11 822	11 822
VAT	63 157	232 365
Other receivables	52 079	1 204 229
	14 481 216	12 784 226

Included in the trade receivables amount is a provision for doubtful debts amounting to R 10 390 524 (2015: R 10 466 641).

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 787	1 074
Bank balances	25 258 620	25 155 703
Short-term deposits	12 911 443	4 260 428
	38 176 849	29 417 205

Details of facilities held by the Council are as follows:

- Overdraft amounting to R1 500 000 of which the expiry date is 24/09/2017 for unforeseen emergencies. The facility has not been used at reporting date.
- Guarantees by the bank amounting to R50 000 of which the expiry date is 24/09/2017.
- Card facility by the bank amounting to R350 000 of which the expiry date is 24/09/2017.

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Notes to the Financial Statements

	2016	2015
6. Finance lease liabilities		
Minimum lease payments which fall due		
Within one year	23 293	65 049
In second to fifth year inclusive	11 325	-
	34 617	65 049
Less: future finance charges	(2 687)	(10 521)
Present value of minimum lease payments	31 930	54 528
Non-current liabilities	10 996	-
Current liabilities	20 934	54 528
	31 930	54 528

7. Provisions

Reconciliation of provisions – 2016

	Opening balance	Utilised during the year	Adjustments during the year	Total
Legal proceedings	1 158 537	(719 097)	(439 440)	-
Provisions for leave pay	1 564 216	(96 394)	346 154	1 813 976
	2 722 753	(815 490)	(93 286)	1 813 976

Reconciliation of provisions – 2015

	Opening balance	Utilised during the year	Adjustments 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

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Notes to the Financial Statements

	2016	Restated 2015
8. Trade and other payables		
Trade payables	338 846	1 378 924
Income received in advance	39 668 550	38 335 933
Other payables	1 478 692	106 039
	41 486 088	39 820 897
9. Revenue		
Annual and registration fees	60 764 033	55 046 325
Rendering of services	273 688	146 147
Other revenue	8 667 686	7 992 391
	69 705 376	63 184 863
10. Other income		
Profit and loss on sale of assets and liabilities	30 270	19 383
Sponsorship	5 899 898	171 147
Other income	647 429	27 951
Insurance claim received	61 157	17 533
	6 638 755	236 014
11. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Profit/(loss) on disposal of assets	30 270	19 383
Amortisation of intangible assets	519 285	816 233
Depreciation on property, plant and equipment	2 203 087	2 228 608
Employee costs	37 787 180	34 539 763
Research and development costs	406 360	49 286

Notes to the Financial Statements

	2016	2015
12. Investment revenue		
Interest revenue		
Bank	2 463 804	1 478 542
13. Finance costs		
Finance leases	2 479	226 679
Bank	3 532	5 562
	6 011	232 241
14. Auditor's remuneration		
Fees	172 831	161 898
15. Cash generated from operations		
Profit before taxation	7 530 664	3 151 460
Adjustments for:		
Depreciation and amortisation	2 722 370	3 044 842
(Profit) loss on sale of assets	(30 270)	(19 383)
Interest received	(2 463 804)	(1 478 542)
Finance costs	6 011	232 241
Movements in provisions	(908 777)	50 552
Changes in working capital:		
Trade and other receivables	(1 696 991)	(2 292 789)
Trade and other payables	1 665 191	11 396 806
	6 824 395	14 085 187
16. Commitments		
Authorised capital expenditure		
Committed but not contracted		
Property, plant and equipment	3 550 054	4 660 000
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	23 293	65 049
- in second to fifth year inclusive	11 325	-
	34 617	65 049

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Notes to the Financial Statements

	2016	Restated 2015
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	652 360	694 215
Committee meeting expenses	316 963	274 039
Council and sub-committee member fees	379 338	362 342
Locum fees	143 474	133 406
Preparation fees	89 150	86 288
Transport	830 290	841 792

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.

In February 2017 Council signed a contract to purchase properties Erf 30 and Portion 1 of Erf 35 in Hatfield, Pretoria for future development at R15 Million to address problems of office space and parking for staff, public and pharmacy professionals. The purchase was financed from savings that had been made over prior periods.

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 2016, 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 2016

Notes to the Financial Statements

	2016	Restated 2015
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21. Prior Period Errors

Management performed comprehensive reconciliations of member accounts during the year. It was identified that there were some members who were not invoiced in previous years. The annual fees and registrations fees for the previous years had to be adjusted retrospectively with the new invoices that were raised against member accounts. The impact of the prior period adjustment is noted below:

	2015	2014	2013
Revenue			
- Annual fees	313 281	141 950	142 050
- Registration fee	349 857	225 234	91 668
Trade receivables	663 138	367 184	233 718
Retained income	663 138	367 184	233 718

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Detailed Income Statement

	Note(s)	2016	2015
Revenue			
Annual and registration fees		60 764 003	55 046 325
Examination fees		273 688	146 147
Other revenue		8 667 686	7 992 391
	9	69 705 376	63 184 863
Other income			
Profit and loss on sale of assets		30 270	19 383
Sponsorship		5 899 898	171 147
Other income		647 429	27 951
Insurance claim received		61 157	17 533
	10	6 638 755	236 014
Investment income			
Interest received		2 463 804	1 478 542
	12	2 463 804	1 478 542
Expenses (refer to page 23)			
		(71 271 259)	(61 515 718)
Operating profit	11	7 536 676	3 383 702
Finance costs	13	(6 011)	(232 241)
Profit for the year		7 530 664	3 151 460

The supplementary information presented does not form part of the financial statements

South African Pharmacy Council

Financial Statements for the year ended 31 December 2016

Detailed Income Statement

	Note(s)	2 016	2015
Operating expenses			
Advertising and promotions		(157 405)	(146 673)
Allowances		(652 360)	(694 215)
Auditors remuneration	14	(172 831)	(161 898)
Bad debts and provision for doubtful debts		(1 878 138)	(5 536 202)
Bank charges		(591 327)	(639 503)
Cleaning		(27 366)	(28 330)
Computer expenses		(3 510 665)	(2 155 509)
Committee meeting expenses		(316 963)	(274 039)
Conferences		(7 327 530)	(210 098)
Consumables		(111 464)	(136 024)
Council and sub-committee member fees		(379 338)	(362 342)
Curriculum development		(2 162 135)	(1 440 282)
Depreciation, amortisation and impairments		(2 722 370)	(3 044 842)
Disciplinary fees		(55 467)	(48 765)
Employee costs		(37 732 696)	(34 539 763)
Inspection fees		(3 381 540)	(1 946 645)
Insurance		(222 768)	(278 604)
Tax adjustments/ re-assessments - SARS		(445 901)	(157 639)
Lease rentals on operating lease		(421 077)	(552 497)
Legal expenses		(31 000)	(412 315)
Locum fees		(143 474)	(133 406)
Office expenses		(1 206 675)	(1 290 449)
Postage		(677 111)	(862 660)
Preparation fees		(89 150)	(86 288)
Printing and stationery		(1 096 697)	(960 003)
Repairs and maintenance		(954 667)	(1 225 810)
Research and development costs		(406 360)	(49 286)
Security		(334 461)	(358 714)
Telephone and fax		(1 933 159)	(1 879 995)
Training		(605 434)	(451 263)
Transport expenses		(830 290)	(841 792)
Utilities		(693 439)	(609 869)
		(71 271 259)	(61 515 718)

The supplementary information presented does not form part of the financial statements