



## **South African Pharmacy Council**

South African Pharmacy Council  
Financial statements  
for the year ended 31 December 2013

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 2014

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

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### Preparer

Voster Himbotwe  
General manager: Finance

### Published

14 May 2014

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## 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.

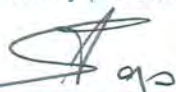
The councillors have reviewed the council's cash flow forecast for the year to 31 December 2014 and, in the light of this review and the current financial position, they are satisfied that the council has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 23, which have been prepared on the going concern basis, were approved by the councillors on 14 May 2014 and were signed on its behalf by:

  
\_\_\_\_\_  
Prof M Chetty (President)

  
\_\_\_\_\_  
Ms NP Thipa (Treasurer)

  
\_\_\_\_\_  
Mr TA Masango (Registrar)



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## REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCILLORS 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 2013, 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.

### 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 requirements of the Pharmacy Act 53 of 1974, and such internal control as the councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 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 2013, 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 2013, 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 black ink, appearing to read 'O. 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 2014**

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## 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 2013.

### 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
Mr OMB Pharasi	President	21/10/2013
Ms L Osman	Vice- president	21/10/2013
Mr MS Choma	Treasurer	21/10/2013
Dr JC Gouws	Representative from DOH	21/10/2013
Dr SI Boschmans	Education committee chairperson	
Mr CB Shabalala	Practice committee chairperson	21/10/2013
Mr KA Johnson	CPI chairperson	21/10/2013
Ms S Mthiyane	Health committee chairperson	21/10/2013
Dr P Naidoo	CPD committee chairperson	
Mr CJ Cawood		
Prof CM Dangor		21/10/2013
Mr DJH Defty	Vice president (effective: 13/02/2014)	
Prof AGS Gous		21/10/2013
Mr W Jordaan		21/10/2013
Mr MC Joubert		21/10/2013
Ms N Makunzi		21/10/2013
Mr J Meakings		21/10/2013
Mr L Moshiga		21/10/2013
Mr HT Mphaka		
Ms TL Mulovhedzi		21/10/2013
Prof DW Oliver		21/10/2013
Mr S Ramasala		21/10/2013
Ms PB Santho		21/10/2013
Ms ME Sclanders		21/10/2013
Ms SEN Skweyiya		21/10/2013

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Councillors' Report

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The council members appointed from 01 January 2014 are as follows:

Prof M Chetty	President (effective: 13/02/2014)
Ms NP Thipa	Treasurer (effective: 13/02/2014)
Mr G Steel	DOH Representative
Prof RB Walker	Chairperson: Education Committee
Mr VC Dlamini	Chairperson: Health Committee
Ms L Roets	Chairperson: CPI Committee
Mr R Moodley	Chairperson: CII Committee
Mr JS du Toit	
Ms HC Hayes	
Ms CN Jasson	
Mr GJ Kgasane	
Mr PG Kyriacos	
Ms L Mahlangu	
Ms JA Maimin	
Ms SD Mayinga	
Mr JA Raats	
Mr TS Rasekele	
Mr MJ Snyman	
Ms A Soka	
Ms RV Wrigglesworth	

#### 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.

#### 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 2013.

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 2014 financial year.

#### 7. Secretary

The company secretary is Debbie Hoffman.

#### Postal address

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Arcadia  
0007

#### Business address

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Arcadia  
0083

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Councillors' Report

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### 8. 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 KA Johnson; Ms L Osman; Advocate M Ralefatane and Prof. J Kruger.



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Statement of Financial Position as at 31 December 2013

	Note(s)	2013 R	2012 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	8 787 390	8 598 024
Intangible assets	3	1 602 637	1 902 302
Retirement benefit asset	4	1 417 000	-
		<b>11 807 027</b>	<b>10 500 326</b>
<b>Current Assets</b>			
Trade and other receivables	5	6 529 655	8 267 067
Cash and cash equivalents	6	5 709 931	7 091 931
		<b>12 239 586</b>	<b>15 358 998</b>
<b>Total Assets</b>		<b>24 046 613</b>	<b>25 859 324</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		4 224 204	4 270 856
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Finance lease obligation	7	8 435	116 837
Retirement benefit obligation	4	-	3 422 000
		<b>8 435</b>	<b>3 538 837</b>
<b>Current Liabilities</b>			
Finance lease obligation	7	40 259	23 876
Trade and other payables	9	18 474 603	16 833 726
Provisions	8	1 299 112	1 192 029
		<b>19 813 974</b>	<b>18 049 631</b>
<b>Total Liabilities</b>		<b>19 822 409</b>	<b>21 588 468</b>
<b>Total Equity and Liabilities</b>		<b>24 046 613</b>	<b>25 859 324</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Statement of Comprehensive Income

	Note(s)	2013 R	2012 R
Revenue	10	52 249 452	37 847 423
Other income	11	1 459 447	921 123
Operating expenses		(51 813 584)	(39 245 902)
<b>Operating profit (loss)</b>		<b>1 895 315</b>	<b>(477 356)</b>
Investment revenue	12	435 463	392 408
Finance costs	13	(2 377 430)	(1 863 196)
<b>Loss for the year</b>		<b>(46 652)</b>	<b>(1 948 144)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(46 652)</b>	<b>(1 948 144)</b>

## South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

### Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 January 2012	6 219 000	6 219 000
Loss for the year	(1 948 144)	(1 948 144)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(1 948 144)</b>	<b>(1 948 144)</b>
Balance at 01 January 2013	4 270 856	4 270 856
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>
Balance at 31 December 2013	4 224 204	4 224 204

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Statement of Cash Flows

	Note(s)	2013 R	2012 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	2 898 843	4 392 502
Interest income		435 463	392 408
Finance costs		(2 266 573)	(1 859 559)
<b>Net cash from operating activities</b>		<b>1 067 733</b>	<b>2 925 351</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(1 654 515)	(1 077 774)
Sale of property, plant and equipment	2	38 955	(275 152)
Purchase of other intangible assets	3	(631 299)	(357 908)
<b>Net cash from investing activities</b>		<b>(2 246 859)</b>	<b>(1 710 834)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(202 876)	137 076
<b>Total cash movement for the year</b>		<b>(1 382 002)</b>	<b>1 351 593</b>
Cash at the beginning of the year		7 091 931	5 740 338
<b>Total cash at end of the year</b>	6	<b>5 709 929</b>	<b>7 091 931</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## 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.

##### 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.

##### Estimated value of employee benefit plan

Assumptions were made in the valuation of the council's retirement benefit plan. Details of the assumption and risk factors used are set out in note 4.

##### Other estimates made

The council also 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 and tablets (included in office equipment)	2 years

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## 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 2013

## 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

#### 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 17.

### 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 2013

## Notes to the Financial Statements

	2013			2012		
	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	10 254 952	(4 557 349)	5 697 603	9 673 292	(4 065 231)	5 608 061
Furniture and fixtures	1 974 145	(951 504)	1 022 641	1 917 961	(815 182)	1 102 779
Motor vehicles	155 220	(155 219)	1	155 220	(155 219)	1
Office equipment	1 237 010	(791 355)	445 655	1 458 389	(868 247)	590 142
IT equipment	2 541 627	(1 520 137)	1 021 490	1 924 514	(1 227 473)	697 041
<b>Total</b>	<b>16 762 954</b>	<b>(7 975 564)</b>	<b>8 787 390</b>	<b>15 729 376</b>	<b>(7 131 352)</b>	<b>8 598 024</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>

### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Land	600 000	-	-	-	600 000
Buildings	5 940 960	149 369	-	(482 268)	5 608 061
Furniture and fixtures	1 120 112	148 814	(2 848)	(163 299)	1 102 779
Motor vehicles	1	-	-	-	1
Office equipment	569 371	280 993	(2 600)	(257 622)	590 142
IT equipment	609 505	498 598	-	(411 062)	697 041
	<b>8 839 949</b>	<b>1 077 774</b>	<b>(5 448)</b>	<b>(1 314 251)</b>	<b>8 598 024</b>

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

Office equipment	34 095	136 111
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### Details of properties

Land and buildings is situated at 591 Belvedere Street, Arcadia, Pretoria. Erf 1470, Arcadia, Pretoria in the extent of 1708 (one thousand seven hundred and eight) square meters is held under title deed number T9380/1988.



# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements

	2013			2012		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	3 682 283	(2 079 646)	1 602 637	3 050 984	(1 148 682)	1 902 302

### Reconciliation of intangible assets - 2013

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

### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	2 199 927	357 908	(655 533)	1 902 302

## 4. Retirement benefits

### Defined benefit plan

As at 01 July 2010 the structure of the council pension fund changed from defined benefit plan to defined contribution plan. The rules of the fund states that a member is entitled to a benefit on the defined contribution basis, with a guarantee that it will not be less than the benefit the member was entitled to on the defined benefit basis.

The council Pension Fund was established on 01 July 1977. The rules of the fund were revised with effect from 01 July 2010.

The council is yet to fully convert the fund to defined contribution structure as to avoid exposure to open ended liability at statutory valuation per Pension Funds Act No 24 of 1956.

The most recent actuarial valuation of the plan assets and the present value of the defined obligations were carried out on 31 December 2013 by ABSA Consultants and Actuaries. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method.

### Carrying value

Present value of the defined benefit obligation wholly funded	(28 452 000)	(26 095 000)
Fair value of plan assets	29 869 000	22 673 000
	<b>1 417 000</b>	<b>(3 422 000)</b>
Non-current assets	1 417 000	-
Non-current liabilities	-	(3 422 000)
	<b>1 417 000</b>	<b>(3 422 000)</b>

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

Opening balance	3 422 000	1 947 000
Contributions by members	(3 903 000)	(3 542 000)
Net expense recognised in profit or loss	(936 000)	5 017 000
	<b>(1 417 000)</b>	<b>3 422 000</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements

	2013 R	2012 R
<b>Net expense recognised in profit or loss</b>		
Current service cost	4 023 000	2 758 000
Interest cost	2 257 000	1 841 000
Actuarial (gains) losses	(5 246 000)	2 541 000
Transfers	-	(110 000)
Expected return on plan assets	(1 970 000)	(2 013 000)
	<b>(936 000)</b>	<b>5 017 000</b>

### Key assumptions used

Discount rates used	9,00 %	8,30 %
Expected rate of return on assets	9,00 %	10,50 %
Expected rate of general inflation	6,20 %	6,00 %
Expected increase in salaries	7,20 %	7,00 %

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

### 5. Trade and other receivables

Trade receivables	5 893 106	8 100 654
Deposits	29 556	119 180
VAT	606 993	-
Accrued income	-	47 233
	<b>6 529 655</b>	<b>8 267 067</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 509	1 090
Bank balances	3 765 531	3 926 561
Short-term deposits	1 941 891	3 164 280
	<b>5 709 931</b>	<b>7 091 931</b>

### 7. Finance lease obligation

#### Minimum lease payments due

- within one year	65 686	123 294
- in second to fifth year inclusive	10 631	25 195

	76 317	148 489
less: future finance charges	(27 623)	(7 776)

<b>Present value of minimum lease payments</b>	<b>48 694</b>	<b>140 713</b>
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Non-current liabilities	8 435	116 837
Current liabilities	40 259	23 876
	<b>48 694</b>	<b>140 713</b>

**South African Pharmacy Council**  
Financial Statements for the year ended 31 December 2013

**Notes to the Financial Statements**

	2013 R	2012 R
<b>8. Provisions</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>Reconciliation of provisions - 2012</b>		
	<b>Opening balance</b>	<b>Additions</b>
<b>Total</b>		
Provisions for leave pay	881 657	310 372
		1 192 029
<b>9. Trade and other payables</b>		
Trade payables	1 658 858	877 693
Income received in advance	16 729 545	15 471 710
VAT	-	316 004
Deposits received	-	108 028
Other payables - Department of Health	86 200	60 291
	<b>18 474 603</b>	<b>16 833 726</b>
<b>10. Revenue</b>		
Annual and registration fees	39 556 596	32 889 690
Rendering of services	41 686	34 267
Other revenue	12 651 170	4 923 466
	<b>52 249 452</b>	<b>37 847 423</b>
<b>11. Other income</b>		
Sponsorship	1 459 447	250 175
VAT refund	-	670 948
	<b>1 459 447</b>	<b>921 123</b>
<b>12. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	435 463	392 408
<b>13. Finance costs</b>		
Retirement fund interest	2 257 000	1 841 000
Finance leases	110 857	3 637
Bank	9 573	18 559
	<b>2 377 430</b>	<b>1 863 196</b>
<b>14. Auditors' remuneration</b>		
Fees	170 949	152 952

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements

	2013 R	2012 R
<b>15. Cash generated from operations</b>		
Loss before taxation	(46 652)	(1 948 144)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 353 840	1 969 783
Loss on sale of assets	3 316	280 600
Interest received - investment	(435 463)	(392 408)
Finance costs	2 377 430	1 863 196
Movements in retirement benefit assets and liabilities	(4 839 000)	1 475 000
Movements in provisions	107 083	310 372
<b>Changes in working capital:</b>		
Trade and other receivables	1 737 412	(4 564 266)
Trade and other payables	1 640 877	5 398 369
	<b>2 898 843</b>	<b>4 392 502</b>

### 16. Commitments

#### Authorised capital expenditure

##### Committed but not contracted

• Property, plant and equipment	5 664 234	2 681 245
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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	658 575	753 990
- in second to fifth year inclusive	61 457	1 581 261
	<b>720 032</b>	<b>2 335 251</b>

### 17. Contingencies

There is a legal claim currently outstanding against the South African Pharmacy Council by Medirite (Proprietary) Limited in terms of which the South African Pharmacy Council has an undetermined contingent liability should an adverse legal cost order be made against the council. The contingent liability is estimated at R 600 000.00

### 18. 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	186 966	163 003
Committee meeting expenses	196 824	188 468
Council and sub-committee member fees	416 184	247 732
Election expenses	379 733	-
Locum fees	85 095	73 686
Preparation fees	185 802	42 586
Transport	692 469	672 322

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements

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2013	2012
R	R

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### 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 2013, 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 2013

## Detailed Income Statement

	Note(s)	2013 R	2012 R
<b>Revenue</b>			
Annual and registration fees		39 556 596	32 889 690
Examination fees		41 686	34 267
Other revenue		12 651 170	4 923 466
	10	<b>52 249 452</b>	<b>37 847 423</b>
<b>Other income</b>			
Sponsorships received		1 459 447	250 175
VAT refunds received		-	670 948
Interest received	12	435 463	392 408
		<b>1 894 910</b>	<b>1 313 531</b>
<b>Expenses (Refer to page 23)</b>		<b>(51 813 584)</b>	<b>(39 245 902)</b>
<b>Operating profit (loss)</b>		<b>2 330 778</b>	<b>(84 948)</b>
Finance costs	13	(2 377 430)	(1 863 196)
<b>Loss for the year</b>		<b>(46 652)</b>	<b>(1 948 144)</b>

# South African Pharmacy Council

Financial Statements for the year ended 31 December 2013

## Detailed Income Statement

	Note(s)	2013 R	2012 R
<b>Operating expenses</b>			
Advertising		(367 549)	(532 437)
Allowances		(186 966)	(163 003)
Auditors remuneration	14	(170 949)	(152 952)
Bad debts and provision for doubtful debts		(5 652 682)	(1 464 646)
Bank charges		(427 761)	(327 067)
Committee meeting expenses		(196 824)	(188 468)
Computer expenses		(1 234 074)	(1 342 043)
Conferences		(3 342 373)	(20 507)
Consumables		(100 756)	(87 612)
Council and sub-committee member fees		(416 184)	(247 732)
Curriculum development		(922 434)	(828 010)
Depreciation, amortisation and impairments		(2 353 840)	(1 969 783)
Disciplinary fees		(45 045)	(87 504)
Election expenses		(379 733)	-
Employee costs		(26 631 176)	(23 627 982)
Inspection fees		(2 267 736)	(2 478 905)
Insurance		(181 818)	(177 577)
Lease rentals on operating lease		(711 228)	(597 001)
Legal expenses		(731 079)	(106 404)
Legislation review		(102 000)	(47 368)
Locum fees		(85 095)	(73 686)
Loss on disposal of assets		(3 316)	(280 600)
Office expenses		(1 516 820)	(1 057 253)
Postage		(521 420)	(330 700)
Preparation fees		(185 802)	(42 586)
Printing and stationery		(412 392)	(403 822)
Repairs and maintenance		(422 206)	(598 142)
Research and development costs		(68 828)	(215 387)
Security		(212 542)	(227 953)
Telephone and fax		(782 935)	(484 130)
Training		(136 372)	(63 068)
Transport expenses		(692 469)	(672 322)
Utilities		(351 180)	(349 252)
		<b>(51 813 584)</b>	<b>(39 245 902)</b>