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AUDITED ANNUAL
FINANCIAL STATEMENTS

2019 »

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The annual financial statements were prepared under the supervision of Chief Financial Officer, Tshepi Maesela CA (UK).



Directors' statement

OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are required, in terms of good governance and the South African Companies Act 71 of 2008 ("Companies Act"), as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.

The directors are further responsible to ensure that the annual financial statements fairly present the state of affairs of the organisation as at the end of the financial year, and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standards (IFRS).

The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements of South African National Blood Service (SANBS) have been prepared in terms of the International Financial Reporting Standards (IFRS), including any interpretations, guidelines and directives issued by the Accounting Standards Board, as well as in a manner required by the Companies Act. The directors have made an assessment of SANBS' ability to continue as a going concern and have every reason to believe that SANBS will be a going concern in the year ahead. The directors' responsibility also includes maintaining an effective risk management system and an adequate system of internal controls that are designed to provide cost-effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that there are policies, procedures, structures and approval frameworks to provide direction, accountability and division of responsibilities.

The directors place considerable importance on maintaining a strong control environment. The directors set standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. These standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. During October 2018 the directors were apprised of a breakdown in the control systems in

respect of credit notes issued to medical aid administrators and public hospitals for blood not used and returned to SANBS, which control breakdown is explained in the financial statements, please refer to Note 16.2.

The liability to public hospitals has not yet been fully quantified and this needs to be juxtaposed with the significant debt owing to SANBS by public hospitals.

This resulted in the approval of the annual financial statements for the prior year being delayed until such time as an independent investigation was finalised to quantify the financial adjustment required and to ascertain how the control breakdown could be remedied.

Based on the credit note control deficiency the directors are unable to opine that the system of internal controls pertaining to credit notes issued provide reasonable assurance that the financial records may be relied upon for the year under review but are satisfied that the provision raised for potential refunds is sufficient and appropriate and that other internal controls may be relied upon.

Further the directors have been assured by management that control weaknesses have been appropriately rectified and that effective controls are now in place and can be relied upon.

The financial statements set out on pages 3 to 28 were approved by the Board of Directors on 29 November 2019 and were signed on its behalf by:



Ms G Simelane
Chairman



Dr J Louw
Chief Executive Officer

Certification

BY COMPANY SECRETARY

I certify that in accordance with the provisions of section 88(2) of the South African Companies Act 71 of 2008 that to the best of my knowledge and beliefs all required returns notices in terms of the Companies Act 71 of 2008 have been lodged with the Companies and Intellectual Property Commission (CIPC). I certify that all such returns and notices appear to be correct and up to date.

pp 

Mr M Luthuli
Company Secretary
Johannesburg
29 November 2019





Directors'

REPORT

The directors have pleasure in presenting their report and the audited annual financial statements for the year ended 31 March 2019.

1. NATURE OF BUSINESS

The South African National Blood Service (SANBS) is a not-for-profit organisation incorporated in terms of the South African Companies Act 71 of 2008.

The mandate of SANBS is to provide blood transfusion and related services.

The members of SANBS are donors nominated from Independent Donor Structures into the National Council as set out in the Memorandum of Incorporation. The National Council appoints the donor directors and holds the Board accountable for managing and controlling SANBS operations in accordance with its mandate.

2. DIRECTORS

As at the end of the year and up to the date of the annual financial statements the Board of Directors comprises of eleven directors being seven non-executive donor directors, two independent non-executive directors and two executive directors as listed hereunder:

Independent

Non-Executive Donor

Mr R Brand

Ms F Burn *(Joined: 10/11/2018)*

Dr P Knox

Ms M Malebye *(Joined: 01/02/2018, retired by rotation 10/11/2018)*

Ms P Mthethwa *(Joined: 10/11/2018)*

Ms A Ramalho

Ms G Simelane

Mr R Theunissen

Executive

Dr J Louw

(Joined: 15/10/2018)

Dr J Thomson

Independent Non-Executives

Prof W Gumede

Prof V Moodley

All non-executive directors have confirmed that they have no conflict of interest.

3. COMPANY SECRETARY

Mr Mduduzi Luthuli is the company secretary for SANBS with effect from 15 May 2014. The addresses of the Company Secretary are as follows:

Business Address

1 Constantia Boulevard
Constantia Kloof
Roodepoort
1724

Postal Address

Private Bag X14
Weltevreden Park
1715

4. AUDITORS

The auditors of SANBS are Deloitte & Touche whose addresses are as follows:

Business Address

Building 1
Deloitte Place
The Woodlands
Woodmead
Sandton
2191

Postal Address

Private Bag X6
Gallo Manor
2052

5. BUSINESS RESULTS SUMMARY

The financial position of the Company at 31 March 2019 is set out in the statement of financial position.

The statement of profit and loss and other comprehensive income for the year reflects a surplus of R219 million (2018:R139 million). When a patient, either covered by a medical aid scheme or public hospital, receives a consignment of blood, and use only a portion, the remainder of the unused units are returned to the SANBS. In line with good accounting practice, a credit note is then issued. In October 2018, the directors became aware that these credit notes issued for public hospital patients do not always appear to have been sent to the provincial departments of health, rather the statement of account would be sent excluding the credit notes and therefore overstating the amount due. For patients whose medical aid used the Mediswitch system to process claims, these credit notes would be presented to the medical aid as invoices, therefore resulting in a possible payment of the credit note rather than a deduction from amount due. Any payments received were also allocated to other debtors accounts. The financials for the year ended 31 March 2019 have been adjusted to reflect the liability due to the medical aids (Note 16.2).

6. SALE OF PINETOWN PROPERTY

On 27 March 2019, the sale for the Pinetown property was concluded for proceeds of R90.7 million to the current tenant, National Bioproducts Institute (Pty) Ltd.

7. GOING CONCERN STATUS

Having reviewed SANBS' cash flow forecast for the year 2019/2020 and, in light of the current financial position, the directors are satisfied that the organisation has, or has access to, adequate resources to continue its operational existence for the foreseeable future.

8. POLICY DIRECTIVES

During the year under review, no new policy directives or operating license reviews were received by SANBS from any Regulator.





Independent AUDITOR'S REPORT

To the Members of South African National Blood Service

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS Opinion

We were engaged to audit the financial statements of South African National Blood Service set out on pages 2 to 28, which comprise the statement of financial position as at 31 March 2019, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the financial statements of South African National Blood Service.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As indicated in note 16.2 an irregularity was identified relating to credit notes issued to medical aids and public hospitals relating to prior and current periods, including inappropriate allocation of receipts from debtors. The company is still in the process of quantifying and agreeing with its customers on the amounts overpaid which are due to be refunded. We were unable to confirm or verify by alternative means the accounts receivable and the provision for settlement of the claims included in the statement of financial position at a total amount of R136 801 000 as at 31 March 2019. Furthermore, as described in note 11, the company did not adopt the new standard IFRS 9 Financial Instruments. As a result of these matters, we were unable to determine the quantum of the adjustments that are required in respect of accounts receivable and the provision for settlement of the claims, and the impact on the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Other Information

The annual financial statements include the Directors' Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The directors are responsible for this other information. The other information does not include the financial statements and our auditor's report thereon.

We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. However, due to the disclaimer of opinion in terms of the International Standard on Auditing (ISA) 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report, we are unable to report further on this other information.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: Mandisi Mantyi
Partner
29 November 2019





STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
REVENUE	3	2 839 400	2 640 292
Expenses	4	(2 846 266)	(2 649 138)
Other income		95 399	20 246
Profit on sale of assets	5	64 674	286
Other	5	30 725	19 960
Net interest received		123 642	124 151
Interest received	6	123 684	124 760
Interest expense	6	(42)	(609)
Surplus for the year	7	212 175	135 551
Surplus for the year		212 175	135 551
Items that will not be reclassified to profit and loss			
Actuarial gains		6 409	3 515
Comprehensive surplus for the year		218 584	139 066





STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	372 405	372 418
Current assets			
Inventories	10	121 802	111 519
Trade and other receivables	11	1 116 090	891 080
Asset held-for-sale	12	149	890
Cash and cash equivalents	18.3	1 634 543	1 576 894
Total current assets		2 872 584	2 580 383
Total assets		3 244 989	2 952 801
RESERVES & LIABILITIES			
Reserves		2 702 874	2 484 291
Non-current liabilities			
Interest bearing liabilities	13	199	539
Provision for post-retirement medical aid obligation	14	50 211	54 158
Total non-current liabilities		50 410	54 697
Current liabilities			
Interest-bearing liabilities	13	340	340
Current portion of provision for post-retirement medical aid obligation	14	3 063	2 852
Trade and other payables	15	219 548	180 080
Provisions	16.1	131 953	93 741
Medical Aid Reimbursement	16.2	136 801	136 801
Total current liabilities		491 705	413 814
Total reserves and liabilities		3 244 989	2 952 801





STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	RESERVES R'000
Balance at 31 March 2017	2 345 225
Surplus for the year	135 551
Other comprehensive income	3 515
Balance at 31 March 2018	2 484 291
Surplus for the year	212 175
Other comprehensive income	6 409
Balance at 31 March 2019	2 702 874

There was no change as a result of adopting IFRS15 and IFRS9 in respect the opening balances.





STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
Cash flow from operating activities			
Cash generated from operations	18.1	93 596	74 384
Changes in working capital	18.2	(157 612)	(166 791)
Cash utilised from operating activities		(64 016)	(92 407)
Interest received	6	123 684	124 760
Interest expense	6	(42)	(609)
Net cash generated from operating activities		59 626	31 744
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(93 514)	(68 132)
Proceeds from sale of property, plant, and equipment		91 877	2 256
Net cash utilised in investing activities		(1 637)	(65 876)
Cash flows from financing activities			
Decrease in interest-bearing liabilities		(340)	(340)
Net cash utilised in financing activities		(340)	(340)
Increase/(decrease) in cash for the year		57 649	(34 472)
Cash and cash equivalents at the beginning of the year		1 576 894	1 611 366
Cash and cash equivalents at the end of the year	18.3	1 634 543	1 576 894





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. ACCOUNTING POLICIES

Statement of compliance

The annual financial statements of the company are prepared in accordance with IFRS. The principal accounting policies adopted, which have been consistently applied in all material respects, are set out below.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted as detailed below.

1.1 Adoption of revised accounting standards

In the current year, the company has adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant and effective for the accounting period, except IFRS 9, Financial Instruments. Please refer to note 11.

At the date of approval of the financial statements, the following relevant Standards, Amendments and Interpretations were in issue but are not yet effective:

IFRS 16 Leases 1 January 2019. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has completed an initial assessment of the potential impact on its financial statements, but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, the composition of the Company's lease portfolio at that date, the company's latest assessment of whether it will exercise any lease renewal options.

1.2 Basis of preparation

The annual financial statements are prepared on the historical cost basis, except for certain financial instruments carried at fair-value.

These financial statements are presented in South African rand since that is the currency in which the majority of the company's transactions are denominated.

1.3 Property, plant and equipment

Land and buildings are stated at amortised cost. Buildings are depreciated over their useful lives to their residual values. Land is not depreciated.

Plant, equipment, furniture and fittings and vehicles are stated at cost less accumulated depreciation and impairments. Depreciation is charged so as to write off the depreciable amount of the assets over their estimated useful lives, using the straight-line method. Depreciation commences when the assets are ready for their intended use.

The useful lives are:

Buildings	50 years
Plant, equipment and fittings	4 – 10 years
Motor vehicles	4 years
Computer equipment	4 years
Furniture	4 – 6 years

Rates are considered appropriate to reduce the carrying amounts of the assets to their estimated residual values over their expected useful lives. The residual values and useful lives are assessed on an annual basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in the operating profit.

1.4 Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair-value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair-value through profit or loss) are added to or deducted from the fair-value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair-value through profit or loss are recognised immediately in profit or loss.

1.5 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair-value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.





IFRS 9 Financial Instruments – Classification and Measurement. In general, the company anticipates that the application of the expected credit loss model of IFRS 9 may result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance for those items.

1.5.1 Effective-interest method

The effective-interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective-interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective-interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective-interest bases for debt instruments other than those financial assets classified as FVTPL.

1.5.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it on the near term; or
- On initial recognition it is a part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair-value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms a part of a contract containing one or more embedded derivatives, and IAS39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair-value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses' line items in the statement of profit and loss and other comprehensive income. Fair-value is determined in the manner described in note 21.

1.5.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective-interest method, less any impairment. Interest income is recognised by applying the effective-interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1.5.4 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair-value of the security below its costs is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant in financial difficulty of the issue of counterparty; or
- Breach of contract, such as a default or delinquency in interest of principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective-interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair-value subsequent to an impairment loss is recognised in other comprehensive income and accumulated

under the heading of investments revaluation reserve. In respect of the AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair-value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.5.5 De-recognition of financial assets

The company derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and the receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair-values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in profit or loss. A cumulative gains or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair-values of those parts.





1.6 Financial Liabilities and Equity Instruments

1.6.1 Classification as debt

Debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an instrument.

1.6.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

1.6.2.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair-value basis in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair-value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses' line item in the statement of profit and loss and other comprehensive income. Fair-value is determined in the manner described in note 21.

1.6.2.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective-interest method.

The effective-interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective-interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective-interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.7 Grants

Local and foreign Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs which the grants are intended to compensate.

Specifically, Government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to the profit or loss on a systematic and rational basis over the useful lives of the related assets.

1.8 Inventories

Inventories are valued at the lower cost and the net realisable value, using the standard costing method. Cost is determined as follows:

- Blood packs, accessories, packaging materials, filtration stocks, chemicals and the reagents at a standard cost that approximates latest invoice price.
- Fractionated plasma in process products and finished products at a standard cost.
- Consumable stores at a standard cost that approximates latest invoice price.
- Plasma and purchased finished goods at a standard cost that approximates latest invoice price.
- Blood stocks on hand at the year-end are not included in inventories
- Test kits using the weighted average method.
- Obsolete or slow moving inventories are identified and suitable reductions in value are made where necessary.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

1.9 Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if the carrying amount will be recovered through sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and management is committed to the sale and the sale is expected to be completed within one year from date of classification.

Immediately prior to being classified as held-for-sale the carrying amount of the asset is measured in accordance with the applicable standards. After classification as held-for-sale the asset is measured at the lower of the carrying amount and fair-value less costs to sell.

1.10 Revenue recognition

The company recognises revenue with customers as it satisfies a performance obligation by supplying blood products to the customer. The company recognizes revenue in accordance with the core principles by applying the following steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

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 value added tax

1.11 Interest

Income is recognised as the interest accrues using effective-interest rate method. Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

1.12 Retirement benefits

The company provides provident and post-retirement medical aid benefits only for certain employees.

The company contributes to defined contribution provident fund which is governed by the Pension Funds Act 1956. The company's contribution to the fund in respect of service during a particular period is recognised as an expense in that period.

Provision is made for the present value of future post-retirement medical benefits due to current and former employees on the accrual bases determined actuarially every three years. The projected unit credit method of valuation is used to calculate the post-retirement benefits.

1.13 Impairment

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

1.14 Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

1.15 Provisions

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

1.16 Leases

Assets held under finance leases are capitalised at their fair-value at the date of acquisition. The corresponding liability, net of deferred finance charges, is included in the statement of financial position as a long-term liability

Finance costs, which represent the difference between the total leasing commitments and the fair-value of the assets acquired, are charged to the statement of profit and loss and other comprehensive income over the terms of the lease so as to produce a consistent periodic charge on the remaining balance of the obligation.





Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss and other comprehensive income on a straight-line basis over the period of the lease.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Critical accounting judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, that affect the amounts recognised in the financial statements and related disclosure:

Impairment of assets

In making the judgement, management has assessed at each reporting date whether there is an indication that items of property, plant and equipment and other assets may be impaired. If any such indication exists the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair-value less costs to sell and value in use.

Provision for doubtful debts

Judgement is required to determine the recoverability of trade and other receivables. Various factors are considered when deciding on whether to impair receivables, including general economic terms, payment history and any other financial viability of the customer.

The company recognises an allowance for expected credit losses for trade receivables. Expected credit losses is the difference between the contractual cash flows due to the organisation and all the cash flows the organisation expects to recover from the assets. For trade receivables the company applies a simplified approach.

Medical aid reimbursement provision

The company engaged the services of an external party to estimate the amount owing to medical aids as a result of the irregularity identified per note 16.2. The service provider estimated the amount of the provision based on all cleared credit notes to medical aids. The amount was then doubled as the medical aids would have settled both the invoice and the credit note.

2.2 Key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made the following key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date:

Plant, equipment and vehicles residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight-line basis. Management periodically reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered.

Provision for post-retirement medical obligation

A liability exists in respect of present value of future post-retirement medical aid benefits due to qualifying current and former employees on the accrual basis determined actuarially every year. Refer to assumptions set out in note 14.

Inventory

Management periodically reviews inventories to identify any obsolete or slow moving inventory. Judgement and estimate is required to do these reviews. Any change in the estimate could result in the revision of the valuation of inventory.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

	2019 R'000	2018 R'000
3. REVENUE		
Revenue consists of the invoiced value of goods and services to customers excluding value added taxes.		
Service fees	2 837 271	2 638 265
Product sales	2 129	2 027
Total revenue	2 839 400	2 640 292
<p>The application of IFRS 15 has not had an impact on the financial position and/or financial performance of the company as the company is not involved in material multiple-element arrangements with customers. Therefore, no transition adjustments have been processed to retained earnings.</p> <p>Revenue from the sale of goods and services is recognised when control of the goods has transferred, being at the point the patients purchase the goods and the blood products are supplied to the patients. The invoice, as a contract, includes the consideration to which SANBS is entitled to, which is per the published price for each item, and the typical 30-day payment terms.</p>		
4. EXPENSES		
Advertising and promotions	34 156	40 587
Communication costs	37 050	30 770
Consulting fees	51 556	43 318
Consumables	744 993	713 722
Depreciation	67 064	60 010
Employee benefits	1 187 202	1 033 437
Freight	180 497	158 008
Operating lease – premises	45 620	42 467
Motor vehicle costs	19 894	16 802
Product testing	68 220	65 773
Services	72 551	62 808
Travel and accommodation	50 584	50 585
Provision for doubtful debts	158 765	134 498
Bad debts write off	–	81 932
Other expenses (includes bad debts write off, computer costs, foreign exchange variance; Insurance and repairs and maintenance)	128 114	114 421
	2 846 266	2 649 138
5. OTHER INCOME		
Administration fee	5 921	4 847
Miscellaneous income	14 057	7 050
Discount received	2 240	40
Profit on sale of property	64 674	286
Rent received	8 507	8 023
	95 399	20 246
<p>On 27 March 2019, the sale for the Pinetown property was concluded for proceeds of R90.7 million to the current tenant, National Bioproducts Institute (Pty) Ltd.</p>		
6. NET INTEREST RECEIVED		
Interest received – Bank	123 684	124 760
Interest charged by suppliers	(42)	(609)
	123 642	124 151





7. SURPLUS FOR THE YEAR

The surplus for the year is stated after taking into account the following items:

Auditor's remuneration

Audit fees

Fees for other services

Depreciation

Buildings

Plant and equipment

Motor vehicles

Computer equipment

Furniture and fittings

Directors' emoluments (refer to Note 24)

Executive directors and prescribed officers

Non-Executive directors

Net gain on foreign currency transactions

Employee benefits

Salaries and wages

Pension

Bonus

Leave

Medical Aid

Other

Net profit on disposal of property, plant and equipment

Operating lease expenses

Land and buildings

Plant and equipment

	2019 R'000	2018 R'000
	3 396	4 031
	3 328	3 142
	68	889
	67 064	60 010
	5 734	5 962
	30 483	26 482
	1 951	2 342
	24 815	21 632
	4 080	3 592
	22 486	17 814
	18 558	12 261
	3 928	5 553
	(427)	(549)
	1 180 793	1 032 740
	763 631	675 359
	104 518	97 196
	111 423	77 197
	19 169	15 233
	57 476	58 365
	124 576	109 390
	(64 674)	(286)
	53 614	52 827
	45 620	42 467
	7 994	10 360

8. TAXATION

No provision for taxation is made as the company is specifically exempt from taxation in terms of Section 10(i) (cN) of the South African Income Tax Act.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

9. PROPERTY, PLANT AND EQUIPMENT 2019

Cost	Beginning of year R'000	Additions R'000	Disposals R'000	End of year R'000
Land and buildings	247 330	23 172	(36 479)	234 024
Plant and equipment	324 710	41 508	(1 323)	364 893
Motor vehicles	79 417	7 763	(840)	86 340
Computer equipment	170 937	15 605	(64)	186 478
Furniture and fittings	29 046	5 466	(167)	34 345
	851 440	93 514	(38 873)	906 080

Accumulated depreciation	Beginning of year R'000	Charge for the year R'000	Disposals R'000	End of year R'000
Land and buildings	63 388	5 734	(10 433)	58 689
Plant and equipment	208 564	30 483	(1 160)	237 887
Motor vehicles	55 454	1 951	(610)	56 794
Computer equipment	127 500	24 815	(45)	152 270
Furniture and fittings	24 115	4 080	(161)	28 034
	479 022	67 063	(12 410)	533 675

Net carrying value	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Land and buildings	234 024	58 689	175 333
Plant and equipment	364 893	237 887	127 006
Motor vehicles	86 340	56 794	29 546
Computer equipment	186 478	152 270	34 209
Furniture and fittings	34 345	28 034	6 311
	906 080	533 675	372 405

No assets are encumbered other than the Spectra Optia machine used in therapeutic procedures. Refer note 13.





9. PROPERTY, PLANT AND EQUIPMENT (continued)
2018

Cost	Beginning of year R'000	Additions R'000	Disposals R'000	Held for sale R'000	End of year R'000
Land and buildings	230 303	17 219	(192)	–	247 330
Plant and equipment	293 687	33 354	(2 331)	–	324 710
Motor vehicles	79 497	0	(80)	–	79 417
Computer equipment	158 208	13 354	(626)	–	170 937
Furniture and fittings	25 691	4 205	(850)	–	29 046
	787 386	68 132	(4 079)	–	851 440

Accumulated depreciation	Beginning of year R'000	Charge for the year R'000	Disposals R'000	Held for sale R'000	End of year R'000
Land and buildings	57 490	5 962	(64)	–	63 388
Plant and equipment	182 699	26 482	(617)	–	208 564
Motor vehicles	53 192	2 342	(80)	–	55 454
Computer equipment	106 456	21 632	(588)	–	127 500
Furniture and fittings	21 282	3 592	(758)	–	24 115
	421 119	60 010	(2 107)	–	479 022

Net carrying value	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Land and buildings	247 330	63 389	183 941
Plant and equipment	324 710	208 564	116 146
Motor vehicles	79 417	55 454	23 963
Computer equipment	170 937	127 500	43 437
Furniture and fittings	29 046	24 115	4 931
	851 440	479 022	372 418

A register of properties is available for inspection at SANBS, 1 Constantia Boulevard, Constantia Kloof.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

	2019 R'000	2018 R'000
10. INVENTORIES		
Consumable stores	122 661	112 392
Provision for obsolescence	(859)	(873)
	121 802	111 519
Total inventories charged to cost of sales during the year amounted to cost of sales amounted to R748 573 (2018: R733 555).		

	2019 R'000	2018 R'000
11. TRADE AND OTHER RECEIVABLES		
Trade receivables	1 097 120	874 692
Sundry receivables	18 970	16 388
	1 116 090	891 080
Trade receivables:		
Gross receivables	1 642 026	1 260 833
Provision for doubtful debts	(544 906)	(386 141)
	1 097 120	874 692
Not past due	451 667	391 637
Age of receivables that are past due but not impaired:		
30 Days	109 921	111 779
60 Days	99 826	93 695
90 Days	87 677	34 511
Total	297 424	239 985
Age of impaired receivables:		
120 Days	48 260	56 477
150+ Days	844 676	572 734
Total	892 936	629 211
	1 642 026	1 260 833

The company considers its provision against these debtors adequate.

The company grants credit terms of 30 days to its customers. Although this is also true for government related business, the company only views government trade receivable as potentially problematic if it ages beyond 120 days. The Public Finance Management Act that governs all Public Institutions does however provide that all Government Institutions should pay their creditors within 30 days. This is not currently practised by all relevant Government Institutions.

	2019 R'000	2018 R'000
Movement in provision for doubtful debts		
Balance at beginning of the year	386 141	240 406
Charged to the Statement of profit and loss and other comprehensive income – impairment	158 765	216 430
Charged to the statement of profit and loss and other comprehensive income – Revenue discounting	–	11 237
Bad debts written off	–	(81 932)
Balance at the end of the year	544 906	386 141





11. TRADE AND OTHER RECEIVABLES (continued)

Due to the irregularity identified per note 16.2, the company was not able to reliably estimate reasonable and supportable assumptions that are available without undue cost and effort on past information, as a result IFRS9, Financial Instruments was not implemented.

Private sector patients/customers

Blood transfusion and related services are rendered following a requisition by a qualified medical physician on behalf of a patient admitted in a private hospital. No credit check is completed at the time of service. An assumption is made that the patient is admitted in a private hospital and will take responsibility for the full cost of services rendered.

Government sector patients/customers

The company trades significantly with government by way of the Provincial and National Departments of Health. There are detailed service level agreements in place with most of these departments with an active drive to have all these relationships governed by these agreements in the foreseeable future.

	2019 R'000	% change	2018 R'000	% change
Private sector	552 811	34	396 224	31
Medical aids	390 433		277 023	
Private patients	109 718		72 097	
Others	1 516		192	
Government sector	1 089 216	66	864 609	69
Government hospitals	1 008 870		812 863	
Workmen's Compensation Fund	22 437		13 276	
Road Accident Fund	50 502		32 343	
Other	7 406		6 127	
	1 642 027		1 260 833	

12. ASSET HELD FOR SALE

	2019 R'000	2018 R'000
Cost	228	1 169
Accumulated depreciation	(79)	(279)
	149	890

The Executive team approved the sale of the property situated at 63 Broom street, Klerksdorp. The sale of this property was approved by the Board on 30 June 2016. No impairment loss was recognised on the reclassification of the properties held for sale. The Executive of the organisation expect that the fair value (estimated based on recent market prices of similar properties in similar locations) less the cost to sell is higher than the carrying amount. Prior year includes a property sold during the year.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

	2019 R'000	2018 R'000
13. INTEREST-BEARING LIABILITIES		
Finance lease liabilities	539	879
Less: portion payable within one year	(340)	(340)
Long-term portion	199	539

The obligation was secured over Spectra Optia which is used in therapeutic apheresis procedures. The obligation bears interest at prime lending rate which is currently 10.25% and repayable in monthly instalments of R28 360 (2018: R28 360).

14. PROVISION FOR POST-RETIREMENT MEDICAL AID OBLIGATION

The post-retirement medical aid arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. There are no plan assets in respect of post-retirement medical plans. The post-retirement medical aid liability is valued at intervals of not more than three years using the projected unit credit method. The actual present value of the promised benefit at the most recent valuation performed in 2019 indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

	2019 R'000	2018 R'000
Provision for post-retirement medical obligations – long term	50 211	54 158
Short term portion	3 063	2 852
Balance at the end of the year	53 274	57 010
Movement in the present value of the defined benefit obligation in the current year is as follows:		
Balance at the beginning of the year	57 010	57 265
Current service cost	705	672
Interest cost	4 934	5 516
Expected employer benefit payments	(2 966)	(2 928)
Actuarial gain	(6 409)	(3 515)
Balance at the end of the year	53 274	57 010
The principal actuarial assumptions applied were:		
Average retirement age	65 years	65 years
Continuation of membership at retirement	100.00%	100.00%
Health care cost inflation	8.70%	8.00%
Discount rate	10.50%	8.90%
Discount rate	10.50%	8.90%





	2019 R'000	2018 R'000
15. TRADE AND OTHER PAYABLES		
Trade payables	120 774	100 270
Accruals	49 147	54 092
Other payables	49 627	25 718
	219 548	180 080

The average credit period from suppliers is 30 days.

16.1 PROVISIONS		
Leave pay	59 013	52 890
Incentive bonus	72 940	40 851
	131 953	93 741

Leave pay

Opening Balance	52 890	49 051
Additional provisions recognised	19 375	14 933
Reduction due to leave taken	(13 252)	(11 094)
	59 014	52 890

Leave pay provision represents the liability for leave days due to employees at 31 March 2019.

	2019 R'000	2018 R'000
Incentive bonus		
Opening balance	40 851	64 675
Additional provision recognised	109 701	28 907
Reduction due to payments	(77 612)	(52 731)
	72 940	40 851

Incentive bonus is payable to employees on satisfaction of certain stipulated in the incentive bonus policy.

	2019 R'000	2018 R'000
16.2 Medical aid reimbursement		
Opening Balance	136 801	119 212
Additional provision recognised	–	17 589
	136 801	136 801

During October 2018 it was discovered that patients belonging to some medical aids, as well as public hospital patients, who were not transfused with all the blood consigned by SANBS had been incorrectly charged for all blood consigned. For several years credit notes issued in respect of blood returned to SANBS were not sent to public hospitals and, in the case of some medical aids, were incorrectly presented as invoices and paid by the medical aids. When payments were received, they would be inappropriately allocated to other debtor accounts.

This resulted in an adjustment having to be made, increasing payables and reducing the surplus for the year and reserves (R0 in the current year and R17.5m in prior year) to reflect the amounts owed by SANBS.

The liability to public hospitals has not yet been fully quantified and this needs to be juxtaposed with the significant debt owing to SANBS by public hospitals. The directors believe the provision of R136 million is sufficient to cover the liability to public hospitals.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

17. CONTINGENT LIABILITIES

The organisation is from time to time involved in various claims and legal proceedings arising in the ordinary course of business. The Board and Executive does not believe that adverse decisions in any pending proceedings or claims against the company will have a material adverse effect on the financial condition or future of the organisation.

	2019 R'000	2018 R'000
18.1 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Surplus for the year	212 175	135 511
Adjustments:		
Depreciation	67 064	60 010
Net profits on disposal of property, plant and equipment	(64 674)	(286)
Interest received	(123 684)	(124 760)
Interest paid	4 976	6 125
Post-retirement medical aid non-cash items	(2 261)	(2 256)
Cash generated from operations	93 596	74 384
18.2 WORKING CAPITAL CHANGES		
(Increase)/decrease in inventories	(10 283)	1 664
Increase in trade and other receivables	(225 010)	(154 067)
Increase in trade and other payables	39 468	(11 991)
(Increase)/decrease in provisions	38 212	(2 397)
Changes in working capital	(157 612)	(166 791)
18.3 CASH AND CASH EQUIVALENTS		
Bank balance	285 443	323 869
Money on call	1 349 100	1 253 025
Cash and cash equivalents	1 634 543	1 576 894

Cash and cash equivalents includes cash on hand, and deposits held at call with banks and is available for use by the company.





	2019 R'000	2018 R'000
19. OPERATING LEASE COMMITMENTS		
Not later than one year	29 602	30 093
Later than one year, but not later than five years	78 971	28 171
Land and buildings	108 573	58 264
19.1 Operating lease revenue		
Lease revenue	8 507	8 023
19.2 Operating lease revenue		
Receivable within one year	8 023	8 023
Receivable later one year but not later than five years	-	13 234
	8 023	21 257

Note: Lease commitments relate to non-cancellable leases on buildings.

20. PENSION AND PROVIDENT FUND INFORMATION

The company provides retirement benefits for all eligible permanent employees through a defined contribution provident fund, which is governed by the Pension Funds Act in South Africa, 1956. At year-end there were 2 416 (2018: 2 265) employees on this fund. The company's contribution to this fund expensed during the current financial year amounted to R104 518 480 (2018: R97 195 714).

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Interest rate risk

Fluctuations in interest rates impact on the returns derived from bank deposits and on interest payable on leases.

Interest rate risk management

The company manages its interest rate risk by negotiating favourable rates with its bankers. When deemed necessary interest rate quotes are obtained from other financial institutions to ensure that rates paid are market related. Per the Investment Policy, funds may only be invested in the top 5 banks in South Africa.

Interest rate sensitivity

If interest rate had been 1% higher/lower and all other variables held constant, the surplus for the year would increase/decrease by R15.1 million (2018 increase/decrease by R15.4 million).

Liquidity risk

The risk is managed by cash budgets and centralised cash management control. The company has adequate cash resources.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Foreign currency risk

The company purchases certain inputs directly from foreign suppliers, consequently these input costs are influenced by fluctuations in the value of the rand. It is not the policy of the company to routinely take out forward exchange contracts.

The carrying amounts of the company's foreign currency denominated monetary liabilities at the reporting date is as follows:

	2019 R'000	2018 R'000
Exchange rates:		
USD	14.43	11.83
Euro	16.20	11.57
Current liabilities in:		
Trade payables in USD (2019 and 2018 amount)	29 317	19 640
Trade payables in Euro (2019 and 2018 amount)	2 303	31

Foreign currency sensitivity

The company's exchange rate exposure relates mainly to the USD. The following table details the company's sensitivity to a 10% depreciation in the rand against the USD. 10% is the sensitivity rate that represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

	2019 R'000	2018 R'000
10% foreign currency sensitivity – USD	2 932	1 964

Credit risk management

The company determines expected credit losses on accounts receivable based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions.

Fair value

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



21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Fair value hierarchy

Level 1: Fair-value derived from quoted prices in active markets.

Level 2: Fair-value derived through the use of valuation techniques based on observable inputs

Level 3: Fair-value derived through the use of valuation techniques using inputs not based on observable market data.

The entity has no Level 1 or 2 financial instruments.

2019

	Level 3 R'000
Financial assets	
Trade and other receivables	1 116 090
Cash and cash equivalents	1 634 543
Total	2 750 633
Financial liabilities	
Interest bearing liabilities	199
Trade and other payables	219 548
Provisions	268 754
Total	488 501

Classification of financial instruments

	Loans and receivables R'000	Amortised costs R'000	Total R'000
Assets			
Trade and other receivables	1 116 090	–	1 116 090
Cash and cash equivalents	1 634 543	–	1 634 543
Total	2 750 633	–	2 750 633
Liabilities			
Interest-bearing liabilities	–	199	199
Trade and other payables	219 548	–	219 548
Provisions	–	268 754	268 754
Total	219 548	268 953	488 501



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Fair value hierarchy (continued)

2018

	Level 3 R'000
Financial assets	
Trade and other receivables	891 080
Cash and cash equivalents	1 576 894
Total	2 467 974
Financial liabilities	
Interest bearing liabilities	539
Trade and other payables	180 080
Provisions	230 542
Total	411 161

Classification of financial instruments

	Loans and receivables R'000	Amortised costs R'000	Total R'000
Assets			
Trade and other receivables	891 080	–	891 080
Cash and cash equivalents	1 576 894	–	1 576 894
Total	2 467 974	–	2 467 974
Liabilities			
Interest-bearing liabilities	–	539	539
Trade and other payables	180 080	–	180 080
Provisions	–	230 542	230 542
Total	180 080	231 081	411 161





	2019 R'000	2018 R'000
22. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved by directors – not contracted for		
Plant and equipment	8 972	72 204
Motor vehicles	32 015	32 037
Furniture and fittings	113 684	64 600
IT Projects	–	–
Computer hardware and software	188 715	55 974
Building and leasehold improvements	341 547	9 263
	684 932	234 078

23. GUARANTEES

Financial Institutions have issued guarantees on behalf of the company to the value of R5 090 044 (2018: R4 779 152). Guarantees are issued for our bankers to our lessors for deposits due for rental premises used by the company.

24. DIRECTORS AND PRESCRIBED OFFICERS EMOLUMENTS 2019

	Basic salary R'000	Bonus R'000	Other benefits R'000	Total R'000
Executive directors				
J Louw	3 851	367	125	4 342
J Thomson	2 482	208	19	2 709
Prescribed officers				
R Reddy	2 913	292	160	3 365
A Mothokoa	1 809	200	94	2 103
T Maesela	1 960	207	96	2 264
S Mlambo	1 800	167	56	2 023
F Monkwe	1 702	173	86	1 960
	16 517	1 405	636	18 558

	Remune- ration R'000	Other benefits R'000	Total R'000
Non-executive directors			
F Burn	162	–	162
R Brand	478	–	478
W Gumede	553	–	553
P Knox	430	–	430
V Moodley	381	–	381
M Malebye	164	–	164
A Ramalho	476	–	476
G Simelane	597	–	597
R Theunissen	556	–	556
	3 928	–	3 928





NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

24. DIRECTORS AND PRESCRIBED OFFICERS EMOLUMENTS (continued) 2018

	Basic salary R'000	Bonus R'000	Other benefits R'000	Total R'000
Executive directors				
J Louw (Joined: 15 January 2018)	711		178	889
J Thomson	2 278	95	983	3 357
Prescribed officers				
R Reddy	2 723	149	559	3 431
A Mothokoa	1 694	96	674	2 547
T Maesela (Joined: 14 August 2017)	1 162	66	307	1 535
S Mlambo (Joined: 1 February 2018)	270	93	38	401
F Monkwe (Joined: 1 March 2018)	132	12	40	184
	8 970	512	2 779	12 261

	Remune- ration R'000	Other benefits R'000	Total R'000
Non-executive directors			
A Christians	254	–	254
R Brand	675	–	675
D Dondur	480	–	480
W Gumede	729	–	729
P Knox	593	–	593
V Malebye	45	–	45
V Moodley	496	–	496
A Ramalho	665	–	665
G Simelane	835	–	835
R Theunissen	781	–	781
	5 553	–	5 553

25. RELATED PARTIES

There are no related parties.

26. SUBSEQUENT EVENTS

There were no subsequent events.





Trusted to
save
lives



