

**The South African Medical Association Benevolent Fund
Annual financial statements
for the year ended 31 December 2015**

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

General Information

Nature of business and principal activities

Non profit organisation that operates principally in South Africa. It provides benefits to the members of the Medical Profession and their families.

Directors

Dr G Reubenson
Dr LJ Mphatswe
Dr M Pooe
Dr MJ Grootboom (Chairperson)
Dr MM Stoltz
Dr MR Abbas
Dr MW Sonderup (Vice-Chairperson)
Dr PC Ramathuba
Dr S Maweya
Dr S Sham
Dr SNE Mazaza
Dr Y Baldeo
Dr ZO Brey
Prof A Dhai

Registered office

Block F Castle Walk Corporate Park
Nossob Street
Erasmuskloof Ext 3
Pretoria
0181

Bankers

Standard Bank

Secretary

Advocate Y Lemmer

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

The annual financial statements were internally compiled by:
CH Martin CA (SA)

The South African Medical Association Benevolent Fund

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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The South African Medical Association Benevolent Fund

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Management Committees' Responsibilities and Approval

The management committee are required in terms of the Companies Act 71 of 2008 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. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the fund 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The management committee 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The management committee have reviewed the fund's cash flow forecast for the year to 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the board on 24 June 2016 and were signed on its behalf by:



Director

Director

Independent Auditor's Report

To the Shareholder of The South African Medical Association Benevolent Fund Report on the Financial Statements

We have audited the annual financial statements of The South African Medical Association Benevolent Fund, as set out on pages 6 to 15, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The fund's management committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act 71 of 2008, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual 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 annual financial statements present fairly, in all material respects, the financial position of The South African Medical Association Benevolent Fund as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other reports

As part of our audit of the annual financial statements for the year ended 31 December 2015, we have read the Management Committees' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Nexia SAB&T has been the auditor of The South African Medical Association Benevolent Fund for 2 years.

NEXIA - SAB&T

Nexia SAB&T
Registered Auditors

K Rama

Directors: B Adam (CEO), A Aboobaker, Z Abrams, C Chigora, A Darmalingam, T de Kock, J Engelbrecht, Y Hassen, N Hassim, S Ismail, B Jhetam, H Kajie, S Kleovoulou, M Kühr, S Makamure, P Mawire, T Mayet, K Rama, M Sindane, Y Soma, Z Sonpra, N Soopal, M F Sulaman, I Theron, H van der Merwe, M Wessels

Offices in: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg
SAB&T Chartered Accountants Incorporated is an independent member firm of Nexia International
Company Registration Number: 1997/018869/21 | IRBA Registration Number: 921297



24 June 2016

Centurion

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Management Committees' Report

The management committee submit their report for the year ended 31 December 2015.

1. Review of activities

Main business and operations

The company is engaged in a non profit organisation that operates principally in South Africa. It provides benefits to the members of the medical profession and their families.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The annual 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.

3. Events after the reporting period

The management committee are not aware of any matter or circumstance arising since the end of the financial year.

4. Trustees' interest in contracts

To our knowledge none of the trustees had any interest in contracts that were entered into during the year under review.

5. Management committee

The management committee of the fund during the year and to the date of this report are as follows:

Name
Dr G Reubenson
Dr LJ Mphatswe
Dr M Poole
Dr MJ Grootboom (Chairperson)
Dr MM Stoltz
Dr MR Abbas
Dr MW Sonderup (Vice-Chairperson)
Dr PC Ramathuba
Dr S Maweya
Dr S Sham
Dr SNE Mazaza
Dr Y Baldeo
Dr ZO Brey
Prof A Dhai

6. Secretary

The secretary of the fund is Advocate Y Lemmer.

7. Auditors

Nexia SAB&T continued in office in accordance with section 90 of the Companies Act 71 of 2008.

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position as at 31 December 2015

	Note(s)	2015 R	2014 R
Assets			
Non-Current Assets			
Financial assets	3	28,811,052	26,112,999
Current Assets			
Loans to group companies	2	909,739	822,924
Trade and other receivables	4	113,081	100,250
Cash and cash equivalents	5	1,263,183	2,433,661
		2,286,003	3,356,835
Total Assets		31,097,055	29,469,834
Equity and Liabilities			
Equity			
Reserves		16,756,647	16,038,967
Retained income		14,340,408	13,290,674
		31,097,055	29,329,641
Liabilities			
Current Liabilities			
Trade and other payables	6	-	140,193
Total Equity and Liabilities		31,097,055	29,469,834

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

	Note(s)	2015 R	2014 R
Revenue	7	1,967,467	1,672,702
Other income		-	1,419,004
Operating expenses		(1,818,785)	(1,649,074)
Operating profit	8	148,682	1,442,632
Investment revenue	9	901,052	786,226
Profit for the year		1,049,734	2,228,858
Other comprehensive income		-	-
Total comprehensive income for the year		1,049,734	2,228,858

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Equity

	Fair value adjustment assets- available-for- sale reserve R	Other NDR R	Total reserves R	Retained income R	Total equity R
Balance at 01 January 2014	15,959,180	294,245	16,253,425	11,061,816	27,315,241
Profit for the year	-	-	-	2,228,858	2,228,858
Other comprehensive income	-	294,745	294,745	-	294,745
Total comprehensive income for the year	-	294,745	294,745	2,228,858	2,523,603
Transfer between reserves	(214,458)	(294,245)	(508,703)	-	(508,703)
Donation	(500)	-	(500)	-	(500)
Total	(214,958)	(294,245)	(509,203)	-	(509,203)
Balance at 01 January 2015	15,744,222	294,745	16,038,967	13,290,674	29,329,641
Profit for the year	-	-	-	1,049,734	1,049,734
Other comprehensive income	-	294,745	294,745	-	294,745
Total comprehensive income for the year	-	294,745	294,745	1,049,734	1,344,479
Transfer between reserves	717,680	(294,745)	422,935	-	422,935
Total	717,680	(294,745)	422,935	-	422,935
Balance at 31 December 2015	16,461,902	294,745	16,756,647	14,340,408	31,097,055

Note(s)

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Cash receipts		2,465,914	2,177,391
Cash paid to suppliers and employees		(2,470,255)	(2,064,894)
Cash used in operations	11	(4,341)	112,497
Interest income		402,605	352,952
Dividends received		498,447	433,274
Net cash from operating activities		896,711	898,723
Cash flows from investing activities			
Net movement in loans with group companies		(86,815)	(692,416)
Increase / decrease of financial assets		(2,698,053)	984,271
Movement in fair value of investments		717,680	214,958
Net cash from investing activities		(2,067,188)	506,813
Cash flows from financing activities			
Donations received		-	(500)
Total cash movement for the year		(1,170,477)	1,405,036
Cash at the beginning of the year		2,433,661	1,028,625
Total cash at end of the year	5	1,263,184	2,433,661

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The annual 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 s.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables, Held to maturity investments and Loans and receivables

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

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

1.2 Financial instruments

Classification

The fund classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the fund becomes a party to the contractual provisions of the instruments.

The fund 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.

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1.2 Financial instruments (continued)

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

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Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1.4 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.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

	2015 R	2014 R
2. Loans receivable		
South African Medical Association	909,739	822,924
The loan is unsecured, interest-free and has no fixed terms of repayment.		
3. Financial assets		
Available-for-sale		
Coronation Fund Managers	6,327,397	6,031,383
Allan Gray Unit Trust	11,096,427	9,836,999
Sasfin Securities	11,387,228	10,244,617
	<u>28,811,052</u>	<u>26,112,999</u>
Non-current assets		
Available-for-sale	<u>28,811,052</u>	<u>26,112,999</u>
4. Trade and other receivables		
Other receivables	<u>113,081</u>	<u>100,250</u>
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,245,542	2,431,550
Bank balances	17,641	2,111
	<u>1,263,183</u>	<u>2,433,661</u>
Credit quality of cash at bank and short term deposits, excluding cash on hand		
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates: None of the financial institutions with which bank balances are held defaulted in prior periods and as a result a credit rating of high are ascribed to the financial institutions. The fund's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of the balances as detailed above. All bank balances are held with one banking institution increasing the related concentration risk. However, to mitigate the risk of loss, the fund only transacts with highly reputable financial institutions.		
6. Trade and other payables		
Trade payables	<u>-</u>	<u>140,193</u>
Fair value of trade and other payables		
The trade and other payables are interest free and are also unsecured. The fund has not defaulted on any of the capital or interest instalments of the trade and other payables during the year. Fair value of trade and other payables approximate its carrying value.		
7. Revenue		
Donations	<u>1,967,467</u>	<u>1,672,702</u>

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

	2015 R	2014 R
8. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Profit on sale of financial assets	-	1,419,004
9. Investment revenue		
Dividend revenue		
Listed financial assets - Local	498,447	433,274
Interest revenue		
Listed financial assets	402,605	352,952
	901,052	786,226
10. Auditors' remuneration		
Fees	67,926	-
11. Cash used in operations		
Profit before taxation	1,049,734	2,228,858
Adjustments for:		
Profit on sale of assets	-	(1,419,004)
Dividends received	(498,447)	(433,274)
Interest received	(402,605)	(352,952)
Changes in working capital:		
Trade and other receivables	(12,830)	(51,326)
Trade and other payables	(140,193)	140,195
	(4,341)	112,497
12. Related parties		
Relationships		
Company under control of directors	The South African Medical Association	
Related party balances		
Loan accounts - Owing by related parties		
The South African Medical Association	909,739	822,924
Related party transactions		
Trade payables		
The South African Medical Association	-	140,193

The South African Medical Association Benevolent Fund

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

	2015 R	2014 R
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13. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, fund treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The fund's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Cash and cash equivalents	17,641	2,111
Trade and other receivables	161,410	100,252
Loans to group companies	909,739	822,924