The South African Medical Association (Head Office)
(Registration number 1927/000136/08)
Annual financial statements
for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Directors	Dr. MJ Grootboom (Chairperson) Prof. MW Sonderup (Vice - Chairperson) Dr. MR Abbas Dr. MM Stoltz Prof. A Dhai Dr. Y Baldeo Dr. SNE Mazaza
Registered office	Block F Castle Walk Corporate Park Nossob Street Erasmuskloof Ext 3 Pretoria 0040
Postal address	P O Box 74789 Lynnwood Ridge Pretoria 0040
Bankers	Standard Bank of South Africa Limited Nedbank Limited
Auditors	Nexia SAB&T Registered Auditors
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 (S.A.)

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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 following supplementary information does not form part of the annual financial statements and is unaudited:

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Directors' Responsibilities and Approval

The directors 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 company 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 judgements and estimates.

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

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

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 - 5.

The annual financial statements set out on pages , which have been prepared on the going concern basis, were approved by the board of directors on 26 October 2018 and were signed on its behalf by:

Approval of financial statements

Director

Dr MR Abbas

Director

Dr MJ Grootboom

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of The South African Medical Association (Head Office) for the year ended 31 December 2017.

1. Nature of business

The South African Medical Association (Head Office) is an association not for gain representing medical professionals. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directorate

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

Directors	Changes
Dr. MJ Grootboom (Chairperson)	
Prof. MW Sonderup (Vice - Chairperson)	
Dr. MR Abbas	
Dr. MM Stoltz	
Prof. A Dhai	
Dr. S Sham	Resigned 13 December 2017
Dr. Y Baldeo	
Dr. SNE Mazaza	
Dr. LJ Mphatswe	Resigned 13 December 2017

4. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

Directors' Report

6. Interests in subsidiaries

The company has the following subsidiaries
:
A 90% interest in the Foundation for Professional Development Proprietary Limited, which is a private higher educational institution which fully engages in all three areas of higher educational scholarships namely: teaching and learning, community engagement and research.

A 100% interest in Health and Medical Publishing Group Proprietary Limited, which publishes medical journals.

A 100% interest in Ujambi Medical Enterprises Proprietary Limited, which engages in transactions impacting on the medical profession and healthcare environment.

A 100% interest in SAMA Cape Property Holdings Proprietary Limited, which is involved in real estate and investment activities.

Details of material interests in subsidiary companies are presented in the annual financial statements in Note 4.

There were no significant acquisitions or divestitures during the year ended 31 December 2017.

7. Events after the reporting period

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

8. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Directors' Report

9. Secretary

The company secretary is Advocate Y Lemmer.

Business address:	Block F Castle Walk Corporate Park Nossob Street Erasmuskloof Ext 3 Pretoria 0040

10. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act, 71 of 2008.

Statement of Financial Position as at 31 December 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	9 109 365	8 742 937
Intangible assets	3	364 236	595 915
Investments in subsidiaries	4	2 003 100	2 003 100
Loans to group companies	5	26 284 511	26 548 393
Other financial assets	6	60 395 351	60 614 426
		98 156 563	**98 504 771**
Current Assets			
Trade and other receivables	7	3 056 929	1 991 608
Cash and cash equivalents	8	23 562 089	20 377 089
		26 619 018	**22 368 697**
Total Assets		**124 775 581**	**120 873 468**
Equity and Liabilities			
Equity			
Reserves		25 725 341	25 551 407
Retained income		89 608 849	84 785 071
		115 334 190	**110 336 478**
Liabilities			
Non-Current Liabilities			
Loans from group companies	5	615 355	922 484
Current Liabilities			
Trade and other payables	9	8 826 036	9 614 506
Total Liabilities		**9 441 391**	**10 536 990**
Total Equity and Liabilities		**124 775 581**	**120 873 468**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2017 R	2016 R
Revenue	10	61 964 011	58 274 352
Other operating income		5 012 141	3 559 957
Other operating gains (losses)		7 141	(4 347)
Other operating expenses		(70 660 954)	(71 115 009)
Operating (loss) profit	11	**(3 677 661)**	**(9 285 047)**
Investment income	13	8 501 535	10 558 676
Finance costs	14	(96)	(51)
Profit for the year		**4 823 778**	**1 273 578**
Total comprehensive income for the year		**4 823 778**	**1 273 578**

Statement of Changes in Equity

	Scholarship fund	Special purpose fund	Fair value adjustment assets-available-for-sale reserve	Non Distributable reserve	Total reserves	Retained income	Total equity
	R	R	R	R	R	R	R
Balance at 01 January 2016	**(289 528)**	**1 233 354**	**34 765 790**	**1 125 379**	**36 834 995**	**71 784 048**	**108 619 043**
Profit for the year	-	-	-	-	-	1 273 578	1 273 578
Other comprehensive income	(339 880)	228 010	(11 171 718)	-	(11 283 588)	-	(11 283 588)
Total comprehensive income for the year	**(339 880)**	**228 010**	**(11 171 718)**	**-**	**(11 283 588)**	**1 273 578**	**(10 010 010)**
Transfer between reserves	-	-	-	-	-	11 727 445	11 727 445
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**11 727 445**	**11 727 445**
Balance at 01 January 2017	**(629 408)**	**1 461 364**	**23 594 072**	**1 125 379**	**25 551 407**	**84 785 071**	**110 336 478**
Profit for the year	-	-	-	-	-	4 823 778	4 823 778
Other comprehensive income	(484 330)	337 942	320 322	-	173 934	-	173 934
Total comprehensive income for the year	**(484 330)**	**337 942**	**320 322**	**-**	**173 934**	**4 823 778**	**4 997 712**
Balance at 31 December 2017	**(1 113 738)**	**1 799 306**	**23 914 394**	**1 125 379**	**25 725 341**	**89 608 849**	**115 334 190**

Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	16	(3 661 892)	(5 868 141)
Interest income		3 945 407	4 003 419
Dividend income		4 556 128	6 555 257
Finance costs		(96)	(51)
Net cash from operating activities		**4 839 547**	**4 690 484**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 798 776)	(2 325 617)
Net proceeds on sale of property, plant and equipment	2	9 099	(1)
Purchase of other intangible assets	3	(40 698)	(451 634)
Loans advanced to group companies		-	(21 676 405)
Proceeds from loans from group companies		(43 247)	-
Purchase of financial assets		(1 722 120)	-
Sale of financial assets		1 941 195	16 552 123
Net cash from investing activities		**(1 654 547)**	**(7 901 534)**
Total cash movement for the year		**3 185 000**	**(3 211 050)**
Cash at the beginning of the year		20 377 089	23 588 139
Total cash at end of the year	8	**23 562 089**	**20 377 089**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

These accounting policies are consistent with the previous period.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company 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 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.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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 tangible assets are inherently uncertain and could materially change over time.

Residual values and useful lives of property, plant and equipment

The residual values and useful lives of property, plant and equipment are based on management estimates.

Available-for-sale financial assets

The company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost;and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Taxation

The company is exempt from taxation in terms of Section 10(1)(d)(ii) of the Income Tax Act of 1962.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5.5 years
Office equipment	Straight line	10 years
IT equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

1.4 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement

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

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as available-for-sale

All purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value, whilst loans and receivables are carried at amortised cost using the effective yield method.

Unrealised gains and losses arising from changes in the fair value of the available-for-sale investments are included in the available-for-sale fair value reserves and not taken to the income statement. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains or losses on financial assets.

Loans to (from) 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.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.6 Financial instruments (continued)

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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

1.6 Financial instruments (continued)

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.9 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Accounting Policies

1.13 Revenue

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.

Revenue from membership fees, management fees and administration fees are measured at fair value of the consideration received or receivable and represents the amounts receivable for the services provided in the normal course of business, net of trade discounts and value added tax.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

	2017 R	2016 R

2. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	8 065 412	(2 535 004)	5 530 408	8 065 412	(2 378 798)	5 686 614
Furniture and fixtures	2 251 012	(1 516 517)	734 495	1 903 041	(1 449 997)	453 044
Motor vehicles	163 847	(162 239)	1 608	163 847	(132 746)	31 101
Office equipment	962 808	(629 817)	332 991	967 445	(565 636)	401 809
IT equipment	5 595 828	(3 085 965)	2 509 863	4 386 507	(2 216 138)	2 170 369
Total	**17 038 907**	**(7 929 542)**	**9 109 365**	**15 486 252**	**(6 743 315)**	**8 742 937**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	5 686 614	-	-	(156 206)	5 530 408
Furniture and fixtures	453 044	351 929	-	(70 478)	734 495
Motor vehicles	31 101	-	-	(29 493)	1 608
Office equipment	401 809	7 386	(758)	(75 446)	332 991
IT equipment	2 170 369	1 439 461	(1 200)	(1 098 767)	2 509 863
	8 742 937	**1 798 776**	**(1 958)**	**(1 430 390)**	**9 109 365**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	5 842 820	-	-	(156 206)	5 686 614
Furniture and fixtures	304 917	186 180	-	(38 053)	453 044
Motor vehicles	60 593	-	-	(29 492)	31 101
Office equipment	455 537	-	-	(53 728)	401 809
IT equipment	571 210	2 139 437	(4 346)	(535 932)	2 170 369
	7 235 077	**2 325 617**	**(4 346)**	**(813 411)**	**8 742 937**

Details of properties

Land and building comprises:
Portion 6 Erf 688 Erasmuskloof, Pretoria, Extension 3, Registration Division JR, Gauteng, in Extent 1778 Square metres. Current municipal value R12 000 000.

	2017	2016
- Purchase price: 23 July 2001	7 537 011	7 537 011
- Additions since purchase	528 400	528 400
	8 065 411	**8 065 411**

Notes to the Annual Financial Statements

	2017 R	2016 R

3. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	3 172 283	(2 808 047)	364 236	3 131 585	(2 535 670)	595 915

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	595 915	40 698	(272 377)	364 236

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	313 534	451 634	(169 253)	595 915

4. Interests in subsidiaries

Name of company	Held by	% voting power 2017	% voting power 2016	Carrying amount 2017	Carrying amount 2016
Health and Medical Publishing Group (Pty) Ltd		100.00 %	100.00 %	1 000	1 000
Foundation for Professional Development (Pty) Ltd		90.00 %	90.00 %	2 001 000	2 001 000
Ujambi Medical Enterprises (Pty) Ltd		100.00 %	100.00 %	100	100
SAMA Cape Property Holdings (Pty) Ltd		100.00 %	100.00 %	1 000	1 000
				2 003 100	2 003 100

5. Loans to (from) group companies

Subsidiaries

	2017	2016
SAMA Benevolent Fund	(615 355)	(922 484)
SAMA CSR	446 731	6 461
Health and Medical Publishing Group (Pty) Ltd In order to assist the company, SAMA has sub-ordinated the loan: to not demand repayment of the loan amounts due if that results in the company not being able to meet its current obligation.	9 468 714	8 543 159
Ujambi Medical Enterprises (Pty) Ltd	66 475	91 655
SAMA Cape Property Holdings (Pty) Ltd The loan bears 8.85% and is repayable over 10 years in monthly instalments.	16 301 591	17 907 118
SAMA Cape Property Holdings (Pty) Ltd	1 000	-
	25 669 156	**25 625 909**

	2017 R	2016 R

5. Loans to (from) group companies (continued)

Non-current assets	26 284 511	26 548 393
Non-current liabilities	(615 355)	(922 484)
	25 669 156	**25 625 909**

Credit quality of loans to group companies

The credit quality of loans to group companies are assessed with reference to the repayment history of the companies. The companies have not defaulted on any contractual obligations in prior periods, a credit rating of high has been ascribed to the companies. The cash is receivable only at managements request as the company is a 100% controlled subsidiary and thus the risk that the subsidiary would not repay the funds at the insistence of management is remote. The companies maximum exposure to credit risk with regards to the loans to group companies are as detailed above.

Fair value of loans to and from group companies

As no repayment terms exist, for the loans not specified above, therefore these group loans are short term in nature. The carrying values of the loans to group companies approximates their fair values. The loans to the group companies have not been pledged as security for any other financial obligations.

Reconciliation of provision for impairment of loans to group companies

Opening balance	12 464 733	12 464 733
Provision for impairment	46 620	-
	12 511 353	**12 464 733**

6. Other financial assets

Available-for-sale

Allan Gray	30 605 445	31 400 076
Sasfin	-	5 865 546
Old Mutual Saxo Capital Markets	4 853 128	-
Coronation Capital Plus Fund	8 026 965	7 511 141
Investec Asset Management- Cautious Managed Fund Class A	8 533 607	7 974 332
ABSA Bank - AIMS Investment Account	8 376 206	7 863 331
	60 395 351	**60 614 426**

Non-current assets		
Available-for-sale	60 395 351	60 614 426

Fair value information

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets.

Fair values are determined annual at financial position date.

The fair values of the financial assets are determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investment not listed are estimated using discounted cash flows

Notes to the Annual Financial Statements

	2017 R	2016 R

7. Trade and other receivables

	2017 R	2016 R
Trade receivables	1 589 631	851 139
Provision for bad debts	(179 180)	(144 231)
Prepayments	733 919	241 805
Deposits	114 743	57 148
Dividend tax	52 979	329 491
Sundry receivables	744 837	656 256
	3 056 929	**1 991 608**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information. None of the financial assets that are fully performing have been renegotiated in the last year, therefore the credit rating of the trade and other receivables are assessed as medium. Trade receivables are non-interest bearing.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

Due to the short term nature of the trade and other receivables the carrying value approximates the carrying value of trade and other receivables.

Trade and other receivables impaired

As of 31 December 2017, trade and other receivables of R 179 180 (2016: R 144 231) were impaired and provided for.

The ageing of these loans is as follows:

	2017 R	2016 R
Less than 3 months	136 344	69 153
3 to 6 months	2 400	46 828
Over 6 months	40 436	28 250

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017 R	2016 R
Cash on hand	5 499	606 602
Bank balances	6 570 458	669 108
Short-term deposits	16 986 132	19 101 379
	23 562 089	**20 377 089**

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 company's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above.

Notes to the Annual Financial Statements

	2017 R	2016 R

9. Trade and other payables

	2017 R	2016 R
Trade payables	2 475 903	1 937 787
Amounts received in advance	1 746 773	2 171 554
VAT	31 462	36 160
Other payables	1 536 138	986 705
Accrued leave pay	1 759 957	2 391 101
Accrued expenses	313 396	112 133
Other accrued expenses	945 099	1 961 758
Deposits received	17 308	17 308
	8 826 036	**9 614 506**

Fair value of trade and other payables

Trade and other payables, are short term in nature. The carrying amount of trade and other payables represents the fair value.

10. Revenue

	2017 R	2016 R
Membership fees	58 536 657	55 124 720
Administration and management fees	3 427 354	3 149 632
	61 964 011	**58 274 352**

11. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

	2017 R	2016 R
Auditor's remuneration - external		
Audit fees	538 598	417 695
Remuneration, other than to employees		
Consulting and professional services	6 624 034	6 655 801
Employee costs		
Salaries, wages, bonuses and other benefits	28 104 572	30 147 449
Leases		
Operating lease charges		
Equipment	176 143	101 213
Depreciation and amortisation		
Depreciation of property, plant and equipment	1 430 390	813 411
Amortisation of intangible assets	272 377	169 253
Total depreciation and amortisation	**1 702 767**	**-**
Other		
Other operating gains (losses)	7 141	-
Special project SDH conference	337 315	-

Notes to the Annual Financial Statements

	2017 R	2016 R
12. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant and equipment	1 430 390	813 411
Amortisation		
Intangible assets	272 377	169 253
Total depreciation, amortisation and impairment		
Depreciation	1 430 390	813 411
Amortisation	272 377	169 253
	1 702 767	**982 664**

13. Investment income

	2017 R	2016 R
Dividend income		
From group entities:		
Subsidiaries - Local	4 556 128	6 555 257
Interest income		
From investments in financial assets:		
Other financial assets	3 945 407	4 003 419
Total investment income	**8 501 535**	**10 558 676**

14. Finance costs

	2017 R	2016 R
Other interest paid	96	51

15. Taxation

The company is exempt from taxation in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act of 1962.

16. Cash used in operations

	2017 R	2016 R
Profit before taxation	4 823 778	1 273 578
Adjustments for:		
Depreciation and amortisation	1 702 767	982 664
(Gains) losses on disposals, scrappings and settlements of assets and liabilities	(7 141)	4 347
Dividend income	(4 556 128)	(6 555 257)
Interest income	(3 945 407)	(4 003 419)
Finance costs	96	51
Other non-cash item	173 934	1 920
Changes in working capital:		
Trade and other receivables	(1 065 321)	(43 739)
Trade and other payables	(788 470)	2 471 714
	(3 661 892)	**(5 868 141)**

Notes to the Annual Financial Statements

		2017 R	2016 R

17. Related parties

Relationships			
Subsidiaries	Refer to note 4		

Related party balances

	2017 R	2016 R
Loan accounts - Owing (to) by related parties		
SAMA Benevolent Fund	(615 355)	(922 484)
Ujambi Medical Enterprises (Pty) Ltd	66 475	91 655
Health & Medical Publishing Group (Pty) Ltd	9 468 714	8 543 159
SAMA Cape Property Holdings (Pty) Ltd	16 302 591	17 913 579
SAMA CSR (Pty) Ltd	446 731	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Foundation for Professional Development (Pty) Ltd	297 000	-
Health & Medical Publishing Group (Pty) Ltd	72 123	88 105
SAMA Cape Property Holdings (Pty) Ltd	955 450	344 016
Health & Medical Publishing Group (Pty) Ltd	(619 863)	(523 781)
Foundation for Professional Development (Pty) Ltd	(130 996)	(250 192)

Related party transactions

Notes to the Annual Financial Statements

	2017 R	2016 R

18. Directors' emoluments

Executive

2017

	Honoraria	Reimbursed expenses	Total
Dr. MJ Grootboom (Chairperson)	214 441	10 122	224 563
Prof. MW Sonderup (Vice - Chairperson)	91 960	33 011	124 971
Dr. MR Abbas	40 189	1 957	42 146
Dr. MM Stoltz	73 566	7 159	80 725
Prof. A Dhai	26 260	65 829	92 089
Dr. S Sham	14 442	5 952	20 394
Dr. Y Baldeo	217 295	36 930	254 225
Dr. SNE Mazaza	110 819	12 216	123 035
Dr. LJ Mphatswe	37 054	4 989	42 043
	826 026	**178 165**	**1 004 191**

2016

	Honoraria	Reimbursed expenses	Total
Dr. MJ Grootboom (Chairperson)	194 517	6 835	201 352
Prof. MW Sonderup (Vice - Chairperson)	94 589	36 818	131 407
Dr. MR Abbas	44 051	3 422	47 473
Dr. MM Stoltz	56 478	2 606	59 084
Prof. A Dhai	28 094	2 927	31 021
Dr. S Sham	203 444	82 789	286 233
Dr. Y Baldeo	33 274	11 113	44 387
Dr. SNE Mazaza	127 921	13 915	141 836
Dr. LJ Mphatswe	139 945	16 834	156 779
	922 313	**177 259**	**1 099 572**

19. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The company'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.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest rate risk

The company's interest rate risk arises from other financial assets. Other financial assets issued at variable rates expose the company to cash flow interest rate risk. Other financial assets issued at fixed rates expose the company to fair value interest rate risk.

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	2017	2016
Cash and cash equivalents	21 620 894	20 377 089
Other financial assets	62 336 547	60 614 426

Detailed Income Statement

	Note(s)	2017 R	2016 R
Revenue			
Membership fees		58 536 657	55 124 720
Administration and management fees		3 427 354	3 149 632
	10	**61 964 011**	**58 274 352**
Other operating income			
Gain on disposal of assets		2 438 219	500
Online product sales		1 384 819	832 024
Rental income		384 044	374 412
SAMA conference income		477 089	1 578 706
Sponsorships		110 425	369 737
Sundry income		217 545	404 578
		5 012 141	**3 559 957**
Other operating gains (losses)			
Gains (losses) on disposal of assets		7 141	(4 347)
Expenses (Refer to page 30)		**(70 660 954)**	**(71 115 009)**
Operating (loss) profit	11	**(3 677 661)**	**(9 285 047)**
Investment income	13	8 501 535	10 558 676
Finance costs	14	(96)	(51)
Profit for the year		**4 823 778**	**1 273 578**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

	Note(s)	2017 R	2016 R
Other operating expenses			
Amortisation		(272 377)	(169 253)
Auditors remuneration	11	(538 598)	(417 695)
Bad debts		(111 635)	131 800
Bank charges		(513 996)	(442 514)
COSATU		(365 654)	(353 568)
CPD expenses corporate marketing		(107 995)	(148 014)
Computer expenses		(725 660)	(691 517)
Conferences		(114 275)	(121 351)
Consulting fees		(772 740)	(902 763)
Depreciation		(1 430 390)	(813 411)
Donations to Benevolent Fund		(1 784 340)	(1 827 617)
Employee costs		(28 104 572)	(30 147 449)
Entertainment		(157 609)	(168 340)
Fines and penalties		(26 358)	-
Gifts		(1 436)	(662)
Honoraria		(1 402 195)	(1 516 134)
Insurance		(278 900)	(264 958)
Lease rentals on operating lease		(176 143)	(101 213)
Legal fees		(5 851 294)	(5 753 038)
Levies		(348 998)	(291 617)
Licences		(412 940)	(315 680)
Marketing and branding		(373 508)	(210 449)
Motor vehicle expenses		(463 750)	(502 658)
Municipal expenses		(818 078)	(813 196)
National council		(456 152)	(901 267)
Other expenses		(465 282)	(564 172)
Postage		(63 190)	(37 108)
Practice cost study		(2 931 172)	-
Printing and stationery		(6 655 602)	(6 152 517)
Recording and transcription		(87 497)	(70 584)
Recruitment fees		(91 649)	(162 525)
Reference works		(76 674)	(77 006)
Repairs and maintenance		(361 094)	(132 020)
SAMA conference expenses		(779 481)	(2 666 824)
Security		(16 967)	(17 875)
Special Projects - Armband campaign		-	(1 962 928)
Special project -RWOPS- BHF practice number allocation		(108 203)	-
Special project SDH conference		(337 315)	-
Staff welfare		(117 661)	(90 750)
Subscriptions		(181 352)	(183 756)
Subventions and branch expenses		(8 596 488)	(6 764 313)
Telephone and fax		(568 271)	(781 719)
Training		(366 867)	(522 385)
Travel - local		(882 768)	(948 405)
Travel - overseas		(388 778)	(416 097)
Travel local - office bearers		(1 218 580)	(1 848 040)
Venue and catering		(224 696)	(556 028)
Website costs		(531 774)	(417 393)
		(70 660 954)	**(71 115 009)**