The South African Medical Association NPC and it's subsidiaries
(Registration number 1927/00136/08)
Consolidated 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 Pretoria 0181
Postal address	PO Box 74789 Lynwood 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 consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The consolidated annual financial statements were internally compiled by: CH Martin CA (SA)

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Published

30 November 2018

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 consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group 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 consolidated annual financial statements.

The consolidated 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 consolidated 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 group’s cash flow forecast and, in light of this review and the current financial position, they are satisfied that the group 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 consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 6.

The consolidated annual financial statements set out on pages 7 to 37, which have been prepared on the going concern basis, were approved by the board of directors on 30 November 2018 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Director	**Director**
Dr MR Abbas	Dr MJ Grootboom

Directors' Report

The directors have pleasure in submitting their report on the consolidated annual financial statements of The South African Medical Association NPC and it's subsidiaries and the group for the year ended 31 December 2017.

1. Review of financial results and activities

The consolidated consolidated 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 group are set out in these consolidated consolidated annual financial statements.

2. 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 31 December 2017
Dr. Y Baldeo	
Dr. SNE Mazaza	
Dr. LJ Mphatswe	Resigned 31 December 2017

3. Directors' interests in contracts

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

4. Property, plant and equipment

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

5. Interests in subsidiaries, associates and joint arrangements

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.

An effective 90% interest in the Health Science Academy Proprietary Limited, a 100% subsidiary of the Foundation for Professional Development Proprietary Limited, which co-ordinates courses in the Pharmaceutical Industry.

An effective 90% interest in the Foundation for Professional Development Properties Proprietary Limited , a 100% subsidiary of the Foundation for Professional Development Proprietary Limited, which is involved in real estate activities.

An effective 46% interest in the African Health Placements (Pty) Ltd , a 51% subsidiary of the Foundation for Professional Development Proprietary Limited.

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.

The company operates through a number of branches, of which the results have been incorporated in a separate set of financial statements.

- Border Coastal
- Cape Western
- Eastern Highveld
- Eastern Province
- Free State
- Goldfields
- Gauteng South
- Gauteng North
- Griqualand West
- KwaZulu Natal Coastal
- KwaZulu Natal Midlands
- Northern KwaZulu Natal
- Lowveld
- North West
- Outeniqua
- Limpopo
- Transkei
- Tygerberg Boland
- Vaal Rivier
- West Rand

Details of material interests in subsidiary companies, associates and joint arrangements are presented in theconsolidated annual financial statements in notes 6 and 7.

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

6. 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.

7. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group 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 group. 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 group.

8. Auditors

Nexia SAB&T continued in office as auditors for the company and its subsidiaries for 2017.

Directors' Report

9. Secretary

The company secretary is Mr Advocate Y Lemmer.

10. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of Financial Position as at 31 December 2017

		Group		Company	
Figures in Rand	Note(s)	2017	2016	2017	2016
Assets					
Non-Current Assets					
Property, plant and equipment	3	13 846 847	15 125 672	9 376 064	8 904 651
Investment property	4	59 971 482	59 370 381	-	-
Goodwill		414 000	414 000	-	-
Intangible assets	5	1 337 666	1 629 308	364 236	598 681
Investments in subsidiaries	6	-	(1)	2 003 100	2 003 100
Investments in associates	7	24 906 072	17 561 989	-	-
Loans to group companies	8	13 353 662	5 825 741	38 682 768	39 013 125
Other financial assets	9	99 451 499	100 062 404	67 757 566	67 375 171
Deferred tax	10	12 057 126	11 429 542	-	-
		225 338 354	**211 419 036**	**118 183 734**	**117 894 728**
Current Assets					
Inventories		245 286	114 275	-	-
Trade and other receivables	11	99 806 099	61 775 387	3 162 531	2 449 638
Other financial assets	9	31 000 300	28 702 726	10 944 321	9 955 376
Current tax receivable		2 646 147	117 117	-	-
Cash and cash equivalents	12	126 538 801	109 141 905	30 684 462	27 237 060
		260 236 633	**199 851 410**	**44 791 314**	**39 642 074**
Total Assets		**485 574 987**	**411 270 446**	**162 975 048**	**157 536 802**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Reserves		73 881 151	69 538 659	37 628 752	35 729 566
Retained income		236 634 406	209 587 963	103 876 097	98 449 760
		310 515 557	279 126 622	141 504 849	134 179 326
Non-controlling interest		13 085 034	10 645 514	-	-
		323 600 591	**289 772 136**	**141 504 849**	**134 179 326**
Liabilities					
Non-Current Liabilities					
Loans from group companies	8	-	-	615 355	922 484
Loans from shareholders		-	-	12 464 733	12 464 733
Other financial liabilities	13	9 721 042	12 306 701	-	-
		9 721 042	**12 306 701**	**13 080 088**	**13 387 217**
Current Liabilities					
Trade and other payables	15	127 075 967	71 712 959	8 390 111	9 970 259
Other financial liabilities	13	1 137 697	1 570 165	-	-
Current tax payable		29 001	5 894 480	-	-
Provisions	14	24 010 689	30 014 005	-	-
		152 253 354	**109 191 609**	**8 390 111**	**9 970 259**
Total Liabilities		**161 974 396**	**121 498 310**	**21 470 199**	**23 357 476**
Total Equity and Liabilities		**485 574 987**	**411 270 446**	**162 975 048**	**157 536 802**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	2017	2016	2017	2016
Revenue	16	736 959 022	714 409 796	63 264 150	59 121 462
Cost of sales		(10 626 679)	(14 159 602)	-	-
Gross profit		**726 332 343**	**700 250 194**	**63 264 150**	**59 121 462**
Other operating income	17	134 103 899	165 732 341	6 460 870	9 713 167
Other operating gains (losses)		3 457 254	385 977	2 445 360	385 489
Other operating expenses		(832 762 485)	(843 973 876)	(71 339 523)	(71 332 631)
Operating profit (loss)	18	**31 131 011**	**22 394 636**	**830 857**	**(2 112 513)**
Investment income	20	10 637 470	10 249 270	4 595 576	4 747 172
Finance costs	21	(2 184 434)	(2 720 652)	(96)	(51)
Profit before taxation		**39 584 047**	**29 923 254**	**5 426 337**	**2 634 608**
Taxation	22	(9 698 084)	622 208	-	-
Profit for the year		**29 885 963**	**30 545 462**	**5 426 337**	**2 634 608**
Total comprehensive income for the year		**29 885 963**	**30 545 462**	**5 426 337**	**2 634 608**
Profit attributable to:					
Owners of the parent		27 446 443	30 545 462	5 426 337	2 634 608
Non-controlling interest		2 439 520	-	-	-
		29 885 963	**30 545 462**	**5 426 337**	**2 634 608**
Total comprehensive income attributable to:					
Owners of the parent		27 446 443	30 545 462	5 426 337	2 634 608
Non-controlling interest		2 439 520	-	-	-
		29 885 963	**30 545 462**	**5 426 337**	**2 634 608**

Statement of Changes in Equity

Figures in Rand	Special purpose & Scholarship fund	SAMA Benevolent Fund	Fair value available-for-sale reserves	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group									
Balance at 01 January 2016	**1 411 549**	**31 051 900**	**46 063 784**	**1 632 688**	**80 159 921**	**169 515 056**	**249 674 977**	**10 645 514**	**260 320 491**
Profit for the year	-	-	-	-	-	30 545 462	30 545 462	-	30 545 462
Other comprehensive income	(801 602)	2 757 193	(13 437 487)	860 634	(10 621 262)	-	(10 621 262)	-	(10 621 262)
Total comprehensive income for the year	**(801 602)**	**2 757 193**	**(13 437 487)**	**860 634**	**(10 621 262)**	**30 545 462**	**19 924 200**	**-**	**19 924 200**
Transfer between reserves	-	-	-	-	-	11 727 445	11 727 445	-	11 727 445
Dividends	-	-	-	-	-	(2 200 000)	(2 200 000)	-	(2 200 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**9 527 445**	**9 527 445**	**-**	**9 527 445**
Balance at 01 January 2017	**609 947**	**33 809 093**	**32 626 297**	**2 493 322**	**69 538 659**	**209 587 963**	**279 126 622**	**10 645 514**	**289 772 136**
Profit for the year	-	-	-	-	-	27 446 443	27 446 443	2 439 520	29 885 963
Other comprehensive income	(186 388)	2 443 306	2 085 574	-	4 342 492	-	4 342 492	-	4 342 492
Total comprehensive income for the year	**(186 388)**	**2 443 306**	**2 085 574**	**-**	**4 342 492**	**27 446 443**	**31 788 935**	**2 439 520**	**34 228 455**
Dividends	-	-	-	-	-	(400 000)	(400 000)	-	(400 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(400 000)**	**(400 000)**	**-**	**(400 000)**
Balance at 31 December 2017	**423 559**	**36 252 399**	**34 711 871**	**2 493 322**	**73 881 151**	**236 634 406**	**310 515 557**	**13 085 034**	**323 600 591**

Note(s)

Statement of Changes in Equity

Figures in Rand	Share capital	Special purpose & Scholarship fund	SAMA Benevolent Fund	Fair value available-for-sale reserves	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Company										
Balance at 01 January 2016	**1 411 549**	**-**	**46 063 784**	**1 125 379**	**48 600 712**	**84 087 707**	**132 688 419**	**-**	**132 688 419**
Profit for the year	-	-	-	-	-	2 634 608	2 634 608	-	2 634 608
Other comprehensive income	(801 602)	-	(13 437 487)	1 367 943	(12 871 146)	-	(12 871 146)	-	(12 871 146)
Total comprehensive income for the year	**(801 602)**	**-**	**(13 437 487)**	**1 367 943**	**(12 871 146)**	**2 634 608**	**(10 236 538)**	**-**	**(10 236 538)**
Transfer between reserves	-	-	-	-	-	11 727 445	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**	**-**	**11 727 445**
Balance at 01 January 2017	**609 947**	**-**	**32 626 297**	**2 493 322**	**35 729 566**	**98 449 760**	**134 179 326**	**-**	**134 179 326**
Profit for the year	-	-	-	-	-	5 426 337	5 426 337	-	5 426 337
Other comprehensive income	(186 388)	-	2 085 574	-	1 899 186	-	1 899 186	-	1 899 186
Total comprehensive income for the year	**(186 388)**	**-**	**2 085 574**	**-**	**1 899 186**	**5 426 337**	**7 325 523**	**-**	**7 325 523**
Balance at 31 December 2017	**423 559**	**-**	**34 711 871**	**2 493 322**	**37 628 752**	**103 876 097**	**141 504 849**	**-**	**141 504 849**

Note(s)

Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	2017	2016	2017	2016
Cash flows from operating activities					
Cash generated from operations	23	42 478 360	50 839 857	(268 330)	(168 879)
Interest income		10 383 642	9 938 317	4 341 748	4 436 219
Dividend income		253 828	310 953	253 828	310 953
Finance costs		(2 184 434)	(2 720 652)	(96)	(51)
Tax paid		(18 720 176)	(2 664 604)	-	-
Net cash from operating activities		**32 211 220**	**55 703 871**	**4 327 150**	**4 578 242**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(4 623 865)	(7 218 369)	(1 980 892)	(2 372 959)
Sale of property, plant and equipment	3	1 273	30 633	8 271	(4 347)
Purchase of investment property	4	-	(25 754 566)	-	-
Purchase of other intangible assets	5	-	(1 438 232)	-	(454 400)
Sale of other intangible assets	5	2 766	-	2 766	-
Loans advanced to group companies		(7 527 921)	(1 979 750)	-	(21 674 484)
Repayment of loans from group companies		-	-	23 228	-
Increase in other financial assets		751 550	13 271 164	1 066 879	14 558 903
Net cash from investing activities		**(11 396 197)**	**(23 089 120)**	**(879 748)**	**(9 947 287)**
Cash flows from financing activities					
Repayment of other financial liabilities		(3 018 127)	(2 748 186)	-	-
Dividends paid		(400 000)	(2 200 000)	-	-
Net cash from financing activities		**(3 418 127)**	**(4 948 186)**	**-**	**-**
Total cash movement for the year		**17 396 896**	**27 666 565**	**3 447 402**	**(5 369 045)**
Cash at the beginning of the year		109 141 905	81 471 237	27 237 060	32 606 105
Total cash at end of the year	12	**126 538 801**	**109 137 802**	**30 684 462**	**27 237 060**

Accounting Policies

1. Presentation of consolidated annual financial statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Accounting Policies

1.1 Consolidation (continued)

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued.Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Accounting Policies

1.1 Consolidation (continued)

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated annual financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The group assesses its trade receivables 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 group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group 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.

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 group 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 group for similar financial instruments.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

The group 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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. This allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill across identified according to operating segment.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

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

Accounting Policies

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

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
Computer equipment	Straight line	3 years
Other property, plant and equipment	Straight line	6 years

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

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.5 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

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.

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

Accounting Policies

1.5 Intangible assets (continued)

Item	Useful life
Computer software	3 years
Course development	3 years

1.6 Investments in subsidiaries

Company consolidated annual financial statements

In the company's separate consolidated annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

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.

1.7 Investments in associates

Company consolidated annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.8 Financial instruments

Classification

The group 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.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Initial recognition and measurement

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

The group 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.

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

1.8 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 group's right to receive payment is established.

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 group 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 group 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.

Impairment of financial assets

At each reporting date the group 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 group, 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.

Accounting Policies

1.8 Financial instruments (continued)

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 group 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 reserve and are 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.

The fair values of quoted investments are based on current bid prices.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries 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.

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. The allowance recognised is measured as the difference between the assets 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.

1.9 Income 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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Accounting Policies

1.9 Income tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expense

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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.income. Management periodically evaluates positions taken in tax returns with respect to situations in which generate taxable.

1.10 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 - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Accounting Policies

1.10 Leases (continued)

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.

1.11 Impairment of assets

The group 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 group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group 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.
- tests goodwill acquired in a business combination for impairment annually.

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 impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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.

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.

1.12 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.

Accounting Policies

1.13 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.The group has no further payment obligations once the contributions have been paid.

1.14 Provisions and contingencies

Provisions are recognised when:
- the group 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.

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Accounting Policies

1.15 Revenue (continued)

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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.

1.16 Borrowing costs

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

1.17 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

	Group		Company	
Figures in Rand	2017	2016	2017	2016

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2017	The impact of the standard is not material.
• Amendments to IAS 7: Disclosure initiative	01 January 2017	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Insurance Contracts	01 January 2021	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Impact is currently being assessed
• IFRS 16 Leases	01 January 2019	Impact is currently being assessed
• IFRS 9 Financial Instruments	01 January 2018	Impact is currently being assessed

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

3. Property, plant and equipment

Group	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	4 775 329	(3 135 152)	1 640 177	3 993 350	(2 854 120)	1 139 230
Motor vehicles	1 602 655	(1 032 743)	569 912	1 602 647	(715 490)	887 157
Office equipment	2 231 299	(1 580 004)	651 295	2 237 568	(1 709 612)	527 956
IT equipment	15 784 044	(10 328 990)	5 455 054	14 398 104	(7 513 762)	6 884 342
Other property, plant and equipment	22 380	(22 379)	1	22 380	(22 007)	373
Total	**32 481 119**	**(18 634 272)**	**13 846 847**	**30 319 461**	**(15 193 789)**	**15 125 672**

Company	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	2 808 336	(1 924 268)	884 068	2 373 084	(1 821 347)	551 737
Motor vehicles	163 847	(162 239)	1 608	163 847	(132 746)	31 101
Office equipment	1 221 169	(870 489)	350 680	1 209 813	(803 315)	406 498
IT equipment	6 068 107	(3 458 808)	2 609 299	4 781 881	(2 553 553)	2 228 328
Other property, plant and equipment	22 380	(22 379)	1	22 380	(22 007)	373
Total	**18 349 251**	**(8 973 187)**	**9 376 064**	**16 616 417**	**(7 711 766)**	**8 904 651**

	Group		Company	
Figures in Rand	2017	2016	2017	2016

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	5 686 614	-	-	(156 206)	5 530 408
Furniture and fixtures	1 139 230	767 118	-	(266 171)	1 640 177
Motor vehicles	887 157	-	-	(317 245)	569 912
Office equipment	527 956	216 849	(758)	(92 752)	651 295
IT equipment	6 884 342	3 639 898	-	(5 069 186)	5 455 054
Other property, plant and equipment	373	-	(372)	-	1
	15 125 672	**4 623 865**	**(1 130)**	**(5 901 560)**	**13 846 847**

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	5 842 820	-	-	(156 206)	5 686 614
Furniture and fixtures	1 071 360	272 721	(19 129)	(185 722)	1 139 230
Motor vehicles	1 204 409	-	-	(317 252)	887 157
Office equipment	636 966	-	(11 748)	(97 262)	527 956
IT equipment	3 511 643	6 945 648	-	(3 572 949)	6 884 342
Other property, plant and equipment	4 476	-	(4 103)	-	373
	12 271 674	**7 218 369**	**(34 980)**	**(4 329 391)**	**15 125 672**

Reconciliation of property, plant and equipment - Company - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	5 686 614	-	-	(156 206)	5 530 408
Furniture and fixtures	551 737	421 431	-	(89 100)	884 068
Motor vehicles	31 101	-	-	(29 493)	1 608
Office equipment	406 498	-	(758)	(55 060)	350 680
IT equipment	2 228 328	1 559 461	-	(1 178 490)	2 609 299
Other property, plant and equipment	373	-	(372)	-	1
	8 904 651	**1 980 892**	**(1 130)**	**(1 508 349)**	**9 376 064**

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Depreciation	Total
Buildings	5 842 820	-	(156 206)	5 686 614
Furniture and fixtures	423 882	356 365	(228 510)	551 737
Motor vehicles	60 593	-	(29 492)	31 101
Office equipment	474 698	9 841	(78 041)	406 498
IT equipment	617 222	2 010 856	(399 750)	2 228 328
Other property, plant and equipment	4 476	(4 103)	-	373
	7 423 691	**2 372 959**	**(891 999)**	**8 904 651**

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company and its respective subsidiaries.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

4. Investment property

Group	2017			2016		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	61 031 003	(1 059 521)	59 971 482	60 011 736	(641 355)	59 370 381

Reconciliation of investment property - Group - 2017

	Opening balance	**Depreciation**	**Fair value adjustments**	**Total**
Investment property	59 370 381	(418 166)	1 019 267	59 971 482

Reconciliation of investment property - Group - 2016

	Opening balance	**Additions**	**Depreciation**	**Total**
Investment property	33 806 035	25 754 566	(190 220)	59 370 381

Pledged as security

The following assets have been encumbered as security for long-term borrowings. Refer to Note 13::

Land and buildings	59 971 482	59 370 381	-	-

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

5. Intangible assets

Group	2017			2016		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	3 425 383	(2 938 832)	486 551	3 329 933	(2 582 990)	746 943
Course development	1 690 097	(838 982)	851 115	1 495 035	(612 670)	882 365
Total	**5 115 480**	**(3 777 814)**	**1 337 666**	**4 824 968**	**(3 195 660)**	**1 629 308**

Company	2017			2016		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	3 177 814	(2 813 578)	364 236	3 137 117	(2 538 436)	598 681

Reconciliation of intangible assets - Group - 2017

	Opening balance	**Disposals**	**Amortisation**	**Total**
Computer software	746 943	(2 766)	(257 626)	486 551
Course development	882 365	-	(31 250)	851 115
	1 629 308	**(2 766)**	**(288 876)**	**1 337 666**

Reconciliation of intangible assets - Group - 2016

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	332 536	625 500	(211 093)	746 943
Course development	153 083	812 732	(83 450)	882 365
	485 619	**1 438 232**	**(294 543)**	**1 629 308**

Reconciliation of intangible assets - Company - 2017

	Opening balance	**Disposals**	**Amortisation**	**Total**
Computer software	598 681	(2 766)	(231 679)	364 236

Reconciliation of intangible assets - Company - 2016

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	313 534	454 400	(169 253)	598 681

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

6. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

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

7. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	% ownership interest 2017	% ownership interest 2016	Carrying amount 2017	Carrying amount 2016
Maurice Kerrigan Africa (Pty) Ltd	30.00 %	- %	2 500 000	-
ISR Immune System Regulation Holdings ISR	3.00 %	3.00 %	3 406 072	3 425 472
Pioneering Solutions Studio (Pty) Ltd	50.00 %	50.00 %	4 000 000	5 007 534
Professional Provider Organisation Services (Pty) Ltd	40.00 %	40.00 %	15 000 000	9 128 983
			24 906 072	17 561 989

8. Loans to (from) group companies

Subsidiaries

SAMA Benevolent Fund	-	-	(615 355)	(922 484)
Health and Medical Publishing Group (Pty) Ltd	-	-	21 933 446	21 007 891
Ujambi Medical Enterprises (Pty) Ltd	-	-	-	91 655
SAMA Cape Properties (Pty) Ltd	-	-	16 302 591	17 907 118
SAMA CSR	446 731	6 461	446 731	6 461
	446 731	**6 461**	**38 067 413**	**38 090 641**

Associates

Brighter Futures Tuition (Pty) Ltd	5 108 149	2 928 705	-	-
Professional Provider Organisation Services (Pty) Ltd	5 169 271	-	-	-
Pioneering Solutions Studio (Pty) Ltd	2 629 511	2 890 575	-	-
	12 906 931	**5 819 280**	**-**	**-**

The loans above are interest free, with no fixed terms of repayment.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

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

Non-current assets	13 353 662	5 825 741	38 682 768	39 013 125
Non-current liabilities	-	-	(615 355)	(922 484)
	13 353 662	**5 825 741**	**38 067 413**	**38 090 641**

9. Other financial assets

At fair value through profit or loss - designated				
Nedbank	913 335	457 656	913 335	457 656
Investec	1 497 379	1 523 388	1 497 379	1 523 388
	2 410 714	**1 981 044**	**2 410 714**	**1 981 044**
Available-for-sale				
Allan Gray	58 770 555	57 163 017	45 738 162	45 365 312
Coronation SA	15 128 169	14 145 470	8 026 965	7 511 141
Old Mutual	16 413 444	-	4 853 128	-
Sasfin	-	5 865 546	-	5 865 546
Investec	28 589 586	26 721 682	8 533 607	7 974 332
AIMS	385 027	14 666 010	385 007	410 811
	119 286 781	**118 561 725**	**67 536 869**	**67 127 142**
Total other financial assets	**121 697 495**	**120 542 769**	**69 947 583**	**69 108 186**
Non-current assets				
Available-for-sale	99 451 499	100 062 404	67 757 566	67 375 171
Current assets				
Designated as at FV through profit (loss) (FV through income)	2 410 714	1 981 044	2 410 714	1 981 044
Available-for-sale	28 589 586	26 721 682	8 533 607	7 974 332
	31 000 300	**28 702 726**	**10 944 321**	**9 955 376**
	130 451 799	**128 765 130**	**78 701 887**	**77 330 547**

Fair value information

Fair values are determined annually at financial position date.

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

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

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 3 applies inputs which are not based on observable market data.

Level 1				
Available for sale	121 697 495	120 542 769	69 947 583	69 108 186

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

10. Deferred tax

Deferred tax liability

Property plant and equipment	848 742	1 088 843	-	-
Investment Property	(2 714 550)	(2 048 132)	-	-
Total deferred tax liability	**(1 865 808)**	**(959 289)**	**-**	**-**

Deferred tax asset

Tax losses available for set off against future taxable income	13 922 934	12 388 831	-	-
Deferred tax liability	(1 865 808)	(959 289)	-	-
Deferred tax asset	13 922 934	12 388 831	-	-
Total net deferred tax asset	**12 057 126**	**11 429 542**	**-**	**-**

Reconciliation of deferred tax asset / (liability)

At beginning of year	11 429 542	3 764 829	-	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	1 534 103	8 026 836	-	-
Increases (decrease) in valuation allowance of deferred tax asset	(666 418)	(362 123)	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	(240 101)	-	-	-
	12 057 126	**11 429 542**	**-**	**-**

11. Trade and other receivables

Trade receivables	77 290 069	49 515 961	1 594 854	911 712
Provision for doubtful debts	(679 180)	(981 503)	(179 180)	(144 231)
Prepayments	841 534	521 284	733 919	245 213
Deposits	153 214	138 731	133 214	118 731
VAT	298 053	35 851	-	-
Sundry receivables	21 849 688	12 459 918	827 003	1 233 068
Staff loans	52 721	85 145	52 721	85 145
	99 806 099	**61 775 387**	**3 162 531**	**2 449 638**

Split between non-current and current portions

Current assets	99 806 099	61 775 387	3 162 531	2 449 638

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

Fair value of trade and other receivables

The fair value of trade and other receivables approximates the carrying value of trade and other receivables.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

12. Cash and cash equivalents (continued)

Cash on hand	99 912	727 507	27 724	666 633
Bank balances	91 532 427	75 382 081	12 114 210	5 061 672
Short-term deposits	33 866 727	31 068 707	17 502 793	19 545 145
Other cash and cash equivalents	1 039 735	1 963 610	1 039 735	1 963 610
	126 538 801	**109 141 905**	**30 684 462**	**27 237 060**

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 group'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.

13. Other financial liabilities

Held at amortised cost				
Nedbank Mortgage bond The loan is secured over investment property as detailed in note 2, bears interest at the prime rate less 1.65% and is repayable in monthly installments.	1 146 391	1 335 932	-	-
Nedbank Limited FPD Property's bond to the value of R 9,712,348 (2016: R 12,540,934) is secured by a first covering mortgage bond of R 22,920,000 (2016: R 22,920,000). The mortgage loan bears interest at prime less 1% and is repayable over 120 monthly instalments of R 324,661 (2016: R186,359).	9 712 348	12 540 934	-	-
	10 858 739	**13 876 866**	**-**	**-**
Non-current liabilities				
At amortised cost	9 721 042	12 306 701	-	-
Current liabilities				
At amortised cost	1 137 697	1 570 165	-	-
	10 858 739	**13 876 866**	**-**	**-**

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

14. Provisions

Reconciliation of provisions - Group - 2017

	Opening balance	Utilised during the year	Total
Provision for bonuses	30 014 005	(6 003 316)	24 010 689

Reconciliation of provisions - Group - 2016

	Opening balance	Additions	Total
Provision for bonuses	18 715 966	11 298 039	30 014 005

15. Trade and other payables

Trade payables	23 381 102	14 093 782	2 536 450	2 037 778
Amounts received in advance	70 163 634	29 397 678	1 746 773	2 176 669
VAT	295 817	1 658 670	31 462	36 160
Accrued leave pay	2 157 004	2 715 573	1 707 141	2 335 795
Accrued expenses	29 683 880	21 462 754	1 412 301	1 433 373
Payroll accruals	1 336 508	2 326 480	938 676	1 933 176
Deposits received	58 022	58 022	17 308	17 308
	127 075 967	**71 712 959**	**8 390 111**	**9 970 259**

Fair value of trade and other payables

The fair value of trade and other payables approximates the carrying value of trade and other payables.

16. Revenue

Course fees	22 553 207	24 095 842	-	-
Membership fees	108 444 256	109 806 102	58 847 413	55 124 720
Construction contracts	5 809 789	4 227 310	-	-
Commission	11 153 232	10 860 170	-	-
Rental income	5 860 902	4 039 989	2 454 647	2 296 261
CPD fees	1 356 751	1 227 782	1 356 751	1 227 782
Sponsorships	581 780 885	560 152 601	605 339	472 699
	736 959 022	**714 409 796**	**63 264 150**	**59 121 462**

17. Other operating income

Administration and management fees received	956 128	2 555 257	4 556 128	6 555 257
Fees earned	1 683 553	832 024	1 384 819	832 024
Rental income on investment property	453 000	642 000	-	-
Other rental income	422 764	4 178 460	-	-
Sundry income	130 588 454	157 524 600	519 923	2 325 886
	134 103 899	**165 732 341**	**6 460 870**	**9 713 167**

18. Operating profit (loss)

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

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

18. Operating profit (loss) (continued)

Auditor's remuneration - external				
Audit fees	2 888 113	3 015 648	539 677	463 012
Remuneration, other than to employees				
Administrative and managerial services	16 416 340	16 950 175	23 640	21 667
Consulting and professional services	125 849 828	150 495 093	6 624 034	6 662 271
	142 266 168	**167 445 268**	**6 647 674**	**6 683 938**
Leases				
Operating lease charges				
Premises	10 121 354	13 667 866	1 155 884	739 295
Equipment	846 451	513 105	307 235	152 190
	10 967 805	**14 180 971**	**1 463 119**	**891 485**
Depreciation and amortisation				
Depreciation of investment property on the cost model	418 166	190 220	-	-
Depreciation of property, plant and equipment	5 901 560	4 329 391	1 508 349	891 999
Amortisation of intangible assets	579 389	294 543	272 377	169 253
Total depreciation and amortisation	**6 899 115**	**4 814 154**	**1 780 726**	**1 061 252**

19. Depreciation, amortisation and impairment losses

Depreciation				
Property, plant and equipment	5 901 560	4 329 391	1 508 349	891 999
Investment property on the cost model	418 166	190 220	-	-
	6 319 726	**4 519 611**	**1 508 349**	**891 999**
Amortisation				
Intangible assets	579 389	294 543	272 377	169 253
Total depreciation, amortisation and impairment				
Depreciation	6 319 726	4 519 611	1 508 349	891 999
Amortisation	579 389	294 543	272 377	169 253
	6 899 115	**4 814 154**	**1 780 726**	**1 061 252**

20. Investment income

Interest income				
From investments in financial assets:				
Bank and other cash	3 324 345	3 657 852	349 019	391 667
Other financial assets	7 011 975	6 239 332	3 945 407	4 003 419
Total interest income	**10 336 320**	**9 897 184**	**4 294 426**	**4 395 086**

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

21. Finance costs

Non-current borrowings	1 717 949	2 121 608	-	-
Bank overdraft	109 115	124 140	-	-
Tax authorities	-	5 957	-	-
Interest paid	357 370	468 947	96	51
Total finance costs	**2 184 434**	**2 720 652**	**96**	**51**

22. Taxation

Major components of the tax expense (income)

Current				
Local income tax - current period	8 129 673	11 598 480	-	-
Local income tax - recognised in current tax for prior periods	2 195 994	(4 555 975)	-	-
	10 325 667	**7 042 505**	**-**	**-**
Deferred				
Originating and reversing temporary differences	(627 583)	(7 664 713)	-	-
	9 698 084	**(622 208)**	**-**	**-**

23. Cash (used in)/generated from operations

Profit before taxation	39 584 047	29 923 254	5 426 337	2 634 608
Adjustments for:				
Depreciation and amortisation	6 899 115	4 814 154	1 780 726	1 061 252
Gains on disposals, scrappings and settlements of assets and liabilities	(2 438 362)	(385 489)	(2 445 360)	(385 489)
Losses (gains) on foreign exchange	375	(488)	-	-
Dividend income	(253 828)	(310 953)	(253 828)	(310 953)
Interest income	(10 383 642)	(9 938 317)	(4 341 748)	(4 436 219)
Finance costs	2 184 434	2 720 652	96	51
Fair value gains	(1 019 267)	-	-	-
Movements in provisions	(6 003 316)	11 298 039	-	-
Changes in working capital:				
Inventories	(131 011)	414 124	-	-
Trade and other receivables	(38 030 712)	34 272 383	(712 893)	(610 503)
Trade and other payables	52 070 527	(21 967 502)	278 340	1 878 374
	42 478 360	**50 839 857**	**(268 330)**	**(168 879)**

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2017	2016	2017	2016

24. Related parties

Relationships

Subsidiaries	Refer to note 6
Associates	Refer to note 7

Related party balances

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	-

25. Directors' emoluments

Non-executive

2017

	Honraria	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

	Directors' fees	Committees fees	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**

26. Risk management

Capital risk management

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

	Group		Company	
Figures in Rand	2017	2016	2017	2016

26. Risk management (continued)

Financial risk management

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

Group

At 31 December 2017	**Less than 1 year**	**Between 2 and 5 years**
Other financial liabilities	1 137 697	9 721 042
Trade and other payables	56 616 516	-

At 31 December 2016	**Less than 1 year**	**Between 2 and 5 years**
Other financial liabilities	1 570 165	12 036 701
Trade and other payables	40 656 611	-

Interest rate risk

At 31 December 2017, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R 192 387 (2016: R 111 810) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of other financial assets, cash deposits, cash equivalents, 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	**Group - 2017**	**Group - 2016**	**Company - 2017**	**Company - 2016**
Loans to group companies	13 353 662	5 825 741	38 067 413	38 090 641
Trade and other receivables	98 513 298	61 600 805	2 295 398	2 085 694
Cash and cash equivalents	126 438 889	108 414 398	30 656 738	26 570 427