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(Registration number 1927/00136/08)

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Group		Company	
	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
			<b>2 003 100</b>	<b>2 003 100</b>

### 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
			<b>24 906 072</b>	<b>17 561 989</b>

### 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
	<b>446 731</b>	<b>6 461</b>	<b>38 067 413</b>	<b>38 090 641</b>

#### 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	-	-
	<b>12 906 931</b>	<b>5 819 280</b>	<b>-</b>	<b>-</b>

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

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<b>8. Loans to (from) group companies (continued)</b>				
Non-current assets	13 353 662	5 825 741	38 682 768	39 013 125
Non-current liabilities	-	-	(615 355)	(922 484)
	<b>13 353 662</b>	<b>5 825 741</b>	<b>38 067 413</b>	<b>38 090 641</b>
<b>9. Other financial assets</b>				
<b>At fair value through profit or loss - designated</b>				
Nedbank	913 335	457 656	913 335	457 656
Investec	1 497 379	1 523 388	1 497 379	1 523 388
	<b>2 410 714</b>	<b>1 981 044</b>	<b>2 410 714</b>	<b>1 981 044</b>
<b>Available-for-sale</b>				
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
	<b>119 286 781</b>	<b>118 561 725</b>	<b>67 536 869</b>	<b>67 127 142</b>
<b>Total other financial assets</b>	<b>121 697 495</b>	<b>120 542 769</b>	<b>69 947 583</b>	<b>69 108 186</b>
<b>Non-current assets</b>				
Available-for-sale	99 451 499	100 062 404	67 757 566	67 375 171
<b>Current assets</b>				
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
	<b>31 000 300</b>	<b>28 702 726</b>	<b>10 944 321</b>	<b>9 955 376</b>
	<b>130 451 799</b>	<b>128 765 130</b>	<b>78 701 887</b>	<b>77 330 547</b>
<b>Fair value information</b>				
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.				
<b>Fair value hierarchy of financial assets at fair value through profit or loss</b>				
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.				
<b>Level 1</b>				
Available for sale	121 697 495	120 542 769	69 947 583	69 108 186

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	2017	2016	2017	2016
<b>10. Deferred tax</b>				
<b>Deferred tax liability</b>				
Property plant and equipment	848 742	1 088 843	-	-
Investment Property	(2 714 550)	(2 048 132)	-	-
<b>Total deferred tax liability</b>	<b>(1 865 808)</b>	<b>(959 289)</b>	-	-
<b>Deferred tax asset</b>				
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	-	-
<b>Total net deferred tax asset</b>	<b>12 057 126</b>	<b>11 429 542</b>	-	-
<b>Reconciliation of deferred tax asset / (liability)</b>				
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)	-	-	-
	<b>12 057 126</b>	<b>11 429 542</b>	-	-
<b>11. Trade and other receivables</b>				
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
	<b>99 806 099</b>	<b>61 775 387</b>	<b>3 162 531</b>	<b>2 449 638</b>
<b>Split between non-current and current portions</b>				
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:



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	2017	2016	2017	2016
<b>12. Cash and cash equivalents (continued)</b>				
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
	<b>126 538 801</b>	<b>109 141 905</b>	<b>30 684 462</b>	<b>27 237 060</b>

### 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	1 146 391	1 335 932	-	-
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.				
Nedbank Limited	9 712 348	12 540 934	-	-
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).				
	<b>10 858 739</b>	<b>13 876 866</b>	-	-
<b>Non-current liabilities</b>				
At amortised cost	9 721 042	12 306 701	-	-
<b>Current liabilities</b>				
At amortised cost	1 137 697	1 570 165	-	-
	<b>10 858 739</b>	<b>13 876 866</b>	-	-

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	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
	<b>127 075 967</b>	<b>71 712 959</b>	<b>8 390 111</b>	<b>9 970 259</b>

#### 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
	<b>736 959 022</b>	<b>714 409 796</b>	<b>63 264 150</b>	<b>59 121 462</b>

### 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
	<b>134 103 899</b>	<b>165 732 341</b>	<b>6 460 870</b>	<b>9 713 167</b>

### 18. Operating profit (loss)

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

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	2017	2016	2017	2016
<b>18. Operating profit (loss) (continued)</b>				
<b>Auditor's remuneration - external</b>				
Audit fees	2 888 113	3 015 648	539 677	463 012
<b>Remuneration, other than to employees</b>				
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
	<b>142 266 168</b>	<b>167 445 268</b>	<b>6 647 674</b>	<b>6 683 938</b>
<b>Leases</b>				
<b>Operating lease charges</b>				
Premises	10 121 354	13 667 866	1 155 884	739 295
Equipment	846 451	513 105	307 235	152 190
	<b>10 967 805</b>	<b>14 180 971</b>	<b>1 463 119</b>	<b>891 485</b>
<b>Depreciation and amortisation</b>				
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
<b>Total depreciation and amortisation</b>	<b>6 899 115</b>	<b>4 814 154</b>	<b>1 780 726</b>	<b>1 061 252</b>
<b>19. Depreciation, amortisation and impairment losses</b>				
<b>Depreciation</b>				
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	-	-
	<b>6 319 726</b>	<b>4 519 611</b>	<b>1 508 349</b>	<b>891 999</b>
<b>Amortisation</b>				
Intangible assets	579 389	294 543	272 377	169 253
<b>Total depreciation, amortisation and impairment</b>				
Depreciation	6 319 726	4 519 611	1 508 349	891 999
Amortisation	579 389	294 543	272 377	169 253
	<b>6 899 115</b>	<b>4 814 154</b>	<b>1 780 726</b>	<b>1 061 252</b>
<b>20. Investment income</b>				
<b>Interest income</b>				
<b>From investments in financial assets:</b>				
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
<b>Total interest income</b>	<b>10 336 320</b>	<b>9 897 184</b>	<b>4 294 426</b>	<b>4 395 086</b>

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	2017	2016	2017	2016
<b>21. Finance costs</b>				
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
<b>Total finance costs</b>	<b>2 184 434</b>	<b>2 720 652</b>	<b>96</b>	<b>51</b>
<b>22. Taxation</b>				
<b>Major components of the tax expense (income)</b>				
<b>Current</b>				
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)	-	-
	<b>10 325 667</b>	<b>7 042 505</b>	-	-
<b>Deferred</b>				
Originating and reversing temporary differences	(627 583)	(7 664 713)	-	-
	<b>9 698 084</b>	<b>(622 208)</b>	-	-
<b>23. Cash (used in)/generated from operations</b>				
Profit before taxation	39 584 047	29 923 254	5 426 337	2 634 608
<b>Adjustments for:</b>				
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	-	-
<b>Changes in working capital:</b>				
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
	<b>42 478 360</b>	<b>50 839 857</b>	<b>(268 330)</b>	<b>(168 879)</b>

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	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
	<b>826 026</b>	<b>178 165</b>	<b>1 004 191</b>

##### 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
	<b>922 313</b>	<b>177 259</b>	<b>1 099 572</b>

### 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.

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### 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