SANBS
South African National Blood Service

Trusted to save lives

AUDITED ANNUAL FINANCIAL STATEMENTS 2018

Audited Financial Statements

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

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

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

The directors place considerable importance on maintaining a strong control environment. The directors set standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. These standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. During October 2018 the directors were apprised of a breakdown in the control systems in respect of debtors, which control breakdown is explained in the financial statements. Please refer to Note 16 for further information.

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

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

Based on the credit note control deficiency the directors are unable to opine that the system of internal controls pertaining to credit notes issued and payments received provide reasonable assurance that the financial records may be relied upon for the year under review but are satisfied that the provision raised for potential refunds is sufficient and appropriate and that other internal controls may be relied upon, please refer to Note 16.

Further the directors have been assured by management that they are in the process of rectifying the control weaknesses and will report back to the Board on concluding this process.

The financial statements set out on pages 3 to 35 were approved by the Board of Directors on 29 November 2019 and were signed on its behalf by:

Ms G Simelane
Chairman

Dr J Louw
Chief Executive Officer

CERTIFICATION BY COMPANY SECRETARY

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

P.P

Mr M Luthuli
Company Secretary
Johannesburg
29 November 2019

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2018.

1. NATURE OF BUSINESS

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

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

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

2. DIRECTORS

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

Independent Non-Executive Donor

Ms G Simelane (Chair)
Mr R Brand
Ms F Burn (Joined: 10.11.2018)
Mr A Christians (Retired after serving 9 years: 20.10.2017)
Ms D Dondur (Retired after serving 9 years: 20.10.2017)
Dr P Knox
Ms M Malebye (Joined: 01.02.2018, Retired by rotation 10.11.2018)
Ms P Mthethwa (Joined: 10.11.2018)
Ms A Ramalho
Mr R Theunissen

Executive

J Louw (Joined: 15.01.18)
J Thomson

Independent Non-Executives

W Gumede
V Moodley

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

3. COMPANY SECRETARY

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

Business Address

1 Constantia Boulevard
Constantia Kloof
Roodepoort
1724

Postal Address

Private Bag X14
Weltevreden Park
1715

DIRECTORS' REPORT (Continued)

4. AUDITORS

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

Business Address	Postal Address
Building 1 Deloitte Place The Woodlands Woodmead Sandton 2191	Private Bag X6 Gallo Manor 2052

5. BUSINESS RESULTS SUMMARY

The financial position of the Company at 31 March 2018 is set out in the statement of financial position.

The statement of profit and loss and other comprehensive income for the year reflects a surplus of R136 million (2017: R179 million)

6. EVENTS AFTER THE REPORTING DATE

When a patient, either covered by a medical aid scheme or public hospital, receives a consignment of blood, and uses only a portion, the remainder of the unused units are returned to the SANBS. In line with good accounting practice, a credit note is then issued. In October 2018, the directors became aware that these credit notes issued for public hospital patients do not always appear to have been sent to the provincial departments of health, rather the statement of account would be sent excluding the credit notes and therefore overstating the amount due. For patients whose medical aid used the Mediswitch system to process claims, these credit notes would be presented to the medical aid as invoices, therefore resulting in a possible payment of the credit note rather than a deduction from amount due. Payments received from medical aids were matched to invoices and any credit on the debtor account, arising from the overpayment, was misallocated to other medical aids and state hospitals. An independent forensic investigator was engaged to review all credit notes issued to medical aids via the mediswitch system and to quantify the amount of the lability due to medical aids. Further review of the state hospitals liability is underway. The financials for the year ended 31 March 2018 have been adjusted to reflect the liability due to the medical aids (Note 16).

The auditors have issued a Disclaimer of Audit Opinion as a result of the credit note and misallocation issue and their impact on the debtors balance, provision for doubtful debts, medical aid reimbursement provision and any related impact on the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows.

7. GOING CONCERN STATUS

Having reviewed SANBS' cash flow forecast for the year 2018/2019 and, in light of the current financial position, the directors are satisfied that the organisation has, or has access to, adequate resources to continue its operational existence for the foreseeable future.

8. POLICY DIRECTIVES

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

Deloitte.

Deloitte & Touche
Registered Auditors
Audit & Assurance -
Gauteng

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOUTH AFRICAN NATIONAL BLOOD SERVICE

Report on the Audit of the Financial Statements

Opinion

We were engaged to audit the financial statements of South African National Blood Service set out on pages 2 to 35, which comprise the statement of financial position as at 31 March 2018, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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

Basis for Disclaimer of Opinion

As indicated in note 16 an irregularity was identified relating to credit notes issued to medical aids and public hospitals relating to prior and current periods, including inappropriate allocation of receipts from debtors. The company is still in the process of quantifying and agreeing with its customers on the amounts overpaid which are due to be refunded. We were unable to confirm or verify by alternative means the accounts receivable and the provision for settlement of the claims included in the statement of financial position at a total amount of R136 801 000 as at 31 March 2018. Furthermore, as described in note 11, the company did not adopt the new standard IFRS 9 *Financial Instruments*. As a result of these matters, we were unable to determine the quantum of the adjustments that are required in respect of accounts receivable and the provision for settlement of the claims, and the impact on the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Other Information

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Deloitte & Touche.

Deloitte & Touche
Registered Auditor

Per: Mandisi Mantyi
Partner
29 November 2019

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Notes	2018 R'000	2017 R'000 Restated
REVENUE	**3**	**2 640 292**	**2 486 971**
Expenses	4	(2 649 138)	(2 442 334)
Other income	5	20 246	15 668
Net interest received		**124 151**	**118 201**
Interest received	6	124 760	118 397
Interest expense	6	(609)	(196)
SURPLUS FOR THE YEAR	**7**	**135 551**	**178 506**
Surplus for the year		135 551	178 506
Items that will not be reclassified to profit and loss Actuarial gain/(loss)		3 515	(14 276)
COMPREHENSIVE SURPLUS FOR THE YEAR		**139 066**	**164 230**

	Notes	2018 R'000	2017 R'000 RESTATED	2016 R'000 01 April RESTATED
ASSETS				
Non-current assets				
Property, plant and equipment	9	372 418	366 266	367 847
Current assets				
Inventories	10	111 519	113 183	109 516
Trade and other receivables	11	891 080	737 013	651 033
Asset held-for-sale	12	890	890	694
Cash and cash equivalents	18.3	1 576 894	1 611 366	1 472 847
Total current assets		**2 580 383**	**2 462 452**	**2 234 090**
Total assets		**2 952 801**	**2 828 718**	**2 601 937**
RESERVES & LIABILITIES				
Reserves		2 484 290	2 345 225	2 180 995
Non-current liabilities				
Interest bearing liabilities	13	539	879	1 219
Provision for post-retirement medical aid obligation	14	54 158	54 462	38 764
Total non-current liabilities		**54 697**	**55 341**	**39 983**
Current liabilities				
Interest-bearing liabilities	13	340	340	340
Current portion of provision for post-retirement medical aid obligation	14	2 852	2 803	2 310
Trade and other payables	15	180 080	192 071	173 291
Provisions	16.1	93 741	113 726	101 138
Medical Aid Reimbursement	16.2	136 801	119 212	103 880
Total current liabilities		**413 814**	**428 152**	**380 959**
Total reserves and liabilities		**2 952 801**	**2 828 718**	**2 601 937**

	Notes	RESERVES R'000 RESTATED
Balance at 31 March 2016		2 284 875
Correction of prior period error (Note 16)		(103 880)
Balance at 01 April 2016		**2 180 995**
Surplus for the year		178 506
Other comprehensive income		(14 276)
Balance at 31 March 2017		2 345 225
Surplus for the year		135 551
Other comprehensive income		3 515
Balance at 31 March 2018		**2 484 291**

	Notes	2018 R'000	2017 R'000 RESTATED
Cash flow from operating activities			
Cash generated from operations	**18.1**	74 384	124 472
Changes in working capital	**18.2**	(166 791)	(42 947)
Cash utilised from operating activities		(92 407)	81 525
Interest received	6	124 760	118 397
Interest expense	6	(609)	(196)
Net cash generated from operating activities		**31 744**	**199 726**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(68 132)	(62 001)
Proceeds from sale of property, plant and equipment		2 256	1 135
Net cash utilised in investing activities		**(65 876)**	**(60 866)**
Cash flows from financing activities			
Decrease in interest-bearing liabilities		(340)	(340)
Net cash (utilised) / generated in financing activities		**(340)**	**(340)**
(Decrease) / Increase in cash for the year		**(34 472)**	**138 520**
Cash and cash equivalents at the beginning of the year		1 611 366	1 472 846
Cash and cash equivalents at the end of the year	18.3	**1 576 894**	**1 611 366**

1 ACCOUNTING POLICIES

Statement of compliance

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

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

1.1 Adoption of revised accounting standards

In the current year, the company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant and effective for the accounting period.

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

IFRS 9 Financial Instruments – Classification and Measurement (Effective for annual periods beginning on or after 1 January 2018). In general, the Company anticipates that the application of the expected credit loss model of IFRS 9 may result in earlier recognition of credit losses for the respective items and may increase the amount of loss allowance for those items.

IFRS 15 Revenue from Contracts with Customers 1 January 2018. Revenue is recognised when a customer obtains control of a good or service. Apart from providing more extensive disclosures on the company's revenue transactions, it is not anticipated that the application of IFRS 15 will have a significant impact on the financial position and or performance of the company.

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

1.2 Basis of preparation

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

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

1.3 Property, plant and equipment

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

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

The useful lives are:

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

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

Assets held under finance leases are depreciated over the useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

1.4 Leases

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

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

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

1.5 Financial Instruments

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

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

1.6 Financial assets

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

1.6.1 Effective-interest method

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

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

1.6.2 Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise: or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair-value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms a part of a contract containing one or more embedded derivatives, and IAS39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair-value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses' line items in the statement of comprehensive income. Fair-value is determined in the manner described in note 20.

1.6.3 Loans and receivables

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

1.6.4 Impairment of financial assets

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

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

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

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

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

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

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

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

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair-value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of the AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair-value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.6.5 De-recognition of financial assets

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

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

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

1.7 Financial Liabilities and Equity Instruments

1.7.1 Classification as debt

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

1.7.2 Financial liabilities

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

1.7.2.1 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

  Financial liabilities at FVTPL are stated at fair-value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain of loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses' line item in the statement of comprehensive income. Fair-value is determined in the manner described in note 19.

1.7.2.2 Other financial liabilities

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

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

1.8 Grants

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

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

1.9 Inventories

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

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

1.10 Non-current assets held-for-sale

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

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

1.11 Revenue recognition

Revenue comprises the net revenue from services/fees and product sales, excluding value added taxation. Revenue is recognized when significant risks and rewards are transferred to the buyer and the receipt of economic benefits is probable

1.12 Interest

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

1.13 Retirement benefits

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

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

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

1.14 Impairment

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

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

1.15 Foreign currencies

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

1.16 Provisions

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Critical accounting judgements

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

Impairment of assets

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

Provision for doubtful debts

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

Medical Aid Reimbursement provision

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

In determining the provision, all credit notes issued to medical aids which had been cleared by using a specific clearing code were identified and quantified. The resultant amount was then doubled as the medical aids would have paid both for the invoice and the credit notes.

2.2 Key sources of estimation uncertainty

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

Plant, equipment and vehicles residual values and useful lives

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

Provision for post-retirement medical obligation

A liability exists in respect of current and retired employees to whom these benefits have been granted. These costs are provided on the accrual basis, determined actuarially. Refer to assumptions set out in note 14.

Inventory

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

	2018 R'000	2017 R'000

3 REVENUE

Revenue consists of the invoiced value of goods and services to customers excluding value added taxes.

	2018 R'000	2017 R'000
Service fees	2 638 265	2 484 501
Product sales	2 027	2 470
Total revenue	**2 640 292**	**2 486 971**

The invoice, as a contract, includes the consideration to which SANBS is entitled to, which is per the published price for each item, and the typical 30-day payment terms.

4 EXPENSES

	2018 R'000	2017 R'000
Advertising and promotions	40 587	41 645
Communication costs	30 770	27 127
Consulting fees	43 318	31 147
Consumables	713 722	656 944
Depreciation	60 010	62 647
Employee benefits	1 033 437	1 001 345
Freight	158 008	148 163
Operating Lease - premises	42 467	37 274
Motor vehicle costs	16 802	14 738
Product testing	65 773	65 769
Services	62 808	67 242
Travel and accommodation	50 585	35 703
Provision for doubtful debts	134 498	6 723
Bad Debts Write off	81 932	122 222
Other expenses (includes computer costs, foreign exchange variance, insurance and repairs and maintenance)	114 421	123 645
	2 649 138	**2 442 334**

5 OTHER INCOME

	2018 R'000	2017 R'000
Administration Fee	4 847	4 184
Miscellaneous Income	7 050	2 484
Discount received	40	1 283
Profit on sale of property, plant and equipment	286	397
Rent received	8 023	7 320
	20 246	**15 668**

		2018	2017
		R'000	**R'000**
6	**NET INTEREST RECEIVED**		
	Interest received - Bank	124 760	118 397
	Interest charged by suppliers	(609)	(196)
		124 151	**118 201**

	2018 R'000	2017 R'000

7 SURPLUS FOR THE YEAR

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

	2018 R'000	2017 R'000
Auditor's remuneration	4 031	3 591
Audit fees	3 142	3 513
Fees for other services	889	78
Depreciation	60 010	62 647
Buildings	5 962	6 369
Plant and equipment	26 482	24 988
Motor vehicles	2 342	4 924
Computer equipment	21 632	23 363
Furniture and fittings	3 592	3 003
Directors' emoluments (refer to Note 24)	17 814	22 123
Executive directors and prescribed officers	12 261	15 685
Non-Executive directors	5 553	6 438
Net profit on foreign currency transactions	(549)	(1 006)
Employee benefits	1 032 740	1 005 404
Salaries and wages	675 359	619 949
Pension	97 196	91 612
Bonus	77 197	98 835
Leave	15 233	18 432
Medical Aid	58 365	78 679
Other	109 390	97 897
Net profit on disposal of property, plant and Equipment	(286)	(397)
Operating lease expenses	52 827	45 266
Land and buildings	42 467	37 274
Plant and equipment	10 360	7 992

8 TAXATION

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

9 PROPERTY, PLANT AND EQUIPMENT
2018

Cost	Beginning of year R'000	Additions R'000	Disposals R'000	End of year R'000
Land and buildings	230 303	17 219	(192)	**247 330**
Plant and equipment	293 687	33 354	(2 331)	**324 710**
Motor vehicles	79 497	0	(80)	**79 417**
Computer equipment	158 208	13 354	(626)	**170 936**
Furniture and fittings	25 691	4 205	(850)	**29 046**
	787 386	**68 132**	**(4 079)**	**851 439**

Accumulated depreciation	Beginning of year R'000	Charge for the year R'000	Disposals R'000	End of year R'000
Land and buildings	57 490	5 962	(64)	**63 388**
Plant and equipment	182 699	26 482	(617)	**208 564**
Motor vehicles	53 192	2 342	(80)	**55 454**
Computer equipment	106 456	21 632	(588)	**127 500**
Furniture and fittings	21 282	3 592	(758)	**24 115**
	421 119	**60 010**	**(2 107)**	**479 021**

Net carrying Value	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Land and buildings	247 330	63 388	**183 942**
Plant and equipment	324 710	208 564	**116 146**
Motor vehicles	79 417	55 454	**23 963**
Computer equipment	170 936	127 500	**43 436**
Furniture and fittings	29 046	24 115	**4 931**
	851 439	**479 022**	**372 418**

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

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

2017

Cost	Beginning of year R'000	Additions R'000	Disposals R'000	Held for sale R'000	End of year R'000
Land and buildings	222 434	8 283	(145)	(269)	**230 303**
Plant and equipment	270 299	25 703	(2 315)	-	**293 687**
Motor vehicles	79 145	352	-	-	**79 497**
Computer equipment	133 984	24 423	(199)	-	**158 208**
Furniture and fittings	22 799	3 240	(348)	-	**25 691**
	728 661	**62 001**	**(3 007)**	**(269)**	**787 386**

Accumulated depreciation	Beginning of year R'000	Charge for the year R'000	Disposals R'000	Held for sale R'000	End of year R'000
Land and buildings	51 313	6 369	(119)	(73)	**57 490**
Plant and equipment	159 381	24 988	(1 670)	-	**182 699**
Motor vehicles	48 268	4 924	-	-	**53 192**
Computer equipment	83 283	23 363	(190)	-	**106 456**
Furniture and fittings	18 569	3 003	(289)	-	**21 283**
	360 814	**62 647**	**(2 268)**	**(73)**	**421 120**

Net carrying Value	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Land and buildings	230 303	57 490	**172 813**
Plant and equipment	293 687	182 699	**110 988**
Motor vehicles	79 497	53 192	**26 305**
Computer equipment	158 208	106 456	**51 752**
Furniture and fittings	25 691	21 282	**4 409**
	787 386	**421 120**	**366 266**

	2018 R'000	2017 R'000

10 INVENTORIES

	2018 R'000	2017 R'000
Consumable stores	112 392	114 371
Provision for obsolescence	(873)	(1 188)
	111 519	**113 183**

Inventories expensed during the year amounted to R733 755 (2017:R663 759)

11 TRADE AND OTHER RECEIVABLES

	2018 R'000	2017 R'000
Trade receivables	874 692	711 933
Sundry receivables	16 388	25 080
	891 080	**737 013**

	2018 R'000	2017 R'000
Trade receivables:		
Gross receivables	1 260 833	952 340
Provision for doubtful debts	(386 141)	(240 407)
	874 692	**711 933**

	2018 R'000	2017 R'000
Age of receivables that are past due but not impaired:		
30 Days	111 779	98 765
60 Days	93 695	76 800
90 Days	34 511	72 853
Total	**239 985**	**248 418**

	2018 R'000	2017 R'000
Age of impaired receivables:		
120 Days	56 477	65 966
150+ Days	572 734	266 399
Total	**629 211**	**332 365**

The company considers its provision against these debtors adequate.

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

11 TRADE AND OTHER RECEIVABLES (Continued)

	2018 R'000	2017 R'000
Movement in provision for doubtful debts		
Balance at beginning of the year	240 407	239 394
Charged to the Statement of Profit and Loss and Other Comprehensive Income - Bad debt provision adjustment	216 430	115 498
Charged to the statement of Profit and Loss and Other Comprehensive income – Revenue discounting	11 237	7 736
Bad Debts written off	(81 933)	(122 221)
Balance at the end of the year	**386 141**	**240 407**

Trade receivables that are not past their due date are not considered for impairment, except in situations where they are part of individually impaired trade receivables. Individually significant receivables are considered for impairment when objective evidence is received that a specific counterparty will default. Receivables that are not considered for individual impairment are reviewed for impairment by groups, which are determined by reference to the type of counterparty and other available features of shared credit risk characteristics. The estimated irrecoverable amounts are determined by reference to past default experience. The allowance for doubtful debts is used to reduce the carrying amount of the asset.

Private sector patients/customers

Due to the nature of the business of the company no credit checks are performed on new private patients. This is due to the instruction for services emanating from a qualified medical physician in a private health institution. The company takes cognisance of the fact that the patient has at that stage been accepted for treatment in a private health institution and can therefore take responsibility for the resulting account.

Government sector patients/customers

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

11 TRADE AND OTHER RECEIVABLES (Continued)

Included in the company's total trade receivables balance are the following amounts:

	2018 R'000		2017 R'000	
Private Sector	396 224	31%	331 822	35%
Medical aids	277 023		178 998	
Private patients	72 097		99 212	
Private institutions	46 912		52 779	
Others	192		833	
Government Sector	864 609	69%	620 518	65%
Government hospitals	812 863		581 284	
Workmen's Compensation Fund	13 276		14 130	
Road Accident Fund	32 343		18 802	
Other	6 127		6 302	
	1 260 833		**952 340**	

12 ASSET HELD-FOR-SALE

	2018	2017
Cost	1 169	1 169
Accumulated depreciation	(279)	(279)
	890	**890**

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

13 INTEREST-BEARING LIABILITIES

	2018	2017
Finance lease liabilities	879	1 219
Less: portion payable within one year	(340)	(340)
Long-term portion	**539**	**879**

The obligation was secured over Spectra Optia which is used in therapeutic apheresis procedures. The obligation bears interest at prime lending rate which is currently 10.25% and repayable in monthly instalments of R28 360 (2017: R28 360).

14 PROVISION FOR POST-RETIREMENT MEDICAL AID OBLIGATION

The post-retirement medical aid arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. There are no plan assets in respect of post-retirement medical plans. The post-retirement medical aid liability is valued at intervals of not more than three years using the projected unit credit method. The actual present value of the promised benefit at the most recent valuation performed in 2018 indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

	2018 R'000	2017 R'000
Provision for post-retirement long term medical obligations		
Long term portion	54 158	54 462
Short term portion	2 852	2 803
Balance at the end of the year	**57 010**	**57 265**

Movement in the present value of the defined benefit obligation in the current year is as follows:		
Balance at the beginning of the year	57 265	41 074
Current service cost	672	271
Interest cost	5 516	4 060
Expected employer benefit payments	(2 928)	(2 416)
Actuarial (gain)/loss	(3 515)	14 276
Balance at the end of the year	**57 010**	**57 265**

The principal actuarial assumptions applied were :		
Average retirement age	65 years	65 years
Continuation of membership at retirement	100,00%	100.00%
Health care cost inflation	8,00%	9.00%
Discount rate	8,90%	9.90%

The obligation of the company to provide medical benefits after retirement is no longer part of the conditions of employment for employees engaged after various dates within the company.

	2018 R'000	2017 R'000 RESTATED
15 TRADE AND OTHER PAYABLES		
Trade payables	100 270	100 406
Accruals	54 092	78 023
Other payables	25 718	13 642
	180 080	**192 071**

The average credit period from suppliers is 30 days. The balances approximates fair value.

16.1 PROVISIONS

	2018 R'000	2017 R'000 RESTATED
Leave pay	52 890	49 051
Ex-gratia payment and 13 cheque	40 851	64 675
	93 741	**113 726**
Leave pay		
Opening Balance	49 051	41 942
Additional provisions recognised	14 933	12 852
Reduction due to leave taken	(11 094)	(5 743)
	52 890	**49 051**

Leave pay provision represents the liability for leave days due to employees as at 31 March 2018

	2018 R'000	2017 R'000 RESTATED
Incentive Bonus		
Opening Balance	64 675	59 196
Additional provision recognised	28 907	54 525
Reduction due to payments	(52 731)	(49 046)
	40 851	**64 675**

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

16.2 Medical Aid Reimbursement

	2018 R'000	2017 R'000 RESTATED
Opening Balance	119 212	103 880
Additional provision recognised	17 589	15 332
	136 801	**119 212**

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

This resulted in an adjustment having to be made, increasing payables and reducing the surplus for the year and reserves (R17 589 in the current year and R119 212 in prior years) to reflect the amounts owed by SANBS.

The liability to public hospitals has not yet been fully quantified and this needs to be juxtaposed with the significant debt owing to SANBS by public hospitals. The directors believe that the provision of R136m is sufficient to also cover the liability to public hospitals.

17 CONTINGENT LIABILITIES

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

18.1 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

Net surplus	135 551	178 506
Adjustments:		
Depreciation	60 010	62 648
Net profit on disposal of property, plant and equipment	(286)	(396)
Interest received	(124 760)	(118 397)
Interest paid	6 125	4 256
Post-retirement medical aid non-cash items	(2 256)	(2 145)
Cash generated from operations	**74 384**	**124 472**

18.2 WORKING CAPITAL CHANGES

(Increase) / Decrease in inventories	1 664	(3 667)
Increase in trade and other receivables	(154 067)	(85 980)
(Decrease) / Increase in trade and other payables	(11 991)	18 780
(Increase) / Decrease in provisions	(2 397)	27 920
Changes in working capital	**(166 791)**	**(42 947)**

18.3 CASH AND CASH EQUIVALENTS

	2018 R'000	2017 R'000
Bank Balance	323 869	449 959
Money on Call	1 253 025	1 161 407
Cash and cash equivalents	**1 576 894**	**1 611 366**

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

19 OPERATING LEASE COMMITMENTS

Not later than one year	30 093	21 714
Later than one year, but not later than five years	28 171	25 551
Land and Buildings	**58 264**	**47 265**

19.1 OPERATING LEASE INCOME

Lease Revenue	8 023	7 320

19.2 OPERATING LEASE INCOME

Receivable within 1 year	8 023	8 023
Receivable later 1 year but not later than 5 years	13 234	21 257
	21 257	**29 280**

Note: Lease commitments relate to non-cancellable lease on building.

20 PENSION AND PROVIDENT FUND INFORMATION

The company provides retirement benefits for all eligible permanent employees through a defined contribution provident fund, which are all governed by the Pension Funds Act in South Africa, 1956. At year-end there were 2 265 (2017: 2 268) employees on this fund. The company's contribution to this fund expensed during the current financial year amounted to R97 195 714 (2017: R91 612 210).

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Interest rate risk

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

Interest rate risk management

The company manages its interest rate risk by negotiating favourable rates with its bankers. When deemed necessary interest rate quotes are obtained from other financial institutions to ensure that rates paid are market related. Major banks of high quality and credit standing are used by the company.

Interest rate sensitivity

If interest rate had been 1% higher/lower and all other variables held constant, the surplus for the year would increase/decrease by R15.4 million (2017 increase/decrease by R15.3 million).

Liquidity risk

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

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Foreign currency risk

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

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

Exchange rates :	2018 R'000	2017 R'000
USD	11.83	13.55
Euro	11.57	14.47
Current liabilities in:		
Trade payables in USD (2018 and 2017 amount)	19 640	2 140
Trade payables in Euro (2018 and 2017 amount)	31	139

Foreign currency sensitivity

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

	2018	2017
10% foreign currency sensitivity – USD	1 964	214

Credit risk management

Credit risk is the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company by its nature as the national blood supplier has an imbedded risk in its ability to turn service and product delivery into cash resources. This is due to the objective of the company to save life first and attend to financial consequences later. The company does not do credit checks on its private customers before supplying services and products nor do they investigate the amount of cover applicable or available in cases where medical aids are involved. This by its nature makes the business of the company less economically viable. As at 31 March 2018, the company does not consider there to be any material credit risk that has not been adequately provided for.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Fair-value

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

Fair-value hierarchy

Level 1 : Fair-value derived from quoted prices in active markets
Level 2: Fair-value derived through the use of valuation techniques based on observable inputs
Level 3: Fair-value derived through the use of valuation techniques using inputs not based on observable market data.

The entity has no Level 1 or 2 financial instruments.

Below is the carrying amounts and fair values of financial assets and financial liabilities carried at amortized cost. Where fair value information could not be determined, the carrying value of assets and liabilities approximates their fair values

2018

Financial assets	**Level 3 R'000**
Trade and other receivables	891 080
Cash and cash equivalents	1 576 894
Total	**2 467 974**

Financial Liabilities	
Interest-bearing liabilities	879
Trade and other payables	180 080
Provisions	230 542
Total	**411 501**

Classification of financial instruments

	Loans and receivables R'000	**Amortised costs**	**Total**
Assets			
Trade and other receivables	891 080	-	891 080
Cash and cash equivalents	1 576 894	-	1 576 894
Total	**2 467 974**	**-**	**2 467 974**
Liabilities			
Interest-bearing liabilities	-	879	879
Trade and other payables	180 080	-	180 080
Provisions	-	230 542	230 542
Total	**180 080**	**231 421**	**411 501**

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

2017

Financial assets	Level 3 R'000
Trade and other receivables	718 844
Cash and cash equivalents	1 611 366
Total	**2 330 210**

Financial Liabilities	
Interest-bearing liabilities	1 219
Trade and other payables	192 071
Provisions	113 726
Total	**499 087**

Classification of financial instruments

	Loans and receivables R'000	Amortised costs	Total
Assets			
Trade and other receivables	718 844	-	718 844
Cash and cash equivalents	1 611 366	-	1 611 366
Total	**2 330 210**	**-**	**2 330 210**
Liabilities			
Interest-bearing liabilities	-	1 219	1 219
Trade and other payables	192 071	-	192 071
Provisions	-	113 726	113 726
Total	**192 071**	**114 945**	**499 087**

22 CAPITAL COMMITMENTS

	2018 R'000	2017 R'000
Commitments in respect of capital expenditure:		
Approved by directors – not contracted for		
Plant and equipment	72 204	41 125
Motor vehicles	32 037	-
Furniture and fittings	64 600	211
IT Projects	-	48 071
Computer hardware and software	55 974	31 625
Building and leasehold improvements	9 263	32 403
	234 078	**153 435**

23 GUARANTEES

Financial Institutions have issued guarantees on behalf of the company to the value of R4 779 152 (2017: R2 482 409). Guarantees are issued as deposits for rental premises used by the company.

24 DIRECTORS AND PRESCRIBED OFFICERS EMOLUMENTS

2018	Basic Salary R'000	Bonus R'000	Other Benefits R'000	Total R'000
Executive Directors				
J Louw (Joined : 15.01.2018)	711		178	889
J Thomson	2 278	95	983	3 357
Prescribed Officers				
R Reddy	2 723	149	559	3 431
A Mothokoa	1 694	96	674	2 547
T Maesela (Joined : 14.08.2017)	1 162	66	307	1 535
S Mlambo (Joined : 01.02.2018)	270	93	38	401
F Monkwe (Joined : 01.03.2018)	132	12	40	184
	8 970	**512**	**2 779**	**12 261**

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

26 SUBSEQUENT EVENTS

When a patient, either covered by a medical aid scheme or public hospital, receives a consignment of blood, and use only a portion, the remainder of the unused units are returned to the SANBS. In line with good accounting practice, a credit note is then issued. In October 2018, the directors became aware that these credit notes issued for public hospital patients do not always appear to have been sent to the provincial departments of health, rather the statement of account would be sent excluding the credit notes and therefore overstating the amount due. For patients whose medical aid used the Mediswitch system to process claims, these credit notes would be presented to the medical aid as invoices, therefore resulting in a possible payment of the credit note rather than a deduction from amount due. The financials for the year ended 31 March 2018 have been adjusted to reflect the liability due to the medical aids (Note 16).

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

27 RESTATEMENT

Please refer to note 16 for background to the error identified which resulted in the restatement of the financial statements.

Statement of Financial Position (Extract)

Description	31-Mar R'000			01-Apr R'000		
	2017	2017	2017	2016	2016	2016
	Restated	Correction	Previously Reported	Restated	Correction	Previously reported
Reserves	2 345 225	119 212	2 464 437	2 180 995	103 880	2 284 875
Medical Aid Reimbursement	119 212	- 119 212	-	103 880	- 103 880	-
	2 464 437	-	2 464 437	2 284 875	-	2 284 875

Statement of Comprehensive Income

Description	2 017	2 017	2 017
	Restated	Correction	Previously Reported
Surplus for the year	164 230	15 332	179 562