South African National Blood Service

ANNUAL FINANCIAL STATEMENTS

2021

TRUSTED TO ***SAVE*** *LIVES*

CONTENTS

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

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE ANNUAL 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 annual financial statements and related financial information included in this report.

The directors are further responsible to ensure that the annual 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 International Financial Reporting Standards (IFRS).

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

The financial statements of the South African National Blood Service (SANBS) have been prepared in terms of 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 assessed 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. 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 management maintaining an effective 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 credit notes issued to medical aid administrators and public hospitals for blood not used and returned to SANBS, which is explained in the financial statements (please refer to Note 17.2). In response, additional controls have been introduced which include the review and standardisation of debtor transactions in the SAP ERP system, the immediate halting of processing medical aid credit notes using the Mediswitch system, and an external gap analysis and mapping of all debtor processes in order to consider the effectiveness of internal controls. Subsequent to the identification of the breakdown in control in respect of credit notes issued using the Mediswitch system, credit notes are manually submitted to Medical aid administrators and government hospitals on a monthly basis. Internal audit will start the review of the new internal controls at the end of September 2021.

The control deficiency related to credit notes issued to medical aids impacted 53 medical aids. During the 2020 financial year, settlement agreements with 3 medical aids were concluded For a further 50 medical aids, management was in the process of negotiating settlement agreements. As at 31 March 2020, the liability to public hospitals was fully quantified and the credit notes were allocated to the hospitals. A full and final settlement agreement with the National Department of Health was signed on the 10th of November 2020 encompassing all affected public hospitals.

As at 31 March 2021, settlement agreements with 16 medical aids were concluded, 4 medical aids schemes were found to be liquidated and therefore liability does not remain against any legal entity, 7 further settlements were completed after year- end and management is in the process of negotiating settlement agreements for a further 23 medical aids.

The directors have been assured by management that any control weaknesses noted are appropriately and timeously rectified and that effective controls are now in place and can be relied upon.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. Their report is presented on page 7.

The annual financial statements set out on pages 3 to 46, which have been prepared on the going concern basis, were approved by the board on 29 October 2021 and were signed on their behalf by:

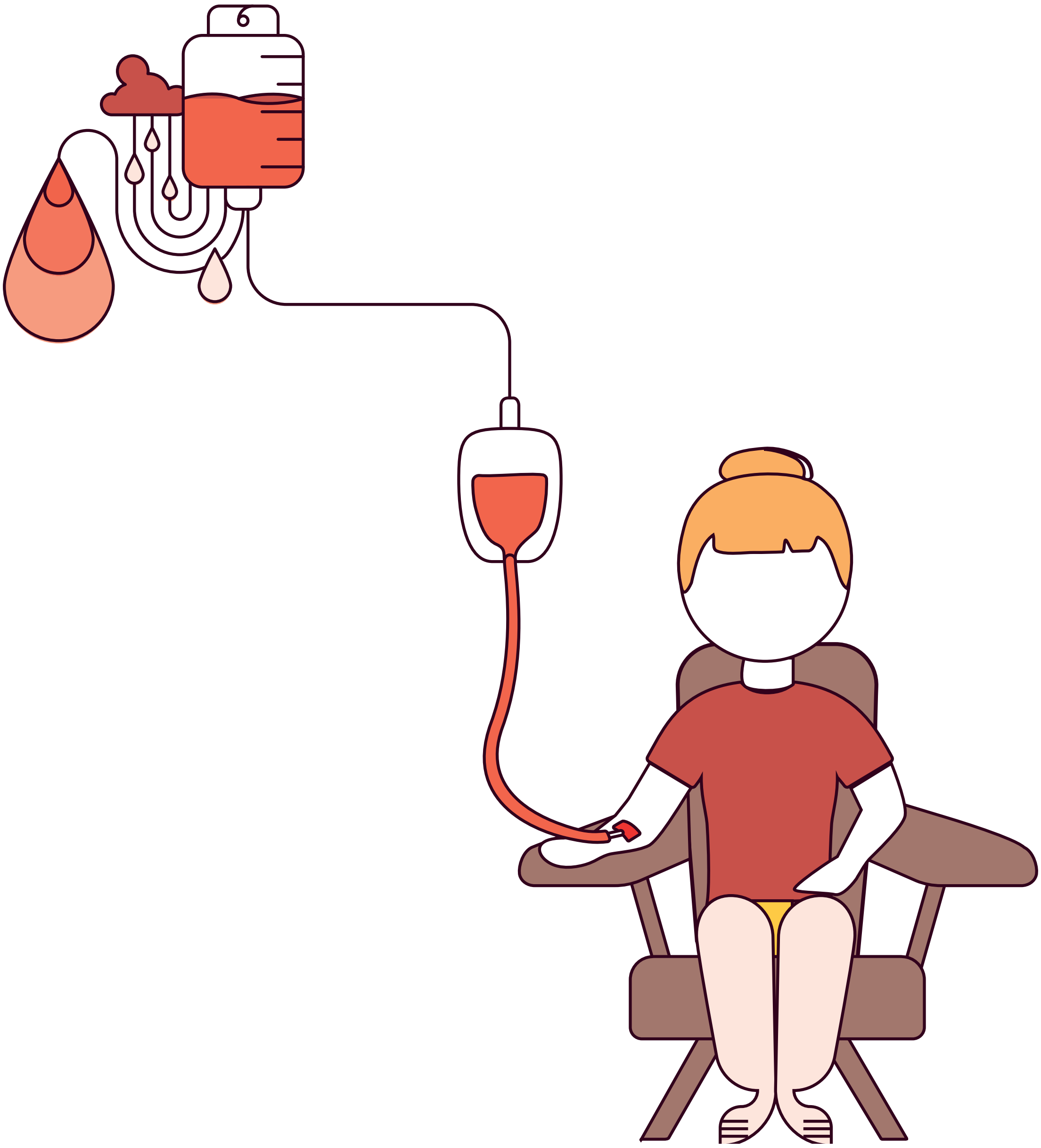
Ms A Ramalho
Chairman

Mr R Reddy
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 belief all required returns and 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.

A Manduna
Company Secretary
Johannesburg
29 October 2021



DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited annual financial statements for the year ended 31 March 2021.

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 principal activities of the company remain unchanged from the previous reporting period.

2. MEMBERS OF THE ORGANISATION

The company is governed by the National Council. Members of the SANBS National Council are donors nominated from independent donor structures as set out in the Memorandum of Incorporation. The National Council appoints the donor directors and holds the full Board of Directors accountable for managing and controlling SANBS operations in accordance with its mandate.

3. DIRECTORS

As at 31 March 2021, the Board of Directors comprised nine directors being six donor non-executive directors, two appointed non-executive directors and one executive director. At the date of the annual financial statements the Board of Directors comprised eleven directors being six independent donor non-executive directors, three independently appointed non- executive directors and two executive directors as listed hereunder:

Independent Donor Non-Executive
Ms A Ramalho (Chair)
Ms F Burn
Dr P Knox
Mr G Leong
Ms P Mthethwa
Ms G Simelane (Retired 21.01.2021)
Mr R Theunissen

Independent Appointed Non-Executives
Prof. W Gumede (Retired 09.07.2020)
Dr. V Moodley (Retired 30.06.2020)
Mr S Fakie (Joined 23.11.2020)
Dr. M Vaithilingum (Joined 01.07.2020)
Mr T Mokgatlha (Joined 16.04.2021)

Executive
Dr. J Louw (Resigned 31.12.2020)
Mr. R Reddy (Joined 01.01.2021)
Dr. J Thomson (Resigned 28.02.2021)
Dr K van der Berg (Joined 01.06.2021)

All directors complete annual declarations of interest and recuse themselves from any discussions or decisions where they are conflicted.

4. COMPANY SECRETARY

Ms. Avril Manduna was appointed as the Company Secretary with effect from 02 August 2021. 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

5. AUDITORS

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

Business Address	Postal Address
5 Magwa Crescent	Private Bag X6
Waterfall City	Gallo Manor
Waterfall	2052
2090	
South Africa	

6. BUSINESS RESULTS SUMMARY

The financial position of the Company at 31 March 2021 is set out in the statement of financial position. The statement of surplus and deficit and other comprehensive income for the year reflects a surplus of R210 million (2020:R292 million).

7. CREDIT NOTE MATTER

When a patient, covered by either a medical aid scheme or in a public hospital, receives a consignment of blood, and uses only a portion, the remainder of the unused units are returned to 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 the amount due. Any overpayments received were inappropriately allocated to other debtors' accounts.

During the year ended 31 March 2020, the liability to the National Department of Health was fully quantified. The National Department of Health opted to have the refund due to them allocated to its outstanding receivable of the affected public hospitals. A full and final settlement agreement with the National Department of Health was signed on the 10th of November 2020. In the 2020 financial year, settlement agreements with PPS Healthcare Administrators (Pty) Ltd, Medscheme and Discovery Medical Aid were also finalised.

During the year ended 31 March 2021, 16 settlement agreements were reached with medical aids for the medical aid reimbursement, and 4 medical aids schemes had been liquidated and therefore there was no legal liability against any entity. As at year-end the finalisation of settlement agreements with 31 Medical aid schemes had not been finalised, the liability due to those Medical aid schemes is reflected in Note 17.2 of the financial statements. Subsequent to year-end and up to date of the signature of the financials, further settlement agreements were signed with 7 medical aids, including Impala Medical Plan, Massmart Health Plan, Moto Health Care, Pick 'n Pay Medical Scheme, Wooltru Medical Scheme, Imperial Motus Medical Scheme and Transmed Medical Fund.

8. GOING CONCERN STATUS

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position to meet its foreseeable cash requirements.

The Board undertakes regular rigorous assessments of whether the Company is a going concern in the light of current economic conditions and all available information about future risks and uncertainties.

The projections for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. These analyses have been updated to include the ongoing developments related to the COVID-19 pandemic. These pandemic scenarios continue to evolve as the effects of the pandemic continue.

The Company's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its cash resources for at least 12 months from the authorisation date of the Financial Statements. A downside analysis has been performed assessing the potential negative economic impact the pandemic might have on the expected profitability of the Company and how that would affect the entity's ability to continue as a going concern.

8. GOING CONCERN STATUS *(continued)*

In preparing this analysis, the following key assumptions were used:

- The revenue reduction impact due to a drop in blood collections and usage,
- The projected increase in interest rates affecting the interest income from money market investments,
- The volatility of rand relative to major currencies especially the dollar and the euro, affecting the cost of imported consumables and services,
- The fixed cost base and the ability to reduce it by implementing a recruitment moratorium where possible and other cost saving initiatives in order to realise cost savings,
- The ability to defer or renegotiate payment terms, and
- The impact of the expected credit loss on debtor collections.

The above assumptions used in the sensitivity analyses represent the possible "worst case scenario" based on our current understanding of the continued impact of the pandemic. This scenario is considered unlikely; however, it is difficult to predict the overall outcome and impact of COVID-19.

The Company's projections and sensitivity analysis show that the Company has sufficient capital, liquidity and positive future performance outlook to continue to meet its short-term obligations and as a result, it is appropriate to prepare these financial statements on a going concern basis, even considering the severe impacts of the COVID-19 pandemic as noted above.

The directors are not aware of any new material changes, non-compliance with statutory or regulatory requirements or of any pending changes to legislation, which may affect the Company.

9. EVENTS AFTER REPORTING DATE

In the period subsequent to the financial year end, the following occurred:

9.1 Coronavirus (COVID-19) 3rd wave Impact

The company provides an essential service, and the impact on our operations for the period ending 31 March 2021 was not significant.

Subsequent to year-end, the 3rd-wave of the Covid-19 pandemic has had a negative impact on the operations of the Company, as demand for our blood transfusion and related services declined, as with previous waves. As the situation remains fluid and is rapidly evolving (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of the ongoing COVID-19 pandemic on the Company's financial statements cannot be reasonably estimated. Nevertheless, the economic effects arising from the COVID-19 outbreak have continued to affect the results of the Company subsequent to year-end.

9.2 Sale of properties

During January 2021, the company received an offer to purchase the property at 103 Jacqueline Avenue, Alberton, with a carrying value of R149k, for R1.2m. The registration process was completed on 22 July 2021.

The registration process of the 2 Bilson Street, Uitenhage property was completed on 8 September 2021.

9.3 Medial Aid Reimbursements

Agreements with Impala Medical Plan, Massmart Health Plan, Moto Health Care, Pick 'n Pay Medical Scheme, Wooltru Medical Scheme, Imperial Motus Medical Scheme and Transmed Medical Fund were reached on various dates after year- end.

9.4 Civil unrest

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 18 July 2021, sparked by the imprisonment of former President Jacob Zuma for contempt of court. Resulting protests against the incarceration triggered widespread rioting and looting of businesses. SANBS was not spared as some of the offices were looted and destroyed resulting in those areas being shut down. This affected the collection and distribution of blood products in the affected areas. SANBS has since repaired the destroyed offices and is in the process of claiming from Sasria SOC Ltd.

9.5 Appointments

Dr. Karin van der Berg was appointed as the new Medical Director on 1st June 2021. Ms. Avril Manduna, the new Company Secretary was appointed on 2nd August 2021.

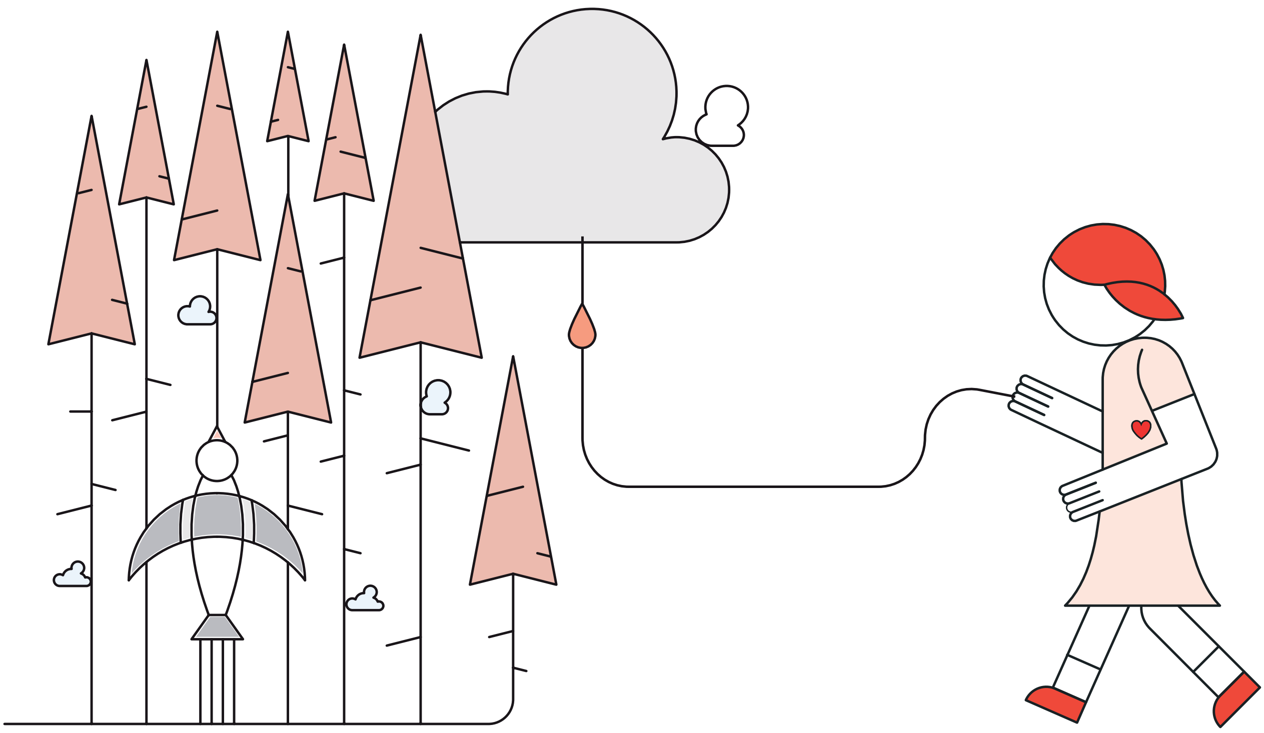
9. EVENTS AFTER REPORTING DATE *(continued)*

9.6 Resignations

Tshepi Maesela (CFO) tendered her resignation on the 13th of October 2021 and SANBS is in the process of finding her replacement. Rianda Kruger has been appointed as an acting CFO in the interim.

10. POLICY DIRECTIVES

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



Deloitte.

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Audit & Assurance
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

Tel: +27 (0)11 806 5000
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
To the members of South African National Blood services NPC

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of South African National Blood Services NPC set out on pages 10 to 46, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the South African National Blood Services NPC as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

Our opinion on the current year financial statements is qualified due largely to the impact of the disclaimed audit opinion in the prior year on the current year results. A disclaimer of opinion was issued on the 31 March 2020 annual financial statements due to the matters described below and the impact these have had on the current year financial statements.

Medical re-imbursement provision

We were unable to obtain sufficient appropriate audit evidence to substantiate the completeness, valuation, allocation, rights and obligations of the medical aid reimbursement provision, amounting to R108 million, as at 31 March 2020 due to the uncertainty of the amount of refunds due to medical aids and the absence of refund settlement agreements between the company and its customers as described in Note 17.2.

As we were unable to obtain sufficient and appropriate evidence to substantiate the fair presentation of this provision, we are unable to determine the impact, or the quantum of adjustments required, in the current year statement of profit and loss, statement of cashflows and applicable notes to the financial statements relating to the 31 March 2021 medical aid reimbursement provision opening balances.

Basis for Qualified Opinion

In addition, as disclosed in the Medical aid reimbursement provision note 17.2, the Company has released an overprovision of R50.7 million to the current year statement of profit and loss. R43.4 million of the overprovision related to settlement agreements finalised with medical aids during the 31 March 2020 financial year and should have been released at that time. This has resulted in the understatement of current year operating expenses and prior year accumulated reserves. Had the overprovision been released correctly in the prior year, the surplus for the current year and the Medical aid reimbursement movement on the net cash from operating activities would have reduced by R43.4 million, operating expenditure and opening reserves would have been increased by R43.4 million.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the members of South African National Blood services NPC (continued)

Basis for Qualified Opinion

Trade receivables

We were unable to perform audit procedures to obtain sufficient and appropriate audit evidence to substantiate the existence, valuation, allocation, completeness, rights and obligations of the trade receivables balance of R975 million as at 31 March 2020.

As we were unable to perform audit procedures to obtain sufficient and appropriate audit evidence to substantiate the fair presentation of these balances, we are unable to determine the impact, or the quantum of adjustments required, in the current year statement of profit and loss, statement of cashflows and applicable notes to the financial statements relating to the 31 March 2020 trade receivable opening balances.

Adoption of *IFRS9: Financial Instruments ("IFRS9")*

The company did not adopt IFRS 9, which was applicable from the 31 March 2019 financial period and therefore we were unable to obtain sufficient and appropriate evidence on the expected credit loss allowance against trade receivables as at 31 March 2020.

As disclosed in notes 3.1 and 13, the Company has adopted IFRS 9 in the current year for the first time. In adopting IFRS 9 the company did not apply the standard retrospectively to the date the standard was effective in accordance with the requirements of *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*. The company incorrectly accounted for the impact of IFRS 9 on the 31 March 2020 expected credit loss allowance in the current year through opening retained earnings rather than restating comparatives and accounting for IFRS9 as if it was adopted at the correct effective date. Furthermore, as we were unable to perform audit procedures to obtain sufficient and appropriate evidence on the 31 March 2020 trade receivables balance, we are unable to determine the fair presentation of the IFRS 9 initial adoption adjustment, amounting to R178 million, disclosed within retained earnings in the statement of changes in equity.

As detailed above, our opinion on the current year's financial statements is qualified because of the possible effects of these matters on the comparability with the current year financial statements with that of the prior year as well as its impact on the current year statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "South African National Blood Services NPC Audited Annual Financial Statements for the year ended 31 March 2021" which includes the Directors' Report as required by the Companies Act of South Africa and the Certification by the Company Secretary. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Except for the possible impact arising from the historically disclaimed audit opinion as detailed in the Basis for Qualified Opinion section above, we have nothing to report in this regard.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the members of South African National Blood services NPC (continued)

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 objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte + Touche

Deloitte & Touche
Registered Auditor
Per: Thega Marriday
Partner
29 October 2021

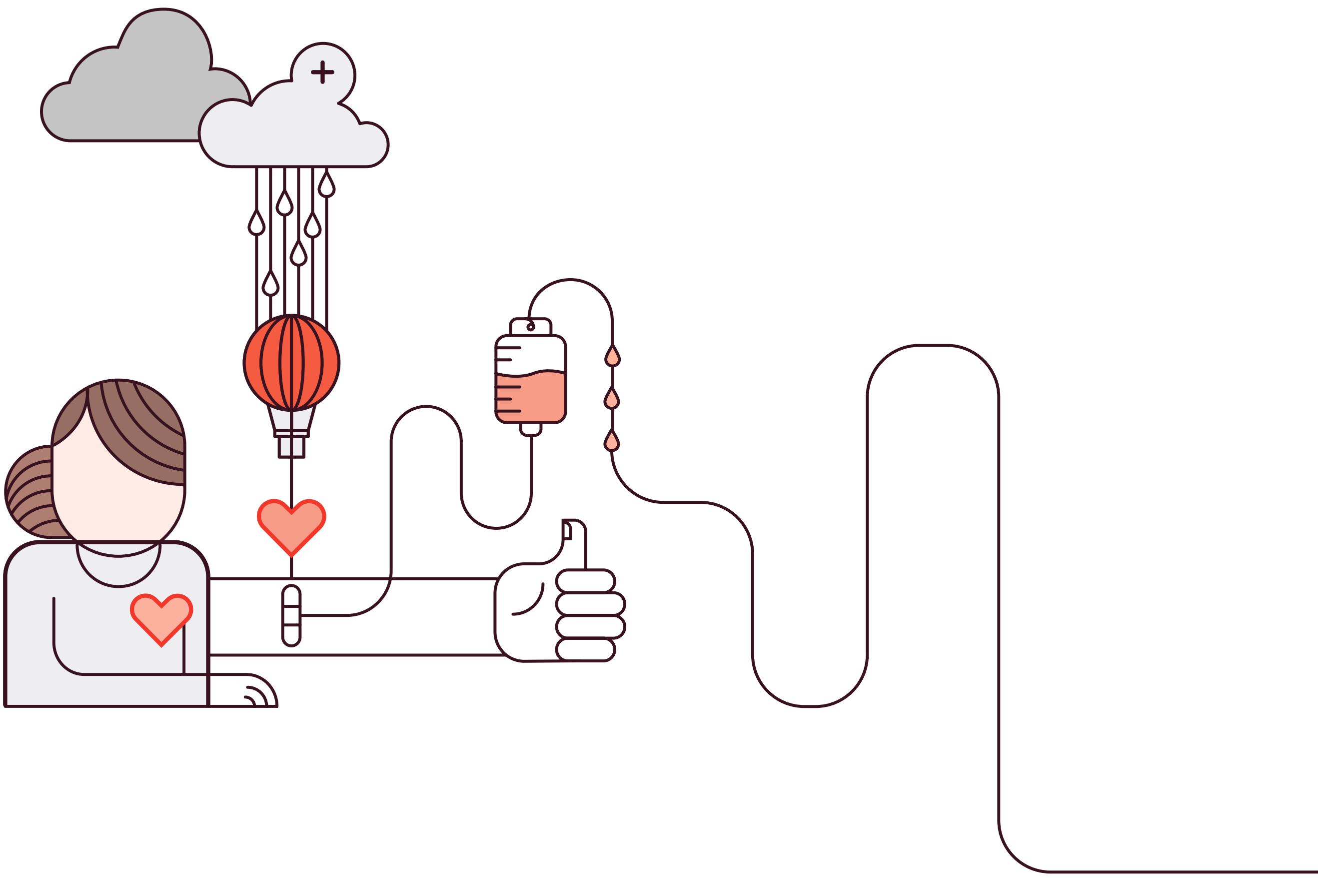
5 Magwa Crescent
Waterfall City
Waterfall
Gauteng
2090

STATEMENT OF SURPLUS AND DEFICIT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 R'000	2020 R'000
REVENUE	4	**3 195 267**	**3 316 356**
Operating expenses	5	**(2 977 994)**	(3 042 973)
Impairment losses on financial assets[1]		**(93 349)**	(122 267)
Other income	6	**5 018**	7 528
Net interest received		**83 509**	126 714
Interest received	7	**97 680**	143 059
Interest expense	7	**(14 171)**	(16 345)
SURPLUS FOR THE YEAR	8	**212 451**	**285 358**
Surplus for the year		**212 451**	285 356
Items that will not be reclassified to surplus and deficit Actuarial (losses)/gains	15	**(1 990)**	6 972
COMPREHENSIVE SURPLUS FOR THE YEAR		**210 461**	**292 328**

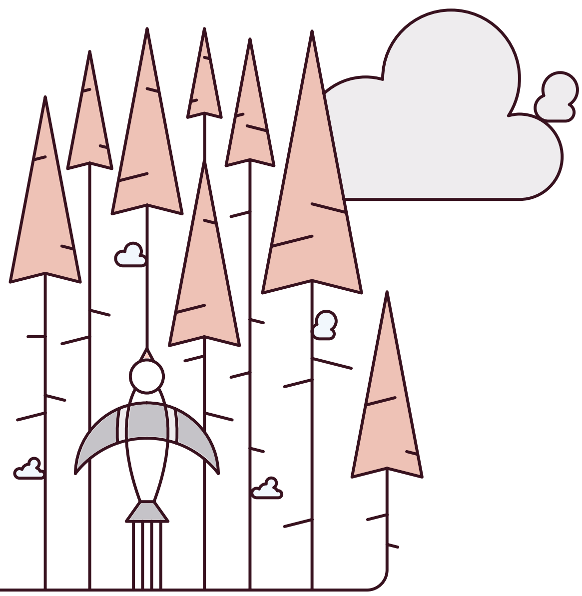
[1] Impairment of financial assets is represented on the face of the statement of surplus or deficit. This is for disclosure comparability and enhancement purposes. The value disclosed in operating expenses in the prior year was reduced as a result.



STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment owned	10	**788 935**	543 645
Right-of-use assets	11	**70 344**	78 625
Total property, plant and equipment		**859 279**	**622 270**
Total non-current assets		**859 279**	**622 270**
Current assets			
Inventories	12	**127 375**	150 231
Trade and other receivables	13	**805 757**	988 624
Assets held-for-sale	14	**5 621**	5 469
Cash and cash equivalents	19	**1 843 268**	2 002 460
Total current assets		**2 782 021**	**3 146 784**
Total assets		**3 641 300**	**3 769 054**
RESERVES & LIABILITIES			
Reserves		**3 027 301**	2 995 202
Non-current liabilities			
Lease liabilities	11	**46 202**	52 229
Provision for post-retirement medical aid obligation	15	**50 264**	45 892
Total non-current liabilities		**96 466**	**98 121**
Current liabilities			
Current portion of lease liabilities	11	**32 777**	33 654
Current portion of provision for post-retirement medical aid obligation	15	**3 275**	3 208
Trade and other payables	16	**265 932**	350 536
Provisions	17.1	**185 489**	179 840
Medical Aid Reimbursement	17.2	**30 060**	108 493
Total current liabilities		**517 533**	**675 731**
Total reserves and liabilities		**3 641 300**	**3 769 054**

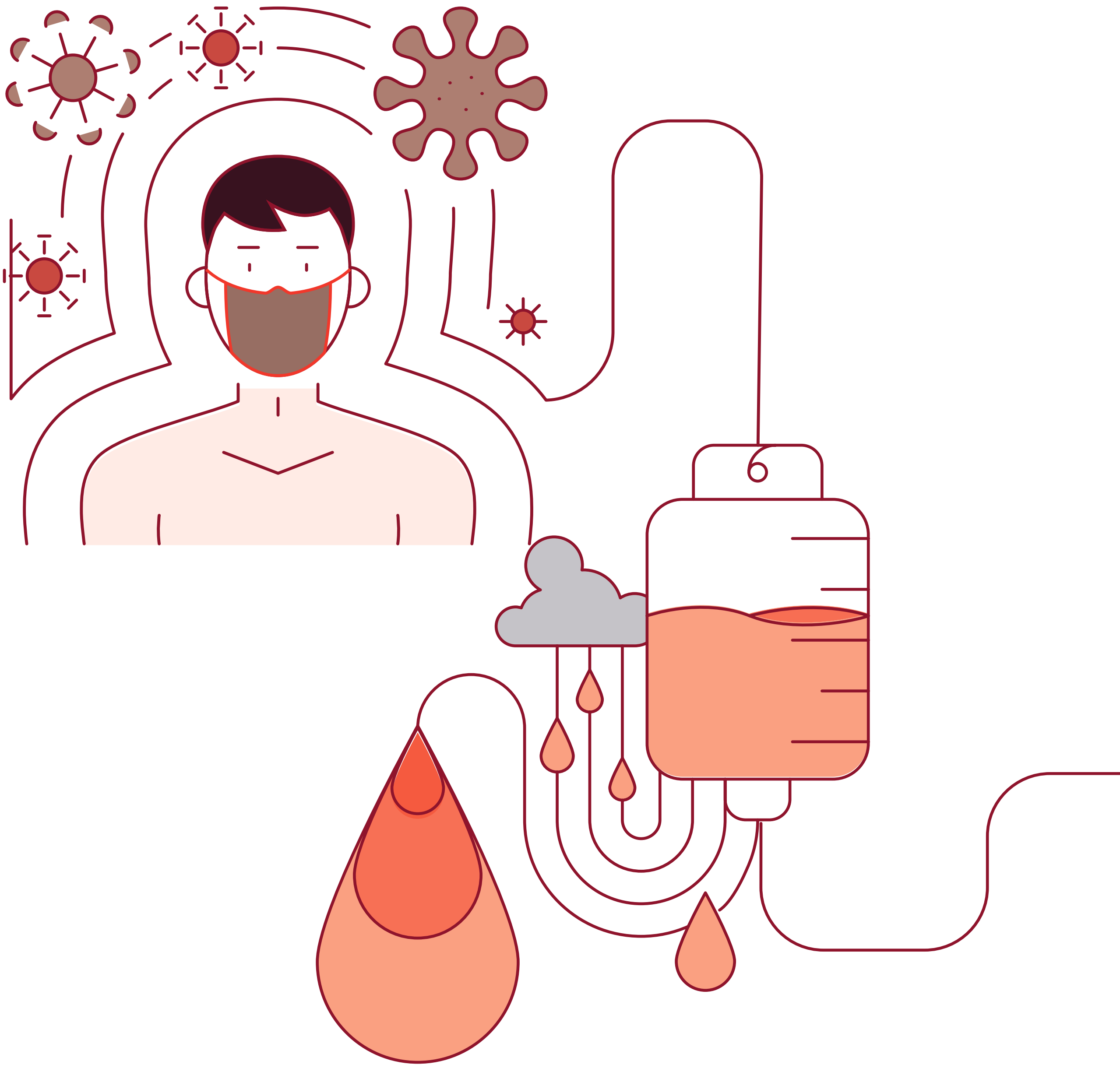


STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Reserves R'000
Balance at 31 March 2019	2 702 874
Surplus for the year	285 356
Other comprehensive income	6 972
Balance at 31 March 2020	2 995 202
IFRS 9 initial adoption adjustment[1]	(178 362)
Surplus for the year	212 451
Other comprehensive loss	(1 990)
Balance at 31 March 2021	**3 027 301**

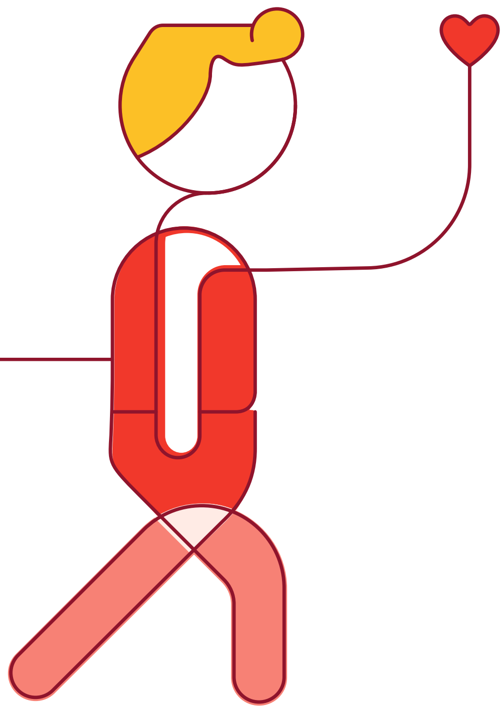
[1] Refer to note 3.1.2 for more detail.



STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 R'000	2020 R'000
Cash flow from operating activities			
Net cash from operating activities	18	**133 133**	522 839
Interest received	7	**97 680**	143 059
Interest paid	7	**(8 695)**	(10 269)
Net cash generated from operating activities		**222 118**	**655 629**
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	**(347 753)**	(256 722)
Proceeds from sale of property, plant, and equipment		**5 158**	200
Net cash utilised in investing activities		**(342 595)**	**(256 522)**
Cash flows from financing activities			
Contractual lease payments	11	**(38 715)**	(31 190)
Net cash utilised in financing activities		**(38 715)**	**(31 190)**
(Decrease)/increase in cash for the year		**(159 192)**	**367 917**
Cash and cash equivalents at the beginning of the year		**2 002 460**	1 634 543
Cash and cash equivalents at the end of the year	**19**	**1 843 268**	**2 002 460**



Accounting Policies

1. Accounting Policies

Statement of compliance

The annual financial statements of the company are prepared in accordance with IFRS. Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within International Financial Reporting Standards ("IFRS") have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

The principal accounting policies adopted, which have been consistently applied in all material respects, are set out below.

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note 3. "Recognised in profit or loss" refers to recognition in the statement of Surplus or Deficit.

1.2 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, 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.

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

1.3 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.

Accounting Policies *(continued)*

1.3 Financial Instruments *(continued)*

1.3.1 Financial assets (accounting policies applied from 1 April 2020)

From 1 April 2020, the Company classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit or loss (FVTPL).

The classification depends on the business model for managing the financial assets and the contractual term of the cash flows. The Company determines the classification of its financial assets at initial recognition.

1.3.2 Amortised cost

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset gives rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets classified as amortised cost shall be measured using the effective interest method.

1.3.3 Fair value through other comprehensive income (FVTOCI)

A financial asset shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, whose contractual terms gives rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1.3.4 Fair value through profit or loss (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 1.3.2 or at fair value through other comprehensive income in accordance with paragraph 1.4.2.

1.3.5 Reclassifications

The Company will only reclassify any financial assets only when there are changes in its business model concerning the management of those financial assets. The Company will not reclassify any financial liabilities.

1.3.6 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 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.

1.3.7 Impairment of financial assets

The allowance for credit losses on financial assets are based on expected credit losses. Expected credit losses are a probability-weighted estimate of the present value of cash shortfalls over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

1.3 Financial Instruments *(continued)*

1.3.7 Impairment of financial assets *(continued)*

The Company applies the simplified approach to calculate the lifetime expected credit losses for trade receivables, as they do not contain a significant financing component as defined in IFRS 15; using a provision matrix. The provision matrix used is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment. Trade receivables are grouped based on shared credit risk characteristics which takes into account the geographical location (i.e. local or Foreign), nature of the person (i.e. natural or juristic persons), business sector (i.e. private and public sector entities) and the size of a trade debtor.

The Company considers a financial asset to be in default when contractual payments are more than 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.4 Financial assets (accounting policies applied up to 31 March 2020)

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.

1.4.1 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 base for debt instruments other than those financial assets classified as FVTPL.

1.4.2 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 surplus and deficit and other comprehensive income. Fair-value is determined in the manner described in note 22.

1.4 Financial assets (accounting policies applied up to 31 March 2020) *(continued)*

1.4.3 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.

1.4.4 Impairment of financial assets

Financial assets, other than those at "fair value through profit or loss" (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.

The objective evidence of impairment could include:

- Significant 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 surplus and deficit.

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.

1.4.5 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 recognises a collateralised borrowing for the proceeds received.

1.4 Financial assets (accounting policies applied up to 31 March 2020) *(continued)*

1.4.5 De-recognition of financial assets *(continued)*

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.

1.5 Financial Liabilities and Equity Instruments

1.5.1 Classification as debt

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

1.5.2 Financial liabilities

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

1.5.3 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 surplus and deficit and other comprehensive income. Fair-value is determined in the manner described in note 21.

Accounting Policies *(continued)*

1.5 Financial Liabilities and Equity Instruments *(continued)*

1.5.4 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.

1.6 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.
- 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.
- Stock on hand for more than 180 days is fully provided for.

1.7 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.

1.8 Revenue recognition

The company recognises revenue with customers as it satisfies a performance obligation by supplying blood products to the customer. The company recognizes revenue in accordance with the core principles by applying the following steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

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 value added tax.

1.9 Interest

Income is recognised as the interest accrues using effective-interest rate method. Interest income 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.

1.10 Retirement benefits

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

The company contributes to a 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 basis determined actuarially every three years. The projected unit credit method of valuation is used to calculate the post-retirement benefits.

1.11 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.

1.12 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.

1.13 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

1.13 Leases *(continued)*

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The company has elected not to recognise a right-of-use asset and lease liability for all short-term leases with a lease term of 12 months or less and all low-value assets. The lease payments of these leases are recognised on a straight-line basis over the lease term. Refer to note 11 of the financial statements.

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:

2.1.1 Impairment of assets

2.1.1.1 Impairment of non-financial assets

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

2.1.1.2 Impairment of financial assets

The company recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost. The amount of expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, then the loss allowance for that financial asset is measured at 12 month expected credit losses (12 month ECL).

2.1.2 Medical aid reimbursement provision

The company engaged the services of an external party to estimate the amount owing to medical aids as a result of the breakdown in the control systems in respect of credit notes issued identified in note 17. The service provider estimated the total of all credit notes based on all cleared credit notes to medical aids. A provision was raised in March 2019, equal to twice the amount of the credit notes issued, as the company's liability would be the amount of the credit note as well the relating invoice amount, should the credit note be paid by the medical aid scheme as a normal claim. The provision was re- measured annually in line with negotiations and settlements agreed with medical aids. The provision at 31 March 2021 is in line with the directors' best estimate of remaining settlements with medical aids still in negotiation.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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:

2.2.1 Estimation of residual values and useful lives

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposal values. Refer to accounting policy 1.2 which sets out the estimated useful lives of property, plant and equipment.

2.2.2 Provision for post-retirement medical obligation

A liability exists in respect of present value of future post-retirement medical aid benefits due to qualifying current and former employees on the accrual basis determined actuarially every year. Refer to assumptions set out in note 15.

2.2.3 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.

2.2.4 Assets held for sale

Assets held for sale are measured at lower of their carrying amount and fair value less cost to sell. Fair values are taken from observable markets.

2.2.5 Leases

2.2.5.1 Estimating the incremental borrowing rate

The Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when there is need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using government bond yield rates plus the credit spread (using an estimated credit rating) determined at the date of the lease inception however for the prior year the Company estimated the IBR using observable inputs (such as swap rates) when available and made certain entity-specific estimates (such as the credit rating).

2.2.5.2 Measurement of lease liabilities

The Company shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the incremental borrowing rate over the lease period. The Company estimates the incremental borrowing rate and the lease period taking into account renewal options to get to the lease liability.

2.2.5.3 Measurement of right-of use-assets

The Company's right-of-use assets shall comprises the amount of the initial measured liability and accumulated depreciation. The Company relies on the lease liability assumptions in calculating this value.

2.2.5.4 Renewal and termination options

The Company applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

3.1 Adoption of IFRS 9

The company has adopted IFRS 9: Financial instruments, effective 01 April 2020. As permitted by the standard in the specific transitional provisions, the company has elected not to restate any comparative information. Accordingly, adjustments arising from the adoption of IFRS 9 have been recognised in the opening retained earnings on 01 April 2020. IFRS 9 was applicable to SANBS for its 2019 financial year. The standard was only adopted in the 2021 financial year due to the credit note challenges disclosed in the directors' report and note 17.2. The timing of the adoption is therefore incorrect as the opening retained earnings adjustment should have occurred historically.

The adoption of IFRS 9 had the following impact on the Company:

- Change from the IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) incurred loss model to the expected credit loss (ECL) model to calculate impairments of financial instruments; and
- Change in classification of the measurement categories for financial instruments.

3.1.1 Impairment

Before the adoption of IFRS 9, the Company considered a financial asset to be in default when contractual payments were more than 120 days past due. However, in certain cases, the Company also considered a financial asset to be in default when internal or external information indicated that the Company was unlikely to receive the outstanding contractual amounts in full. A financial asset was written off when there was no reasonable expectation of recovering the contractual cash flows.

Under IFRS 9, the Company calculates the allowance for credit losses for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. Expected credit losses are a probability-weighted estimate of the present value of cash shortfalls over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The Company applies the simplified approach to determine the ECLs for trade receivables as they do not contain a significant financing component as defined in IFRS 15. This results in calculating lifetime ECLs for these trade receivables using a provision matrix.

The following steps are applied in developing a provision matrix:

1. Determine the appropriate customer groupings;
2. Determine the appropriate period over which historical rates are calculated;
3. Calculate historic credit loss rate;
4. Estimate the impact of forward-looking macro-economic and other information on the calculated credit loss rate; and
5. Calculated the Expected Credit Loss.

Accounting Policies *(continued)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

3.1 Adoption of IFRS 9 *(continued)*

3.1.2 Impact on financial statements

The following table summarises the impact of adopting IFRS 9 on the Annual Financial Statements.
Impact on Statement of Financial Position

	31 March 2020 R'000	IFRS 9 effect R'000	1 April 2020 R'000
Retained earnings	–	178 362	178 362
Expected credit loss	–	(178 362)	(178 362)

Impact on Statement of Surplus and Deficit and Other Comprehensive Income

	31 March 2021 R'000
Expected credit loss	**93 349**

3.1.3 Classification, initial recognition and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. From 1 April 2020, the Company classifies financial assets in each of the IFRS 9 measurement categories based on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. The reclassification into the new measurement categories of IFRS 9 did not have an impact on the Company. The measurement categories of IFRS 9 and IAS 39 are illustrated in the table below.

Financial assets	Classification under IAS 39	Classification and measurement under IFRS9	Carrying amount under IAS39 R'000	Carrying amount under IFRS 9 R'000
Trade receivables	Loans and receivables	Amortised costs	898 259	757 307
Cash and cash equivalents	Loans and receivables	Amortised costs	1 843 268	1 843 268
Total financial assets			2 741 527	2 600 575

3.2 Standards and Interpretations effective and adopted in the current year

The following standard, interpretations and amendments applicable to the Company effective from the 31 March 2019 financial year were adopted in the 31 March 2021 financial year.

Standard	Details
IFRS 9 Financial instruments	• Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected losses, and changes in those expected credit losses ("ECL") at each reporting period. The amount of expected losses is updated at each reporting period to reflect changes in credit risk since initial recognition and, consequently, more timing information is provided about expected credit losses. • IFRS 9 introduces new measurement categories, for financial assets measured .These are amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

3.3 Standards, interpretations and amendments not yet effective at 31 March 2021

The company has considered the following new standards, interpretations and amendments to existing standards, which are relevant to the Company's operations and have been issued by the reporting date, but not yet effective as at 31 March 2021.

Standard	Details	Year-end beginning on or after
IAS 1 Presentation of Financial Statements	• Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2023
	• Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	• Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	• Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	1 January 2022
IFRS 16	• COVID-19-Related Rent Concessions: Amendment providing lessees with an exemption from assessing whether a COVID-19- related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.	1 April 2021
IAS 16 Property, plant and equipment	• Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in surplus or deficit.	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (May 2020)	• Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards affecting the Company: – IFRS 1, First-time Adoption of International Financial Reporting Standards – IFRS 9, Financial Instruments – IFRS 16, Leases	1 January 2022

The Company has not early adopted any of the above amendments. The application thereof in future financial periods is not expected to have a significant impact on the Company's reported results, financial position and cash flows.

	2021 R'000	2020 R'000

4. REVENUE

Revenue is recognised when the company transfers control of goods and services to the customer. Revenue is derived from the following major categories:

	2021 R'000	2020 R'000
Service fees	**3 195 260**	3 314 557
Product sales	**7**	1 799
Total revenue	**3 195 267**	3 316 356

For all major categories, revenue is measured at the consideration the company is entitled to under the contract with the customer and excludes any amounts collected on behalf of third parties.

5. OPERATING EXPENSES

	2021 R'000	2020 R'000
Advertising and promotions	**27 304**	40 272
Communication costs	**52 710**	44 169
Consulting fees	**64 603**	62 204
Consumables used	**769 318**	823 053
Depreciation on owned property, plant and equipment	**91 776**	80 107
Depreciation on right-of-use assets	**39 758**	37 250
Employee benefits	**1 337 379**	1 332 539
Freight	**171 156**	178 600
Insurance and repairs and maintenance	**196 073**	180 963
Land and buildings – utilities	**1 985**	7 036
Loss on sale of property plant and equipment	**5 376**	–
Low value lease expenses	**5 284**	5 284
Motor vehicle costs (Includes motor vehicle running costs, repairs and maintenance)	**17 431**	21 800
Product testing	**83 249**	84 182
Services	**89 384**	84 510
Short term lease expenses	**10 617**	6 385
Travel and accommodation	**14 592**	54 620
	2 977 995	3 042 973

6. OTHER INCOME

	2021 R'000	2020 R'000
Miscellaneous Income	**2 364**	4 247
Discount received	**2 654**	3 138
Profit on sale of assets	**–**	143
Profit on sale of property, plant and equipment	**–**	143
	5 018	**7 528**

	2021 R'000	2020 R'000
7. NET INTEREST RECEIVED		
Interest received – Bank	**97 680**	143 059
Interest Expense	**(14 171)**	**(16 345)**
Interest charged by suppliers	**(5 139)**	(5 473)
Interest on lease liabilities	**(9 032)**	(10 872)
	83 509	**126 714**
Interest paid		
Interest charged to the surplus and deficit	**14 171**	16 345
Unpaid IFRS 16 lease liability interest	**(356)**	(659)
Interest accrued on post-retirement medical aid obligation	**(5 120)**	(5 417)
Interest paid per cash flow statement	**8 695**	**10 269**

8. SURPLUS FOR THE YEAR

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

	2021 R'000	2020 R'000
Auditor's remuneration	**4 367**	3 075
Audit fees	**4 367**	3 075
Depreciation on owned property, plant and equipment	**91 776**	80 105
Buildings	**9 322**	5 826
Computer equipment	**38 213**	31 307
Furniture and fittings	**3 793**	3 793
Motor vehicles	**4 316**	2 217
Plant and equipment	**36 132**	36 071
Depreciation on right-of-use assets	**39 758**	37 251
Land and Buildings	**35 487**	32 825
Plant and equipment	**4 271**	4 426
Directors' emoluments (refer to Note 24)	**27 618**	27 286
Executive directors and prescribed officers	**22 537**	22 567
Non-Executive directors	**5 048**	4 719
Net gain on foreign currency transactions	**–**	(66)
Employee benefits	**1 337 379**	1 332 540
Salaries and wages	**875 913**	825 477
Bonus	**138 424**	160 102
Other	**124 281**	140 051
Pension	**115 012**	110 325
Medical Aid	**72 886**	67 361
Leave	**10 863**	29 224
Net loss/(profit) on disposal of property, plant and equipment	**5 376**	(144)
Lease expenses	**17 886**	18 705
Land and buildings – utilities	**1 985**	7 036
Plant and equipment – Low value lease expenses	**5 284**	5 284
Land and buildings – Short term lease expenses	**10 617**	6 385

Notes to the Financial Statements *(continued)*

9. TAXATION

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

10. PROPERTY, PLANT AND EQUIPMENT OWNED

2021

Cost	Beginning of year R'000	Additions R'000	Disposals R'000	Transfers R'000	End of year R'000
Land and buildings	**353 295**	215 133	(4 394)	(223)	**563 811**
Plant and equipment	**392 775**	23 036	(23 336)	–	**392 475**
Motor vehicles	**87 985**	76 305	(8 847)	–	**155 443**
Computer equipment	**282 855**	30 169	(300)	–	**312 724**
Furniture and fittings	**38 506**	3 110	(1 923)	–	**39 693**
	1 155 416	347 753	(38 800)	(223)	**1 464 146**

Accumulated depreciation	Beginning of year R'000	Charge for the year R'000	Disposals R'000	Transfers R'000	End of year R'000
Land and buildings	**62 801**	9 322	(2 176)	(70)	**69 877**
Plant and equipment	**273 864**	36 132	(17 821)	–	**292 175**
Motor vehicles	**58 825**	4 316	(6 163)	–	**56 978**
Computer equipment	**183 577**	38 213	(279)	–	**221 511**
Furniture and fittings	**32 704**	3 793	(1 827)	–	**34 670**
	611 771	91 776	(28 266)	(70)	**675 211**

Net carrying Value	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Land and buildings	563 811	69 877	**493 934**
Plant and equipment	392 475	292 175	**100 300**
Motor vehicles	155 443	56 978	**98 465**
Computer equipment	312 724	221 511	**91 213**
Furniture and fittings	39 693	34 670	**5 023**
	1 464 146	675 211	**788 935**

No assets are encumbered as security for debt other than the Spectra Optia machine used in therapeutic procedures with a carrying amount of R0.40million (2020 R0.48million).Refer to note 11 for more details. A register of properties is available for inspection at SANBS, 1 Constantia Boulevard, Constantia Kloof.

10. PROPERTY, PLANT AND EQUIPMENT OWNED *(continued)*

2020

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	**234 024**	126 306	–	(7 035)	**353 295**
Plant and equipment	**364 893**	28 026	(144)	–	**392 775**
Motor vehicles	**86 340**	1 838	(193)	–	**87 985**
Computer equipment	**186 478**	96 377	–	–	**282 855**
Furniture and fittings	**34 345**	4 175	(14)	–	**38 506**
	906 080	256 722	(351)	(7 035)	**1 155 416**

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	**58 689**	5 828	–	(1 716)	**62 801**
Plant and equipment	**237 887**	36 071	(94)	–	**273 864**
Motor vehicles	**56 794**	2 217	(186)	–	**58 825**
Computer equipment	**152 270**	31 307	–	–	**183 577**
Furniture and fittings	**28 034**	4 684	(16)	–	**32 704**
	533 675	80 107	(294)	(1 716)	**611 771**

Net carrying Value	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Land and buildings	353 295	62 801	**290 494**
Plant and equipment	392 775	273 864	**118 911**
Motor vehicles	87 985	58 825	**29 160**
Computer equipment	282 855	183 577	**99 278**
Furniture and fittings	38 506	32 704	**5 802**
	1 155 416	611 771	**543 645**

No assets are encumbered as security for debt other than the Spectra Optia machine used in therapeutic procedures with a carrying amount of R0.48million (2019 R0.57million).Refer to note 11 for more details. A register of properties is available for inspection at SANBS, 1 Constantia Boulevard, Constantia Kloof.

Notes to the Financial Statements *(continued)*

11. RIGHT-OF-USE ASSETS

2021

Cost	Property R'000	Equipment R'000	Total R'000
As at 31 March 2020	96 547	19 328	115 875
Additions	34 761	–	34 761
Disposals	(6 002)	–	(6 002)
As at 31 March 2021	**125 306**	**19 328**	**144 634**
Accumulated depreciation			
As at 31 March 2020	32 825	4 425	37 250
Charge for the year	35 487	4 271	39 758
Disposals	(2 718)	–	(2 718)
As at 31 March 2021	**65 594**	**8 696**	**74 290**

Net carrying Value	Cost	Accumulated Depreciation	Net Carrying value
Property	125 306	(65 594)	59 712
Equipment	19 328	(8 696)	10 632
	144 634	**(74 290)**	**70 344**

2020

Cost	Property R'000	Equipment R'000	Total R'000
As at 1 April 2019	–	–	–
IFRS16 adoption	68 302	19 328	87 630
Additions	28 245	–	28 245
As at 31 March 2020	**96 547**	**19 328**	**115 875**
Accumulated depreciation			
As at 1 April 2019	–	–	–
Charge for the year	32 825	4 425	37 250
As at 31 March 2020	**32 825**	**4 425**	**37 250**

Net carrying Value	Cost	Accumulated Depreciation	Net Carrying value
Property	96 547	32 825	63 722
Equipment	19 328	4 425	14 903
	115 875	**37 250**	**78 625**

11. RIGHT-OF-USE ASSETS *(continued)*

Lease liabilities	2021 R'000	2020 R'000
Opening balance	**85 883**	**–**
Adoption of IFRS 16	**–**	88 168
Additions	**34 977**	28 245
Disposals	**(3 522)**	–
Interest accrued	**356**	660
Lease payments	**(38 715)**	(31 190)
Closing balance	**78 979**	**85 883**
Long term lease liabilities		
Property	**38 230**	39 674
Equipment	**7 972**	12 555
	46 202	**52 229**
Short term lease liabilities		
Property	**28 592**	30 079
Equipment	**4 185**	3 575
	32 777	**33 654**
Total liabilities		
Property	**66 822**	69 753
Equipment	**12 157**	16 130
	78 979	**85 883**

Debt with a carrying amount of Rnil (2020 R0.20 million) has been secured against the Spectra Optia machine used in therapeutic procedures.

	2021 R'000	2020 R'000
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	**46 185**	47 779
One to five years	**64 625**	63 811
Total undiscounted cash flows	**110 810**	**111 590**

Leases in the Income Statement

Lease payments for short-term lease or leases of low-value items are recognised as an expense over the lease term.

Expense		
Short-term lease expenses	**10 617**	6 385
Low-vale lease expenses	**5 284**	5 284
	15 901	**11 669**

12. INVENTORIES

Consumables	**129 051**	153 194
Provision for obsolescence	**(1 676)**	(2 963)
	127 375	**150 231**

Total consumables charged to operating expenditure during the year amounted to R769 million (2020:R823 million)

13. TRADE AND OTHER RECEIVABLES

	2021 R'000	2020 R'000
Trade receivables	**757 307**	975 014
Sundry receivables	**48 450**	13 610
	805 757	**988 624**
Trade receivables:		
Gross receivables	**1 648 853**	1 594 849
Expected credit loss (2020: IAS 39 provision for impairment)	**(891 546)**	(619 835)
	757 307	**975 014**

The Company applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables. The consolidated loss allowance as at 31 March 2021 is determined as follows:

Consolidated

	Current R'000	1-30 days past due R'000	31-60 days past due R'000	61-90 days past due R'000	91-120 days past due R'000	More than 120 days past due R'000	Total R'000
2021							
Gross carrying amount	417 995	97 101	98 017	97 484	56 581	881 674	1 648 853
Expected credit loss	(20 592)	(23 415)	(27 566)	(35 691)	(41 806)	(742 476)	(891 546)
Net carrying amount	**397 403**	**73,686**	**70 451**	**61 793**	**14 775**	**139 198**	**757 307**
Expected weighted average loss rate	**15%**	**44%**	**46%**	**50%**	**62%**	**75%**	

13. TRADE AND OTHER RECEIVABLES *(continued)*

The loss allowance per different customer segments as at 31 March 2021 is as follows:

	Current R'000	1-30 days past due R'000	31-60 days past due R'000	61-90 days past due R'000	91-120 days past due R'000	More than 120 days past due R'000	Total R'000
2021							
State hospitals							
Gross carrying amount	270 504	66 160	76 083	76 030	33 223	121 758	643 758
Expected credit loss	(8 725)	(8 740)	(14 447)	(21 804)	(21 438)	(79 720)	(154 874)
Net carrying amount	**261 779**	**57 420**	**61 637**	**54 226**	**11 785**	**42 038**	**488 884**
Expected credit loss rate	**4%**	**15%**	**22%**	**33%**	**48%**	**50%**	
Government Institutions							
Gross carrying amount	6 946	1 768	2 516	3 656	4 400	140 524	159 810
Expected credit loss	(1 599)	(1 018)	(1 626)	(2 456)	(3 833)	(122 487)	(133 019)
Net carrying amount	**5 347**	**750**	**890**	**1 200**	**567**	**18 037**	**26 791**
Expected credit loss rate	**26%**	**66%**	**74%**	**77%**	**79%**	**79%**	
Medical aid institutions							
Gross carrying amount	87 247	16 930	11 720	10 559	11 354	367 946	505 756
Expected credit loss	(4 376)	(7 088)	(5 935)	(6 073)	(9 907)	(321 044)	(354 423)
Net carrying amount	**82 871**	**9 842**	**5 785**	**4 486**	**1 447**	**46 902**	**151 333**
Expected credit loss rate	**6%**	**48%**	**58%**	**66%**	**71%**	**71%**	
Foreign entities							
Gross carrying amount	3 403	781	465	785	782	47 202	53 418
Expected credit loss	(661)	(454)	(298)	(534)	(682)	(41 167)	(43 796)
Net carrying amount	**2 742**	**327**	**167**	**251**	**100**	**6 035**	**9 622**
Expected credit loss rate	**22%**	**67%**	**74%**	**78%**	**80%**	**80%**	
Foreign Private Patients							
Gross carrying amount	1 115	195	757	555	609	19 513	22 744
Expected credit loss	(356)	(136)	(546)	(420)	(531)	(17 013)	(19 002)
Net carrying amount	**759**	**59**	**211**	**135**	**78**	**2 500**	**3 742**
Expected credit loss rate	**37%**	**80%**	**83%**	**87%**	**89%**	**89%**	
Private institutions							
Gross carrying amount	36 618	4 906	750	695	1 033	22 242	66 244
Expected credit loss	(537)	(1 136)	(259)	(271)	(900)	(19 372)	(22 475)
Net carrying amount	**36 081**	**3 770**	**491**	**424**	**133**	**2 870**	**43 769**
Expected credit loss rate	**2%**	**27%**	**40%**	**45%**	**49%**	**51%**	
Private Patients							
Gross carrying amount	12 161	6 362	5 727	5 203	5 180	162 489	197 122
Expected credit loss	(4 336)	(4 842)	(4 456)	(4 134)	(4 516)	(141 673)	(163 957)
Net carrying amount	**7 825**	**1 520**	**1 271**	**1 069**	**664**	**20 816**	**33 165**
Expected credit loss rate	**41%**	**88%**	**89%**	**91%**	**92%**	**92%**	

13. TRADE AND OTHER RECEIVABLES *(continued)*

Disclosures for comparatives under IAS 39:

2020

31 March 2020	R'000
Not past due	**410 297**
Age of receivables that are past due but not impaired:	
30 Days	114 979
60 Days	67 601
90 Days	64 965
90+ Days	317 172
Total	**564 717**
Age of impaired receivables	
120 Days	41 163
150+ Days	578 672
Total	**619 835**
Gross receivables	**1 594 849**

The company considers its estimated credit loss 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 receivables as potentially problematic if it ages beyond 120 days.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2021 R'000	2020 R'000
Movement in expected credit loss		
Balance at beginning of the year	**619 835**	544 906
IFRS 9 initial adoption adjustment	**178 362**	–
Expected credit loss (2020: IAS 39 provision for impairment)	**93 349**	122 267
Department of Health related credit note adjustment	**–**	(47 338)
Balance at the end of the year	**891 546**	**619 835**

Private sector patients/customers

Blood transfusion and related services are rendered following a requisition by a qualified medical physician on behalf of a patient admitted in a private hospital. No credit check is completed at the time of service.

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.

13. TRADE AND OTHER RECEIVABLES *(continued)*

The trade receivables balances per customer category is detailed below:

	2021 R'000	% change	2020 R'000	% change
Private Sector	**845 284**	**51%**	**804 121**	**50%**
Medical aids	**544 588**		570 521	
Private patients	**219 866**		167 935	
Private institutions	**80 830**		63 271	
Others	**–**		2 394	
Government Sector	**803 568**	**49%**	**790 728**	**50%**
Government hospitals	**643 758**		780 980	
Workmen's Compensation Fund	**60 959**		1 682	
Road Accident Fund	**88 684**		1 634	
Other	**10 167**		6 432	
	1 648 852		**1 594 849**	

Refer to note 21 for the financial instruments disclosure.

14. ASSETS HELD-FOR-SALE

	2021 R'000	2020 R'000
Cost	**7 486**	7 264
Accumulated depreciation	**(1 865)**	(1 795)
	5 621	**5 469**

In the current financial year, the Executive team approved the sale of the property situated at 2 Bilson Street Uitenhage with a carrying value of R152 836. The sale of this property was approved by the Board on 9 July 2020. The registration process of the 2 Bilson Street, Uitenhage property was completed on 8 September 2021.

During the prior financial year, the Executive team approved the sale of the property situated at 25 & 27 Pearce Street, East London with a carrying value of R5.3m at 31 March 2020. The sale of this property was approved by the Board on 12 March 2020. No impairment loss was recognised on the reclassification of the properties to assets held for sale. The Executive of the organisation expects 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. The Company has not yet received a binding offer to purchase.

In the 2019 financial year, the Executive team approved the sale of the property situated at 103 Jacqueline Avenue, Alberton, with a carrying value of R149 286. 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 expects 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. The Company in January 2021 received and accepted an offer to purchase for R1.2m and the registration process was completed on 22 July 2021.

15. 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 2021 indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

	2021 R'000	2020 R'000
Provision for post-retirement medical obligations – long term	**50 264**	45 892
Short term portion	**3 275**	3 208
Balance at the end of the year	**53 539**	49 100

Movement in the present value of the defined benefit obligation in the current year is as follows:

	2021 R'000	2020 R'000
Balance at the beginning of the year	**49 100**	53 274
Current service cost	**537**	589
Interest cost	**5 120**	5 417
Expected employer benefit payments	**(3 208)**	(3 208)
Actuarial loss/(gain)	**1 990**	(6 972)
Balance at the end of the year	**53 539**	**49 100**
Actuarial valuation assumptions		
Average retirement age	**65 years**	65 years
Continuation of membership at retirement	**100,00%**	100,00%
Health care cost inflation	**8,50%**	8,10%
Discount rate	**11,60%**	10,80%

Actuarial valuation assumptions and sensitivity analysis

31 March 2021	Base assumption	Change in assumption	Decrease in assumption 2021 R'000	Increase in assumption 2021 R'000
Impact on post-retirement medical aid obligation				
Discount rate	11.60%	1 %	6 275	(5 217)
Health care cost inflation	8.50%	1 %	(5 012)	5 762
Current Service Cost + Interest Cost	8.50%	1 %	(685)	790
Expected Retirement Age		1 Year	1 921	(1 824)

31 March 2020	Base assumption	Change in assumption	Decrease in assumption 2021 R'000	Increase in assumption 2021 R'000
Impact on post-retirement medical aid obligation				
Discount rate	10.80%	1 %	5 777	(4 795)
Health care cost inflation	8.10%	1 %	(4 582)	5 284
Current Service Cost + Interest Cost	8.70%	1 %	(584)	675
Expected Retirement Age		1 Year	1 462	(1 334)

Notes to the Financial Statements *(continued)*

16. TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Trade payables	**142 909**	224 472
Accruals	**57 094**	71 154
Other payables	**65 929**	54 910
	265 932	**350 536**

The average credit period from suppliers is 44 days (2020: 46 days).

17.1 PROVISIONS

Leave pay	**82 492**	76 414
Incentive bonus	**102 997**	103 426
	185 489	179 840

Leave pay

Opening Balance	**76 414**	59 014
Additional provisions recognised	**39 008**	86 904
Reduction due to leave taken	**(32 930)**	(69 504)
	82 492	76 414

Leave pay provision represents the liability for leave days due to employees at 31 March 2021.

Incentive Bonus

Opening Balance	**103 426**	72 940
Additional provisions recognised	**83 302**	106 214
Reduction due to payments made	**(83 731)**	(75 728)
	102 997	103 426

Incentive bonus is payable to employees on satisfaction of certain conditions stipulated in the incentive bonus policy.

17.2 MEDICAL AID REIMBURSEMENT

Opening Balance	**108 493**	136 801
Utilised during the year	**(27 689)**	(28 308)
Overprovision released to profit/loss	**(50 744)**	–
– Provision released relating to settlements finalised in the Prior year	**(43 438)**	–
– Provision released relating to settlements finalised in the Current year	**(7 306)**	–
	30 060	108 493

During October 2018, a control weakness 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.

The quantification of the medical aid credit notes was completed during the 2019 year. During the year ended 31 March 2020 agreements with Discovery, Medscheme, and PPSHA group of medical aid schemes were concluded.

Notes to the Financial Statements *(continued)*

17.2 MEDICAL AID REIMBURSEMENT *(continued)*

The liability against Discovery was offset against future payments, while payment of the full amount due to Medscheme and PPSHA medical aid schemes was paid to the respective administrator.

During the year ended 31 March 2020, the quantification of the amount of credit notes issued to public hospitals was completed and the relevant hospitals were credited in March 2020 according to the quantification. During November 2020, the Company signed an agreement with the National Department of Health in which both parties agreed that the write-off of amounts due from the public hospitals for the quantified credit notes issued to public hospitals is full and final settlement.

The directors believe the provision of R30 million (2020: R108 million) is sufficient to cover the liability to remaining medical aids.

Sensitivity analysis

If provision had been 1% higher/lower and all other variables held constant, the surplus for the year would increase/decrease by R0.3 million (2020 increase/decrease by R1.1 million).

18. NET CASH FROM OPERATING ACTIVITIES

	2021 R'000	2020 R'000
Surplus for the year	**212 451**	285 356
Adjustments:		
Depreciation on property, plant and equipment	**91 776**	80 107
Depreciation on right-of-use assets	**39 758**	37 250
Interest charged to the surplus and deficit	**14 171**	16 345
Interest received	**(97 680)**	(143 059)
Medical aid reimbursement movement	**(78 435)**	(28 308)
Movement in Provisions	**5 650**	47 886
Net loss/(profit) on disposal of property, plant and equipment	**5 376**	(143)
Non-cash items relating to leases	**(21)**	–
Post-retirement medical aid non-cash items	**(2 670)**	(2 620)
	190 375	**292 814**

WORKING CAPITAL CHANGES

Decrease / (Increase) in inventories	**22 857**	(28 429)
Decrease in trade and other receivables	**4 506**	127 466
(Decrease) / Increase in trade and other payables	**(84 605)**	130 988
Changes in working capital	**(57 242)**	**230 025**
Net cash from operating activities	**133 133**	**522 839**

19. CASH AND CASH EQUIVALENTS

Bank Balance	**359 751**	548 014
Money on Call	**1 483 517**	1 454 446
Cash and cash equivalents	**1 843 268**	**2 002 460**

20. PENSION AND PROVIDENT FUND INFORMATION

The company provides retirement benefits for all eligible permanent employees through a defined contribution provident fund, which is governed by the Pension Funds Act (Act 24 of 1956). At year-end there were 2 312 (2020: 2 408) employees on this fund. The company's contribution to this fund expensed during the current financial year amounted to R115 012 489 (2020: R130 096 117).

Notes to the Financial Statements *(continued)*

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 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. Per the Investment Policy, funds may only be invested in the top 4 banks in South Africa.

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 R0.8 million (2020 increase/decrease by R1.3 million).

Liquidity risk

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

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	**2021**	**2020**
USD	**14.92**	14.14
Euro	**17.49**	24.78
GBP	**20.51**	19.97
Current liabilities in:	**R'000**	R'000
Trade payables in USD denominated, translated to functional currency	**10 399**	44 528
Trade payables in Euro denominated, translated to functional currency	**–**	59
Trade payables in AUD denominated, translated to functional currency	**–**	53
Trade payables in GBP denominated, translated to functional currency	**–**	719

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.

10% foreign currency sensitivity – USD	**1 040**	4 453

Credit risk management

The company determines expected credit losses on accounts receivable based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions.

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.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES *(continued)*

2021

Financial assets

	R'000
Trade receivables	757 307
Cash and cash equivalents	1 843 268
Total	**2 600 575**

Items included in trade and other receivables but not classified as financial instruments

Prepaid expenses	48 450

	Total R'000
Financial Liabilities	
Interest bearing liabilities	78 979
Trade and other payables	245 965
Medical Aid Reimbursement Provision	30 060
Total	**355 004**
Items included in trade and other payables but not classified as financial instruments	
Value Added Taxation	2 589
Provision for audit fees	3 260
Compensation for Occupational Injuries and Diseases provision	5 105
Income received in advance	9 013
	19 967
Items included in provisions but not classified as financial instruments	
Bonus provision	102 997
Leave pay provision	82 492
	185 489

Classification of financial instruments

2021	Amortised cost R'000	Total R'000
Assets		
Trade receivables	757 307	757 307
Cash and cash equivalents	1 843 268	1 843 268
Total	**2 600 575**	**2 600 575**
Liabilities		
Interest bearing liabilities	78 979	78 979
Trade and other payables	245 800	245 800
Medical Aid Reimbursement Provision	30 060	30 060
Total	**355 004**	**355 004**

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES *(continued)*

2020

Financial assets

	R'000
Trade receivables	975 014
Cash and cash equivalents	2 002 460
Total	**2 977 474**

Items included in trade and other receivables but not classified as financial instruments

Prepaid expenses	13 611

	Total R'000
Financial Liabilities	
Interest bearing liabilities	85 883
Trade and other payables	336 704
Medical Aid Reimbursement Provision	108 493
Total	**531 080**
Items included in trade and other payables but not classified as financial instruments	
Value Added Taxation	7
Provision for audit fees	3 744
Compensation for Occupational Injuries and Diseases provision	5 066
Income received in advance	5 016
	13 833
Items included in provisions but not classified as financial instruments	
Bonus provision	103 426
Leave pay provision	76 414
	179 840

Classification of financial instruments

2020	**Loans and receivables R'000**	**Total R'000**
Assets		
Trade receivables	975 014	975 014
Cash and cash equivalents	2 002 460	2 002 460
Total	**2 977 474**	**2 977 474**

	Loans and receivables R'000	**Amortised cost R'000**	**Total R'000**
Liabilities			
Interest bearing liabilities	–	85 884	85 884
Trade and other payables	336 704	–	336 704
Medical Aid Reimbursement Provision	–	108 493	108 493
Total	**336 704**	**194 377**	**531 081**

Notes to the Financial Statements *(continued)*

22. CAPITAL COMMITMENTS

	2021 R'000	2020 R'000
Commitments in respect of capital expenditure:		
Approved by directors – not contracted for		
Plant and equipment	**60 212**	174 219
Motor vehicles	**81 400**	9 938
Furniture and fittings	**36 022**	33 654
IT Projects	**82 633**	-
Computer hardware and software	**28 661**	35 698
Building and leasehold improvements	**144 774**	543 258
	433 702	**796 767**

23. GUARANTEES AND CREDIT FACILITIES

23.1 GUARANTEES

Financial Institutions have issued guarantees on behalf of the company to the value of R5 896 291 (2020: R5 761 091). Guarantees are issued for our bankers to our lessors for deposits due for rental premises used by the company.

23.2 Credit facilities

SANBS entered into credit facility agreements with FNB. The agreement covers four (4) facilities, which include the Short- term Contingent, Short-term Pre-settlement, Payments and Collections payment facilities. The collective available facility value has been disclosed below:

Limits of credit facilities available to SANBS.	**278 050**	278 050
Total undrawn credit facilities at year end	**278 050**	**278 050**

23.3 Collateral

Cash and cash equivalents amounting to R97 million have been ceded as security for credit facilities agreements.

Notes to the Financial Statements *(continued)*

24. DIRECTORS AND PRESCRIBED OFFICERS EMOLUMENTS

2021	Basic Salary R'000	Bonus R'000	Other Benefits R'000	Total R'000
Executive Directors				
J Louw (Resigned 31.12.2020)	3 296	417	1 031	4 744
J Thomson (Resigned 28.02.2021)	2 302	209	263	2 774
R Reddy (Joined 01.01.2021)	945	–	198	1 143
Prescribed Officers				
R Reddy	2 567	339	812	3 718
A Mothokoa	2 015	223	660	2 898
T Maesela	2 157	231	613	3 001
S Mlambo	902	-	375	1 277
F Monkwe	2 188	229	565	2 982
	16 372	**1 648**	**4 517**	**22 537**

2021	Remuneration R'000	Other Benefits R'000	Total R'000
Non-executive directors			
F Burn	503	–	503
S Fakie (Joined 23.11.2020)	168	–	168
W Gumede (Retired 09.07.2020)	228	–	228
P Knox	568	–	568
G Leong	533	–	533
V Moodley (Retired 30.06.2020)	92	–	92
P Mthethwa	529	–	529
A Ramalho	783	–	783
G Simelane (Retired 21.01.2021)	559	–	559
R Theunissen	677	–	677
M Vaithilingum (Joined 01.07.2020)	408	–	408
	5 048	**–**	**5 048**

Notes to the Financial Statements *(continued)*

24. DIRECTORS AND PRESCRIBED OFFICERS EMOLUMENTS (CONTINUED)

2020	Basic Salary R'000	Bonus R'000	Other Benefits R'000	Total R'000
Executive Directors				
J Louw (Resigned 01.12.2020)	4 107	390	567	5 064
J Thomson	2 376	196	-	2 572
Prescribed Officers				
R Reddy	2 948	317	867	4 132
A Mothokoa	1 849	273	702	2 824
T Maesela	2 076	220	559	2 854
S Mlambo	1 891	213	251	2 355
F Monkwe	1 851	216	698	2 765
	17 098	**1 825**	**3 644**	**22 567**

2020	Remuneration R'000	Other Benefits R'000	Total R'000
Non-executive directors			
F Burn	427	–	427
R Brand (Retired 09.11.2019)	461	–	461
W Gumede	677	–	677
P Knox	442	–	442
V Moodley	365	–	365
A Ramalho	510	–	510
G Simelane	654	–	654
R Theunissen	714	–	714
P Mthethwa	375	–	375
G Leong (Joined 09.11.2019)	94	–	94
	4 719	**–**	**4 719**

25. RELATED PARTIES

Directors above are key management therefore related parties.

26. SUBSEQUENT EVENTS

In the period subsequent to the financial year end, the following occurred:

26.1 Coronavirus (COVID-19) 3rd wave Impact

The company provides an essential service, and the impact on our operations for the period ending 31 March 2021 was not significant. Subsequent to year-end, the 3rd-wave of the Covid-19 pandemic has had a negative impact on the operations of the Company, as demand for our blood transfusion and related services declined, as with previous waves. As the situation remains fluid and is rapidly evolving (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of the ongoing COVID-19 pandemic on the Company's financial statements cannot be reasonably estimated. Nevertheless, the economic effects arising from the COVID-19 outbreak have affected the results of the Company subsequent to year-end.

26.2 Sale of properties

During January 2021, the company received an offer to purchase the property at 103 Jacqueline Avenue, Alberton, with a carrying value of R149k, for R1.2m. The registration process was completed on 22 July 2021.

The registration process of the 2 Bilson Street, Uitenhage property was completed on 8 September 2021.

26. SUBSEQUENT EVENTS *(continued)*

26.3 Medial Aid Reimbursements

Agreements with Impala Medical Plan, Massmart Health Plan, Moto Health Care, Pick 'n Pay Medical Scheme, Wooltru Medical Scheme, Imperial Motus Medical Scheme and Transmed Medical Fund were reached on various dates after year- end.

26.4 Civil unrest

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 18 July 2021, sparked by the imprisonment of former President Jacob Zuma for contempt of court. Resulting protests against the incarceration triggered widespread rioting and looting of businesses. SANBS was not spared as some of the offices were looted and destroyed resulting in these areas being shut down. This affected the collection and distribution of blood products in the affected areas. SANBS has since repaired the destroyed offices and is in the process of claiming from Sasria SOC Ltd.

26.5 Appointments

Dr. Karin van der Berg was appointed as the new Medical Director on 1st June 2021. Ms. Avril Manduna, the new Company Secretary was appointed on 2nd August 2021.

26.6 Resignations

Tshepi Maesela (CFO) tendered her resignation on the 13th of October 2021 and SANBS is in the process of finding her replacement. Rianda Kruger has been appointed as an acting CFO in the interim.

27. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position to meet its foreseeable cash requirements.

The Board undertakes regular rigorous assessments of whether the Company is a going concern in the light of current economic conditions and all available information about future risks and uncertainties.

The projections for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. These analyses have been updated to include the ongoing developments related to the COVID-19 pandemic. These pandemic scenarios continue to evolve as the effects of the pandemic continue to extend.

The Company's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its cash resources for at least 12 months from the authorisation date of the Financial Statements. A downside analysis has been performed assessing the potential negative economic impact the pandemic might have on the expected profitability of the Company and how that would affect the entity's ability to continue as a going concern.

In preparing this analysis, the following key assumptions were used:

- The revenue reduction impact due to a drop in blood collections and usage,
- The projected increase in interest rates affecting the interest income from our money market investments,
- The volatility of rand relative to major currencies especially the dollar and the euro, affecting the cost of imported consumables and services,
- The fixed cost base and the ability to reduce it by implementing a recruitment moratorium where possible and other cost saving initiatives in order to realise cost savings,
- The ability to defer or renegotiate payment terms, and
- The impact of the expected credit loss on debtor collections.

The above assumptions used in the sensitivity analyses represent the possible "worst case scenario" based on our current understanding of the continued impact of the pandemic. This scenario is considered unlikely; however, it is difficult to predict the overall outcome and impact of COVID-19.

27. GOING CONCERN *(continued)*

The Company's projections and sensitivity analysis show that the Company has sufficient capital, liquidity and positive future performance outlook to continue to meet its short-term obligations and as a result, it is appropriate to prepare these financial statements on a going concern basis, even considering the severe impacts of the COVID-19 pandemic as noted above.

The directors are not aware of any new material changes, non-compliance with statutory or regulatory requirements or of any pending changes to legislation, which may affect the Company.