

**SOUTH AFRICAN
NURSING COUNCIL**

ANNUAL REPORT **2013**

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ADMINISTRATION AND CORPORATE INFORMATION

Registered Office

Physical Address

Cecilia Makiwane Building
602 Pretorius Street
Arcadia
0083

Postal Address

PO Box 1123
Pretoria
0001

Tel: +27 12 420 1000

Fax: +27 12 343 5400

Legal Form of the South African Nursing Council

The South African Nursing Council, established by Section 2 of the Nursing Act (Act No. 50 of 1978), continues to exist as a juristic person, notwithstanding the repeal of that Act by Act No. 33 of 2005.

Description of the Nature of the South African Nursing Council's Operations and its Principal Activities

In accordance with the Nursing Act (Act No. 33 of 2005), the following are the main objects of the Nursing Council:

- Serving and protecting the public in matters involving health services in general and nursing services in particular
- Performing functions in the best interest of the public and in accordance with national health policy as determined by the Minister
- Promoting the provision of nursing services to the inhabitants of the Republic that comply with universal norms and values
- Establishing, improving, controlling conditions, standards and quality of nursing education and training within the ambit of the Nursing Act and any other applicable laws
- Maintaining professional conduct and practice standards for practitioners within the ambit of applicable laws
- Promoting and maintaining liaison and communication with all stakeholders regarding nursing standards, in particular standards of nursing education and training, as well as professional conduct and practice, both in and outside the Republic
- Advising the Minister on the amendment or adaptation of the Nursing Act regarding matters pertaining to nursing
- Being transparent and accountable to the public in achieving its objectives and performing its functions
- Upholding and maintaining professional and ethical standards within nursing
- Promoting the strategic objectives of the Nursing Council.

Name of the Controlling Executive Authority

The South African Nursing Council reports to the National Department of Health.

External Auditors

Deloitte & Touché

Level of assurance: This set of Annual Financial Statements were audited in compliance with the applicable requirements of the Nursing Act of 2005.

Preparer/Compiler: These sets of Annual Financial Statements were independently compiled by:
Ernst & Young Advisory Services Proprietary Limited
Director: Cleedon Botha CA (SA).

Supervised by: These Annual Financial Statements were prepared under the direction of and supervision of the Chief Financial Officer, Richard M Somanje.

Attorneys

Rooth and Wessels Attorneys
Raphela Inc
Moima Inc
Ngwenya Attorneys

Bankers

First National Bank of South Africa
Absa Bank of South Africa
Investec

Vision

Excellence in professionalism and advocacy for healthcare users.

Mission Statement

To serve and protect healthcare users by regulating the Nursing and Midwifery Professions.

The Council will be guided by the following values:

- Advocacy
- Caring
- Quality
- Professionalism
- Innovation
- Relevance.

MESSAGE BY THE REGISTRAR

In our quest to improve the business operations of the Council and internal control and governance, the Council appointed its first Internal Auditors to perform Internal Audit functions and strengthen internal controls whilst the Council is exploring the feasibility of establishing an Internal Audit Unit. The Internal Auditors will assist the Administration in monitoring and ensuring that internal controls and processes are in place whilst reporting directly to the Audit and Risk Committee.

During the year under review, the Council undertook a project to review the following departments: Information Management and IT and Finance. This move was aimed at improving the efficiency of the Council and to enhance service delivery to our clients. As a result of this review, the Council has subsequently embarked on the project to overhaul its entire IT System and to implement a new IT System to ensure that all systems are integrated and are responsive to the needs of our clients. The first ICT Governance Committee was established to oversee and guide the process of implementing the new IT System.

In accordance with our Communication Strategy, two stakeholder meetings were held and our website is regularly updated with news and the latest developments within the Council. In addition, we launched the SANC Facebook page and Text Messaging System. During this year, a considerable number of people used the e-register to confirm the registration of nurses with the Council. It is in this respect that SANC would like to encourage both employers and practitioners to access the SANC Register by logging in on the SANC website at www.sanc.co.za to confirm the registration status of any nurse registered with the Council. You will be required to use the practitioners' ID or SANC reference number to access the e-register.

In preparation to phase out the Legacy Nursing Qualifications, the Council has finalised all the Draft Regulations for Education and Training Leading to Registration in New Nursing Categories namely: Professional Nurse, Midwife, Staff Nurse and Enrolled Nursing Auxiliary. These Regulations were subsequently promulgated by the Minister on 8 March 2013. As part of the Implementation Plan for New Nursing Qualifications, the Council is implementing an Online Accreditation System. This project is expected to be completed by December 2013 and the training of providers will commence in the next financial year. Through the Online Accreditation System, the provider can submit their applications online. Another important development in this respect is that the Council has finalised the Regulations relating to the Scope Practice for Nurses and Midwives. These Regulations will also be Gazetted for public comment by the Minister of Health in due course. The work on the development of Continuous Professional Development (CPD), competencies of an Advanced Practice Nurse (APN) and Code of Ethics for Nurses are still in progress and will be finalised within the next financial year.



Mr Tendani Mabuda
Registrar and CEO
SA Nursing Council
28 February 2014

REPORT BY THE CHIEF FINANCIAL OFFICER

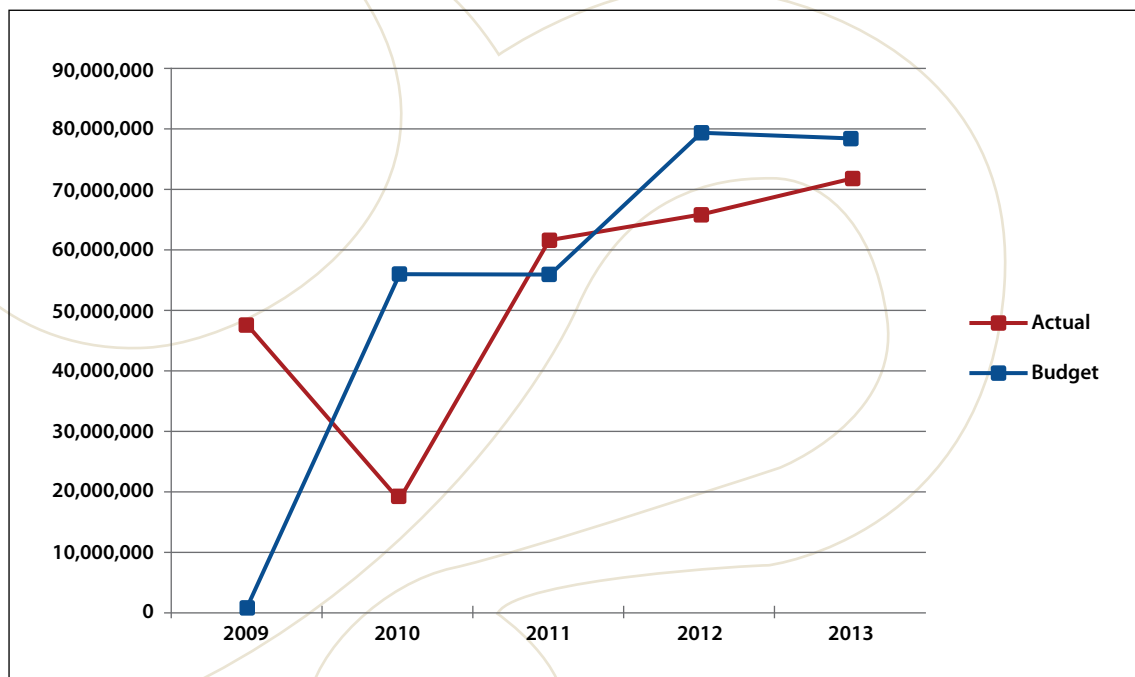
Introduction

This report provides insight into the financial position and operating performance of the Council and should be read in conjunction with the Annual Financial Statements presented on pages 43 to 79. During the period under review, the Council achieved positive results. Below is the analysis of different income streams as well as selected Statement of Performance accounts over a period of five (5) years.

Operating Performance

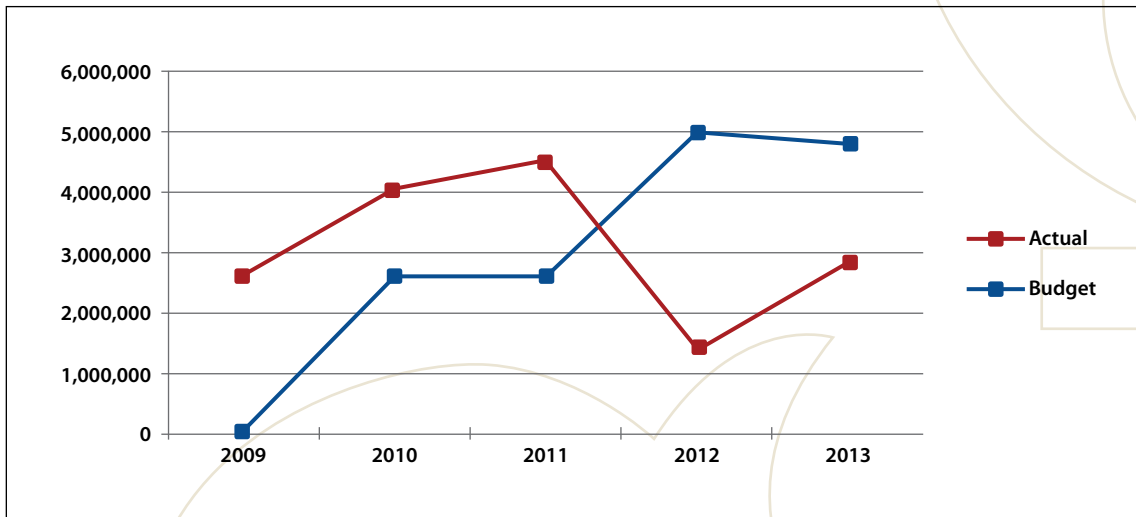
Revenue

The annual fees for Registered Nurse Practitioners increased by 10.1% to R72.0 million (2012: R65.4 million). The chart below reflects a five-year trend between 2009 and 2013. The budget figures for the first financial years are not available.

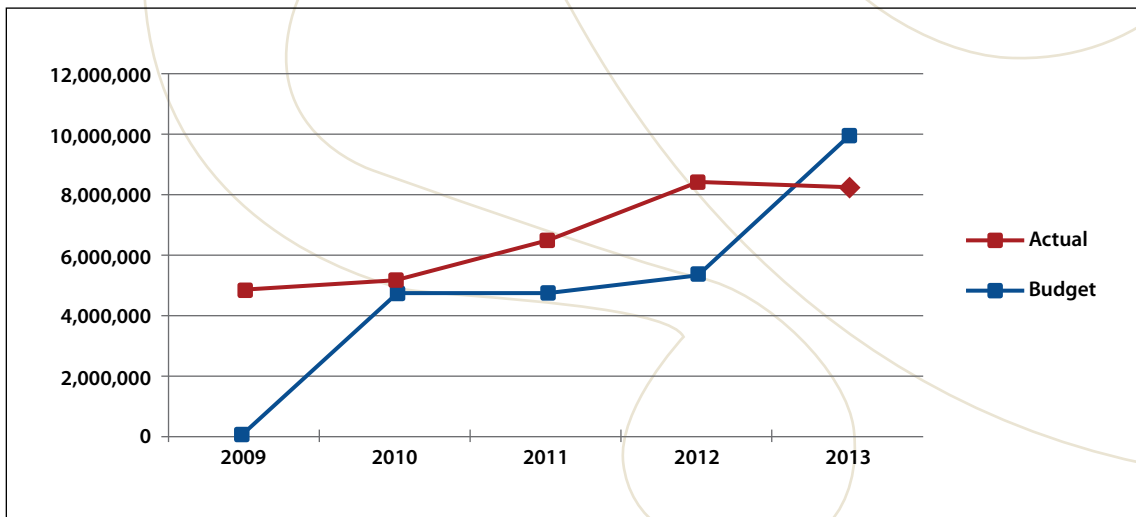


REPORT BY THE CHIEF FINANCIAL OFFICER (CONTINUED)

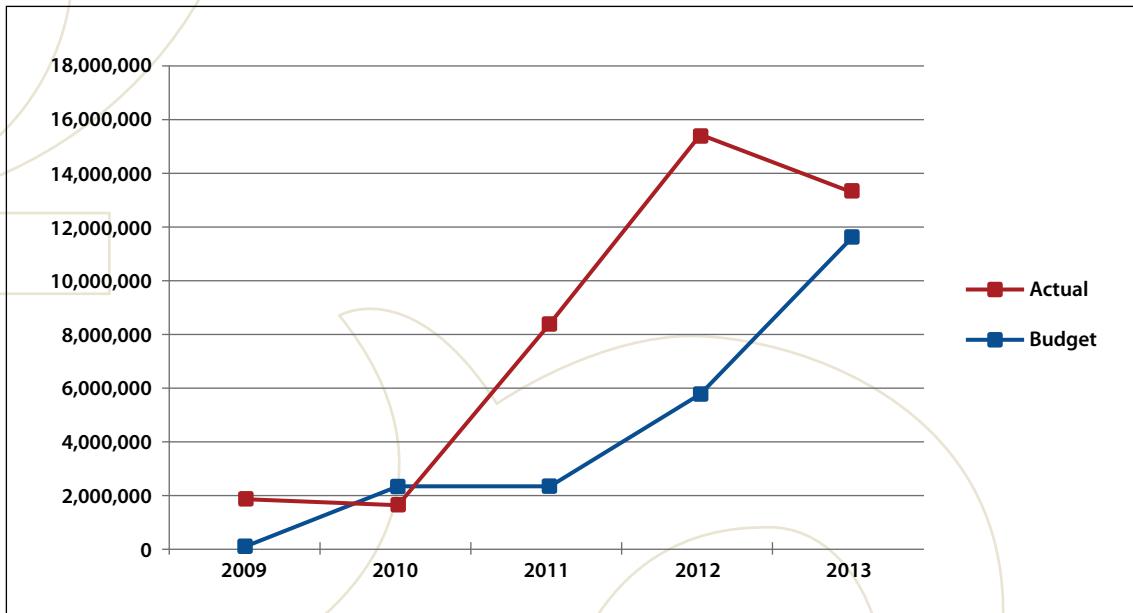
The income from registration fees increased by 115.4% to R2.8 million (2012: R1.3 million) due to an increase in the number of learners registered. The chart below reflects the trends over the five-year period.



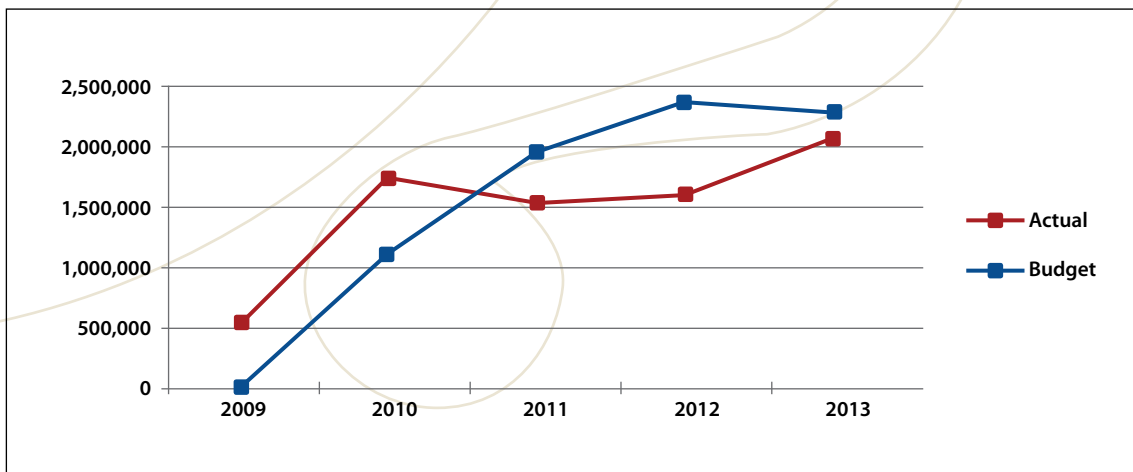
Examination fees decreased by 1.2% to R8.3 million (2012: R8.4 million), which is attributed to a reduction in the number of candidates sitting for examinations. The trend over the five-year period is reflected below.



Restoration fees decreased by 13.6% to R13.4 million (2012: R15.5 million), which is attributed to effective communications resulting in fewer nurse practitioners who restored during the period under review. The graph below reflects a trend over the five-year period.

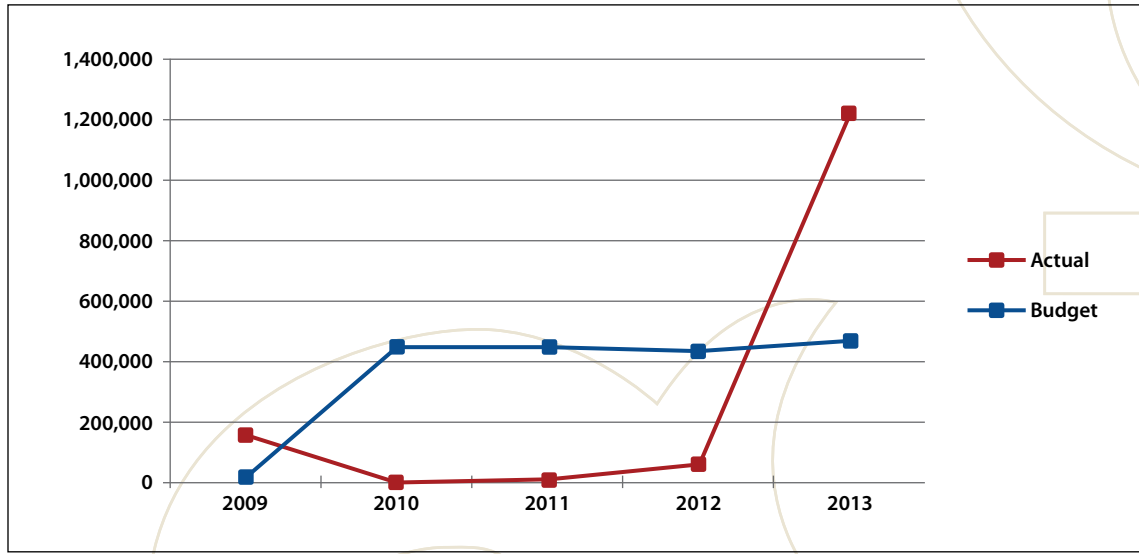


Sales of distinguishing devices (DDs) increased by 31.3% to R2.1 million (2012: R1.6 million), which is attributed to an increase in the number of nurse practitioner buying the devices during the year under review.



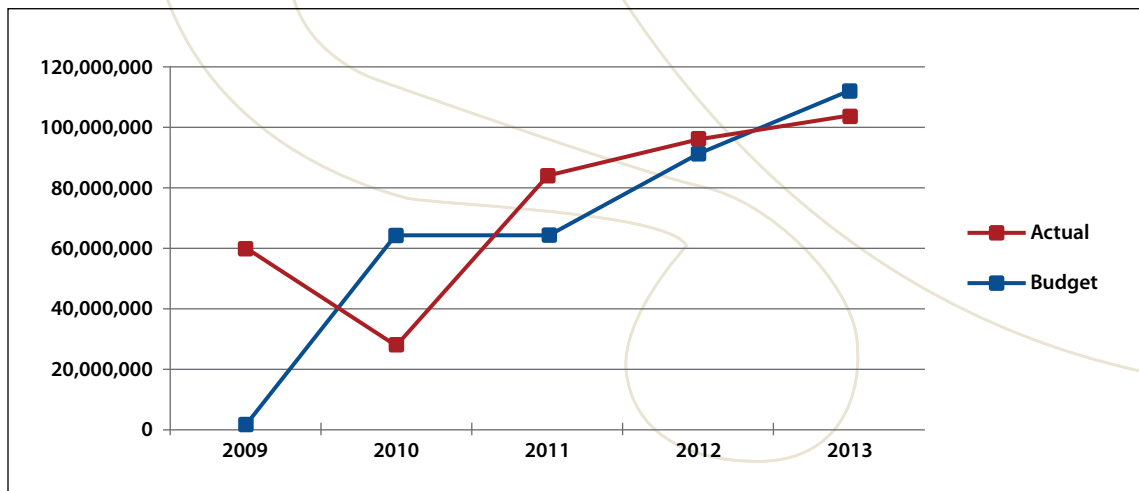
REPORT BY THE CHIEF FINANCIAL OFFICER (CONTINUED)

Accreditation fees increased by 1,614.3% to R1.2 million (2012: R0.07 million), which is attributed to an effective method of recognising revenue and an increase in the number of Nursing Education Institutions (NEIs) visited during the year under review.

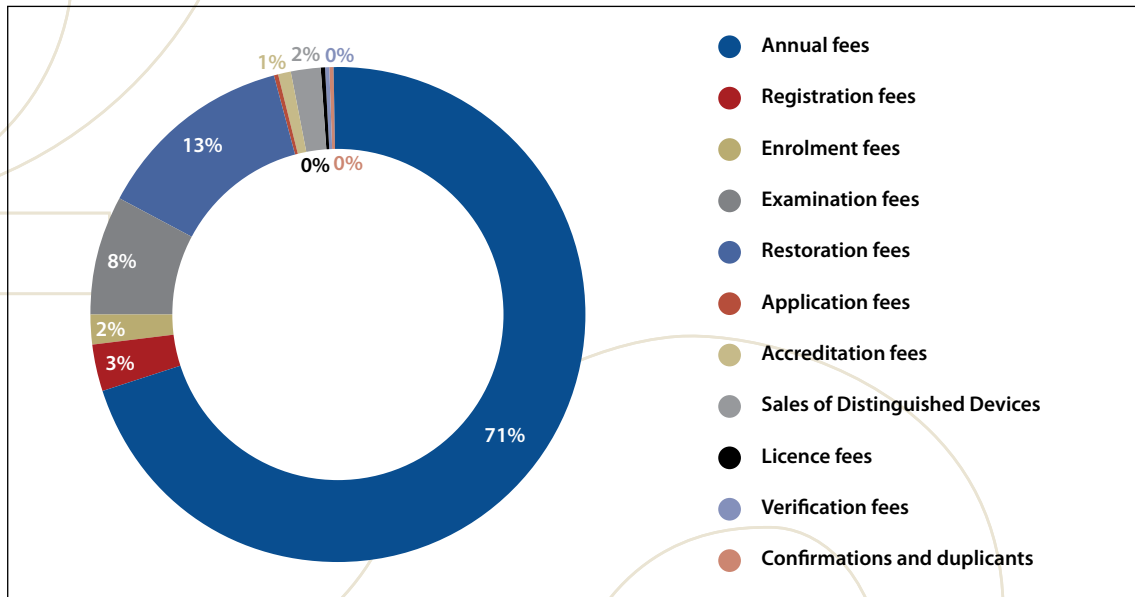


Total revenue

Total revenue over the five-year period is as follows:



During the period under review, annual fees contributed 71.0% (2012: 69.0%) towards total revenue and were followed by restoration fees and examinations fees, which contributed a mere 13.0% (2012: 16.0%) and 8.0% (2012: 9.0%) respectively. The other revenue streams contributed up to or far less than 3.0% to the total revenue earned, which is shared as follows:

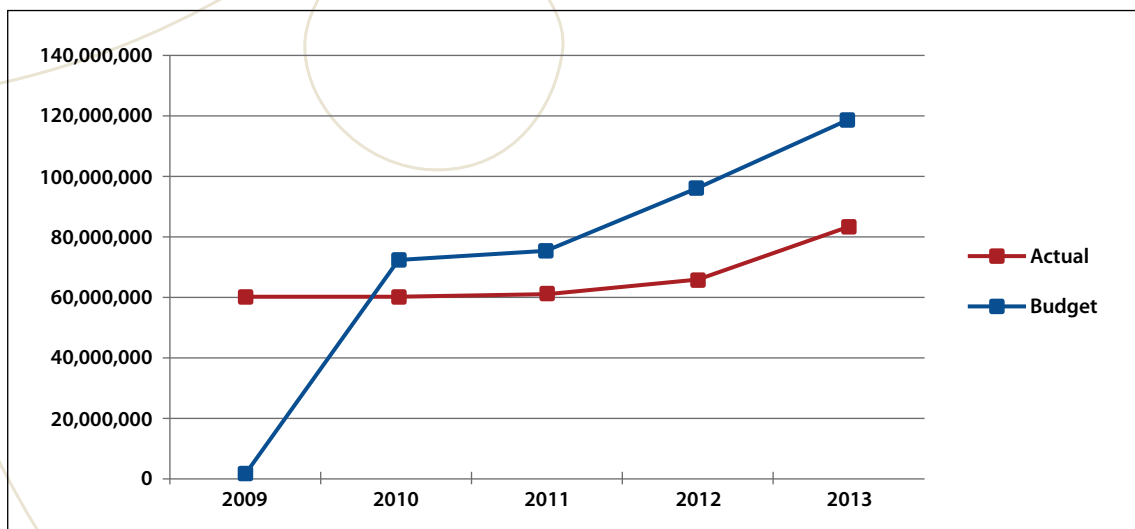


Other income

Other income consisting of, among other things, rent received, sales of printed materials and sundry income, increased by 50.0% to R0.9 million (2012: R0.6 million) mainly due to the inability to correctly allocate funds received from sundry income to relevant revenue streams. The sundry income increases to R0.7 million from R0.3 million in the 2013 financial year.

Fixed and administration expenses

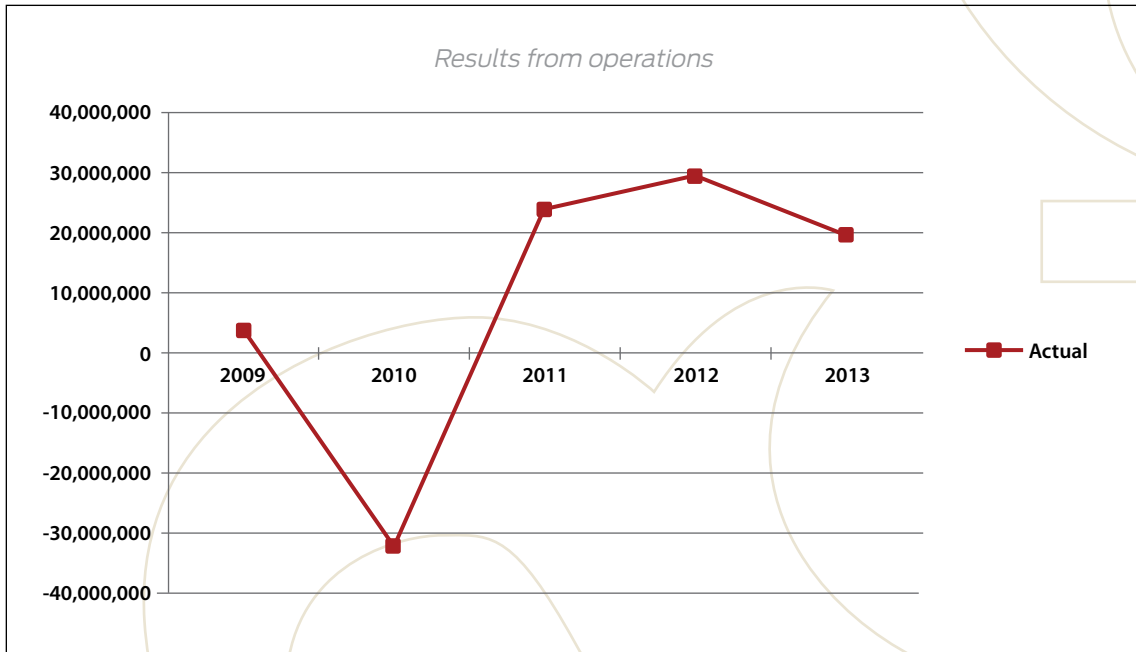
The total costs for fixed and administration expenses for the Council reflects an increase of 26.5% to R83.1 million (2012: R65.7 million), which is 82.0% (2012: 69.4%) of the total revenue and is slightly higher than the same period last year.



REPORT BY THE CHIEF FINANCIAL OFFICER (CONTINUED)

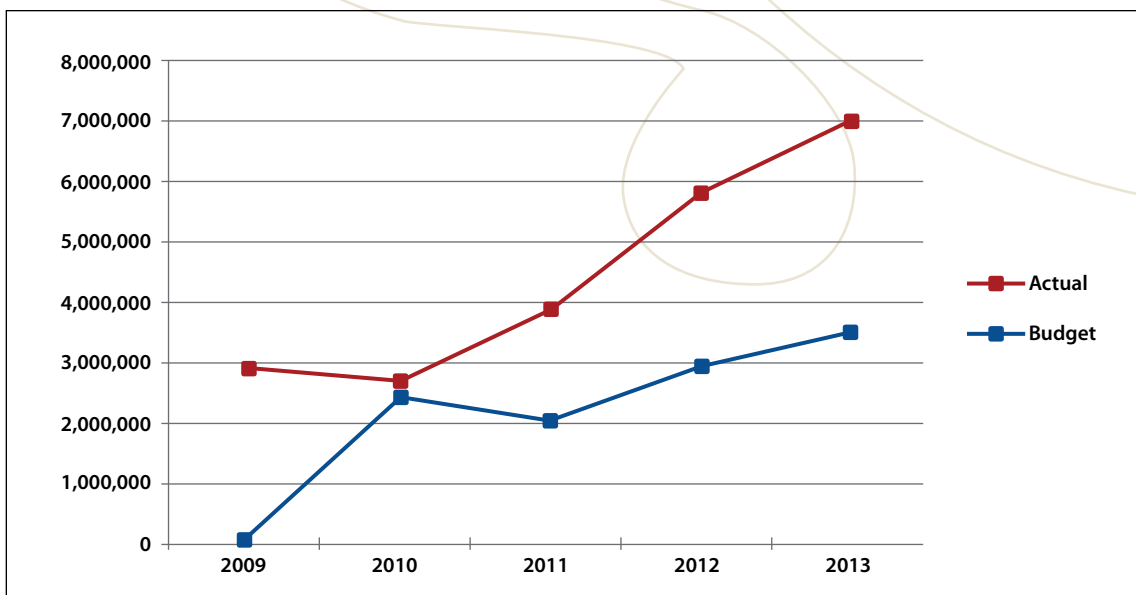
Results from operating activities

The operating profit decreased by 35.4% to R19.2 million (2012: R29.7 million), mainly due to slightly higher expenditure during the period under review. The five-year trend is reflected below.



Finance income

Finance income increased by 20.7% to R7.0 million (2012: R5.8 million) due to efficiency achieved in investing surplus funds which was not needed immediately, as well as sound financial management. The trend over the five-year period is reflected below.



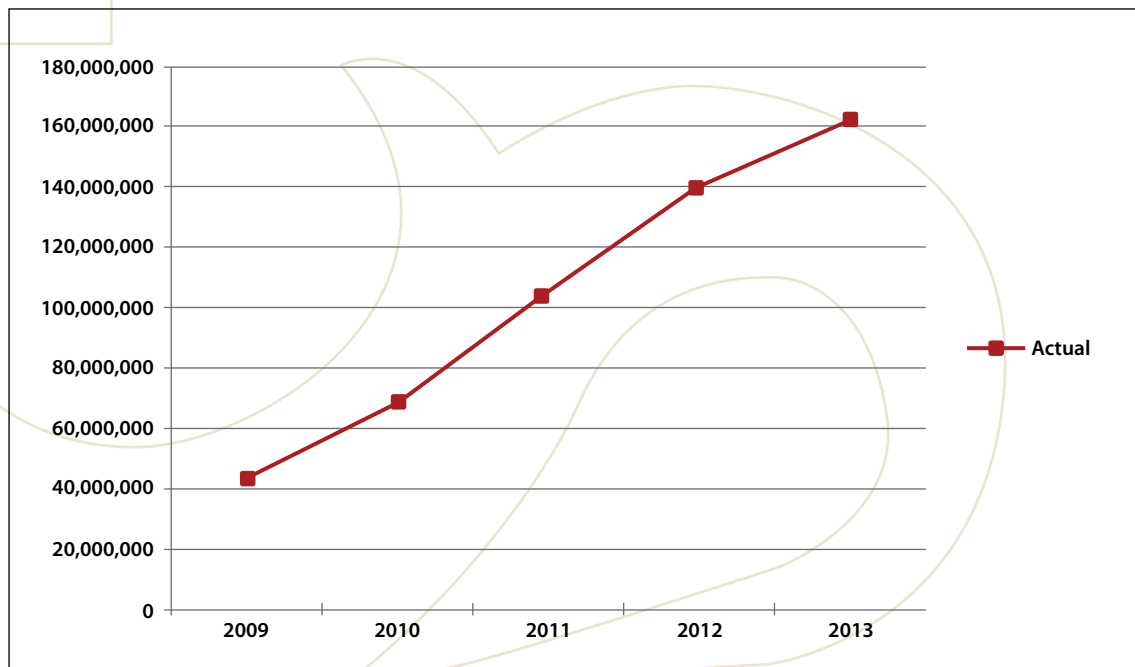
Statement of Financial Position

Property, equipment and motor vehicles

Property, equipment and motor vehicles reflect an increase of 19.4% to R59.2 million (2012: R49.6 million) due to appreciation of land and the building and additions to office equipment during the year under review. The land is not depreciated.

Cash and cash equivalents

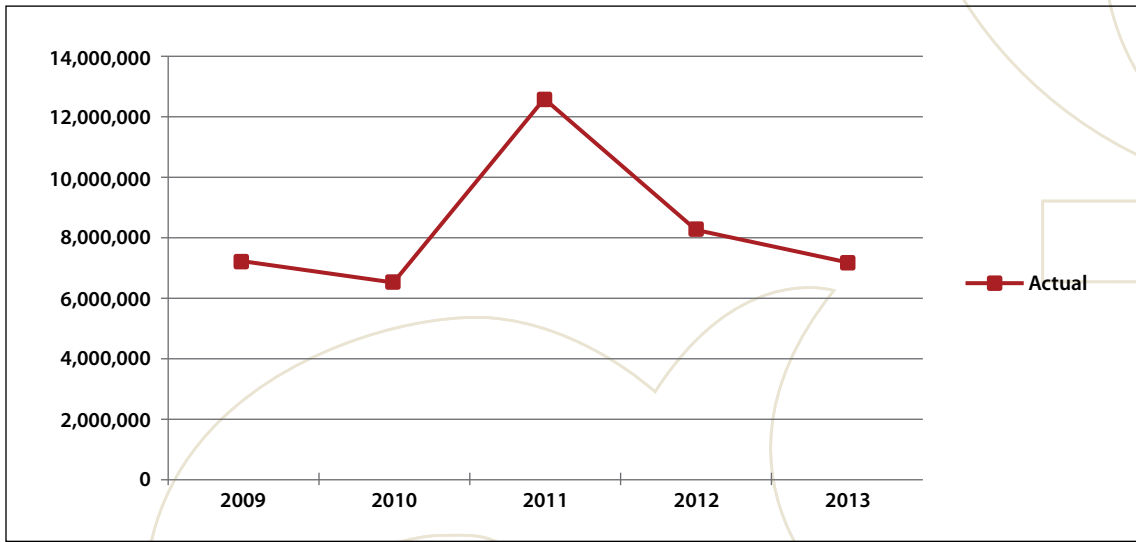
Cash and cash equivalents increased by 16.5% to R162.7 million (2012: R139.6 million), driven mainly by cash received for annual, examination and restoration fees, amounting to R93.7 million.



REPORT BY THE CHIEF FINANCIAL OFFICER (CONTINUED)

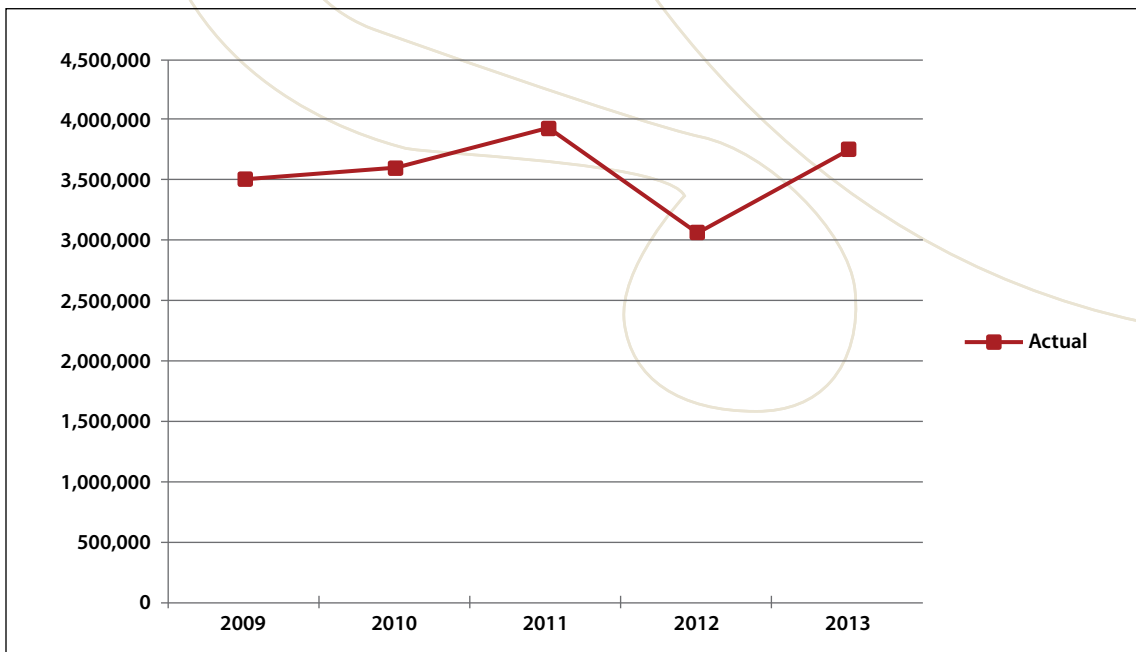
Trade and other payables

Trade and other payables decreased by 13.3% to R7.2 million (2012: R8.3 million), attributed mainly to reductions in trade payables and accrued expenses as listed below, during the period under review.



Leave pay accrual

Leave pay accrual increased by 22.6% to R3.8 million (2012: R3.1 million), due to an increase in leave accrued to some employees during the period under review.



CORPORATE GOVERNANCE REPORT

Council

The 15th Council of the South African Nursing Council commenced with its duties in 2013 and will continue up to 2018. It consists of no more than 25 members, 14 of whom must be registered in terms of Section 31(1)(a) and (b). They are appointed by the Minister, who takes into account their expertise in nursing, nursing education, community health, primary healthcare, occupational health and mental health. The remaining 11 members are appointed as follows:

- One person must be an officer of the National Department of Health;
- One person must have special knowledge of law;
- One person must have special knowledge of financial matters;
- One person must have special knowledge of pharmacy;
- One person must have special knowledge of education;
- One person must have special knowledge of consumer affairs;
- Three people must represent communities;
- One person must be registered in terms of Section 31(1)(c); and
- One person must be registered in terms of Section 31(1)(d).

Current and former Council members	
15 th Council commenced in 2013	14 th Council term ended on 25 June 2013
Prof. BR Bhengu – Chairperson	Ms NJ Makhanya – Chairperson
Dr S Vasuthevan – Deputy Chairperson	Prof. MS Mogotlane – Deputy Chairperson
Ms TR Mdlalose	Dr S Vasuthevan
Prof. AJ Pienaar	Mr AN Alexander
Ms MJ Dzebu	Prof. SE Duma
Mrs IS Mokale	Ms CM Erasmus
Ms G Harper	Prof. RV Gumbi
Prof. D Gihwala	Prof. SP Human
Prof. M Davhana-Maselesele	Ms G Jeftha
Ms G Jeftha	Ms IS Mokale
Prof. SP Human	Ms G Harper
Ms N Isaacs-Raiss	Ms MD Ledwaba
Ms E Jordaan	Ms IS Makwetla
Mr TM Manamela	Prof. M Davhana-Maselesele
Ms DR Mohlabi	Ms TR Mdlalose
Ms BC Ndlovu	Prof. VC Nikodem
Ms DQ Ngidi	Ms DN Nyasulu
Ms P Santho	Dr AJ Pienaar
Ms A Thupane	Prof. BR Bhengu
Ms NC Mokoape	Dr WP Solombela
Ms TL Mkhonza	Ms V Thompson
Ms PJ Rammutla	Ms NJ Tshayinca
Mr FO Nyalungu	Dr S Vasuthevan
Mr MN Chauke	Ms PJ Rammutla
Mr JC Cloete	Mr MN Chauke
	Ms PZulu

CORPORATE GOVERNANCE REPORT (CONTINUED)

Chairperson

The Chairperson of the Council must:

- Ensure that every member of the Council has signed the codes made under the Nursing Act and adheres to these codes
- Convene meetings of the Executive Committee
- Liaise with or advise the Minister on issues relating to the Council
- Generally ensure that the Council performs its functions and fulfils its objectives in terms of the Nursing Act and complies with the relevant provisions of any other act
- Ensure that the budget of the Council is formulated in the prescribed manner and that the Council operates within such budget.

Registrar

The Registrar reports to the Council and is responsible for the day-to-day business of the South African Nursing Council and the implementation of policies and strategies approved by the Council.

Council Committees

While the Council remains accountable and responsible for the performance and affairs of the South African Nursing Council, it delegates to its subcommittees and management certain functions to assist in properly performing its duties. Each subcommittee acts within agreed, written terms of reference. The chairperson of each subcommittee reports to the Council at each of its regular meetings and minutes of subcommittee meetings are made available to the Council. The established subcommittees are outlined below.

Standing committees

Executive Committee

Ms JN Makhanya (Chairperson)	Prof. SM Mogotlane (Deputy Chairperson)
Prof. SP Human	Prof. M Davhana-Maselesele
Ms IS Makwetla	Ms PF Zulu
Prof. AJ Pienaar	Ms PJ Rammutla

Terms of Reference of the Executive Committee

The Executive Committee may, in terms of Section 14(5) of the Nursing Act, with the exception of Chapter 3 of the Act, perform all the functions of the Council between Council meetings. This implies that it may determine and execute policy subject to subsequent ratification by the Council.

With regard to staff and finance issues, the Executive Committee is charged with the following responsibilities:

- Develops staffing policies and fulfil an oversight responsibility in the execution thereof
- Develops financial policies and fulfil an oversight responsibility in the execution thereof
- Ensures annual external auditing of the Council's financial records
- Considers the annual budget and submit it to the Council for approval
- Reviews quarterly expenditure statements

- Ensures adequate financial control
- Biannually reviews investment strategies for investment of excess funds
- Reviews the organisational structure of the Council as required
- Approves unbudgeted expenditure in accordance with its delegated responsibility
- Makes recommendations to the Council with regard to licensing and all other fees
- Makes recommendations to the Council with regard to salaries, conditions of service, etc.

Education Committee

Dr S Vasuthevan (Chairperson)	Ms MD Ledwaba
Prof. SP Human	Ms CM Erasmus
Prof. SE Duma	Ms DM Nyasulu
Prof. AJ Pienaar	

Terms of Reference of the Education Committee

- Develops and review regulations and policies for Nursing Education and Training
- Determines, develops and reviews standards, norms, criteria and quality indicators for Nursing Education and Training
- Develops and reviews the Assessment and Moderation System for Nursing Education and Training
- Develops and review qualifications for nursing
- Investigates and manage complaints and non-compliances in respect of Nursing Education Institutions
- Monitors and evaluates the implementation of regulations and policies in Nursing Education
- Communicates information pertaining to Nursing Education and Training to Nursing Education Institutions and relevant stakeholders
- Provides support to Nursing Education Institutions to facilitate delivery of quality Nursing Education
- Identifies research priorities and needs and collaborate with relevant stakeholders.

Accreditation Committee

Prof. SE Duma (Chairperson)	Ms CM Erasmus
Prof. SM Mogotlane	Ms TR Mdlalose
Dr S Vasuthevan	Ms SI Mokale

Terms of Reference of the Accreditation Committee

The Accreditation Committee derives its terms of reference from Sections 4(1)(e), (j), (k) and 4(2)(f), (g), (h), (j); 39(c); 42(1) (b), (c); 52(1)(a)(b); 58(g); and 59(1)(a–d) of the Nursing Act, 2005 (Act No.33 of 2005) and will support the Council in fulfilling these functions.

The Committee is charged with the following responsibilities:

- Reports any non-compliance established after an inspection and investigation referred to in paragraph (d) to the relevant statutory body
- Investigates and takes action against non-accredited Nursing Education Institutions
- Withdraws or suspends accreditation of a Nursing Education Institution or Nursing Education Programme if the education or training provided does not comply with the prescribed requirements, and informs the relevant licensing authority

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Accredits Nursing Education Institutions and Nursing Education Programmes and monitors all assessments by education and training providers in accordance with this Act or any other law
- Carries out quality control inspections in accordance with the prescribed conditions
- Determines the criteria for recognition by the Council of continuing professional development activities and accredited institutions offering such activities
- Furnishes the Council with any additional information required by the Council for purposes of accreditation or approval of the Education and Training Programme
- Investigates any matter relating to the education and training of learners for the qualification to practice the profession of nursing in terms of this Act
- Accreditation of institutions as Nursing Education Institutions.

Laws, Practice and Standards Committee

Prof. SP Human (Chairperson)	Ms V Thompson
Ms G Harper	Ms PF Zulu
Prof. BR Bhengu	Ms SI Mokale

Terms of Reference of the Laws, Practice and Standards Committee

- Develops a regulatory framework in terms of the Nursing Act, 2005 (Act No. 33 of 2005)
- Reviews and develops Nursing Practice Regulations, codes, rules and standards for Nursing Practice
- Reviews, develops, implements, monitors and evaluates standards for safe Nursing Practice
- Establishes the requirements for an inspectorate, i.e. health facilities, nursing agencies and Nursing Education Institutions
- Reviews and establishes the process for licensing of nurses
- Determines, reviews and develops the Scope of Practice for all categories of Nurse Practitioners
- Develops and implements a competence (CPD) system for nurses
- Reviews, develops, monitors, implements and evaluates the following Practice Standards: the Code of Conduct, Ethical Codes (including for research), acts and omissions and criteria for quality nursing
- Benchmarks and researches standards for Nursing Practice
- Consults with stakeholders in matters pertaining to nursing practice and legislation.

Preliminary Investigating Committee

Ms CM Erasmus (Chairperson)	Ms SI Mokale
Mr MN Chauke	Mr AN Alexander

Terms of Reference of the Preliminary Investigating Committee

The Preliminary Investigation Committee derives its mandate from Sections 46, 47, 50 and 52 of the Nursing Act, 2005 (Act No. 33 of 2005), which states:

- (a) Consider complaints and cases of professional misconduct which arise from either inquest proceedings from the courts or complaints lodged with the Council or any other matters that come to the attention of the Council
- (b) Determine complaints lodged against a practitioner whether there is *prima facie* proof of the conduct complained of, and the conduct of the nurse is considered as unprofessional conduct.

The Committee must, after considering (a) and (b) above, decide that the case will not be pursued any further; the case be referred to the Professional Conduct Committee for an inquiry in terms of Section 46 of the Nursing Act; the defendant be offered the option of paying an admission of guilt fine in matters involving minor offences; the case be referred to the Impairment Committee for an inquiry in terms of Section 51 of the Nursing Act; the case be referred to any other Professional Council or Board where health practitioners other than nurses are involved; or the case be referred to any other institution if the inquiry is outside the jurisdiction of the Council.

The Council may institute an inquiry into any complaint, charge or allegation of unprofessional conduct against a practitioner or a director, manager or owner of any agency registered in terms of this Act. On finding such person guilty of such conduct, the Council may impose any of the penalties contemplated in Section 47 of the Act, but in the case of a complaint, charge or allegation which forms or is likely to form the subject of a criminal case in a court of law, the Council may postpone the holding of an inquiry until such criminal case has been disposed of.

In the absence of a complaint, charge or allegation, the Council may institute an inquiry into any alleged unprofessional conduct that comes to its notice. If the Council doubts whether the inquiry should be held in connection with a complaint, charge or allegation, it may consult with or seek information from any person, including the person against whom the complaint, charge or allegation was lodged, to determine whether an inquiry should be held. The Committee will monitor and report on its performance on a quarterly basis.

Impairment Committee

Prof. AJ Pienaar (Chairperson)	Ms PF Zulu
Ms G Harper	Ms NJ Tshayinca
Prof. VC Nikodem	

Terms of Reference of the Impairment Committee

The Impairment Committee derives its terms of reference from Section 51 of the Nursing Act, 2005 (Act No. 33 of 2005).

Whenever it appears to the Council that a person registered in terms of the Act is or may be incapacitated as a result of disability or is or may be impaired, whether mentally or otherwise, Council must appoint a committee to conduct an inquiry in the prescribed manner.

If the Council, after holding an inquiry, finds the person registered in terms of the Act incapacitated or impaired as referred to in subsection (1), the Council may (a) allow that person to continue practicing the profession and in the case of a learner to continue with the education programme under such conditions as it may think fit; or (b) suspend that person for a specified period or stop that person from practicing and, in the case of a learner, from continuing with his or her education and training programme.

If a person referred to in subsection (2) applies for reinstatement, the Council must evaluate the person's ability to continue practicing and may extend or withdraw the period of operation of the suspension. Section 49 must, with the necessary changes, apply in respect of a practitioner suspended in terms of subsection (2). A practitioner registered under this Act who contravenes or fails to comply with the provision of subsection (2)(a) or (b) is guilty of an offence. The committee referred to in subsection (1) may appoint persons with relevant expertise and experience as assessors to advise such committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Professional Conduct Committee

Prof. BR Bhengu (Chairperson)	Ms TR Mdlalose
Prof. SM Mogotlane	Ms G Jeftha
Ms DM Nyasulu	Ms V Thompson
Ms MD Ledwaba	

Terms of Reference of the Professional Conduct Committee

The Terms of Reference for the Professional Conduct Committee are derived from Chapter 3, Sections 46 and 47 of the Nursing Act, 2005 (Act No. 33 of 2005).

- Holds an inquiry in terms of the Nursing Act
- Considers all matters in the best interest of the public and the profession
- Establishes a legislative framework for professional conduct
- Ensures compliance with the legislative framework
- Reports and refers any non-compliance or any other matter to the relevant bodies
- Ensures that findings of the Professional Conduct Committee are published in the *Government Gazette*
- Appoints experts or assessors in terms of Section 47(11)
- Monitors and reports on its performance on a quarterly basis in a format determined by the Council.

Human Resource Committee

Ms G Jeftha (Chairperson)	Prof. RV Gumbi
Ms G Harper	Prof. SM Mogotlane
Ms TR Mdlalose	Dr S Vasuthevan

Terms of Reference of the Human Resource Committee

- Ensures that there is human capital for the optimal functioning of the Council
- Determines a governance and administration structure aligned to the strategy of the Council
- Develops a governance and administration structure aligned to the strategy of the Council
- Develops capacity amongst Council Committees to implement the strategy
- Develops HR Policies for the effective functioning of the organisation
- Monitors compliance with HR policies and provisions of the Nursing Act
- Develops business profiles for the Council and its committees
- Develops a Performance Management System for monitoring the performance of Council and its committees against set objectives.

Finance Committee

Ms PJ Rammutla (Chairperson) Prof. SM Mogotlane
Prof. M Davhana-Maselesele Ms VThompson
Ms IS Makwetla

Terms of Reference of the Finance Committee

- Develops, plans, implements, monitors and evaluates financial requirements in terms of the Nursing Act and take into account the policies and procedures, as well as the Financial System, i.e. assets, cash management, investment and supply chain management, and Risk Management System
- Provides technical support to the Chairperson for the preparation, approval and implementation of the annual budget in accordance with the provisions of the Nursing Act
- Supports the Council in complying with all financial reporting requirements
- Advises Council on appropriate remuneration and benefits, including advice in terms of Provident Fund, post-retirement medical aid, and conditions of service.

Communication and Marketing Committee

Prof. SP Human (Chairperson) Mr AN Alexander
Mr MN Chauke Prof. AJ Pienaar

Terms of Reference of the Communication and Liaison Committee

- Recommends and facilitate an overall Communication Strategy for the South African Nursing Council that includes:
 - i. An external communication strategy
 - ii. An internal communication strategy; and
 - iii. A media strategy
- Recommends a Communication Policy for the Nursing Council to implement the Communication Strategy
- Ensures that communication procedures and guidelines are in accordance with the strategy of the Nursing Council
- Recommends and implements a monitoring mechanism for monitoring the implementation of the Communication Strategy of the Nursing Council and that all communication is in accordance with the Communication Policy and the Communication Plan of the Nursing Council.

Audit and Risk Committee

Ms T Ndou (Chairperson) Mr M Kwaza
Ms MD Ledwaba Ms IS Makwetla

Terms of Reference of the Audit and Risk Committee

- Reviews risk management and internal control
- Appoints or dismisses the Internal and External Auditors
- Reviews the Annual Financial Statements before and after the audit and determine whether they are complete and consistent with the information known to committee members
- Reviews the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Attendance of Council, EXCO, Audit and Risk and Finance Committee Meetings

Council Members	Council									EXCO		Audit and Risk					Finance Committee							
	20/04/2012	21/04/2012	08/06/2012	28/06/2012	27/09/2012	22/10/2012	28/11/2012	29/11/2012	27/02/2013	TOTAL	30/08/2012	TOTAL	14/06/2012	21/06/2012	20/07/2012	23/11/2012	14/12/2012	TOTAL	16/07/2012	13/10/2012	16/02/2013	16/03/2013	TOTAL	
Ms JN Makhanya <i>Chairperson</i>	✓	✓	✓	A	✓	A	A	A	A	4	A	0												
Prof. MS Mogotlane <i>Deputy Chairperson</i>	x	x	✓	A	✓	✓	A	A	✓	4	✓	1							✓	✓	✓	✓	4	
Mr AN Alexander	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	•													
Dr SE Duma	x	x	✓	✓	✓	✓	A	A	✓	5	•													
Ms CM Erasmus	✓	x	A	x	✓	x	✓	✓	A	4	•													
Prof. RV Gumbi	✓	✓	✓	x	x	✓	A	A	A	4	•													
Prof. SP Human	✓	x	A	✓	✓	✓	A	A	✓	5	✓	1												
Ms G Jeftha	x	x	A	✓	✓	✓	✓	✓	A	5	•													
Ms MD Ledwaba	✓	✓	A	✓	✓	✓	✓	✓	✓	8	•		✓	✓	✓	✓	✓	5						
Ms IS Makwetla	✓	✓	A	x	✓	A	A	A	A	3	A	0	✓	✓	A	✓	✓	4						
Prof. M Maselesele	✓	✓	A	✓	✓	A	A	A	✓	5	✓	1							✓	✓	✓	✓	4	
Ms TR Mdlalose	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	•													
Ms IS Mokale	✓	✓	A	✓	✓	✓	✓	✓	✓	8	•													
Prof. VC Nikodem	✓	✓	✓	✓	✓	✓	A	A	✓	7	•													
Ms DN Nyasulu	✓	✓	✓	✓	x	x	✓	A	✓	6	•													
Dr AJ Pienaar	x	x	✓	✓	✓	✓	A	A	A	4	✓	1												
Ms BR Bhengu	x	x	✓	✓	✓	✓	✓	✓	✓	7	•													
Dr WP Solombela	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	•													
Ms V Thompson	✓	✓	✓	✓	✓	✓	A	✓	A	7	•								✓	✓	✓	✓	4	
Ms NJ Tshayinca	✓	✓	✓	x	✓	✓	✓	✓	✓	8	•													
Dr S Vasuthevan	x	x	A	✓	x	x	✓	✓	✓	4	•													
Ms PJ Rammutla	•	•	•	•	✓	A	✓	✓	A	3	•								•	✓	✓	✓	3	
Mr MN Chauke	•	•	•	•	✓	✓	✓	✓	✓	5	•													
Ms G Harper	•	•	•	•	✓	✓	✓	✓	✓	5	•													
Ms P Zulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	✓	1												
Mr B Mbewu	•	•	•	•	•	•	•	•	•	0	•	0	✓	✓	✓	•	•	3						
Ms T Ndou	•	•	•	•	•	•	•	•	•	0	•	0	✓	✓	✓	✓	✓	5						
Mr M Kwaza	•	•	•	•	•	•	•	•	•	0	•	0	•	•	•	✓	✓	2						
Mr B Mahlangu	•	•	•	•	•	•	•	•	•	0	•	0	•	•	✓	•	•	1						

In attendance ✓

Apology A

Did not attend x

Not a member •

Audit and Risk Committee

The Internal Audit Charter was approved by the Audit and Risk Committee during the year under review. The Audit and Risk Committee is a committee of the Council and reports to the Council. Its key activities include the following:

- Financial Management and financial reporting
- Risk Management and Internal Controls
- Any accounting and audit concerns arising from either internal or external audits
- Ethics and compliance with legislative requirements.

Risk Management

The Risk Management Strategy was finalised after year end. The risk assessment workshop, which identified strategic risks, was facilitated by the Internal Auditors, KPMG, during April 2012.

Internal Control

A System of Internal Control is in place, based on internal policies and procedures. The External Auditors will consider elements of the Internal Control Systems as part of their audit and will communicate any deficiencies when identified.

The Council's Internal Control System is designed to provide reasonable, and not absolute, assurance on the integrity and reliability of the Financial Statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The work that was performed during the year under review in implementing and monitoring financial policies and procedures further strengthens the internal control environment. The Council evaluated its Internal Control System on 31 March 2013 with regard to financial reporting and the safeguarding of assets against unauthorised purchases, use or sales. During the year under review, certain weaknesses were identified in the Internal Control System that require improvement.

Internal Audit

The Internal Audit function is outsourced to KPMG. This strategic decision was influenced by the following factors, which will be reviewed on an annual basis:

- A mixture of appropriate skills and expertise
- Objectivity and integrity in executing internal audit tasks.

The three-year rolling Internal Audit Plan was approved by the Audit and Risk Committee, which oversees the performance of the Internal Auditors. During the period under review, Internal Auditors performed internal audits based on risks identified. The Internal Audit Reports reveal weaknesses in the control environment that requires management's attention.

REPORT OF THE COUNCIL

for the year ended 31 March 2013

Nature of the Business

The Council is a regulator of the Nursing Profession and its operations and principal activities are listed on page 2.

Financial Results and Review of Operations

The financial results of the Council are set out on pages 43 to 79. A detailed review of the activities of the Council is contained in the executive overview on pages 24 to 33.

Performance Information Report

The Council's quarterly performance against the plans for the year under review is set out on pages 34 to 35.

Provident Fund

The old provident fund is still open as certain processes are currently being finalised.

Post-employment Medical Aid Benefits

The Council provides post-employment medical aid benefits to all its former employees and widow(er) members who participate in the Bestmed Medical Scheme, Bonitas Medical Fund and Oxygen Medical Scheme.

The International Financial Reporting Standard on employee benefits (IAS 19 (AC116)) requires that the Council accounts for its defined benefit post-employment medical aid benefit liabilities by using the projected unit method and recognising actuarial gains and losses in other comprehensive income.

An actuarial valuation was performed on 31 March 2013 and it was reported that the contractual liability amounted to R27,094,248 (2012: R25,660,104) (2011: R22,918,648). This valuation reflects an increase of R3,142,986.

Investments

The Council's investments reflected in note 5 of the Annual Financial Statements arose when Sanlam and Old Mutual demutualised. These investments are administered by Computershare.

Risk of Exposure to Litigation

The Council is defending action brought by the Nursing Education Institutions. While the liability is not admitted, if defence against the action is unsuccessful, fines and legal costs could amount to R12.6 million. Based on legal advice, the Council does not expect the outcome of the action to have a material effect on the Council's financial position. This exposure is reflected for purposes of disclosure as the matter is still pending.

External Audit Report

The audit of the Annual Financial Statements for the South African Nursing Council for the year ended on 31 March 2013 was performed by Deloitte & Touché. The Auditors have issued a disclaimer audit opinion.

In the year ended 31 March 2012, the Auditors issued a reportable irregularities letter to the Independent Regulatory Board for Auditors stating that a number of provisions of the Nursing Act, 2005 in respect of the following sections have not been complied with:

- Section 19: Duties of Registrar
- Section 20: Accounting Duties of Registrar
- Section 22: Bank Account of the Council
- Section 29: Corporate Governance.

Management has implemented all recommendations by the Auditors and by the end of the current financial year, only Section 29: Corporate Governance was not fully implemented. Processes are being put in place to fully implement the recommendations and to comply with all provisions of the Nursing Act.

Going Concern

The Annual Financial Statements were prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

Events after Reporting Period

The members of the Council are not aware of any other matters or circumstances arising since the end of the financial year, or any other matters not otherwise dealt with in the Annual Financial Statements that has a material impact on the Annual Financial Statements.

EXECUTIVE OVERVIEW

Deputy Registrar: Professional Practice

A broad consultative process with all accessible nursing specialists was conducted in order to get comments, further input and acceptance of the competencies, in the following specialisations: Orthopaedic Nursing, Paediatric Nursing, Occupational Health Nursing and Ophthalmic Nursing. Included were the competencies for Renal Nursing. An analysis of the comments showed support for the draft competencies. The Council approved the five sets and directed that educational requirements are developed towards determining the qualifications for those meeting the qualifications requirements.

During the year under review, an interest group on Clinical Forensics was consulted in order to respond to the call for competencies for nurses in this area. This is work in progress.

To respond to the strategic objective of developing and implementing a regulatory framework for Nursing Practice, sets of regulations were drafted and published for public comment by the Department of Health, including the Regulations Relating to an Appeal Against the Decisions of the South African Nursing Council; and Regulations Relating to Acts and Omissions in respect of which the Council can Take Disciplinary Action Against a Nurse.

Further, the Regulations Relating to the Conditions Under which Private Practice may be Licensed were developed and are awaiting publication for public comment by the Department of Health.

Regulations Relating to Conduct into Alleged Unfitness to Practice due to Disability or Impairment of Persons Registered with the South African Nursing Council were promulgated during the year under review. This provided for the establishment of the Impairment Committee, which is functioning well. The total number of reported cases of alleged unfitness to practice is close to 140.

In its quest to restore professionalism, the Council developed a Code of Ethics for Nurses in South Africa. This is yet to be published and implemented.

Senior Manager: Provider Affairs (Nursing Education and Training)

The division finalised the Regulations for New Nursing Qualifications aligned to National Qualifications Framework Act, 2008, Higher Education Act, 1997 and Nursing Act, 2005. After receiving public comment, the revised Regulations were sent to the NDOH and were signed by the Minister of Health and published on 8 March 2013. In preparation for implementation of the New Nursing Qualifications, the Nursing Education and Training Standards and Curriculum Guidelines for New Nursing Qualifications were developed and posted on the SANC website, and were also sent to various stakeholders through electronic and print media.

The Examination Section facilitated the Examination System of SANC through processing the examination answer books received from the examination centres. These were then allocated to markers in different provinces to the examination centres. Moderation and publication of results were done timeously, as well as sending bulk SMSs informing candidates about their examination results, thus improving the response rate.

The Registration Section reviewed the system of registration in line with requirements of the Act. A circular was sent to NEIs to enforce the content of GG No. R3736 and R3735 whilst still awaiting Regulations which are aligned to the Nursing Act, 2005.

During the year under review, the Accreditation System was improved by introducing the Provincial Accreditation-Based Teams (PBTs), who were appointed after tender processes were followed. Training and induction followed, covering the following aspects: overview of the Nursing Education and Training Division; legislative framework for Nursing Education and Practice; planning for accreditation visits to Nursing Education Institutions and clinical facilities; analysis of documents received from Nursing Education Institutions before visits; role and functions during accreditation visits; logistics, documentations (report writing skills) and communication post-accreditation visits.

The first ten available PBTs were deployed with Professional Advisers to participate in the accreditation and quality monitoring visit in Mpumalanga on 13–18 January 2013 and in Free State on 20–25 January 2013.

The Accreditation Committee held three quarterly meetings. The following items were presented for approval: applications for additional clinical facilities, relocation to new premises, increase in number of intake of students, and introduction of an Additional (Legacy) Nursing Programme from NEIs. The Accreditation Committee approved two hundred and twenty (220) applications that met criteria.

To expedite processing of applications for opening New Nursing Education Institutions (NEIs) the following guidelines are sent to each applicant for opening of a New Private Nursing Education Institution: Circular 03/2010, Guidelines for Compilation of Situational Analysis at a Clinical Facility, Curriculum Development, Formal Agreement between Nursing Education Institution and Clinical Facility on Clinical Placement of Learners. The Committee received and processed ninety-two (92) applications for new NEIs. Three were not finalised due to outstanding information from prospective applicants.

Senior Manager: Legal Affairs

The core functions of the Legal Affairs Section are to:

- Provide corporate legal support services to the SANC
- Institute and defend all litigation matters on behalf of and against the SANC
- Assist with the drafting of legislation and regulations
- Investigate complaints against nursing practitioners pertaining to unprofessional conduct (this function falls under the Preliminary Investigating Committee and as such officially moved to Professional Practice as from 1 March 2013 based on a Council Resolution resolved in September 2010)
- Conduct inspections and investigations of non-accredited Nursing Educational Institutions
- Prosecute in an enquiry into any complaint of unprofessional conduct against any practitioner
- Render legal support to committees.

Litigation matters

There are only three outstanding litigation matters, of which one matter was already finalised in court but for the issue of costs.

Critical milestones

In adhering to its functions in terms of the Nursing Act, 2005, the Legal Affairs Section renders its services primarily in the following committees of Council:

Preliminary Investigating Committee

The function of the Committee is to investigate all matters of alleged unprofessional conduct submitted to it by the Section and, based on the evidence, to determine whether a case should be referred for a professional conduct enquiry and, in the event of minor offences, from time to time to recommend an option of an admission of guilt fine.

In the period under review, the Committee had four (4) sittings and considered 299 cases which were noted by the Council.

EXECUTIVE OVERVIEW (CONTINUED)

The Committee conducted twenty-one (21) inspections *in loco* as part of its investigation duties in various provinces. No inspections *in loco* remained outstanding for this financial year.

As indicated above, the Committee in essence falls under the Deputy Registrar as of 1 March 2013, and the Legal Affairs Section now only serve in an advisory capacity.

Professional Conduct Committee

The function of the Committee is to conduct an enquiry or hearing into any complaint or allegation of unprofessional conduct, referred to it by the Preliminary Investigating Committee.

During the period under review, the Committee had nine (9) sittings in different provinces, including Gauteng (Pretoria), Eastern Cape (East London), KwaZulu-Natal (Durban) and Free State (Bloemfontein) to hear cases referred to it. During these sittings, 100 cases were considered and 47 were finalised i.e. conviction and sentencing. Some of the cases were still dealt with under the old dispensation, i.e. cases that arose prior to June 2008, but some were dealt with under the Nursing Act 33 of 2005 and the New Regulations.

Two (2) nurses were removed and nine (9) effectively suspended from the Register during this period.

Manager: Human Resources

The Human Resources Division is responsible for the management of human resource practices and reports to the Office of the Registrar. The Division is, *inter alia*, responsible for the attraction, development and retention of human capital.

In the year under review, human resource operations were marred by disciplinary action taken against employees who committed acts of misconduct during a protected industrial action that took place in November 2011.

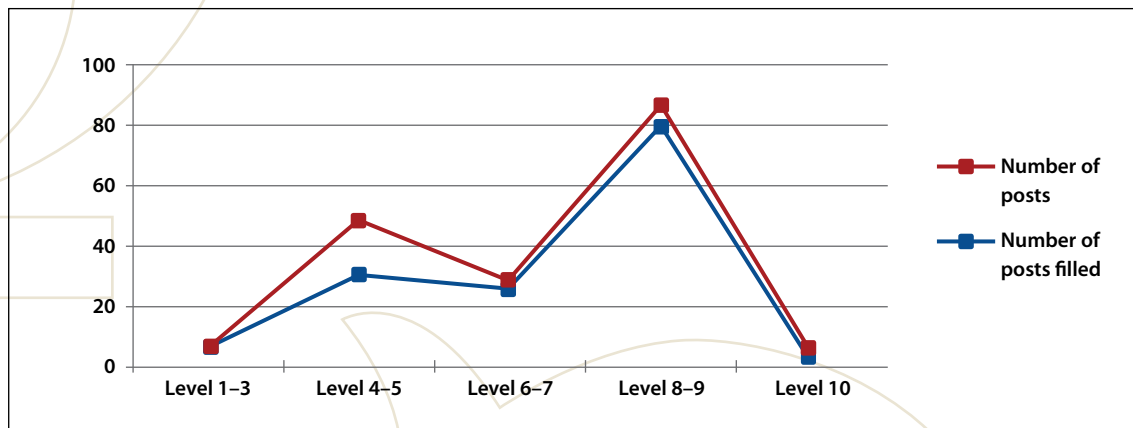
Contrary to the turbulent salary negotiations in the previous year, the salary negotiations under the year in review took less than 48 hours to reach a signed agreement.

Organisational structure

Subsequent restructuring of Top Management in 2010 and the creation of various other posts at Middle Management, Professional Advisor and other levels below that in 2011, the entire SANC organogram was approved by Council in November 2012.

Employment and vacancies

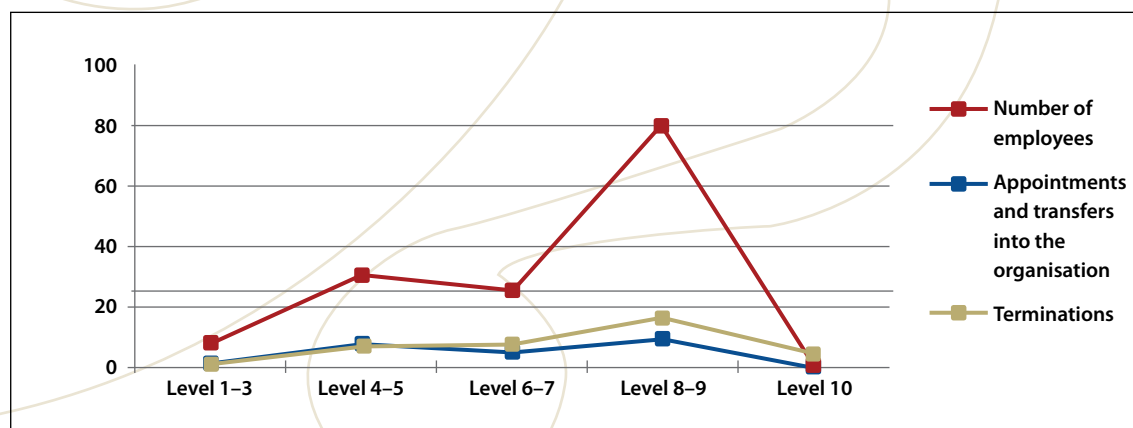
The following graph summarises the number of posts on the staff establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment:



Employment and vacancies by salary band – 31 March 2013

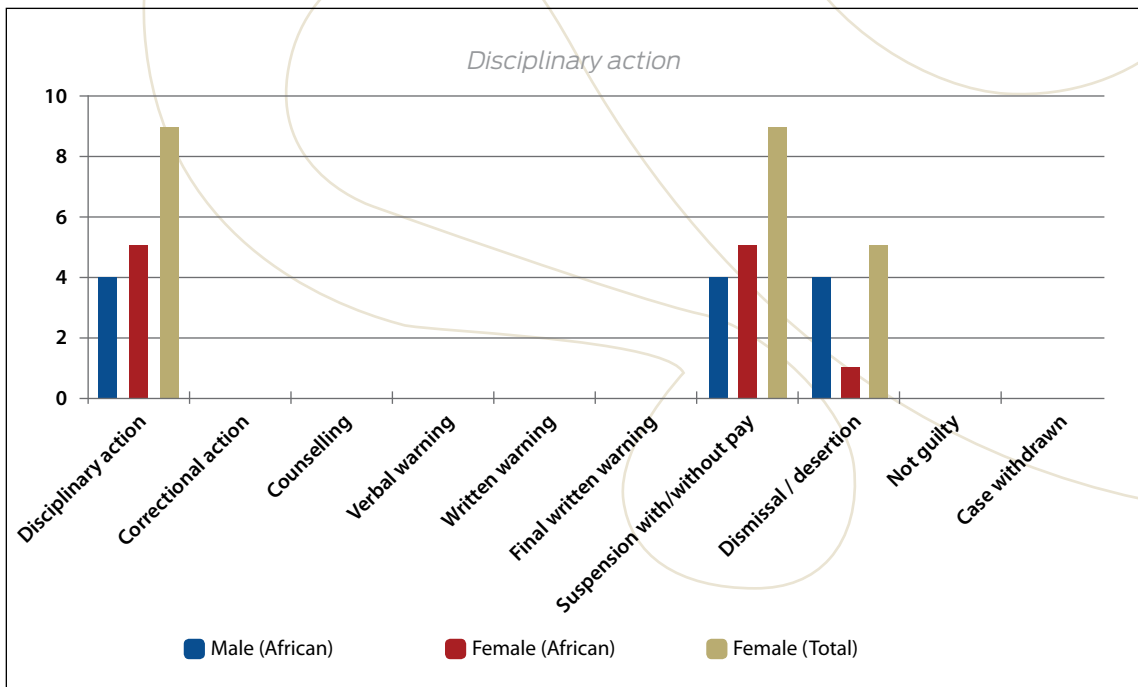
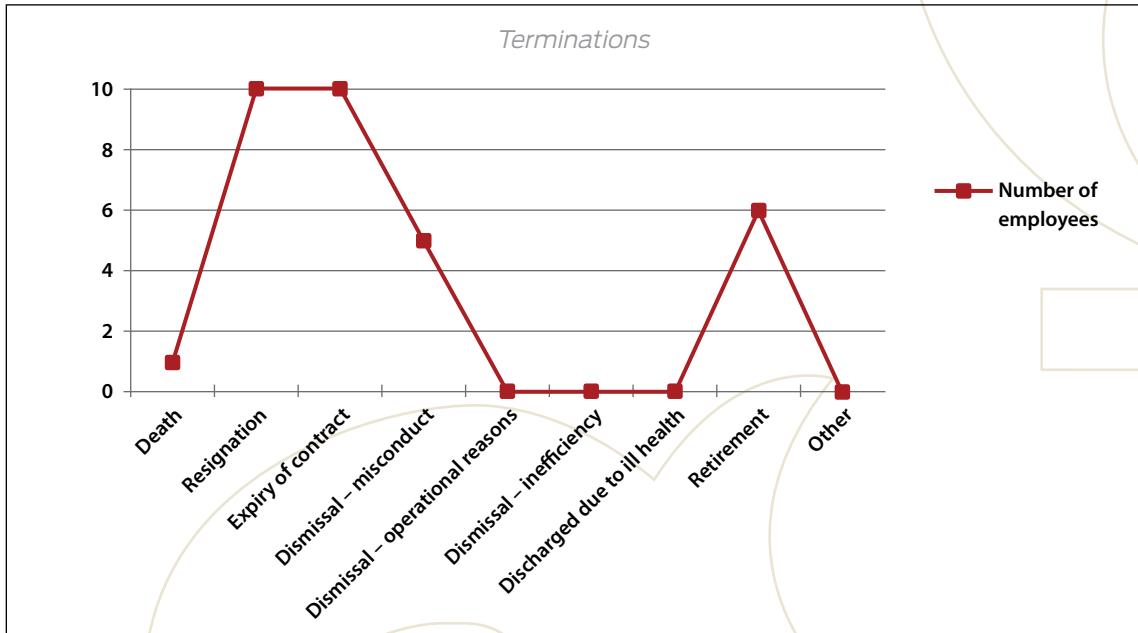
Employment changes

This section provides information on changes in employment over the financial year. The following graph provides a summary of employment changes by salary band.



EXECUTIVE OVERVIEW (CONTINUED)

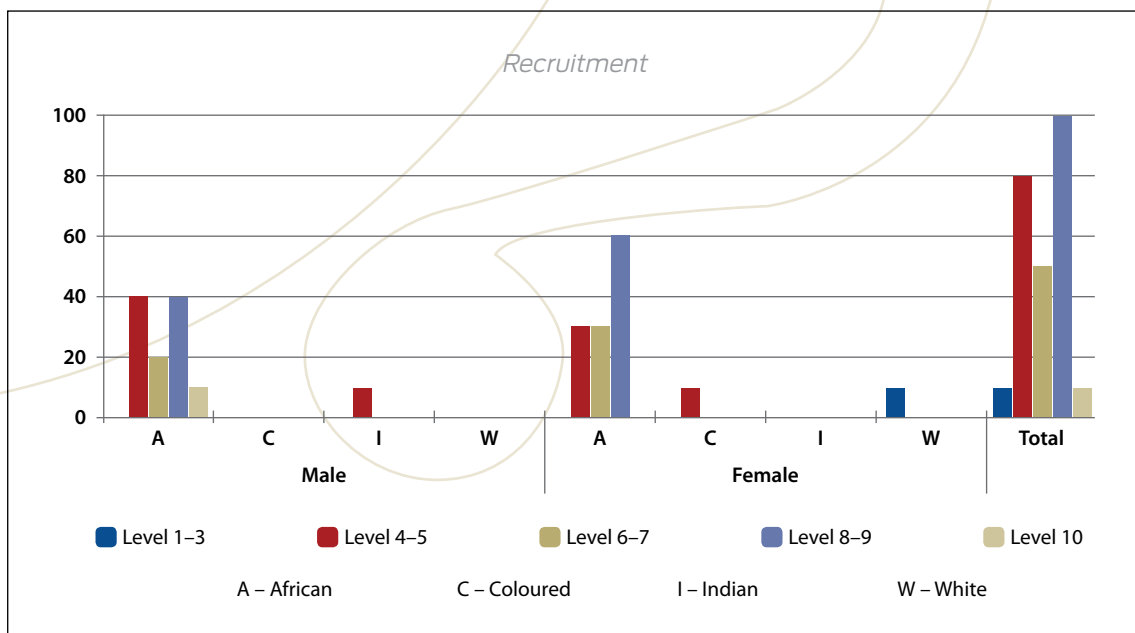
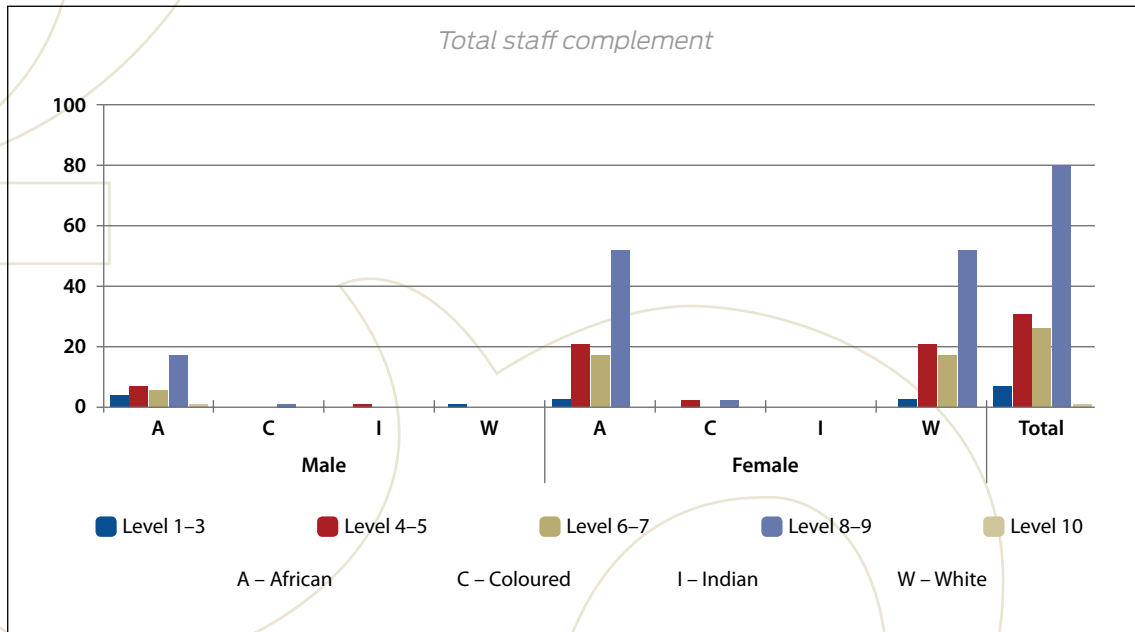
Reasons for staff leaving the organisation



Employment equity

The graphs in this section are based on the formats prescribed by the Employment Equity Act (Act No. 55 of 1998).

The total number of employees (including employees with disabilities) in each salary band is disclosed below.



EXECUTIVE OVERVIEW (CONTINUED)

Leave payouts: 1 April 2012–31 March 2013

Reason	Number
Leave payout for 2011/12 due to non-utilisation of leave for previous cycle	0
Capped leave payouts on termination of service for 2011/12	20

NB: Capped leave days are only paid out in case of normal retirement, termination of service due to ill health, death and resignation.

In compliance with the Basic Conditions of Employment Act and the SANC Conditions of Service, employees were encouraged to utilise all accumulated leave within the leave cycle or forfeit all accumulated leave remaining six months after previous leave cycle.

Senior Manager: Information Management

Infrastructure and services

The Information Technology Section is responsible for providing the organisation with Information and Communication Technology (ICT) facilities and systems. As part of its IT strategy, the Council has implemented an MS Exchange Server for handling emails and MS Outlook on all desktop computers. This year saw the number of emails growing exponentially and in order to manage the increased demand, the email database was divided into two separate databases. This arrangement improved performance and allowed for the allocation of larger email mailboxes to identified users.

Continuity of operations is important to SANC, and the Section therefore continues to do full system backups every weeknight. However, in the case of the email server data, this is no longer practical because it would take too long and would interfere with daytime work. The Section therefore backs up half of the email data per night.

The server and network infrastructure is very stable, with a 99% availability being achieved on the servers. The replacement of all identified PCs and Notebooks (over four years old) was completed during this period. SANC has a software licence agreement with Microsoft, and can install a standard version of all software used on PCs and notebooks in the Council.

Security and control measures continue to be monitored because of the continuing threat of cybercrime. SANC users are only granted access to systems on the written application of the Head of the Section in which they are employed. In this way, Section Heads contribute to controlling the security of data falling under the Section.

System development

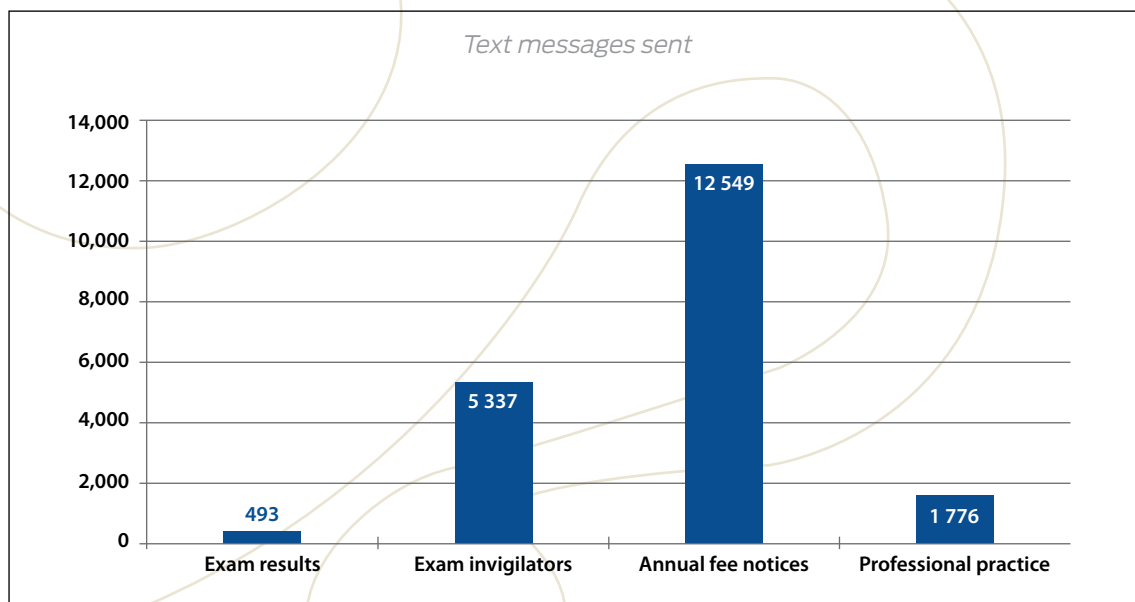
The SANC Communications and Liaison Committee recommended that, in order to build a "corporate image", SANC adopt a standard letterhead to be used throughout the organisation. During the financial year, IT completed the conversion of all computer-generated letters to the new format. The new system prints the letterhead and the information in the letter at the same time onto blank A4 paper – so the Council no longer needs to keep stock of pre-printed letterheads. It has the advantage that if anything changes (like a phone number) in the letterhead in future, the Council only has to change it in one place to be effected throughout the system.

SANC is using a new printing system for other computer-generated printouts, like exam timetables, so that it doesn't have to keep a large variety of pre-printed forms on hand. Virtually everything (except forms with special security features built in) is now printed onto plain A4 paper.

Following the recommendations of the Independent Review Committee (IRC), several improvements were made to the systems used to issue Practitioner Registration Certificates. These changes will make issuing incorrect certificates much less likely (or possible). All systems are being reviewed to tighten controls, and this process will continue into the next financial year.

A huge amount of data were extracted and exported in support of the Council Auditors – to assist them in their efforts to verify the financial data for the financial year ending 31 March 2012. The problem identified with this data is that sometimes services are provided long after the payment is made. For example, exam fees are payable AT LEAST three months prior to the month in which the exam will be conducted. In the past, SANC recognised this income when it was paid. In future, it will have to recognise it when the service is provided (e.g. when the exam is written). These new requirements will require extensive changes to the SANC systems.

SANC continued to use text messages (SMSs) as a means of communicating with practitioners and learners. Because of complaints received by the Assessments Section, sending of exam results was halted for most of the year – until a more reliable way of collecting cell phone numbers for candidates could be devised. The graph below gives a good idea of the automatically generated SMSs. In addition to these, several sections also have the ability to send ad hoc SMSs as the need arises.



Once again, the system for processing annual fees deducted from employees' salaries proved very useful. This year, four (4) hospital groups made use of the service and a total of 25 597 employees' deductions were processed.

It has taken most of the year to capture the data from the employer return forms sent out last year. This method of collecting the data is clearly not very effective, as only about 24% of practitioners' details were submitted. A new strategy will have to be devised going forward for the effective use of text messages (SMSs).

EXECUTIVE OVERVIEW (CONTINUED)

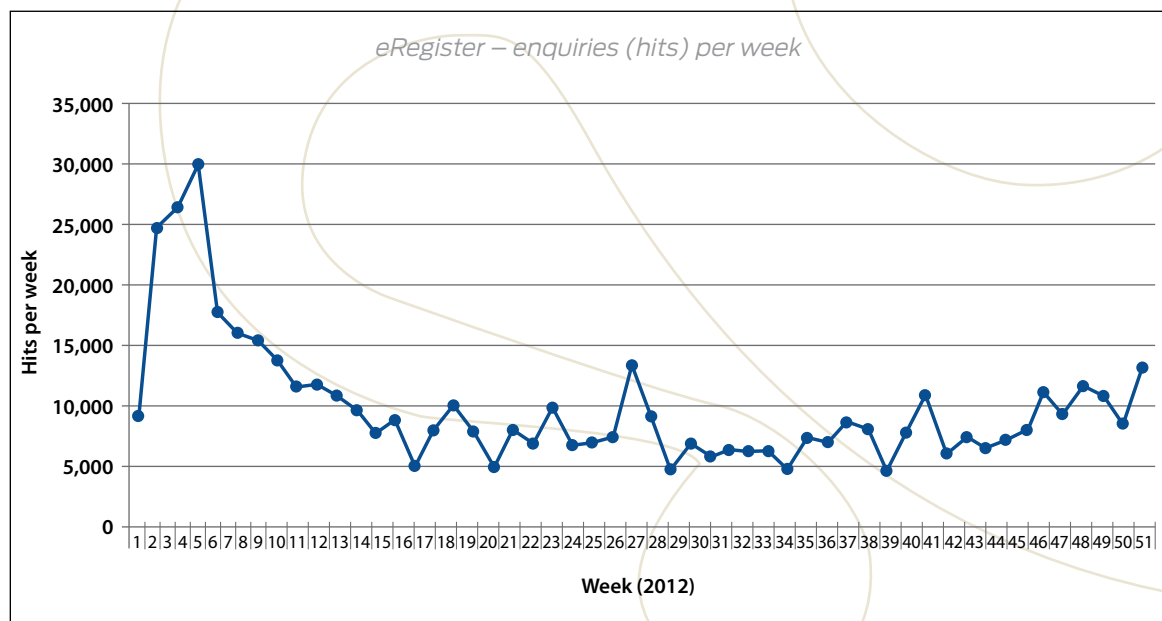
Website and eRegister System

The website continues to be updated with useful information and statistics, as well as news items and regulation changes/updates. This year the Council published guidelines for members of the public who want to complain about the treatment they have received. (Previously, this information was only available in the form of a printed pamphlet – which meant that it was not widely available.)

Another important notice published on the website was the call for nomination of members to serve on the 15th South African Nursing Council.

SANC introduced social media in the form of a Facebook page. This page enables SANC to communicate with many individuals who do not have access to a computer, but who do have access to a smart cell phone. The number of posts on the page is huge and a good deal of communication is taking place. Unfortunately, with the good comments come many complaints – particularly about delays in providing various services. The Council must embrace these comments in a positive way and use the feedback as an opportunity to resolve the service issues.

The use of the *eRegister* (Electronic Register of Nurses and Midwives) continues to increase. During the year, SANC upgraded the status of the system to that of an official “copy of the register” so that employers can use the information presented as an official confirmation of the person’s registration status – provided that they did the enquiry themselves (and do not rely solely on a printout of the *eRegister* page). The number of practitioner requests per week for 2012 can be seen in the graph below.



Security and cybercrime prevention

SANC continues to employ the latest available version of its antivirus products in order to ensure the integrity of its data. The server on which it runs the nurses systems has an excellent security record and this was one of the important reasons for using the specific technology that SANC uses.

SANC introduced an additional step into the backups of this server to test the ability to read the data off tapes that are to be reused before rewriting the data on those tapes. This proves two things:

- That SANC can read the data off the backup tapes even after a period of storage
- That the tape is in good condition to be reused.

SANC have always performed a read test just after writing the tapes, but this new test gives it an additional level of confidence in its system restore ability.

Records management

About 75% of all paper-based practitioner records were converted to digital images and loaded onto the Document Manager System. SANC is fast approaching the 20 million page limit of the current contract and will have to enter into a new arrangement for the completion of the work.

The Registry Section (which is responsible for all incoming post and documents) is now fully functional and handling all incoming post. The digital images (of the documents) are indexed and routed and stored in the SANC Document Manager System. In addition to the section they are routed to, they then become immediately available to whoever in the Council may have need of them.

Some sections have still not embraced this new technology because of various reasons. The Records Section and IT will continue to work with those sections in addressing their issues and concerns.

Senior Manager: Project Co-ordination

The following projects were co-ordinated:

- Renaming of the Council Building to Cecilia Makiwane Building
The 13th Council took a resolution to rename the Council Building after the First Black Nurse to obtain state registration in 1908. The resolution was implemented by the 14th Council on 12 May 2012 to coincide with International Nurses Day. During a Gala Dinner held in honour of Cecilia Makiwane, which was attended by, among others, the Makiwane Family, the following nurses were recognised for their contribution to the development of the Nursing Profession in the different spheres: Mr Sdumo Dlamini – President COSATU, Prof. Philda Nzimande – Former President of DENOSA, Prof. W Kotze – Vice-President and First Democratic South African Nursing Council.
- Atlantic Philanthropies Funded Projects
 - A two-day workshop was co-ordinated to finalise the competencies for Midwifery and Neonatal Specialist, as well as Paediatric Nurse Specialist. Participants in the workshop were nurses who have specialties in Advanced Midwifery and Paediatrics.
 - Five (5) consultative two-day workshops were held between July 2012 and March 2013 to consolidate the following clinical competencies:
 - > Orthopaedic Nursing, Ophthalmic Nursing and Operating Theatre Nursing
 - > Community Health Nursing and Family Nursing
 - > Palliative and Oncology Nursing
 - > Psychiatric Nursing
 - > Forensic Nursing
 - A two-day workshop was held in February 2013 to draft the Curriculum Guidelines for the New Nursing Qualifications by members of the Education Committee, Accreditation Committee, Staff Members and identified Nurse Educators.
 - A workshop was convened in August 2012 with strategic partners such as the Council on Higher Education (CHE), Department of Higher Education, South African Qualifications Authority (SAQA) and Quality Council for Trades and Occupations (QCTO). The main goal for the workshop was information sharing and to agree on a working relationship.
 - A CPD Consultative workshop was held in January 2013, attended by Nurse Leaders from various provinces, unions and professional organisations. The main goal was to inform the Nurse Leaders on the project plan for establishing a CPD System for nurses.

PERFORMANCE INFORMATION

Performance information: actual performance vs. targets		
Operational objectives	Outcome indicators	Actual performance
Ensure that a sound financial management system exists	Functional integrated systems (Bespoke System, Customer Relationship Management and Financial System).	A service provider was identified to conduct the study in terms of upgrading the current systems or replace it.
	Submission of income tax returns/VAT returns/PAYE returns.	All returns completed and submitted during the year under review.
	Finalised the closure of old defined contribution provident fund.	The old fund was audited in terms of Financial Services Board requirements.
	Unqualified Audit Report.	Not achieved (refer to Audit Report).
Communicate effectively with stakeholders	Information published within 48 hours of receipt thereof.	Website regularly updated.
	Interaction with clients through Facebook.	Facebook regularly updated.
	Stakeholder engagement.	Two stakeholder meetings were held.
	SMS sent to stakeholders.	SMS sent to learners to inform them about the examination results and to nurses to remind them to pay their annual fees.
Develop a National Curriculum Framework for undergraduate qualifications	National Curriculum Framework developed.	Achieved.
Finalise Regulations in line with Nursing Act and other relevant legislation	Promulgated Regulations in Nursing Education and Training.	The following Regulations were promulgated: <ul style="list-style-type: none"> • Accreditation of Institutions as Nursing Education Institutions • The Approval of and the Minimum Requirements for the Education and Training of a Nurse Leading to Registration as a Professional Nurse • The Approval of and the Minimum Requirements for the Education and Training of a Nurse Leading to Registration as a Staff Nurse • The Approval of and the Minimum Requirements for the Education and Training of a Nurse Leading to Registration as an Auxiliary Nurse.
Develop an Accreditation System in line with New Nursing Qualifications and Regulations	Online Accreditation System.	Not achieved.
Develop a Scope of Practice for Professional Nurse, Midwife, Staff Nurse and Auxiliary Nurse	Scope of Practice Regulations promulgated by the Minister.	Draft Regulations published for public comment.

Performance information: actual performance vs. targets		
Operational objectives	Outcome indicators	Actual performance
Develop a Competency Framework for Advanced Nurse Practitioners	Approved Competency Framework.	Achieved.
Finalise draft Regulations in line with the Nursing Act	Draft Regulations published. Regulations promulgated by the Minister.	The following draft Regulations were published for public comment: <ul style="list-style-type: none"> • The Institution and Conduct of Inquiries into the Alleged Unprofessional Conduct of Persons Registered with SA Nursing Council • Unfitness to Practice • Keeping, Supplying, Administering or Prescribing Medicines (Section 56). The following Regulations were promulgated: <ul style="list-style-type: none"> • The Fees and Fines Payable to SA Nursing Council • The Particulars to be Furnished to the Council for Keeping of the Register for Nursing Practitioners, the Manner of Affecting Alterations to the Register, and Certificates that may be Issued by the Council (amendment) • Draft Notice for the Creation of the Category of Staff Nurse (Enrolled Nursing) to be Issued in Terms of Section 32(1) of the Act.
Develop a CDP Model for the Council	Approved CPD Framework for Nurses and Midwives.	Not achieved.
Restore and maintain professionalism in nursing	Approved Code of Ethics.	Draft available.
Implement a system for monitoring and improving performance and productivity in pursuit of excellence	Signed Performance Agreements.	Performance Agreements rolled from Senior Managers to Managers as follows: <ul style="list-style-type: none"> • Top Management – 3 • Senior Management – 4 • Managers – 9.
Align HR systems and priorities with applicable legislation and the SANC Strategy	Approved HR Policies.	Four (4) HR Policies were approved by the Council: <ul style="list-style-type: none"> • HIV/Aids • Employment Equity • Cell phone Allowance • Employment of the Quarter Policies.

STATEMENT OF RESPONSIBILITY

for the year ended 31 March 2013

The Council members are responsible for the preparation and fair presentation of the Financial Statements comprising the Statement of Financial Position as at 31 March 2013, the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Cash Flows for the year then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, as well as the report of the Council, in accordance with International Financial Reporting Standards.

The Council members are also responsible for such internal control as they deem necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective Risk Management System as well as the preparation of the supplementary schedules included in these Financial Statements.

The Council members have made an assessment of the Council's ability to continue as a going concern and have no reason to believe that the South African Nursing Council will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

On 28 August 2014 the Council approved the Financial Statements set out on pages 43 to 79, which are signed on behalf of the Council by:



Chairperson



Chief Financial Officer



Registrar and CEO

AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 March 2013

We are pleased to present our report for the financial year ended 31 March 2013.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved Terms of Reference. The Audit and Risk Committee is responsible for the review of the following:

- The effectiveness of the Internal Control System
- The effectiveness of the Internal Audit function
- The risk areas of SANC operations to be covered in the Scope of Internal Audit and External Audit
- The adequacy, reliability and accuracy of the performance and financial information provided by Management and other users of such information
- Any accounting and audit concerns arising from either internal or external audits
- SANC's compliance with legal and regulatory provisions
- The activities of the Internal Audit function, which includes its three-year Rolling Plan, co-ordination with External Auditors, the reports on significant investigations and the responses of Management to specific recommendations.

For information regarding the attendance of meetings by members, refer to the Corporate Governance Section on page 20.

Mr B Mahlangu, who was appointed as an independent member of the Committee, resigned during the year. Mr B Mbewu resigned as a member and as the Chairperson of the Audit and Risk Committee with effect from 1 August 2012. The Council subsequently appointed Ms T Ndou as the Chairperson of the Audit and Risk Committee. Mr M Kwaza joined the committee to replace Mr B Mbewu as an independent member.

Audit and Risk Committee Responsibility

The Audit and Risk Committee supports the Council of the South African Nursing Council in fulfilling its oversight responsibility relating to internal control, risk management, financial management and compliance with laws and regulations. The committee reports that it has adopted appropriate formal Terms of Reference as its Charter, and that it regulates its affairs in compliance with this Charter and discharges all its responsibilities as contained therein. Accordingly, the committee operates in accordance with the terms of the said Charter and is satisfied that it discharged its responsibilities in compliance therewith during the reporting period.

The Effectiveness of Internal Control

The Internal Control System was designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. During the period under review, the Audit and Risk Committee reviewed its Charter to ensure its continuing relevance, and presented the same to the Council for their final approval. The committee also approved the Internal Audit Charter, strategic risk assessment as well as the three-year Rolling Internal Audit Plan.

Compliance with Related Rules and Regulations

During the period under review, the External Auditors issued reportable irregularities. From the Audit Report on the Annual Financial Statements and the Management Letter of the External Auditors. It was noted that there are significant or material non-compliance with prescribed policies and procedures that have been reported with regard to non-compliance with the provision of the Nursing Act. Accordingly, we can report that the System of Internal Control for the period under review was not efficient and effective to mitigate the risk of non-compliance.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Management has implemented all recommendations by the Auditors and by the end of the current financial year, only Section 29: Corporate Governance was not fully implemented. Processes are being put in place to fully implement the recommendations and to comply with all provisions of the Nursing Act.

The Committee is satisfied that the effect of non-compliance is being addressed by Management and will engage the services of the Internal Auditors to review the status of compliance with relevant laws. The Committee took note of the matters raised in the External Audit and Management Reports and urged Management to prepare action plans for monitoring by the Committee on a quarterly basis.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the External Auditors and the Accounting Officer
- Reviewed the External Auditors' Management Letter and Management's response thereto
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee concurs and accepts the External Auditors' conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the Report of the External Auditors.



Ms Tendani Ndou

Chairperson of the Audit and Risk Committee

12 June 2014

INDEPENDENT AUDITORS' REPORT

on the Annual Financial Statements

To the Council Members of the South African Nursing Council

We were engaged to audit the Annual Financial Statements of the South African Nursing Council set out on pages 43 to 77, which comprise the Statement of Financial Position as at 31 March 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Council members' responsibility for the Financial Statements

Council members are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Nursing Act, 2005 (Act No. 33 of 2005), and for such internal control as the Council members determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Financial Statements based on conducting the audit in accordance with International Standards on Auditing.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of disclaimer of opinion

- Prior year's Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Changes in Cash Flows and supporting notes

Due to the disclaimer of opinion issued in the 2012 financial year, we were unable to obtain adequate supporting documentation or adequate information to reliably determine the accuracy, existence, occurrence, completeness and valuation and allocation of opening balances.

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens X6, Pretoria, 0081, South Africa, PO Box 11007, Hatfield, 0028

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Risk Advisory NB Kader Tax TP Pillay Consulting K Black Clients & Industries
JK Mazocco Talent & Transformation MJ Jarvis Finance M Jordan Strategy S Gwala Managed Services
TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board
Office Managing Partner: X Botha

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORT (CONTINUED)

- Current year Statement of Comprehensive Income and Statement of Cash Flows

We were unable to obtain adequate supporting documentation or adequate information to reliably determine the accuracy, existence, occurrence, completeness and valuation and allocation of opening balances. Since opening balances impact on the determination of the results of operations and cash flows, we were unable to determine whether adjustments to the results of operations, cash flows and opening retained earnings might have been necessary for the year ended 31 March 2013.

- Insufficient audit evidence

In the 2013 financial year we were unable to obtain adequate supporting documentation or adequate information to reliably determine:

- The completeness, occurrence, classification, accuracy and cut-off of revenue from the various streams (annual practicing fees, registration fees and restoration fees), recorded in the current Annual Financial Statements and the appropriateness of the revenue recognition principals applied by the entity
- The completeness, existence, rights and obligations, valuation and allocation of revenue received in advance due to the inability to obtain sufficient evidence regarding revenue above
- The completeness of reconciling items maintained in the Pretoria Service Account balance. This account forms part of income received in advance balance presented in the Annual Financial Statements
- The existence, valuation and allocation, completeness and rights and obligations of the leave pay provision
- The existence, valuation and allocation, completeness and rights and obligations of the closing VAT position (the net effect of input and output VAT)
- The existence, valuation and allocation, completeness and rights and obligations of the accreditation debtor
- The completeness, valuations and allocation of the accruals balance at year end, as well as the completeness and cut-off of expenditure for the year ended.

We were unable to apply alternative procedures to substantiate the balances and transactions detailed above. As a consequence, we were unable to determine whether any adjustments were required to the Financial Statements arising from the insufficient audit evidence related to opening balances, Pretoria service account balance, debtors, leave pay provision, VAT, accruals, expenditure, retained earnings, revenue received in advance and revenue.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly, we do not express an opinion on the Annual Financial Statements for the year ended 31 March 2013.

Council report

As part of our audit of the Financial Statements for the year ended 31 March 2013, we have read the Council Report for the purpose of identifying whether there are material inconsistencies between this report and the audited Financial Statements.

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A full list of partners and directors is available on request

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The report is the responsibility of the respective preparers. Based on reading this report, we have not identified material inconsistencies between the report and the audited Financial Statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Other matters

We draw attention to the matters below.

Supplementary information

The supplementary information set out on pages 78 and 79 does not form part of the Annual Financial Statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of Sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of the South African Nursing Council, which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors.

Based on our initial audit work performed in 2012, we identified that the financial records and controls are very weak, financial accounts were not appropriately reconciled, financial records were not appropriately supported, and the Financial Statements and Annual Report were not submitted on time to the Council and, as such, a number of provisions of the Nursing Act in respect of the following sections have not been complied with:

- Section 19: Duties of the Registrar
- Section 20: Accounting Duties of Registrar
- Section 22: Bank Account of the Council
- Section 29: Corporate Governance.

As at the date of this report, Management has started implementing processes and controls to address the matters raised above, however these processes are not yet finalised and thus the reportable irregularity is still deemed to be in continuation in respect of Section 29: Corporate Governance.

Deloitte & Touche

Deloitte & Touche

Registered Auditor

Per: Muhammad Osman, Partner

12 September 2014

South Africa

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens X6, Pretoria, 0081, South Africa, PO Box 11007, Hatfield, 0028

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ANNUAL FINANCIAL STATEMENTS

for the period ended 31 March 2013

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STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Note(s)	2013 R	2012 R	As at 1 April 2011 R
Assets				
Non-current assets				
Property, equipment and motor vehicles	3	59,179,815	49,579,389	44,927,021
Intangible assets	4	278,175	139,050	-
Investments	5	803,731	618,703	499,405
		60,261,721	50,337,142	45,426,426
Current assets				
Inventory	6	907,814	258,236	229,744
Trade and other receivables	7	1,164,492	1,232,732	1,248,660
Cash and cash equivalents	8	162,747,549	139,612,073	105,201,605
		164,819,855	141,103,041	106,680,009
Non-current assets held for sale and assets of disposal groups		-	-	900,000
Total assets		225,081,576	191,440,183	153,006,435
Reserves and liabilities				
Reserves				
Reserves	9	57,936,158	52,936,261	47,924,348
Retained surplus		70,373,846	47,556,426	16,582,721
		128,310,004	100,492,687	64,507,069
Liabilities				
Non-current liabilities				
Post-employment medical aid benefits	10	27,094,248	25,660,104	22,918,648
Retirement benefits	11	-	-	2,291,000
		27,094,248	25,660,104	25,209,648
Current liabilities				
Trade and other payables	12	7,228,455	8,295,643	12,593,652
Retirement benefits	11	-	217,752	-
Income received in advance	13	62,104,571	56,429,462	50,084,996
Provisions	14	344,298	344,535	611,070
		69,677,324	65,287,392	63,289,718
Total liabilities		96,771,572	90,947,496	88,499,366
Total equity and liabilities		225,081,576	191,440,183	153,006,435



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2013

	Note(s)	2013 R	2012 R
Revenue	15	101,383,993	94,748,767
Other income	16	933,858	609,099
Fixed and administration expenses		(83,112,629)	(65,697,085)
Results from operating activities	21	19,205,222	29,660,781
Investment revenue	17	7,029,720	5,827,566
Finance costs	18	(2,272,217)	(2,103,704)
Net surplus for the period		23,962,725	33,384,643
Other comprehensive income			
Available-for-sale financial asset adjustments		185,028	119,298
Actuarial gains and losses on defined benefit plans		(1,145,305)	(2,410,938)
Gains and losses on property revaluation		4,814,869	4,892,615
Other comprehensive income for the year net of taxation	19	3,854,592	2,600,975
Total comprehensive income for the year		27,817,317	35,985,618

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Asset revaluation reserve R	Fair value adjustment assets available-for- sale reserve R	Total reserves R	Retained surplus R	Total equity R
Balance at 1 April 2011	47,756,113	168,235	47,924,348	16,582,721	64,507,069
Net surplus for the year	-	-	-	33,384,643	33,384,643
Other comprehensive income	4,892,615	119,298	5,011,913	(2,410,938)	2,600,975
Total comprehensive income for the year	4,892,615	119,298	5,011,913	30,973,705	35,985,618
Balance at 1 April 2012	52,648,728	287,533	52,936,261	47,556,426	100,492,687
Net surplus for the year	-	-	-	23,962,725	23,962,725
Other comprehensive income	4,814,869	185,028	4,999,897	(1,145,305)	3,854,592
Total comprehensive income for the year	4,814,869	185,028	4,999,897	22,817,420	27,817,317
Balance at 31 March 2013	57,463,597	472,561	57,936,158	70,373,846	128,310,004
Note	9	9	9		



STATEMENT OF CASH FLOWS

for the year ended 31 March 2013

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Cash generated from operations	20	25,435,610	29,041,185
Interest income		7,002,672	5,777,045
Dividends received		27,048	50,521
Finance costs		(2,272,217)	(2,103,704)
Movements in employment benefit liabilities		1,434,144	2,741,456
Net cash from operating activities		31,627,257	35,506,503
Cash flows from investing activities			
Purchase of properties, equipment and motor vehicles	3	(8,168,382)	(1,746,459)
Sale of properties, equipment and motor vehicles	3	172,064	-
Proceeds on sale of non-current asset held for sale		-	789,474
Purchase of other intangible assets	4	(495,463)	(139,050)
Net cash from investing activities		(8,491,781)	(1,096,035)
Cash flows from financing activities			
Total cash movement for the year		23,135,476	34,410,468
Cash at the beginning of the year		139,612,073	105,201,605
Total cash at end of the year	8	162,747,549	139,612,073

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The Annual Financial Statements were prepared in accordance with International Financial Reporting Standards. The Annual Financial Statements were prepared on the historical cost basis, except for land and buildings and certain financial instruments, and incorporate the principal accounting policies set out below. These statements are presented in South African Rand.

These accounting policies are consistent with the previous period, except for the changes set out in note 32 First-time adoption of International Financial Reporting Standards.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, Management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Annual Financial Statements. Significant judgements include:

Provisions

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

Measurement of defined benefit obligations

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Annual Financial Statements is included in note 1.6.

1.2 Property, equipment and motor vehicles

The cost of an item of property, equipment and motor vehicles is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company
- The cost of the item can be measured reliably.

Property, equipment and motor vehicles are initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, equipment and motor vehicles and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, equipment and motor vehicles, the carrying amount of the replaced part is derecognised.

Equipment and motor vehicles are carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.



ACCOUNTING POLICIES (CONTINUED)

Any decrease in an asset's carrying amount as a result of a revaluation is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

The revaluation surplus in equity related to a specific item of land and buildings is transferred directly to retained earnings when the asset is derecognised.

Property, equipment and motor vehicles are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The useful lives of items of property, equipment and motor vehicles were assessed as follows:

Item	Average useful life
Buildings	50 years
Motor vehicles	5 years
Office equipment	5–6 years
IT equipment	3 years

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

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

The gain or loss arising from the derecognition of an item of property, equipment and motor vehicles is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, equipment and motor vehicles is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition and measurement

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

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

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

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

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

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

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

Derecognition

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

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or has expired.

Fair value determination

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

Impairment of financial assets

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

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

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

Impairment losses are recognised in profit or loss.



ACCOUNTING POLICIES (CONTINUED)

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

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when the Council has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4 Inventory

Inventory comprises distinguishing devices and are measured at the lower of cost and net realisable value on the first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventory comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition.

When inventory is sold, the carrying amount of those inventory is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.5 Impairment of non-financial assets

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

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

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

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

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

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

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

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

1.6 Employee benefits

Short-term employee benefits

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



ACCOUNTING POLICIES (CONTINUED)

The provision for employee entitlements to salaries, wages, annual and sick leave represent the amount which the Council has a present obligation to pay as a result of employees' services provided to the reporting date. The provision was calculated at undiscounted amounts based on current salary and wage rates.

Defined contribution plans

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

Defined benefit plans

The Council provides post-employment medical aid benefits to their retirees and pension fund benefits. The total value of the contractual liability was recognised on 31 March 2013.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs plus the present value of available refunds and reduction in future contributions to the plan.

The Council recognises all actuarial gains and losses arising from the defined medical aid benefit plan and defined pension plan in other comprehensive income and profit or loss respectively.

1.7 Revenue

Revenue from the sale of distinguishing devices is recognised when the Council has transferred to the buyer the significant risks and rewards of ownership of the goods upon collection or postage.

Revenue from rendering of services to the nurses profession is recognised by reference to the passage of time and specific event of the transaction as at the end of the reporting period. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Dividend incomes are recognised in profit or loss when the Council's right to receive payment has been established.

All fees are determined by the Council and approved by the Minister of Health whereafter they are published by regulation in the *Government Gazette*. Annual fees are recognised using the accrual basis. Where fees are received for more than one accounting period, the amount relating to the subsequent accounting period is accounted for as income received in advance and recognised in profit and loss as it accrues to the Council. Other fees are recognised as they are received.

1.8 Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit and loss, using the effective interest method. Dividends are recognised when the right to receive payment is established.

1.9 Intangible assets

Intangible assets are initially recognised at cost.

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

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

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

Intangible assets with a finite life are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of the each reporting period. Changes in the expected useful life or the expected consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible assets.

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

Item	Average useful life
Computer software	5 years



ACCOUNTING POLICIES (CONTINUED)

1.10 Leases

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term and are not discounted.

1.11 Provisions and contingencies

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

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The Council has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Council's accounting periods beginning on or after 1 April 2013 or later periods:

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The application of this new standard will have no impact the financial position of the Council. The standard is effective for annual periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC 12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require Management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The application of this new standard will have no impact the financial position of the Council. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The standard will not have an impact on the financial position of the Council. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will have no impact the financial position of the Council. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard has no impact on the Council's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under reference for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value when fair value is required or permitted. The Council is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Council's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Council's first annual report after becoming effective.

IAS 19 Employee Benefits Revised

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets, to simple clarifications and re wording. The Council had recognises its actuarial gains and losses in Other Comprehensive Income. The Council is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements. The effective date of the amendment is for years beginning on or after 1 January 2013. The Council expects to adopt the amendment for the first time in the 2014 Annual Financial Statements.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (AC 125)

These amendments clarify the meaning of "currently has a legally enforceable right to set off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Council's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

3. Property, equipment and motor vehicles

	2013			2012		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Land	8,000,000	-	8,000,000	7,467,005	-	7,467,005
Buildings	42,000,000	-	42,000,000	39,232,995	-	39,232,995
Motor vehicles	204,144	(128,255)	75,889	204,144	(109,426)	94,718
Office equipment	11,258,562	(3,960,874)	7,297,688	4,506,148	(2,532,800)	1,973,348
IT equipment	1,668,770	(497,972)	1,170,798	1,081,093	(269,770)	811,323
Other property, plant and equipment	635,440	-	635,440	-	-	-
Total	63,766,916	(4,587,101)	59,179,815	52,491,385	(2,911,996)	49,579,389

	2011		
	Cost / Valuation	Accumulated depreciation	Carrying value
	R	R	R
Land	6,899,385	-	6,899,385
Buildings	36,250,615	-	36,250,615
Motor vehicles	204,144	(90,597)	113,547
Office equipment	3,206,751	(2,222,442)	984,309
IT equipment	833,052	(153,887)	679,165
Other property, plant and equipment	-	-	-
Total	47,393,947	(2,466,926)	44,927,021



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Property, equipment and motor vehicles (continued)

Reconciliation of property, equipment and motor vehicles – 2013

	Opening balance R	Additions R	Disposals R	Revaluations R	Depreciation R	Total R
Land	7,467,005	-	-	532,995	-	8,000,000
Buildings	39,232,995	-	-	4,281,875	(1,514,870)	42,000,000
Motor vehicles	94,718	-	-	-	(18,829)	75,889
Office equipment	1,973,348	6,755,347	-	-	(1,431,007)	7,297,688
IT equipment	811,323	777,595	(188,654)	-	(229,466)	1,170,798
Work in progress assets	-	635,440	-	-	-	635,440
	49,579,389	8,168,382	(188,654)	4,814,870	(3,194,172)	59,179,815

Reconciliation of property, equipment and motor vehicles – 2012

	Opening balance R	Additions R	Disposals R	Revaluations R	Depreciation R	Total R
Land	6,899,385	-	-	567,620	-	7,467,005
Buildings	36,250,615	-	-	4,324,995	(1,342,615)	39,232,995
Motor vehicles	113,547	-	-	-	(18,829)	94,718
Office equipment	984,309	1,498,420	(27,282)	-	(482,099)	1,973,348
IT equipment	679,165	248,039	-	-	(115,881)	811,323
	44,927,021	1,746,459	(27,282)	4,892,615	(1,959,424)	49,579,389

Reconciliation of property, equipment and motor vehicles – 2011

	Opening balance R	Additions R	Disposals R	Revaluations R	Depreciation R	Total R
Land	6,264,151	-	-	635,234	-	6,899,385
Buildings	33,735,849	-	-	3,337,643	(822,877)	36,250,615
Motor vehicles	132,376	-	-	-	(18,829)	113,547
Office equipment	1,909,859	765,752	(1,149,888)	-	(541,414)	984,309
IT equipment	993,158	122,324	(134,654)	-	(301,663)	679,165
	43,035,393	888,076	(1,284,542)	3,972,877	(1,684,783)	44,927,021

Pledged as security

Carrying value of assets pledged as security:

Revaluations

The effective date of the revaluations was 31 March 2013. Revaluations were performed by independent valuer, Mr D Kotze (Candidate Valuer), of Corporate Valuations CC. Mr Kotze and Mr Goosen are not connected to the Council.

Land and buildings are revalued annually on 31 March.

The valuation was performed using the income capitalisation method and taking cognisance of the fact that the subject unit is a full-title office type building. The following assumptions were used:

- Capitalisation rate of 10.50%
- Nominal vacancy rate of 3.00%.

The carrying value of the land and buildings, had the land and buildings been carried at cost less accumulated depreciation, is disclosed as it is impractical to do so.

The useful life of certain items of equipment and motor vehicles was re-estimated. In the current period, Management revised its estimates. The effect of this revision has reduced the depreciation charges for the current and future periods by R217,761.

There are no idle assets.

Erf 1325 Arcadia Township, Pretoria with office building thereon (measuring 4,172 square metres).

4. Intangible assets

	2013			2012		
	Cost/ Valuation R	Accumulated amortisation R	Carrying value R	Cost/ Valuation R	Accumulated amortisation R	Carrying value R
Computer software	634,513	(356,338)	278,175	139,050	-	139,050

	2011		
	Cost/ Valuation R	Accumulated amortisation R	Carrying value R
Computer software	-	-	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4. Intangible assets (continued)

Reconciliation of intangible assets – 2013

	Opening balance R	Additions R	Amortisation R	Impairment loss R	Total R
Computer software	139,050	495,463	(27,810)	(328,528)	278,175

Reconciliation of intangible assets – 2012

	Opening balance R	Additions R	Total R
Computer software	-	139,050	139,050

Other information

The impairment is as a result of a module in Assetware not being functional.

5. Investments

	2013 R	2012 R	2011 R
Listed investments			
11 206 (2012: 11 206) (2011: 11 206) shares in Sanlam Limited	503,373	371,815	309,286
12 700 (2012: 12 700) (2011: 12 700) shares in Old Mutual PLC	300,358	246,888	190,119
	803,731	618,703	499,405

Fair value information

The Council invested in quoted instruments. The fair value of quoted equity shares is determined by reference to published prices quoted in an active market.

Fair value hierarchy of available-for-sale financial assets

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

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

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

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

	2013 R	2012 R	2011 R
Level 1			
Shares in Sanlam Limited	503,373	371,815	309,286
Shares in Old Mutual PLC	300,558	246,888	190,119
	803,931	618,703	499,405

There were no transfers as all investments are Level 1.

6. Inventory

	2013 R	2012 R	2011 R
Distinguishing devices	907,814	258,236	229,744

Inventory comprise badges, brooches, bars and epaulettes for nurses. Write-down of R64,490 (2012: (R161,485)) at net realisable value in operating expenses. The write-down is as a result of accounting for Inventory at the net realisable value and the write-up relates to returns that were not previously booked.

7. Trade and other receivables

	2013 R	2012 R	2011 R
Accounts receivables	528,441	65,250	862,536
Prepayments	502,779	1,024,649	311,860
Deposits	49,892	49,892	49,892
Staff loans and advances	2,733	17,732	24,372
Sundry debtors	80,647	75,209	-
	1,164,492	1,232,732	1,248,660

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2013, R- (2012: R-; 2011: R-) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2013 R	2012 R	2011 R
One month past due	456	-	-
Two months past due	5,700	-	-
Three months past due	490,200	17,100	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2013 R	2012 R	2011 R
Cash on hand	580	3,106	478
Bank balances	3,705,403	7,681,386	6,723,879
Short-term deposits	159,034,171	131,825,774	97,085,961
Savings accounts	4,018	4,018	4,018
Salaries account	3,377	97,789	1,387,269
	162,747,549	139,612,073	105,201,605

Short-term deposits are invested with financial institutions. They have an average maturity of 31 days and an average variable rate of 4.9%.

The carrying amounts approximate the fair value.

The Council does not have borrowing facilities.

9. Reserves

	Asset revaluation reserve R	Fair value adjustment asset available-for- sale reserve R	Total R
2013			
Opening balance	52,648,728	287,533	52,936,261
Revaluation of land and buildings	4,814,869	-	4,814,869
Fair value adjustment – available-for-sale financial asset	-	185,028	185,028
	57,463,597	472,561	57,936,158
2012			
Opening balance	47,756,113	168,235	47,924,348
Revaluation of land and buildings	4,892,615	-	4,892,615
Fair value adjustment – available-for-sale financial asset	-	119,298	119,298
	52,648,728	287,533	52,936,261
2011			
Opening balance	43,783,246	129,227	43,912,473
Revaluation of land and buildings	3,972,867	-	3,972,867
Fair value adjustment – available-for-sale financial asset	-	39,008	39,008
	47,756,113	168,235	47,924,348

10. Post-employment medical aid benefits

The Council provides post-retirement medical aid benefits to all employees and continuation and widow(er) members who participate in the Bestmed Medical Scheme, Bonitas Medical Fund and Oxygen Medical Scheme.

The actuarial valuation of the post-employment medical aid liability performed as 31 March 2013 reported a contractual liability amounting to R27,094,248 (2012: R25,660,104) (2011: R22,918,64).

	2013 R	2012 R	2011 R
Statement of Financial Position			
Defined benefit obligation	27,094,248	25,660,104	22,918,648
Statement of Comprehensive Income			
Interest cost	2,269,231	2,084,047	2,521,920
Benefits paid	(1,980,393)	(1,753,529)	(1,531,149)
Actuarial loss on post-employment medical aid	1,145,305	2,410,938	3,402,957
	1,434,143	2,741,456	4,393,728
Reconciliation of the Statement of Financial Position item			
Opening balance	25,660,104	22,918,648	18,524,930
Interest cost	2,269,231	2,084,047	2,521,920
Benefits paid	(1,980,393)	(1,753,529)	(1,531,149)
Actuarial gain on post-employment medical aid	1,145,305	2,410,938	3,402,957
	27,094,247	25,660,104	22,918,658
Sensitivity to medical inflation assumption			
1% increase in medical inflation			
Increased in defined benefit obligation	(2,239,345)	(2,137,994)	(1,568,756)
Percentage decrease	(8.27%)	(8.33%)	(7.24%)
The key assumptions used in the actuary's projected contractual liability calculations at reporting date are set out below			
Healthcare cost inflation	8.13%	8.05%	7.91%
Discount rate	8.41%	9.02%	9.24%
Normal retirement age	60	60	60



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

11. Retirement benefits

Defined benefit plan

The Council provides retirement benefits for all its permanent employees through a funded defined benefit provident that is subject to the Pension Funds Act, 1956, as amended. This was changed in 2011 (1 January 2011) from a defined benefit fund to a defined contribution fund. Approval by the Financial Services Board was obtained.

	2013 R	2012 R	2011 R
Statement of Financial Position			
Present value of obligation	-	-	55,481,000
Fair value of plan assets	-	-	(53,190,000)
	-	-	2,291,000
Current portion			
Present value of obligation	-	217,752	-
Movements for the year			
Service cost			4,669,000
Interest cost	-	-	5,037,000
Expected return on assets	-	-	(4,761,000)
Actuarial gain/(loss) recognised	-	-	(1,007,000)
Member contribution and risk benefits	-	-	(1,122,000)
	-	-	2,816,000

Key assumptions used

The key assumptions used in the actuary's projected contractual liability calculations at reporting date are set out below.

	2013 %	2012 %	2011 %
Salary increase rate	-	-	7.10
Discount rate	-	-	9.10
General inflation rate	-	-	6.10
Expected return on assets	-	-	9.10

The SA 85-90 ultimate mortality table was used in estimating the expected mortality experience.

The yield on fixed interest government bonds is used to determine the overall expected return.

Defined contribution plan

It is the policy of the Council to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act, exist for this purpose.

The Council is under no obligation to cover any unfunded benefits.

	2013 R	2012 R	2011 R
The total group contribution to such schemes	2,555,791	2,496,088	-

12. Trade and other payables

	2013 R	2012 R	2011 R
Trade payables	2,096,125	2,728,279	2,054,580
Accrued leave pay	3,770,904	3,092,378	3,945,972
Accrued expenses	332,627	1,567,560	4,693,691
VAT	925,314	889,126	640,706
Payroll liabilities	103,485	18,300	1,258,703
	7,228,455	8,295,643	12,593,652

Fair value of trade and other payables

The fair value approximate the carrying amount.

13. Income received in advance

	2013 R	2012 R	2011 R
Annual fees	55,676,170	51,428,681	47,064,263
Donor fund deferred income	3,711,117	3,172,379	2,247,448
Other deferred income	2,717,284	1,828,402	773,285
	62,104,571	56,429,462	50,084,996



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

14. Provisions

Reconciliation of provisions – 2013

	Opening balance R	Additions R	Utilised during the year R	Total R
Bonus	344,535	1,356,424	(1,356,661)	344,298

Reconciliation of provisions – 2012

	Opening balance R	Additions R	Utilised during the year R	Total R
Legal proceedings	300,000	-	(300,000)	-
Bonus	311,070	1,338,570	(1,305,105)	344,535
	611,070	1,338,570	(1,605,105)	344,535

Reconciliation of provisions – 2011

	Opening balance R	Additions R	Utilised during the year R	Total R
Legal proceedings	300,000	-	-	300,000
Bonus	235,603	1,094,609	(1,019,142)	311,070
	535,603	1,094,609	(1,019,142)	611,070

The bonus provision is paid annually and is not based on performance conditions.

15. Revenue

	2013 R	2012 R
Annual fees – registered and enrolled person	71,955,505	65,443,023
Registration fees	2,816,807	1,325,912
Enrolment fees	1,424,807	1,933,930
Examination fees	8,253,281	8,393,386
Restoration fees	13,366,289	15,514,842
Application fees	140,005	224,586
Accreditation visits	1,224,347	66,069
Sale of distinguishing devices	2,056,583	1,597,174
Licence fees – nursing agencies	(784)	3,223
Verification fees	119,477	205,670
Confirmation and duplications	27,676	40,952
	101,383,993	94,748,767

16. Other income

	2013 R	2012 R
Rent received	816	114,547
Discount received	31,245	50,000
Sundry income	692,446	302,985
Admission of guilt fines	6,100	4,500
Sale of printed matter	203,251	137,067
	933,858	609,099

17. Investment revenue

	2013 R	2012 R
Dividends received		
Listed financial assets – local	27,048	50,521
Finance income		
Interest received on investments	6,597,225	5,447,226
Bank	405,447	329,624
Loans to Directors, Managers and employees	-	195
	7,029,720	5,827,566

18. Finance costs

	2013 R	2012 R
Interest on late payment of trade and other payables	(19,125)	19,152
Bank	22,111	505
Other interest paid	2,269,231	2,084,047
	2,272,217	2,103,704



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

19. Other comprehensive income

Components of other comprehensive income – 2013

	Gross R	Tax R	Net R
Fair value adjustment – available-for-sale financial assets	185,028	-	185,028
Gains on property revaluations	4,814,869	-	4,814,869
Actuarial losses on defined benefit plans	(1,145,305)	-	(1,145,305)
Total	3,854,592	-	3,854,592

Components of other comprehensive income – 2012

	Gross R	Tax R	Net R
Fair value adjustment – available-for-sale financial assets	119,298	-	119,298
Gains on property revaluations	4,892,615	-	4,892,615
Actuarial losses on defined benefit plans	(2,410,938)	-	(2,410,938)
Total	2,600,975	-	2,600,975

Components of other comprehensive income – 2011

	Gross R	Tax R	Net R
Fair value adjustment – available-for-sale financial assets	39,008	-	39,008
Gains/(losses) on property revaluations	3,972,867	-	3,972,867
Actuarial gains/(losses) on defined benefit plans	(3,402,957)	-	(3,402,957)
Total	608,918	-	608,918

20. Cash generated from operations

	2013 R	2012 R
Profit before taxation	23,962,725	33,384,643
Adjustments for		
Depreciation and amortisation	3,221,982	1,959,424
Loss on sale of assets	16,590	137,807
Dividends received	(27,048)	(50,521)
Interest received	(7,002,672)	(5,777,045)
Finance costs	2,986	19,658
Impairment loss on tangibles	328,528	-
Inventory write down/(up)	64,490	(161,485)
Bad debts	-	26,857
Settlement of retirement benefit assets and liabilities	(217,752)	(2,073,248)
Movements in provisions	(237)	(266,535)
Actuarial gains and losses	(1,145,306)	(2,410,938)
Interest cost on post-retirement medical aid	2,269,231	2,084,047
Changes in working capital		
Inventory	(714,068)	132,993
Trade and other receivables	68,240	(10,929)
Trade and other payables	(1,067,188)	(4,298,009)
Income received in advance	5,675,109	6,344,466
	25,435,610	29,041,185

21. Results from operating activities

Results from operating activities for the year is stated after accounting for the following:

	2013 R	2012 R
Loss on sale of property, equipment and motor vehicles	(16,590)	(137,807)
Impairment on intangible assets	328,528	-
Impairment on trade and other receivables	-	26,857
Amortisation on intangible assets	27,810	-
Advertising	985,754	307,941
Administration and management fees	74,487	283,634
Assessment rates and municipal charges	563,245	495,567
Auditors fees	1,101,331	349,300
Bank charges	1,848,996	1,762,026
Consulting and professional fees	8,965,885	4,661,372
Insurance	122,807	111,800
Depreciation on property, plant and equipment	3,194,172	1,959,424
Employee costs	43,862,700	38,835,188



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

22. Taxation

Provision for taxation is not necessary as the Council is exempt from paying income tax in terms of Section 10(1)(cA)(i) of the Income Tax Act.

23. Commitments

	2013 R	2012 R
Authorised capital expenditure		
Already contracted for but not provided for		
- Investment property	2,121,882	-
Operating leases – as lessee (expense)		
Minimum lease payments due		
- Within one year	862,389	201,689
- In second to fifth year inclusive	978,999	330,702
- Later than five years	-	-
	1,841,388	532,391

Operating lease payments represent rentals payable by the Council for certain of its computer equipment. Leases are negotiated for an average term of three to five years and rentals are fixed. No contingent rent is payable.

Operating leases – as lessor (income)

Certain of the Council's office space was leased to Howard University in receipt of rental income. The tenants occupied the premises until 31 December 2011. There are no contingent rents receivable.

24. Financial assets by category

The accounting policies for financial instruments were applied to the line items below:

	Loans and receivables R	Amortised cost R	Available- for-sale R	Total R
2013				
Investments	-	-	803,731	803,731
Trade and other receivables	661,713	-	-	661,713
Cash and cash equivalents	-	162,747,549	-	162,747,549
	661,713	162,747,549	803,731	164,212,993

	Loans and receivables R	Amortised cost R	Available- for-sale R	Total R
2012				
Investments	-	-	618,703	618,703
Trade and other receivables	208,083	-	-	208,083
Cash and cash equivalents	-	139,612,073	-	139,612,073
	208,083	139,612,073	618,703	140,438,859
2011				
Loans to group companies	-	-	499,405	499,405
Trade and other receivables	936,800	-	-	936,800
Cash and cash equivalents	-	105,201,605	-	105,201,605
	936,800	105,201,605	499,405	106,637,810

25. Financial liabilities by category

The accounting policies for financial instruments were applied to the line items below:

	Financial liabilities at amortised cost R	Total R
2013		
Trade and other payables	7,228,455	7,228,455
2012		
Trade and other payables	8,295,643	8,295,643
2011		
Trade and other payables	12,593,652	12,593,652

26. Contingencies

The Council is defending action brought by the Nursing Education Institutions. While the liability is not admitted, if defence against the action is unsuccessful, fines and legal costs could amount to R12.6 million. Based on legal advice, the Council does not expect the outcome of the action to have a material effect on its financial position.

27. Related parties

The related parties were identified as the Council members and the members of standing committees.

Refer to the Council Report for a detail list of Council members.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. Key personnel compensation

	Salaries R	Annual Bonus R	Other short term R	Post- employment benefit R	Total R
Executive					
2013					
Senior Manager: Information Management	732,171	-	105,992	62,670	900,833
Deputy Registrar	1,346,600	59,749	85,044	-	1,491,393
Senior Manager: Human Resources	6,535	-	131	-	6,666
Chief Financial Officer	750,513	-	158,594	-	909,107
Senior Manager: Project Co-ordination	730,629	49,193	59,747	-	839,569
Registrar and CEO	718,116	49,490	21,158	50,376	839,140
Senior Manager: Education and Training	1,070,686	-	108,999	-	1,179,685
	5,355,250	158,432	539,665	113,046	6,166,393
2012					
Senior Manager: Information Management	653,134	54,626	72,151	58,723	838,634
Deputy Registrar	717,437	57,851	51,961	62,270	889,519
Senior Manager: Human Resources	233,429	-	3,083	-	236,512
Chief Financial Officer	643,962	-	157,452	-	801,414
Senior Manager: Project Co-ordination	638,496	48,059	36,397	-	722,952
Registrar and CEO	933,500	-	107,555	-	1,041,055
Senior Manager: Accreditation	554,549	-	26,313	-	580,862
	4,374,507	160,536	454,912	120,993	5,110,948
2011					
Senior Manager: Information Management				764,905	764,905
Deputy Registrar				852,809	852,809
Senior Manager: Human Resources				423,772	423,772
Chief Financial Officer				802,352	802,352
Senior Manager: Project Co-ordination				560,114	560,114
Senior Manager: Provider Affairs				433,947	433,947
Registrar and CEO				776,879	776,879
				4,614,778	4,614,778

29. Risk management

Liquidity risk

The entity is not exposed to any liquidity risk as its minimal financial liabilities and cash resources are sufficient to meet any commitments that may fall due during the financial year.

	Carrying amount R	Contractual cash flows R	Less than 1 year R	2–5 years R
At 31 March 2013				
Non-derivative financial liabilities				
Trade and other payables	7,228,455	7,228,455	7,228,455	-
At 31 March 2012				
Non-derivative financial liabilities				
Trade and other payables	8,295,643	8,295,643	8,295,643	-
At 31 March 2011				
Non-derivative financial liabilities				
Trade and other payables	12,593,652	12,593,652	12,593,652	-

Interest rate risk

The entity's exposure to interest rate risk is moderate as cash, which will not be required in the next 30 days, is invested in Money Market bank accounts to earn interest income. The Council's short-term deposits are valued at amortised cost using the market price of the investment as at year end.

Interest rate sensitivity

Interest rate sensitivity relates to reasonable possible changes in interest rate on short-term deposit. All variables held constant, the change assumed is 50 basis point. The increase/decrease effect on profit before tax is R795,171 (2012: 659,129).

Credit risk

Credit risk is the risk of financial loss to the entity if the counterparty to the financial instrument fails to meet its contractual obligation, and arises principally from an entity's receivables from customers and investment securities. The entity's exposure to credit risk is minimal, as it has limited receivables with no foreign debtors as well as limited investments. The carrying amount of financial assets represents the maximum credit exposure.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29. Risk management (continued)

Financial assets exposed to credit risk at year end were as follows:

	2013 R	2012 R	2011 R
Financial instrument			
Trade and other receivables	661,713	208,083	936,800

Foreign exchange risk

The Council is not exposed to any currency risk as it trades in South African Rand and does not have any transactions with any foreign currency.

Price risk

The Council is exposed to equity securities price risk because of investments held by the Council and classified in the Statement of Financial Position as available for sale. To manage its price risk arising from investments in equity securities, the Council approves all investment decisions.

Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available for sale.

At reporting date, the exposure 5% to quoted investment at fair value was R40,187 (2012: R30,935) (2011: R24,970).

30. Going concern

The Annual Financial Statements were prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

31. Events after the reporting period

The members are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the Financial Statements.

32. First-time adoption of International Financial Reporting Standards

These Financial Statements for the year ended 31 March 2013, are the first that the Council prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2012, the Council prepared its Financial Statements in accordance with South Africa Generally Accepted Accounting Practice (SA GAAP). Accordingly, the Council prepared Financial Statements which comply with IFRS applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the summary of significant accounting policies. In preparing these Financial Statements, the Council's opening Statement of Financial Position was prepared as at 1 April 2011, which is the Council's date of transition to IFRS. This note explains the principal adjustments made by the Council in restating statements its SA GAAP Financial Statements, including the Statement of Financial Position as at 1 April 2011 and the Financial Statements as at and for the year ended 31 March 2012.

Reconciliation of equity at 1 April 2011 (Date of transition to the new standards)

	As reported under SA GAAP R	IFRS R
Property, plant and equipment	44,927,021	44,927,021
Non-current assets held for trading	900,000	900,000
Investments	499,405	499,405
Total non-current assets	46,326,426	46,326,426
Trade and other receivables	1,248,660	1,248,660
Inventories	229,744	229,744
Cash and cash equivalents	105,305,887	105,305,887
Total current assets	106,784,291	106,784,291
Post-employment medical aid benefits	22,918,648	22,918,648
Trade and other payables	8,647,684	8,647,684
Employee benefits	2,291,000	2,291,000
Income received in advance	50,189,278	50,189,278
Provisions	4,557,042	4,557,042
Total liabilities	88,603,652	88,603,652
Total assets less total liabilities	64,507,065	64,507,065
Revaluation reserve	47,756,113	47,756,113
Fair value adjustment assets – available-for-sale reserve	168,235	168,235
Retained earnings	16,582,717	16,582,717
Total equity	64,507,065	64,507,065



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

32. First-time adoption of International Financial Reporting Standards (continued)

Reconciliation of equity at 31 March 2012

	As reported under SA GAAP R	IFRS R
Property, plant and equipment	49,579,389	49,579,389
Intangible assets	139,050	139,050
Investments	618,703	618,703
Total non-current assets	50,337,142	50,337,142
Trade and other receivables	1,232,732	1,232,732
Inventories	258,236	258,236
Cash and cash equivalents	139,534,034	139,534,034
Total current assets	141,025,002	141,025,002
Post-employment medical aid benefits	25,660,104	25,660,104
Trade and other payables	5,203,270	5,203,270
Employee benefits	217,752	217,752
Income received in advance	56,351,422	56,351,422
Provisions	3,436,913	3,436,913
Total liabilities	90,869,461	90,869,461
Total assets less total liabilities	100,492,683	100,492,683
Revaluation reserve	53,239,940	53,239,940
Fair value adjustment assets – available-for-sale reserve	287,533	287,533
Retained earnings	46,965,210	46,965,210
Total equity	100,492,683	100,492,683

Exemptions

Property, equipment and motor vehicles

Freehold land and buildings were carried in the Statement of Financial Position prepared in accordance with SA GAAP on the basis of valuations performed for each financial year. The Council elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value. Certain items of property, plant and equipment were measured at fair value at the date of transition to IFRS.

Investments

At date for transition to IFRS, the Council decided to continue to designate its quoted equity investments as available-for-sale financial assets. IFRS requires available-for-sale investments to be measured at fair value and recognise the gains or losses in other comprehensive income. At 1 April 2011, the assets were measured at fair value and the fair value changes were recognised as a separate component in available-for-sale equity reserve in line with IFRS.

Post-retirement Medical Aid Obligation

The Council elected to disclose the following amounts prospectively from the date of transition (IFRS ordinarily requires the amounts for the current and previous four annual periods to be disclosed):

- (i) The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan
- (ii) The experience adjustments arising on the plan liabilities and the plan assets.

Estimates

The estimates at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with SA GAAP (after adjustments to reflect any differences in accounting policies, where applicable).

The estimates used by the Council to present these amounts in accordance with IFRS reflect conditions at 1 April 2011, the date of transition to IFRS and as of 31 March 2012.

Reconciliation of profit or loss for 2012

	R
Revenue	94,748,767
Gross profit	94,748,767
Other income	609,099
Fixed and administration expenses	(67,781,132)
Investment revenue	5,827,566
Finance costs	(19,657)
Actuarial gains and losses on defined benefit plans	(2,410,938)
Available for sale	119,298
Revaluation reserve	4,892,615
Total comprehensive income	35,985,618

Property, equipment and motor vehicles

Items of property, equipment and motor vehicles which are still in use but have a zero carrying amount were reassessed to have a closing carrying amount of R289,677 (2011: R380,149), and were already included in the South African Generally Accepted Accounting Practice (SA GAAP) figures.

Explanation of material adjustments to the Statement of Cash Flows for 2013

The transition from SA GAAP to IFRS had no material impact on the Statement of Cash Flows.



ANNEXURE 1

Detailed Income Statement

	Note(s)	2013 R	2012 R
Revenue			
Sale of distinguishing devices		2,056,583	1,597,174
Cost of sales of distinguishing devices		(1,414,376)	(1,157,293)
Annual fees – registered and enrolled persons		71,955,505	65,443,023
Restoration fees		13,366,289	15,514,842
Application fees		140,005	224,586
Accreditation visits		1,224,347	66,069
Examination fees		8,253,281	8,393,386
Registration fees		2,816,807	1,325,912
Enrolment fees		1,424,807	1,933,930
Confirmations and duplications		27,676	40,952
Licence fees – nursing agencies		(784)	3,223
Verification fees		119,477	205,670
	15	99,969,617	93,591,474
Other income			
Rent received		816	114,547
Discount received		31,245	50,000
Sundry income		692,446	302,985
Admission of guilt fines		6,100	4,500
Sale of printed matter		203,251	137,067
Dividend revenue	17	27,048	50,521
Interest received	17	7,002,672	5,777,045
		7,963,578	6,436,665
Expenses (Refer to page 79)		(81,698,253)	(64,539,792)
Operating profit			
Operating profit	21	26,234,942	35,488,347
Finance costs	18	(2,272,217)	(2,103,704)
Profit for the year		23,962,725	33,384,643
Total comprehensive income for the year		27,817,317	35,985,618

	2013	2012
Note(s)	R	R
Operating expenses		
Administration costs and office bearer allowance	(74,487)	(283,634)
Advertising	(985,754)	(307,941)
Assessment rates and municipal charges	(563,245)	(495,567)
Auditors' remuneration	(1,101,331)	(349,300)
Bank charges	(1,848,996)	(1,762,026)
Cleaning	(464,025)	(410,486)
Computer expenses	(623,238)	(531,657)
Consulting fees	(1,671,681)	(3,987,469)
Depreciation	(3,615,000)	(1,824,796)
Refund on advances	(43,085)	(254,367)
Service level agreements	-	(5,850)
Employee costs	(43,862,700)	(38,835,188)
Entertainment	(27,105)	(2,456)
Meeting expenses – transport allowances	(1,195,651)	(888,602)
Meeting expenses – general	279,197	(434,298)
Meeting expenses – accommodation	(872,935)	(760,575)
Meeting expenses – subsistence allowances	(10,323)	(108,320)
Meeting expenses – translation and transcribing services	(158,330)	(49,189)
Meeting expenses – meetings held	-	(39,686)
Meeting expenses – examiners and invigilators	(2,749,386)	(2,296,473)
General expenses	(535,872)	(24,402)
Meeting expenses – members' allowances	(1,495,575)	(672,132)
Provident fund and medical aid expense	(11,042)	(150,358)
Fines and penalties	-	(961)
Gifts	(10,593)	(27,738)
Hire of equipment and venue	(723,279)	(630,235)
Insurance	(122,807)	(111,800)
Lease rentals on operating lease	(69,442)	(180,402)
Legal expenses	(7,282,954)	(950,991)
Loss on disposal of assets	(16,590)	(137,807)
Motor vehicle expenses	(41,221)	(46,267)
Postage	(1,387,019)	(1,635,954)
Printing and stationery	(2,851,250)	(1,344,320)
Functions and seminars	(31,848)	-
Uniforms	(200)	(4,561)
Repairs and maintenance	(291,791)	(446,716)
Secretariat services	(5,765)	-
Security	(614,789)	(577,153)
Computer licence fees	(497,674)	(338,172)
Catering and refreshments	(621,453)	(363,738)
Subscriptions	(41,912)	(32,259)
Telephone and fax	(607,188)	(499,477)
Training	(87,999)	(39,102)
Transport and freight	(1,218,392)	(1,021,653)
Travel – local	(2,463,786)	(1,188,787)
Valuations	(11,250)	282,938
Water and electricity	(980,090)	(489,367)
Workshops	(88,397)	(280,498)
	(81,698,253)	(64,539,792)

The supplementary information presented does not form part of the Annual Financial Statements and is unaudited.



ACRONYMS AND ABBREVIATIONS

CPD	Continuous Professional Development
ETQA	Education and Training Quality Assurer
NHI	National Health Insurance
NEIs	Nursing Education Institutions
NLRD	National Learner Record Database
SAQA	South African Qualifications Authority
NDoH	National Department of Health
NQF	National Qualifications Framework
HEQF	Higher Education Qualifications Framework
EXCO	Executive Committee
FICA	Financial Intelligence Centre Act, 2001
HPCSA	Health Professions Council of South Africa
EDCO	Education Committee
HR	Human Resource
ICT	Information and Communications Technology
SA GAAP	South African Standards of Generally Accepted Accounting Practice
IFRS	International Financial Reporting Standards
VAT	Value Added Tax
PAYE	Pay As You Earn



SOUTH AFRICAN NURSING COUNCIL

PHYSICAL ADDRESS 602 Pretorius Street, Arcadia, Pretoria, 0083

POSTAL ADDRESS PO Box 1123, Pretoria, 0001, Republic of South Africa

TEL +27 12 420 1000

FAX +27 12 343 5400

E-MAIL registrar@sanc.co.za

www.sanc.co.za