

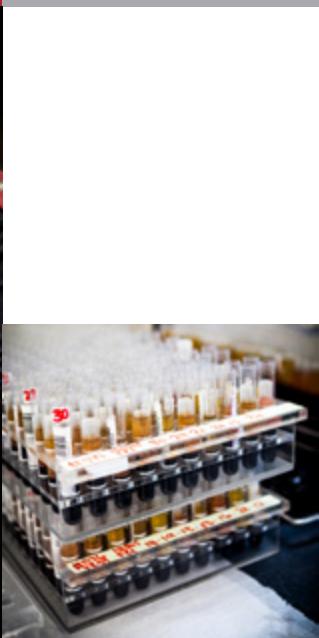
# Integrated Report

2019 - 2020



**Western Cape Blood Service**  
Do something remarkable

# Contents



021 507 6300



info@wcbs.org.za



www.wcbs.org.za



WCBS App



Western Cape Blood Service



@The\_WCBS



@thewcbs



Whatsapp 060 549 7244

# About Our Report



This integrated report of the Western Cape Blood Service (WCBS) covers the year 1 April 2019 to 31 March 2020. This report was prepared using the International Integrated Reporting <IR> Framework as a guideline. It is also in compliance with:

- The Companies Act, No. 71 of 2008, as amended (Companies Act); and
- King IV report on Corporate Governance for South Africa 2016 (King IV).

The integrated report is our primary communication regarding value creation.

The report focuses on providing WCBS members and key stakeholders with a holistic view of the Service's operations, performance, risks and opportunities, and also includes the Service's financial statements.

The Board of Directors has strived to ensure that all material matters are presented and that the report fairly represents the performance and practices of WCBS for the 2019/20 financial year. ■

**PAUL SLACK**

Chairman  
31 October 2020

**GREG BELLAIRS**

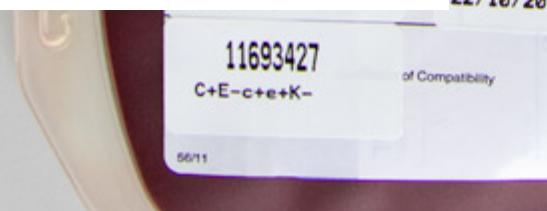
Chief Executive Officer/  
Medical Director  
31 October 2020

# Our Organisation

The Western Cape Blood Service (WCBS) is an independent, non-profit, provincial healthcare organisation, which collects blood from blood donors, and subsequently supplies safe blood products to all people in the Western Cape. The Service has regional branches in Paarl, Worcester and George, 5 permanent blood donor clinics, 625 mobile donor clinics, a specialised donation services unit, apheresis collections department, 102 emergency blood banks at 138 hospitals, and seven blood banks.

WCBS must collect approximately 700 units of whole blood from voluntary, non-remunerated blood donors every day to meet the demand for blood products in the Western Cape. Our blood donors and blood recipients are our first priority. We follow strict standards and use appropriate technologies and research to ensure safe procedures from the vein of the donor to that of the recipient.

The Service is also guided by international best practices: Council of Europe Recommendations, American Association of Blood Banks Guidelines, and World Health Organisation Guidelines. The Service is accredited by the South African National Accreditation System (SANAS). ■





## MISSION

Western Cape Blood Service is a non profit regional health organisation, dedicated to collecting blood from voluntary blood donors, and providing the safest blood products and efficient service to the community, while operating at the highest professional and ethical standards and remaining a viable organisation.

## VISION

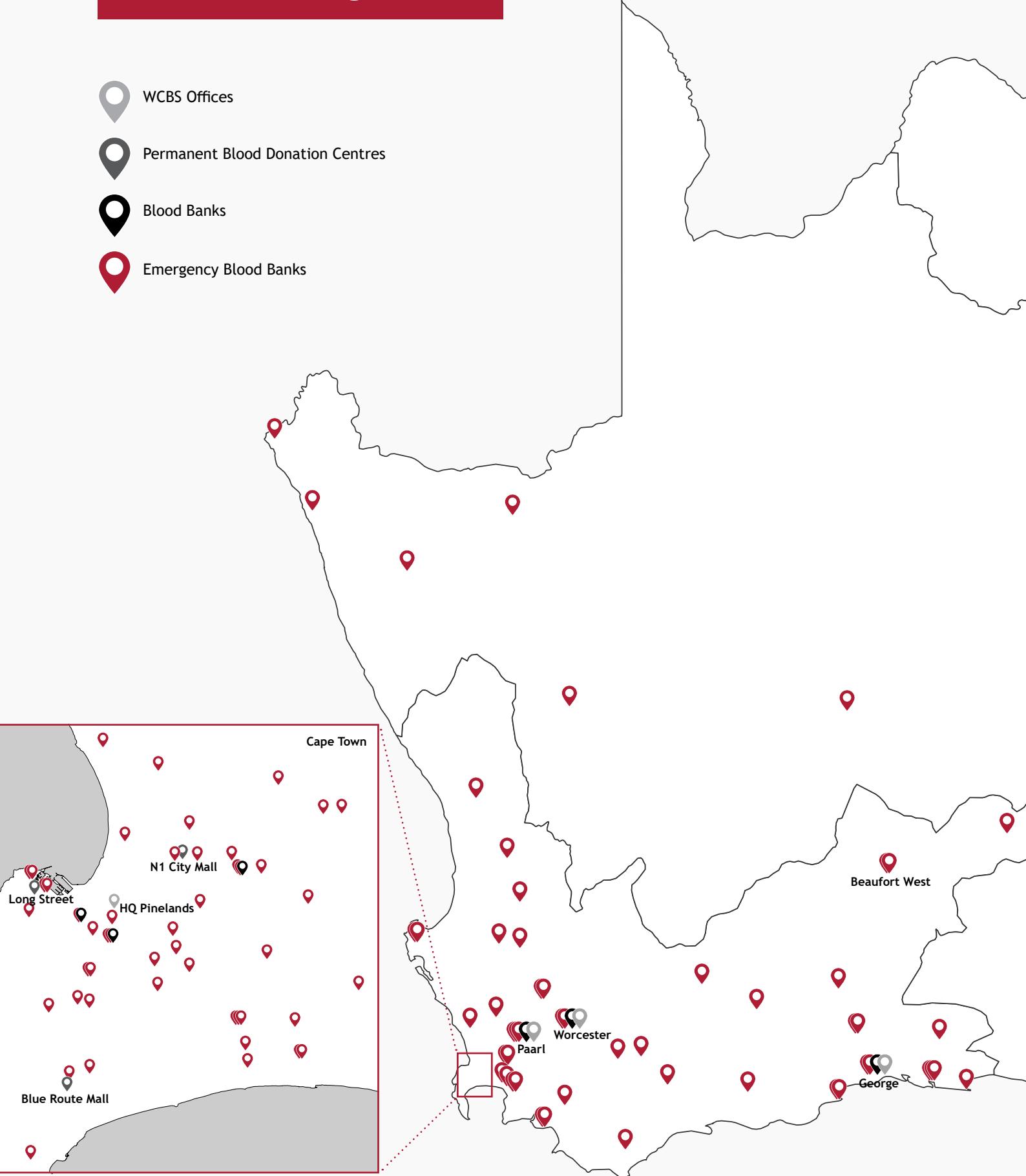
To maintain a Blood Service that is appropriate to the needs of the South African Community. To be prepared to extend the service to provide for wider regional or national needs and to provide leadership in transfusion practice.

## VALUES

we  
**are**  
**caring**  
**professional**  
**responsible**  
**committed**  
**teamwork**

# WCBS at a glance

- WCBS Offices
- Permanent Blood Donation Centres
- Blood Banks
- Emergency Blood Banks





## HIGHLIGHT

# Western Cape Blood Bank Opened in Khayelitsha

In conjunction with the Western Cape Government, the WCBS officially opened a new Western Cape Blood Bank at the Khayelitsha District Hospital on Wednesday, 18 September 2019.

"It is a remarkable milestone opening our first blood bank in over twenty years and there is no better place than at the Khayelitsha District Hospital," said Dr Gregory Bellairs, CEO / Medical Director at the WCBS. "It is ideal to be situated in one of the larger state hospitals as it enhances delivery to the surrounding areas. The blood bank will be operational for 24-hours a day which will

result in rapid availability of cross-matched blood to this hospital and other, surrounding hospitals served by it, and where the demand is always high, particularly in trauma wards. This, in turn, will save many lives," Bellairs continued.

Donated blood which has been tested and separated into components (plasma, platelets and red blood cells), are kept at blood banks. When blood is requested for a patient, a sample of the patient's blood is cross-matched against a sample of the blood in stock, to determine the most compatible match. ■

# Senior Leadership

## Board of Directors

**Mr PK Slack** (Chairman)  
**Mr PJ Veldhuizen** (Vice Chairman)  
**Dr GRM Bellairs** (Chief Executive Officer/Medical Director)  
**Ms N Dhevcharran** (Appointed Aug 2019)  
**Ms NB du Toit** (Corporate Services Director/Chief Financial Officer)  
**Dr AR Bird**  
**Mr MR Burton**  
**Prof BDL Figaji** (Retired Aug 2019)  
**Dr A Huggett**  
**Prof VJ Louw**  
**Mr DM Ndebele**  
**Mr R Ramsbottom**  
**Dr CF Ingram**

## Managers

**Links Archery** (Donor Collections)  
**Michelle Breuninger** (Professional Development and Training)  
**Jacques Breslaw** (Information Technology)  
**Glynis Bowie** (Quality Assurance)  
**Ashleigh Button** (Human Resources)  
**Ronald Davids** (George Region)  
**Karen Dramat** (Blood Banks)  
**Vincent Erasmus** (Materials - Maintenance/Purchasing/Transport)  
**Faisal Hassen** (Continuous Improvement)  
**Caroline Hilton** (Transfusion Medical Specialist)  
**Imtiaz Kaprey** (Finance)  
**Bev Mitchell** (Technical Services)  
**Delizia Montgomery** (Paarl Region)  
**Debbie Smith** (Processing)  
**Irene van Schalkwyk** (Promotions/Public Relations and Planning) - until December 2019  
**Michelle Vermeulen** (Promotions/Public Relations & Planning) - appointed December 2019  
**Janine Wildschut** (Worcester Region)

## Company Secretary

**Mrs I van Schalkwyk** - until December 2019  
Themis Commercial Legal Advisors (Pty) Ltd. - appointed January 2020

## Registered Office

Southern House, Old Mill Road, Pinelands, 7405  
P.O. Box 79, Howard Place, 7450

## Registration Numbers

Registration Number: 1943/016692/08  
NPO Registration Number: 031-336-NPO  
PBO Reference Number: 93000 4391

# Key Statistics



The past year at a glance:

**147,684**  
Units of donated blood

**458,070**  
Potential lives saved

**72,780**  
Active blood donors

**530**  
Employees

**102**  
Emergency Blood Banks

## HIGHLIGHT

# Blood donors celebrated at Donor Awards

The Western Cape Blood Service (WCBS) hosted its annual Donor Awards on the 15th and the 16th November 2019 at the Century City Conference Centre where donors were acknowledged for reaching milestones.

With Dr Darren Green as the master of ceremonies, the evening of the 15th was nothing short of spectacular. The venue looked great, the atmosphere was buzzing with laughter whilst a live band played in the background.

The proud blood donors came together to celebrate their contributions and receive an award. Among them was Mr Kenneth Saunders who was bestowed the 475th donation award. The guest speaker for the evening was Mr Bruce Walsh who shared his life-changing experience

of being a blood recipient, after surviving the devastating Planet Hollywood bomb in 1998, which left him severely injured with a broken arm, amputated legs and a cracked skull. Through his ordeal Bruce motivated everyone to be winners.

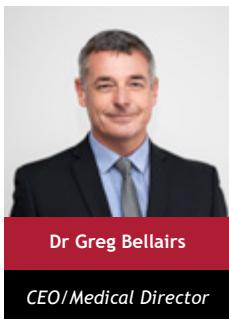
On the morning of the 16th we honoured more milestone donors as well as our Club25 Donors. Aislinn Louis shared her journey with renal failure. She applauded donors for their courage and generosity for saving countless lives, including hers.

Thank you so much for all of your donations. So few of the population give blood at all, and fewer still reach these incredible milestones, so it really is a great achievement and one worth sharing. ■



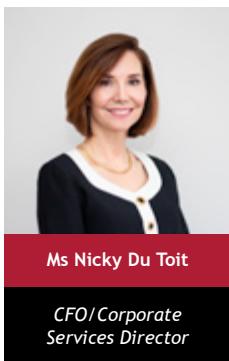


# Messages From Leadership



Dr Greg Bellairs

CEO/Medical Director



Ms Nicky Du Toit

CFO/Corporate Services Director

## Directors' Report 2019/20

The 2019/2020 year was another successful year in WCBS's long history, characterised by stability while delivering on the Service's mission to supply sufficient safe blood to the Province. However, as was the case for all companies in South Africa, as well as globally, the last two months of the financial year were an early indication of the extensive disruption to follow, due to the COVID-19 pandemic.

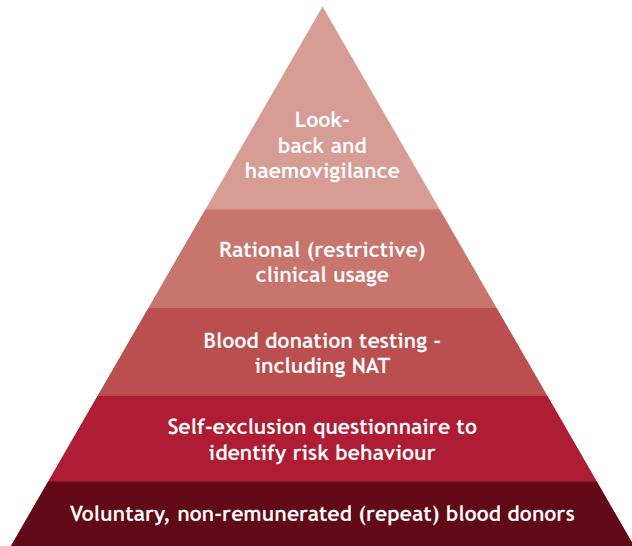
## Sustainability

### Blood product sales

WCBS is a red cell driven organisation, due to the fact that red cell products comprise the largest volume of the product mix, and also comprise the single largest Rand-value of income. For the last four years, red cell product sales were 139 414 in 2016/17, 140 289 in 2017/18, 138 026 in 2018/19 and 138 791 in 2019/20. This flat sales trend is now well established, and attributed to cost saving measures in both the private and state health care sectors, as well as due to patient blood management strategies which promote more restrictive transfusion thresholds.

A multi-party position paper titled "Patient blood management: A solution for South Africa" was published in the South African Medical Journal of July 2019. Although patient blood management has already impacted blood product sales (which is challenging from a financial perspective), the Service strongly supports the philosophy of optimising

## Blood Safety - core concepts



patients' iron and haemoglobin status preoperatively, which reduces the need for blood transfusions, and results in better clinical outcomes.

Strong evidence for more conservative blood transfusion practices can be seen in the red cell product sales which have decreased from 22.8 units to 20.8 units, per 100 000 people, per year in the Western Cape over the past 4 years. Due to the burden of disease and trauma, it is not anticipated that there will be a marked further reduction in blood product usage in the near future - however, the Service is exploring alternative revenue streams including source plasma collection, which forms the raw material for plasma-derived medicinal products.

### Financial

For 2019/20, income for the year was R484 million, and expenses were R442 million, resulting in a surplus of R42 million (8.6%). The Service's financial position is currently satisfactory, and sufficient cash reserves have been developed to provide a buffer against bad debt and delayed payments; to fund the acquisition of capital equipment and new technologies; and to make adequate provisions for other expense commitments - e.g. leave pay provision, public liability cover, and investment in a new purpose-built premises.

## Blood recipient safety

The Service's comprehensive blood safety strategy remains the same - collection of blood from low-risk donors, deferral of donors at risk of transfusion-transmissible infections, individual nucleic testing of all donations, and promotion of restrictive transfusion practices.

Last year we reported that pathogen reduction technologies (PRT) were being explored by both Blood Services in South Africa (under the National Blood Safety Committee) as a solution to the risk of bacterial contamination in platelet products. With the arrival of COVID-19 and significant financial uncertainty, it was decided to delay the

implementation of PRT (which is costly) until 2021, should conditions allow.

A total of 149 adverse transfusion reactions were reported during the 2019/20 calendar year, compared to 128 in the previous year. Most of these were of minor clinical significance. The Service continues to minimise the risks of adverse transfusion reactions through educational interventions and ongoing communications with clinicians and hospital management.

## Blood donor safety

72 780 blood donors donated blood during the year compared with the prior year. As a result, the average number of donations per donor per year increased slightly from 2.06 to 2.10. On an ongoing basis the Service strives to increase the number of active donors which could in future allow for a reduction in the maximum number of donations from 6 to e.g. 4, which will considerably improve donor safety.

The number of adverse donor reactions, most of which were vasovagal episodes (commonly known as faints) decreased from 2 115 in 2018 to 1 833 in 2019. Donor safety is managed by the self-completion of a health questionnaire to detect any medical condition which may preclude safe donation, pulse and blood pressure checks, and measurement of donor haemoglobin levels to ensure they exceed a predefined minimum level. A total of 26 893 donors were deferred from donating - mainly due to low haemoglobin levels. The Service's oral iron replacement program for donors most at-risk of iron deficiency anaemia continues to be effective, with the numbers of donors with iron deficiency or anaemia decreasing year-on-year.

## Sufficient blood supply

While the province's population continues to increase the percentage of people in the province who donate blood remains fairly constant at 1.06%. 147 684 units of whole blood and 3 623 adult single-donor platelet products were collected from blood donors throughout the Province. The Service strives to maintain 5-day stocks of each blood type, in order to have a buffer stock available should usage exceed supply (e.g. in mass casualty situations) or should supply be temporarily compromised (e.g. during holiday periods). Once again, blood stock levels were sufficient to ensure that all patients received the blood they required. The new strategies implemented in 2019 minimised the impact of the mid-winter slump in blood donation collections - due to seasonal colds and flu, adverse weather conditions, and school and university holidays and exams.

## Efficient operations and consolidation

Despite having no direct competition, it is a duty of the Service to operate as efficiently and economically as possible to provide affordable products. One of the metrics we track to measure efficiency is red cell products issued per staff member which was 267 for 2016/17, 258

for 2017/18, 264 for 2018/19 and 261 for 2019/20. Another measure of efficiency is the proportion salaries comprise of total expenses - currently 49.5% (47% in the previous year).

There were two important relocations during the year. The first was the establishment of a new 24-hour Blood Bank at Khayelitsha Hospital which officially opened on 18 September 2019, accompanied by extensive positive publicity. This new Blood Bank has improved service delivery to that hospital and other nearby hospitals, and allowed for the rebalancing of workloads between all of the Blood Banks in the Cape Town Metro. The second move involved the Paarl Regional Branch. The Paarl Blood Bank was relocated to the Paarl Hospital, and opened on 8 April 2020, while the Administrative and Clinic operations relocated to Zandwyk Industrial Park on 15 July 2020 (after financial year end). Both of these moves resulted in upgrades to purpose-built premises, which position the Service's operations on the north eastern edge of the Cape Metro suitably for the future.

## Compliance and Governance

The governance of compliance is of great importance to the Service, particularly in the absence of a robust regulatory environment in certain areas.

From a corporate governance perspective, the Service follows the King Code, subscribes to regular updates in legislation, and follows the prescripts of the Memorandum of Incorporation. In addition, Board Members are members of the Institute of Directors of South Africa, and encouraged to attend professional development programs.

Operational compliance is maintained through adhering to the Standards of Practice for Blood Transfusion in South Africa - which is audited yearly by SANAS, as well as following the applicable legislative frameworks, the most important of which are the National Health Act and associated Regulations and Policies.

In the area of Financial compliance, the financial audit provides assurance that the Service complies with legislation and disclosure requirements. It was pleasing to note that no management letters were raised by the auditors in 2019/20.



## Learning and development

WCBS continues to invest in staff development, and a highlight of 2019 was the South African National Blood Transfusion Congress in August. This 4-day congress was attended by 50 WCBS staff, most of whom presented their research by oral presentation, or poster presentation. In addition, many suppliers of equipment used in our industry exhibited their offerings in the Trade Exhibition, enabling all delegates to explore new technologies and instruments, some of which will be deployed in due course. A further highlight was that WCBS won the singing competition, which is traditionally contested between all of SANBS's regional divisions and WCBS.

## Thanks

We would like to thank all blood donors, staff, customers and suppliers for their support during the year. In addition, the Executive Directors, Management Team, and all Staff are grateful for the wisdom and support of the Board of Directors. ■



## Postscript - COVID-19

The past 2019/20 financial year was not significantly impacted by COVID-19, although it was clearly recognised early in 2020 that the novel coronavirus was going to significantly disrupt 2020 and beyond.

It is easiest to report on the challenges presented by Covid-19 through the Service's main strategic pillars, which are:

- sufficiency - collecting and providing enough blood;
- safety - enabling safe blood donation, providing safe blood products, and providing a safe working environment;
- sustainability - financial and operational.

Blood donations have been significantly impacted by Covid-19, as well as the various degrees of lockdown imposed over recent months. With restrictions imposed on people travelling, blood donors were assured that travel for blood donation was allowed. WCBS also needed to provide a safe environment for blood donation - which included increasing the spacing between donation chairs and beds, amending blood donation clinic workflows, providing PPE for staff and donors, enhanced sanitization procedures, etc.

As WCBS collects significant amounts of blood from schools, universities, and corporate clinics, the closure of these and restrictions on visitors markedly reduced opportunities to collect blood. Adjusted blood collection strategies included convening more clinics, for example at shopping malls, as people still needed to continue to shop for food, as well as clinics in residential areas. In addition, donors were redirected to these clinics by the Call Centre, SMS, website and email.

Covid-19 is not known to be transmitted by blood products. However, in line with the precautionary principle, WCBS followed best-practice guidelines regarding deferring blood donors who had recently had Covid, or who had had risk exposures to Covid positive people. A pre-screening process was implemented, where donors were required to complete a short questionnaire, and be temperature screened, focussed on identifying risk of Covid, before proceeding further into the blood donation clinic for the remainder of the donation screening process and blood collection.

Despite all of these challenges, we were able to collect sufficient blood throughout the Covid pandemic, although at times blood stock levels were significantly lower than ideal.

Staff availability was also impacted, especially in the period approaching the peak - some staff developed Covid (fortunately all recovered) and many had high-risk exposures to Covid positive people, almost all of which were in household or community settings. Many working hours were lost, but there were always sufficient staff available to ensure operations continued seamlessly, albeit sometimes under increased pressure and by working lengthy hours.



Blood usage varied significantly depending on the degree of lockdown. At the height of restrictions, and during the period when alcohol was banned and elective surgery curtailed (to free up hospital beds for Covid patients), the volumes of blood products sold were reduced by at least 30%. As restrictions were lifted, sales improved but remained lower than originally expected. In South Africa, trauma is influenced by the availability and use of alcohol - and we saw evidence of this when alcohol became available, blood usage increased.

Sales have almost normalised in the last few months - but the financial impact of reduced sales for several months required that expenses were reassessed, and all non-essential expenditure was curtailed. In addition, capital purchases were put on hold unless absolutely critical to continuing operations. We were fortunate to have sufficient reserves to weather the financial storm - and the early uncertainty levels (which were high) have been replaced by recent experience demonstrating that although sales (and income) were reduced, we now know to what extent, and are able to anticipate the impacts of later waves of the pandemic. Despite our financial challenges, we recognise that we are fortunate to operate in the healthcare space, which somewhat insulated us from the financial devastation faced by organisations which could not operate at all during the lockdown.

Although the COVID-19 pandemic has had significant impacts on WCBS, and will continue to do so, the Service has adjusted to the 'new normal' and we would especially like to thank all blood donors for continuing to donate blood despite adversity, as well as all staff who have selflessly and loyally ensured that the Service delivered on its mission.

# Chairman's Report

**During the year under review the Board once again critically evaluated its role in providing strategic guidance to the Service. It confirmed as such that it would continue to focus on the material aspects which could promote the continued sustainability and growth of the Service.**



We understand that all WCBS team members, including the Board, are merely custodians of the organisation and have been given the responsibility of operating sustainably, in order to hand over the business to future generations in a better state than it was when we received it from past generations. We believe that it is critical for our organisation to have a growth-oriented culture and to have structures and processes in place for the governance of sustainability. Key indicators and material sustainability issues and risks are monitored on an ongoing basis.

The Board is responsible for setting the strategic direction of WCBS. Annually, the Board considers, debates and adopts (with or without amendments) a strategic plan presented by the executives. The Board delegates the authority and responsibility to executive management to lead the implementation and execution of WCBS's strategy, policies and operational planning. Full and effective control of the WCBS affairs is retained through monitoring the executive management and ensuring that decisions of a material and policy nature are in the hands of the Board.

I would like to thank my co-directors for their wisdom, support and guidance during the 2019/2020 financial year. Exceptional co-operation, diverse thinking and sober reasoning made us a formidable team. Your contributions are of great value.

The composition of the Board makes provision for appropriate and effective decision-making, which ensures that no individual can exercise undue influence. The activities of the Board are controlled by the provisions of the Memorandum of Incorporation.

The two executive directors have a 6-month notice period, which allows sufficient time to identify and appoint replacements. There are a limited number of internal candidates who could replace the current executive directors, however, a revision of the executive responsibilities could be a possible strategy to maximise the potential to appoint suitable candidates.

I would like to compliment my fellow Board members on maintaining open, transparent and honest participation in the execution of our duties.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

On behalf of the Board I would like to specifically honour our donors. Our donors are literally and figuratively the life-blood of WCBS and many lives are saved due to their selfless donations. You have sustained the population in the Western Cape for the past 81 years and you continue to roll up your sleeves year on year.

Thank you to our partners, suppliers and the community for their continued support, loyalty and friendship. WCBS is well positioned for future growth but without these cornerstones in our business, success will not be possible.

I would also like to thank our employees on behalf of the Board of Directors for their loyalty, energy and diligence in advancing our work to realise the company's commitment to provide safe blood to the Western Cape Province. To the management team, thank you for the sterling work you have done and ensuring that we have grown from strength to strength.

We believe that the Service can make a contribution to our country and economy in which we operate by continuing to build on our current business model. The Service's core values of teamwork, caring, being professional, responsible and committed, position us well for the future. These values will ensure that WCBS will be an admired, successful business that creates jobs, develops the community, provides blood for the people of our province, whilst generating pride in the hearts of our donors and personnel. ■

**Paul Slack**  
Chairman of the Board

# Our Business Model

**The Western Cape Blood Service (WCBS) has been in existence since 1938, and is a non-profit company incorporated in terms of the Companies Act, 71 of 2008. The main activity of the Service is the collection, testing, processing, storing, distribution and issuing of blood products within the greater Western Cape region (an area approximately bordered by Plettenberg Bay, Springbok, and Beaufort West) to approximately 6.5 million people.**

## Blood collection cost and pricing strategy

Clause 6.1.1 of the draft National Blood Policy for South Africa (August 2010) states that “to ensure sustainability and appropriate development of the national blood programme, fees will be levied for all blood, blood components and blood products provided by the licence holders in the National Blood Programme on a cost recovery basis. Fee for service will be the main source of funding and will provide for recurrent expenditure and ongoing, sustainable development”. In South Africa most patients treated within the State sector are funded by the State (Provincial Departments of Health), while those treated in the Private sector are funded by medical insurance or their own funds.

WCBS has an array of approximately 70 products and 40 services with annual price increases implemented across the full product range as per the WCBS published price list. Approximately 87% of income is contributed by red cell concentrate, fresh frozen plasma and platelets.

Because individual product input costs are not computed, the cost per unit of blood needs to be viewed by dividing total expenses into various categories. This allows a reasonable allocation of costs to the “generic” blood product.

Recent allocations of expenses are summarised in the following table:

| Expense            | 2019/20            | %           |
|--------------------|--------------------|-------------|
| Personnel          | 218 993 224        | 49.6%       |
| Collections        | 37 577 592         | 8.5%        |
| Testing            | 55 742 250         | 12.6%       |
| Product costs      | 51 792 704         | 11.7%       |
| Administration     | 41 541 953         | 9.4%        |
| Repair/Maintenance | 14 272 615         | 3.2%        |
| Depreciation       | 14 525 239         | 3.3%        |
| Other              | 7 448 313          | 1.7%        |
| <b>Total</b>       | <b>441 893 890</b> | <b>100%</b> |

Annually WCBS projects future demand (with reference to recent trends) and then targets blood collections to meet these demands. In determining blood product price increases, the following key factors are taken into account:

- Sales volume forecasts for the following year.
- Budget to achieve sufficient collections to meet the projected demand, including factors such as inflation, discard rates, exchange rates, salary increases, projects and efficiency gains.
- Achieving a cash surplus to fund capital purchases, maintenance and expansion of existing facilities, and to implement appropriate new technologies.

A question often asked of Blood Services is “why do blood products cost what they do, if blood is given free-of-charge by blood donors?” The expense categories in the above table indicate the proportion of expenses incurred to convert the “free” raw material into a safe end-product suitable for transfusion - and the overall expenses dictate the income required to cover these expenses, to ensure the long-term sustainability of WCBS and the Service therefore employs a cost-recovery model in determining the selling price of blood.

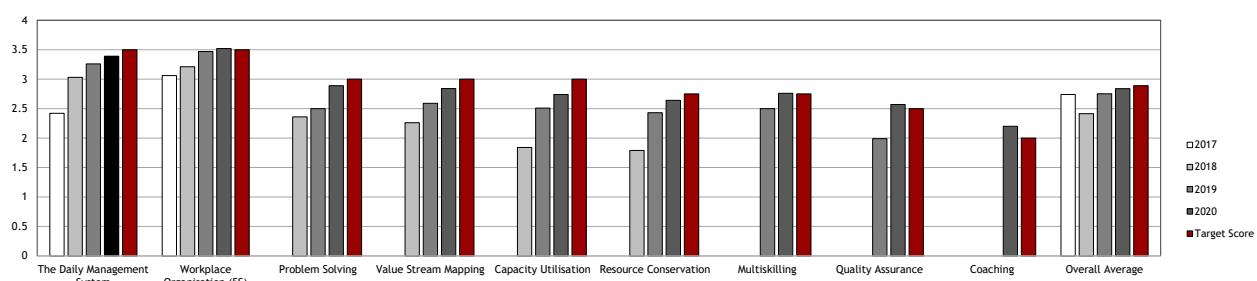
It must be noted that Blood Service provision in South Africa is on par with that of most first-world countries - with the result that most of the processing and testing technologies used are imported, and thus subject to global pricing and exchange rate fluctuations. In spite of this, red cell products cost significantly less in South Africa than they do in the USA and UK - possibly due to certain locally incurred costs such as staff salaries being lower, or operational efficiencies in the South African Blood Services, or different degrees of beneficiation, or a combination of these and other factors. ■

## HIGHLIGHT

# Continuous Improvement Programme



Module Average Score Per Implementation Year - External Assessments



A structured Continuous Improvement Programme utilising Lean principles was introduced early in 2017. Training is provided by an external consultant and this knowledge is then transferred to staff throughout the Service. Maturity is externally assessed against targets bi-annually.

An emphasis has been placed on the strategic WCBS principles which are: sufficiency, safety, sustainability and compliance. Through this, efficiencies have been optimised, and average maturity levels of 91% have

already been reached for seven modules. These modules include Daily Management System, Workplace Organisational through 5S, Problem Solving, Value Stream Mapping, Capacity Utilisation, Resource Conservation and Multiskilling. During 2019, Quality Assurance and Coaching modules were implemented throughout the Service.

A managerial position focussed on Continuous Improvement has been created to ensure WCBS maintains its commitment to continuous improvement in the long term. ■

# Our Value Chain

The WCBS considers the Six Capitals as significant resources and these determine decisions and activities in the short, medium and long-term. We need the input of each of these capitals to deliver on our Mission and to generate value for our stakeholders. We carefully consider the trade-offs between the Capitals when making decisions on growing and sustaining our business, aiming to maximise positive outputs and outcomes, and limit any negative impacts. ■



# Human Capital

WCBS aims to attract and retain appropriately-skilled employees by offering market-related remuneration, comprehensive benefits, rewarding good performance, creating development and growth opportunities, and providing a safe and healthy working environment.



## Outputs during 2019/20 included the following:



### Incidents & Accidents

Careful monitoring of any **incidents and accidents**, the incidence of hazardous occupational exposure and disabling injuries, with corrective action plans:

|  | 2018/2019 | 2019/2020 |
|--|-----------|-----------|
|--|-----------|-----------|

|                                    |    |    |
|------------------------------------|----|----|
| Number of Incidents and Accidents  | 25 | 35 |
| Incidence of Occupational Exposure | 12 | 9  |
| Incidence of Injuries              | 10 | 25 |
| Incidence of Disabling Injuries    | 6  | 15 |



### Training & Development

Investment of **R 961,513.66** in the development of employees through work-relevant training and development programmes, including:

**Training programmes for 292 staff members.**

**16 Pathology Registrars.**

**10 bursary-funded Bachelor of Health Science interns** passed their Board exams and **9** are now employed at WCBS as Medical Laboratory Scientists.

**4 Laboratory Assistants** passed their Board exams.

**2 Phlebotomists** qualified.

**3 Technicians** wrote exams and passed.



### Health & Safety Compliance

Health and safety committee members (health and safety representatives, first aiders, fire team) attend regular refresher training.

5-star safety rating following an annual external safety audit that influences the company KPIs.

General staff safety training.

| Quality & Safety                | 2017/2018 | 2018/2019 | 2019/2020 |
|---------------------------------|-----------|-----------|-----------|
| SANAS Accreditation status      | Full      | Full      | Full      |
| OHSA Compliance Audit:          |           |           |           |
| N1 City Blood Donation Clinic   | n/a       | n/a       | ★★★★★     |
| Red Cross Blood Bank            | n/a       | n/a       | n/a       |
| George Regional Office          | n/a       | ★★★★★     | n/a       |
| Pinelands Head Office           | ★★★★★     | ★★★★★     | ★★★★★     |
| Worcester Regional Branch       | ★★★★★     | n/a       | ★★★★★     |
| Groote Schuur Blood Bank        | ★★★★★     | n/a       | n/a       |
| Blue Route Mall Donation Clinic | ★★★★★     | n/a       | n/a       |
| Long Street Donation Clinic     | n/a       | ★★★★★     | n/a       |
| Tygerberg Blood Bank            | n/a       | ★★★★★     | n/a       |
| Khayelitsha Blood Bank          | n/a       | n/a       | ★★★★★     |



## Staff Health & Wellness

Annual employee wellness day.

Staff health awareness campaigns.

Employee wellness assistance through a dedicated staff nurse that conducts annual staff medical assessments, hepatitis B antibody screening, dispenses medication for acute medical conditions and family planning.

Team engagements through social interactions and team-buildings events.



## Employment Equity

### WCBS EMPLOYEE racial profile compared with Western Cape demographics

|                 | 2017/2018 | 2018/2019 | 2019/2020 | Western Cape <sup>1</sup> |
|-----------------|-----------|-----------|-----------|---------------------------|
| African / Black | 19%       | 20.5%     | 24.3%     | 38%                       |
| Coloured        | 61%       | 61.2%     | 58.8%     | 46.5%                     |
| Indian / Asian  | 0.9%      | 0.9%      | 0.9%      | 0.8%                      |
| White           | 19.1%     | 17.3%     | 15.9%     | 14.6%                     |

1. Statistics South Africa (QLFS 1st Quarter, 2019)



Employment equity targets are monitored and reviewed regularly. Once again WCBS met its targets for the period under review.

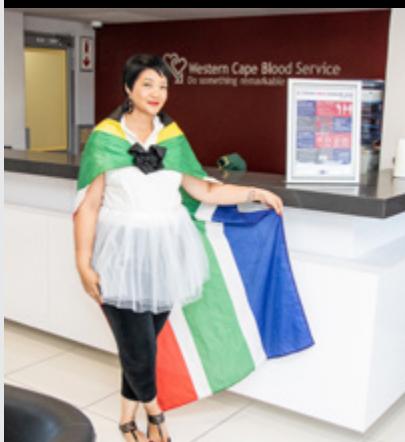
Currently 85% of staff are from the black designated group and 61.5% of staff are females.

### Human Resources

|                  | 2017/2018 | 2018/2019 | 2019/2020 |
|------------------|-----------|-----------|-----------|
| Resignations     | 42        | 49        | 78        |
| New appointments | 45        | 61        | 60        |

## HIGHLIGHT

## Staff Heritage Day



# Intellectual Capital

Intellectual capital refers to the expertise and knowledge in our organisation and it is a key driver of sustainable growth.

## Outputs during 2019/20 included the following:



### Workforce

WCBS has a talented, skilled and trained full time workforce of **530 people.**



### Management

Experienced Board and Management Team.



### Information Sharing

20 Continuous Professional Development (CPD) talks.  
Corporate and Educational DVDs.  
Clinical guidelines for the Use of Blood Products in South Africa.  
Standards of Practice for Blood Transfusion in South Africa.  
3 articles were published on an accredited medical education website.



### Quality

Quality Management System with continued commitment from management.  
Annual external SANAS surveillance assessment to maintain accreditation status.  
ICT Planning process and project methodology.  
SMARTDESK call logging system for IT and Maintenance.  
Annual strategic planning meeting for management team.  
Comprehensive stakeholder engagement on a continuous basis.  
IT SLA metrics shared monthly.



### Training & Development

Continuous Improvement Workshops with quarterly maturity assessments.  
Supervisory Skills Development (SDP) courses.  
Competency Assessments and Proficiency testing for all technical staff.

# Social & Relationship Capital



## Blood Donor Community

Blood is donated by the community for the community. As a result we see social and relationship capital as the link between our business and society. By managing this capital, we are able to create and identify mutually beneficial opportunities to the community in which we operate. Outputs during 2019/20 included the following:

Donor health care:

- Iron replacement therapy to all donors at risk of iron deficiency.
- Mini-medical at every blood donation, which includes haemoglobin level, blood pressure, and pulse check.
- Full blood count (FBC) testing for donors with low haemoglobin levels.
- Therapeutic venesection programme.

Milestone donor reward programmes from 50 donations upwards and donor recognition functions.

Recognition and development of donor representatives.

Donor appreciation token gifts, including the commitment campaign.

Recruitment opportunities for stem cell donors.

Complaint and feedback management system.



## Corporate Social Investment

WCBS's corporate social investment initiatives during 2019/20 were aligned with our strategic objectives, and included the following:

Sponsoring a refreshment station at the 2020 Cape Town Cycle Tour.

Refreshment station at the Santam Cape Town Marathon.

All recycled waste is donated to the Oasis Foundation Recycling programme, which creates employment for youth and adults with intellectual disabilities.

Financial donation towards the Eye Candy Project at Groote Schuur Hospital.



## HIGHLIGHT

# Cape Town Cycle Tour

**I**t was a very early start for a committed group of employees when we left our head office in Pinelands at 04:15 on Sunday, 8 March 2020. We took a short left en-route to the M3 turn-off, where we provided the “gees” and poured Coke and PowerAde for thirsty cyclist. We brought our own DJ, and even some of the cyclists sang along and danced on the road. Well done to all the cyclists that participated in the Cape Town Cycle Tour, we thoroughly enjoyed your ‘gees’ as well. ■



# Financial Capital

Our financial capital is the pool of funds available to us for deployment. How we manage and utilise our financial capital is fundamental to our ability to create sustained value for our stakeholders and for remaining sustainable as an organisation.



**Outputs during 2019/20 included the following:**



## Financial Highlights

**Capital expenditure  
for the current year**

**R27.5 million**

**Equity**

**R315 million**

**Personnel cost**

**R218.9 million**

**Current year Revenue and  
Investment returns**

**R471.2 million**

# Natural Capital

WCBS considers the environment in which we operate, as reliable supplies of water and energy are critical to the sustainability of our operations. Outputs for renewable and non-renewable environmental resources support current and future sustainability for our business and our stakeholders.

## Outputs during 2019/20 included the following:



### Recycling

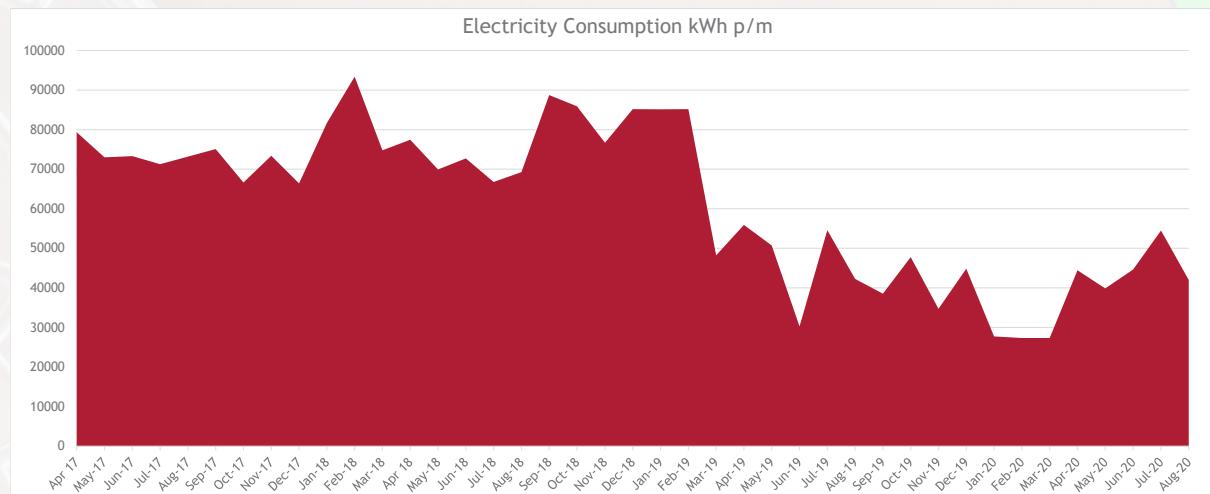
#### Recycling programme

All paper, cardboard, cans and plastic generated in offices and laboratories is recycled. This waste is donated to the Oasis Association, which creates employment for people with intellectual disabilities.



### Electricity

Our electricity consumption has seen a significant reduction.



## Water

A water resilience strategy was introduced following the severe drought in the Western Cape, which included the following:

All vehicles (including caravans, trailers and the bus) are cleaned with waterless products.

Water-efficient aerators were fitted to all taps to minimise usage, reducing water consumption from 20-30 litres to 6-10 litres per minute.

Water tanks have been installed to harvest rainwater.

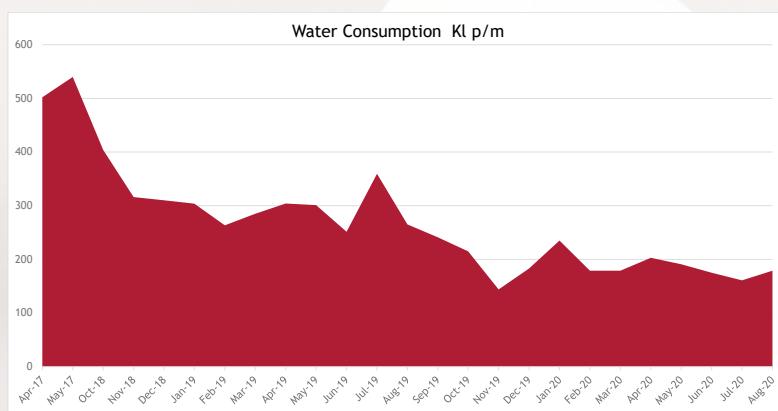
Hand-sanitizer units were installed in all bathrooms.

Lily dome waterless urinals were fitted in all men's bathrooms.

Treated borehole water is supplied to all technical laboratories. Borehole water is pre-filtered to remove iron and other metals and to correct the pH, where after it is purified with a reverse osmosis (RO) process.

Excess Reverse Osmosis (RO) water is circulated for the flushing of toilets.

The graph below shows the reduction in water consumption (kl/month) at WCBS headquarters, Pinelands, following the implementation of a water resilience strategy:



## Biohazard

### Biohazardous waste

is disposed by a licensed biohazardous waste contractor - 953,974 kg of biohazardous waste was disposed of during 2019/20.

## Biodegradable

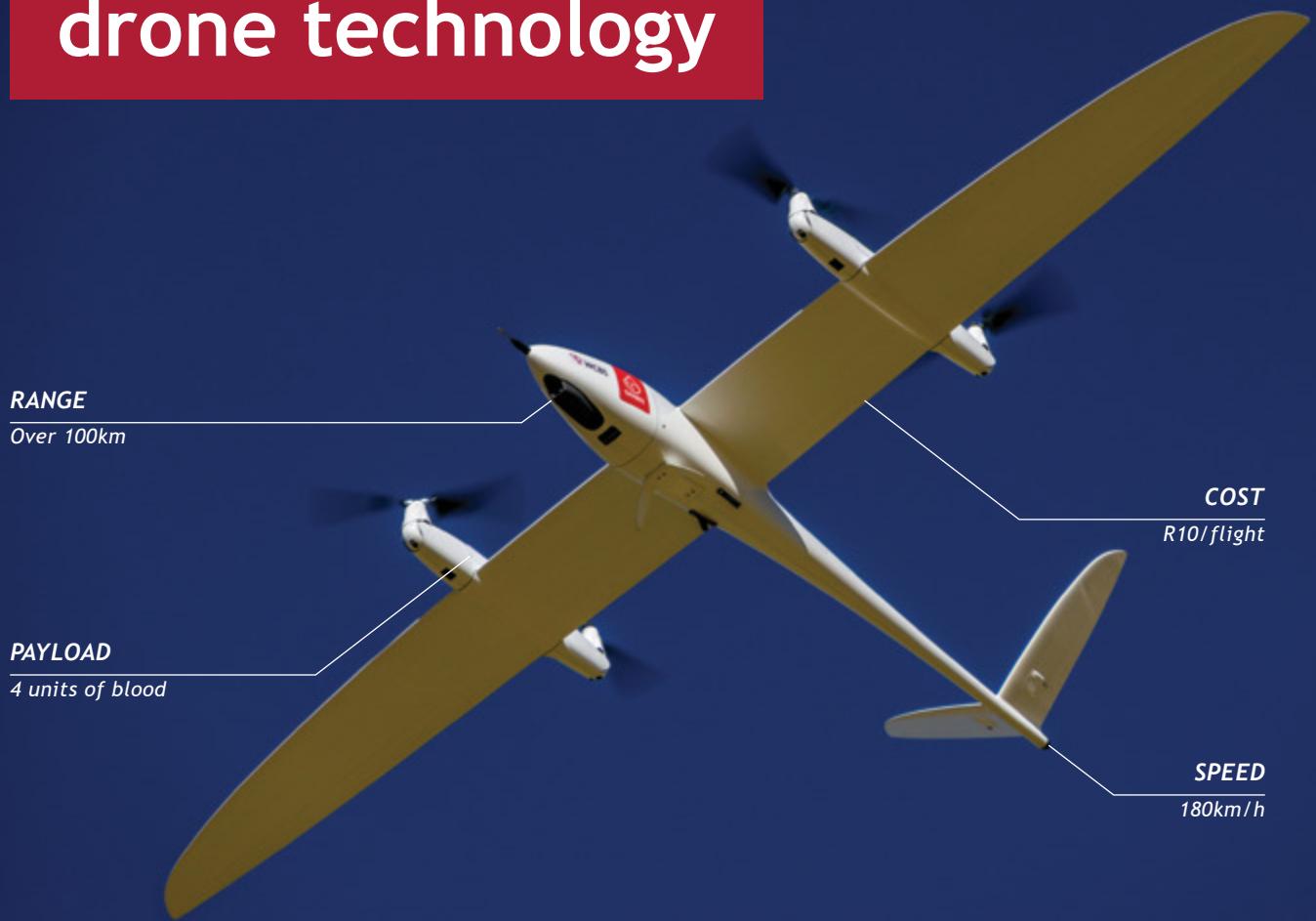
The WCBS canteen uses only biodegradable containers and straws.

## Printing

The environmental impact of printing at the WCBS is measured, reported on monthly and monitored in terms of the amount of trees that have gone into making the paper, the greenhouse gases ( $\text{CO}_2$ ) released in the production of the paper and the manufacturing energy used to produce the paper represented as the energy consumed by a standard light bulb in hours.

## HIGHLIGHT

# Saving lives with drone technology



The Western Cape Blood Service (WCBS) and South African National Blood Service (SANBS) came together at the North Eastern Radio Flyers in Sandton in mid-2019 to showcase how they intend to save more lives using drone technology.

The TRON Unmanned Aerial Vehicle (UAV) is a highly specialised aircraft that will be used to transport blood from blood banks to hospitals in remote areas. The TRON, like a helicopter, is capable of vertically taking off and landing. Once in flight it switches into a highly efficient aircraft. In an emergency blood can be delivered to hospitals much faster and more efficiently than ever before.

"We believe that this is an innovative step in the history of blood transfusion. SANBS is determined to improve

rapid access to life-saving blood products in rural areas through the use of drone technology. Our concept is globally unique in that we will provide two-way logistics; patients can receive emergency O-negative blood from one of our blood banks via drone. The same drone can then take that patient's blood sample to the blood bank for comprehensive cross-matching and then safely and rapidly deliver compatible blood back to the patient" says Dr. Jonathan Louw, CEO of the SANBS.

The WCBS say this initiative is commendable and will indeed be instrumental in saving lives. "We celebrate a milestone. Our main aim as a blood service in the Western Cape is to save people's lives by providing sufficient, safe blood. Drones will assist us to provide blood timeously to where it is needed," says Dr Greg Bellairs, WCBS CEO/Medical Director. ■

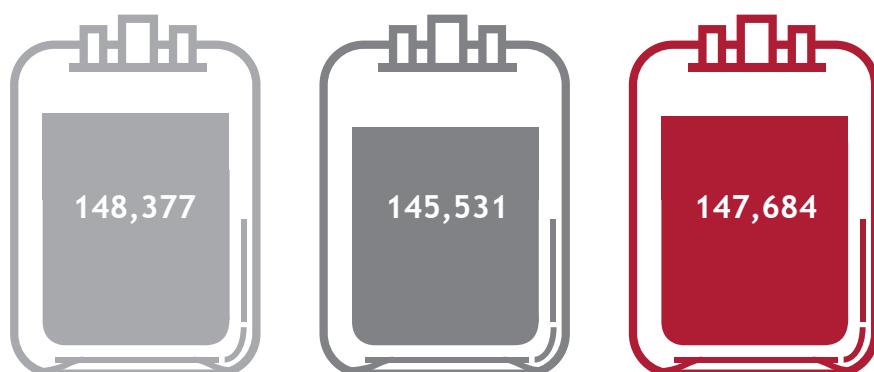
# Manufacturing Capital

We create value by converting donated blood into life-saving products for patients. Our manufacturing capital is informed by our mission to deliver sufficient and safe blood to the communities we serve, while operating at the highest standards and using state-of-the-art technologies.

## Outputs during 2019/20 included the following:

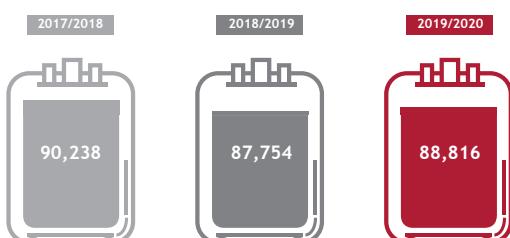
### Total blood donations collected at clinics

2017/2018                    2018/2019                    2019/2020

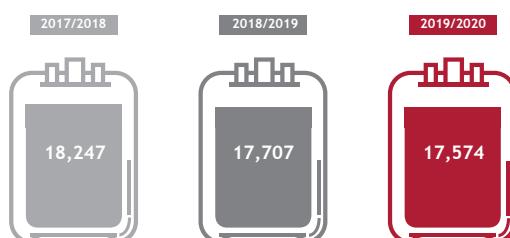


### Blood donations collected at clinics

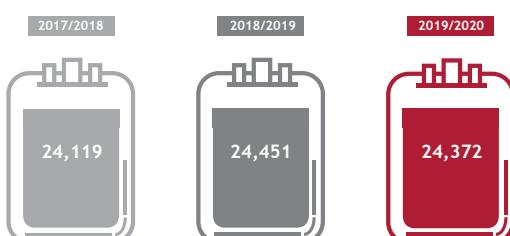
#### Cape Peninsula



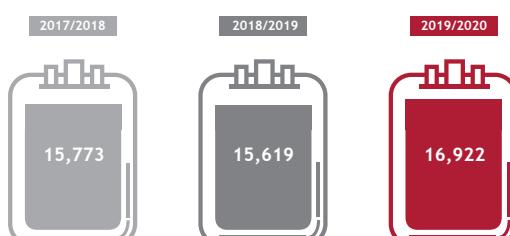
#### Worcester



#### Paarl

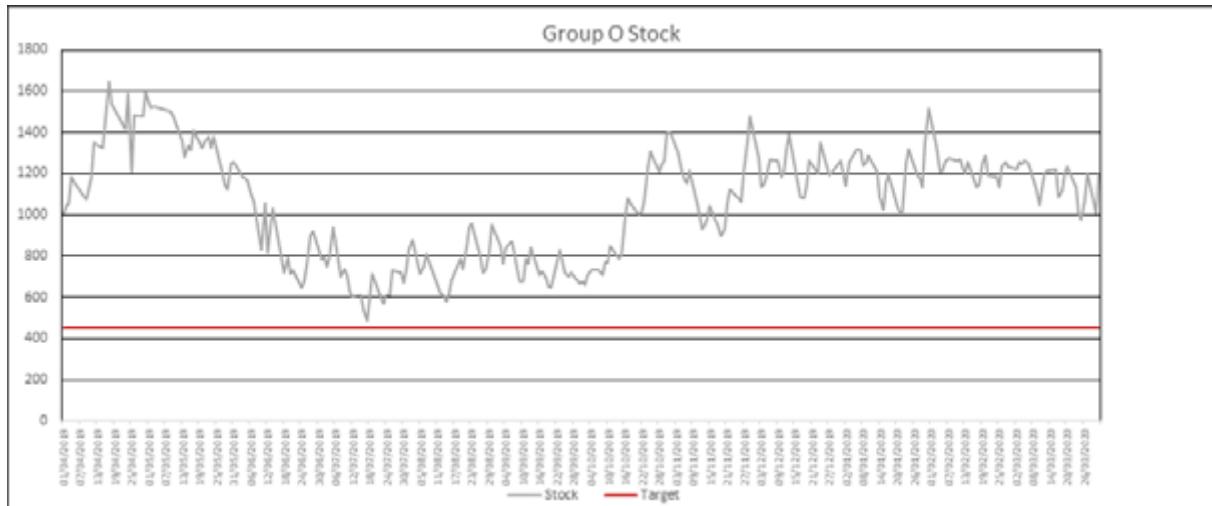


#### George





## Red Cell Concentrate Stocks - Group O



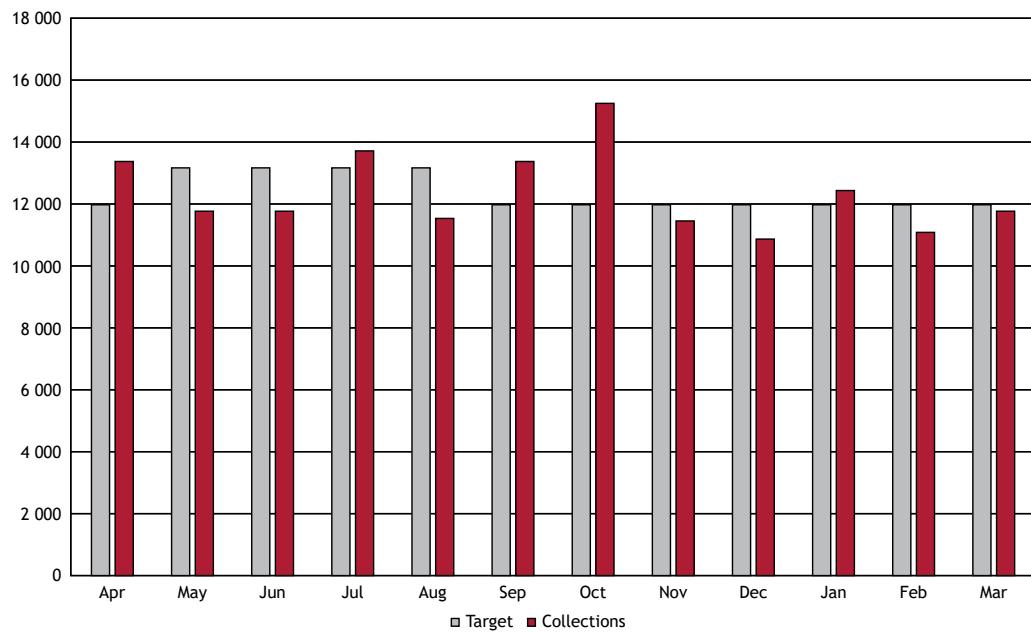
Blood stocks for Group O did not fall below the target of 450.



## Sufficient Blood

Donations collected generally met or exceeded monthly targets. In an effort to alleviate transient group O stock shortages during the winter period when demand is higher, collections targets have been weighted up by 10% for the months of May to August 2019.

Collections vs Target Apr 2019 - Mar 2020





## Donation Information

### Donor & Clinic information

|  | 2017/2018      | 2018/2019      | 2019/2020      |
|--|----------------|----------------|----------------|
| Number of first time (new) donors                  | 23,538         | 24,264         | 24,616         |
| Total number of donors who donated                 | 70,434         | 70,610         | 72,780         |
| New clinics opened                                 | 23             | 37             | 66             |
| Average donation frequency<br>(per year per donor) | 2.11 donations | 2.06 donations | 2.10 donations |

### Specialised donor services information

|                       | 2017/2018 | 2018/2019 | 2019/2020 |
|-----------------------|-----------|-----------|-----------|
| Autologous donations  | 9         | 0         | 1         |
| Designated donations  | 77        | 102       | 64        |
| Therapeutic donations | 3,354     | 3,435     | 3,361     |
| Apheresis platelets   | 3,881     | 3,684     | 3,623     |



## Products Manufactured & Issued

|                   | Product   | Manufactured | Issued |
|-------------------|---|--------------|--------|
| Plasma products   | Cryoprecipitate   | 19 098       | 17 100 |
|                   | Adult fresh frozen plasma products                        | 22 315       | 20 052 |
|                   | Leucocyte reduced adult fresh frozen plasma products      |              | 216    |
|                   | Paediatric fresh frozen plasma products                   | 612          | 586    |
|                   | Leucocyte reduced paediatric fresh frozen plasma products |              | 4      |
| Platelet products | Adult single donor platelet products                      | 3 623        | 3 210  |
|                   | Paediatric single donor platelet products                 |              | 225    |
|                   | Pooled platelet products                                  | 6 987        | 5 830  |
| Red cell products | Infant products   | 2 056        | 1 913  |
|                   | Paediatric products                                       | 698          | 653    |
|                   | Leucocyte reduced red cell product                        | 32 707       | 30 259 |
|                   | Emergency leucocyte reduced red cell product              |              | 792    |
|                   | Red cell products   | 110 778      | 90 305 |
|                   | Emergency red cell products                               |              | 8 550  |
| Whole blood       | Whole blood   | 1 758        | 67     |
|                   | Leucocyte-reduced whole blood                             |              | 137    |
|                   | Emergency whole blood                                     |              | 517    |



## Confirmed Positive Test Results

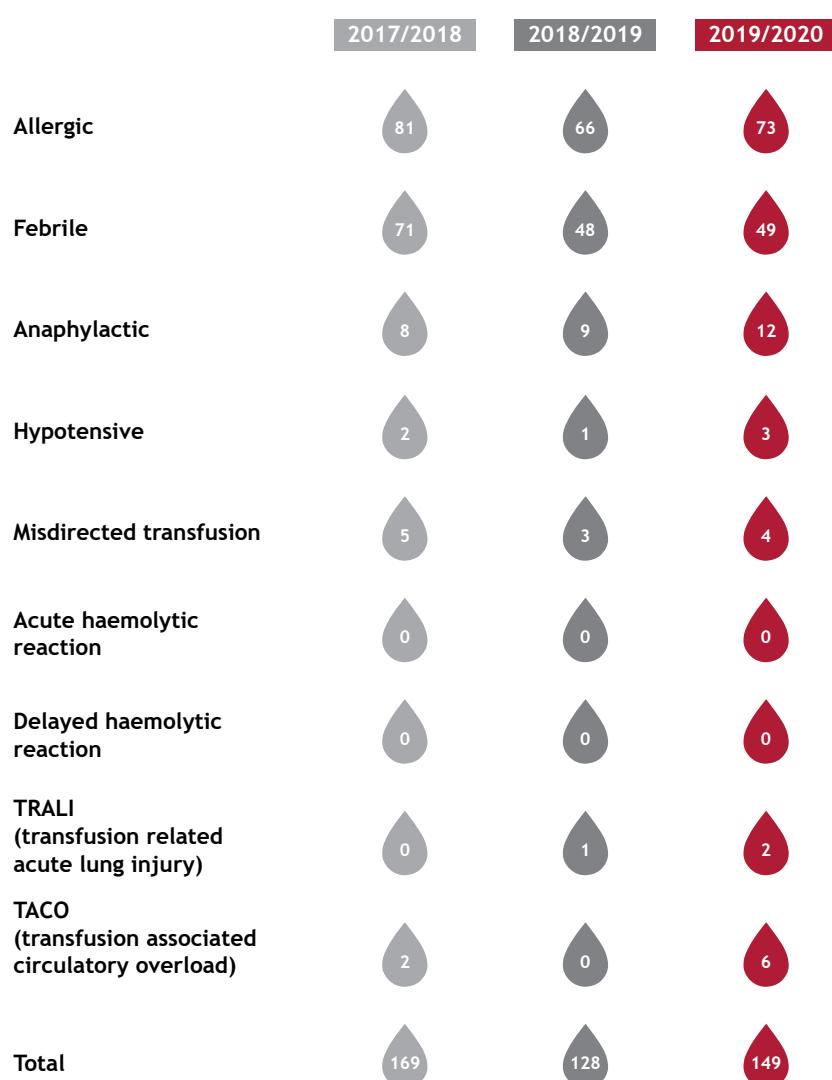
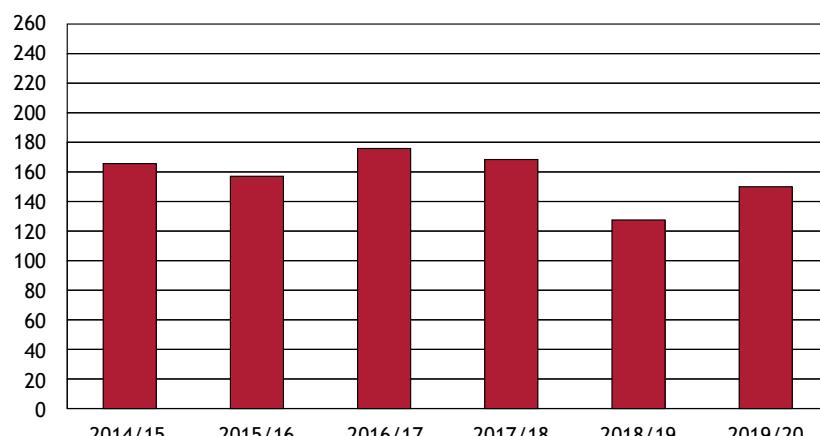
|             | 2017/2018 | 2018/2019 | 2019/2020 |
|-------------|-----------|-----------|-----------|
| Hepatitis B | 80        | 83        | 70        |
| Hepatitis C | 2         | 5         | 10        |
| HIV         | 66        | 53        | 62        |
| Syphilis    | 79        | 69        | 84        |



## Adverse Transfusion Reactions

In South Africa, it is a statutory requirement that adverse reactions are reported. Reporting of adverse reactions and events (i.e. the undesirable and unintended occurrences associated with transfusion) helps us monitor the safety of our operations and products.

Number of Adverse Reactions



\*Adverse transfusion reaction that are regarded as 'unclassifiable' are not included in this tally.



## HIGHLIGHT

# BTS ARMY Blood Drive at N1 City

With their silky skin, gorgeous hair and catchy tunes, Korean Pop (K-Pop) music groups have taken the world by storm. On Saturday, 7 December at our N1 City blood donation centre, fans of the South Korean BTS K-Pop Group - affectionately named BTS ARMY - descended in droves to donate on behalf of their favourite boy band.

The event was held as a way for the BTS ARMY to celebrate two of the band members' birthdays in December and connect with fellow fans while saving lives. Our blood donation centre was decorated with life-size visual displays and portraits of the two band members and the fans gushed at seeing their favourite BTS songs playing on our TV screen. Administrators of BTS South African Army initiatives, Tagseen and Naazneen Samsodien said, "We strive to put South African BTS ARMY on the global map and spread the love and message of BTS far and wide. Thank you for partnering with us to make so many dreams come true."

In partnering with BTS SA Army, our clinic saw 100 people in attendance with 70 units of blood collected on the day. It's easy to see how anyone can develop a deep-seated crush on this boy band and we found ourselves steadily becoming fans ourselves. To every BTS fan who supported our cause, we would like to say thank you for being part of our ARMY too. ■



# Blood Donation Process



## Step 1:

Welcome! Please complete the donor questionnaire honestly.



## Step 2:

Your details are captured and a fingerprick test is done to check your haemoglobin level.



## Step 3:

Have your medical screening with blood pressure & pulse checked.



## Step 4:

Collect your blood pack and proceed to the donation bed.



## Step 5:

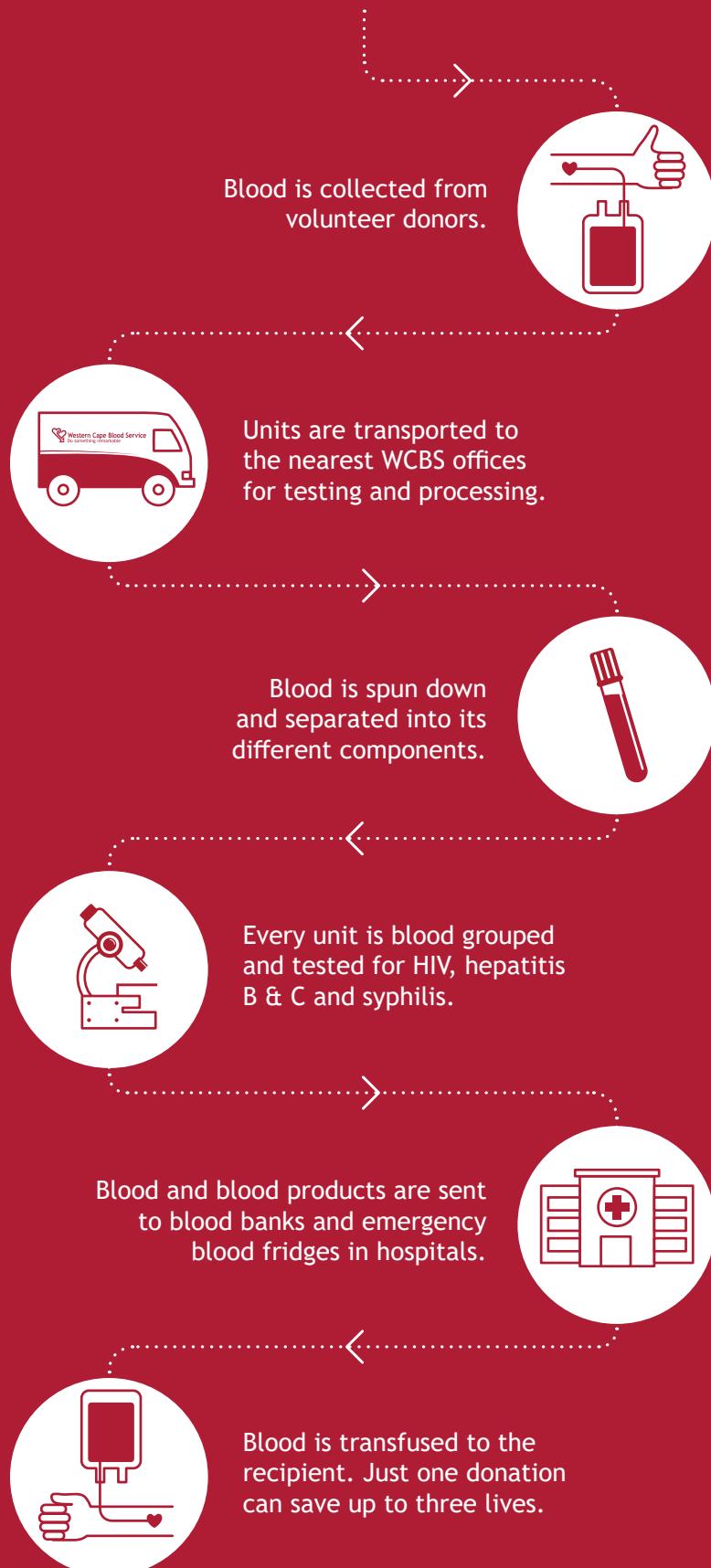
Donate your unit of lifesaving blood. New, sterile equipment is used for every donation.



## Step 6:

Enjoy some refreshments - you are remarkable and deserve it!

# Journey of Blood



# Our Stakeholder Landscape



**W**CBS recognises that building and maintaining relationships with our stakeholders is a key priority. The Service actively engages with these stakeholders and their feedback informs and influences our activities and initiatives. ■

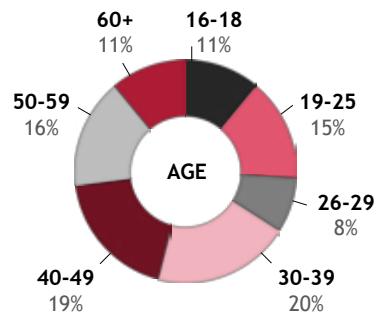
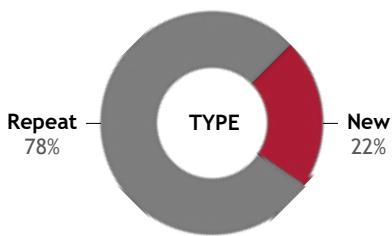
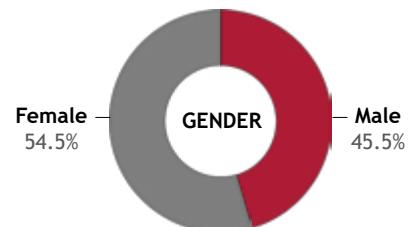
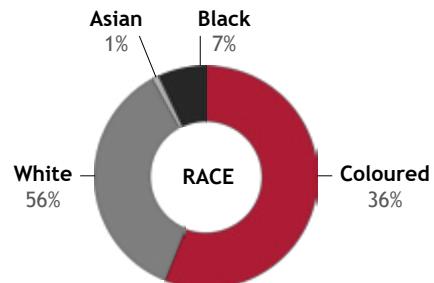
# Current and potential blood donors

## How we engage:

Interactions at blood donor clinics and drives, recruitment calls, SMSs and e-mails, “The Blood Buzz” quarterly newsletter, annual donor survey, social media, donor awards function, feedback mechanisms, website, educational and motivational talks, marketing and advertising campaigns, research and surveys.

## Our 2019/20 activities:

- Electronic Donor Survey.
- Increased digital marketing presence.
- Sponsorship of refreshment stations at big sporting events.
- YouthTube campaign.
- Peer Promoter Programme.
- Annual donor commitment campaign.
- WCBS Mobile Application.



24,400 Donor Awards



30,810 total Facebook likes



2,384 total Instagram followers



2,303 total Twitter followers



94 798 website sessions, with 60 728 users



9 blood grouping/Hb screening sessions



42 donor registration exhibitions



32 wellness exhibition events



79 educational talks



17 tertiary exhibitions

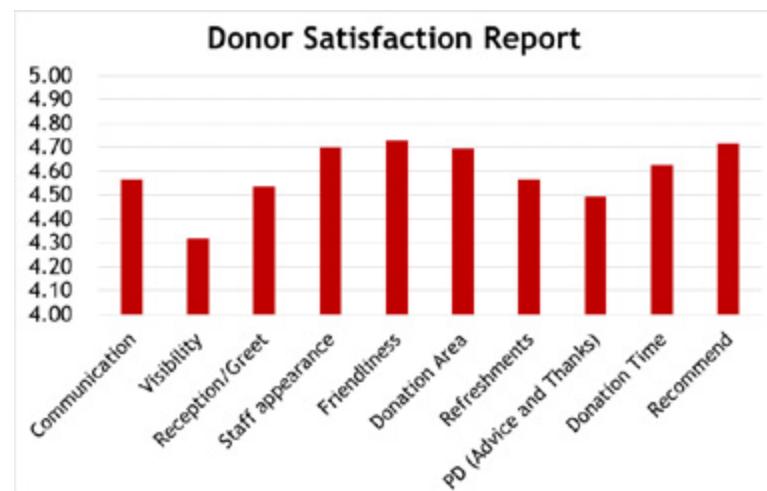
**WCBS recognises the need to regularly review our understanding of the needs and interests of two of our biggest stakeholders, blood donors and blood users.**

## DONOR SATISFACTION SURVEY



Without the continued altruism of blood donors the provision and delivery of quality, safe and adequate blood products and services would not be possible. The donor survey gives a good overview of customer service at all WCBS blood donor clinics.

A comprehensive annual donor satisfaction survey was conducted during November 2019 with 892 participants throughout the Province.



With a 92% overall score, donors were generally very happy with the service they received at blood donor clinics. It was also very positive that 94% of donors would recommend WCBS to people considering donating blood. Areas for improvement (90% and below) include the visibility of clinics and signage as well post donation interaction. The comments sections offered valuable insights and suggestions for improvement.

The results from this survey inform our strategy review and business planning processes, and guide decision-making. ■

## BLOOD USER/ CUSTOMER SATISFACTION SURVEY



The WCBS conducts an annual blood user/customer satisfaction survey as part of its ongoing process to monitor the quality of service provided. The outcomes are analysed to identify areas for improvement in product quality and service delivery. The 2019 blood user customer satisfaction survey was distributed to a total of 38 hospitals across the Region from August until December 2019 and responses were received from 1 248 individual participants.

The survey results indicated that blood users are generally satisfied with the quality of blood products, service delivery at the blood banks, product availability and their experiences with dealing with WCBS staff members.



Score legend: 1 = Strongly disagree, 2 = Disagree, 3 = Indifferent, 4 = Agree, 5 = Strongly agree. When more than one score was completed for the same statement, the score was not counted. Areas/parameters which scored less than 4 were acted upon by the relevant department. ■

## PROFESSIONAL BRANDING



HIGHLIGHT

# Employee Advocacy Programme

The Service recently partnered with "The Internship" and selected ten staff members from various departments to be part of its employee advocacy programme. This programme aimed to upskill staff members so that they would be able to build the brand and promote the organisation at large on the social media platform LinkedIn.

Full training and support was provided for four months to enable all the individuals to complete the programme successfully. Our main tasks were to share positive posts and useful information about the Service, showcase what we do and how we work together, within the organisation. The whole team did exceptionally well. We managed to share a total of 214 posts, and we achieved a gold standard of above 80%.

This programme has taught me how to master LinkedIn and optimise my profile for business and personal use. To my amazement, my hard work and dedication led to me to win the prize for being the top brand ambassador.

Since I started working for the Service, I have learned valuable information about the importance of donating blood. I have also developed a huge passion for creating awareness about blood donations. The Service has not only managed to boost its visibility on LinkedIn, but has also proven to be one that values and invests in its employees. This makes me proud to be a WCBS employee! ■



# Blood Users

Clinicians, nurses, hospitals/institutions/healthcare facilities, provincial department of health, research institutions, pathology laboratories and in this category is medical aid schemes.

## How we engage:

Provincial government level, hospital management level, hospital blood user committee meetings, clinician visits, registrar lectures, medical student lectures, professional nurse level, nurses' tertiary training lectures, hot topics seminar, clinical/blood transfusion conference, campaigns, customer survey, clinical information on the website, Life Blood newsletter, annual price increase discussions, service level agreement, continuous improvement of product quality and delivery, disseminate pricelist to stakeholders, includes medical aid schemes.

## Our 2019/20 activities:

- Regular blood user committee meetings for two tertiary-training hospitals
- 9 clinician visits
- Lectures for 17 registrars
- Medical student lectures
- 5 nurses tertiary training lectures
- 1 hot topics seminar
- 1 blood transfusion conference (35th SANBTC)
- 1 customer satisfaction survey
- 2 Life Blood newsletters
- Blood safety information
- Price increase discussions
- Dissemination of the WCBS pricelist for the state and private sector
- Introduction of sterility testing for random donor platelets
- Opening of Khayelitsha Hospital Blood Bank

# Blood recipients

Patients, hospital patient groups.



## How we engage:

Blood safety information on the website, donate to the SA Haemophilia Foundation, publish blood recipient stories.

## Our 2019/20 activities:

- Blood safety information



## HIGHLIGHT

# Rare Disease Day Initiative

There are currently over 7,000 rare diseases in the world, and 3,7 million people are now living with a rare disease in South Africa; with 72% of them being genetic and 70% starting in childhood.

Rare Diseases South Africa fights to have rare diseases recognised and treated by connecting patients, families and patient groups and mobilising the South African rare disease community. They strengthen the patient voice and shape research, policies and patient services.

Every year during February, thousands of events are organised around the world to mark the occasion of Rare Disease Day. On Saturday, 29 February 2020, the Service partnered with Rare Diseases South Africa to shed some light on this important subject at our N1 City blood donation centre.

The rare disease community showed their support by donating blood, and every donor enjoyed a cupcake after donation, while children had their faces painted - all compliments of Rare Diseases South Africa.

"Thank you for all your help and support; it really was an amazing experience. We can't wait for next year's event and think it will be even bigger," said Chane Botha, representative from Rare Diseases South Africa. ■



# Members

## BOARD

2 x Executive Directors - appointed by Board



10 x Non-executive Directors - elected by Members



## MEMBERS



### Donor Representatives:

1 per donor panel/clinic/drive.

Approximately 580 representing the donor community of the Western Cape.

### Honorary members:

Someone from the community who is not a donor representative, but who has supported the Service over and above his/her expected duties for an extended number of years. WCBS has approximately 30 honorary members.

## DONORS



Approximately 73 000 active donors.

## How we engage:

- Annual General Meeting

## Our 2019/20 activities:

- Compliance management through Lexis Nexis alerts and checks by the Company Secretary on relevant legislation.
- Donor representative challenge during July and August 2019.
- Donor representative informational booklet.
- Donor representative recognition through a point-based award system.

# Employees



## How we engage:

New employee induction programme, annual employee wellness day, formalised performance appraisal process, daily meetings with visual management boards, Directorate road shows, high performance team meetings, Gemba walks, e-mail notices, "Remarkable Chronicles" quarterly internal newsletter, Journal Club talks (sharing experiences from congresses attended and research done), long service awards.



## Our 2019/20 activities:

- Continuous Improvement Programme.
- Supervisory Development Programme.
- Health Professions Council of South Africa (HPCSA) national board exams.
- In-house training.
- Bursaries.
- WCBS staff members contributed R4,471.00 towards Casual Day, Slipper Day and Tekkie Tax day and over 300 items such as toilet paper, food and stationery items supplied as part of our Mandela Day initiative.
- Knowledge sharing: 51 staff members attended local conferences and 7 attended international congresses.



# Unions

PSA  
(Public Servants  
Association of  
South Africa)

# The Media

## How we engage:

Targeted media releases, direct communication to build public awareness.

## How we engage:

Ongoing labour forum meetings, discussions regarding workplace issues and annual wage negotiations.

## Our 2019/20 activities:

- Bi-monthly labour forum meetings.
- Quarterly Employment Equity Committee meetings.

# Suppliers and Vendors

## How we engage:

Supplier registration process, Service Level Agreements (SLAs).

## Our 2019/20 activities:

- Vendor audits.
- Tariff negotiations and agreements.

## Our 2019/20 activities:

- The total advertising value equivalent (AVE) for the period, measured as an equivalent of advertising rates, was valued at R11,269,451.00.
- 157 interviews.
- 655 items of editorial media coverage across print, online and radio channels.





HIGHLIGHT

## Paarl Admin Offices Move



**A**fter operating from the Paarl Branch premises for 28 years, we have outgrown the space and have gratefully relocated. On 8 April 2020, the Paarl Blood Bank moved to their new larger premises that is across the road from the Paarl Provincial Hospital.

The new Paarl Blood Bank is a state-of-the-art facility, equipped with the latest technologies for cross-match testing and issuing safe blood products for patients as efficiently as possible. It processes about 320 patient samples and issues over 580 blood products monthly. Located centrally in the region, the blood bank serves approximately nine hospitals and healthcare facilities situated in the communities of Paarl, Clanwilliam, Citrusdal, Piketberg, Porterville, Swartland and Stellenbosch.

We are hoping that the move to the new Paarl Blood Bank will improve our overall service delivery for patients in the region. ■

# Regulators and Policy Makers

National and Provincial Department of Health, Western Cape Government, SANAS, SAHPRA

# National Bioproducts Institute (NBI)

## How we engage:

Relationship and contact channels via Director General of Health with direct access to the Minister.

## Our 2019/20 activities:

- Collaborative partnership with WCDOH and NDOH.
- SAHPRA benchmarking workshop to investigate the regulation of Blood Establishments.
- Annual SANAS communications meeting.

# South African National Blood Service (SANBS)

## How we engage:

National Blood Safety meetings.  
National Haemovigilance Report.  
Bi-annual SA National Blood Transfusion Congress (SANBTC).  
South African Society for Blood Transfusion (SASBT).  
National Marketing Campaigns.

# Related Organisations

Including The South African Bone Marrow Registry, Organ Donor Foundation, Safe Blood for Africa Foundation, Africa Society of Blood Transfusion (AfSBT), International Society of Blood Transfusion (ISBT), WHO, AABB, Namibian Blood Transfusion Service (NBTS), SA Haemophilia Foundation, CHOC, CANSA

## How we engage:

Collaboration on common policies, procedures and standards.  
Promotional campaigns.  
Congress attendance.

## Our 2019/20 activities:

- Global database for Blood Safety report submitted to WHO.
- ISBT, Basel
- ISBT, Bangkok
- Transfusion Science Workshop, Switzerland
- AABB, Oregon

## WHOLE BLOOD



## RED BLOOD CELL CONCENTRATE



## BLOOD PRODUCTS



## PLATELETS

## PLASMA

# Our Risks And Opportunities

A comprehensive high-level strategic risk assessment (SRA), including workshops with senior management and interviews with key committee members, was conducted in 2014, with the outcome being a detailed Risk Register. A total of 23 significant risks were identified, with 13 having “high” or “critical” inherent risk ratings. All risks were reviewed and control measures were identified to mitigate each. After the application of preventative and corrective measures, the residual risks were categorised as “acceptable” and “to be monitored”. Each risk is linked to the Service’s Key Performance Indicators (KPIs), in line with the Service’s Strategic Pillars as indicated on page 48. Risk assessment is an integral part of strategic planning and oversight of risk is exercised by the Board of Directors regularly. ■



## STRATEGIC RISKS

| Risk  | Inherent Risk Rating | Residual Risk Rating | Risk Owner           | KPI  |
|---|----------------------|----------------------|----------------------|------|
| <b>Donor Risk</b> <ul style="list-style-type: none"><li>Limited or Insufficient blood supply</li><li>Donor fatigue</li></ul>                                    | High                 | Acceptable           | CEO/Medical Director | 3, 4 |
| <b>Recipient Risk</b> <ul style="list-style-type: none"><li>Safety of blood products</li><li>Transmission of infection</li></ul>                                | High                 | Monitor              | CEO/Medical Director | 6    |
| <b>Transfusion Risk</b> <ul style="list-style-type: none"><li>Safety of blood products</li><li>Incompatible blood transfusions</li></ul>                        | Critical             | Monitor              | CEO/Medical Director | 6    |
| <b>Medical risk to the donor</b> <ul style="list-style-type: none"><li>Iron deficiency</li><li>Taking donations from donors with underlying disorders</li></ul> | High                 | Acceptable           | CEO/Medical Director | 5    |
| Decrease in sales due to more restrictive transfusion practice  | High                 | Monitor              | CEO/Medical Director | 10   |

# FINANCIAL RISK

| Risk   | Inherent Risk Rating | Residual Risk Rating | Risk Owner                             | KPI |
|--|----------------------|----------------------|--|-----|
| <b>Financial sustainability</b> <ul style="list-style-type: none"> <li>Insufficient cash flow - sustaining operations as current entity</li> <li>Exchange rate risk</li> </ul> | High                 | Monitor              | CFO/<br>Corporate Services<br>Director | 10  |

# COMPLIANCE RISK

| Risk  | Inherent Risk Rating | Residual Risk Rating | Risk Owner           | KPI |
|---|----------------------|----------------------|----------------------|-----|
| <b>Non-compliance with key legislation</b> <ul style="list-style-type: none"> <li>National Health Act (NHA)</li> <li>Self-regulatory environment</li> <li>SAHPRA/MCC</li> <li>Protection of Personal Information Act (POPIA)</li> </ul> | High                 | Monitor              | CEO/Medical Director | 1   |

# OPERATIONAL RISKS

| Risk   | Inherent Risk Rating | Residual Risk Rating | Risk Owner                             | KPI  |
|--|----------------------|----------------------|--|------|
| <b>Damage to/failure of key technical/specialised equipment</b> <ul style="list-style-type: none"> <li>Loss of product</li> <li>Downtime on automated testing of samples</li> </ul>        | High                 | Monitor              | CFO/<br>Corporate Services<br>Director | 8    |
| <b>Security and safety risk</b> <ul style="list-style-type: none"> <li>Damage to infrastructure/assets</li> <li>Safety of staff/clinics with civil unrest, protest action/crime</li> </ul> | High                 | Monitor              | CEO/Medical Director                   | 2    |
| Inadequate IT infrastructure, processes and resources  | High                 | Monitor              | CFO/<br>Corporate Services<br>Director | 8    |
| <b>Medical risk to staff safety</b><br>Needle stick injury with exposure to potentially infectious blood products  | High                 | Monitor              | CEO/Medical Director                   | 2    |
| Inadequate staffing/attraction and retention of specialists/scarcity of specialist skills  | High                 | Monitor              | CFO/<br>Corporate Services<br>Director | 8    |
| Inability to find compatible blood in sub-groups of multi-transfused recipients  | High                 | Monitor              | CEO/Medical Director                   | 3, 4 |
| Infrastructure risk: Water and Electricity   | High                 | Monitor              | CFO/<br>Corporate Services<br>Director | 8    |

The Board reviews the risk register and risk management processes regularly. The risk management process identifies all risks that relate to the core business of WCBS (mission statement) and that will impact our ability to meet strategic objectives. The existing control measures identified to mitigate the residual risk ratings were reviewed to ensure that they are maintained and to establish whether new or additional controls should be applied to the relevant risks to ensure that these risks do not escalate in the future.

# Performance Review

**W**CBS's mission statement is fulfilled by remaining dedicated to providing the safest blood products, efficient service to the community, operating at the highest professional and ethical standards, yet remaining a viable organisation. The following formed the basis of the Service's Key Performance Indicators (KPIs) and strategic targets for 2019/20, based on the strategic pillars of Compliance, Sufficient blood, Blood donor and recipient safety and Sustainability. ■



| Strategic Pillars | Service Key Performance Indicators   | Score | Weighting   | Weighted Score |
|-------------------|--|-------|-------------|----------------|
| COMPLIANCE        | 1. Following the annual audit by the South African National Accreditation System (SANAS) in July 2019, a total of 3 corrective actions were required.  | 120%  | 15%         | 18%            |
|                   | 2. An annual safety audit was conducted by Safe Working Practices in February/March 2020. A score of 95.42% was obtained at each site.   | 100%  | 10%         | 10%            |
| SUFFICIENT BLOOD  | 3. Blood stocks were above 450 Group O daily for the whole year.   | 120%  | 15%         | 18%            |
|                   | 4. Platelet stocks were maintained for the entire year.  | 100%  | 5%          | 5%             |
| SAFETY            | 5. The average number of donor adverse reactions (DAR) for 2019/20 were 1.0% of total units collected.   | 100%  | 15%         | 15%            |
|                   | 6. The total number of donors falling into risk categories, and were bled during their deferral period, were 19.   | 0%    | 10%         | 0%             |
| SUSTAINABILITY    | 7. The number of under/overweight units was 1 044 for 2019/20.   | 75%   | 5%          | 3.7%           |
|                   | 8. Departmental Continuous Improvement (CI) impact projects were completed 100%, average score for 7 module maturity assessments was 100%.   | 100%  | 15%         | 15%            |
|                   | 10. WCBS maintained the existing financial ratios (current ratio, acid test ratio, debtors days, creditors settlement and debt/equity %) equal or above industry norms following the year-end financial audit. | 100%  | 10%         | 10%            |
|                   | <b>TOTAL</b>   |       | <b>100%</b> | <b>94.75%</b>  |

Following the financial audit and based on KPI achievements, the score for 2019/20 was 94.75%.

## HIGHLIGHT

# Ithemba Lobomi blood drive

Lorencia Bruiners from Ithemba Lobomi decided that she would like to make a difference and arranged a blood donation clinic at their workplace for the first time. This comes after her mother received blood and she realised that blood donation is a very important cause.

Ithemba Lobomi is a non-profit organisation based in the community of Thembalethu. The organisation was founded in 2007 to tackle the high rate of HIV/AIDS and TB. It was World Aids Day on Sunday, 1 December and they had a gathering at work on 2 December in remembrance of those suffering with this disease.

Thank you to the staff at Ithemba Lobomi for supporting WCBS. ■



# Governance



BLOOD DONATION CENTRE

## King IV Application Register

**The Board's governance oversight is evaluated in applying the King IV™ principles and outcomes.**

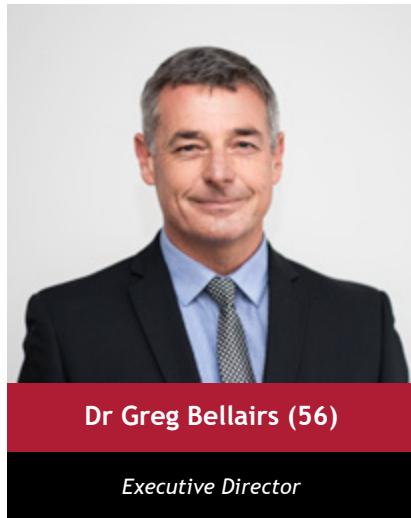
|  | Principle  | Application   |
|--|--|---|
| Leadership, ethics and corporate citizenship | Principle 1: The governing body should lead ethically and effectively.   | The Board of Directors provides leadership and strategic guidance within the framework of a Code of Ethics, which supports the establishment of an ethical culture. Registers are maintained of individual directors' interests outside WCBS and these are updated annually. The Social and Ethics Committee plays a key role in exercising oversight and are governed by WCBS's corporate values.  |
|  | Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.   |   |
|  | Principle 3: Responsible corporate citizenship.  | Through the management of our operations, CSI initiatives and sustainability enhancements, we aim to maintain our position as a responsible corporate citizen. The Board believes that Natural, Social and Relationship Capitals should be integrated into the everyday business of the organisation. We have a key role to play in society in providing the safest blood products and efficient service to the community, while operating at the highest professional and ethical standards and remaining a viable organisation. |
| Strategy, performance and reporting          | Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. | The Board annually approves the WCBS Strategy, Key Strategic Risks and Performance Management Scheme Principles and Parameters, in line with our vision, mission, values and targets.   |
|  | Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short- medium- and long-term prospects.                          | The integrated report is our primary communication regarding value creation. The report focuses on providing WCBS members and key stakeholders with a holistic view of the Service's operations, performance, risks and opportunities, and also includes the Service's financial statements. The Integrated Report includes a Director's report, the Chairman's report and reports by Board committees' chairpersons.   |

|                                     | <b>Principle</b>   | <b>Application</b>   |
|-------------------------------------|--|--|
| Governing structures and delegation | Principle 6: Board as custodian of good governance                 | The Board has ultimate accountability and responsibility for the performance and affairs of the company, including good governance practices and principles. The Board Charter sets out the Board's role and responsibilities, together with the Directors' Code of Conduct and Board committees' Terms of References.   |
|                                     | Principle 7 Board composition                                      | The Board composition is aligned with the requirements of King IV™ regarding the number of executive versus non-executive directors. Skills, experience and tenure of Board members are monitored continually.   |
|                                     | Principle 8 Effective board structures and delegation of authority | Board structures are effective through the delegation of matters and mandates to Board committees and to individuals through a formal delegation of authority process and accompanying board resolutions.  |
|                                     | Principle 9: Board performance evaluation                          | During 2018 an internal Board self-evaluation was conducted, in line with established governance practices.  |
|                                     | Principle 10: Board/Management relationships                       | WCBS continuously adheres to sound practices in respect of succession planning and executive director performance evaluations.   |
| Governance functional areas         | Principle 11: Risk governance                                      | Risk assessment is an integral part of strategic planning and oversight of risk is exercised by the Board of Directors regularly. The Board ensures that risk management is embedded into key decision-making processes.   |
|                                     | Principle 12: Technology and information governance                | Strategies are in place for technology enhancements and the Finance and IT governance committee are mandated to oversee this function. This committee ensures that the IT strategy supports the business goals and objectives, as well as the sustainability objectives of WCBS.   |
|                                     | Principle 13: Compliance governance                                | WCBS subscribes to regular updates in applicable laws, regulations, codes and standards. Operational compliance is maintained through adhering to the Standards of Practice for Blood Transfusion in South Africa - which is audited yearly by SANAS, as well as following the applicable legislative frameworks, the most important of which are the National Health Act and associated Regulations and Policies. In the area of financial compliance, the financial audit provides assurance that the Service complies with legislation and disclosure requirements. |
|                                     | Principle 14: Remuneration governance                              | The Board, through the HR committee, ensures that WCBS's remuneration is appropriately designed, fair and market-related to attract and retain high-calibre employees. WCBS's remuneration policies facilitate an ongoing dialogue with stakeholders.  |
|                                     | Principle 15: Assurance  | The Board has assessed the need for a separate Internal Audit Function. The Board's decision is that the organisation does not currently require this function as it mitigates its risks through a rigorous Enterprise Risk Management System and the utilisation of Combined Assurance Principles which includes the work of our External Auditors, Management Controls, Third Party and Internal operations, and quality audits which are compulsory for this type of Entity.  |
| Stakeholder relationships           | Principle 16: Stakeholder-inclusive approach                       | WCBS invests in understanding stakeholder's views and need. WCBS is in the process of conducting a reputation survey with its key stakeholders and formalising its stakeholder engagement policy.  |
|                                     | Principle 17: Responsible investment                               | Investment practices are approved by the Board.  |

It was established that WCBS's current corporate governance practices are supportive of King IV™ principles.

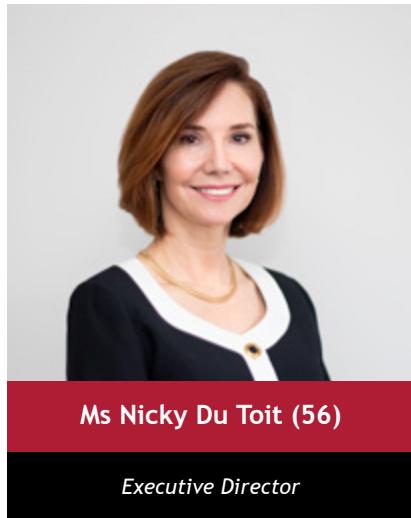
# Our Board

The WCBS Board of Directors are made up of ten independent non-executive directors and two executive directors.



**Dr Greg Bellairs (56)**

*Executive Director*



**Ms Nicky Du Toit (56)**

*Executive Director*

**BOARD TENURE IN YEARS:** 12

**COMMITTEES:**  
All committees

**QUALIFICATIONS:**  
WCBS CEO & Medical Director [BSc, MBChB, MBA (UCT), Postgraduate Diploma in TfN Med (UFS)]

**OTHER DIRECTORSHIPS:**  
South African Society for Blood Transfusion

**BOARD TENURE IN YEARS:** 8

**COMMITTEES:**  
All committees

**QUALIFICATIONS:**  
WCBS CFO and Corporate Services Director [B.Compt & Advanced Certificate in Tax]

**OTHER DIRECTORSHIPS:**  
South African Society for Blood Transfusion



**Dr Arthur Bird (73)**

*Non-Executive Director*



**Mr Mervyn Burton (62)**

*Non-Executive Director*



**Ms Nirvani Dhevcharran (53)**

*Non-Executive Director*

**BOARD TENURE IN YEARS:** 27\*

**COMMITTEE:**  
Social & Ethics

**QUALIFICATIONS:**  
Executive leadership, Transfusion Medicine [MBChB (UCT), M.Med. (Path) (Haem) (UCT), F.C.Path (Haem) (SA)]

\* Includes period as CEO/Medical Director.

**BOARD TENURE IN YEARS:** 9

**COMMITTEES:**  
Risk & Governance  
Audit (Chair)  
Finance & IT

**QUALIFICATIONS:**  
Chartered Accountant [B Compt., B Compt. (HONS), CA (SA)]

**OTHER DIRECTORSHIPS:**  
Ilimalethu Consulting, Africa Society for Blood Transfusion, L&C Messaris Brothers Manufacturing, Cullinan Holdings, SA Maritime Authority, Cape Nature

**BOARD TENURE IN YEARS:** 1

**COMMITTEES:**  
Finance & IT  
Audit

**QUALIFICATIONS:**  
MSc (Computer Science), Advanced Business Diploma

**OTHER DIRECTORSHIPS:**  
Oprah Winfrey Leadership Academy for Girls  
Cape Peninsula University of Technology  
The EDL Foundation

# Our Board



**Prof Brian Figaji (76)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 15

**COMMITTEES:**

Audit  
HR (Chair)

**QUALIFICATIONS:**

Education / Management / Engineering [B Sc (UWC), B Sc (Eng) (UCT), GDE (UCT), DTE (UNISA), M Ed (Harvard), D Litt (hc) (Cal State), D Ed (hc) (Coventry)]

**OTHER DIRECTORSHIPS:**

I & J Ltd, Marib Holdings, Entilini Operations, Jet Education Services, CDE, Wesgro, Oasis Controlling Company, Nedbank Green Trust



**Dr Andrea Huggett (46)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 6

**COMMITTEES:**

Social & Ethics  
Finance & IT

**QUALIFICATIONS:**

Medical Doctor [MBChB (UCT), Diploma in Emergency Care, MBA (UCT), Post Graduate Diploma in Financial Planning (UOFS)]



**Prof Vernon Louw (50)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 5

**COMMITTEES:**

Risk & Governance  
Social & Ethics

**QUALIFICATIONS:**

Clinical Haematologist [MBChB (Stell), MMed (Int.Med) (Stell), FCP (SA), PhD (HPE) (UFS), Registered Specialist Physician and Clinical Haematologist]

**OTHER DIRECTORSHIPS:**

Prof Vernon J Louw Inc



**Dr Charlotte Ingram (63)**

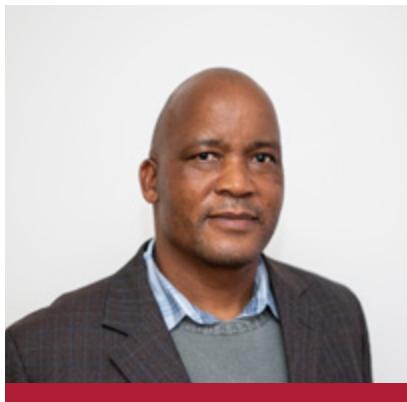
*Non-Executive Director*

BOARD TENURE IN YEARS: 3

**COMMITTEES:**  
Social & Ethics

**QUALIFICATIONS:**

Haematologist, CEO South African Bone Marrow Registry, Medical Doctor (MBBCh) (Wits), FCPATH (Haem) (CMSA), MMed Haem (Wits) Subspeciality Clinical Haem MBA (Wits)



**Mr Dumisani Ndebele (53)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 7

**COMMITTEE:**  
HR

**QUALIFICATIONS:**

Human Resources Director, Pathcare [BA degree, BSoc Sc (Hons), PDM (Post Graduate Diploma in Management), Certificate in Strategic HR Planning and CEDR Mediator]

**OTHER DIRECTORSHIPS:**  
Uthando Boran and Nguni Stud Pty Ltd



**Mr Roger Ramsbottom (73)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 28

**COMMITTEES:**  
Audit  
Finance & IT (Chair)

**QUALIFICATIONS:**  
Business Management / Chartered Accountant [CA (SA) (retired), CTA (UCT), BComm (Hons) (UCT)]

# Our Board



**Mr Paul Slack (63)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 16

**COMMITTEES:**

Risk & Governance  
HR  
Finance & IT

**QUALIFICATIONS:**

Chartered Accountant [B Comm (Hons)  
Financial Management, CA (SA)]

**OTHER DIRECTORSHIPS:**

National Alliance for Development of  
Community Advice Offices, South African  
Oil and Gas Alliance, Saldanha Bay IDZ,  
Western Cape Nature Conservation Board



**Mr PJ Veldhuizen (48)**

*Non-Executive Director*

BOARD TENURE IN YEARS: 5

**COMMITTEES:**

Risk & Governance (Chair)  
Social & Ethics  
Finance & IT

**QUALIFICATIONS:**

Lawyer [B Proc., Cert. Tax, LLM, MBA,  
Adv. Corp Law & Securities]

**OTHER DIRECTORSHIPS:**

Gillan and Veldhuizen, Warwick Trust  
and Estates, Cape Town Stadium



**Mrs Irene van Schalkwyk (42)**

*Company Secretary (left Dec 2019)*

BOARD TENURE IN YEARS: 5

**QUALIFICATIONS:**

WCBS Manager: PR, Promotions  
and Planning; Company Secretary  
[B.Tech Language Practice (TUT),  
MBA (UFS), Company Secretarial  
and Governance Practice (ICSSA)]

**OTHER DIRECTORSHIPS:**

South African Society for Blood  
Transfusion



**Meryl Cummings**

*Company Secretarial*



**Noelle Greeff**

*Legal*

**QUALIFICATIONS:**

Accounting Diploma - Cape Peninsula,  
University of Technology (2002) majoring in  
Company Administration

**QUALIFICATIONS:**

LLB - University of Stellenbosch (2014),  
LLM (mercantile law) - University  
of Stellenbosch (2015),  
Advanced Short Course in Business  
Rescue practice - Unisa (2018)  
Attorney of the High Court of South Africa,  
Notary Public of the High Court of South Africa

# Board Committees 2019/2020

## Audit Committee

The Audit Committee is required to report in terms of section 94(7)(f) of the Companies Act, Act 71 of 2008 on:

- How the Committee carried out its functions;
- The independence of the auditor of the company; and
- Commenting on the financial statements, the accounting practices and internal control of the company.

The Committee considers that it has adequately performed its duties in terms of its mandate, King IV and the Companies Act 2008, as amended.

In line with the International Financial Reporting Standards and Corporate Governance, this Committee must ensure Risk Management Oversight as well as responsible and transparent assurance processes. The Committee meets several times a year to review company financial statements, and monitor the mechanisms of financial reporting. There is a separate Risk Committee which reports to the Board. To ensure congruency and oversight between the Audit Committee and the Risk Committee, the chair of the Audit Committee has a seat on the Risk Committee.

The Audit Committee is comprised of three non-executive directors. The senior management dealing with the financial affairs of the company have no voting powers. Two meetings were held during the year and were also attended by the auditors, currently Ernst and Young (EY).

In terms of its mandate, this Committee is required inter alia to:

- Review the annual financial statements of the Service.
- Ensure that the financial statements are prepared in accordance with International Financial Reporting Standards.
- Review the accounting policies adopted by the Service

and any changes thereto.

- Consider the going concern principles and reasons for recommendation to the Board.
- Make recommendations on the appointment of the external auditors and their fees.
- Evaluate the independence and effectiveness of the external auditors, consider any non-audit services by such auditors; and whether the rendering of such services would substantially affect their independence.
- Agree the annual audit plan and audit budget with External Auditors.
- Review the effectiveness of management information, the annual audit and the internal system of controls.
- Monitor compliance with applicable legislation and regulatory aspects.
- The Board has assessed the need for a separate Internal Audit Function. The Board's decision is that the organisation does not currently require this function as it mitigates its risks through a rigorous Enterprise Risk Management System and the utilisation of Combined Assurance Principles which includes the work of our External Auditors, Management Controls and Third Party and Internal operations and quality audits which are compulsory for this type of Entity.
- Mandatory Audit Firm Rotation (MAFR) (effective 1 April 2023) does not apply to WCBS, as the company does not fall into the definition of a Public Interest Entity (PIE). In addition, the external audit partner, Pierre du Plessis, has been a partner for four years, and will therefore rotate in 2021.
- In addition, members of this Committee recommend the payment of the performance bonus which is based on several key performance indicators.

The Committee performed all its duties as set out above. ■

**Mervyn Burton**  
Chairman: Audit Committee

# Human Resources Committee

The Human Resources (HR) Committee has oversight of all Human Resources related matters including remuneration and reward, legal compliance, best practice and governance.

This Committee ensures that the general remuneration strategy of the organisation is in line with industry standards. Western Cape Blood Service (WCBS) continues to provide market-related salaries and a comprehensive benefits package, enabling us to attract and retain skilled staff.

The HR Committee is comprised of two non-executive directors and two executive directors. The WCBS HR Manager is co-opted to attend meetings when required. The HR Committee had one meeting in the 2019/2020 period. Issues relating to remuneration were however comprehensively addressed at the full Board Meetings.

The HR Committee, as per its Terms of Reference, is responsible for the following:

- Review and maintain appropriate human resources and remuneration policies and recommend any changes to the Board for approval.
- Monitor the implementation of relevant labour legislation.
- Monitor transformation policies in terms of employment equity and reporting to the Department of Labour.
- Oversee the setting and administering of remuneration bands at all levels in the company and recommend the final framework to the Board.
- Oversee the establishment of a remuneration policy

that will promote the achievement of strategic objectives and encourage individual performance.

- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Advise the Board on the remuneration for executive and non-executive directors.
- Propose annual mandates for salary increases for Board approval.
- Approve annual performance bonus payments in terms of pre-approved rules.

WCBS set remuneration at levels that attract, retain and motivate the appropriate calibre of directors and staff. Further, the Service requires each employee to be appraised annually against a clear set of key performance indicators (KPIs). Their performance is used to determine salary increases and performance rewards.

Key areas of focus during the reporting period included legislative compliance and setting up a new methodology for writing job descriptions and getting job grading done in a way that is perceived to be fair by all staff.

The HR Committee is satisfied that it has fulfilled its obligation in accordance with its Terms of Reference for the reporting period. The HR Committee will in the upcoming year review the Service's remuneration policy and continue to deliver on its mandated responsibilities. ■

**Dumisani Ndebele**  
*Chairman: HR Committee*

# Social and Ethics Committee

The Social and Ethics committee is comprised of 5 non-executive directors. External advisors may be co-opted when required.

Its Terms of Reference are outlined in the integrated annual report of 2017/18 which can be accessed via the WCBS website. The Terms of Reference include an overview of the arrangements for governing and managing ethics, as well as responsible corporate citizenship.

During the 2019/20 financial year the S & E Committee had one meeting. A formalised protocol has been followed for the supply of blood for research purposes to tertiary training institutions, tertiary training affiliated institutions, diagnostic testing laboratories and life science companies/institutions. The protocol encapsulates donor consent, sample anonymity, fully screened blood for transfusion-transmitted diseases, use of blood only that is surplus to the Service's requirements and not usable or required for

patients, customer human research ethics approval and no patient samples.

Following the above protocol guidelines WCBS supplied a total of 403 blood products, samples, and consumables to 11 customers in the tertiary training, laboratory testing and life science industries from 1st January 2019 to 31st December 2019. The types of blood products, samples and consumables issued comprises buffy coat, fresh serum, less than 6-hour old plasma, expired red cell concentrate (warm returns), transfusion-transmitted infection-negative plasma and quadruple collection bags. With the exception of expired red cell concentrates supplied to UCT Clinical Pharmacology, the blood products, samples and consumables are issued on a chargeable basis. ■

**Dr Arthur Bird**  
*Chairman: Social and Ethics Committee*

## Risk and Governance Committee

**A**s per King IV recommendations it gives me pleasure in providing the following report.

The Risk and Governance Committee is responsible for the governance of risk, identification of potential risk issues, compliance with good corporate governance, applicable legislation and for communication of identified risk areas to the Board.

The Risk and Governance Committee comprises of four non-executive directors and the two executive directors. External advisers are co-opted to attend meetings when required. Notwithstanding the composition of the Committee, risks identified by executive management are frequently considered at the main Board meetings or by a round-robin email and debated immediately rather than delaying decision-making by first having to serve the Committee level. This, in my view, remains as in previous years, particularly efficient.

The Committee did not meet in this financial year. In the previous year, the CEO Dr Greg Bellairs presented a thorough Strategic Risk Overview to the Committee. The purpose of the overview was to revise and update the

Strategic Risk Register. The focus areas included:

1. Sustainability of and remaining a viable Regional Health Care Organisation;
2. Safest blood products;
3. Sufficient blood collection; and
4. Highest professional and ethical standards

The Committee agreed that the Strategic Risks were currently well controlled, and where data supported the risks, the trends were acceptable. It was agreed that certain risks could be removed from the Risk Register, and that the Register would be updated by Dr Greg Bellairs. The CFO, Ms Nicky du Toit detailed the process regarding capital purchases, and budget approvals, and it was agreed that further interventions regarding a level of authority were not currently warranted.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period. ■

**PJ Veldhuizen**

*Chairman: Risk and Governance Committee*

## Finance and IT Steering Committee

**T**he Committee comprises five non-executive directors, and two executive directors. External advisers are co-opted to attend meetings when required.

The Finance and IT Committee reports to the Board on a number of matters and is therefore directly involved in the following:

- Ensuring the Service's accountability for the proper use of funds.
- Supervising the financial position of the Service.
- Financial supervision of the Service's assets.
- Providing information to the Board, Risk Committee and Audit Committee to support the overall management of IT Governance.

Regarding IT Strategy and Governance the following initiatives were undertaken:

- ICT Planning Process launched. This introduced WCBS to IT strategy and solutions in a planned and structured way using prioritisation.
- Phase 1 of the Business Continuity Improvement

“Disaster Recovery Solutions” plan initiated.

- Various other IT initiatives to update an improved service delivery and controls for the organisation were implemented.
- IT governance was addressed in a 4-stage ICT process, by means of a graphic model. Current risks were identified (most importantly staffing issues), which were escalated to the Risk and Governance Committee of the Service for resolution.

WCBS has a well-structured Information Technology Department with appropriately appointed staff that is skilled in managing the technology deployed within the environment, as well as able to support the solutions deployed within WCBS.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the reporting period. ■

**Roger Ramsbottom**

*Chairman: Finance and IT Steering Committee*

# Board meetings

Board meeting attendance:

| Name                           | Social & Ethics | Board Meetings | Audit Committee Meetings | Finance and IT Steering Committee Meetings | Human Resources Committee Meetings | Risk & Governance Committee Meeting | Clinical Governance Committee Meeting |
|--------------------------------|-----------------|----------------|--------------------------|--|------------------------------------|-------------------------------------|---------------------------------------|
| <b>Number of meetings</b>      | <b>1</b>        | <b>6</b>       | <b>2</b>                 | <b>2</b>                                   | <b>1</b>                           | <b>0</b>                            | <b>2</b>                              |
| <b>Non-executive directors</b> |                 |                |                          |  |                                    |                                     |                                       |
| Dr A Bird                      | 1               | 5              |                          |  |                                    |                                     | 2                                     |
| Mr M Burton                    |                 | 4              | 2                        | 2  |                                    |                                     |                                       |
| Ms N Dhercharran               |                 | 3              |                          | 2  |                                    |                                     |                                       |
| Prof B Figaji                  |                 | 1              | 1                        |  |                                    |                                     |                                       |
| Dr A Huggett                   | 1               | 5              |                          | 2  |                                    |                                     | 2                                     |
| Dr C Ingram                    | 1               | 6              |                          |  |                                    |                                     | 2                                     |
| Prof V Louw                    | 1               | 6              |                          |  |                                    |                                     | 2                                     |
| Mr D Ndebele                   |                 | 6              |                          |  | 1                                  |                                     |                                       |
| Mr R Ramsbottom                |                 | 5              | 1                        | 2  |                                    |                                     |                                       |
| Mr P Slack                     |                 | 5              |                          | 1  |                                    |                                     |                                       |
| Mr PJ Veldhuizen               | 1               | 5              |                          |  | 1                                  |                                     |                                       |
| <b>Executive directors</b>     |                 |                |                          |  |                                    |                                     |                                       |
| Dr G Bellairs                  |                 | 6              | 2                        | 2  | 1                                  | 0                                   | 2                                     |
| Ms N du Toit                   |                 | 6              | 2                        | 2  | 1                                  | 0                                   | 2                                     |

## Non-executive Directors' remuneration

Directors' remuneration can be viewed in the annual financial statements and is broken down as follows:

| Board Member Rates      | Board Meeting | Committee Meeting | Monthly Retainer |
|-------------------------|---------------|-------------------|------------------|
| July 2019 - June 2020   | R 3 852.78    | R 1 926.38        | R 770.12         |
| <b>Board Chair Rate</b> |               |                   |                  |
| July 2019 - June 2020   | R 4 622.90    | R 1 926.38        | R 925.46         |

The elements of non-executive remuneration include a monthly retainer, a meeting attendance fee and travelling and actual expenses where applicable. During this financial year, a Board self-evaluation was conducted. Board composition in terms of diversity and representivity was identified as an area for improvement.

# **FINANCIAL STATEMENTS**

**WESTERN CAPE BLOOD SERVICE**

Non-Profit Company Incorporated in Terms of the  
South African Companies Act 71 of 2008

(Registration Number 1943/016692/08)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2020**

## **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements set out on pages 61 to 81 were approved by the board of  
directors on 24 July 2020 and are signed on its behalf by:

.....  
  
CHAIRMAN

.....  
  
DIRECTOR

# DIRECTORS' REPORT

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Non-Profit Company Incorporated in Terms of the South African Companies Act 71 of 2008 (Registration Number 1943/016692/08)

The directors have pleasure in submitting their report on the annual financial statements of Western Cape Blood Service for the year ended 31 March 2020.

### 1. INCORPORATION

Western Cape Blood Service was incorporated as an association not for gain in 1943 in term of Section 21 of the previous Companies Act, 1973. Western Cape Blood Service changed its name from Western Province Blood Transfusion Service on the 1st of January 2019. The company continues to exist and in term of Schedule Transitional Arrangement of the Companies Act, 2008, the company is deemed to have been incorporated and registered under Section 8 of the said Act as a non-profit company, with at least one of its objects being a public benefit social activities, or communal interest.

### 2. NATURE OF BUSINESS

The principal activities of the Western Cape Blood Service is the collection, testing, processing and distribution of blood products and services.

There have been no material changes to the nature of the company's business from the prior year.

### 3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year except as noted in note 26 to the financial statements.

Surplus per the attached Statement of Comprehensive Income equals R42 million for the financial year ending 31 March 2020. (2019: R53 million). Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 4. DIRECTORS

The directors in office at the date of this report are as follows:

| Directors          | Office          | Changes                  |
|--------------------|-----------------|--------------------------|
| Mr P K Slack       | (Chairman)      |                          |
| Dr G R M Bellairs  | (Executive)     |                          |
| Ms N B du Toit     | (Executive)     |                          |
| Dr A R Bird        |                 |                          |
| Mr M R Burton*     |                 |                          |
| Prof B D L Figaji* |                 | Resigned 29 July 2019    |
| Dr A Huggett       |                 |                          |
| Mr D M Ndebele     |                 |                          |
| Mr R Ramsbottom*   |                 |                          |
| Prof V J Louw      |                 |                          |
| Mr P J Veldhuizen  | (Vice Chairman) |                          |
| Dr C F Ingram      |                 |                          |
| Mrs N Dhevcharran* |                 | Appointed 15 August 2019 |

\* Member of Audit committee

### 5. PROPERTY, PLANT AND EQUIPMENT

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

At 31 March 2020 the company's investment in property, plant and equipment amounted to R114 million (2019:R103 million), of which R24 million (2019: R20 million) was added in the current year through additions.

In keeping with the Western Cape Blood Service's mission statement, the company continues investing in technical equipment to maintain its standards. Expected total capital expenditure for the next year is R15 million (2019:R49 million). The company also has commitments in respect of contracts placed for leases of R11 million over the period of the lease. These commitments have been approved by the board of the company. Refer to Note 2 and Note 3 of the annual financial statements for further details.

### 6. EVENTS AFTER THE REPORTING PERIOD

Whilst the effects of the global outbreak the COVID-19 virus on the company is continually being reassessed, the full impact of the lockdown announced on 23 March 2020 remains unknown. During the nationwide lockdown we were able to trade as we were considered to be an essential service, however there has been a decrease in our sales figures during the period before date of signature of the annual financial statements. This is mainly due to elective surgeries being postponed and there has been a decrease in the number of trauma cases during lockdown. The effect of COVID- 19 has resulted in a decrease in sales figures for the two months succeeding year end compared to the comparative period. The high level of uncertainty, due to the unpredictable outcomes of this disease, complicates the estimation of the financial effects of the outbreak and as a result could materially impact the results of the company negatively and the assumptions applied in our assessment of provisions and impairment considerations.

### 7. GOING CONCERN

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

As a result of the lockdown, the company has reassessed its ability to continue to operate over the foreseeable future. The company is confident that through the actions that have been taken, including engagement with stakeholders, as well as the cost saving initiatives which have been implemented since the commencement of lockdown, combined with the company's liquidity position will allow the company to continue to operate as a going concern.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Non-Profit Company Incorporated in Terms of the South African Companies Act 71 of 2008 (Registration Number 1943/016692/08)

The company has reviewed its debtors recoverability and believe that the provision raised at year end should still be sufficient.

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

### 8. AUDITORS

Ernst & Young Inc. continued in office as auditors for the company for 2020.

At the AGM, the board will be requested to reappoint Ernst & Young Inc. as the independent external auditors of the company for the 2021 financial year.

### 9. SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee comprises five non-executive directors. External advisors are co-opted to attend meetings when required. WCBS is governed by a Code of Ethics that was reviewed during this year. The Code specifies principles/codes of conduct regarding Confidentiality, Professionalism, Conflicts of Interest and Governance for dealings with all stakeholders. The Code of Ethics applies to the WCBS Board of Directors and all employees.

WCBS's corporate social investment initiatives during 2019/2020 were aligned with our strategic objectives which are reported in the Social and Relationship Capital section of this report. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of Reference for the reporting period.

### 10. SECRETARY

The company secretary is Themis Commercial Legal Advisors (Pty) Ltd.

### 11. EMPLOYMENT EQUITY

The employment equity plan was originally developed in consultation with Protusa and is currently being monitored in consultation with Public Servants Association of South Africa, the Union which now represents the majority of the workforce.

The action over the past three years has focused on maintaining or improving the ratios which have been achieved. As at 1 October 2019, the date of the last employment equity submission, the company employed 547 permanent and 0 casual/ temporary employees. As at the date of the last submission, 83% of permanent employees were from the black designated group and 61% were female. Of the 18 employees in management, 44% were from the black designated group and 56% were female.

### 12. NATIONAL BLOOD TRANSFUSION LICENCE

Section 53 of the National Health Act was signed by the Office of the Presidency in June 2009. The Act makes provision for a single license for a single blood transfusion service in South Africa.

Draft regulations for blood and blood products were published for comment during 2011. SANBS, NBI and WCBS submitted recommendations in June 2011. The regulations published by SANBS, NBI and WCBS in early 2012 did not include several of our recommendations, and a response was subsequently sent to the National Department of Health. Official feedback is awaited.

Legal opinion remains that the Act cannot be currently enforced, and that WCBS is currently operating legally based on pre-existing licensing under the Human Tissues Act.

WCBS continues to operate with SANBS and the National Department of Health remains committed to a solution that best serves regional and national blood transfusion requirements.

The annual financial statements set out on pages 9 to 46, which have been prepared on the going concern basis, were approved by the board on 24 July 2020, and were signed on its behalf by:

Approval of annual financial statements



.....  
CHAIRMAN

# INDEPENDENT AUDITOR'S REPORT

To the Directors of Western Cape Blood Service

Report on the Audit of the Financial Statements

## OPINION

We have audited the financial statements of Western Cape Blood Service ('the Company') set out on pages 9 to 44, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Western Cape Blood Service as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 46-page document titled "Western Cape Blood Service Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa and the Detailed Income Statement. The other information that will be available after this report date consist of the annual report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young Inc.  
Pierre du Plessis Partner  
Registered Auditor Chartered Accountant (SAP)  
24 July 2020  
Cape Town

# STATEMENT OF FINANCIAL POSITION

## AT 31 MARCH 2020

| Figures in Rand                     | Note | 2020               | 2019               |
|-------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                       |      |                    |                    |
| <b>Non-current assets</b>           |      |                    |                    |
| Property, plant and equipment       | 1    | 114 206 568        | 103 203 911        |
| Right-of-use assets                 | 2    | 9 869 866          |                    |
| Investments                         | 3    | 80 579 559         | 77 396 631         |
|                                     |      | 204 655 993        | 180 600 542        |
| <b>Current assets</b>               |      |                    |                    |
| Inventory                           | 4    | 54 279 905         | 34 001 745         |
| Trade and other receivables         | 5    | 71 155 072         | 61 309 721         |
| Cash and cash equivalents           | 6    | 87 786 782         | 542 486            |
| FEC asset                           | 7    | 5 167 865          | 59 113 790         |
|                                     |      | 218 389 624        | 154 967 742        |
| <b>Total assets</b>                 |      | <b>423 045 617</b> | <b>335 568 284</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |                    |                    |
| Other reserves                      |      | 65 998 838         | 60 769 169         |
| Accumulated funds                   |      | 249 001 488        | 212 928 351        |
|                                     |      | 315 000 326        | 273 697 520        |
| <b>Non-current liabilities</b>      |      |                    |                    |
| Post-retirement medical benefits    | 8    | 1 290 000          | 1 400 000          |
| Lease liability                     | 2    | 8 900 761          |                    |
|                                     |      | 10 190 761         | 1 400 000          |
| <b>Current liabilities</b>          |      |                    |                    |
| Trade and other payables            | 9    | 66 050 130         | 34 453 328         |
| Lease liability                     | 2    | 257 6168           | 179 506            |
| Provisions                          | 10   | 29 228 232         | 25 837 930         |
|                                     |      | 97 854 530         | 60 470 764         |
| <b>Total liabilities</b>            |      | <b>108 045 291</b> | <b>61 870 764</b>  |
| <b>Total equity and liabilities</b> |      | <b>423 045 617</b> | <b>335 568 284</b> |

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 MARCH 2020

| Figures in Rand                                 | Note | 2020               | 2019               |
|---|------|--------------------|--------------------|
| Turnover  | 11   | 464 680 738        | 435 947 768        |
| Cost of sales                                   | 12   | (145 112 545)      | (140 850 215)      |
| <b>Gross surplus</b>                            |      | <b>319 568 193</b> | <b>295 097 553</b> |
| Other income                                    | 13   | 12 155 496         | 11 825 509         |
| Operating expenses                              | 14   | (295 564 484)      | (263 363 064)      |
| <b>Operating surplus</b>                        |      | <b>36 159 205</b>  | <b>43 559 998</b>  |
| Interest received                               | 15   | 6 559 868          | 9 620 635          |
| Finance costs                                   | 16   | (1 216 861)        | (878)              |
| <b>Surplus for the year</b>                     |      | <b>41 502 212</b>  | <b>53 179 755</b>  |
| Other comprehensive surplus                     | 17   | 127 000            | 6 246 666          |
| <br>  |      |                    |                    |
| <b>TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR</b> |      | <b>41 629 211</b>  | <b>59 426 421</b>  |

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

| Figures in Rand                                 | Actuarial gains/losses | Non-distributable reserves | Revaluation reserve | Non-current asset held for sale | Product liability reserve | Total reserves   | Accumulated funds  | Total equity      |
|---|------------------------|----------------------------|---------------------|---------------------------------|---------------------------|------------------|--------------------|-------------------|
| Balance at 01 April 2018                        | 34 545 173             | 2 282 262                  | 34 545 173          | 9 081 800                       | 6 940 271                 | (64 000)         | 111 473 527        | 164 259 033       |
| Surplus for the year                            | -                      | -                          | -                   | -                               | -                         | -                | 53 179 755         | 53 179 755        |
| Other comprehensive surplus                     | 283 000                | -                          | -                   | -                               | -                         | 283 000          | -                  | 283 000           |
| <b>Total comprehensive surplus for the year</b> | <b>283 000</b>         | <b>-</b>                   | <b>-</b>            | <b>-</b>                        | <b>-</b>                  | <b>283 000</b>   | <b>53 179 755</b>  | <b>53 462 755</b> |
| Transfer to non-distributable reserve           | -                      | 116 991                    | -                   | -                               | -                         | 116 991          | (116 991)          | -                 |
| Transfer to revaluation reserve                 | -                      | -                          | 6 039 805           | -                               | -                         | 6 039 805        | (76 139)           | 5 963 666         |
| Transfer from revaluation reserve               | -                      | -                          | -                   | (2 972 397)                     | -                         | (2 972 397)      | 2 972 397          | -                 |
| Transfer to product liability reserve           | -                      | -                          | -                   | -                               | 2 606 701                 | 2 606 701        | (2 606 701)        | -                 |
| <b>Total changes</b>                            | <b>-</b>               | <b>116 991</b>             | <b>6 039 805</b>    | <b>(2 972 397)</b>              | <b>2 606 701</b>          | <b>5 791 100</b> | <b>172 566</b>     | <b>5 963 666</b>  |
| Balance at 31 March 2018                        | 671 000                | 2 485 587                  | 37 612 581          | -                               | 20 000 000                | 60 769 168       | 212 928 351        | 273 697 519       |
| Surplus for the year                            | -                      | -                          | -                   | -                               | -                         | -                | 41 502 212         | 41 502 212        |
| Other comprehensive surplus                     | 127 000                | -                          | -                   | -                               | -                         | 127 000          | -                  | 127 000           |
| <b>Total comprehensive surplus for the year</b> | <b>127 000</b>         | <b>-</b>                   | <b>-</b>            | <b>-</b>                        | <b>-</b>                  | <b>127 000</b>   | <b>41 502 212</b>  | <b>41 629 212</b> |
| Effect of adoption of IFRS 16 Leases            | -                      | -                          | -                   | -                               | -                         | -                | (326 405)          | (326 405)         |
| Transfer to non-distributable reserve           | -                      | 102 670                    | -                   | -                               | -                         | 102 670          | (102 670)          | -                 |
| Transfer to product liability reserve           | -                      | -                          | -                   | -                               | 5 000 000                 | 5 000 000        | (5 000 000)        | -                 |
| <b>Total changes</b>                            | <b>-</b>               | <b>102 670</b>             | <b>-</b>            | <b>-</b>                        | <b>5 000 000</b>          | <b>5 102 670</b> | <b>(5 429 075)</b> | <b>(326 405)</b>  |
| Balance at 31 March 2020                        | 798 000                | 2 588 257                  | 37 612 581          | -                               | 25 000 000                | 65 998 838       | 249 001 488        | 315 000 326       |

Notes

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# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

| Figures in Rand                             | Note     | 2020                | 2019                |
|---|----------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |          |                     |                     |
| Cash generated from operations              | 21       | 48 006 784          | 29 803 830          |
| Interest income                             |          | 5 560 575           | 3 540 247           |
| Finance costs                               |          | (3 728)             | (878)               |
| <b>Net cash from operating activities</b>   |          | <b>53 563 631</b>   | <b>33 343 199</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b> |          |                     |                     |
| Purchase of property, plant and equipment   | 1        | (24 155 199)        | (20 201 812)        |
| Sale of property, plant and equipment       | 1        | 2 927 642           | 5 974 413           |
| <b>Net cash from investing activities</b>   |          | <b>(21 227 557)</b> | <b>(14 227 399)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b> |          |                     |                     |
| Payments relating to lease liability        | 2        | (3 663 082)         | -                   |
| Total cash movement for the year            |          | 28 672 992          | 19 115 800          |
| Cash at the beginning of the year           |          | 59 113 790          | 39 997 990          |
| <b>Total cash at end of the year</b>        | <b>6</b> | <b>87 786 782</b>   | <b>59 113 790</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

## AT 31 MARCH 2020

### 1 PROPERTY, PLANT AND EQUIPMENT

| Figures in Rand     | 2020               |                          |                    | 2019               |                          |                    |
|---------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
|                     | Cost               | Accumulated depreciation | Carrying value     | Cost               | Accumulated depreciation | Carrying value     |
| Land and Buildings  | 64 202 573         | (581 315)                | 63 621 258         | 54 803 039         | (415 515)                | 54 387 524         |
| Plant and machinery | 65 738 698         | (42 200 143)             | 23 538 555         | 65 023 995         | (40 855 481)             | 24 168 514         |
| Motor vehicles      | 25 338 644         | (11 128 864)             | 14 209 780         | 24 455 759         | (11 727 529)             | 12 728 230         |
| Office equipment    | 7 959 431          | (4 205 935)              | 3 753 496          | 7 318 058          | (3 607 921)              | 3 710 137          |
| IT equipment        | 15 898 817         | (6 815 338)              | 9 083 479          | 13 377 897         | (5 168 391)              | 8 209 506          |
| <b>Total</b>        | <b>179 138 163</b> | <b>(64 931 595)</b>      | <b>114 206 568</b> | <b>164 978 748</b> | <b>(61 774 837)</b>      | <b>103 203 911</b> |

#### Reconciliation of property, plant and equipment - 2020

| Figures in Rand                 | Opening balance    | Additions         | Disposals          | Depreciation        | Closing balance    |
|---------------------------------|--------------------|-------------------|--------------------|---------------------|--------------------|
| Land and buildings              | 54 387 524         | 9 399 534         | -                  | (165 800)           | 63 621 258         |
| Technical equipment             | 24 168 514         | 5 060 229         | (308 339)          | (5 381 849)         | 23 538 555         |
| Motor vehicles                  | 12 728 230         | 5 573 253         | (1 158 034)        | (2 933 669)         | 14 209 780         |
| Office equipment and furniture  | 3 710 137          | 964 064           | (104 760)          | (815 945)           | 3 753 496          |
| Computer equipment and software | 8 209 506          | 3 158 119         | (174 390)          | (2 109 756)         | 9 083 479          |
| <b>Total</b>                    | <b>103 203 911</b> | <b>24 155 199</b> | <b>(1 745 523)</b> | <b>(11 407 019)</b> | <b>114 206 568</b> |

#### Reconciliation of property, plant and equipment - 2019

| Figures in Rand                 | Opening balance   | Additions         | Disposals          | Revaluations     | Depreciation        | Closing balance    |
|---------------------------------|-------------------|-------------------|--------------------|------------------|---------------------|--------------------|
| Land and buildings              | 45 265 089        | 6 906 365         | (3 658 433)        | 5 963 666        | (89 163)            | 54 387 524         |
| Technical equipment             | 27 114 320        | 2 702 042         | (94 748)           | -                | (5 553 100)         | 24 168 514         |
| Motor vehicles                  | 11 574 711        | 4 903 801         | (757 233)          | -                | (2 993 049)         | 12 728 230         |
| Office equipment and furniture  | 2 773 322         | 1 645 161         | (41 973)           | -                | (666 373)           | 3 710 137          |
| Computer equipment and software | 6 251 303         | 4 044 443         | (102 955)          | -                | (1 983 285)         | 8 209 506          |
| <b>Total</b>                    | <b>92 978 745</b> | <b>20 201 812</b> | <b>(4 655 342)</b> | <b>5 963 666</b> | <b>(11 284 970)</b> | <b>103 203 911</b> |

#### Change in accounting estimate: Useful Lives

The useful lives were extended based on the expectation that the classes of property, plant and equipment will be used for longer periods than initially expected. Management's expectation is based on historical practice.

The affected class of property, plant and equipment is Technical equipment, Computer equipment, Office equipment and Motor Vehicles. The useful lives have been revised for the period of 1 year up to 3 years. The change in the useful lives was accounted for on a prospective basis as of 1 April 2019. The increase in the useful lives has resulted in a decrease in depreciation for the current and future periods amounting to R64 370.

### Revaluations

The company's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The fair value measurements as of 31 March 2019 were performed by RA Gibbons, AEI (Zim), FIV (SA), independent valuers not related to the company. RA Gibbons are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair values of office buildings have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The most significant assumption in the valuation process, was a premium of 5% on similar buildings due to a premium on quality of the building.

The carrying value of the revalued assets under the cost model (excluding depreciation) would have been:

| Figures in Rand | 2020              | 2019              |
|-----------------|-------------------|-------------------|
| Pinelands       | 15 578 123        | 11 205 112        |
| George          | 395 179           | 395 179           |
| Worcester       | 1 592 653         | 1 592 653         |
| Paarl           | 9 024 036         | 3 997 514         |
|                 | <b>26 589 991</b> | <b>17 190 458</b> |

### Details of properties

#### Pinelands

An office block situated in Old Mill Road, Pinelands, erected on remained of freehold erf 24179, Cape Town at Maitland (in extent 1,3093 hectares) in the municipality of Pinelands, under Deed of Transfer No T39826/88

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| - Acquisition cost: 14 July 1988 | 2 811 236         | 2 811 236         |
| - Improvements since acquisition | 12 766 887        | 8 393 876         |
| - Revaluation                    | 32 569 732        | 32 569 732        |
|                                  | <b>48 147 855</b> | <b>43 774 844</b> |

#### George

An office building situated at Courtney Street, George, Sections 4,9,10 and 11 of Sectional Plan No 55217/93 of Medical Centre (in extent 354 square metres) in the Municipality of George, under Deed of Transfer No T10014/93

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| - Acquisition cost: 28 June 1993 | 160 200          | 160 200          |
| - Improvements since acquisition | 234 979          | 234 979          |
| - Revaluation                    | 2 780 207        | 2 780 207        |
|                                  | <b>3 175 386</b> | <b>3 175 386</b> |

#### Worcester

An office building situated at 26 Napier Street, Worcester, erected on Freehold erf 15375 (in extent 1736 square metres) in the Municipality and Division of Worcester, under Deed of Transfer No T38986/94

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| - Acquisition cost: 10 June 1994 | 505 697          | 505 697          |
| - Improvements since acquisition | 1 086 956        | 1 086 956        |
| - Revaluation                    | 2 262 642        | 2 262 642        |
|                                  | <b>3 855 295</b> | <b>3 855 295</b> |

#### Paarl

Erf 31275 Paarl, situated in the proposed township of Zandwyk Park Development, under Deed of transfer No T15496/2018

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| - Acquisition cost: April 2018   | 1 776 285        | 1 776 285        |
| - Improvements since acquisition | 7 247 751        | 2 221 229        |
|                                  | <b>9 024 036</b> | <b>3 997 514</b> |

## 2 LEASES

### Company as a lessee

The company has lease contracts for various items of computer equipment, technical equipment and property rentals used in its operations. Leases of computer equipment generally have lease terms of 3 years, technical equipment generally has a lease term of 5 years and property rentals generally have a lease term of between 3 and 10 years.

The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period:

### Right-of-use assets

| Figures in Rand                 | Opening balance | Additions | Depreciation | Closing balance |
|---------------------------------|-----------------|-----------|--------------|-----------------|
| Land and buildings              | 9 720 411       | 88 851    | (2 177 928)  | 7 631 334       |
| Computer equipment and software | 1 244 155       | -         | (517 580)    | 726 575         |
| Technical equipment             | 1 934 670       | -         | (422 713)    | 1 511 957       |
|                                 | 12 899 236      | 88 851    | (3 118 221)  | 9 869 866       |

Set out below are the carrying amounts of lease liabilities and movements during the period:

### Lease liability

#### Figures in Rand

|                         |              |
|-------------------------|--------------|
| Opening balance         | (13 405 147) |
| Additions               | (88 851)     |
| Accretion of interest   | (1 213 133)  |
| Payments                | 3 663 082    |
| Forex adjustments       | (432 880)    |
|                         | (11 476 929) |
| Non-current liabilities | (8 900 761)  |
| Current liabilities     | (2 576 168)  |
|                         | (11 476 929) |

2020:

### Repayment terms

| Figures in Rand       | Contractual minimum lease payment | Future finance cost | Present value of minimum lease payments |
|-----------------------|-----------------------------------|---------------------|---|
| Due within 1 year     | 3 569 597                         | (993 427)           | 2 576 170                               |
| Between 1 and 2 years | 3 197 151                         | (741 742)           | 2 455 409                               |
| Between 2 and 3 years | 2 495 404                         | (533 775)           | 1 961 629                               |
| Between 3 and 4 years | 1 705 434                         | (358 026)           | 1 347 408                               |
| After 4 years         | 3 751 230                         | (614 917)           | 3 136 313                               |
|                       | 14 718 816                        | (3 241 887)         | 11 476 929                              |

The interest rate related to the lease liability is 10% pa.

2019:

**Repayment terms**

| Figures in Rand  | Not later than one year | Later than one year and not later than five years | Not later than five years |
|------------------|-------------------------|---|---------------------------|
| Operating leases | 3 507 458               | 8 901 166   | 2 324 030                 |

**The following are the amounts recognised in profit or loss:****Figures in Rand**

|   |                   |
|---|-------------------|
| Depreciation expense of right-of-use assets | 3 118 221         |
| Interest expense on lease liabilities       | 1 213 133         |
| Forex adjustment                            | 432 880           |
| Variable lease payments                     | 40 414 287        |
|   | <b>45 178 521</b> |

During the current financial year the company had total cash outflows for leases of R3 663 082. The company also had non-cash additions to right-of-use assets and lease liabilities of R88 851.

Included in the Ilex lease agreement is an amount for testing kits, however the payment is based on monthly usage and therefore this portion of the lease has not been capitalised, only the Panther equipment included in the agreement has been capitalised. The following provides information on the company's variable lease payments, including the magnitude in relation to fixed payments:

| Figures in Rand                    | Fixed payments   | Variable payments | Total             |
|------------------------------------|------------------|-------------------|-------------------|
| Fixed rent                         | 3 129 711        | -                 | 3 129 711         |
| Variable rent with minimum payment | 533 371          | 40 414 287        | 40 947 658        |
|                                    | <b>3 663 082</b> | <b>40 414 287</b> | <b>44 077 369</b> |

**Extension options**

Some leases of office buildings contain extension option exercisable by the company up to one year before the end of the non-cancelable contract period. Where applicable, the company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the company and not by the lessors. The company assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

### 3 INVESTMENTS

| Figures in Rand            | 2020              | 2019              |
|----------------------------|-------------------|-------------------|
| Liberty Investment         | 7 679 281         | 9 468 284         |
| Liberty Gateway Investment | 7 793 783         | 7 704 116         |
| Nedbank Investment         | 65 106 495        | 60 224 231        |
|                            | <b>80 579 559</b> | <b>77 396 631</b> |

#### Reconciliation of Investments

##### Liberty GateWay Investment

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Opening balance 1 April 2019     | 7 704 115        | 6 980 965        |
| Fair value movement for the year | 89 668           | 723 151          |
|                                  | <b>7 793 783</b> | <b>7 704 116</b> |

##### Liberty Investment

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Opening balance at 1 April 2019  | 9 468 284        | 9 176 210        |
| Fair value movement for the year | (1 789 003)      | 292 074          |
|                                  | <b>7 679 281</b> | <b>9 468 284</b> |

##### Nedbank Investment

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Opening balance at 1 April 2019  | 60 224 231        | 55 870 997        |
| Fair value movement for the year | 4 882 264         | 4 353 234         |
|                                  | <b>65 106 495</b> | <b>60 224 231</b> |

#### Non-current assets

|               |            |            |
|---------------|------------|------------|
| At fair value | 80 579 559 | 77 396 631 |
|---------------|------------|------------|

### 4 INVENTORY

|                  |                   |                   |
|------------------|-------------------|-------------------|
| Consumables      | 14 769 242        | 13 185 550        |
| Finished goods   | 8 662 897         | 7 014 862         |
| Raw materials    | 30 341 794        | 13 218 337        |
| Work in progress | 505 972           | 582 996           |
|                  | <b>54 279 905</b> | <b>34 001 745</b> |

## 5 TRADE AND OTHER RECEIVABLES

| Figures in Rand   | 2020        | 2019        |
|---|-------------|-------------|
| <b>Financial instruments</b>  |             |             |
| Gross trade receivables   | 63 865 638  | 61 503 958  |
| Impairment of trade debtors   | (3 606 402) | (3 761 866) |
| Deposits  | 9 551 308   | 2 024 391   |
| Prepayments   | 1 206 214   | 1 395 606   |
| Other receivables *   | 138 314     | 147 632     |
|   | 71 155 072  | 61 309 721  |
| <b>Non-financial instruments</b>  |             |             |
| Deposits  | 9 551 308   | 2 024 391   |
| Prepayments   | 1 206 214   | 1 395 606   |
|   | 10 757 522  | 3 419 997   |
| *Other receivables include sundry debtors and staff loans.  |             |             |
| <b>Categorisation of trade and other receivables</b>  |             |             |
| Trade and other receivables are categorised as follows in accordance with IFRS 9 - Financial Instruments: |             |             |
| At Amortised Cost   | 60 397 550  | 57 889 724  |
| Non-Financial Instruments   | 10 757 522  | 3 419 997   |
|   | 71 155 072  | 61 309 721  |

### Exposure to Credit Risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. The models make use of information submitted by the customers as well as external bureau data (where available). Customers credit limits are in place and are reviewed and approved by credit management committees. The exposure to risk and creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and process since the prior reporting period.

No interest is charged on trade receivables. The company assesses whether receivables over 120 days must be provided for because historical experience is such that receivables that are past due beyond 120 days are generally not recovered. Trade receivables between 90 days and 120 days are provided for based on estimated irrecoverable amounts.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry at the reporting date.

The estimation techniques explained have been applied for the first time in the previous financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

| Expected Credit Loss Rate:  | 2020<br>Estimated gross<br>carrying amount at<br>default | 2020<br>Loss allowance<br>(Lifetime expected<br>credit loss) | 2019<br>Estimated gross<br>carrying amount<br>at default | 2019<br>Loss allowance<br>(Lifetime expected<br>credit loss) |
|-----------------------------|--|--|--|--|
| Not past due: 6% (2019: 6%) | 64 003 952   | (3 606 402)  | 61 741 590   | (3 761 866)  |

**Fair value of trade and other receivables**

The fair value of trade and other receivables approximates their carrying amounts.

## 6 CASH AND CASH EQUIVALENTS

| Figures in Rand                       | 2020       | 2019       |
|---------------------------------------|------------|------------|
| Cash and cash equivalents consist of: |            |            |
| Bank balances                         | 87 748 634 | 59 071 754 |
| Cash at bank and on hand              | 38 148     | 42 036     |
|                                       | 87 786 782 | 59 113 790 |

Standard Bank Limited had issued guarantees to the value of R50 000.

## 7 FEC Asset

|                                     |           |         |
|-------------------------------------|-----------|---------|
| Fair value of FEC asset at year end | 5 167 865 | 542 486 |
|-------------------------------------|-----------|---------|

Refer to Note 27 Financial instruments and risk management for details of liquidity risk exposure and management

## 8 RETIREMENT BENEFIT INFORMATION

**Defined contribution plan**

The company continues to contribute to the Western Cape Blood Service Retirement Fund which is a defined contribution plan. The fund is registered under and governed by the Pension Funds Act, 1956 as amended. All of the company's permanent employees belong to the fund. The Financial Services Board now requires a fund to analyse the membership of the Fund in terms of citizenship. The Fund together with the Fund benefit administrator, is in the process of analysing membership. With effect 1 September 2017 the Fund switched from being a stand alone fund to an umbrella fund. At 31 December 2019, 497 employees (2018: 499 employees) belonged to the defined contribution plan.

**Post-retirement medical benefits**

The company offers medical aid schemes for the benefit of permanent employees. Members of the defined benefit retirement plan and certain pensioners are entitled to post retirement contributions. At the year-end there were 3 pensioners who were entitled to medical benefits consisting of a subsidy of a portion of the medical aid. Full actuarial valuations are performed on an annual basis. The last actuarial valuation was performed as at 31 March 2020, using the projected unit credit valuation method.

Principal actuarial assumptions at the reporting date:

|                            |        |
|----------------------------|--------|
| Discount rate              | 12.10% |
| Health care cost inflation | 8.40%  |
| Average retirement age     | 55     |

The provision for post-retirement health care benefits determined in terms of IAS19 is as follows:

| Figures in Rand                      | 2020      | 2019      |
|--------------------------------------|-----------|-----------|
| <b>Funding liability</b>             |           |           |
| Balance at the beginning of the year | 1 400 000 | 1 662 000 |
| - interest                           | 131 000   | 141 000   |
| - benefit payments                   | (114 000) | (120 000) |
| - actuarial gain                     | (127 000) | (283 000) |
|                                      | 1 290 000 | 1 400 000 |

Post-retirement health care benefits expense included in profit or loss is as follows:

- interest cost
- Total expenses/(gain) included in personnel costs

A quantitative sensitivity analysis for significant assumptions as at 31 March 2020 is as follows:

|                                    | Accrued<br>liability 31<br>March 2020 | % Change |
|------------------------------------|---------------------------------------|----------|
| <b>HEALTH CARE COST INFLATION:</b> |                                       |          |
| Central assumption - 8.4%          | 1 290 000                             | - %      |
| -1%                                | 1 197 000                             | (7.2)%   |
| +1%                                | 1 394 000                             | 8.1 %    |

|                             | Current<br>service cost<br>and interest<br>cost<br>2020/2021 | % Change |
|-----------------------------|--|----------|
| <b>SENSITIVITY RESULTS:</b> |  |          |
| Central assumption - 8.4%   | 148 000  | - %      |
| -1%                         | 137 000  | 8.8 %    |
| +1%                         | 161 000  | 8.1 %    |

|                                    | Accrued<br>liability 31<br>March 2020 | % Change |
|------------------------------------|---------------------------------------|----------|
| <b>HEALTH CARE INFLATION COST:</b> |                                       |          |
| Central assumption - 8.4%          | 1 290 000                             | - %      |
| +5 % for 5 years                   | 1 512 000                             | 17.2 %   |
| +10% for 5 years                   | 1 680 000                             | 30.2 %   |

|                             | Accrued<br>liability 31<br>March 2020 | % Change |
|-----------------------------|---------------------------------------|----------|
| <b>DISCOUNT RATE:</b>       |                                       |          |
| Central assumption - 12.10% | 1 290 000                             | - %      |
| -1%                         | 1 395 000                             | 8.1 %    |
| +1%                         | 1 198 000                             | (7.1)%   |

|                                 | Accrued<br>liability 31<br>March 2020 | % Change |
|---------------------------------|---------------------------------------|----------|
| <b>EXPECTED RETIREMENT AGE:</b> |                                       |          |
| Central assumption - 55 years   | 1 290 000                             | - %      |
| 1 year younger                  | 1 290 000                             | - %      |
| 1 year older                    | 1 290 000                             | - %      |

|                                    | Accrued<br>liability 31<br>March 2019 | % Change |
|------------------------------------|---------------------------------------|----------|
| <b>HEALTH CARE INFLATION COST:</b> |                                       |          |
| Central assumption - 7.9%          | 1 400 000                             | - %      |
| -1%                                | 1 285 000                             | (8.2)%   |
| +1%                                | 1 533 000                             | 9.5 %    |

|                             | Current<br>service cost<br>and interest<br>cost<br>2019/2020 | % Change |
|-----------------------------|--|----------|
| <b>SENSITIVITY RESULTS:</b> |  |          |
| Central assumption - 7.9%   | 131 000  | - %      |
| -1%                         | 120 000  | (8.4)%   |
| +1%                         | 144 000  | 9.9 %    |

|                                    | Accrued<br>liability 31<br>March 2019 | % Change |
|------------------------------------|---------------------------------------|----------|
| <b>HEALTH CARE INFLATION COST:</b> |                                       |          |
| Central assumption - 7.9%          | 1 400 000                             | - %      |
| +5 % for 5 years                   | 1 668 000                             | 19.1 %   |
| +10% for 5 years                   | 1 871 000                             | 33.6 %   |

|                           | Accrued<br>liability 31<br>March 2019 | % Change |
|---------------------------|---------------------------------------|----------|
| <b>DISCOUNT RATE:</b>     |                                       |          |
| Central assumption - 9.8% | 1 400 000                             | - %      |
| -1%                       | 1 285 000                             | (8.2)%   |
| +1%                       | 1 535 000                             | 9.6 %    |

|                                 | Accrued<br>liability 31<br>March 2019 | % Change |
|---------------------------------|---------------------------------------|----------|
| <b>EXPECTED RETIREMENT AGE:</b> |                                       |          |
| Central assumption - 55 years   | 1 400 000                             | - %      |
| 1 year younger                  | 1 400 000                             | - %      |
| 1 year older                    | 1 400 000                             | - %      |

## 9 TRADE AND OTHER PAYABLES

| Figures in Rand  | 2020              | 2019              |
|--|-------------------|-------------------|
| Trade payables   | 50 476 499        | 24 414 314        |
| Other payables: Salary Creditors   | 6 187 871         | 3 139 865         |
| Other payables: Sundry Payables  | 6 642 603         | 4 017 740         |
| VAT  | 1 715 446         | 2 881 409         |
| Loan from South African Society for Blood Transfusion                          | 1 027 711         | -                 |
|  | <b>66 050 130</b> | <b>34 453 328</b> |
| *Other payables include sundry creditors, accruals and other salary creditors. |                   |                   |
| <b>Non-financial instruments</b>   |                   |                   |
| VAT payable  | 1 715 446         | 2 881 409         |

### Exposure to Liquidity Risk

Refer to Note 27 Financial instruments and risk management for details of liquidity risk exposure and management.

### Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

## 10 PROVISIONS

### Reconciliation of provisions - 2020

| Figures in Rand     | Opening balance   | Arising during the year | Utilised during the year | Total             |
|---------------------|-------------------|-------------------------|--------------------------|-------------------|
| Leave pay provision | 14 947 904        | 18 351 571              | (17 498 801)             | 15 800 674        |
| Bonus provision     | 10 890 026        | 13 427 558              | (10 890 026)             | 13 427 558        |
|                     | <b>25 837 930</b> | <b>31 779 129</b>       | <b>(28 388 827)</b>      | <b>29 228 232</b> |

### Reconciliation of provisions - 2019

| Figures in Rand     | Opening balance   | Arising during the year | Utilised during the year | Total             |
|---------------------|-------------------|-------------------------|--------------------------|-------------------|
| Leave pay provision | 14 500 062        | 16 730 030              | (16 282 188)             | 14 947 904        |
| Bonus provision     | 10 452 159        | 10 890 026              | (10 452 159)             | 10 890 026        |
|                     | <b>24 952 221</b> | <b>27 620 056</b>       | <b>(26 734 347)</b>      | <b>25 837 930</b> |

## 11 TURNOVER

| Figures in Rand   | 2020               | 2019               |
|---|--------------------|--------------------|
| Turnover  | 464 680 738        | 435 947 768        |
| Turnover  | 476 122 871        | 449 921 637        |
| Interest received - bank deposits                       | (10 442 840)       | (7 893 481)        |
| Interest received - amortisation of debtors             | (999 293)          | (6 080 388)        |
|   | <b>464 680 738</b> | <b>435 947 768</b> |
| Disaggregation of revenue from contracts with customers |                    |                    |
| Sale of Goods   | 464 680 738        | 435 947 768        |
| Timing of Revenue Recognition                           |                    |                    |
| At a point in time - Sale of Goods                      | 464 680 738        | 435 947 768        |

## 12 COST OF SALES

| Figures in Rand          | 2020               | 2019               |
|--------------------------|--------------------|--------------------|
| <b>Sale of goods</b>     |                    |                    |
| Cost of inventories sold | 145 112 545        | 140 850 215        |
|                          | <b>145 112 545</b> | <b>140 850 215</b> |

Cost of sales includes the historical cost of inventory expensed during the year.

## 13 OTHER INCOME

|   |                   |                   |
|---|-------------------|-------------------|
| Fair value gain on investments  | 3 182 929         | 5 368 458         |
| Grant income  | 271 129           | 68 136            |
| Gain on financial derivatives   | 6 012 173         | 4 207 784         |
| Net surplus on scrapping or disposal of property, plant and equipment | 1 182 119         | 1 319 072         |
| Professional development fund income                                  | 10 755            | 30 911            |
| Sundry income   | 1 496 391         | 831 148           |
|   | <b>12 155 496</b> | <b>11 825 509</b> |

### Grant income

Grant income from the Health and Welfare SETA (HWSETA) is received for the purpose of skills development and training and is recognised as income when the costs that the funding is intended to cover are incurred. All grant income for the year has been received and no amounts were owing at year end.

## 14 OPERATING EXPENSES

Operating expenses consist of these main components:

|   |                    |                    |
|---|--------------------|--------------------|
| Auditors remuneration                   | 433 823            | 403 014            |
| Bad debts                               | 3 952 926          | 3 269 575          |
| Cleaning                                | 2 012 539          | 1 828 147          |
| Computer expenses                       | 3 275 968          | 3 032 545          |
| Depreciation                            | 14 525 240         | 11 284 969         |
| Employee cost                           | 215 635 608        | 195 431 083        |
| Motor vehicle expenses                  | 3 442 837          | 3 442 541          |
| Municipal expenses                      | 3 261 296          | 3 814 391          |
| Professional consultants                | 4 016 306          | 3 030 909          |
| Railage, cartage and airfreight         | 9 165 413          | 8 437 083          |
| Rentals paid                            | 2 035 463          | 3 825 783          |
| Repairs and maintenance                 | 7 283 109          | 5 440 348          |
| Service contracts                       | 4 976 967          | 4 293 900          |
| Surplus or loss on exchange differences | 5 890 971          | 2 528 600          |
| Training                                | 2 202 292          | 1 540 390          |
| Other expenses                          | 13 453 726         | 11 759 786         |
|   | <b>295 564 484</b> | <b>263 363 064</b> |

## 15 INTEREST RECEIVED

| Figures in Rand         | 2020             | 2019             |
|-------------------------|------------------|------------------|
| Amortisation of debtors | 999 293          | 6 080 388        |
| Bank                    | 5 560 575        | 3 540 247        |
|                         | <b>6 559 868</b> | <b>9 620 635</b> |

## 16 FINANCE COSTS

|                             |                  |            |
|-----------------------------|------------------|------------|
| Interest on lease liability | 1 213 133        | -          |
| Interest on late payment    | 3 728            | 878        |
|                             | <b>1 216 861</b> | <b>878</b> |

## 17 OTHER COMPREHENSIVE SURPLUS

|                                   |                |                  |
|-----------------------------------|----------------|------------------|
| Net actuarial gains               | 127 000        | 283 000          |
| Revaluation on land and buildings | -              | 5 963 666        |
|                                   | <b>127 000</b> | <b>6 246 666</b> |

## 18 NON-DISTRIBUTABLE RESERVE

|   |                  |                  |
|---|------------------|------------------|
| <b>Professional Development fund surplus</b>  |                  |                  |
| Balance beginning of year   | 1 477 387        | 1 360 396        |
| Notional interest   | 102 670          | 116 991          |
|   | <b>1 580 057</b> | <b>1 477 387</b> |
| The Professional Development Fund was established with surplus funds from hosting International Society of Blood Transfusion Congress in 2006. The essential purpose of the fund is to support staff in further education and training. |                  |                  |
| <b>Training Development fund</b>  |                  |                  |
| Balance beginning of year   | 1 008 200        | 1 008 200        |
| <b>Total Non-distributable reserve</b>  |                  |                  |
| Professional Development fund surplus   | 1 580 057        | 1 477 387        |
| Training Development fund   | 1 008 200        | 1 008 200        |
|   | <b>2 588 257</b> | <b>2 485 587</b> |

## 19 REVALUATION RESERVE

|   |                   |                   |
|---|-------------------|-------------------|
| Revaluation at the beginning of the year  | 37 612 581        | 31 572 776        |
| Net gain on revalued property through OCI | -                 | 5 963 666         |
| Asset held for sale transfer              | -                 | 76 139            |
|   | <b>37 612 581</b> | <b>37 612 581</b> |

## 20 PRODUCT LIABILITY RESERVE

The Product Liability Reserve has been established as a non-distributable reserve to cover potential uninsurable product liability claims.

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year | 20 000 000        | 17 393 299        |
| Transfer from retained earnings      | 5 000 000         | 2 606 701         |
|                                      | <b>25 000 000</b> | <b>20 000 000</b> |

## 21 CASH GENERATED FROM OPERATIONS

| Figures in Rand   | 2020              | 2019              |
|---|-------------------|-------------------|
| Surplus for the year  | 41 502 212        | 53 179 755        |
| <b>Adjustments for:</b>   |                   |                   |
| Depreciation and amortisation of property plant and equipment and right-of-use assets | 14 525 240        | 11 284 970        |
| Profit on sale of assets  | (1 182 119)       | (1 319 072)       |
| Interest received   | (5 560 575)       | (3 540 247)       |
| Finance costs   | 1 216 861         | 878               |
| Post retirement medical aid benefits  | (110 000)         | (262 000)         |
| Net gain on actuarial reserves  | 127 000           | 283 000           |
| Fair value gain on investments  | (3 182 929)       | (5 368 458)       |
| FEC asset   | (4 625 379)       | (4 363 505)       |
| Provisions  | 3 390 302         | 589 074           |
| Lease liability   | -                 | 90 751            |
| Foreign exchange gain/ (loss)   | 432 880           | -                 |
| <b>Changes in working capital:</b>  |                   |                   |
| Inventory   | (20 278 160)      | (9 069 826)       |
| Trade and other receivables   | (9 845 351)       | (11 257 163)      |
| Trade and other payables  | 31 596 802        | (444 327)         |
|   | <b>48 006 784</b> | <b>29 803 830</b> |

## 22 TAXATION

No provision has been made for taxation as the income of the company is exempt in terms of Section 10 (cN) of the Income Tax Act, 1962.

## 23 EMPLOYEE COST

| <b>Employee costs</b>              |                    |                    |
|------------------------------------|--------------------|--------------------|
| Bonuses                            | 23 320 453         | 20 115 684         |
| Contribution to medical aid        | 15 875 697         | 14 795 551         |
| Non-execs directors fees           | 340 481            | 225 436            |
| Other salary related payments      | 7 929 842          | 7 050 620          |
| Overtime and Night Shift Allowance | 8 692 305          | 5 526 863          |
| Salaries and wages                 | 138 515 911        | 128 597 134        |
| Salary company contributions       | 20 960 920         | 19 119 796         |
|                                    | <b>215 635 609</b> | <b>195 431 084</b> |

## 24 DIRECTORS' REMUNERATION

### Executive

**2020**

| Figures in Rand | Basic Salaries | Contributions<br>to Retirement<br>Fund |         | Car Allowance | Medical Aid | Bonuses | Total     |
|-----------------|----------------|--|---------|---------------|-------------|---------|-----------|
|                 |                |  |         |               |             |         |           |
| Dr G Bellairs   | 2 369 182      | 316 149                                | 259 185 | 57 035        | 141 195     | 141 195 | 3 142 746 |
| Ms N du Toit    | 2 168 622      | 288 839                                | 259 185 | 50 188        | 128 997     | 128 997 | 2 895 831 |
| Total           | 4 537 804      | 604 988                                | 518 370 | 107 223       | 270 192     | 270 192 | 6 038 577 |

**2019**

|               | Basic Salaries | Contributions<br>to Retirement<br>Fund |         | Car Allowance | Medical Aid | Bonuses | Total     |
|---------------|----------------|--|---------|---------------|-------------|---------|-----------|
|               |                |  |         |               |             |         |           |
| Dr G Bellairs | 2 183 519      | 292 405                                | 247 810 | 54 159        | 131 187     | 131 187 | 2 909 081 |
| Ms N du Toit  | 1 994 682      | 267 146                                | 247 810 | 40 236        | 119 854     | 119 854 | 2 669 728 |
| Total         | 4 178 201      | 559 551                                | 495 621 | 94 395        | 251 041     | 251 041 | 5 578 809 |

### Non-Executive

**2020**

|                    | Directors' fees | Total   |
|--------------------|-----------------|---------|
| Mr P K Slack       | 34 220          | 34 220  |
| Dr A R Bird        | 34 284          | 34 284  |
| Mr M R Burton*     | 30 432          | 30 432  |
| Prof B D L Figaji* | 11 159          | 11 159  |
| Dr A Huggett       | 36 211          | 36 211  |
| Mr D M Ndebele     | 34 285          | 34 285  |
| Mr R Ramsbottom*   | 32 358          | 32 358  |
| Prof V J Louw      | 38 137          | 38 137  |
| Mr P J Veldhuizen  | 33 128          | 33 128  |
| Dr C F Ingram      | 38 137          | 38 137  |
| Mrs N Dhevcharran* | 18 130          | 18 130  |
| Total              | 340 481         | 340 481 |

\* Member of audit committee

**2019**

|                   | Directors' fees | Total   |
|-------------------|-----------------|---------|
| Mr P K Slack      | 28 721          | 28 721  |
| Dr A R Bird       | 16 435          | 16 435  |
| Mr M R Burton     | 22 856          | 22 856  |
| Prof B D L Figaji | 26 709          | 26 709  |
| Dr A Huggett      | 22 856          | 22 856  |
| Mr D M Ndebele    | 24 140          | 24 140  |
| Mr R Ramsbottom   | 24 140          | 24 140  |
| Prof V J Louw     | 20 288          | 20 288  |
| Mr P J Veldhuizen | 20 288          | 20 288  |
| Dr C F Ingram     | 19 003          | 19 003  |
| Total             | 225 436         | 225 436 |

## 25 CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards on a basis consistent with the prior year except for the following:

### IFRS 16 Leases

IFRS 16 supercedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Lease-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

|                     |            |
|---------------------|------------|
| <b>Assets</b>       |            |
| Right-of-use assets | 12 899 235 |
| <b>Equity</b>       |            |
| Retained earnings   | (326 405)  |
| <b>Liabilities</b>  |            |
| Lease liability     | 13 225 640 |

The company contracts for various items of computer equipment, technical equipment and property rentals. Before the adoption of IFRS 16, the company classified each of its leases (as lessee) at the inception date as an operating lease. Refer to the IAS 17 accounting policy for the treatment of leases prior to 1 January 2019.

Upon adoption of IFRS 16, the company applied a single recognition and measurement approach for all leases. Refer to IFRS 16 accounting policy beginning 1 January 2019. The standard specific transition requirements and practical expedients, which have been applied by the company.

### Leases accounted for as operating leases

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct cost from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of R12 899 235 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of R13 225 640 were recognised. Previously recognised as operating lease liabilities.
- The net effect of these adjustments had been adjusted to retained earnings of R 326 405.

**Figures in Rand**

| <b>LEASE LIABILITIES</b>                                       |  |                   |
|--|--|-------------------|
| Operating lease liability as at 31 March 2019                  |  | 179 506           |
| Reversal of lease smoothing adjustment                         |  | (179 506)         |
| Commitments disclosed in 2019 annual financial statements      |  | 14 732 654        |
| Adjustments to commitments                                     |  | -                 |
| - Monthly operating cost not included in commitment disclosure |  | 84 627            |
| - Renewal periods not included in commitment disclosure        |  | 878 289           |
| - New lease not included in prior year commitment disclosure   |  | 2 233 746         |
| - Adjustments due to variable rates (CPIX, forex rates)        |  | (57 415)          |
|  |  | <b>17 871 901</b> |
| Weighted average incremental borrowing rate as at 1 April 2019 |  | 9.99 %            |
| <b>Lease liabilities as at 1 April 2019</b>                    |  | <b>13 405 146</b> |

The expenditure will be financed from cash generated from normal business operations and covers the replacement and maintenance of technical equipment, motor vehicles, office equipment, furniture, computer equipment and software.

## 26 COMMITMENTS

**Figures in Rand**

2020

2019

| <b>CAPITAL COMMITMENTS</b> |                   |                   |
|----------------------------|-------------------|-------------------|
| - contracted for           | 1 600 000         | 382 854           |
| - not contracted for       | 13 012 196        | 48 772 892        |
|                            | <b>14 612 196</b> | <b>49 155 746</b> |

## 27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's exposure to interest rate risk can be quantified as follows:

**Cash and bank balance exposed to interest rate risk**

Income statement effect of interest rate risk to above balance:

|                               |           |           |
|-------------------------------|-----------|-----------|
| 1% increase in interest rates | 877 868   | 591 138   |
| 1% decrease in interest rates | (877 868) | (591 138) |

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency).

| Figures in Rand   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>CURRENT ASSETS/ (LIABILITIES)</b>  |                   |                   |
| 2020: USD 2 034 197   | 36 500 607        | -                 |
| 2019: USD 984 473   | -                 | 14 378 227        |
|   | <b>36 500 607</b> | <b>14 378 227</b> |
| <b>Exchange rates at 31 March used for conversion of foreign items were</b> |                   |                   |
| USD   | 17.9435           | 14.605            |

The spot rate on 31 March was used to revalue foreign currency balances at year end.

At 31 March 2020, if the currency had weakened/ strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been R3 650 061 higher/lower (2019: R1 437 823) mainly as a result of foreign exchange gains or losses on translation of US dollar denominated financial liabilities at fair value measured to amortised cost.

#### Equity price risk

The company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the company's management on a regular basis. The company's Board of Directors reviews and approves all equity investment decisions.

The company is exposed to price risk through their investment holdings.

#### Sensitivity analysis

##### The company's exposure to price risk can be quantified as follows:

|                               |           |
|-------------------------------|-----------|
| Increase in investment of 10% | 8 057 956 |
| Decrease in investment of 10% | 7 290 028 |

The sensitivity of the investment in relation to the decrease as a result of the price risk are related only to the Gateway Investment of R7 793 783 and the Nedbank Investment of R65 106 495 as there is no downside risk to the Liberty Investment of R7 679 281.

#### Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

**2020**

| Figures in Rand          | Less than 12 months | Total              | Carrying Amount    |
|--------------------------|---------------------|--------------------|--------------------|
| Trade and Other Payables | 64 334 684          | 64 334 684         | 64 334 684         |
| Provisions               | 29 228 232          | 29 228 232         | 29 228 232         |
| Lease Liability          | 3 569 595           | 14 718 814         | 11 476 929         |
|                          | <b>97 132 511</b>   | <b>108 281 730</b> | <b>105 039 845</b> |
|                          | 31 571 918          | 31 571 918         | 31 571 918         |

**2019**

| Figures in Rand          | Less than 12 months | Total             | Carrying Amount   |
|--------------------------|---------------------|-------------------|-------------------|
| Trade and Other Payables | 31 571 918          | 31 571 918        | 31 571 918        |
| Provisions               | 25 837 930          | 25 837 930        | 25 837 930        |
| Lease Liability          | 3 507 458           | 11 225 196        | 179 506           |
|                          | <b>60 917 306</b>   | <b>68 635 044</b> | <b>57 589 354</b> |

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The company is exposed to credit risk on trade and other receivables, cash and cash equivalents and cash deposits.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

## 2020

| Figures in Rand             | Gross Carrying Amount | Credit Loss Allowance | Amortised Cost     |
|-----------------------------|-----------------------|-----------------------|--------------------|
| Trade and Other Receivables | 64 003 952            | (3 606 402)           | 60 397 550         |
| Cash and Cash Equivalents   | 87 786 782            | -                     | 87 786 782         |
|                             | <b>151 790 734</b>    | <b>(3 606 402)</b>    | <b>148 184 332</b> |

## 2019

| Figures in Rand             | Gross Carrying Amount | Credit Loss Allowance | Amortised Cost     |
|-----------------------------|-----------------------|-----------------------|--------------------|
| Trade and Other Receivables | 61 741 590            | (3 761 866)           | 57 979 724         |
| Cash and Cash Equivalents   | 59 113 790            | -                     | 59 113 790         |
|                             | <b>120 855 380</b>    | <b>(3 761 866)</b>    | <b>117 093 514</b> |

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

## 28 FAIR VALUE INFORMATION

### Fair value hierarchy

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Property, plant and equipment

Recurring fair value measurements - Level 3

| Figures in Rand | 2020 | 2019              |
|-----------------|------|-------------------|
| <b>ASSETS</b>   |      |                   |
| Pinelands       | -    | 43 409 032        |
| Paarl           | -    | 3 997 523         |
| George          | -    | 3 149 998         |
| Worcester       | -    | 3 844 096         |
|                 | -    | <b>54 400 649</b> |

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

| 2020      | Opening balance at fair value | Additions        | Revaluation | Disposals | Depreciation     | Closing balance at fair value |
|-----------|-------------------------------|------------------|-------------|-----------|------------------|-------------------------------|
| Pinelands | 43 409 032                    | 1 433 389        | -           | -         | (140 631)        | 44 701 790                    |
| Paarl     | 3 997 523                     | 94 806           | -           | -         | (394)            | 4 091 935                     |
| George    | 3 149 998                     | -                | -           | -         | (3 204)          | 3 146 794                     |
| Worcester | 3 844 096                     | -                | -           | -         | (21 571)         | 3 822 525                     |
|           | <b>54 400 649</b>             | <b>1 528 195</b> | <b>-</b>    | <b>-</b>  | <b>(165 800)</b> | <b>55 763 044</b>             |

| 2019      | Opening balance at fair value | Additions        | Revaluation      | Disposals          | Depreciation    | Closing balance at fair value |
|-----------|-------------------------------|------------------|------------------|--------------------|-----------------|-------------------------------|
| Pinelands | 35 610 773                    | 2 908 851        | 4 953 796        | -                  | (64 388)        | 43 409 032                    |
| Paarl     | 3 658 442                     | 3 997 514        | -                | (3 658 433)        | -               | 3 997 523                     |
| George    | 2 651 916                     | -                | 501 286          | -                  | (3 204)         | 3 149 998                     |
| Worcester | 3 357 083                     | -                | 508 584          | -                  | (21 571)        | 3 844 096                     |
|           | <b>45 278 214</b>             | <b>6 906 365</b> | <b>5 963 666</b> | <b>(3 658 433)</b> | <b>(89 163)</b> | <b>54 400 649</b>             |

Owner -Occupied Property - Owner occupied property held at revalued amount

Owner Occupied Property - commercial property for leasing is determined by applying a comparable sales method, using price per square metre for buildings, gross rentals in the market and applying a capitalisation rate.

#### Pinelands Actual Inputs

Price per square metre - Rands R85.00

#### Paarl Actual Inputs

Price per square metre - Rands R60.00

#### George Actual Inputs

Price per square metre - Rands R90.00

#### Worcester Actual Inputs

Price per square metre - Rands R45.00

The higher the price per square metre, the higher the fair value.

The carrying amount of all other financial assets and liabilities not disclosed above approximates fair value.

#### Investments

Fair value measurements of Level 1 investments are based on quoted prices and Fair Value Measurement of Level 2 Investments

|                     |         |           |                   |                   |
|---------------------|---------|-----------|-------------------|-------------------|
| Gateway Investments | Level 1 | 31-Mar-20 | 7 793 783         | 7 704 116         |
| Nedbank Investment  | Level 1 | 31-Mar-20 | 65 106 495        | 60 224 231        |
| Liberty Investment  | Level 2 | 31-Mar-20 | 7 679 281         | 9 468 284         |
|                     |         |           | <b>80 579 559</b> | <b>77 396 631</b> |

The carrying value of all other financial assets and liabilities not disclosed in the fair value note approximates fair value.

## 29 GOING CONCERN

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

As a result of the lockdown, the company has reassessed its ability to continue to operate over the foreseeable future. The company is confident that through the actions that have been taken, including engagement with stakeholders, as well as the cost saving initiatives which have been implemented since the commencement of lockdown, combined with the company's liquidity position will allow the company to continue to operate as a going concern.

The company has reviewed its debtors recoverability and believe that the provision raised at year end should still be sufficient.

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

## 30 EVENTS AFTER THE REPORTING PERIOD

Whilst the effects of the global outbreak the COVID-19 virus on the company is continually being reassessed, the full impact of the lockdown announced on 23 March 2020 remains unknown. During the nationwide lockdown we were able to trade as we were considered to be an essential service, however there has been a decrease in our sales figures during the period before date of signature of the annual financial statements. This is mainly due to elective surgeries being postponed and there has been a decrease in the number of trauma cases during lockdown. The effect of COVID- 19 has resulted in a decrease in sales figures for the two months succeeding year end compared to the comparative period. The high level of uncertainty, due to the unpredictable outcomes of this disease, complicates the estimation of the financial effects of the outbreak and as a result could materially impact the results of the company negatively and the assumptions applied in our assessment of provisions and impairment considerations.

## DETAILED INCOME STATEMENT

| Figures in Rand  | Notes | 2020                 | 2019                 |
|--|-------|----------------------|----------------------|
| <b>REVENUE</b>   |       |                      |                      |
| Turnover   |       | 464 680 738          | 435 947 768          |
| <b>COST OF SALES</b>   |       |                      |                      |
| Collections  |       | 878                  | 205 052              |
| Testing  |       | 11 284 970           | 11 593 276           |
| Product cost   |       | (262 000)            | (407 000)            |
|  | 12    | <b>(145 112 545)</b> | <b>(140 850 215)</b> |
| <b>Gross surplus</b>   |       | <b>319 568 193</b>   | <b>295 097 553</b>   |
| <b>OTHER INCOME</b>  |       |                      |                      |
| Fair value gain on investments   |       | 3 182 929            | 5 368 458            |
| Gain on financial derivatives  |       | 6 012 173            | 4 207 784            |
| Grant income   |       | 271 129              | 68 136               |
| Net surplus and scrapping on disposal of property, plant and equipment |       | 1 182 119            | 1 319 072            |
| Professional development fund income                                   |       | 10 755               | 30 911               |
| Sundry income  |       | 1 496 391            | 831 148              |
|  |       | <b>12 155 496</b>    | <b>11 825 509</b>    |
| <b>Expenses (Refer to page 46)</b>                                     |       | <b>(295 564 484)</b> | <b>(263 363 064)</b> |
| <b>Operating surplus</b>   |       | <b>36 159 205</b>    | <b>43 559 998</b>    |
| Interest received  | 15    | 6 559 868            | 9 620 635            |
| Finance costs  | 16    | (1 216 861)          | (878)                |
|  |       | <b>5 343 007</b>     | <b>9 619 757</b>     |
| <b>Surplus for the year</b>  |       | <b>41 502 212</b>    | <b>53 179 755</b>    |

## DETAILED INCOME STATEMENT

| Figures in Rand                         | Notes | 2020                 | 2019                 |
|---|-------|----------------------|----------------------|
| <b>OPERATING EXPENSES</b>               |       |                      |                      |
| Accounting fees                         |       | (258 277)            | (365 711)            |
| Accreditation fees                      |       | (175 168)            | (163 989)            |
| Archival storage                        |       | (381 390)            | (341 517)            |
| Auditors remuneration                   |       | (433 823)            | (403 014)            |
| Bad debts                               |       | (3 952 926)          | (3 269 575)          |
| Bank charges                            |       | (255 690)            | (260 914)            |
| Canteen expenses                        |       | (890 679)            | (869 427)            |
| Cleaning                                |       | (2 012 539)          | (1 828 147)          |
| Clinic general equipment                |       | (63 056)             | (57 341)             |
| Computer expenses                       |       | (3 275 968)          | (3 032 545)          |
| COVID-19 expenses                       |       | (355 184)            | -                    |
| Depreciation                            | 1&2   | (14 525 240)         | (11 284 970)         |
| Discount allowed                        |       | (357 793)            | (276 334)            |
| Donations                               |       | (33 600)             | (20 000)             |
| Donor privileges                        |       | (298 313)            | (252 418)            |
| Employee costs                          | 23    | (215 635 609)        | (195 431 084)        |
| Insurance                               |       | (1 295 086)          | (946 283)            |
| Laundry                                 |       | (216 741)            | (195 821)            |
| Library and journals                    |       | (71 905)             | (36 406)             |
| Licenses                                |       | (1 129 511)          | (797 848)            |
| Membership and subscription fees        |       | (435 056)            | (274 176)            |
| Motor vehicle expenses                  |       | (3 442 837)          | (3 442 541)          |
| Municipal expenses                      |       | (3 261 296)          | (3 814 391)          |
| Office equipment                        |       | (146 476)            | (269 571)            |
| Office refreshments                     |       | (648 917)            | (528 262)            |
| Petrol and oil                          |       | (132 206)            | (203 910)            |
| Postage                                 |       | (215 077)            | (195 053)            |
| Printing and stationery                 |       | (916 044)            | (905 187)            |
| Professional consultants                |       | (4 016 306)          | (3 030 909)          |
| Protective clothing                     |       | (273 153)            | (264 089)            |
| Railage, cartage and airfreight         |       | (9 165 413)          | (8 437 083)          |
| Rentals paid                            |       | (2 035 463)          | (3 825 783)          |
| Repairs and maintenance                 |       | (7 283 109)          | (5 440 348)          |
| Safety expenses                         |       | (49 336)             | (69 730)             |
| Service contracts                       |       | (4 976 967)          | (4 293 900)          |
| Staff medical expenses                  |       | (29 699)             | (60 746)             |
| Staff recruitment                       |       | (139 763)            | (72 621)             |
| Staff welfare                           |       | (471 644)            | (340 429)            |
| Surplus or loss on exchange differences |       | (5 890 971)          | (2 528 600)          |
| Telephone and fax                       |       | (2 095 125)          | (2 414 166)          |
| Training                                |       | (2 202 292)          | (1 540 390)          |
| Travel - local                          |       | (666 754)            | (600 946)            |
| Travel - overseas                       |       | (284 819)            | (285 949)            |
| Uniforms                                |       | (1 167 263)          | (690 940)            |
|   |       | <b>(295 564 484)</b> | <b>(263 363 064)</b> |

# Abbreviations & Acronyms

|        |  |
|--------|--|
| AABB   | American Association of Blood Banks                |
| AFSBT  | African Society for Blood Transfusion              |
| AGM    | Annual General Meeting                             |
| AVE    | Advertising Value Equivalent                       |
| BCP    | Business Continuity Plan                           |
| CEO    | Chief Executive Officer                            |
| CFO    | Chief Financial Officer                            |
| CI     | Continuous Improvement                             |
| COD    | Compensation for Occupation Injuries and Disease   |
| CPD    | Continuing Professional Development                |
| CPI    | Consumer Price Index                               |
| CPUT   | Cape Peninsula University of Technology            |
| EY     | Ernst and Young                                    |
| GDBS   | Global database on blood safety                    |
| HB     | Haemoglobin  |
| HBV    | Hepatitis B Virus                                  |
| HCV    | Hepatitis C Virus                                  |
| HIV    | Human Immunodeficiency Virus                       |
| HPCSA  | Health Professions Council of South Africa         |
| ICT    | Information and Communication Technology           |
| IIRF   | International Integrated Reporting Framework       |
| IPFA   | International Plasma and Fractionation Association |
| ISBT   | International Society of Blood Transfusion         |
| KPI    | Key Performance Indicator                          |
| MCC    | Medicines Control Council                          |
| MOI    | Memorandum of Incorporation                        |
| NAT    | Nucleic Acid Amplification Testing                 |
| NBI    | National Bioproducts Institute                     |
| NDoH   | National Department of Health                      |
| NHA    | National Health Act                                |
| NPO    | Non-profit organisation                            |
| OHSA   | Occupational Health and Safety Act                 |
| PBO    | Public Benefit Organisation                        |
| POPIA  | Protection of Personal Information Act             |
| PSA    | Public Servants Association of South Africa        |
| QLFS   | Quarterly Labour Force Survey                      |
| SABMR  | South African Bone Marrow Registry                 |
| SAHPRA | South African Health Products Regulatory Authority |
| SANAS  | South African National Accreditation System        |
| SANBS  | South African National Blood Service               |
| SANBTC | South African National Blood Transfusion Congress  |
| SASBT  | South African Society for Blood Transfusion        |
| SEQ    | Self Exclusion Questionnaire                       |
| SLA    | Service Level Agreement                            |
| SRA    | Strategic Risk Assessment                          |
| TACO   | Transfusion Associated Circulatory Overload        |
| TRALI  | Transfusion Related Acute Lung Injury              |
| WCBS   | Western Cape Blood Service                         |
| WCDoH  | Western Cape Department of Health                  |
| WHO    | World Health Organisation                          |
| WIP    | Work in Progress                                   |



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