

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2018

29. Related party transactions

29.1 Directors

Details relating to Directors' emoluments are disclosed in note 20. There are no loans to Directors.

The Directors' shareholdings are disclosed on page 7 of the Annual Financial Statements. Transactions within the Group are listed below.

Relationships with Directors in the Group

WAD Holdings Proprietary Limited – Mr AV Van Buuren (Group Chief Executive Officer) and WH Britz (Executive Director) each hold 33.3% of WAD Holdings Proprietary Limited.

WAD Holdings Proprietary Limited holds A class shares in the Glen Eden Trading 58 Proprietary Limited. The Glen Eden A class shares will be entitled to 10% of the votes at any meeting attended by WAD Holdings Proprietary Limited or its proxy. The Glen Eden A class shares will not be entitled to any dividends or profit before 1 January 2017 and will rank *pari passu* with ordinary shares in terms of voting rights and distribution rights from 1 January 2017. AfroCentric purchased the A class shares in the current financial year for an amount of R194.5 million.

WAD Holdings Proprietary Limited holds A class shares in Pharmacy Direct Proprietary Limited and Curasana Wholesaler Proprietary Limited. The A class shares shall have no voting rights but shall have right to 100% of the distribution of the after tax profits attributable to the Department of Health contract from 1 July 2018. In the 2019 financial year, AfroCentric has a right to purchase the A class shares by 1 September 2018. The minimum threshold per the stipulated formula was not achieved for the purchase of the shares. The shares will now be transferred to ACT Healthcare Assets Proprietary Limited.

WAD Holdings Proprietary Limited is the 100% shareholder of Northern Lights Trading 172 Proprietary Limited. Curasana Wholesaler entered into an agreement with Northern Lights Trading 172 Proprietary Limited on 29 February 2016 whereby Curasana Wholesaler has purchased Portion 3 of Erf 1903, Zwartkop X15, which is the premises of the main business operations and was leased from Northern Lights Trading 172 Proprietary Limited, for the amount of R32 000 000. This was completed in the 2017 financial year.

29.2 Transactions with entities in the Group

During the period the Group entered into the following related party transactions:

	Group	
	30 June 2018 R'000	30 June 2017 R'000
Directors		
Medical aid contributions paid by directors – to schemes administered by Medscheme Holdings Proprietary Limited	164	242
Mr MJ Madungandaba (70%) and Dr ATM Mokgokong (30%) control Namane Financial Services – Consulting and marketing fees paid to Namane Financial Services	–	2 532
Mr SM Rothbart has a controlling interest in Rothbart Inc. – Consulting fees paid by Medscheme Holdings Proprietary Limited	–	1 474
Mr MJ Madungandaba (42%) and Dr ATM Mokgokong (18%) control Mesure Facilities Management Proprietary Limited – Management fees and other expenses paid to Mesure Facilities Management Proprietary Limited. The fees represents outsourced facilities management for the AfroCentric Group that represent the following categories	71 526	90 883
– Salaries	14 414	13 584
– Cleaning and security	23 117	25 672
– Refurbishments, projects and capex	10 785	33 844
– Utilities	20 541	15 518
– Other	2 669	2 265
Mr MJ Madungandaba (41.91%) and Dr ATM Mokgokong (17.96%) collectively control Skynet South Africa Proprietary Limited – Courier fees to Skynet South Africa	1 552	1 278
Mr MJ Madungandaba (8.29%) and Dr ATM Mokgokong (3.55%) have an interest in Jasco Electronics Holdings Limited – IT service fees to Jasco Electronics Holdings Limited	17 921	17 281

29. Related party transactions (continued)

29.2 Transactions with entities in the Group (continued)

	Group	
	30 June 2018 R'000	30 June 2017 R'000
Associates		
Invisible card company Proprietary Limited – loan advanced by AfroCentric Health Limited	–	3 000
The Cheese Has Moved Proprietary Limited – interest charged on loan from AfroCentric Health Proprietary Limited	289	51
Subsidiaries		
AfroCentric Health Limited – management fees paid to Medscheme Holdings Proprietary Limited	13 051	914
AfroCentric Management Services Proprietary Limited – profile fees paid to Helios IT Solutions Proprietary Limited	62	51
AfroCentric Management Services Proprietary Limited – Telkom ,TMS and printer fees paid to Helios IT Solutions Proprietary Limited	36	34
AfroCentric Management Services Proprietary Limited – IT support services paid to Helios IT Solutions Proprietary Limited	2	18
Aid for Aids Management Proprietary Limited – management fees paid to Medscheme Holdings Proprietary Limited	–	4 674
Aid for Aids Management Proprietary Limited – management fees paid to AfroCentric Health Proprietary Limited	7 792	–
Aid for Aids Management Proprietary Limited – Telkom ,TMS and printer fees paid to Helios IT Solutions Proprietary Limited	596	655
Aid for Aids Management Proprietary Limited – profile fees paid to Helios IT Solutions Proprietary Limited	2 348	2 325
Allegra Proprietary Limited – switching fees paid to Helios IT Solutions Proprietary Limited	5 201	5 281
Allegra Proprietary Limited –TMS and Telkom fees paid to Helios IT Solutions Proprietary Limited	17	24
Allegra Proprietary Limited – Licence and support fee paid to Helios IT Solutions Proprietary Limited	1 434	1 342
Allegra Proprietary Limited – Dividend paid to Helios IT Solutions Proprietary Limited	–	3 168
ACT Healthcare Assets Proprietary Limited – dividends paid to AfroCentric Investment Corporation Limited	119 784	35 650
Medscheme Namibia Proprietary Limited – dividends paid to Medscheme Holdings Proprietary Limited	9 473	43 324
Pharmacy Direct Proprietary Limited – inventory purchases from Curasana Wholesalers Proprietary Limited	867 827	758 233
Aid for Aids Management Proprietary Limited – NAPWA fees paid to Glen Eden Trading 58 Proprietary Limited	–	234
Helios IT Solutions Proprietary Limited – consulting fees paid to Glen Eden Trading 58 Proprietary Limited	36 843	33 095
Pharmacy Direct Proprietary Limited – rental costs, electricity and security costs paid to Curasana Wholesalers Proprietary Limited	3 571	2 784
Medscheme International – management fees paid to Medscheme Holdings Proprietary Limited	–	28
Medscheme International – management fees paid to AfroCentric Health Proprietary Limited	30	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2018

29. Related party transactions (continued)

29.2 Transactions with entities in the Group (continued)

	Group	
	30 June 2018 R'000	30 June 2017 R'000
Subsidiaries (continued)		
Medscheme Mauritius – management fees paid to AfroCentric Health Proprietary Limited	267	–
Medscheme Zimbabwe – management fees paid to AfroCentric Health Proprietary Limited	238	–
AfroCentric Health Limited – IT support services paid to Helios IT Solutions Proprietary Limited	595	–
AfroCentric Health Limited – TMS and Telkom fees paid to Helios IT Solutions Proprietary Limited	119	–
AfroCentric Health Limited – Profile fees paid to Helios IT Solutions Proprietary Limited	4 884	–
Aid for Aids Management Proprietary Limited – dividends paid to AfroCentric Health Proprietary Limited	70 400	–
AfroCentric Health Proprietary Limited – dividends paid to ACT Healthcare Assets Proprietary Limited	168 000	–
Glen Eden Proprietary Limited – dividends paid to ACT Healthcare Assets Proprietary Limited	57 234	–
Medscheme Limited – dividends paid to AfroCentric Health Proprietary Limited	43 999	–
AfroCentric Distribution Services Proprietary Limited – on site support fees paid to Helios IT Solutions Proprietary Limited	161	34
AfroCentric Distribution Services Proprietary Limited – Out Of scope fees paid to Helios IT Solutions Proprietary Limited	223	–
Medscheme Mauritius – management fees paid to Medscheme Holdings Proprietary Limited	–	250
Helios IT Solutions Proprietary Limited – management fees paid to Medscheme Holdings Proprietary Limited	–	15 359
Helios IT Solutions Proprietary Limited – management fees paid to AfroCentric Health Proprietary Limited	16 358	–
Medscheme Zimbabwe – management fees paid to Medscheme Holdings Proprietary Limited	–	223
Medscheme Holdings Proprietary Limited – TMS and Telkom fees paid to Helios IT Solutions Proprietary Limited	15 647	17 151
Medscheme Holdings Proprietary Limited – out of scope and recovery costs paid to Helios IT Solutions Proprietary Limited	1 101	929
Klinikka Proprietary Limited – hosting fees paid to Helios IT Solutions Proprietary Limited	–	188
AfroCentric Health Limited – hosting fees paid to Helios IT Solutions Proprietary Limited	–	51
Medscheme Administrators Swaziland Proprietary Limited – management fees paid to Medscheme Holdings Proprietary Limited	–	1 469
Medscheme Administrators Swaziland Proprietary Limited – management fees paid to AfroCentric Health Proprietary Limited	1 565	–
Klinikka Proprietary Limited – corporate service fees paid to Helios IT Solutions Proprietary Limited	74	70
Medscheme Administrators Swaziland Proprietary Limited – IT support services paid to Helios IT Solutions Proprietary Limited	463	815
Medscheme Administrators Swaziland Proprietary Limited – profile fees paid to Helios IT Solutions Proprietary Limited	125	323

29. Related party transactions (continued)

29.2 Transactions with entities in the Group (continued)

	Group	
	30 June 2018 R'000	30 June 2017 R'000
Medscheme Administrators Swaziland Proprietary Limited – licence and support fees paid to Helios IT Solutions Proprietary Limited	–	3 026
AfroCentric Health Limited – sales to Klinikka Proprietary Limited	–	2 800
Medscheme Holdings Proprietary Limited – management fees paid to AfroCentric Management Services Proprietary Limited	20 400	27 540
Mmed Proprietary Ltd – IT Support service fees paid to Helios IT Solutions Proprietary Limited	8	–
Medscheme Holdings Proprietary Limited – IT support services paid to Helios IT Solutions Proprietary Limited	69	69
Medscheme Holdings Proprietary Limited – management fees paid to AfroCentric Health Limited	147 836	2 089
Medscheme Holdings Proprietary Limited – Switching fees paid to Allegra Proprietary Limited	33 439	31 787
Medscheme Holdings Proprietary Limited – management fees paid to AfroCentric Health Limited	–	30 000
Medscheme Holdings Proprietary Limited – management fees paid to AfroCentric Management Services Proprietary Limited	–	7 000
Curasana Wholesaler Proprietary Limited – management fees paid to AfroCentric Management Services Proprietary Limited	2 372	–
Medscheme Holdings Proprietary Limited – information technology admin fees paid to Helios IT Solutions Proprietary Limited	148 271	143 315
Helios IT Solutions Proprietary Limited – Commission payable to Medscheme Holdings Proprietary Limited for services rendered (CIMAS and First Mutual Life)	2 395	3 715
Medscheme Holdings Proprietary Limited – profile fees paid to Helios IT Solutions Proprietary Limited	95 535	92 433
Medscheme Holdings Proprietary Limited – Dividend paid to AfroCentric Health Limited	168 000	–
Medscheme Namibia Proprietary Limited – licence and support fees paid to Helios IT Solutions Proprietary Limited	5 869	5 614
Medscheme Namibia Proprietary Limited – profile fees paid to Helios IT Solutions Proprietary Limited	1 188	977
Medscheme Namibia Proprietary Limited – management fees paid to Medscheme Holdings Proprietary Limited	1 011	935
Klinikka Proprietary Limited – interest charged on loan from AfroCentric Health Limited	211	563
Pharmacy Direct Proprietary Limited – interest charged on loan from Medscheme Holdings Proprietary Limited	–	40
Curasana Wholesalers Proprietary Limited – interest charged on loan from Medscheme Holdings Proprietary Limited	–	12
	Company	
	30 June 2018 R'000	30 June 2017 R'000
AfroCentric Health Proprietary Limited loan account	9 519	(10 242)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2018

29. Related party transactions (continued)

29.3 Key management personnel

	Group		Company	
	30 June 2018 R'000	30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Short-term employee benefits	7 687	7 904	–	–
Share-based payments (note 27)	3 501	2 096	–	–

Key management personnel comprise executive Directors within the AfroCentric Health Proprietary Limited Group.

29.4 Inter-Group guarantees

The following Group companies have provided cross guarantees to the AfroCentric Health Proprietary Limited bankers, for facilities offered to that Company:

- Medscheme Holdings Proprietary Limited
- Aids for Aids Management Proprietary Limited
- Helios IT Solutions Proprietary Limited
- Klinikka Proprietary Limited

30. Pensions and other retirement obligations

The Group has made provision for pension and provident schemes covering substantially all employees. All eligible employees are members of defined contribution schemes administered by third parties. The assets of the schemes are held in administered trust funds separated from the Group's assets. Scheme assets primarily consist of listed shares, bonds and cash. The South African funds are governed by the Pensions Fund Act of 1956.

Medscheme provident fund and medscheme employees provident fund

These funds are defined contribution plans. Contributions are fully expensed during the year in which they are funded.

Contributions of 7.6% of retirement funding remuneration are paid by the employer and contributions paid by the employee range between 0% and 12% of retirement funding remuneration. In the interest of the employee members of these funds, the trustees are encouraged to obtain an independent actuarial assessment of the performance of the funds.

31. Contingent consideration

	Group		Company	
	30 June 2018 R'000	30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Current liability				
Contingent consideration on Glen Eden Trading 58 (Pty) Ltd	–	194 475	–	194 475

This is the estimated fair value of the contingent consideration relating to the acquisition of Glen Eden Trading 58 Proprietary Limited (refer to note 8.6). The contingent consideration was settled in the 2018 financial year.

In the current financial year Sanlam had contributed 28.7% which amounts to R55.9 million to the WAD contingent consideration payment, in order to retain their non-controlling level of ownership in ACT Healthcare Assets Proprietary Limited.

In the Company results this is disclosed in the Statement of Comprehensive Income and in Group results this is included in equity under the Statement of Financial Position as Capital contribution by non-controlling interest.