Notes to the financial statements continued

for the year ended 30 JUNE 2021

22. Cost of pharmaceutical products and finished goods

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Opening inventory	**297 851**	283 732	**–**	–
Purchases	**1 933 318**	1 431 326	**–**	–
Closing inventory	**(421 563)**	(297 851)	**–**	–
	1 809 606	1 417 207	**–**	–
Cost of distribution of pharmaceutical products	**95 991**	72 561	**–**	–
	1 905 597	1 489 768	**–**	–

23. Profit before taxation

Profit before taxation is stated after charging the following items:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Auditors' remuneration (included in other expenses)	**18 817**	15 967	**2 365**	2 301
Audit fees	**18 062**	15 028	**2 045**	1 583
Prior period under provision	**755**	939	**320**	718
Depreciation of property, plant and equipment	**78 202**	62 179	**–**	–
Motor vehicles	**4 534**	3 615	**–**	–
Computer equipment	**42 446**	31 177	**–**	–
Buildings	**5 587**	4 601	**–**	–
Furniture and fittings	**15 560**	14 258	**–**	–
Property and equipment	**10 075**	8 528	**–**	–
Amortisation of development costs and other intangible assets	**195 027**	164 091	**–**	–
Right of use asset depreciation	**66 564**	71 026	**–**	–
Share-based payment expense	**10 694**	8 876	**2 028**	226
Bad debt write-off	**8 705**	2 453	**–**	–
Expected credit loss allowance	**2 009**	3 219	**–**	–
Rent and property costs	**77 857**	79 481	**–**	–
Property costs	**76 329**	73 593	**–**	–
Motor vehicles	**200**	319	**–**	–
Office equipment and furniture	**1 328**	5 569	**–**	–
Repairs and maintenance (included in rent and property costs)	**13 057**	6 013	**–**	–

Notes to the financial statements continued

for the year ended 30 JUNE 2021

23. Profit before taxation continued

Directors' emoluments and fees

(included in employee benefit costs)

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Executive				
JW Boonzaaier	6 016	5 094	–	–
– Basic salary	3 431	3 156	–	–
– Bonus	2 083	1 756	–	–
– Other allowance	66	–	–	–
– Profit on vesting of share-based payments	226	–	–	–
– Company contributions[1]	210	182	–	–
WH Britz	4 513	4 370	–	–
– Basic salary	4 292	4 156	–	–
– Bonus	–	–	–	–
– Company contributions[1]	221	214	–	–
A Banderker	9 388	8 459	–	–
– Basic salary	5 063	4 903	–	–
– Bonus	4 000	3 242	–	–
– Company contributions[1]	325	314	–	–
SE Mmakau	5 238	5 151	–	–
– Basic salary	3 451	3 456	–	–
– Bonus	1 450	1 479	–	–
– Other allowance	114	–	–	–
– Company contributions[1]	223	216	–	–
Non-executive				
For services as directors*	6 145	5 150	6 145	5 150
ATM Mokgokong	1 608	1 367	1 608	1 367
MJ Mandungandaba	1 553	1 368	1 553	1 368
Dr ND Munisi	408	429	408	429
IM Kirk	–	59	–	59
JJ Strydom	193	–	193	–
LL Dhlamini	–	326	–	326
HG Motau	–	212	–	212
SA Zinn	588	300	588	300
JB Fernandes	595	500	595	500
FG Allen	356	183	356	183
T Alsworth-Elvey	–	342	–	342
AM le Roux	457	43	457	43
M Chauke	387	21	387	21

* *The directors' remuneration highlighted above reflects their total directors' fees received across various subsidiaries within the Group.*

[1] *The company contributions relate to contributions made by the employer towards pension funds.*

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Employee benefit costs	2 278 354	2 232 445	4 992	5 280
Salaries and wages	1 987 551	1 941 864	4 992	5 233
Termination benefits	5 701	5 892	–	–
Incentive, production and performance bonus	149 457	155 141	–	–
Staff welfare	39 551	50 777	–	44
Movement in post-employment medical obligation	(179)	(16)	–	–
Other employee benefit cost	96 273	78 787	–	3

Notes to the financial statements continued

for the year ended 30 JUNE 2021

23. Profit before taxation continued

	Group		Company	
	2021	2020	2021	2020
Average number of persons employed by the group during the period:				
South Africa	5 653	5 351	1	2
Full time	4 894	4 836	1	2
Part time	759	515	–	–
Outside of South Africa	304	342	–	–
Full time	277	342	–	–
Part time	27	–	–	–

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Dividends received	(1 000)	–	(199 795)	(56 012)
Loss on disposal of tangible assets	3 947	1 940	–	–
Write-off of intangible assets	26 793	–	–	–
Fair value losses/(gains)	6 307	(183)	17	(183)
Impairments	10 378	2 930	–	–
Impairment of goodwill	771	–	–	–
Impairment of software	35 485	2 919	–	–
Reversal of impairment of internally generated software	(39 167)	–	–	–
Impairment of internally generated software	6 093	–	–	–
Impairment of loans	7 196	11	–	–
Other expenses				
Included in other expenses are the following:				
Donations	3 255	1 133	–	–
Consulting fees	392 571	293 863	370	430
Legal fees	31 026	18 277	–	–
Operating expenditure*	257 881	213 846	11 095	10 492
Marketing and recruitment	80 267	81 547	2 983	2 976
VAT expenses	2 087	3 111	–	–
Capitation costs**	1 804 412	988 029	–	–

* *This relates mainly to motor vehicle, telephone, travel, postage and subscription costs.*

** *This relates to pharmacy claims paid by Scriptpharm and dental claims paid by the DENIS Group. The significant increase from prior year is due to the acquisition of DENIS Group.*

24. Net finance costs

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Finance costs	(35 673)	(43 888)	(1 035)	(7)
Other	(2 027)	(2 569)	–	–
Inter-company loans	–	–	(1 035)	(7)
Borrowings	(33 646)	(41 319)	–	–
Finance income	19 595	26 503	99	6 555
Cash and cash equivalents	13 043	20 248	99	459
Other	6 552	6 255	–	6 096

The effective interest approximates the interest on the cash flows for the period.