

**Jembi Health Systems**

# Financial Report

**2020/21**

**Head Office | Cape Town**

JEMBI HEALTH SYSTEMS  
UNIT 3B, 5A-C TOKAI ON MAIN,  
382 MAIN ROAD, TOKAI,  
CAPE TOWN,  
SOUTH AFRICA

T: (+27) 21-701-0939  
E: [INFO@JEMBI.ORG](mailto:INFO@JEMBI.ORG)  
W: [WWW.JEMBI.ORG](http://WWW.JEMBI.ORG)

# **JEMBI HEALTH SYSTEMS NPC**

Annual financial statements for the year ended  
**28 February 2021**

Audited

Prepared under the supervision of  
**Mrs J Smith (ACMA – Associate Chartered Management  
Accountant)**

These financial statements have been audited in compliance with the applicable requirements of the Companies Act no. 71 of 2008.

# **JEMBI HEALTH SYSTEMS NPC**

*Registration no: 2009/018985/08*

*NPO no: 054-906NPO*

*PBO no: 930034124*

*VAT no: 4480259243*

## **Annual financial statements**

*for the year ended 28 February 2021*

<i>Contents</i>	<i>Page</i>
Directors' responsibility statement	2
Chief executive's report	3 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 9
Statement of financial position	10
Statement of comprehensive income	11
Statement of changes in funds	12
Statement of cash flows	13
Notes to the financial statements	14 - 26
<i>Supplementary information not covered by the audit opinion:</i>	
Detailed revenue and income schedule	27 - 28

These financial statements have been prepared under the supervision of Mrs J Smith (ACMA – Associate Chartered Management Accountant), and audited in compliance with the applicable requirements of the Companies Act no. 71 of 2008.

# JEMBI HEALTH SYSTEMS NPC

## **Directors' responsibility statement**

*for the year ended 28 February 2021*

The directors are responsible for the preparation and fair presentation of the annual financial statements of Jembi Health Systems NPC ("Jembi Health Systems") comprising the statement of financial position at 28 February 2021 and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the chief executive's report and directors' report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

## **Approval of the annual financial statements**

The annual financial statements of Jembi Health Systems NPC, as identified in the first paragraph, were approved by the board of directors on 24th August 2021 and signed on their behalf by:



---

**C Seebregts**  
Authorised Director



---

**D Moodley**  
Authorised Director

# JEMBI HEALTH SYSTEMS NPC

## Chief Executive's report

*for the year ended 28 February 2021*

During this particularly difficult time amidst a global coronavirus pandemic, I am pleased to be able to report on the accomplishments of Jembi in the 2020 to 2021 financial year. Despite the challenging circumstances, Jembi has continued to implement our vision and mission. 2020 was also a year of transition for Jembi as several projects came to a natural end and there was a substantial reduction in certain on the ground activities. After a spike in turnover during the previous financial year, Jembi turnover stabilized at R86.6 million during this financial year and staff numbers at 108. Jembi was fortunate to begin two new five-year awards with the CDC in Mozambique and South Africa in October 2020 that will potentially result in further increases over the five-year grant period.

During this period, Jembi also continued the process of rationalizing its organogram around its two main programs, supported by our Corporate Services division. The Mozambique program operates in Mozambique with the majority of programs and technical staff based in Maputo and some management staff based in South Africa. The Programs Division operates projects in South Africa and a number of other countries in Africa as well as supporting CDC HQ in the USA with staff based mainly in South Africa and some contractors in other African countries. Projects are being conducted in several African countries, including Cameroon, DRC, Ethiopia, Lesotho, Kenya, Uganda, South Sudan and Malawi. Jembi has consolidated activities around its core competencies in program management, digital health, health informatics, health information systems, software and product development and system integration. Some of the core technologies we support include: health information exchange, standards, system integration; mobile health and electronic medical record software.

Jembi's Corporate Services Division has continued to provide a high level of financial, legal, human resources, administrative and ICT support to Jembi's divisions, programs and offices. The Finance team achieved another unqualified audit for this financial year. The ICT team has also diversified its IT operations providing additional support to the programs in specialized areas related to the deployment and implementation of ICT hardware and services. The HR team also developed a number of new policies for Jembi to strengthen the management of its human capital.

Jembi's Mozambique Program experienced another excellent year. The program continues its longstanding partnership with CDC Mozambique. This was the final year of Jembi's second five-year cooperative agreement with CDC Mozambique culminating in successful award of a third five-year cooperative agreement. Jembi is supporting a number of key health information systems in Mozambique, including the national implementation of a medical record system for HIV patient and treatment management, based on OpenMRS as well as several additional projects with UN agencies and other international organisations and funders.

Jembi's South Africa-based Programs Division consolidated its operations over this period under the leadership of new Jembi Programs Director, Wayne Naidoo. The Programs Division advanced and completed a number of key projects including ongoing work on the HealthConnect project, funded by the South African Department of Science and Innovation, and Elma Philanthropies, the innovative Journey immunization app for cross-border populations and the digital register system (OpenSRP) for perinatal health facilities in Malawi funded by GIZ. The Programs Division also initiated four projects with PATH Digital Square over this period and continued the Better Health Program South Africa funded by the British Foreign and Commonwealth Development Office through Mott Macdonald. The division also continued its work with UCT supporting the development of information systems for the Western Cape Provincial Health Data Centre, including for COVID-19 case management in the Western Cape province. A highlight of this period was the award of a five-year technical assistance program with CDC headquarters. This flagship project includes the development and implementation of innovative new data integration projects in African countries supported by PEPFAR. The South African Medical Research Council (SAMRC) - Jembi Collaborating Centre for Digital Health Innovation (CCDHI) completed its final year of activities, some of which were delayed as a result of COVID restrictions.

It has been a pleasure and privilege to lead Jembi over this period and I firmly believe that Jembi will continue to deliver on its vision and mission into the future. It will also continue to adapt to the increased global interest in digital health.

# **JEMBI HEALTH SYSTEMS NPC**

## **Chief Executive's report (continued)**

*for the year ended 28 February 2021*

With best wishes

Dr Christopher Seebregts  
Founder and Chief Executive Officer

# JEMBI HEALTH SYSTEMS NPC

## **Directors' report**

*for the year ended 28 February 2021*

The directors have pleasure in presenting their report for the year ended 28 February 2021.

### **General review of operations**

Jembi Health Systems NPC (“Jembi”) had a planned reduction in both income and expenditure during the financial year running March 2020 to February 2021 which is explained in further detail in the Operations and CEO reports. Jembi’s planning works around a five-year cycle that also links into the period of our funding awards. September 2020 was the ending of our latest five-year cycle and a new five-year cycle started in October 2020. Jembi feels very fortunate in today’s trying times to have been able to enter into three new five-year cycle awards in addition to many shorter projects starting within this new cycle. This cements Jembi ongoing situation as a going concern as we enter FY22 with a forecast of growth in both of our two Program divisions in South Africa and Mozambique.

Jembi’s overall income reduced by 50% to ZAR86.6-million at the end of financial year FY21. This figure is not including interest earned. Expenditure figures were closely aligned to income over the same period decreasing by 49% to ZAR87 million. The company reserves saw an increase of ZAR168k due to interest earned over the FY21 year.

Income in this financial year was mainly derived from United States government federal grants, which represented 58% of the total income and was split between the Centers for Disease Control (50%) and USAID (8%), both through Prime awards and Sub agreements. The remaining 42% of annual income was derived from other donors. This is a result of many years of trying to diversify Jembi’s funding pool and reduce Jembi’s reliance on any one single donor source and to ensure the sustainability of our operations. Our non-USG funders are a combination of local and international organisations, with funding coming through philanthropy and foundations as well as partner organisations.

Jembi’s Executive team was strengthened this year with the addition of a new Programs Director. This has resulted in Jembi’s programmes being grouped into two programme areas for the year ending FY2021: the Mozambique Program and the Programmes Division. The Expenditure across the Two Programme Areas was broken down as: Mozambique 35% of expenditure and Programmes Division at 65% of annual expenditure.

Due to the COVID-19 pandemic and the ending of five year agreements Jembi had a reduction in expenditure during the 20-21 financial year. As could be expected, the most significant difference in expenditure seen from FY20 to FY21 was a reduction in travel expenditure, procurement and contractual.

At the end of February 2021, Jembi’s staff numbers had decreased to 108, with the Mozambique office experiencing a decrease of 18%, ending the year with 58 staff members and the South Africa base dropping to 50 staff members, a reduction of 11%. Thus, the wrap up of the two large projects at the end of their five-year project cycles both in Mozambique and the South Africa program at the end of September resulted in an overall decrease of staff numbers by 15% from FY20.

# **JEMBI HEALTH SYSTEMS NPC**

## **Directors' report (continued)**

*for the year ended 28 February 2021*

### **Directors**

The directors in office during the year and at the date of this report are:

D Moodley

S Reid

A Gray

CJ Seebregts – Ex-officio

D Morkel

Q Williams

Z Vundle

### **Auditors**

KPMG Inc. will continue in office in accordance with Section 90 of the Companies Act of South Africa.



KPMG Inc  
4 Christiaan Barnard Street, Cape Town  
City Centre, Cape Town, 8000,  
PO Box 4609, Cape Town, 8001, South Africa  
Telephone +27 (0)21 408 7000  
Fax +27 (0)21 408 7100  
Docex 102 Cape Town  
Web <http://www.kpmg.co.za/>

## Independent Auditor's Report

### To the members of Jembi Health Systems NPC

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Jembi Health Systems NPC (the company) set out on pages 10 to 28, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive income, the statement of changes in equity and the 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 Jembi Health Systems NPC as at 28 February 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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 document titled "Jembi Health Systems NPC Annual Financial Statements for the year ended 28 February 2021", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 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.

KPMG Inc.

Per H du Plessis  
Chartered Accountant (SA)  
Registered Auditor  
Director

25 August 2021

# JEMBI HEALTH SYSTEMS NPC

## Statement of financial position

for the year ended 28 February 2021

	<i>Note</i>	<b>2021</b> <b>R</b>	2020 <b>R</b>
<b>Assets</b>			
<b>Non-current assets</b>			
		2 882 835	3 620 924
Equipment	7	2 355 668	3 074 461
Other Receivables	18	527 167	546 463
<b>Current assets</b>			
		19 371 791	29 950 613
Cash and cash equivalents	8	12 109 884	15 904 337
Trade and other receivables	9	6 803 153	14 046 276
Accrued income	10	458 754	-
<b>Total assets</b>		<u>22 254 626</u>	<u>33 571 537</u>
<b>Funds and liabilities</b>			
<b>Funds</b>			
<b>Accumulated funds</b>			
General reserves		14 163 949	13 996 009
<b>Current liabilities</b>			
		8 090 677	19 575 528
Trade and other payables	11	4 370 187	4 206 783
Deferred income	10	3 720 490	15 368 745
<b>Total funds and liabilities</b>		<u>22 254 626</u>	<u>33 571 537</u>

*Ad*

# JEMBI HEALTH SYSTEMS NPC

## Statement of comprehensive income

for the year ended 28 February 2021

	<i>Note</i>	<b>2021 R</b>	<b>2020 R</b>
<b>Donor income</b>	2	86 624 634	171 191 005
Other income	3	-	1 016 984
<b>Operating income</b>		<u>86 624 634</u>	<u>172 207 989</u>
<b>Operating expenses</b>		<u>87 065 824</u>	<u>171 140 787</u>
<b>Operating surplus/(deficit)</b>	4	(441 190)	1 067 202
Finance income	5	<u>609 130</u>	<u>909 937</u>
<b>Surplus before taxation</b>		<u>167 940</u>	<u>1 977 139</u>
<b>Surplus for the year</b>		<u>167 940</u>	<u>1 977 139</u>
<b>Total comprehensive Surplus for the year</b>		<u>167 940</u>	<u>1 977 139</u>

*Ad*

# JEMBI HEALTH SYSTEMS NPC

## Statement of changes in funds

*for the year ended 28 February 2021*

	<b>General reserves R</b>	<b>Total R</b>
Balance at 1 March 2019	12 018 870	12 018 870
Total comprehensive surplus for the year	1 977 139	1 977 139
Balance at 29 February 2020	<u>13 996 009</u>	<u>13 996 009</u>
<b>Balance at 1 March 2020</b>	<b>13 996 009</b>	<b>13 996 009</b>
<b>Total comprehensive surplus for the year</b>	<b>167 940</b>	<b>167 940</b>
<b>Balance at 28 February 2021</b>	<b><u>14 163 949</u></b>	<b><u>14 163 949</u></b>

*Handwritten signature*

# JEMBI HEALTH SYSTEMS NPC

## Statement of cash flows

for the year ended 28 February 2021

	<i>Note</i>	<b>2021</b> <b>R</b>	<b>2020</b> <b>R</b>
<b>Cash flows from operating activities</b>			
Cash generated by operations	14.1	(3 968 765)	(8 394 334)
Finance income	5	609 130	909 937
<b>Net cash outflow from operating activities</b>		<u>(3 359 635)</u>	<u>(7 484 397)</u>
<b>Cash flows from investing activities</b>			
Acquisition of equipment	7	(584 933)	(1 404 151)
Disposal of equipment	7	150 115	51 593
<b>Net cash outflow from investing activities</b>		<u>(434 818)</u>	<u>(1 352 558)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(3 794 453)	(8 836 955)
Cash and cash equivalents at beginning of year		15 904 337	24 741 292
<b>Cash and cash equivalents at end of year</b>		<u>12 109 884</u>	<u>15 904 337</u>

*Handwritten signature*

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements

for the year ended 28 February 2021

### 1. Significant accounting policies

Jembi Health Systems NPC is a company domiciled in South Africa.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized entities (“IFRS for SMEs”) and the requirements of the Companies Act of South Africa.

The financial statements are presented in South African Rands (“Rands”), which is the entity’s functional currency. They are prepared on the basis that the company is a going concern, using the historical cost basis of measurement unless otherwise stated.

#### 1.2 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS for SMEs requires management to make estimates, judgements and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management discuss and review on an ongoing basis the development, selection and disclosure of critical accounting policies and estimates and the application of these policies and estimates. No judgements were made by management in the application of IFRS for SMEs that have a significant effect on the financial statements. Estimates made by management which have a significant risk of material adjustment in the next year are the residual values and useful lives of equipment.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### 1.3 Foreign currency

##### *Foreign currency transactions*

Foreign currency transactions are recognised by applying the spot exchange rate between the functional currency and the foreign currency at the month end spot rate in which the date of the transaction falls. The date of the transaction is the date on which the transaction first qualifies for recognition in accordance with IFRS for SMEs.

Foreign exchange differences arising on translation are recognised in profit or loss.

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 1. Significant accounting policies (continued)

#### 1.4 Financial instruments

Non-derivative financial instruments are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these instruments are classified according to their nature and are measured at amortised cost.

The company has the following non-derivative financial instruments and the subsequent measurement of each financial instrument is explained in more detail below.

##### *Trade and other receivables*

Trade and other receivables are categorised as receivables. These financial assets originate by the company providing goods, services or money directly to a debtor and are subsequently measured at amortised cost using the effective interest method less any accumulated impairment losses.

##### *Cash and cash equivalents*

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the company unless otherwise stated and cash held for petty cash usage.

Cash and cash equivalents are categorised as receivables and subsequent to initial recognition measured at amortised cost.

##### *Trade and other payables*

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

#### ***Derecognition***

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

##### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### ***Offset***

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

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 1. Significant accounting policies (continued)

#### 1.5 Equipment

##### *Recognition and measurement*

Items of equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Upon initial recognition leased assets are recognised at fair value. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire equipment, are also included in cost.

If significant parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains or losses on the disposal of equipment, comprising the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss.

##### *Subsequent costs*

Subsequent expenditure relating to an item of equipment is capitalised only if it is probable that future economic benefits embodied with the item will flow to the company and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

##### *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the assets in order to reduce the cost of the asset to its residual value. Residual value is the amount that an entity could receive for the asset at the reporting date if the asset were already of the age and the condition that it will be in when the entity expects to dispose of it. Residual value does not include expected future inflation.

The estimated useful lives for the current and comparative years are as follows:

Computer equipment = 4 years (Depreciation 25% per annum straight-line method)

Software = 3 years (Depreciation 33.3% per annum straight-line method)

Server = 5 years (Depreciation 20% per annum straight-line method)

Equipment and furniture = 6.25 years (Depreciation 16% per annum straight-line method)

Networking hardware = 3 years (Depreciation 33.3% per annum straight-line method)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 1. Significant accounting policies (continued)

#### 1.6 Leases

##### *Operating leases*

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Minimum lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Contingent rental escalations, such as those relating to turnover, are expensed in the year in which the escalation is determined.

#### 1.7 Impairment of assets

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, the asset's recoverable amount is estimated.

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

The recoverable amount of the cash-generating unit is assessed with reference to the future cash flows of the cash-generating unit. Where impairment is identified for a cash-generating unit, the impairment is applied first to the goodwill allocated to the cash-generating unit (if any) and then to other assets on a pro rata basis comprising the cash-generating unit provided that each identifiable asset is not reduced to below its recoverable amount.

##### *Recoverable amount*

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 1. Significant accounting policies (continued)

#### 1.7 Impairment of assets (continued)

##### *Reversal of impairment losses*

Impairment losses recognised in prior years are assessed at each reporting date for any indicators that the losses have decreased or no longer exist. Reversal of impairment losses recognised in prior years are recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased, either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in profit and loss.

##### *Financial assets*

At each reporting date, an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

#### 1.8 General reserves

The balance of accumulated funds is transferred to general reserves.

#### 1.9 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the expected future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 1. Significant accounting policies (continued)

#### 1.10 Employee benefits

##### *Short-term employee benefits*

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

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

#### 1.11 Donor and other income (revenue)

Donor income comprises grant and contract income from Institutional Funders and USA Governmental funding, contract management fees and indirect income. Donor income is recognised when the entity becomes unconditionally entitled to the funds either by invoicing the donor or according to payment schedules agreed with donors. Other (project) income is recognised in accordance with the underlying project agreements when the company is unconditionally entitled to the contributions received.

Contributions received that are not recognised as donor or project income are carried in deferred income until such time as the company is entitled to such contributions.

Revenue relating to contracts entered into on reimbursive terms are recognised when the expense is incurred. Accrued income is recognised for revenue not yet received.

#### 1.12 Finance income

Finance income comprises interest income of funds invested. Interest income, is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is probable that such income will accrue to the company.

#### 1.13 Income taxes

Jembi Health Systems NPC is a Public Benefit Organisation and is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act.



# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

	2021 R	2020 R
<b>2. Donor income</b>		
Grant and contract income	<u>86 624 634</u>	<u>171 191 005</u>
<b>3. Other income</b>		
Project income	<u>-</u>	<u>1 016 984</u>
	<u>-</u>	<u>1 016 984</u>
<b>4. Operating deficit</b>		
is arrived at after taking into account:		
Depreciation	1 153 611	1 267 316
Realised foreign exchange (gain)	(360 160)	(776 280)
Salaries	42 103 414	48 664 082
Audit fees	688 309	1 191 277
(Gain)/loss on Disposal of asset	15 172	(3 676)
Operating lease rentals - premises	<u>2 305 242</u>	<u>3 825 492</u>
<b>5. Finance income</b>		
Interest received – Stanlib	450 498	634 478
Interest received – BMGF funds	68 365	248 927
Interest received – MRC funds	49 344	26 532
Interest received –GIZM funds	<u>40 923</u>	<u>-</u>
	<u>609 130</u>	<u>909 937</u>

## 6. Taxation

No taxation has been provided as the company is a Public Benefit Organisation and is thus exempt from income tax in terms of the Section 10(1)(cN) of the Income Tax Act.

*Handwritten signature*

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Equipment	Computer equipment R	Software R	Equipment and furniture R	Server R	Networking hardware R	Total R
<b>2021</b>						
<b>Cost</b>						
Opening balance	3 752 101	156 105	2 301 656	283 567	1 350 132	7 843 561
Additions	<b>557 568</b>	-	<b>13 005</b>	-	<b>14 360</b>	<b>584 933</b>
Disposals	<b>(93 220)</b>		<b>(56 895)</b>			<b>(150 115)</b>
<b>Closing balance</b>	<b>4 216 449</b>	<b>156 105</b>	<b>2 257 766</b>	<b>283 567</b>	<b>1 364 492</b>	<b>8 278 379</b>
<b>Accumulated depreciation</b>						
Opening balance	(2 418 519)	(156 105)	(1 223 034)	(182 467)	(788 975)	(4 769 100)
Depreciation	<b>(521 509)</b>	<b>(-)</b>	<b>(255 207)</b>	<b>(26 599)</b>	<b>(350 296)</b>	<b>(1 153 611)</b>
<b>Closing balance</b>	<b>(2 940 028)</b>	<b>(156 105)</b>	<b>(1 478 241)</b>	<b>(209 066)</b>	<b>(1 139 271)</b>	<b>(5 922 711)</b>
<b>Net book value</b>	<b>1 276 421</b>	<b>-</b>	<b>779 525</b>	<b>74 501</b>	<b>225 221</b>	<b>2 355 668</b>
<b>2020</b>						
<b>Cost</b>						
Opening balance	2 844 277	156 105	2 016 709	217 554	1 256 358	6 491 003
Additions	957 119	-	287 245	66 013	93 774	1 404 151
Disposals	(49 295)	-	(2 298)	-	-	(51 593)
<b>Closing balance</b>	<b>3 752 101</b>	<b>156 105</b>	<b>2 301 656</b>	<b>283 567</b>	<b>1 350 132</b>	<b>7 843 561</b>
<b>Accumulated depreciation</b>						
Opening balance	(1 850 744)	(144 402)	(912 322)	(150 010)	(444 306)	(3 501 784)
Depreciation	<b>(567 775)</b>	<b>(11 703)</b>	<b>(310 712)</b>	<b>(32 457)</b>	<b>(344 669)</b>	<b>(1 267 316)</b>
<b>Closing balance</b>	<b>(2 418 519)</b>	<b>(156 105)</b>	<b>(1 223 034)</b>	<b>(182 467)</b>	<b>(788 975)</b>	<b>(4 769 100)</b>
<b>Net book value</b>	<b>1 333 582</b>	<b>-</b>	<b>1 078 622</b>	<b>101 100</b>	<b>561 157</b>	<b>3 074 461</b>

*Ad*

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

	2021 R	2020 R
<b>8. Cash and cash equivalents</b>		
Cash on hand (SA and Mozambique)	12 360	12 390
Bank balances (SA, Mozambique and Rwanda)	12 097 524	15 891 947
	<u>12 109 884</u>	<u>15 904 337</u>
<b>9. Trade and other receivables</b>		
Employee receivables	120 732	98 079
Trade receivables	5 892 207	13 176 896
Prepayments	216 665	203 428
Deposits	573 549	567 873
	<u>6 803 153</u>	<u>14 046 276</u>
<b>10. Accrued income/(deferred income)</b>		
<i>Accrued income</i>	458 754	-
UNICEF (Mozambique In Country)	341 247	-
Palladium DFI	4 705	-
- Digital Square Empty Box and DATIM	36 916	-
- BroadReach Health Care – RAD/USAID	49 351	-
- BroadReach Health Care – RAD/BMGF	26 535	-
-		
- <i>Deferred income</i>	(3 720 490)	(15 368 745)
UCT: Bill and Melinda Gates Foundation	-	(1 118 230)
Centers for Disease Control and Prevention (Mozambique Program)	(19 331)	(526 701)
- Centers for Disease Control and Prevention (TAP)	(87 642)	-
- Praekelt Foundation (JNJ)	-	(3 322 191)
- IZAM	-	(72 393)
- Blood Safety South Sudan	(235 403)	(529 265)
- MRC Funding combined	(1 221 709)	(1 081 102)

*Ad*

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 10. Accrued income/(deferred income) (continued)

	2021 R	2020 R
- Elma Philanthropy	(438 326)	-
- Terres Homes	(279 820)	(378 386)
- German Cooperation: IMIS	-	(426 693)
- German Cooperation: Emmunize	(3 976)	
- German Cooperation: Malawi	(701 857)	(7 436 265)
- Grand Challenges	(732 426)	-
- AHRI	-	(225 558)
- MMI Holdings limited	-	(251 961)

### 11. Trade and other payables

	2021 R	2020 R
Accruals	2 327 613	2 299 802
Thirteenth cheque – SA	524 896	547 232
Mozambique redundancy	744 226	647 960
Leave Provision – SA	742 094	533 974
VAT payable	31 358	177 815
	<u>4 370 187</u>	<u>4 206 783</u>

### 12. Directors' emoluments

	2021 R	2020 R
Non-executive directors fees	120 000	91 000
A Gray	22 500	21 000
Q Williams	22 500	7 000
D Moodley	22 500	21 000
D Morkel	22 500	21 000
S Reid	22 500	21 000
Z Vundle	7 500	-

### Executive director remuneration

CJ Seebregts	3 291 918	3 117 003
	<u>3 291 918</u>	<u>3 117 003</u>

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 13. Related parties

The directors of Jembi Health System NPC are listed in the directors' report. Other than directors' emoluments disclosed in note 12, no material related party transactions occurred during the year and no other related parties were noted.

	2021 R	2020 R
<b>14. Note to the statement of cash flows</b>		
<b>14.1 Cash generated by operations</b>		
Surplus before taxation	167 940	1 977 139
Adjusted for:		
- Depreciation	1 153 611	1 267 316
- Finance income	(609 130)	(909 937)
Working capital changes		
(Increase) /Decrease in trade and other receivables	7 262 419	(7 941 260)
Increase in trade and other payables	163 404	666 809
(Increase)/Decrease in accrued income	(458 754)	1 005 004
(Decrease) in deferred income	(11 648 255)	(4 459 405)
	<u>(3 968 765)</u>	<u>(8 394 334)</u>

### 15. Operating leases commitments

#### Minimum lease payments due

- within one year	3 668 918	4 021 372
- in second to fifth year inclusive	1 950 818	5 697 016
- later than five years	-	-
	<u>5 619 736</u>	<u>9 718 388</u>

*HL*

# JEMBI HEALTH SYSTEMS NPC

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 16. Events after the reporting period

At the date of finalization of the annual financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognized in the financial statements.

### 17. Going concern

The company made a surplus of R167 940 for the year ended 29 February 2021 (2020: R1 977 139) and as of that date its current assets exceeded its current liabilities by R11 281 114 (2020: R10 375 085) and its total assets exceeded its total liabilities by R14 163 949 (2020: R13 996 009).

#### COVID-19

On 11 March 2020, the World Health Organisation declared COVID-19 outbreak a global pandemic. On 15 March 2020, The President of the Republic of South Africa declared COVID-19 a national disaster and announced mandatory lockdown, with the exception of essential services, which has over time been eased in a staged approach. Similar responses were also announced by governments in various other countries in which Jembi Health Systems operates. All businesses' within Jembi Health Systems continued to support the essential services and maintained full operations. Jembi Health Systems was considered as essential services in our countries of operation linked to our COVID projects and the work done to support the Health Systems. The evolution of COVID-19 and the resulting economic impacts in the countries in which we operate have been considered in determining significant judgements and estimates at 28 February 2021. Subsequent to period-end there have been no significant changes in the COVID-19 restrictions impacting our business and thus no subsequent events related to the COVID-19 crisis have occurred.

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

# JEMBI HEALTH SYSTEMS NPC

	2021 R	2020 R
<b>18. Other Receivables</b>	<b>527 167</b>	<b>546 463</b>
Rwanda withholding tax receivable		

This is classified as a long term receivable due to the funds only being claimable at the closure of the Rwanda office registrations in Rwanda. It is confirmed with Rwanda Revenue that the credit will be held and remains an asset of the company which is also disclosed on the Rwanda annual CIT/Audit submissions to Revenue. These funds are held in Rwanda Franc and will be paid back in the same currency if the company dissolves.

*HL*

# JEMBI HEALTH SYSTEMS NPC

## Detailed revenue and income schedule

for the year ended 28 February 2021

	2021 R	2020 R
<b>Donor income</b>		
<b>Grant and Contract Income</b>		
SA Society of Anaesthesiologists (SASA)(ANSA1)	-	102 525
Management Sciences for Health (MSH01)	-	145 125
Cardno Emerging Markets USA Ltd (OHIE1, OMRS1 and CMOZ1)	<b>8 368 982</b>	12 487 789
Centers for Disease Control and Prevention (BSSP1)	-	997 352
Centers for Disease Control and Prevention (CDC02)	<b>13 994 210</b>	92 236 940
Centers for Disease Control and Prevention (CDC03)	<b>10 082 405</b>	-
Centers for Disease Control and Prevention (AHIE1, CDC04 and CDC05)	<b>5 064 248</b>	-
UCT/HST – Bill and Melinda Gates Foundation	<b>5 956 969</b>	6 027 178
Broadreach Health Care: Zambia (BRHC1)	-	41 759
Broadreach Health Care: RAD USAID (BRHC2)	<b>5 481 878</b>	4 037 703
Broadreach Health Care: RAD BMGF (BRHC3)	<b>194 027</b>	
Medscheme (MED01)	-	1 492 494
Clinton Health Access Initiative (CHAI1-3)	-	454 957
SA Medical Research Council (DST01, DST02, DST03 and MRC02)	<b>2 954 393</b>	2 054 523
MMI Holdings (MMI01/MMI02)	<b>251 961</b>	469 987
Regenstrief Institute (RII01)	-	207 998
University of Pretoria/CHAI (CHPIP, CHEBR)	<b>1 249 870</b>	1 070 895
CRVS Bangladesh (CRVS3)	<b>10 993</b>	241 473
United Nations DIAL (DIAL1)	-	1 573 396
Elma Philanthropy (ELMA1+2)	<b>1 761 674</b>	3 529 512
German Cooperation (GIZM1+2 and IMIS1)	<b>9 426 604</b>	4 922 165
Johnson and Johnson (JNJ01 and JNJ02)	<b>3 322 191</b>	4 240 975
Mott Macdonald Limited (BHP01)	<b>3 411 203</b>	-
JSI Research & Training Institute Inc (CHISU)	<b>144 003</b>	-
Palladium International LLC (DFI01)	<b>117 520</b>	
Praekelt Foundation (MEN01)	<b>2 343 573</b>	
OpenMRS In country fundraising (JEMBI)	<b>85 059</b>	-
UNICEF In country fundraising (UNIM1)	<b>385 112</b>	
Digital Square PATH through GATES (DHI01, OCRV1, OHIM1, COVID and OHIE2)	<b>2 592 296</b>	2 791 243

*Handwritten signature*

# JEMBI HEALTH SYSTEMS NPC

## Detailed revenue and income schedule (continued)

for the year ended 28 February 2021

	2021 R	2020 R
Digital Square PATH through USAID	1 303 220	20 696 979
Pierre Fabre Foundation (PFF01)	-	155 503
Terres Hommes In country fundraising (TDH01)	812 831	882 540
IZSAM In country fundraising (IZSAM)	341 070	99 683
Africa Health Research Institute (AHRI1)	475 558	24 442
Blood Safety South Sudan (BSSS1)	293 862	747 029
CAPRISA (CAPRI)	-	294 668
Vanderbilt University (CARE1)	257 101	877 458
Columbia University (TRACE and ICAP2)	5 858 833	7 134 871
Mezzanine (MEZ01)	82 988	1 151 843
<b>Total donor income</b>	<b>86 624 634</b>	<b>171 191 005</b>
<b>Other income</b>	-	1 016 984
JEMBI (JEM01)	-	977 613
VITAL	-	39 371
<b>Total income</b>	<b>86 624 634</b>	<b>172 207 989</b>

*AL*