SOUTH AFRICAN BREASTMILK RESERVE NPC

Registration number. 2005/024165/08

ANNUAL FINANCIAL STATEMENTS

28 FEBRUARY 2013

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principle activities	Non-Profit
Directors	S.N. Jordan (Resigned 20 February 2013) S. Jordan
Registered office	70 Paterson Street Newcastle 2940
Business address	23 Montrose Estate, Montrose Avenue, Northriding, 2194
Auditor	Lee Oosthuizen & Smith Inc. 70 Paterson Street / P.O. Box 390 Newcastle 2940 Tel: 034 - 3154014
Secretary	Not appointed
Company registration number	2005/024165/08

These financial statements have been prepared in accordance with the Companies Act of South Africa under the supervision of the Managing Director, Stasha Jordan, and have been audited by our external auditors, Lee Oosthuizen & Smith Inc.

Lee Oosthuizen
& Smith Inc. ✓

INDEPENDENT AUDITOR'S REPORT

To the members of SOUTH AFRICAN BREASTMILK RESERVE NPC
We have audited the accompanying financial statements of South African Breastmilk Reserve NPC as set out on pages 4 to 13, which comprises the statement of financial position as at 28 February 2013, the statement of income and retained earnings and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements
The directors are responsible for the preparation and the fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2013, and of its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the South African Companies Act.

Supplementary information
The supplementary schedule set out on page 14 does not form part of the annual financial statements and we have not audited this schedule.

Lee Oosthuizen & Smith Inc.
Chartered Accountants (S.A.)
Registered Accountants and Auditors
Newcastle
Per: Mr J. Habig

P.O Box 390 / 70 Paterson street
Newcastle
2940
Date: ____________

DIRECTORS' REPORT

The directors submit their report for the year ended 28 February 2013.

1. **Incorporation**
   The company was incorporated on 20 June 2005 and obtained its certificate to commence business on the same day.

2. **Review of activities**
   The company was established as a non-profit organisation and its main activity being its efforts to reduce the infant mortality rate at perinatal stage through the establishment of human milk banks throughout the country, as well as providing educational and support services in the safe and effective use of human milk in perinatal care.

   The net surplus of the company was R257,467 (2012: deficit: R50,680)

   The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. **Post balance sheets events**
   The director are not aware of any matter or circumstance arising since the end of the financial year.

4. **Directors**
   The directors of the company during the year and to the date of this report are:

S.N. Jordan	South African (resigned 20 February 2013)
S. Jordan	Slovenian

5. **Auditors**
   The company's auditors during the year and up to the date of this report was Lee Oosthuizen & Smith Inc.

STATEMENT OF INCOME AND RETAINED EARNINGS

	Notes	2013 R	2012 R
Income	10	1,775,604	1,410,218
Interest received		1	-
Depreciation		(170,208)	(122,752)
Director's remuneration		(286,578)	(181,074)
Employee costs		(269,686)	(291,722)
Interest paid		(7,103)	(2,561)
Other operating expenses		(784,563)	(862,788)
Surplus / (deficit) for the year	12	257,467	(50,680)
Accumulated surplus at start of year		193,877	244,557
Accumulated surplus at end of year		451,344	193,877

ACCOUNTING POLICY

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's), issued by the International Accounting Standards Board.

1.1. Property, plant and equipment

The cost of an item of property plant and equipment is recognised as an asset when:
it is probable that future economic benefits associated with the item will flow to the company; and
the cost of the item can be measured reliably.

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	**Useful life**
Office equipment	5 years
Furniture & fittings	10 years
Computer equipment	3 years
Milk bank equipment	5 years

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

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

1.2. Financial Instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.
Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

	2013 R	2012 R

2. PROPERTY, PLANT AND EQUIPMENT

	2013			2012		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Office equipment	49,324	(33,338)	15,986	49,324	(23,749)	25,575
Furniture and fittings	77,021	(29,668)	47,353	74,971	(21,919)	53,052
Computer equipment	44,446	(25,738)	18,708	36,977	(18,392)	18,585
Milk bank equipment	830,145	(349,490)	480,655	575,969	(203,966)	372,003
Total	1,000,936	(438,234)	562,702	737,241	(268,026)	469,215

Reconciliation: year ended 28 February 2013	Opening Balance	Additions	Disposals	Depreciation	Total
Office equipment	25,575	-	-	(9,589)	15,986
Furniture and fittings	53,052	2,050	-	(7,749)	47,353
Computer equipment	18,585	7,469	-	(7,346)	18,708
Milk bank equipment	372,003	254,176	-	(145,524)	480,655
Total	469,215	263,695	-	(170,208)	562,702

Reconciliation: year ended 29 February 2012	Opening Balance	Additions	Disposals	Depreciation	Total
Office equipment	54,726	3,900	(20,467)	(12,584)	25,575
Furniture and fittings	45,527	15,000	-	(7,475)	53,052
Computer equipment	2,642	21,139	-	(5,196)	18,585
Milk bank equipment	331,922	137,578	-	(97,497)	372,003
Total	434,817	177,617	(20,467)	(122,752)	469,215

3. TRADE AND OTHER RECEIVABLES

	2013	2012
Accounts receivable	159,442	39,956
South African Revenue Services - VAT	81,257	61,659
Deposits	40,277	13,712
Total trade and other receivables	280,976	115,327

4. CASH AND CASH EQUIVALENTS

	2013	2012
Bank current account	(8,947)	(21,741)
Bank savings	-	32
Bank funds on call	1,000	1,000
Total cash and cash equivalents	(7,947)	(20,709)

Disclosed in the Statement of Financial Position as follows:-

	2013	2012
Current Assets	1,000	1,032
Current Liabilities	(8,947)	(21,741)
Total	(7,947)	(20,709)

NOTES TO THE FINANCIAL STATEMENTS

	2013 R	2012 R
11. SURPLUS / (DEFICIT) for the year		
The following items have been recognised as expenses in determining surplus for the year:-		
Depreciation	170,208	122,752
Director's remuneration	286,578	181,074
Employee costs	269,686	291,722
Operating lease - premises	139,920	94,908
Purchases of milk bank equipment	118,161	118,962
12. CASH GENERATED FROM OPERATIONS		
Surplus / (Deficit) for the year	257,467	(50,680)
Adjustments for:		
Depreciation	170,208	122,752
Interest received	(1)	-
Interest paid	7,103	2,561
Changes in working capital:		
Increase in Accounts Receivable	(165,649)	(69,037)
Increase in Accounts Payable	68,703	66,821
Total cash generated from operations	337,831	72,417