BAXTERS
Registered accountants and auditors

South African Breastmilk Reserve NPC
(Registration number 2005/024165/08)
Financial statements
for the year ended 29 February 2016

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Financial Statements for the year ended 29 February 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To reduce the infant mortality rate at perinatal stage through the establishment of human milk banks thoughout the country, as well as providing educational and support services in the safe and effective use of human milk in perinatal care.
Directors	K.S.O Beavon S.D Delport J.S Druker R.H Friedland S.Jordan M.H Masango A Ntsho P Warrener
Registered office	Petersonstraat 70 Newcastle 2940
Business address	23 Montrose Estate Montrose Avenue Northriding 2194
Auditor's	Baxters Chartered Accountants (S.A.) Registered Auditor
Secretary	MHF Secreterial Services

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The reports and statements set out below comprise the financial statements presented to the members:

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Published

03 November 2016

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The financial statements set out on pages 5 to 15, which have been prepared on the going concern basis, were approved by the board of directors on 03 November 2016 and were signed on its behalf by:

Approval of financial statements

Director | Director

Director | Director

03 November 2016

BAXTERS
Registered accountants and auditors

Independent Auditor's Report

To the members of South African Breastmilk Reserve NPC

We have audited the financial statements of South African Breastmilk Reserve NPC, as set out on pages 6 to 14, which comprise the statement of financial position as at 29 February 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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. Those 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 risk assessments, the auditor considers internal control relevant to the company'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 company'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 South African Breastmilk Reserve NPC as at 29 February 2016, 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 71 of 2008.

Baxters
B.P Meth
Partner
Registered Auditor
03 November 2016
Per: B.P Meth
Rivonia

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of South African Breastmilk Reserve NPC for the year ended 29 February 2016.

1. Nature of business

South African Breastmilk Reserve NPC was incorporated in South Africa with interests in the Non-profit industry. The company operates in South Africa.

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

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Directors

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

Directors	Designation	Changes
K.S.O Beavon		
S.D Delport		
J.S Druker		
R.H Friedland		
S.Jordan		
M.B Macginty		Resigned 16 April 2016
M.H Masango		
A Ntsho		Appointed 16 April 2016
P Warrener	Alternate	Appointed 16 April 2016

There have been no changes to the directorate for the period under review.

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 29 February 2016 the company's investment in property, plant and equipment amounted to R358 350 (2015:R444 107), of which R70 741 (2015: R184 411) was added in the current year through additions.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Auditors

Baxters continued in office as auditors for the company for 2016.

Statement of Financial Position as at 29 February 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	358 350	444 107
Current Assets			
Trade and other receivables	3	504 569	398 359
Cash and cash equivalents	4	590 008	1 770 426
		1 094 577	**2 168 785**
Total Assets		**1 452 927**	**2 612 892**
Equity and Liabilities			
Equity			
Retained income		1 135 719	2 323 868
Liabilities			
Non-Current Liabilities			
Other financial liabilities	6	-	809
Current Liabilities			
Trade and other payables	5	317 208	288 215
Total Liabilities		**317 208**	**289 024**
Total Equity and Liabilities		**1 452 927**	**2 612 892**

South African Breastmilk Reserve NPC
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Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue	7	3 760 013	4 748 894
Other income	8	-	1 101 381
Operating expenses		(4 943 963)	(3 952 202)
Operating (loss) profit		**(1 183 950)**	**1 898 073**
Investment revenue	9	2 092	31 280
Finance costs	10	(6 291)	(517)
(Loss) profit for the year		**(1 188 149)**	**1 928 836**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2014	**395 032**	**395 032**
Profit for the year	**1 928 836**	**1 928 836**
Balance at 01 March 2015	**2 323 868**	**2 323 868**
Loss for the year	**(1 188 149)**	**(1 188 149)**
Balance at 29 February 2016	**1 135 719**	**1 135 719**
Note(s)		

South African Breastmilk Reserve NPC
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Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash used in operations	13	(1 104 669)	(836 405)
Interest income		2 092	31 280
Finance costs		(6 291)	(517)
Net cash from operating activities		**(1 108 868)**	**(805 642)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(70 741)	(184 411)
Sale of property, plant and equipment	2	-	1 101 381
Net cash from investing activities		**(70 741)**	**916 970**
Cash flows from financing activities			
Repayment of other financial liabilities		(809)	(175 000)
Net cash from financing activities		**(809)**	**(175 000)**
Total cash movement for the year		**(1 180 418)**	**(63 672)**
Cash at the beginning of the year		1 770 426	1 834 098
Total cash at end of the year	4	**590 008**	**1 770 426**

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

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

Cost include costs 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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Milkbank equipment	Straight line	5 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:
- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.5 Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.6 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

Notes to the Financial Statements

Figures in Rand	2016	2015

6. Other financial liabilities

At amortised cost		
Loans from director - S Jordan	-	809
This loan is unsecured, bears no interest and has no fixed terms of repayment.		
Non-current liabilities		
At amortised cost	-	809

7. Revenue

Grants received	1 459 988	2 079 670
Milkbank establishment, adminstration and support services	2 300 025	2 669 224
	3 760 013	**4 748 894**

8. Other income

Profit and loss on sale of assets and liabilities	-	1 101 381

9. Investment revenue

Interest revenue		
Bank	2 092	31 280

10. Finance costs

Bank	6 291	517

11. Taxation

No provision has been made for 2016 tax as the company has no taxable income.

12. Auditor's remuneration

Fees	11 000	12 540

13. Cash used in operations

(Loss) profit before taxation	(1 188 149)	1 928 836
Adjustments for:		
Depreciation and amortisation	156 498	192 207
Profit on sale of assets	-	(1 101 381)
Interest received	(2 092)	(31 280)
Finance costs	6 291	517
Other non-cash items -rounding	-	(3)
Changes in working capital:		
Trade and other receivables	(106 210)	(128 815)
Trade and other payables	28 993	85 299
Deferred income	-	(1 781 785)
	(1 104 669)	**(836 405)**

Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Revenue			
Grants received		1 459 988	2 079 670
Milkbank establishment, adminstration and support services		2 300 025	2 669 224
	7	**3 760 013**	**4 748 894**
Other income			
Interest received	9	2 092	31 280
Gains on disposal of assets		-	1 101 381
		2 092	**1 132 661**
Operating expenses			
Accounting fees		90 344	106 126
Advertising		23 282	48 064
Auditors remuneration	12	11 000	12 540
Bank charges		13 026	10 487
Cleaning		-	9 769
Co-ordination fees		417 721	324 236
Computer expenses		15 452	54 482
Consulting fees		-	299 455
Delivery expenses		735 051	561 918
Depreciation, amortisation and impairments		156 498	192 207
Employee costs		1 986 392	1 271 456
Entertainment		-	32 540
Insurance		96 080	46 490
Lease rentals on operating lease		248 994	218 568
Motor vehicle expenses		36 150	45 225
Postage		9 806	4 134
Printing and stationery		114 605	79 849
Purchases of milk bank equipment		752 959	148 285
Repairs and maintenance		78 191	69 774
Staff welfare		1 959	80 597
Subscriptions		5 931	6 616
Telephone and fax		75 855	53 633
Training		-	22 350
Travel - local		74 667	100 438
Travel - overseas		-	22 963
Warrenty expense		-	130 000
		4 943 963	**3 952 202**
Operating (loss) profit		**(1 181 858)**	**1 929 353**
Finance costs	10	(6 291)	(517)
(Loss) profit for the year		**(1 188 149)**	**1 928 836**