BAXTERS
Registered accountants and auditors

South African Breastmilk Reserve NPC
(Registration number 2005/024165/08)
Financial statements
for the year ended 28 February 2017

B.P. METH CA. (SA)
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(Registration number 2005/024165/08)
Financial Statements for the year ended 28 February 2017

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
Auditors	Baxters Chartered Accountants (SA) Registered Auditor 79A Stiglingh Road Rivonia 2128
Secretary	MHF Secreterial Services

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Level of assurance

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

Published

04 August 2017

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 auditors are 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 2018 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 auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 04 August 2017 and were signed on its behalf by:

Approval of financial statements

Director

Director

Director

Director

04 August 2017

Independent Auditor's Report

BAXTERS
Registered accountants and auditors

To the members of South African Breastmilk Reserve NPC

Opinion

We have audited the financial statements of South African Breastmilk Reserve NPC set out on pages 7 to 16, which comprise the statement of financial position as at 28 February 2017, and the statement of comprehensive income, statement of changes in equity and 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 South African Breastmilk Reserve NPC as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. 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 International Financial Reporting Standard for Small and Medium-sized Entities and the 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 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 International Standards on Auditing 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.

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Independent Auditor's Report

As part of an audit in accordance with International Standards on Auditing, 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 company's 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.

Baxters
B.P Meth
Partner
Chartered Accountants (SA)
Registered Auditor
04 August 2017
Rivonia

Directors' Report

The directors have pleasure in submitting their report on the financial statements of South African Breastmilk Reserve NPC for the year ended 28 February 2017.

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	Alternate	Appointed 16 April 2016
P Warrener		Appointed 16 April 2016

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 28 February 2017 the company's investment in property, plant and equipment amounted to R236 326 (2016:R358 350), of which R3 684 (2016: R70 741) 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 2017.

Statement of Financial Position as at 28 February 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	236 326	358 350
Current Assets			
Trade and other receivables	3	486 685	504 569
Cash and cash equivalents	4	232 266	590 008
		718 951	**1 094 577**
Total Assets		**955 277**	**1 452 927**
Equity and Liabilities			
Equity			
Retained income		659 428	1 135 719
Liabilities			
Non-Current Liabilities			
Other financial liabilities	6	30 000	-
Current Liabilities			
Trade and other payables	5	265 849	317 208
Total Liabilities		**295 849**	**317 208**
Total Equity and Liabilities		**955 277**	**1 452 927**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	7	4 661 916	3 760 013
Cost of sales	8	(1 656 220)	(1 922 384)
Gross profit		**3 005 696**	**1 837 629**
Operating expenses		(3 481 925)	(3 021 579)
Operating loss		**(476 229)**	**(1 183 950)**
Investment revenue	9	3	2 092
Finance costs	10	(65)	(6 291)
Loss for the year		**(476 291)**	**(1 188 149)**

South African Breastmilk Reserve NPC
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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2015	**2 323 868**	**2 323 868**
Loss for the year	**(1 188 149)**	**(1 188 149)**
Balance at 01 March 2016	**1 135 719**	**1 135 719**
Loss for the year	**(476 291)**	**(476 291)**
Balance at 28 February 2017	**659 428**	**659 428**

Note(s)

South African Breastmilk Reserve NPC
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Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	13	(383 996)	(1 104 669)
Interest income		3	2 092
Finance costs		(65)	(6 291)
Net cash from operating activities		**(384 058)**	**(1 108 868)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3 684)	(70 741)
Cash flows from financing activities			
Proceeds from other financial liabilities		30 000	-
Repayment of other financial liabilities		-	(809)
Net cash from financing activities		**30 000**	**(809)**
Total cash movement for the year		**(357 742)**	**(1 180 418)**
Cash at the beginning of the year		590 008	1 770 426
Total cash at end of the year	4	**232 266**	**590 008**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis 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.

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

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.

Accounting Policies

1.6 Government grants (continued)

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.

1.7 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.8 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

Figures in Rand	2017	2016

2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	90 217	(62 694)	27 523	86 533	(53 672)	32 861
Office equipment	47 812	(30 106)	17 706	47 812	(25 299)	22 513
IT equipment	76 554	(62 422)	14 132	76 554	(52 123)	24 431
Milkbank equipment	1 114 894	(937 929)	176 965	1 114 894	(836 349)	278 545
Total	**1 329 477**	**(1 093 151)**	**236 326**	**1 325 793**	**(967 443)**	**358 350**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	32 861	3 684	(9 022)	27 523
Office equipment	22 513	-	(4 807)	17 706
IT equipment	24 431	-	(10 299)	14 132
Milkbank equipment	278 545	-	(101 580)	176 965
	358 350	**3 684**	**(125 708)**	**236 326**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	31 947	9 512	(8 598)	32 861
Office equipment	15 179	13 150	(5 816)	22 513
IT equipment	16 241	22 279	(14 089)	24 431
Milkbank equipment	380 740	25 800	(127 995)	278 545
	444 107	**70 741**	**(156 498)**	**358 350**

3. Trade and other receivables

	2017	2016
Trade receivables	443 151	442 855
Deposits	43 534	43 534
VAT	-	18 180
	486 685	**504 569**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash on hand	3 011	553
Bank balances	229 255	589 455
	232 266	**590 008**

5. Trade and other payables

	2017	2016
Trade payables	35 233	87 208
VAT	616	-
Provision for warrenty claims	230 000	230 000
	265 849	**317 208**

Notes to the Financial Statements

Figures in Rand	2017	2016

6. Other financial liabilities

At amortised cost		
Loans from director - S Jordan	30 000	-
This loan is unsecured, bears no interest and has no fixed terms of repayment.		
Non-current liabilities		
At amortised cost	30 000	-

7. Revenue

Grants received	1 011 976	1 459 988
Milkbank equipment sales	184 371	-
Milkbank establishment, administration and support services	3 465 569	2 300 025
	4 661 916	**3 760 013**

8. Cost of sales

Milkbank		
Co-ordination fees	277 785	417 721
Collection costs	392 044	258 908
Machinery repair	46 613	16 653
Milkbank equipment purchases	322 655	752 959
Monitoring costs	75 445	-
Travel and distribution	541 678	476 143
	1 656 220	**1 922 384**

9. Investment revenue

Interest revenue		
Bank	3	2 092

10. Finance costs

Bank	65	6 291

11. Taxation

No provision has been made for 2017 tax as the company has no taxable income.

12. Auditor's remuneration

Fees	11 500	11 000

Notes to the Financial Statements

Figures in Rand	2017	2016

13. Cash used in operations

Loss before taxation	(476 291)	(1 188 149)
Adjustments for:		
Depreciation and amortisation	125 708	156 498
Interest received	(3)	(2 092)
Finance costs	65	6 291
Other non-cash items	-	4
Changes in working capital:		
Trade and other receivables	17 884	(106 210)
Trade and other payables	(51 359)	28 989
	(383 996)	**(1 104 669)**

Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
Revenue	7	**4 661 916**	**3 760 013**
Cost of sales	8	**(1 656 220)**	**(1 922 384)**
Gross profit		**3 005 696**	**1 837 629**
Other income			
Interest received	9	3	2 092
Operating expenses			
Accounting fees		109 600	90 344
Advertising		144 311	23 282
Auditors remuneration	12	11 500	11 000
Bank charges		13 740	13 026
Cleaning		90	-
Computer expenses		40 475	15 452
Consulting fees		267 473	-
Depreciation, amortisation and impairments		125 708	156 498
Employee costs		2 024 145	1 986 392
General expenses		8 600	-
Insurance		94 042	96 080
Lease rentals on operating lease		313 886	248 994
Motor vehicle expenses		17 516	36 150
Postage		5 957	9 806
Printing and stationery		85 724	114 605
Repairs and maintenance		17 667	61 538
Staff welfare		60 676	1 959
Subscriptions		7 275	5 931
Telephone and fax		73 847	75 855
Training		18 392	-
Travel - local		41 301	74 667
		3 481 925	**3 021 579**
Operating loss		**(476 226)**	**(1 181 858)**
Finance costs	10	(65)	(6 291)
Loss for the year		**(476 291)**	**(1 188 149)**