
SOUTH AFRICAN BREASTMILK RESERVE NPC

Registration number. 2005/024165/08

ANNUAL FINANCIAL STATEMENTS

28 FEBRUARY 2014

**Lee Oosthuizen
& Smith Inc.** 

ACCOUNTANTS & AUDITORS
REKENMEESTERS & OUDITEURS

SOUTH AFRICAN BREASTMILK RESERVE NPC

Registration number. 2005/024165/08

Annual Financial Statements for the year ended 28 February 2014

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principle activities	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
Directors	S. Jordan
Registered office	60 Gemsbok Avenue Newcastle 2940
Business address	23 Montrose Estate, Montrose Avenue, Northriding, 2194
Auditor	Lee Oosthuizen & Smith Inc. 60 Gemsbok Avenue / P.O. Box 390 Newcastle 2940 Tel: 034 - 3154014
Secretary	MHF Secretarial Services
Company registration number	2005/024165/08

INDEX

	Page
Independent Compiler's report	3
Independent Auditor's report	4
Director's responsibility and approval	5
Director's report	6
Statement of financial position	7
Statement of income and retained earnings	8
Statement of cash flows	9
Accounting policies	10 - 11
Notes to the financial statements	12 - 14
The following supplementary schedule does not form part of the annual financial statements and is unaudited:-	
Detailed income statement	15

KIM HOATSON CONSULTING

Kim Hoatson CA (SA)

kimh@sai.co.za

0832626575

PH/FAX: 034 3250664

VAT No. 4570232449

P.O. BOX 997

NEWCASTLE

2940

23 PIKKEWYN STREET

NEWCASTLE

2940

PRACTITIONER'S COMPILATION REPORT

To the Directors of South African Breastmilk Reserve NPC

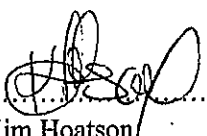
I have compiled the accompanying financial statements of South African Breastmilk Reserve NPC based on information you have provided. These financial statements comprise the statement of financial position of South African Breastmilk Reserve NPC as at 28 February, 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small- and Medium-sized Entities (IFRS for SMEs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS for SMEs.


.....
Kim Hoatson

....21/10/2014....
Date

Kim Hoatson Consulting
23 Pikkewyn Street
Newcastle
2940

SOUTH AFRICAN BREASTMILK RESERVE NPC
Registration number. 2005/024165/08
Annual Financial Statements for the year ended 28 February 2014

Lee Oosthuizen
& Smith Inc. 

INDEPENDENT AUDITOR'S REPORT

To the directors 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 2014, 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

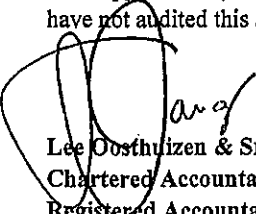
In our opinion the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2014, and of its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the South African Companies Act.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 28 February 2014, we have read the Directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. This report is the responsibility of the respective preparer. Based on reading this report, we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on it.

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 / 60 Gemsbok Avenue
Newcastle
2940
Date: 21/10/2014

SOUTH AFRICAN BREASTMILK RESERVE NPC

Registration number. 2005/024165/08

Annual Financial Statements for the year ended 28 February 2014

DIRECTORS' RESPONSIBILITY AND APPROVAL

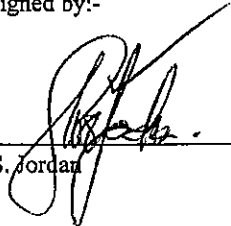
The directors are required by the South African Companies Act to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial 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 annual 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 their responsibilities, the directors set 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 that the system of internal control provides reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements set out on pages 2 to 13, which have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future, were approved by the directors and were signed by:-



S. Jordan

Newcastle

Date: 21/10/14

DIRECTORS' REPORT

The directors submit their report for the year ended 28 February 2014.

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 deficit of the company was R56,312 (2013: Surplus - R257,467)

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:

K.S.O. Beavon	South African
S.D. Delpont	South African
J.S Druker	South African
R.H. Friedland	South African
S. Jordan	Slovenian
M.B. Macginty	British
M.H. Masango	South African

Secretary

MHF Secretarial Services

5. Auditors

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

SOUTH AFRICAN BREASTMILK RESERVE NPC
 Registration number. 2005/024165/08
 Annual Financial Statements for the year ended 28 February 2014

STATEMENT OF FINANCIAL POSITION

	Notes	2014 R	2013 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	451,903	562,702
Current assets			
Trade and other receivables	3	269,544	280,976
Cash and cash equivalents	4	1,878,223	1,000
Total Assets		2,599,670	844,678
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus		395,032	451,344
Non-current liabilities			
Loan from director	5	175,809	232,809
Current liabilities			
Borrowings	6	-	4,500
Accounts payable	7	102,919	132,078
Deferred Income	8	1,781,785	-
Provisions	9	100,000	15,000
Bank overdraft	4	44,125	8,947
Total Equity and Liabilities		2,599,670	844,678

SOUTH AFRICAN BREASTMILK RESERVE NPC
Registration number. 2005/024165/08
Annual Financial Statements for the year ended 28 February 2014

STATEMENT OF INCOME AND RETAINED EARNINGS

	Notes	2014 R	2013 R
Revenue	10	2,933,064	1,775,604
Interest received		21	1
Depreciation		(191,556)	(170,208)
Director's remuneration		(478,155)	(286,578)
Employee costs		(397,633)	(269,686)
Interest paid		-	(7,103)
Other operating expenses		(1,922,053)	(784,563)
(Deficit) / Surplus for the year	12	(56,312)	257,467
Accumulated surplus at start of year		451,344	193,877
Accumulated surplus at end of year		395,032	451,344

SOUTH AFRICAN BREASTMILK RESERVE NPC
 Registration number. 2005/024165/08
 Annual Financial Statements for the year ended 28 February 2014

STATEMENT OF CASH FLOWS

	Notes	2014 R	2013 R
CASH FLOWS FROM OPERATING ACTIVITIES		1,984,302	330,729
Cash received from donors and customers		2,944,496	1,609,955
Cash paid to suppliers and employees		(960,215)	(1,272,124)
Cash generated from operations	14	1,984,281	337,831
Interest received		21	1
Interest paid		-	(7,103)
CASH FLOWS FROM INVESTING ACTIVITIES		(80,757)	(263,695)
Additions to property, plant and equipment - to expand operations		(80,757)	(263,695)
CASH FLOWS FROM FINANCING ACTIVITIES		(61,500)	(54,272)
Director's loans (repaid) / advanced		(57,000)	(26,772)
Borrowings repaid		(4,500)	(27,500)
Net increase in cash and cash equivalents		1,842,045	12,762
Cash and cash equivalents at beginning of year		(7,947)	(20,709)
Cash and cash equivalents at end of year	4	<u>1,834,098</u>	<u>(7,947)</u>

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. They have been prepared under the historical cost convention, unless otherwise stated. The principal account policies are as follows:

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.

ACCOUNTING POLICY (continued)

1.2. Financial Instruments (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position

Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.3. Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.4. Borrowing costs

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

1.5. Revenue recognition

Income include grants and donations received from donors and is recognised as follows:

- a) A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable.
- b) A grant that imposes specified future performance conditions on the recipient is recognised in income only when the performance conditions are met.
- c) Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

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

Income is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

The company recognises income when: the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when the risks and rewards of ownership has been transferred to the buyer.

Interest income is recognised using the effective interest method.

1.6. Key sources of estimation uncertainty

Management makes estimates and assumptions regarding the useful lives of property, plant and equipment and the potential warranty obligation of the company in respect of milk bank equipment sold. These estimates and assumptions are not considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

	2014			2013		
	R			R		
2. PROPERTY, PLANT AND EQUIPMENT						
	2014			2013		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Office equipment	19,879	(14,153)	5,726	49,324	(33,338)	15,986
Furniture and fittings	77,021	(37,371)	39,650	77,021	(29,668)	47,353
Computer equipment	53,811	(36,774)	17,037	44,446	(25,738)	18,708
Milk bank equipment	930,982	(541,492)	389,490	830,145	(349,490)	480,655
Total	1,081,693	(629,790)	451,903	1,000,936	(438,234)	562,702
Reconciliation: year ended 28 February 2014	Opening Balance	Additions	Reclassify	Depreciation	Total	
Office equipment	15,986	1,578	(8,306)	(3,532)	5,726	
Furniture and fittings	47,353	-	-	(7,703)	39,650	
Computer equipment	18,708	9,365	-	(11,036)	17,037	
Milk bank equipment	480,655	69,814	8,306	(169,285)	389,490	
Total	562,702	80,757	-	(191,556)	451,903	
Reconciliation: year ended 29 February 2013	Opening Balance	Additions	Reclassify	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	
3. TRADE AND OTHER RECEIVABLES						
Accounts receivable				173,477	159,442	
South African Revenue Services - VAT				55,090	81,257	
Deposits				40,977	40,277	
Total trade and other receivables				269,544	280,976	
4. CASH AND CASH EQUIVALENTS						
Bank current account				383,086	(8,947)	
Petty Cash				137	-	
Bank funds on call				1,495,000	1,000	
Credit Cards				(44,125)	-	
Total cash and cash equivalents				1,834,098	(7,947)	
<u>Disclosed in the Statement of Financial Position as follows:-</u>						
Current Assets				1,878,223	1,000	
Current Liabilities				(44,125)	(8,947)	
Total				1,834,098	(7,947)	

NOTES TO THE FINANCIAL STATEMENTS

	2014 R	2013 R
5. LOAN FROM DIRECTOR		
S. Jordan	175,809	232,809
The loan is unsecured, interest free and have no fixed terms for repayment.		
6. BORROWINGS		
Loan from K. Beavon	-	4,500
The loan is unsecured, interest free and have no fixed terms for repayment		
7. ACCOUNTS PAYABLE		
Accrual for expenditure	38,406	116,716
Deposits and prepayments	49,990	-
Payroll taxes	14,523	15,362
Total	102,919	116,716
8. DEFERRED INCOME		
Deferred income relates to income received to be utilised for future operational costs of human milk banks.		
Balance as at 1 March 2013	-	-
Income received	1,781,785	-
Released to the Statement of comprehensive income	-	-
	1,781,785	-
Less: Current portion	(1,781,785)	-
Non-current portion of deferred income	-	-
9. PROVISIONS		
<u>Consisting of:-</u>		
Provision for warranty claims	100,000	15,000
<u>Reconciliation</u>		
Balance at the beginning of year	15,000	-
Additions during the year	85,000	15,000
Balance at the end of year	100,000	15,000

The company provides a five year repair or replace warranty on pasteurisation machines. Provision is made based on managements' best estimate of potential warranty claim obligations.

NOTES TO THE FINANCIAL STATEMENTS

	2014 R	2013 R
10. CAPITAL ACCOUNT		
<u>Shares</u>		
The company has neither authorised, nor issued share capital as it is a public benefit organisation.		
11. REVENUE		
Grants received	1,777,949	1,509,806
Milkbank establishment, administration and support services	1,155,115	265,798
Total revenue	<u>2,933,064</u>	<u>1,775,604</u>
12. SURPLUS for the year		
The following items have been recognised as expenses in determining surplus for the year:-		
Depreciation	191,556	170,208
Director's remuneration	478,155	286,578
Employee costs	397,633	269,686
Operating lease - premises	187,006	139,920
Purchases of milk bank equipment	441,763	118,161
13. OPERATING LEASE COMMITMENT		
The company leases offices under a non-cancellable operating lease agreement. The period of the lease is from 01 August 2012 to 31 July 2015. The company has the option to renew the lease in writing, 3 months before the expiry date.		
The future minimum lease payments under the non-cancellable operating lease are as follows:		
No later than 1 year	201,131	
Later than 1 year and no later than 5 years	86,791	
Later than 5 years	-	
Total	<u>287,922</u>	
14. CASH GENERATED FROM OPERATIONS		
(Deficit)/Surplus for the year	(56,312)	257,467
<u>Adjustments for:</u>		
Depreciation	191,556	170,208
Interest received	(21)	(1)
Interest paid	-	7,103
<u>Changes in working capital:</u>		
Accounts Receivable	11,432	(165,649)
Accounts Payable	55,841	68,703
Deferred income	1,781,785	-
Total cash generated from operations	<u>1,984,281</u>	<u>337,831</u>

SOUTH AFRICAN BREASTMILK RESERVE NPC
 Registration number. 2005/024165/08
 Annual Financial Statements for the year ended 28 February 2014

DETAILED INCOME STATEMENT

	2014 R	2013 R
INCOME		
Grants and donations received	1,777,949	1,509,806
Milkbank establishment, administration and support services	1,155,115	265,798
Interest received	21	1
Total income	2,933,085	1,775,605
EXPENSES		
Accounting fees	64,684	25,026
- Audit fee	13,883	25,169
Advertising and promotion	56,521	4,988
Bank charges	15,369	11,774
Cleaning	3,279	831
Computer expenses	11,727	2,076
Consulting Fees	99,893	115,014
Co-ordination Fees	270,700	-
Courier, freight and postage	358	(23,549)
Depreciation	191,556	170,208
Director's remuneration	478,155	286,578
Electricity and water	15,435	21,527
Entertainment and Staff welfare	85,972	-
Fines and penalties	5,810	(944)
First aid and medical	-	249
Fundraising Expenses	92,793	-
General purchases	5,204	34,242
Insurance	29,456	1,515
Interest paid	-	7,103
Office supplies	1,245	28,962
Operating lease - premises	187,006	139,920
Printing and stationery	46,340	24,387
Purchases of milk bank equipment	441,763	118,161
Repairs and maintenance	52,884	28,523
Salaries and wages	397,633	269,686
Security	-	3,212
Subscriptions	3,224	(55)
Telephone and postage	49,088	40,795
Training	2,424	6,099
Travel and subsistence	226,665	136,950
Travel overseas	37,057	24,691
Warranty expense	85,000	15,000
Workmen's compensation	18,273	-
Total expenses	2,989,397	1,518,138
(Deficit) / Surplus for the year	(56,312)	257,467