South African Breastmilk Reserve NPC
(Registration number 2005/024165/08)
Financial statements
for the year ended 28 February 2015

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.B Macginty M.H Masango
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

Index

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

02 February 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 29 February 2016 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 16, which have been prepared on the going concern basis, were approved by the board of directors on 02 February 2016 and were signed on its behalf by:

Approval of financial statements

Director **Director**

Director **Director**

02 February 2016

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 15, which comprise the statement of financial position as at 28 February 2015, 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 28 February 2015, 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2015, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

Baxters
Partner
Registered Auditor
02 February 2016
Per: B.P Meth
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 2015.

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 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.

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

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 28 February 2015 the company's investment in property, plant and equipment amounted to R444 107 (2014:R451 903), of which R184 411 (2014: R80 757) 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 2015.

Statement of Financial Position as at 28 February 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	2	444 107	451 903
Current Assets			
Trade and other receivables	3	398 359	269 544
Cash and cash equivalents	4	1 770 426	1 834 098
		2 168 785	**2 103 642**
Total Assets		**2 612 892**	**2 555 545**
Equity and Liabilities			
Equity			
Retained income		2 323 868	395 032
Liabilities			
Non-Current Liabilities			
Other financial liabilities	5	809	175 809
Current Liabilities			
Trade and other payables	6	288 215	202 919
Deferred income		-	1 781 785
		288 215	**1 984 704**
Total Liabilities		**289 024**	**2 160 513**
Total Equity and Liabilities		**2 612 892**	**2 555 545**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Revenue	7	4 748 894	2 933 064
Other income		1 101 381	-
Operating expenses		(3 952 202)	(2 989 397)
Operating profit (loss)		**1 898 073**	**(56 333)**
Investment revenue	8	31 280	21
Finance costs	9	(517)	-
Profit (loss) for the year		**1 928 836**	**(56 312)**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2013	**451 344**	**451 344**
Loss for the year	**(56 312)**	**(56 312)**
Balance at 01 March 2014	**395 032**	**395 032**
Profit for the year	**1 928 836**	**1 928 836**
Balance at 28 February 2015	**2 323 868**	**2 323 868**

Note(s)

Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash (used in) generated from operations	11	(836 405)	1 850 383
Interest income		31 280	21
Finance costs		(517)	-
Net cash from operating activities		**(805 642)**	**1 850 404**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(184 411)	(80 757)
Sale of property, plant and equipment	2	1 101 381	-
Net cash from investing activities		**916 970**	**(80 757)**
Cash flows from financing activities			
Repayment of other financial liabilities		(175 000)	(61 500)
Net cash from financing activities		**(175 000)**	**(61 500)**
Total cash movement for the year		**(63 672)**	**1 708 147**
Cash at the beginning of the year		1 834 098	(7 947)
Total cash at end of the year	4	**1 770 426**	**1 700 200**

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.

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.

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.

Accounting Policies

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.

Donations are recognised, in profit or loss, when the donation proceeds are receivable.

1.8 Borrowing costs

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

Notes to the Financial Statements

	2015	2014

2. Property, plant and equipment

	2015			2014		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	77 021	(45 074)	31 947	77 021	(37 371)	39 650
Office equipment	34 662	(19 483)	15 179	19 879	(14 153)	5 726
IT equipment	65 327	(49 086)	16 241	53 811	(36 774)	17 037
Milkbank equipment	1 089 094	(708 354)	380 740	930 982	(541 492)	389 490
Total	**1 266 104**	**(821 997)**	**444 107**	**1 081 693**	**(629 790)**	**451 903**

Reconciliation of property, plant and equipment - 2015

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	39 650	-	(7 703)	31 947
Office equipment	5 726	14 783	(5 330)	15 179
IT equipment	17 037	11 516	(12 312)	16 241
Milkbank equipment	389 490	158 112	(166 862)	380 740
	451 903	**184 411**	**(192 207)**	**444 107**

Reconciliation of property, plant and equipment - 2014

	Opening balance	**Additions**	**Other changes, movements**	**Depreciation**	**Total**
Furniture and fixtures	47 353	-	-	(7 703)	39 650
Office equipment	15 986	1 578	(8 306)	(3 532)	5 726
IT equipment	18 708	9 365	-	(11 036)	17 037
Milkbank equipment	480 655	69 814	8 306	(169 285)	389 490
	562 702	**80 757**	**-**	**(191 556)**	**451 903**

3. Trade and other receivables

	2015	2014
Trade receivables	343 431	173 477
Deposits	40 977	40 977
VAT	13 951	55 090
	398 359	**269 544**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015	2014
Cash on hand	-	137
Bank balances	1 770 426	1 833 961
	1 770 426	**1 834 098**

5. Other financial liabilities

At amortised cost

	2015	2014
Loans from director - S Jordan	809	175 809

This loan is unsecured, bears no interest and has no fixed terms of repayment.

Notes to the Financial Statements

Figures in Rand	2015	2014
5. Other financial liabilities (continued)		
Non-current liabilities		
At amortised cost	809	175 809
6. Trade and other payables		
Trade payables	58 215	102 919
Provision for warrenty claims	230 000	100 000
	288 215	**202 919**
7. Revenue		
Grants received	2 079 670	1 777 949
Milkbank establishment, adminstration and support services	2 669 224	1 155 115
	4 748 894	**2 933 064**
8. Investment revenue		
Interest revenue		
Bank	31 280	21
9. Finance costs		
Bank	517	-
10. Auditor's remuneration		
Fees	12 540	13 883
11. Cash (used in) generated from operations		
Profit (loss) before taxation	1 928 836	(56 312)
Adjustments for:		
Depreciation and amortisation	192 207	191 556
Profit on sale of assets	(1 101 381)	-
Interest received	(31 280)	(21)
Finance costs	517	-
Changes in working capital:		
Trade and other receivables	(128 815)	(269 544)
Trade and other payables	85 296	202 919
Deferred income	(1 781 785)	1 781 785
	(836 405)	**1 850 383**

Notes to the Financial Statements

Figures in Rand	2015	2014

12. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	86 791	201 131
- in second to fifth year inclusive	-	36 791
	86 791	**237 922**

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of 3 years and rentals escalate at 9% per annum. No contingent rent is payable.

13. Directors' remuneration

Executive

2015

	Emoluments	Total
S.Jordan	662 824	662 824

2014

	Emoluments	Total
S.Jordan	478 155	478 155

Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Revenue			
Grants received		2 079 670	1 777 949
Milkbank establishment, adminstration and support services		2 669 224	1 155 115
	7	**4 748 894**	**2 933 064**
Other income			
Interest received	8	31 280	21
Gains on disposal of assets		1 101 381	-
		1 132 661	**21**
Operating expenses			
Accounting fees		106 126	64 684
Advertising		48 064	56 521
Auditors remuneration	10	12 540	13 883
Bank charges		10 487	15 369
Cleaning		9 769	3 279
Co-ordination fees		324 236	270 700
Computer expenses		54 482	11 727
Consulting fees		299 455	99 893
Consumables		-	1 245
Delivery expenses		561 918	226 665
Depreciation, amortisation and impairments		192 207	191 556
Employee costs		1 271 456	894 061
Entertainment		32 540	85 972
Fines and penalties		-	5 810
Fundraising expenses		-	92 793
General expenses		-	5 204
Insurance		46 490	29 456
Lease rentals on operating lease		218 568	202 441
Motor vehicle expenses		45 225	-
Postage		4 134	358
Printing and stationery		79 849	46 340
Purchases of milk bank equipment		148 285	441 763
Repairs and maintenance		69 774	52 884
Staff welfare		80 597	-
Subscriptions		6 616	3 224
Telephone and fax		53 633	49 088
Training		22 350	2 424
Travel - local		100 438	-
Travel - overseas		22 963	37 057
Warrenty expense		130 000	85 000
		3 952 202	**2 989 397**
Operating profit (loss)		**1 929 353**	**(56 312)**
Finance costs	9	(517)	-
Profit (loss) for the year		**1 928 836**	**(56 312)**

The supplementary information presented does not form part of the financial statements and is unaudited