BAXTERS
Registered accountants and auditors

South African Breastmilk Reserve NPC
(Registration number 2005/024165/08)
Financial statements
for the year ended 28 February 2018

B.P. METH CA. (SA)
SAICA Ref. 03093611 IRBA Ref. 382744
Tel: +27 11 807 2122 • Fax: +27 11 807 2202
79A Stiglingh Road, Rivonia, Johannesburg, RSA
P.O. Box 2035, Rivonia, 2128
brendan@global.co.za

General Information

Country of incorporation and domicile	South Africa
Auditors	Baxters Chartered Accountants (SA) Registered Auditor 79A Stiglingh Road Rivonia 2128

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

26 April 2018

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 2019 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 5.

The financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the board of directors on 26 April 2018 and were signed on its behalf by:

Approval of financial statements

S.S. DRUKER
Director

Director

A. NTSHO
Director

Director

Director

Director

26 April 2018

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 2018.

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	Changes
S.D Delport	
J.S Druker	
S.Jordan	
M.H Masango	
A Ntsho	
Z.F. Buthelezi	Appointed 15 March 2018
N.C. Mudimbu	Appointed 15 March 2018

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 2018 the company's investment in property, plant and equipment amounted to R185 409 (2017:R236 326), of which R7 853 (2017: R3 684) 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 2018.

Independent Auditor's Report

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 2018, 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 2018, 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.

B.P. METH CA. (SA)
SAICA Ref. 03093611   IRBA Ref. 382744
Tel: +27 11 807 2122 • Fax: +27 11 807 2202
79A Stiglingh Road, Rivonia, Johannesburg, RSA
P.O. Box 2035, Rivonia, 2128
brendan@global.co.za

Independent Auditor's Report

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.

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
26 April 2018
Rivonia

Statement of Financial Position as at 28 February 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	185 409	236 326
Current Assets			
Trade and other receivables	3	187 246	486 685
Cash and cash equivalents	4	283 758	232 266
		471 004	**718 951**
Total Assets		**656 413**	**955 277**
Equity and Liabilities			
Equity			
Retained income		416 601	659 428
Liabilities			
Non-Current Liabilities			
Other financial liabilities	6	-	30 000
Current Liabilities			
Trade and other payables	5	239 812	265 849
Total Liabilities		**239 812**	**295 849**
Total Equity and Liabilities		**656 413**	**955 277**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	7	4 338 862	4 661 916
Cost of sales	8	(1 691 957)	(1 656 220)
Gross profit		**2 646 905**	**3 005 696**
Operating expenses		(2 889 733)	(3 481 925)
Operating loss	9	**(242 828)**	**(476 229)**
Investment revenue	11	1	3
Finance costs	12	-	(65)
Loss for the year		**(242 827)**	**(476 291)**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2016	**1 135 719**	**1 135 719**
Loss for the year	**(476 291)**	**(476 291)**
Balance at 01 March 2017	**659 428**	**659 428**
Loss for the year	**(242 827)**	**(242 827)**
Balance at 28 February 2018	**416 601**	**416 601**

Note(s)

South African Breastmilk Reserve NPC

(Registration number: 2005/024165/08)
Financial Statements for the year ended 28 February 2018

Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from (used in) operations	15	89 344	(383 996)
Interest income		1	3
Finance costs		-	(65)
Net cash from operating activities		**89 345**	**(384 058)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(7 853)	(3 684)
Cash flows from financing activities			
Proceeds from other financial liabilities		-	30 000
Repayment of other financial liabilities		(30 000)	-
Net cash from financing activities		**(30 000)**	**30 000**
Total cash movement for the year		**51 492**	**(357 742)**
Cash at the beginning of the year		232 266	590 008
Total cash at end of the year	4	**283 758**	**232 266**

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 assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

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.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 Financial instruments

Initial measurement

1.2 Financial instruments (continued)

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.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort 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, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

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.

Accounting Policies

1.5 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.

Notes to the Financial Statements

Figures in Rand	2018	2017

2. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	90 217	(67 262)	22 955	90 217	(62 694)	27 523
Office equipment	47 812	(33 055)	14 757	47 812	(30 106)	17 706
IT equipment	80 693	(68 506)	12 187	76 554	(62 422)	14 132
Milkbank equipment	1 118 608	(983 098)	135 510	1 114 894	(937 929)	176 965
Total	**1 337 330**	**(1 151 921)**	**185 409**	**1 329 477**	**(1 093 151)**	**236 326**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	27 523	-	(4 568)	22 955
Office equipment	17 706	-	(2 949)	14 757
IT equipment	14 132	4 139	(6 084)	12 187
Milkbank equipment	176 965	3 714	(45 169)	135 510
	236 326	**7 853**	**(58 770)**	**185 409**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
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**

3. Trade and other receivables

	2018	2017
Trade receivables	125 452	443 151
Deposits	43 534	43 534
VAT	18 260	-
	187 246	**486 685**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018	2017
Cash on hand	-	3 011
Bank balances	283 758	229 255
	283 758	**232 266**

5. Trade and other payables

	2018	2017
Trade payables	9 812	35 233
VAT	-	616
Provision for warrenty claims	230 000	230 000
	239 812	**265 849**

Notes to the Financial Statements

Figures in Rand	2018	2017

6. Other financial liabilities

At amortised cost		
Loans from director - S Jordan	-	30 000
Non-current liabilities		
At amortised cost	-	30 000

7. Revenue

Milkbank equipment sales	122 031	184 371
Grants received	1 680 117	1 011 976
Milkbank establishment, administration and support services	2 536 714	3 465 569
	4 338 862	**4 661 916**

8. Cost of sales

Milkbank		
Co-ordination fees	320 000	277 785
Collection costs	378 078	392 044
Machinery repair	121 032	46 613
Milkbank equipment purchases	373 318	322 655
Monitoring costs	93 747	75 445
Travel and distribution	405 782	541 678
	1 691 957	**1 656 220**

9. Operating loss

Operating loss for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Contractual amounts	267 076	313 886
Depreciation on property, plant and equipment	58 770	125 708
Employee costs	1 510 500	2 024 145

10. Depreciation, amortisation and impairments

The following items are included within depreciation, amortisation and impairments:

Depreciation		
Property, plant and equipment	58 770	125 708

11. Investment revenue

Interest revenue		
Bank	1	3

12. Finance costs

Bank	-	65

Notes to the Financial Statements

Figures in Rand	2018	2017

13. Taxation

No provision has been made for 2018 tax as the company has no taxable income.

14. Auditor's remuneration

Fees	-	11 500

15. Cash generated from (used in) operations

Loss before taxation	(242 827)	(476 291)
Adjustments for:		
Depreciation and amortisation	58 770	125 708
Interest received	(1)	(3)
Finance costs	-	65
Other non-cash items	-	2
Changes in working capital:		
Trade and other receivables	299 439	17 884
Trade and other payables	(26 037)	(51 361)
	89 344	**(383 996)**

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Revenue	7	**4 338 862**	**4 661 916**
Cost of sales	8	**(1 691 957)**	**(1 656 220)**
Gross profit		**2 646 905**	**3 005 696**
Other income			
Interest received	11	1	3
Operating expenses			
Accounting fees		110 725	109 600
Advertising		67 050	144 311
Auditors remuneration	14	-	11 500
Bank charges		16 316	13 740
Cleaning		26 420	90
Computer expenses		45 675	40 475
Consulting fees		320 426	267 473
Depreciation, amortisation and impairments		58 770	125 708
Donations		20 000	-
Employee costs		1 510 500	2 024 145
General expenses		-	8 600
Insurance		114 031	94 042
Lease rentals on operating lease		267 076	313 886
Motor vehicle expenses		21 246	17 516
Postage		3 802	5 957
Printing and stationery		32 145	85 724
Repairs and maintenance		75 271	17 667
Staff welfare		73 809	60 676
Subscriptions		7 731	7 275
Telephone and fax		72 368	73 847
Training		20 466	18 392
Travel - local		19 689	41 301
Warrenty expenses		6 217	-
		2 889 733	**3 481 925**
Operating loss	9	**(242 827)**	**(476 226)**
Finance costs	12	-	(65)
Loss for the year		**(242 827)**	**(476 291)**