



**TIMBALI**  
TECHNOLOGY INCUBATOR

# ANNUAL REPORT

2019 - 2020



# Why Timbali?

## VISION

**To be the best scalable model in S.A. to provide market access to emerging small scale farmers.**

## MISSION

**To identify market opportunities for small-scale farming enterprises and to develop an enabling environment within which they are able to successfully serve these markets.**

## WHOM DO WE SERVE?

First and foremost the smallholder farmers. We include agri-businesses into value chains. The local rural communities in which our farmers operate benefit from the jobs created, the income generated, and the empowerment of community members enabling support of as many as 8 dependents per farmer. We serve social development organisations through development of new models in small-scale agribusiness, and assist to influence systemic change in the spheres of skills development, job creation, sustainability and enterprise development. We serve government through active public-private-partnerships. We serve the wider business community and provide them with access to smallholder farmers assisting them to meet their own B-BBEE procurement targets. We share our model openly with the international community through publications, international conferences and forums to address solutions for food security, farming for the future, sustainability, environmental and human development.

## WHAT DO WE OFFER?

Agri-related incubation services

An enabling environment for smallholder farmers

Facilitate access to markets and finance

Provide the technical training and monitoring of quality production into nice markets

Access to four Global GAP accredited pack houses and facilitating compliance of produce with global standards

Training and capacitating legal and other professional services

Training, development & mentoring

Incubation-related consulting

## WHY DO WE MATTER?

Timbali has developed a model for connecting low-skilled unemployed young farmers to sophisticated Global GAP Certified Markets. We use a "Cluster" model to improve economies of scale for small-scale start-up farmers. Our model borrows from tried and trusted franchise principles to provide a business format enabling ordinary people to deliver a repetitive, predictable high quality product. The Agri-business cluster model of Timbali is a ground-breaking endeavour that is creating a platform for sustainable development of small-scale agriculture in South Africa

# Contents

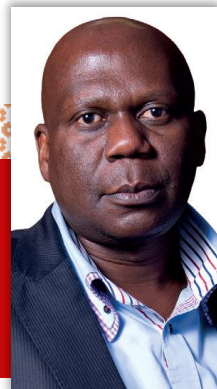
## Content

Chairman's Report  
CEO's report  
Future outlook  
Environmental influences  
About Timbali  
Our model  
Risks addressed under CEO Report  
Roadshow success  
2019/2020 Incubation Performance  
The Timbali Board  
The Timbali Team

## Annual Financial Statements

Directors' Responsibilities and Approval  
Independent Auditor's Report  
Directors' Report  
Statement of Financial Position  
Statement of Income and Retained Funds  
Statement of Cash Flows  
Accounting Policies  
Notes to the Annual Financial Statements  
Reporting of Key Performance Indicators  
Supplementary information





# Chairman's Report

## Report from Chair – Mr. Bheki Mamphaga

### Introduction

The world is navigating uncharted territory. Economic uncertainty and pain will be an inevitable outcome of the coronavirus outbreak but the scale and depth remain unknown. What we do know is that the issue of jobs, particularly youth unemployment, will be one of the greater challenges that result from this crisis. Dire as the situation may seem, there remains hope that the shift in the world of work and market demands will lead to new jobs emerging from the ashes. Timbali recognises the critical role young people play in ensuring an inclusive economy and that small businesses not only need to survive but thrive if we are to keep the economy alive. With all the uncertainty around us, now is the time to harness new opportunities. This report reflects on what our achievements were and what we are learning and we will share our insights with you.

### Reflecting on Timbali's impact, performance and competitiveness

Timbali Technology Incubator has set up small-scale farmers in sustainable businesses since 2004. As a non-profit organisation it provides business development services including, but not limited to, business management, accounting and sales. Timbali is positioned to connect low skilled, young, inexperienced, unemployed rural people (78% women and 59% youths) to sophisticated markets by means of its incubation product supply chain and enabling environment created in the Agri-Parks.

Timbali is generally viewed as a role model and leader in incubation in the agricultural sector. Timbali's role extends well beyond the traditional role of incubators. It not only focusses on the training and development of new farmers, but actively supports and assists incubatees throughout the development process and beyond. Timbali's ultimate measure of success is the number of successful SMMEs (tied to the jobs they create) that result from its role in farmer development.

Independent Impact Assessment conducted by Seda showed that Timbali has developed integrated operational and logistical systems that serve the incubatee farmers effectively and efficiently. Currently, Timbali is supporting over 330 clients in four Agri-Parks. Seda's independent impact report also stated Timbali's Strengths as a well-known incubation brand which, has a 'Driver' in place, has a quality management team, has industry experience, Global GAP accreditation, established infrastructure, an active Board and strong stakeholder relationships. The report also stated that "one has to ponder what weaknesses Timbali has as its strengths far outweigh any weaknesses. If anything, they need to improve farmer productivity and commitment and more funding".

We delivered on our integrated gender strategies as part of inclusivity. We supported 140 female-owned businesses against a target of 63 from the total of 180 clients supported.

Working with young people below 35 years of age and that are resident in rural areas, brings a different set of dynamics. We supported 106 youth-owned businesses against a target of 63. In Limpopo, for the LDARD Jobs Fund contract, we supported 231 women against a target of 200 and 214 youths against a target of 140.

### Our Milestones

Other milestones this year included:

- ❑ Facilitating the disbursement of the Crop Rotational Fund of R11m to small scale farmers
- ❑ Development of good practices for smallholder farmers in Mpumalanga and Limpopo to improve their productivity, market access and income
- ❑ The disbursement of inputs was systemised in Nwanedi to ensure that the process was simplified and easy to manage as well as providing all the necessary controls and feedback to the farmer on all expenses and income
- ❑ Co-development of the Public Private Reporting system in Nwanedi with partners Jobs Fund and LDARD.
- ❑ Provision of 235 rural people with short term jobs and 75 with permanent jobs to achieve livelihoods in the agricultural industry rather than migrate to cities

# Chairman's Report

## Managing Risks and Opportunities

Risk assessment is a standing item on the quarterly audit committee meeting agenda. The key strategic risks identified, together with current and planned actions to mitigate these risks, have been summarised in a Risk Map. Based on assurances obtained and information reported, it is the Board's opinion that the systems and processes in place, as described above, have ensured effective risk management during the period under review.

## Governance

Unsurprisingly, Timbali has a very active and fully-supportive Board of 5 members. This was brought about by the combination of highly-skilled youth, industry specialists and experienced economists who, in serving on the Timbali Board, confirmed again what positive impact an active and involved Board can have. Timbali's governance structure and procedures are solid. The Board and Board Committees meet quarterly and function effectively. The Board reviewed skills development, management and financial accounts and ensured implementation of the appropriate King IV recommendations, holding Timbali's management to account.

## Strategy

A strategic session at which Timbali's high-level strategy was reviewed with Board members, management and staff participation, was held during the year. This plan, themed 'The Road to Sustainability' provided a path for the future of all three of the Timbali incubation models:

- ❑ Model A: Timbali plays a role before and after incubation:
- ❑ Model B: Timbali promotes, initiates and delivers farming projects where individual farmers gain from its intellectual property and established models. Such projects are undertaken on a turnkey basis, where Timbali generates income through its project management.
- ❑ Model C: Timbali is starting to target SETAs with Timbali's enabling environment value proposition and offerings.

The Board recognises that a 'business as usual' approach is not good enough as changes need to be made. To this end, a number of Strategic Initiatives have been agreed upon ranging from strategic to operational for the years ahead.

## Appreciation

Timbali is deeply committed to transformation in agriculture, and we extend a word of grateful appreciation to our funders, the Small Enterprises Development Agency (SEDA), the Jobs Fund (JF), the Limpopo Department of Agriculture and Rural Development (LDARD) and Syngenta. I would like to take this opportunity to thank my fellow directors, Mr Peter Hughes who has recently retired, Dr Madime Mokoena, Mr TP Maepa and Mr Mashiba Kgole and Mr Mark Baker, who recently joined the Board, for their contribution and support over the past year. To our CEO Mrs Louise De Klerk, Mylene Torres and John Mangani as Business Development management and staff of Timbali, thanks is also due for their dedication and support.



**Bheki Mamphaga**  
Chairman

# CEO's Report



## Report from CEO – Mrs. Louise de Klerk

### Introduction

"Strength and growth come only through continuous effort and struggle." – Napoleon Hill  
 In closing the year on 31 March 2020, we were harshly reminded of the reality that pandemics create huge economic costs. We are seeing sharply reduced business and consumer confidence, reduced revenues for many types of business, and sudden and immense pressure on the prices of many assets. We are very much aware that it is our duty as incubator to do everything we can to help our clients to keep their businesses on track. We cannot predict exactly what will happen in the difficult times that undoubtedly lie ahead. But at Timbali we plan to build on the solid foundations of our learnings of the past. We are sure of this: we have a rock-solid, workable model, we're open for business, and we want to assist more farmers in more places to become more profitable.

Timbali has a workable and proven model that is adaptable and scalable and proven to be replicated in other remote, rural geographic locations. We have a 'One stop shop' that provides a holistic menu of services. Timbali has expanded its activities and grown its farmer base from successful flower farmers to vegetable farming that supports approximately 300 farmers across Mpumalanga and Limpopo. Timbali's key strengths are a highly dedicated team with management doing a good job and a strong Intellectual Property (IP) base.

### Wholistic and End to end business support

#### 1.1 Timbali's vision and purpose

If young South African school leavers can run a sophisticated franchise outlet such as a McDonald's or KFC, why can't people of the same calibre run a small farming unit? This was the question that the founders of Timbali asked themselves, and what triggered the vision of creating a "McDonald's" franchise-styled system to get small scale farmers into sustainable business.

Donors were approached to finance the management, administration, teaching staff, land and infrastructure needed to select and train small-scale farmers to the point where they were capable of farming profitably for their own accounts. From this point onwards, farmers would be required to pay a commercial rental for the land and facilities hired from Timbali, and pay a levy for all services provided i.e. energy and water, technical support, marketing and financial management.

Based on the tried and tested principles of successful franchisors/franchisees, Timbali's pioneers set about creating the enabling environment to support this vision. The foundation for Timbali's success to date, has been the rigorous application of the following key principles:

### 2.2 Key principles of our business development model

#### 2.2.1 Market access

Identification of a market and having the capacity to access and serve it competitively. In essence - producing the right product, in sufficient volume, of the right quality, and at the right price.

#### 2.2.2. The Cluster

Having sufficient scale and continuity of supply by obtaining cooperation between farmers. This is the 'cluster' principle, which is the basis for cooperation between Timbali's farmers.

#### 2.2.3 The Systems

Providing professional, simple but detailed manuals, documenting every step for every task necessary to produce the selected product.



# CEO's Report

## 3. Timbali's performance in Seda's Impact Assessment

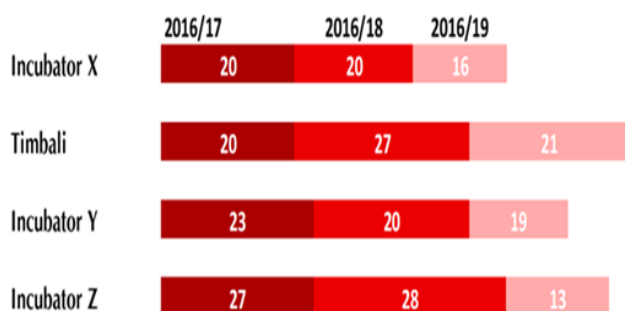
Seda conducted an independent Impact Study on all the Seda incubators and the findings from the Seda incubator impact evaluation confirms that the Timbali had a major impact on local economic development and SMME development over the evaluation period of 2016/17; 2017/18 and 2018/19 as evidenced by the dashboard below.

- Timbali was the best performing agro-processing incubator by supporting 574 clients over the evaluation period. Timbali's average cost was R 12 500 per client in comparison with R 41 017 average for the other incubators.



- Compared with the other incubators in the agro-processing sector, Timbali set the benchmark with a much lower cost per client supported across the three evaluation years. The average cost per client supported for the agro-processing sector at R35 528 in 2018/19 is 37% lower than the average of R56 051 per client supported for all the incubators combined.
- Timbali established 68 SMMEs over the evaluation period (See Graph below)

Number of SMME s established



- Timbali performed excellently in the turnover generation category generating R42 502,220. In total Timbali generated 45% of the total turnover of R95 679 955 generated by the portfolio of Seda's agro-processing sector.
- The contribution to turnover generated per incubator in the sector is outlined below, together with an indication of productivity of turnover generated per staff member:

Turnover generated and productivity per incubator					
Incubator	Turnover	Average production per year	# Support Staff	Turnover per Staff	Productivity Ranking
Incubator Z	R1 725 745	R575 248	1	R575 248	4
Incubator Y	R41 852 390	R13 950 796	10	R13 995 080	2
Timbali	R42 502 220	R14 167 408	9	R1 774 156	1
Incubator X	R9 599 600	R3 199 999 987	4	R799 997	3
Total	R95 679 955				

- Spreading the benefits among incubatees; Top 3 as a percentage of total turn-over Timbali performed as

Top Three Incubatees as a % of Turn over			
Incubator	2016/2017	2017/2018	2018/2019
Incubator Z	22.0%	34.6%	13.2%
Incubator Y	42.9%	8.8%	27.8%
Timbali	6.5%	6.2%	5.4%
Incubator X	56.5%	20.2%	87.3%

- These figures indicate that Timbali was able to create viable and sustainable companies during the three-year evaluation period. The annual and monthly income per incubatee in 2018/19, after deducting the top 3 performing incubatees' income, is outlined below.

# CEO's Report

## 3. Timbali's performance in Seda's Impact Assessment cont.

The annual & monthly income per incubatee in 2018/19, after deducting the top 3 performing incubatees' income							
Incubator	Turnover	Turnover of top 3 incubatees	Turnover of balance of incubatees	No of Incubatees	Revenue per year	Income per month	Ranking
Incubator Z	R1 133 215	R150 000	R983 215	30	R36 415	R3 035	3
Incubator Y	R12 531 520	R3 482 168	R9 049 352	116	R80 083	R6 674	2
Timbali	R13 962 007	R759 507	R13 202 500	91	R150 028	R12 502	1
Incubator X	R3 359 913	R2 934 861	R425 052	60	R7 457	R621	4

- These figures indicate that Timbali was able to create viable and sustainable companies during the three-year evaluation period. The annual and monthly income per incubatee in 2018/19, after deducting the top 3 performing incubatees' income, is outlined below.
- The table reflects the return on every Rand funded by Seda for the agro-processing sector incubators. It is based on the annual funding paid by Seda divided by the turnover generated by each incubator. Timbali is the best-performing incubator in the sector generating an average of R5,88 for every Rand funded by Seda.

Rand generated for every rand invested			
Incubator	2016/2017	2017/2018	2018/2019
Incubator Z	R 0.16	R 0.14	R0.57
Incubator Y	R 5.24	R 4.53	R 4.64
Timbali	R 5.57	R 5.85	R 6.21
Incubator X	R 0.51	R 1.88	R 1.12

- Timbali also generated export sales of R12,173,084 over the 3-year evaluation period, earning South Africa foreign currency. Timbali maintained a 100% survival rate over the 3-year evaluation period.
- Verbatim feedback from client on Seda's Incubation Impact on Businesses: "I was a poor unemployed housewife and after accepted by Timbali I was able to put food on the table."



## 4. Operational Environment

The past year proved to be a rough year for the farmers and the farming operations in all the Agri-Parks. In the words of John Mangani, Business Development Manager (BDM): Technical: "It was an extremely difficult year for all the Agri-Parks, but despite challenges ranging from viruses that destroyed 11 ha of winter grown cucurbits, summer hailstorms that destroyed 15 ha of tomatoes and spring time drought that affected 15 ha of butternuts, Timbali staff and farmers soldiered on to fulfil our mandate of training agri-businesses while trading into niche markets."

BDM: Marketing, Mylene Torres reflects on the past year in the following words: "This arduous year, allowed both the farmers and the Timbali incubation team, to rethink their production planning, seize new opportunities in the local retail markets and return to our sturdy foundations by reinforcing our model's systems from an infrastructure, production, marketing and financial point of view. To strengthen the assignment of responsibilities to every individual staff member who is mentoring, to every farmer who is producing and to every stakeholder who is in partnership with Timbali."

# CEO's Report

## Operational Environment cont.

Produce of clustered farmers is collectively managed by each Agri-Park's Pack House to supply markets in bulk, linking each farmer through clustering to the formal markets that want large consistent volumes. In Nwanedi, Timbali was supposed to graduate all 150 farmers at the conclusion of the Job Fund 5 contract. The actual farmers who complied with the required turn overs totalled 114 which amounted to 76% of the target. The remaining farmers will reach their production targets by September 2020.

We spent four years in Nwanedi capacitating the locally-recruited Timbali succession team with the skills needed after the completion of the Timbali-LDARD-Jobs Fund contract. The Nwanedi Succession Team should continue to provide the planning, production and marketing co-ordination support to the Agri-Hub post the contract. This approach is designed to solve the biggest challenge today by ensuring that there is continuity and sustainability beyond the contract after Timbali as the contracted implementation agent, leaves and allows the Succession Team to continue to provide the same support beyond the contract and ensure that operations within the enabling environment continue as is the case with a franchise.

The vegetable Sales Mix of the portfolio of farmers in Mpumalanga province ended with 60% exports, 22% retail and 19 % wholesale.

## 5. Access to Finance

Timbali is a listed credit provider registered with NCR. The Crop Rotational Fund provides the farmers with the input finance for seeds, chemicals and fertilisers, etc. to be able to produce for the markets provided by Timbali. Our system of support is on time, responsive and targeted to address the needs of the agri-business. It solves the cashflow burden until farmers are able to repay their loans when harvesting crops at the end of the crop cycle. Farmers have access to in-house finance without needing to find external financing.

Initially, the number of hectares per farmer is limited to ensure that the risk of repayment to Crop Rotational Fund is not high when they start as novice farmers. Once a farmer has proven that they can farm profitably and able to repay Crop Rotational Fund loans, they are upgraded to increased access to financing per Crop Rotational Fund within their capacity. Profitability per crop is determined on low, medium and high scenarios before farmers agree on planting. Only crops that are proven to be profitable are pursued. The aim is for farmers to specialize and increase their hectares planted to become commercial farmers.

## 6. Theory of Change

### 6.1 Infrastructure was a key success factor in proving the theory of change:

One hundred and fifty famers each received drip irrigation as well as pump to handle all hectares owned by the farmer. At the completion of March 2020 due to farmers' participation in the commercial Growing Program, farmers were able to purchase additional drips to expand their operations. Farmers are seeing the value in re-investing into irrigation infrastructure to increase hectares planted and some are even aiming to expand to hiring unused neighbouring hectares. Using standard and formalized GCC contracts as well as having an Infrastructure Technical Committee (which includes engineers) ensured a seamless and risk-free process whereby specialists in the engineering field, Financial and Operational staff collectively addressed challenges.



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# CEO's Report

## 6.2 Weekly farmer payments key success factor in proving the theory of change:

As an example, the Nwanedi Packhouse provided access to formal markets to add value as per Timbali's theory of change to improve quality, specifications, packaging and supply formal markets that provide higher returns. One important lesson learned in Nwanedi is the optimal payment solution. This ensures that net proceeds payments of produce sold by farmers are made weekly so that the farmer will have no excuse to not bring their produce to the packhouse instead of selling their produce on the side. Unfortunately, history has proven, as with Tiger Brands and Technoserve, who also advanced farmers monies, but did not eradicate side-selling by farmers completely. The ultimate solution to curb farmers from selling on the side is to identify those farmers who show commitment and are serious in opting into the commercial market programme based on their track record. Through their commercial production performance, the other farmers tend to follow suit in complying with, and being committed to, the formal market supply chain.

## 6.3 Loan repayment a key success factor in proving the theory of change:

The Achilles heel of Timbali's Nwanedi model is the inability of Timbali to discipline farmers who join up, gain the benefits of training and advice, get free infrastructure on their farms, working capital loans only to renege on their obligations to meet programmed production, and/or sell product directly off the field to hawkers and undermine the efforts of the entire cooperative effort. Access to loan financing by building up a sound track record is a critical key success factor in bringing about inclusive economic growth in the agricultural sector.

## 7. Conclusion

Timbali is able to combine many simple elements in a new way to bring about the most transformative innovations. Systemic innovation is very different from innovation in products or services, and usually very different from innovation in business. What Timbali implemented involves changes to concepts and mind-sets as well as to economic flows: systems only change when people think and see in new ways.

It involves changes to power, replacing old power holders with new ones. And it usually involves all four sectors – business, government, civil society and the household. Systemic innovations can be suddenly pushed forward by a crisis, as is experienced in agriculture with the Covid-19 pandemic or a disruptive technology. By this we mean innovations that radically transform some of the fundamental systems on which we depend – how food is provided – according to fundamentally different principles as is contained in this initiative. The outcome is in the competitiveness of young, black, inexperienced people successfully competing with highly-skilled commercial players.

The ultimate prize is seeing the results reported on these pages as living and breathing individuals whom we know intimately, and understanding that a couple of figures on paper actually translates to a ripple of change and significant impact every day where we work the land and consumers use the products our farmers produce. That is our continuous effort and struggle to achieve strength and growth.



**Louise de Klerk**  
CEO

**Timbali's Theory of Change Outputs Quantified**

Contractual Criteria Measured	Planned Output	Actual Output
Levies	R 1.5m	R64 000
VAT	R 9,62m	R 12,91m
Loans	R 8.25m	R3,24
ROI in %	13%	6%

# Our Incubation Performance

Seda Key Performance Indicators				
Seda KPI's	Annual Target	Actual	% Variance	Explanation
No New SMME's Established	18%	16%	11%	Means of Verification was not obtained on time
No Clients Supported	R180	R180	0%	No variance
No SMME's Graduated	10	8	20%	Economic environment caused the variance
% Black Owned Clients in Portfolio	80%	100%	20%	Over Performed by 20%
% Women-owned clients in Portfolio	35%	78%	27%	Significant rural focus on women
% Youths in Portfolio	40%	59%	19%	Significant rural focus on youths
Direct Jobs Created	68	75	7	Over Performed by 7
Total SMME turn-over in Rand	R13m	R14,2m	6%	No significant variance
% Turnover Growth	15%	9%	6%	No significant variance

Retail clients accessed through various agents

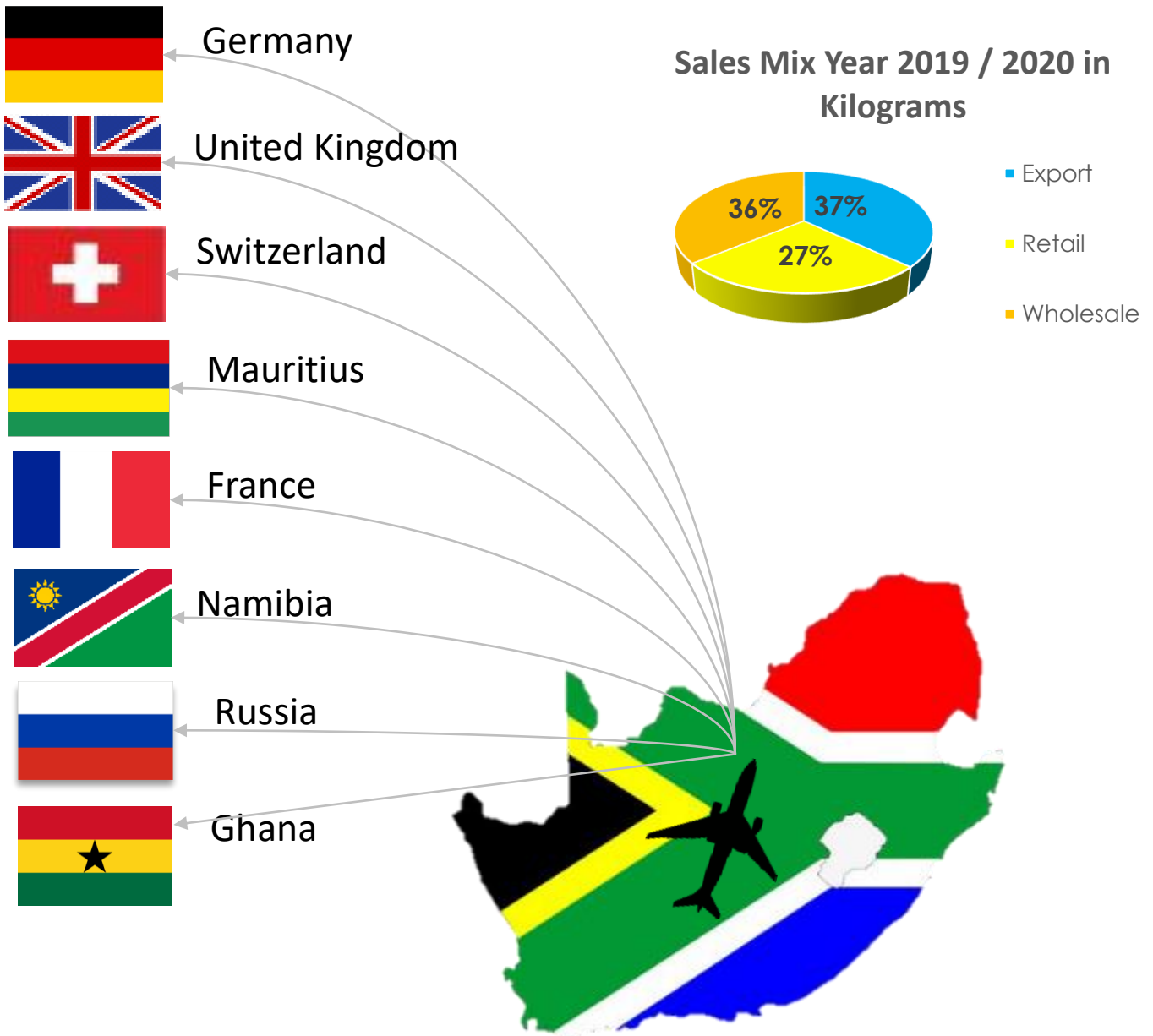


# Our Incubation Performance

Jobs Fund Contract 5 Key Performance Indicators				
JF5 KPI's	Annual Target	Actual	% Variance	Explanantion
No New SMME's Established	100	55	45	The new SMMEs established need to reach minimum total nett earnings to qualify for an SMME. The side selling outside affected this KPI. Farmers were not willing to disclose their earnings outside the pack house. This issue disqualified farmers and even if they did make a substantial profit, it could not be verified
No Short-Term Jobs	179	235	31%	More jobs were created due to the labour intensive nature of vegetables
No of Trained Beneficiaries	42	44	0%	No significant variance
No of new Permanent Seasonal Jobs	169	173	0%	No significant variance
Women Beneficiaries	200	231	15%	Significant rural focus on women
Youths Beneficiaries	140	214	52%	Timbali's model favours women and youths
No of new Permanent Seasonal Jobs	169	173	2.4%	No significant variance



## Countries exported too



# About Timbali

Timbali Technology Incubator (Timbali) set up small-scale farmers in sustainable businesses since 2002. Timbali's vision to be leaders in creating sustainable wealth for all agriculture enterprises is made possible through public and private funding. Timbali, a non-profit organisation, provide business development services including but not limited to business management, accounting and sales.

The Tactics Table shows the three different applications of the model. Why are we sharing all this with you? We would like you to:

- Tell people about Timbali. The more awareness we create about the work we do and the services we offer, the better. Also don't hesitate to ask us critical questions about our model – we are happy to share and grow.

- Contact Timbali to provide you with enterprise development services. Becoming a funding partner of Timbali grows our footprint and capacity, and provides you with solid return on investment, B-BBEE scorecard points, and a tax-deduction
- Share with us how we can work with you or you can work with us.

Tactics Defined	Agri-Park Model A	Satellite Agri-Park Model B	Effective Skills Development Model C
Timbali's role and relationship with farmers	Timbali prescribes quality supply chain procedures and enforce peer reviewed adherence Timbali is the farmers landlord	*Timbali is in a full time consultation role. *The farmers on their land tenure units and heavily influence the progress and adherence to quality standards	Timbali is in a full time consultation role. The farmers access the land and heavily influence the progress with skills development
Characteristics of the model	*High infrastructure cost & capital investment *Low risk *Medium to high job creating potential *High SMME sustainability  *Highest incubation sustainability through rent & levies	*Medium infrastructure cost  *High return *High risk  *High job creation potential  *Medium SMME sustainability  *Medium incubation sustainability through levies	*Low infrastructure cost  *Medium return *High risk  *Medium to low job creation potential *Medium to low farm sustainability *Low incubation sustainability
Benefits	*Full Global Gap certification  *Guaranteed market off-take *Full supply-chain support  *Mitigate the external weather risks through covering  *Monitoring scientific Farming practices *Quality Management *Business management and admin services	*Co-ordinated Production leads to large impact on bottom-line for farmers *Economy of scale *Access to scientific farming practices *Improved quality awareness  *Awareness of business management & admin *Weekly interaction with the farmers *Less spatial growth limitations	*Access to scientific farming practices  *Improved quality awareness *Awareness of business management & admin *Awareness of potential through clustering and co-ordinated production *Less spatial growth limitation

Learn more about Timbali by visiting [www.timbali.co.za](http://www.timbali.co.za), or call us on 013 752 4247

# Our Model

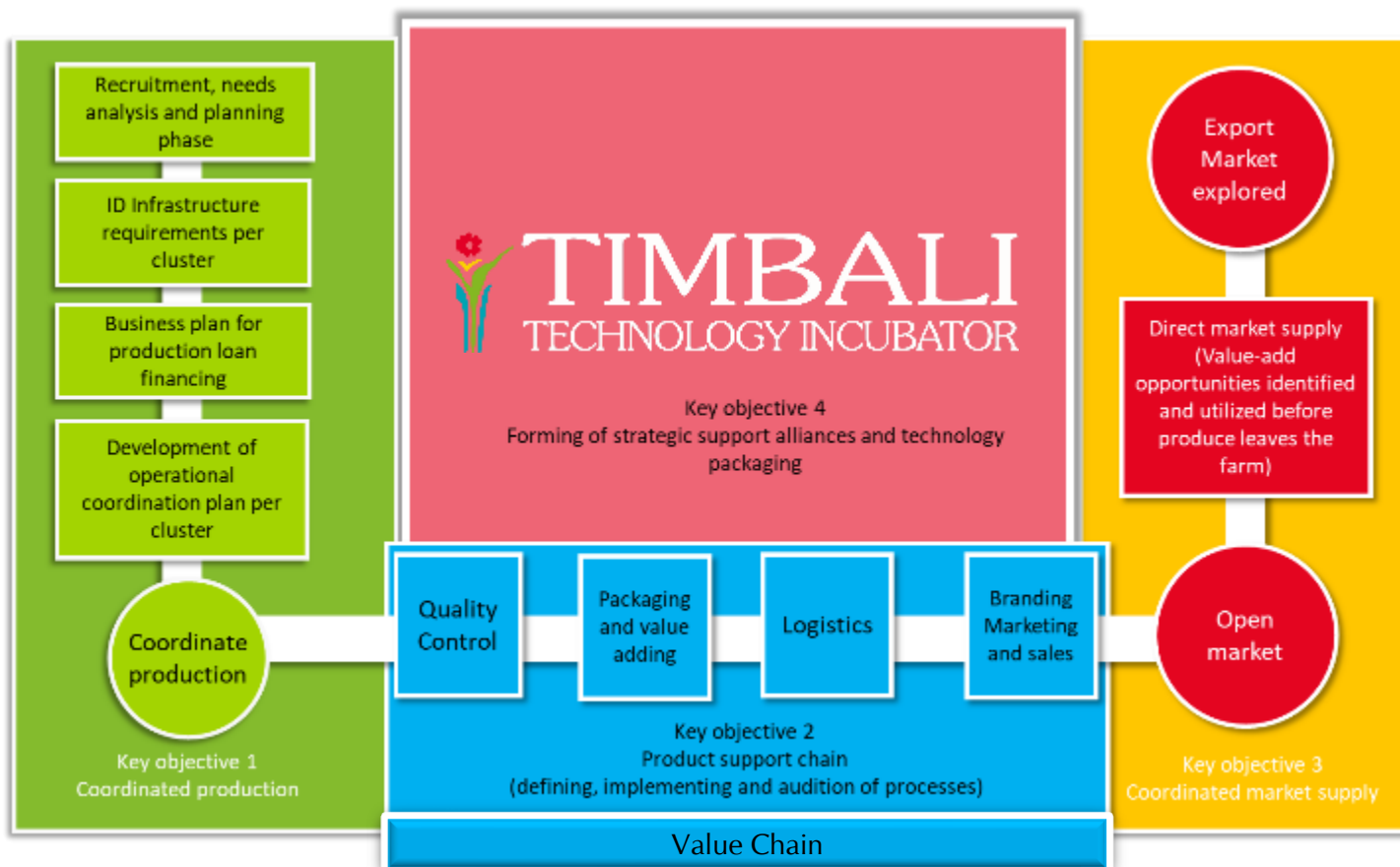
## The Key elements of the Timbali Model are:

- 1. Coordination of Production**  
Objective is aimed at recruiting, planning, establishing infrastructure, product development and acquiring production loan financing whereby production is coordinated within the cluster to satisfy market demand
- 2. Extension of the product support chain.** Objective is aimed at consistently delivering a quality product to the market through quality control/ production, logistics, marketing and sales.

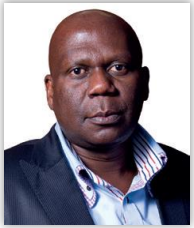
**3. Regulation and Coordination of market supply** Objective is aimed at consistently meeting market demand with predictable high quality products.

**4. Forming of strategic support alliances and technology packaging.** Objective is aimed to develop well informed, globally-competitive small-scale farmers through continuous skills development, training, communication, technology packaging and accessibility to information

The Green column represents coordinated Production of specific market-driven crops that are supplied to both the open-and direct markets. Coordinated market supply is a critical success factors that Timbali provides to the farmers to be able to access loan financing. The next critical success factor that Timbali provides is: the product support chain depicted by the blue blocks that critically links the farmers to the markets. Timbali holistic support services that create an enabling environment through market linkages are depicted in Figure 1.



# The Timbali Board



**Mr. Bheki Mamphaga**  
(Chair) Mpumalanga  
Economic Growth  
Agency- MEGA)



**Ms. Louise de Klerk**  
(CEO Timbali) ex Officio



**Mr. Peter Hughes**  
(Industry Specialist)



**Dr. Madime Mokoena**  
(DAFF)



**Ms. Karin Hannweg**  
Company Secretary  
(ARC-ITSC)



**Mr. Mashiba Kgole**  
SEDA Representative



**Mr. TP Maepa**  
Moepathutsi Consulting

## The Timbali Team

Alinda Compion , Marketing Officer  
Aluwani Nengovhela , PSF Officer  
Annie Ngomane , PackHouse Supervisor  
Bethwell Bheki Ntimande , Junior Accountant clerk  
Brian Hlatshwayo , PSF Officer  
Bridget Sedibe , Marketing officer  
Bright Matimbe , BUM: Friedenheim  
Busisiwe Mkhize , BDO  
Cassandra Bessenger , Human Resouce and KPI Coordinator  
David Magagula , PSF Officer  
Debbie Van Hoffen , Business Intelligence Coordinator  
Hendrick Nkosi , Tractor Driver  
Howard Malope , Cluster Coordinator  
Jason Van Huyssteen , BDM: Technical  
John Mangani , BUM: HELENA  
John Milanzi , Tractor Driver  
Jonathan Ryno De Bruin , BUM: Rietfontein  
Jooma Chitenje , Cluster Coordinator  
Joseph Khoza , Monitoring Costing & Coordinator Officer  
Kate Shekwa , PackHouse Supervisor  
Kgotelele Iris Malele , Credit Clerk  
Khuliso Musweswe , PSF Officer  
Kurhula Betty Nalovu , Packhouse Supervisor  
Louise De Klerk , CEO  
Lourenso Chirugo , Maintanace Assistant  
Lydia Malapane , General Office Cleaner & Receptionist Assistant  
Mxolisi Mashaba , Driver  
Mylene Torres , BDM: Marketing

Patience Letswele , Human Resouce and KPI Coordinator 2  
Renee Swarts , Budget Controller  
Rhulisan Mkhonto , Junior Accounting clerk  
Rofhiwa Nevhulaulauzi , PSF Officer  
Salom Maphanga , Accounting clerk  
Samson Mlimi , Driver  
Samuel Nkosi , Tractor Driver  
Simon Nkosi , PSF Officer  
Sinenhlanhla Memory Makanya , PSF Officer  
Susann Van Heerden , Sales, Admin, HR Manager  
Tinyiko Debra Mathebula , Receptionist  
Tshepo Clifford Mashego , Driver  
Xolile Khumalo , BDM Finances  
Zweli Ngomane , Filing Clerk & Assistant to BDM  
Santie Salim , HR & KPI Developer  
Sifiso Thabethe , PSF  
Vusi Mathe , BDM-Finance  
Margret Sambo , PSF  
Siyabonga Makhubu , Senoir Accountant  
Belinda Coetzer , Executiv e PA  
Themba Mashiloane , General driv er  
Tsakane Mdlou u , Assistant driv er  
Innocent Nyoni , PSF

**Nwanedi**  
Bhekithemba Mathenjwa , PSF Officer  
Davhula Phethani Emmanuel , PSF Officer  
Donald Phethedi , Tractor Driver  
Ephraim Matodzi , Tractor Driver  
Maria Sylvia Mokgalabone , PSF Officer  
Masungi Eleck Nkuna , Cluster Coordinator  
Pfunzo Ashley Netshiv her a , PSF Officer  
Pietro Di Bernardino , Systems Dev eloper  
Rendani Ramagwa , PSF Officer  
Sydney Chauke , BUM: Nwanedi  
Tshithiwa Benny Mphidi , Secondary Co-Op Administrator  
Tshithiwa Ernest Musandiwa , Senior PSF

# Annual Financial Statements

For the year ended 31 March 2020

## Content

Directors' Responsibilities and Approval  
Independent Auditor's Report  
Directors' Report  
Statement of Financial Position  
Statement of Income and Retained Funds  
Statement of Cash Flows  
Accounting Policies  
Notes to the Annual Financial Statements  
Reporting of Key Performance Indicators  
Detailed Income Statement



**Timbali Flower Growers NPC**  
(Registration number 2002/006905/08)

These annual financial statements were prepared by:  
Xolile Khumalo, Business development manager: Finance  
27 June 2020

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

# Annual Financial Statement

## For the year ended 31 March 2020

## 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 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 external auditor's is engaged to express an independent opinion on the annual financial statements.

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 these responsibilities, the board 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 annual financial

Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The audit committee reviewed the annual financial statements and going concern assumptions. The committee concluded that the disclosures were appropriate. The committee further concluded that the company's cash flow forecast for the year to 31 March 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 annual financial statements.

The annual financial statements have been examined by the company's external auditors and their report is presented on page 16-17.

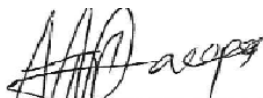
The annual financial statements set out on pages 23 to 34, which have been prepared on the going concern basis, were approved by the board on 29 June 2020 and were signed on its behalf by:

Approval of financial statements



**BG Mamphaga**

Chairperson of the board



**TP Maepa**

Audit Committee Chair



**L de Klerk**

Chief Executive Officer

## Independent Auditor's Report

To the Directors' of Timbali Flower Growers NPC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Timbali Flower Growers NPC, which comprise the statement of financial position as at 31 March 2020, and the statement of income and retained fund and the 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 Annual Financial Statements present fairly, in all material respects, the financial position of the company as at 31 March 2020, 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 South Africa 2008.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 of South Africa, and the supplementary information set out on pages 18. 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 on the other information obtained prior to the date of this auditor's report, 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

the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 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.

# Annual Financial Statement

For the year ended 31 March 2020

## 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism 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.



A2A Kopano Incorporated

Proforum Building

5 van Rensburg Street Nelspruit

1200

**Per: FRL Eksteen**

Registered Auditor

Director

29 June 2020

## Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Timbali Flower Growers NPC for the year ended 31 March 2019.

### 1. Nature of business

The principal activity of the company is creating an enabling environment for predominantly previously disadvantaged individuals to develop and establish technology based agricultural industry and related SMME's within South Africa and there were no major changes herein during the year.

Timbali has assisted in establishing successful small businesses in the cut flower industry and are currently venturing into enterprise development in vegetable and herb farming in various provinces. Current projects include the establishment of agribusiness parks at Nwanedi in Limpopo.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

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 annual 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.

The company recorded a surplus for the year ended 31 March 2020 of (R4,534,544). This represented an increase of 408% from the surplus of the prior year of R1,472,245.

The company recorded a gross deficit of R5,401,926 (2019: R6,515,586), this gross deficit is mainly caused by the training costs associated with the incubation farming system. Included in the costs of sales is a significant amount of salaries and wages paid to incubatees in the various incubation stages, this is a significant cost in relation to the total cost of sales.

Company revenue increased by 19% from R9,871,916 in the prior year to R11,797,028 for the year ended 31 March 2020.

The prior year figures have been restated in order to ensure that the treatment of the Nwanedi Agri-Park development (of Jobs Fund5) assets is in accordance with our accounting policy and that there is consistency in the application of our grant income accounting policy. This had led to changes in the prior figures as disclosed in note 24 "Prior period error".

Company cash flows from operating activities increased by 22% from R13,218,767 in the prior year to R16,103,218 for the year ended 31 March 2020

**Section 4 of the Companies Act expects directors to perform solvency and liquidity tests.**

### Solvency

Assets, fairly valued, exceed liabilities by R37,110,498 (2019 restated: R41,645,042).

The equity to asset ratio is 51% (2019 restated: 72%)

### Liquidity

The current ratio is 1.38:1 (2019: 1.93:1).

Funds used as bridging finance until grant funding is received and for monthly cash expenses totals R9,027,340 (2019: R4,644,241).

The company remains dependent on grant funding to meet monthly overheads. The adherence by donors to payment of the grants on the contractually agreed upon dates assists management to better achieve agreed upon performance criteria.

### 3. Share capital

The company is incorporated as a Non-Profit Company under the Companies Act, and therefore has no authorised or issued share capital.

### 4. Dividends

The company is incorporated as a Non-Profit Company under the Companies Act, and therefore is not allowed to declare or pay dividends.

### 5. Directors

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

B.G. Mamphaga	Chairperson of the board
	Non-executive Independent
J.P. Hughes	Non-executive Independent
M.R. Mokoena	Non-executive Independent
T.P. Maepa	Non-executive Independent
M.G. Kgole	Non-executive Independent

Included in the board are two additional ex-officio attendees:

L. de Klerk	Chief Executive Officer
Hannweg	Board secretary

# Annual Financial Statement

## For the year ended 31 March 2020

In accordance with good governance practices, the company has appointed certain directors to form various committees. These committees and members are as follows:

### Human Resources

B.G Mamphaga Chairperson of the board

M.R. Mokoena

L. de Klerk

### Combined Technical and Finance (Audit) Committee

T.P. Maepa Audit committee Chairperson

J.P Hughes

L. de Klerk Chief Executive Officer

B.G. Mamphaga Chairperson of the board of directors

### Fundraising Committee

M.R. Mokoena

M. Kgole

L. de Klerk

### 6. Directors' interests in contacts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company

### 7. 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.

### 8. Growing concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 9. Auditors

A2A Kopano Incorporated continued in office as auditors for the company for 2019.

At the AGM, the board of directors will be requested to reappoint A2A Kopano Incorporated as the independent external auditors of the company and to confirm FRL Eksteen as the designated audit partner for the 2020 financial year.

### 10. Secretary

The company secretary is K Hannweg.

### 11. Date of authorization for issue of financial statements

The annual financial statements have been authorized for issue by the directors on 27 June 2020. No authority was given to anyone to amend the financial statements after the date of issue.

### 12. Income tax

The company has received income tax exemption in terms of section 10(1)(cN) of the applicable act on 26 September 2011, is a registered Public Benefit Organisation, and is authorized to issue donation receipts in terms of section 18A of the applicable act as from 7 November 2011

## Statement of Financial Position

Figures in R	Notes	2020	2019
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	19 244 430	21 070 888
Intangible assets	4	2 287	6 089
Biological assets	5	48 503	105 243
		<b>19 295 220</b>	<b>21 182 220</b>
<b>Current Assets</b>			
Inventories	6	3 517 866	2 199 499
Trade and other receivables	7	3 147 524	4 646 492
Cash and cash equivalents	8	14 083 425	51 698 503
		<b>20 748 815</b>	<b>58 544 494</b>
<b>Total Assets</b>		<b>40 044 035</b>	<b>79 726 714</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		26 045 710	37 643 567
		<b>26 045 710</b>	<b>37 643 567</b>
<b>Non-Current Liabilities</b>			
Borrowings	9	416 039	-
		<b>416 039</b>	-
<b>Current Liabilities</b>			
Trade and other payables	10	3 615 931	2 142 033
Other financial liabilities	11	26 000	26 000
Current portion of long term liabilities	9	303 910	-
Deferred commitments	12	9 636 445	39 915 114
		<b>13 582 286</b>	<b>42 083 147</b>
<b>Total Equity and Liabilities</b>		<b>40 044 035</b>	<b>79 726 714</b>

# Annual Financial Statement

For the year ended 31 March 2020

## Statement of Income and Retained Funds

Figures in R	Notes	2020	2019
<b>Revenue</b>	13	9 321 191	11 907 532
Cost of sales	14	(20 756 763)	(18 062 727)
Gross loss		(11 435 572)	(6 155 195)
Other income	15	25 146 154	25 781 907
Operating costs		(26 800 377)	(21 614 968)
Other gains and losses		-	-
<b>Operating (deficit) surplus</b>	16	<b>(13 089 795)</b>	<b>(1 988 256)</b>
Finance income	17	1 624 086	2 538 325
Finance costs	18	(132 148)	(16 991)
<b>(Deficit)/surplus for the year</b>		<b>(11 597 857)</b>	<b>533 078</b>
Accumulated Funds at 1 April 2019		37 643 567	37 110 489
(Deficit)/surplus for the year		(11 597 857)	533 078
Accumulated Funds at 31 March 2020		<b>26 045 710</b>	<b>37 643 567</b>

## Statement of Cash Flows

Figures in R	Note(s)	2020	2019
<b>Cash flows (used in) / from operating activities</b>			
(Deficit)/surplus for the year		(11 597 857)	533 078
<i>Adjustments for:</i>			
Finance costs		132 148	16 991
Amortisation of intangible assets		3 803	3 803
Depreciation of biological assets		56 740	56 741
Depreciation of property, plant and equipment		2 582 518	2 718 589
Investment income		(1 624 086)	(2 538 325)
Profit on disposal of property, plant and equipment		(99 218)	(5 217)
<b>Operating cash flow before working capital changes</b>		<b>(10 545 952)</b>	<b>785 660</b>
<i>Working capital changes</i>			
(Increase)/decrease in inventories		(1 318 367)	473 443
Decrease in trade and other receivables		1 498 966	325 632
(Decrease)/increase in trade and other payables		(28 804 772)	6 298 478
<b>Net cash flows (used in) / from operations</b>		<b>(39 170 125)</b>	<b>7 883 213</b>
Investment income		1 624 086	2 538 325
Finance costs		(132 148)	(16 991)
<b>Net cash flows (used in) / from operating activities</b>		<b>(37 678 187)</b>	<b>10 404 547</b>
<b>Cash flows used in investing activities</b>			
Property, plant and equipment acquired	3	(825 395)	(313 578)
Proceeds on disposals of property, plant and equipment		168 555	5 217
<b>Net cash flows used in investing activities</b>		<b>(656 840)</b>	<b>(308 361)</b>
<b>Cash flows from financing activities</b>			
Loans raised		719 949	-
<b>Net cash flows from financing activities</b>		<b>719 949</b>	<b>-</b>
Net (decrease) / increase in cash and cash equivalents		(37 615 078)	10 096 185
Cash and cash equivalents at beginning of the year		51 698 503	41 602 318
<b>Cash and cash equivalents at end of the year</b>	8	<b>14 083 425</b>	<b>51 698 503</b>

# Annual Financial Statement

## For the year ended 31 March 2020

## Accounting Policies

### 1. General information

Timbali Flower Growers NPC is a non-profit company incorporated in South Africa.

### 2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

The historical cost convention has been modified by the revaluation of investment property, biological assets and derivative financial instruments at fair value.

The preparation of annual financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 0.

#### 2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and / or services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, and discounts.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below:

##### 2.1.1 Services revenue

The service rendered is recognised as other income by reference to the stage of completion of the transaction at the balance sheet date. Service income includes transport income, mechanisation and levies charged to farmers and graduates.

#### 2.1.2 Rental income

Rental income from property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in other income.

#### 2.1.3 Interest income

Interest income is recognised using the effective interest method.

#### 2.1.4 Grant income

The company receives grants from, amongst others, public entity institutions, on an annual basis. The grant income is recognised on an accrual basis when it is determined that:

- the company will comply with the conditions attached to the grant and;
- the grant will be received.

Grant income is accrued for as soon as it is determined that future economic benefits that will flow to the entity are probable.

The grant is recognised as income over the period necessary to match the grant with related cost which the grant is intended for unutilised amounts are carried forward to subsequent periods as unexpended funds.

#### 2.1.5 Royalties

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

### 2.2 Income tax

The company, which is a non-profit company, is exempt from income tax purposes as they meet the requirements of a Public Benefit Organisation set out in section 30(3) of the Income Tax Act No 58 of 1962. Exemption has been approved in terms of section 10(1)(cN).

The following exemptions apply and are limited to:

- The public benefit organisation has been approved for purposes of section 18A of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act;
- Donations made to or by the public benefit organisation are exempt from Donations Tax in terms of section 56(1)(h) of the Income Tax Act;
- Exemption from the payment of Estate Duty in terms of section 4(h) of the Estate Duty Act No.45 of 1955.

### 2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs 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. Capital work in progress includes costs incurred on major capital projects which are capitalised in capital work in progress until all the activities necessary to prepare assets for their intended use are substantially completed, once the assets are available for use, the costs are transferred to the applicable property, plant and equipment asset class.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been significant change from the previous estimates.

Category	Depreciation rate
Land and buildings	3.33% - 16.67% (Land 0%)
Plant and equipment	16.67%
Motor vehicles	10% -20%
Furniture and fittings	20.00%
Clusters/Tunnels	5.00%
Office equipment	20.00%
IT equipment	33.33%

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been significant change from the previous estimates.

If 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 and capital work in progress are not depreciated.

### 2.4.1 Trademarks, licences and customer related intangible asset

Separately acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment deficits. Research and development costs are recognised as an expense in the period incurred.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Useful life
Patents, trademarks and other rights	10 years

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

### 2.5 Biological assets

As fair value is not readily determinable without undue cost or effort, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The company operates as a training institution, and as a result, plants are often used for a longer period than their normal economic life. As the company relies on grant funding, a future cash flow valuation is not practical. No sustainable market exists for the plants once they are in production, and therefore no selling price can be determined for fair value purposes.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value, by equal instalment of their useful lives as follows:

Item	Useful life
Crops in field (other Flowers excluding Vegetable plants)	5 - 10 years
Gerbera plants	5 years

Crops in field consists of the Kale, Lisiantus, Solidago and Stock.

# Annual Financial Statement

## For the year ended 31 March 2020

### 2.6 Impairment of non-current 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 surplus or deficit.

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

### 2.7 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.

Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease after taking into account any fixed escalation clauses. Contingent rents are charged as an expense in the periods in which they are incurred.

#### 2.7.1 Operating leases as 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.

Contingent rents are charged as an expense in the periods in which they are incurred.

### 2.8 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Inventories (including standing crop) are valued at the lower of cost and net realisable value. The cost of inventories comprise all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the following bases:

Standing crop are recognised at lower of cost or net realisable value.

Finished goods and work in progress are valued at direct raw material cost and labour costs and, where appropriate, include a portion of manufacturing overhead expenses.

Merchandise is valued at cost on a first-in, first-out basis.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the relative revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 2.9 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate 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.

### 2.10 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 under current liabilities on the statement of financial position.

# Annual Financial Statement

For the year ended 31 March 2020

## 2.11 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 rate 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.

## 2.12 Employee benefit

### 2.12.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

## 2.13 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

## 2.14 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest rate method and is included in finance costs.

## 2.15 Judgements in applying the entity's accounting policies

Useful life of leasehold improvements

The useful life of leasehold improvements has been assessed as 30 years, as it is the intention of the board to obtain a 30 year lease on the property. However, the terms of the lease have not been finalised, and therefore this assessment may need to change once these are finalised.

# Notes to the Annual Financial Statement

Figures in R

2020

2019

### 3. Property, plant and equipment

	Cost	Accumulated depreciation	2020 Carrying value	Cost	Accumulated depreciation	2019 Carrying value
<i>Owned assets</i>						
Land and buildings	11 599 568	(1 284 965)	10 314 603	11 599 568	(1 090 328)	10 509 240
Plant and equipment	9 133 093	(6 920 784)	2 212 309	8 905 290	(5 513 654)	3 391 636
Motor vehicles	3 746 649	(3 102 933)	643 716	3 851 023	(3 313 856)	537 167
Furniture and fittings	452 673	(390 579)	62 094	452 672	(300 045)	152 627
Clusters/Tunnels	9 670 690	(6 667 484)	3 003 206	9 670 690	(6 382 754)	3 287 936
Office equipment	487 796	(482 773)	5 023	487 796	(474 317)	13 479
IT equipment	641 964	(604 820)	37 144	615 508	(560 340)	55 168
	35 732 433	(19 454 338)	16 278 095	35 582 547	(17 635 294)	17 947 253

	Cost	Accumulated depreciation	2020 Carrying value	Cost	Accumulated depreciation	2019 Carrying value
<i>Capitalised leased assets</i>						
Land and buildings	5 212 350	(2 246 016)	2 966 334	5 212 350	(2 088 715)	3 123 635
	5 212 350	(2 246 016)	2 966 334	5 212 350	(2 088 715)	3 123 635
	40 944 783	(21 700 354)	19 244 429	40 794 897	(19 724 009)	21 070 888

The carrying amounts of owned property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2020 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	10 509 240	-	-	(194 636)	10 314 603
Plant and equipment	3 391 636	227 803	-	(1 407 131)	2 212 309
Motor vehicles	537 167	571 136	(69 337)	(395 250)	643 716
Furniture and fittings	152 627	-	-	(90 534)	62 094
Clusters/Tunnels	3 287 936	-	-	(284 729)	3 003 206
Office equipment	13 479	-	-	(8 456)	5 023
IT equipment	55 168	26 456	-	(44 480)	37 144
	17 947 253	825 395	(69 337)	(2 425 216)	16 278 095

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	10 704 220	-	-	(194 980)	10 509 240
Plant and equipment	4 467 349	295 728	-	(1 371 444)	3 391 636
Motor vehicles	1 085 888	-	-	(548 721)	537 167
Furniture and fittings	243 161	-	-	(90 534)	152 627
Clusters/Tunnels	3 572 665	-	-	(284 730)	3 287 936
Office equipment	23 328	-	-	(9 850)	13 479
IT equipment	98 351	17 850	-	(61 033)	55 168
	20 194 962	313 578	-	(2 561 292)	17 947 253

# Annual Financial Statement

## For the year ended 31 March 2020

### Notes to the Annual Financial Statement (Continued)

Figures in R	2020	2019
<b>Items of property, plant and equipment that will be transferred to Nwanedi Agri-park as per the Job Fund contract (JF5)</b>		
Assets purchased under the Jobs Fund contract (JF5) for the development of an agri-business park at Nwanedi, in Limpopo, will be transferred to a new entity to be formed, these assets will be transferred as a going concern. The book value of the categories of the assets to be transferred are disclosed below:		
Cost of and additions to Furniture and Fittings	89 674	57 241
Cost of and additions to IT equipment	404 094	404 094
Cost of and additions to Plant and equipment	62 947 861	44 504 193
Cost of and additions to motor vehicles	4 241 578	4 241 578
Cost of and additions to buildings	21 337 486	20 296 312
Grant applied	(89 020 693)	(69 503 418)
	-	-

Capital work in progress consists of costs incurred as at 31 March 2020 for the development of the Nwanedi agri-business park that is still under construction. These costs mainly relate to the construction of a pack house R21,337,486 (2019: R20,296,312) and an irrigation system R62,947,861 (2019: R44,504,193). The construction of the pack house was completed and available for use on 31 August 2018, phase A of the irrigation system was completed in January 2018 and this irrigation is available for use and depreciated as required by IFRS for SME, phase B of the irrigation system was completed in 31 August 2018 and this irrigation is available for use and depreciated as required by IFRS for SME, and phase C was completed and available for use on the 1 July 2019. Accumulated depreciation accrued for the assets reflected above to reporting date amounts to R19,014,921.88 (2019: R8,192,344)

The carrying amounts of owned property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2020 Carrying value at end of year
<i>Capitalised leased assets</i>					
Land and buildings	3 123 635	-	-	(157 301)	2 966 334

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Capitalised leased assets</i>					
Land and buildings	3 280 936	-	-	(157 301)	3 123 635

## Notes to the Annual Financial Statement (Continued)

Figures in R

2020

2019

### Details of properties

#### Portion 74 Friedenheim Farm 282JT, Nelspruit, 1200

Timbali Flower Growers NPC operates from land and premises (12 hectares) since 2004 which was previously used by the Agricultural Research Council as a Research Farm in Friedenheim near Nelspruit. The title holder of the property is the ARCITSC, a division of the Agricultural Research Council, which was the initiator of Timbali. Timbali is in the process of attempting to secure a 30 year lease agreement on the property. The useful life of leasehold improvements has been assessed as 30 years which may need to change if the leasehold period is ultimately secured for a period other than 30 years

- Value

5 212 350

5 212 350

5 212 350

5 212 350

#### Farm Helena

##### Portion 2 of Farm Helena 400JU

Terms and conditions

- Purchase price: 09 March 2015

13 991 674

13 991 674

- Additions/ improvements since purchase

4 186 107

4 186 107

- Grant applied

(12 148 174)

(12 148 174)

6 029 607

6 029 607

#### Farm Rietfontein

##### Portion 3 and Portion 15 of the Farm Rietfontein 109

Terms and conditions

- Purchase price: 20 March 2015

8 743 910

8 743 910

- Additions/ improvements since purchase

1 727 962

1 727 962

- Grant applied

(4 901 910)

(4 901 910)

5 569 962

5 569 962

## Notes to the Annual Financial Statement (Continued)

### 4. Intangible assets

	Cost	Accumulated amortisation	2020 Carrying value	Cost	Accumulated amortisation	2019 Carrying value
Goodwill, patents and trademarks	38 025	(35 738)	2 287	38 025	(31 936)	6 089

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Fair value gains / Additions	Amortisation	Reclassified held for sale / Disposals	2020 Carrying value at end of year
Goodwill, patents and trademarks	6 089	-	(3 803)	-	2 287

	Carrying value at beginning of year	Fair value gains / Additions	Amortisation	Reclassified held for sale / Disposals	2019 Carrying value at end of year
Goodwill, patents and trademarks	9 892	-	(3 803)	-	6 089

### 5. Biological assets

	Cost	Accumulated amortisation	2020 Carrying value	Cost	Accumulated amortisation	2019 Carrying value
Gerbera plants	637 423	(588 920)	48 503	637 423	(532 180)	105 243

	Carrying value at beginning of year	Additions	Amortisation	Reclassified held for sale / Disposals	2020 Carrying value at end of year
Gerbera plants	105 243	-	(56 741)	-	48 503

	Carrying value at beginning of year	Additions	Amortisation	Reclassified held for sale / Disposals	2019 Carrying value at end of year
Gerbera plants	161 985	-	(56 741)	-	105 243

# Annual Financial Statement

## For the year ended 31 March 2020

### Notes to the Annual Financial Statement (Continued)

Figures in R	2020	2019
<b>6. Inventories</b>		
Inventories comprise:		
Consumable stores	1 331 099	701 996
Harvested produce for sale	433 149	434 686
Crops in field	1 753 618	1 062 817
	<u>3 517 866</u>	<u>2 199 499</u>
<b>7. Trade and other receivables</b>		
Trade receivables	1 389 343	1 599 516
Sundry receivables	-	13 333
Deposits	672 185	672 185
Value Added Tax	1 085 996	2 361 447
	<u>3 147 524</u>	<u>4 646 481</u>
<b>8. Cash and cash equivalents</b>		
<b>Favourable cash balances</b>		
Cash on hand	8 300	3 934
Bank balances	14 075 125	51 694 569
	<u>14 083 425</u>	<u>51 698 503</u>
<b>The cash and cash equivalents held by the entity are committed as follows:</b>		
<b>Commitment</b>		
Deferred commitments	(9 636 444)	(39 915 115)
Other financial liabilities	(26 000)	(26 000)
Trade receivables	3 147 524	4 646 481
Trade payables	(3 615 931)	(2 142 033)
Total commitments	<u>(10 130 851)</u>	<u>(37 436 667)</u>
<b>Funds used as bridging finance until next grant disbursement</b>		<b>10 678 776</b>
<b>9. Borrowings</b>		
Nedbank instalment sale agreement	719 949	-
The instalment sale agreement commences on 1 December 2019 to 1 November 2022. The monthly instalment is R25,733.24 per month calculated at a variable 10% interest rate at commencement date. The instalment sale agreement duration is 3 years (36 terms).		
	<u>719 949</u>	<u>-</u>
Repayable within one year, transferred to current liabilities	(303 910)	-
	<u>416 039</u>	<u>-</u>
<b>10. Trade and other payables</b>		
Trade payables	2 758 266	1 316 612
Accrued liabilities	840 728	761 341
Sundry creditors	16 937	64 080
	<u>3 615 931</u>	<u>2 142 033</u>

## Notes to the Annual Financial Statement (Continued)

Figures in R

2020

2019

### 11. Other financial liabilities

Other financial liabilities

26 000

26 000

26 000

26 000

#### At amortised cost

Subtropico Loan

This is a supplier development loan from Subtropico Johannesburg (Pty) Ltd to Timbali for enterprise development. The loan is interest free; that is, it bears interest at 0%. The loan will be reviewed between Subtropico and Timbali on 21 December 2018 and may be repaid as per agreement between the two parties, unless it is in the interest of both parties to continue with the loan for a further period to be agreed.

### 12. Deferred commitments

Reconciliation of deferred commitments are as follows:

#### Reconciliation of deferred commitments: 2020

European Union Funding  
Jobsfund Funding (JF5)  
Limpopo Department of Agriculture and Rural Development (LDARD)  
Total

Opening balance	Funding received	Utilised during the year	Closing balance
-	780 935	(780 935)	-
12 856 086	16 177 325	(23 988 454)	5 044 957
27 059 029	-	(22 467 540)	4 591 488
39 915 114	16 177 325	(46 455 994)	9 636 445

#### Reconciliation of deferred commitments: 2019

Anglo American Chairman's Fund (Tshikululu) Funding  
Department of Agriculture, Forestry and Fisheries Funding  
Swiss-South African Cooperation Initiative  
Department of Trade and Industry - Crop Rotational Fund  
Industrial development Corporation  
Nedbank Funding  
Jobsfund Funding (JF3)  
Jobsfund Funding (JF5)  
Limpopo Department of Agriculture and Rural Development (LDARD)  
Total

Opening balance	Funding received	Utilised during the year	Closing balance
95 554	-	(95 554)	-
2 631	-	(2 631)	-
150 885	-	(150 885)	-
350 000	-	(350 000)	-
69 044	-	(69 044)	-
19 907	-	(19 907)	-
38 539	-	(38 539)	-
12 940 265	15 196 240	(15 280 419)	12 856 086
19 161 416	34 114 000	(26 216 387)	27 059 029
32 828 241	49 310 240	(42 223 366)	39 915 114

# Annual Financial Statement

## For the year ended 31 March 2020

## Notes to the Annual Financial Statement (Continued)

Figures in R	2020	2019
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### 13. Revenue

An analysis of revenue is as follows:

Sale of goods	9 288 758	11 907 532
	<u>9 288 758</u>	<u>11 907 532</u>

### 14. Cost of Sales

Opening stock	2 199 499	4 159 742
Purchases	22 075 130	16 102 484
Closing stock	<u>(3 517 866)</u>	<u>(2 199 499)</u>
Cost of goods sold	<u>20 756 763</u>	<u>18 062 727</u>

### 15. Other Income

AACF funding utilised	-	95 554
AGRI-SETA funding utilised	-	315 000
DAFF funding utilised	-	2 631
DTI funding utilised	-	350 000
European Union funding utilised	780 935	-
IDC funding utilised	-	69 044
Insurance claims	192 673	133 528
Jobsfund (JF3) funding used	-	38 539
Jobsfund (JF5) funding used	17 458 462	19 332 873
Levies received	322 288	176 701
Mechanisation income	717 567	226 133
Nedbank funds used	-	19 907
Profit on sale of fixed assets	99 218	5 217
Rent received	-	168 312
Royalties received	2 500 000	2 250 000
SSACI funding utilised	-	150 885
Sundry income	2 248 341	1 327 005
Syngenta funding income	510 000	637 500
Transport Income	<u>316 670</u>	<u>483 078</u>
	<u>25 146 154</u>	<u>25 781 907</u>

## Annual Report 2019-2020

### Notes to the Annual Financial Statement (Continued)

Figures in R

#### 16. Operating (deficit) surplus

Operating (deficit) surplus is arrived at after taking into account the following items:

##### *Income*

Profit on disposal of property, plant and equipment

##### *Expenditure*

Employee cost

Company contribution to retirement benefit

##### *Depreciation and impairments*

##### *Owned assets*

Land and buildings

Plant and equipment

Motor vehicles

Furniture and fittings

Clusters/Tunnels

Office equipment

IT equipment

##### *Owned assets*

##### *Capitalised leased assets*

Land and buildings

##### *Intangible assets*

Goodwill, patents and trademarks

##### *Biological assets*

Gerbera plants

2020	2019
-	-
99 218	5 217
99 218	5 217
11 516 046	10 324 320
276 063	244 896
11 792 109	10 569 216
194 636	194 980
1 407 131	1 371 441
395 250	548 721
90 534	90 534
284 730	284 730
8 456	9 849
44 480	61 033
2 425 217	2 561 288
157 301	157 301
157 301	157 301
3 803	3 803
56 740	56 741
232 636	166 098

#### 17. Finance income

##### **Interest income**

Bank

1 624 086	2 538 325
1 624 086	2 538 325

#### 18. Finance costs

Other interest paid

132 148	16 991
132 148	16 991

# Annual Financial Statement

## For the year ended 31 March 2020

## Notes to the Annual Financial Statement (Continued)

Figures in R	2020	2019
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### 19. Directors' emoluments

#### Non-executive

No emoluments have been awarded to the directors for the year under review.

#### Committee fees

J.P Hughes	8 731	29 071
T.P Maepa	117 576	109 814
	126 307	138 884

### 20. Related party transactions

#### Relationships

The SEDA technology program (SEDA) per agreement has the right to appoint one board member, and therefore it is considered to be a related party.

Name	Relationship	Transaction		
SEDA Technology program (SEDA)	Primary Funder	Funding	2 500 000	2 250 000

### 21. Commitments under operating leases

The entity leases a building under a 9 year operating lease.

At year-end, the entity has outstanding commitments under the operating lease that fall due as follows:

- within one year	193 737	179 386
- later than one year but within five years	209 236	402 972
- later than five years	-	-
Total	402 972	582 358

There is no contingent rent

# Annual Financial Statement

## For the year ended 31 March 2020

## Reporting of Key Performance Indicators

In accordance with the funding requirement of the SEDA Technology Programme, the European union and Jobs Fund, the auditors reported the following as per the independent auditor's report on page 5:

1. The statement furnished to the SEDA Technology Programme and Jobs Fund in terms of section 38(1)(j) of the Public Finance Management Act is fair in all material respects
2. All transactions which came to our attention in the course of our examination were in our opinion in accordance with the applicable laws and instructions
3. All transactions which came to our attention in the course of our examination were in our opinion in accordance with the mandatory functions of the company determined by law or otherwise

In accordance with the funding requirement of the SEDA Technology Programme, the European union and the Jobs Fund read with the Public Finance Management Act (section 51(1)(a)(i)), we include below our findings on the annual performance report.

### Predetermined objectives

No material findings to report

### 1. SEDA Technology Programme Key Performance Indicators

Quantitative measures	Target	Actual
New SMMEs established	18	16
Clients supported	180	180
SMME's supported	95	59
SMMEs Graduated	10	8
% of Graduations	80 %	80 %
% black-owned clients in portfolio	80 %	100 %
% woman-owned clients in portfolio	35 %	78 %
% Youth Clients in portfolio	40 %	59 %
Direct jobs created	68	75
Total SMME turnover (in Rands)	13 000 000	14 200 000

### 2. The Jobs Fund (JF5) Performance Indicators

Quantitative measures	Target	Actual
No. of new permanent full time positions/jobs	100	55
No. of new short term positions/jobs	179	235
No. of Trained beneficiaries	42	44
No. of new permanent seasonal jobs	169	173
No. Woman Beneficiaries	200	231
No. Youth Beneficiaries	140	214
No. of new permanent seasonal jobs	169	173

# Annual Financial Statement

For the year ended 31 March 2020

## Detailed Income Statement

Figures in R	2020	2019
<b>Gross Revenue</b>		
Sale of goods	9 321 191	11 907 532
	9 321 191	11 907 532
<b>Cost of Sales</b>		
Opening stock	2 199 499	4 159 742
Purchases	20 321 512	15 039 667
Closing stock	(1 764 248)	(1 136 682)
	20 756 763	18 062 727
<b>Gross Profit</b>	<b>(11 435 572)</b>	<b>(6 155 195)</b>
<b>Other Income</b>		
AACF funding utilised	-	95 554
AGRI-SETA funding utilised	-	315 000
DAFF funding utilised	-	2 631
DTI funding utilised	-	350 000
European Union funding utilised	780 935	-
IDC funding utilised	-	69 044
Insurance claims	192 673	133 528
Interest received	1 624 086	2 538 325
Jobsfund (JF3) funding used	-	38 539
Jobsfund (JF5) funding used	17 458 462	19 332 873
Levies received	322 288	176 701
Mechanisation income	717 567	226 133
Nedbank funds used	-	19 907
Profit on sale of fixed assets	99 218	5 217
Rent received	-	168 312
Royalties received	2 500 000	2 250 000
SSACI funding utilised	-	150 885
Sundry income	2 248 341	1 327 005
Syngenta funding income	510 000	637 500
Transport Income	316 670	483 078
	26 770 240	28 320 232
	<b>15 334 668</b>	<b>22 165 037</b>

## Annual Report 2019-2020

### Detailed Income Statement (Continued)

Figures in R	2020	2019
<b>Expenditure</b>		
Advertising	1 717 503	599 656
Amortisation - Intangible assets	3 803	3 803
Auditors' remuneration	69 365	26 184
Bad debts	17 872	64 133
Bank charges	68 986	49 837
Cleaning	56 498	57 499
Computer expenses	60 007	58 403
Consulting fees	1 034 475	1 201 771
Depreciation - Biological assets	56 740	56 741
Depreciation - Tangible assets	2 582 518	2 718 589
Donations	(738)	(219 750)
Electricity and water	450 883	347 092
Entertainment	-	18 026
Finance costs	132 148	16 991
Goods, services and trials for markets	2 527 595	1 135 973
Insurance	624 016	360 280
Internal expenditure	469 086	(76 876)
Lease rental on operating lease	232 636	166 098
Loose equipment	31 592	111 103
Motor vehicle expense	1 510 595	1 006 507
Other expenses	-	590
Postage	6 702	8 073
Printing and stationery	363 037	362 617
Repairs and maintenance	1 995 005	1 298 628
Salaries	11 516 046	10 324 320
Security	231 582	197 834
Staff uniform	175	751
Subscriptions	-	1 941
Telephone and fax	331 980	344 100
Training	402 737	273 795
Transport	246 031	851 051
Travel - local	193 650	266 199
	26 932 525	21 631 959
<b>(Deficit) / surplus for the year</b>	<b>(11 597 857)</b>	<b>533 078</b>

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



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