

ANNUAL REPORT

— 2022



TIMBALI
TECHNOLOGY
INCUBATOR

Turning Training into Trading.



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, inequity, environmental and human development.

WHAT DO WE OFFER?

- Agri-related incubation services
- An enabling environment for smallholder farmers
- Facilitate access to markets and appropriate loan finance
- Provide technical training and monitoring of quality production into formal and informal markets
- Market access training that leads to active trading and growth in farmers' earnings
- Incubation-related advice and project management

WHY DO WE MATTER?

Timbali has developed a model for connecting low-skilled unemployed young farmers to sophisticated 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 and abroad.

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CHAIRMAN'S REPORT

Mr Mashiba Kgole



I'm happy to offer our financial year 2022–2023 results and look back on some of the exciting as well as memorable occasions our organization experienced.

The effects of COVID-19 on the economy made the preceding year difficult for all of us. Due to the pandemic's disruptions, both major and small businesses have experienced revenue losses.

The Covid-19 pandemic is still fresh in our minds, but load shedding has caused a new problem in our nation. Businesses have had to shut down or operate at a reduced capacity due to the lack of energy, which has resulted in decreased production, lost income, and job losses. Due to resource limitations, small-scale farmers are the most negatively impacted.

Despite all of the difficulties we had during the review period, the organization was nevertheless able to produce outstanding outcomes. The dedication of our employees is a key factor in our success.

The following are some highlights from the fiscal year 2022–2023:

Effective partnerships with regional stakeholders were established.

- The two new collaborations between Woolworths Trust and Nedbank Corporate Social Investment were signed. The three-year contracts offer a cash infusion of up to R5 million, which will be used to support environmentally friendly farming methods for a better environment and to give small-scale farmers access to markets.
- Ongoing collaboration with Standard Bank to continue assisting small-scale farmers who have taken part in our programs in obtaining access to financing. During the time period under consideration, 22 small-scale farmers received loans from Standard Bank totaling more than R2 million. Farmers have been able to increase their capacity for production and meet their trading goals thanks to the loan support.

CHAIRMAN'S REPORT (CONTINUED)

New collaborations with stakeholders outside of South Africa.

- Timbali was requested by the Liberia Agency for Economic Development and Empowerment to submit an Expression of Interest and Business Proposal to Trinity Agro Corporation (TAC) on behalf of Cuttington University (CU). The Episcopal Church of Liberia (ECU) and Cuttington University (CU) established TAC as an agribusiness commercialization unit to revitalize agricultural activities and increase the financial independence of both institutions by managing production of particular short-cycle crops with a high profit potential.
- A delegation from Timbali, including the board chair, CEO, and PSF officer, traveled to Liberia to investigate how Timbali could use its wealth of experience to help TAC manage its line of organic horticulture products.

Appointments made to strengthen the organisation's executive team and board of directors.

- We also welcomed Mr. Ryk Eksteen, a seasoned accountant and auditor with a number of accounting firms, to the Timbali Board of Directors. Mr. Eksteen took over as the Chairperson of the Finance, Audit and Risk committee.

Our sincere gratitude goes to SEDA, Woolworths, Nedbank and Standard Bank for their sponsorship and financial support, as well as to MEGA and DALRRD for their constant and continued support.

The goal of Timbali Technology Incubation is to locate markets where small-scale farming businesses can thrive and to establish the right conditions for them to do so.

The Timbali Technology Incubation Board of Directors and management have worked to develop a strategy that will help the organization fulfil its objective. As part of this process, specific strategic possibilities were identified for the business to pursue.

CHAIRMAN'S REPORT (CONTINUED)

The following are a few of the strategic opportunities found:

- Changing our company strategy to reflect the green economy.
- Restructuring our company to take advantage of financial opportunities in the private sector.
- Using technology to increase our reach and improve service delivery.
- Identifying collaborations for small-scale farmers to receive funding and market access.

Final thoughts:

I would want to take this opportunity to thank Mr. Bheki Mamphaga for serving as Timbali's board chair for such a long time. He managed the organization in an impressive way. He has successfully aided the organization through challenging times while serving as chair. As the chair of the HR Committee, he continues to give the board tremendous leadership and guidance.

My sincere gratitude also extends to Dr. Madime Mokoena and Mr. Ryk Eksteen for their outstanding leadership as the committee chairs for finance risk and audit and fund-raising, respectively. We greatly appreciate your devotion, commitment, and enthusiasm for your job. It's a blessing that you serve on our board of directors.

Finally, I want to personally thank Timbali's CEO and staff for their enthusiasm, dedication, and consistency in advancing our company. Your dedication is the reason we've been successful and expanded.

I want to thank you all for another fantastic year. In 2024, I'm looking forward to working with all of you to accomplish even more.

Regards,
Mashiba Kgole

Chairperson of the Board:
Timbali Technology Incubation

CEO'S REPORT

Mrs Louise de Klerk



“You have to be burning with an idea, or a problem, or a wrong that you want to right. If you're not passionate enough from the start, you'll never stick it out.”

- Steve Jobs, CEO, and co-founder of Apple Inc.

1. Introduction:

The past year is highlighted by the accomplishments that are connected to Timbali's vision and mission statement. Timbali's vision is to be the best scalable model in S.A. to provide market access to emerging small-holder farmers, with our mission being to identify market opportunities for small-scale farming enterprises and to develop an enabling environment within which they can successfully serve these markets. Over the past three decades in S.A. substantial training and skills development was done in the agricultural sector with no significant impact on the financial bottom line of the farmers. Once the training is completed the question is asked: What next? During the past year, Timbali gave new energy and strength to emphasis the approach since inception: **“To Turn Training into Trading”**. The impact of improved trading is very different from the impact of training in our current agricultural, economic, and macro environment in South Africa.

2. Values and Culture:

“Imagination is everything. It is the preview of life's coming attractions.”

- Albert Einstein

Agriculture is a resilient industry that can unlock economic development across the skills and digital divide once the best practices framework is developed. Operationally we focused on our strengths of creating a basis for making choices about how best to use limited resources. At the last Timbali Management Meeting of the financial year, when asked what his highlight for the year was, PSF Officer, Mncedisi Aubrey Dlamini, said: “We kept our promises to our farmers. This statement earmarks the past year's accomplishments and most importantly the culture and values of the Timbali staff members.

CEO'S REPORT (CONTINUED)

Our approach from an operational point of view was with limited resources, what choices do we have to solve the challenges of inclusive economic growth in agriculture? There is an essential requirement to provide smallholder farmers with an enabling environment to improve efficiency, productivity, and competitiveness by borrowing from the franchise industry. Timbali's trading and system-based incubation method attracted the attention of Standard Bank SA who extended a total amount of R 4 097 405 of loan financing over the past 18 months to 46 farmers of which five were graduates. How do we find ways that combine profitability with high social impact?

The loans that were extended to the farmers were at 0% interest which made it very affordable for the farmers. Without this crop financing, significant trading will remain a pie in the sky. SBSA has made a significant difference where it really matters. Some farmers defaulted on their loans which caused Timbali to rethink its approach. By recruiting farmers in a new geographic area, this challenge was mitigated by the farmers repaying their loans within seven weeks after planting their crops. These farmers made a significant profit despite challenges with diseases and immediately qualified for their revolving loans for the next season.

“ The real test is not whether you avoid this failure because you won't. It's whether you let it harden or shame you into inaction, or whether you learn from it; whether you choose to persevere. ”

– Barack Obama

The legacy of apartheid resulted in South African agriculture consisting largely of large-scale commercial activities. Recently, however, the country has seen a process of "deconsolidation" of farming land. Through initiatives like land restitution, more and more land is being placed in the hands of small-scale, emerging farmers. Four million South Africans are already engaged in some form of smallholder agriculture, with the most common purpose being to provide food for their own consumption.

Timbali brings low-skilled farmers into the mainstream economy and provides them with market access and loan financing. We tip the balance in favour of the smallholder farmer by using a Cluster-model to increase the economy of scale and address the management gap with a system-dependent-business-format, enabling farmers to consistently deliver a predictable, high-quality product to markets.

CEO'S REPORT (CONTINUED)

3. Strengths and Highlights:

Timbali delivered on its expected key performance indicators. Youth empowerment increased from the 20% to 23 %. This reduction is due to our selection criteria where farmers need access to land. Timbali created 54 new jobs and sustained 91 jobs with 48 farmers accessing our business development services. 151 farmers attended our training and mentor interventions with 13 farmers exporting their produce. The following farmers graduated as successful sustainable farmers from Timbali:

- Zodwa Magagula
- Zanele Lubisi
- Given Sambo
- Eunice Mathebula

Timbali has two financial Institutions as partners. SBSA extends crop financing to our farmers and Nedbank who started on 1 February 2023 as a CSI grant funding partner. Their contract enabled Timbali to extend its services to three new geographic areas, namely Elukwatini (Badplaas), Hazyview and Sekhukhune.

In preparing the smallholder farmer for trading, we developed green Operations and Procedures (OPS) Manuals per crop where invisible farming processes are made visible so that continuous improvement may be identified. The OPS Manuals has become a tool for performance mapping, training, and for implementing change to greener farming practices. This alignment to both trading and green farming methods positioned Timbali as a key player in the agricultural sector who has a unique offering as well as a brand that keeps on delivering on its mandate.

4. Risk Management:

Timbali will continue to enhance our clients and our own ecosystems' ability to mitigate and adapt to shocks. The installation of micro-irrigation systems was made possible through crop financing and Timbal will continue to embrace the use of technology at all stages of the value chain.

Public- and private sector funding partners were sourced. By positioning Timbali's unique services on social media and formal press to a larger more diverse funding and CSI market, new income opportunities are being explored.

Crop financing was rescued by the five farmers in a new geographic area who successfully repaid their loans. Mitigating measures will be instituted when the next round of applications starts. Peer group pressure is being one of the most important measures.

CEO'S REPORT (CONTINUED)

Improved efficiencies are being instituted to enhance communication and controls between all staff members. Cloud-based reporting was initiated with stronger quality measures and quicker communication systems.

The possibility of fraud or theft was again reviewed with a strong internal auditing function governed by an internal audit charter. Timbali is outsourcing its accounting function and thereby also segregating accounting tasks to deter fraudulent acts.

5. Achieving Growth through Diversity:

This year we focused on our new strategy of diversifying our partners by focusing on more, smaller, private sector partners. Woolworths Trust signed a three-year grant agreement with Timbali. Nedbank CSI also signed a three-year grant agreement to expand our model to three new geographic areas with a strong emphasis on green farming. Seda also committed to another year of funding.

Timbali has developed a devoted and highly committed team of diverse individual staff members who each bring a unique strength to the Timbali brand. Each staff member is provided with the opportunity to bring their solutions to the table at the monthly management meetings. The strong communication through simple Timbali WhatsApp group keeps the team informed of what is happening at grass-roots level on farms as well as at Market Access Workshops and One-on-one business meetings. The technical team that is based in various geographic areas does a large amount of travelling with frequent farm visits and they build a strong trust relationship with their cluster of farmers. Timbali's Extension Officers completed a total of 2 094 farm visits. The average attendance by the farmers of the Timbali Market Access Workshops for the year is 42, with the Financial one-on-one sessions averaging 21.

Timbali has also diversified its market access tactic to include both formal and informal markets. The trend that the latest sales figures provide is that the trading consists of 34% sold to formal markets with session agreements in place, and 66% sold to informal markets that provide the benefit of instant cashflow to the farmer and the assurance to the bank that the loans are being serviced in a predictable accountable way.

The new strategy has a positive impact on our farmers. Our Success Stories can be read at: <https://timbali.co.za/our-successes/>

CEO'S REPORT (CONTINUED)

Conclusion:

“ Whenever you see a successful business, someone once made a courageous decision. ”

– Peter F. Drucker

With a portfolio of exceptional new and existing funding partners (Woolworths Trust and Nedbank CSI and Seda), a strong fiduciary responsible board of directors headed by our new Chair, Mr. Mashiba Kgole, and a new and a dedicated management team in place, we are confident that we are pursuing the right strategy to meet the many challenges presented by farming in South Africa and presented in the global economic climate.

I would like to thank my new Chair, Mr. Kgole, our new chair of the combined financial, technical and procurement committee, and fellow board members for their strong guidance and support during the past year. A special word of appreciation to the dedicated Timbali Team that showed exceptional commitment and enthusiasm during the past year. We also welcome Philip van Rooyen, the new Business Development Manager for Technical and Marketing, who brings a wealth of agricultural development experience to the management team.

We want to thank our funders for their support during the past year and we look forward to a fruitful and sustainable relationship with Seda, Nedbank CSI, and Woolworths Trust.

OUR INCUBATION PERFORMANCE

SEDA Core Key Performance Indicators		Actual	Target	% Variance	
1	No. of jobs created	54	49	110%	The reason for attaining an actual above the target is because of the farmers access to loan financing.
2	No. of jobs sustained	91	73	125%	
3	No. of clients accessing BDS	48	37	130%	
4	No. of start-ups supported	25	15	167%	
5	No. of clients whose turnover has increased by minimum 5%	23	6	383%	
6	No. of SMMEs and cooperatives supported to participate in Local Markets	37	25	148%	
7	No. of SMMEs and cooperatives supported to participate in International Markets	13	13	100%	
8	No. of SMMEs and Cooperatives assisted with Productivity Improvement	48	25	192%	The demand for Timbali's services as well as our clustering approach allowed us to achieve this output
9	No. of SMMEs and Cooperatives assisted with Quality Improvement	48	35	137%	
10	No. of SMMEs and Cooperatives supported with Training, Mentorship and Coaching	151	121	125%	
11	Client turnover	3,668,393	2,600,000	141%	
12	No. of Youth accessing BDS	11	11	100%	
13	No. of Women accessing BDS	20	15	133%	

OUR INCUBATION PERFORMANCE (CONTINUED)

Key Performance Indicators

No. of Jobs
Created:

54

No. of Jobs
Sustained:

91

No. of
Start-Ups
Supported:

25

Client
Turnover:

R3,668,393.00

No. of
Clients
Accessing
BDS:

48

No. of
Youth
accessing
BDS:

11

No. of
Women
accessing
BDS:

20

No. of Clients
who's Turnover
has increased
by minimum
5%:

23

No. of SMMEs
and cooperatives
supported to
participate in
Local Markets:

37

No. of SMMEs and
Cooperatives
supported with
Training,
Mentorship &
Coaching:

151

ABOUT TIMBALI

Timbali Technology Incubator 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. As a non-profit organisation, we 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.

ABOUT TIMBALI (CONTINUED)

Tactics Table:

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 though 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

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.

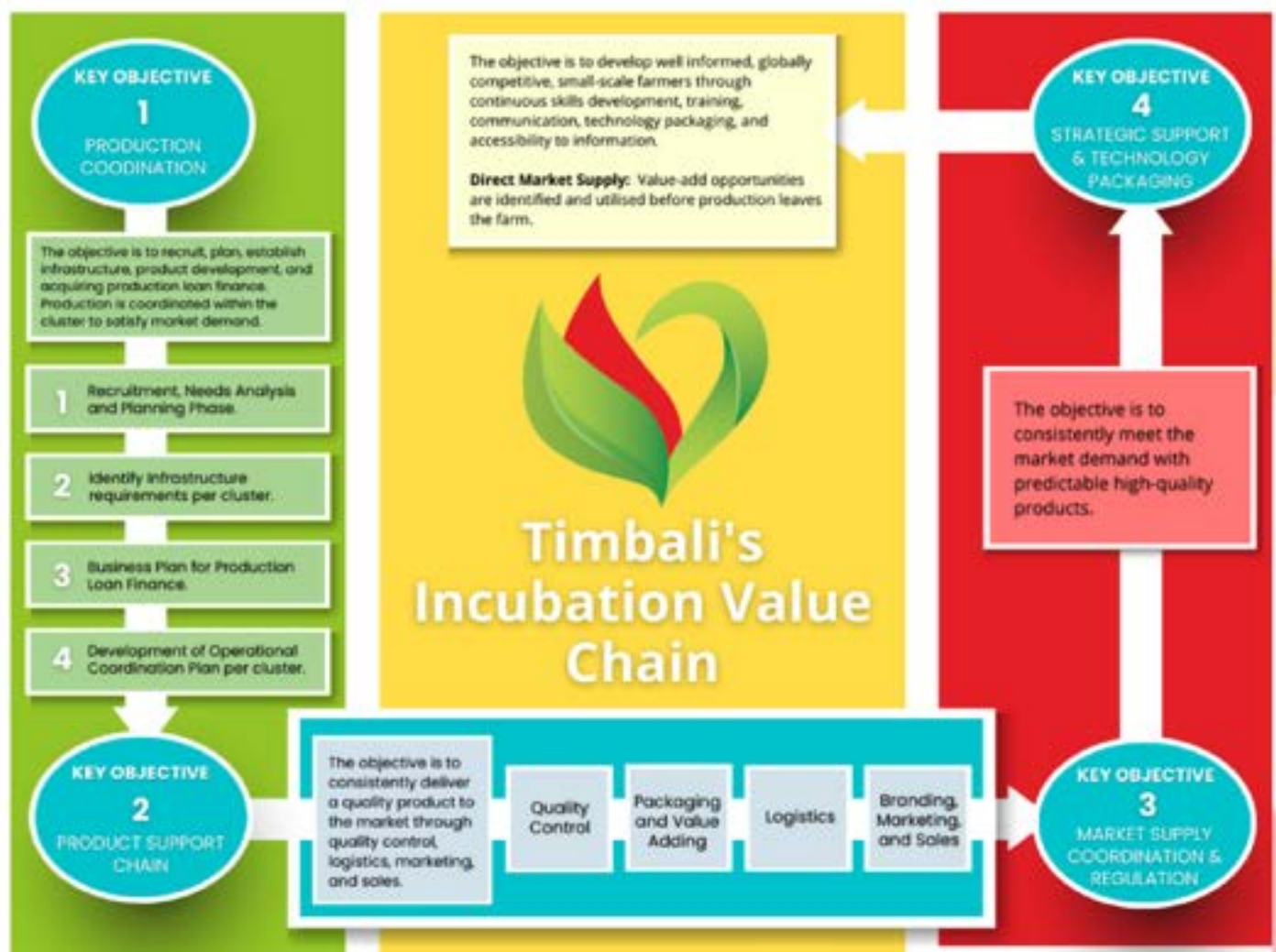
4. Forming of strategic support alliances and technology packaging.

Objective is aimed to develop well informed, globally-competitive small-scale farmers through continuous skills development, training, communication, technology packaging and accessibility to information

OUR MODEL (CONTINUED)

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 Mashiba Kgole
(Chair)**

Independent
Director



**Mr Bheki Mamphaga
MEGA**

Mpumalanga
Economic Growth
Agency



**Dr Madime Mokoena
DALRRD**

Department of Agriculture
Land Reform and Rural
Development



**Mr Ryk Eksteen
Chartered Accountant**

Independent
Director



**Dr Karin Hannweg
ARC-TSC**

Board
Secretary



**Ms. Louise de Klerk
CEO**

Timbali Technology
Incubator

ANNUAL FINANCIAL STATEMENTS

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Technology Incubator
Directors	F.R.L Eksteen M.G Kgole Dr M.R Mokoena L. de Klerk B.G Mamphaga
Business address	Portion 74 Friedenheim Farm Mbombela 1200
Bankers	Nedbank Bank Limited
Auditors	Nexia SAB&T 28 van Rensburg Street Suite 18/19 Liza's Court Nelspruit 1200
Tax reference number	9388297146
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were compiled by: Kevin Venter (Professional Accountant (SA)) Associate Director SizweNtsalubaGobodo Grant Thornton

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

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ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 auditors are 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 of directors sets standards for internal control aimed at reducing the risk of error. 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 directors have reviewed the company's cash flow forecast 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 pages 6 - 8.

The annual financial statements set out on pages 9 to 26, which have been prepared on the going concern basis, were approved by the board of directors on 30 June 2023 and were signed on its behalf by:

M.G Kgole
Chairperson

L. de Klerk
Chief Executive Officer

F.R.L Eksteen
Audit Committee Chairperson

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

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 2023.

1. 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 of South Africa. 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 annual financial statements.

Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

3. 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.

4.

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

Directors

F.R.L Eksteen

M.G Kgole

Dr M.R Mokoena

L. de Klerk

B.G Mamphaga

Office

Non-Executive Director

Non-Executive Director (Chairperson)

Non-Executive Director

Executive Director (Chief Executive Officer)

Non-Executive Director

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Directors' Report

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

Included in the board is an additional ex-officio attendee:

-K. Hannweg (Board secretary)

Skills Development and Human Resource Committee

-B.G Mamphaga (Chairperson)

-Dr M.R Mokoena

-L. de Klerk

Combined Technical and Finance (Audit) Committee

-F.R.L Eksteen (Chairperson)

-L. de Klerk

-B.G Mamphaga

-M.G.Kgole

Fundraising committee

-Dr M.R Mokoena (Chairperson)

-M.G Kgole

-L.de Klerk

5. Independent Auditors

Nexia SAB&T were the independent auditors for the year under review.

6. Income tax

The company 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 authorised to issue donation receipts in terms of section 18A of the applicable act as from 7 November 2011.

ANNUAL FINANCIAL STATEMENTS CONTINUED

Independent Auditor's Report

To the Shareholder of Timbali Flower Growers NPC

Opinion

We have audited the annual financial statements of Timbali Flower Growers NPC (the company) set out on pages 9 to 24, which comprise the statement of financial position as at 31 March 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual 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 Timbali Flower Growers NPC as at 31 March 2023, 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 of South Africa.

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 Annual 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 annual 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note X to the annual financial statements which indicate that [insert detail]. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Timbali Flower Growers NPC annual financial statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 25 to 27. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

ANNUAL FINANCIAL STATEMENTS CONTINUED

Independent Auditor's Report

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 STATEMENTS CONTINUED

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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.

Nexia SAB&T

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	11 327 995	11 912 056
Intangible assets	4	1	1
		<u>11 327 996</u>	<u>11 912 057</u>
Current Assets			
Trade and other receivables	5	843 448	1 707 816
Cash and cash equivalents	6	4 860 633	2 204 219
		<u>5 704 081</u>	<u>3 912 035</u>
Total Assets		<u>17 032 077</u>	<u>15 824 092</u>
Equity and Liabilities			
Equity			
Retained income		14 453 849	15 742 532
Liabilities			
Current Liabilities			
Trade and other payables	7	218 895	55 551
Enterprise development loans	8	26 000	26 000
Deferred grant income	9	2 333 333	-
		<u>2 578 228</u>	<u>81 551</u>
Total Equity and Liabilities		<u>17 032 077</u>	<u>15 824 083</u>

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Revenue	10	885 266	747 655
Cost of sales	11	-	(528 205)
Gross surplus		885 266	219 450
Other income	12	3 363 087	5 922 760
Operating expenses	13	(5 635 230)	(12 235 249)
Operating surplus (deficit)		(1 386 877)	(6 093 039)
Investment revenue		103 085	100 169
Finance costs		(4 891)	(41 081)
Surplus (Deficit) for the year		(1 288 683)	(6 033 951)
Other comprehensive income		-	-
Total comprehensive surplus (deficit) for the year		(1 288 683)	(6 033 951)

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2021	21 776 483	21 776 483
Deficit for the year	(6 033 951)	(6 033 951)
Other comprehensive income	-	-
Total comprehensive loss for the year	(6 033 951)	(6 033 951)
Balance at 01 April 2022	15 742 532	15 742 532
Deficit for the year	(1 288 683)	(1 288 683)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(1 288 683)	(1 288 683)
Balance at 31 March 2023	14 453 849	14 453 849

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from /(in) operating activities			
Cash generated from (used in) operations	17	2 730 927	(7 665 591)
Interest income		103 085	100 169
Finance costs		(4 891)	(41 081)
Net cash from (in) operating activities		2 829 121	(7 606 503)
Cash flows from /(in) investing activities			
Purchase of property, plant and equipment	2	(172 698)	(189 306)
Proceeds of property, plant and equipment	2	-	3 498 404
Scrapping of biological assets	3	-	1
Net cash (in) investing activities		(172 698)	3 309 099
Cash flows from /(in) financing activities			
Movement in borrowings		-	(420 684)
Total cash movement for the year		2 656 423	(4 718 088)
Cash at the beginning of the year		2 204 219	6 922 298
Total cash at end of the year	6	4 860 642	2 204 210

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

General information

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

1. Summary of significant accounting policies

The annual 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 of South Africa. The annual 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 Significant judgements and sources of estimation uncertainty

Applying accounting policies

Management is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements are outlined as follows:

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:

1.1.1 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.

1.1.2 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.

1.1.3 Interest income

Interest income is recognised using the effective interest method.

1.1.4 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.

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.2 Tax

Income tax

The company, which is a non-profit company, is exempt from income tax purposes as they meet the requirements of a Public

(3) of the Income Tax Act No 58 of 1962. The exemption has been approved in terms of section 10(1)(cN).

- 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;

1.3 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.

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 is 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. 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 rate	Average useful life
Buildings	3.33%-16.67% (Land 0%)	
Plant and machinery	16.67%	
Furniture and fixtures	20%	
Motor vehicles	10%-20%	
Office equipment	20%	
IT equipment	33.33%	
Clusters/Tunnels	5%	

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 the 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.

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

1.4 Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

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:

- Patents, trademarks and other rights

10 years

- 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.

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 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.

1.5 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 or investment property on the cost model 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 has been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.6 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.

1.7 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.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay 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.

1.9 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.

1.10 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, the board intends 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.

1.11 Trade payables

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

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.12 Grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

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

1.13 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 STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

2. Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	2 444 766	-	2 444 766	2 444 766	-	2 444 766
Buildings	5 807 775	(2 335 422)	3 472 353	5 807 773	(1 966 113)	3 841 660
Plant and machinery	4 178 899	(4 128 191)	50 708	4 178 899	(4 064 593)	114 306
Furniture and fixtures	170 825	(170 824)	1	170 825	(170 267)	558
Motor vehicles	1 894 879	(1 707 436)	187 443	1 787 204	(1 683 055)	104 149
Office equipment	351 587	(327 142)	24 445	351 587	(320 765)	30 822
IT equipment	221 650	(181 434)	40 216	179 015	(177 104)	1 911
Leased assets capitalised	5 229 089	(2 246 016)	2 983 073	5 212 350	(2 246 016)	2 966 334
Clusters and tunnels	9 627 287	(7 502 297)	2 124 990	9 627 287	(7 219 737)	2 407 550
Total	29 926 757	(18 598 762)	11 327 995	29 759 706	(17 847 650)	11 912 056

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Closing balance
Land	2 444 766	-	-	2 444 766
Buildings	3 841 660	-	(369 307)	3 472 353
Plant and machinery	114 306	-	(63 598)	50 708
Furniture and fixtures	558	-	(557)	1
Motor vehicles	104 149	107 675	(24 381)	187 443
Office equipment	30 822	-	(6 377)	24 445
IT equipment	1 911	48 284	(9 979)	40 216
Leased assets capitalised	2 966 334	16 739	-	2 983 073
Clusters and tunnels	2 407 550	-	(282 560)	2 124 990
	11 912 056	172 698	(756 759)	11 327 995

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Closing balance
Land	2 444 766	-	-	-	-	2 444 766
Buildings	7 522 658	-	(3 320 489)	(351 941)	(8 568)	3 841 660
Plant and machinery	901 317	-	(117 885)	(548 359)	(120 767)	114 306
Furniture and fixtures	1 394	464	-	(998)	(302)	558
Motor vehicles	504 497	156 956	-	(73 549)	(483 755)	104 149
Office equipment	40	31 886	-	(1 104)	-	30 822
IT equipment	17 479	-	-	(13 821)	(1 747)	1 911
Leased assets capitalised	2 966 334	-	-	-	-	2 966 334
Clusters/ Tunnels	2 718 477	-	-	(284 737)	(26 190)	2 407 550
	17 076 962	189 306	(3 438 374)	(1 274 509)	(641 329)	11 912 056

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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2. Property, plant and equipment (continued)

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 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
- Capitalised expenditure	16 739	-
	<u>5 229 089</u>	<u>5 212 350</u>

Farm Helena

Portion 2 of Farm Helena 400JU

- Purchase price: 09 March 2015
- Additions since purchase or valuation
- Grants applied
- Disposal

13 991 674	13 991 674
4 186 107	4 186 107
(12 148 174)	(12 148 174)
(1 949 795)	(1 949 795)
<u>4 079 812</u>	<u>4 079 812</u>

Farm Rietfontein

Portion 3 and Portion 15 of the Farm Rietfontein 109

- Purchase price: 20 March 2015
- Additions/ improvements since purchase
- Grants applied
- Disposal

8 743 910	8 743 910
1 727 962	1 727 962
(4 901 910)	(4 901 910)
(1 397 234)	(1 397 234)
<u>4 172 728</u>	<u>4 172 728</u>

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

3. Biological assets

Reconciliation of biological assets at cost - 2022

	Opening balance	Disposals	Depreciation	Closing balance
Gerbera plants	48 503	(1)	(48 502)	-

4. Intangible assets

Computer software

2023			2022		
Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
38 025	(38 024)	1	38 025	(38 024)	1

Reconciliation of intangible assets - 2023

Computer software

Opening balance	Closing balance
1	1

Reconciliation of intangible assets - 2022

Computer software

Opening balance	Amortisation	Closing balance
2 287	(2 286)	1

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)
Trading as Timbali Flower Growers NPC
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

3. Biological assets

Reconciliation of biological assets at cost - 2022

	Opening balance	Disposals	Depreciation	Closing balance
Gerbera plants	48 503	(1)	(48 502)	-

4. Intangible assets

	2023		2022	
	Cost	Accumulated amortisation and impairment	Cost	Accumulated amortisation and impairment
Computer software	38 025	(38 024)	1	(38 024)

Reconciliation of intangible assets - 2023

	Opening balance	Closing balance
Computer software	1	1

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Closing balance
Computer software	2 287	(2 286)	1

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

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Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Trade and other receivables		
Trade receivables	752 711	1 690 924
Deposits	33 069	(13 306)
VAT	29 335	30 198
Staff Loans	28 333	-
	843 448	1 707 816

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Unrestricted Cash and Cash equivalents

Bank balances

2 527 300

Restricted Cash and Cash Equivalents

Bank balances

2 333 333

Total

4 860 633

2 204 219

7. Trade and other payables

Trade payables

218 895

55 551

8. Enterprise development loans

At fair value

Subtropico Loan

26 000

26 000

This is a supplier development loan from Subtropico Johannesburg (Pty) Ltd to Timbali for enterprise development. There was no interest charged on the loan. The loan will be reviewed between Subtropico and Timbali on 21 December 2023 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.

Current liabilities

At fair value

26 000

26 000

9. Deferred grant income

Reconciliation of deferred grant income is as follows:

Reconciliation of deferred grant income: 2023

	Opening balance	Funding received	Utilised during the year	Closing balance
Nedbank Foundation Trust	-	2 800 000	(466 667)	2 333 333

Reconciliation of deferred grant income: 2022

	Opening balance	Funding received	Utilised during the year	Closing balance
Limpopo Department of Agriculture and Rural Development (LDARD)	981 401	-	(981 401)	-
	1 047 541	-	(1 047 541)	-
	2 028 942	-	(2 028 942)	-

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

(Registration number: 2002/006905/08)

Trading as Timbali Flower Growers NPC

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
10. Revenue		
Rendering of services	885 266	504 558
Sale of Goods	-	243 097
	885 266	747 655
11. Cost of sales		
Cost of goods	-	528 205
12. Other income		
Profit on sale of property, plant and equipment	-	60 030
SEDA	2 250 000	2 500 000
Rental income	18 261	143 261
Recoveries	-	1 773 941
Insurance claims	-	821 296
Funding received - Grant (Nedbank)	466 667	-
Other Income Reimbursements	77 290	324 232
Donation (Woolworths Trust)	550 869	300 000
	3 363 087	5 922 760
13. Operating expenses		
Operating expenses include the following expenses:		
Income		
Surplus on disposal of property, plant and equipment	-	60 030
Operating lease charges		
Premises		
• Contractual amounts	130 370	219 071
Impairment on property, plant and equipment	-	641 329
Depreciation and amortisation	756 759	1 274 509
Employee costs	2 751 867	2 156 925
14. Auditor's remuneration		
Audit fees	73 472	55 835
15. Employee cost		
Employee costs		
Basic	2 751 867	2 156 925

ANNUAL FINANCIAL STATEMENTS CONTINUED

Timbali Flower Growers NPC

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Notes to the Annual Financial Statements

Figures in Rand

16. Depreciation, amortisation and impairments

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

Depreciation		
Property, plant and equipment	756 759	1 274 509
Impairments		
Property, plant and equipment	-	641 329
Total depreciation, amortisation and impairments		
Depreciation	756 759	1 274 509
Impairments	-	641 329
	756 759	1 915 838

17. Cash generated from (used in) operations

Loss before taxation	(1 288 683)	(6 033 951)
Adjustments for:		
Depreciation and amortisation	756 759	1 274 509
Profit on sale of assets	-	(60 030)
Interest received	(103 085)	(100 169)
Finance costs	4 891	41 081
Impairment loss	-	641 329
Changes in working capital:		
Inventories	-	205 556
Trade and other receivables	864 368	354 444
Trade and other payables	163 344	(1 959 403)
Deferred grant income	2 333 333	(2 028 957)
	2 730 927	(7 665 591)

18. Related parties

Relationships

The SEDA technology program (SEDA)

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

Related party balances and transactions with key management personnel of the company or its parent

Related party transactions

Funding paid to (received from) related parties

SEDA Technology Program (SEDA)	2 250 000	2 500 000
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ANNUAL FINANCIAL STATEMENTS CONTINUED

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19. Directors'

Executive

2023

Directors' emoluments	Basic salary	Bonuses and Directors fees performance related payments	Total
Services as director or prescribed officer			
M.G Kgole	-	-	57 553
L. de Klerk	959 915	79 993	-
	959 915	79 993	57 553
			1 039 908

2022

Directors' emoluments	Basic salary	Bonuses and performance related payments	Total
Services as director or prescribed officer			
L. de Klerk	959 915	79 993	1 039 908

20. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

21. 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 that materially affects these annual financial statements.

ANNUAL FINANCIAL STATEMENTS CONTINUED

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Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Revenue	10	885 266	747 655
Cost of sales	11	-	(528 205)
Gross profit		885 266	219 450
Other income			
SEDA		2 250 000	2 500 000
Rental income		18 261	143 261
Recoveries		-	1 773 941
Insurance received		-	821 296
Funding received - Grant (Nedbank)		466 667	-
Other Income Reimbursement		77 290	324 232
Donation (Woolworths Trust)		550 869	300 000
Gains on the disposal of assets		-	60 030
		3 363 087	5 922 760
Expenses (Refer to page 26)		(5 635 230)	(12 235 249)
Operating loss		(1 386 877)	(6 093 039)
Investment income		103 085	100 169
Finance costs		(4 891)	(41 081)
		98 194	59 088
Surplus (deficit) for the year		(1 288 683)	(6 033 951)

ANNUAL FINANCIAL STATEMENTS CONTINUED

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Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Operating expenses			
Advertising		-	(6 885)
Auditors remuneration	14	(73 472)	(55 835)
Bad debts		(37 500)	(796 472)
Bank charges		(24 423)	(19 430)
Cleaning		(8 889)	(429 318)
Computer expenses		(57 815)	(126 862)
Consulting and professional fees		(335 606)	(920 669)
Depreciation, amortisation and impairments		(756 759)	(1 915 838)
Employee costs		(2 751 867)	(2 156 925)
Momentum pension fund		(124 616)	(385 629)
Good service & trials		-	(46 950)
Assets written off		-	(3 393 488)
Finance charges		(857)	-
Service fees		(3 443)	-
Insurance		(164 644)	(257 062)
Lease rentals on operating lease		(130 370)	(219 071)
Legal expenses		(36 450)	-
Motor vehicle expenses		(258 654)	(191 625)
Utilities		(78 952)	(75 242)
Printing and stationery		(82 225)	(59 242)
Repairs and maintenance		(250 589)	(827 804)
Security		(255 467)	(206 690)
Staff welfare		(27 354)	-
Telephone and fax		(55 254)	(52 454)
Training		(18 930)	(50 206)
Transport and freight		-	(28 443)
Travel - local		(101 094)	(13 109)
		<u>(5 635 230)</u>	<u>(12 235 249)</u>

ANNUAL FINANCIAL STATEMENTS CONTINUED

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Annual Financial Statements for the year ended 31 March 2023

Reporting of performance indicators

1. Reporting of key performance

In accordance with the funding requirements of the SEDA Technology Programme

1. The statement furnished to the SEDA Technology Programme 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, read with the Public Finance Management Act (section 51(1)(a)(i)), we include below our findings on the annual performance report.

Core KPI's

	Annual Targets	Actual
No. of youth accessing BDS 70%	11	11
No. of women accessing BDS 30%	15	20
No. of start-ups supported	15	25
No. of jobs sustained	73	91
No. of jobs created	49	54
No. of clients whose turnover has increased	6	23
No. of clients Accessing BDS	37	48
No. of SMMEs and Cooperatives supported to participate in the local markets	25	37
No. of SMMEs and Cooperatives supported to participate in the International markets	13	13
No. of SMMEs and Cooperatives assisted with productivity improvement	25	48
No. of SMMEs and Cooperatives assisted with quality improvement	35	48
No. of SMMEs and Cooperatives supported with training, mentorship and coaching	121	151
No. of SMMEs and Cooperatives supported (scale-up/high growth potential)	2	-
	427	569

THANK YOU



Timabli Flower Growers NPC
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