

FOODBANK SOUTH AFRICA
(Company incorporated under
Schedule 1 of the Companies Act)
(Registration number: 2000/014314/08)
(NPO number: 025-709)

AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014

FOODBANK SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

Directors A I Du Plessis, R A C Gilbertson, P W Mzimba, H Sonn

**Directors who held office during
during the accounting period**

A I Du Plessis	(Appointed 19 August 2013)
R A C Gilbertson	
M Y Kajee	(Resigned 23 April 2014)
M H McLachlan	(Resigned 11 March 2014)
P W Mzimba	
H Sonn	(Appointed 11 April 2013)

Nature of business Redistribution of excess food and food donations to communities in need

Registered office Cape Town Market, 110 Gunners Circle, Epping 1, 7460

Bankers Nedbank Limited

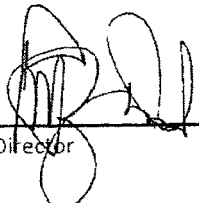
Auditors Sprigg Abbott Incorporated

**Audited annual financial statements
preparation** A Bredeveldt

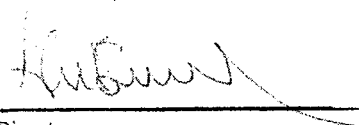
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APPROVAL OF AUDITED ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements for the year ended 28 February 2014 set out on pages 8 to 23 were approved by the Board of Directors on 07 October 2014 and are signed on its behalf by:



Director



Director

SPRIGG ABBOTT INCORPORATED

CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

INDEPENDENT AUDITORS' REPORT

To the members of FoodBank South Africa

We have audited the annual financial statements of FoodBank South Africa set out on pages 8 to 23, which comprise the statement of financial position as at 28 February 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards 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 the annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor' responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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Directors: PJ Chong B Com(Hons), CA(SA); DM Barnes CA(SA); M Mulder B Acc, B Comp(Hons), CA(SA)
Consultant: LE Norman B Com, CA(SA)
Assisted by: RE Norman B Com, CTA, Member of SAIPA; JJ Smith B Econ Registration Number: 2003/023087/21



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these annual financial statements present fairly, in all material respects, the financial position of FoodBank South Africa as at 28 February 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other Matter

The supplementary schedule set out on page 23 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Other Reports Required by the Companies Act

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

A handwritten signature in black ink that reads "Sprigg Abbott Incorporated". The signature is written in a cursive style and is positioned above a short horizontal line.

Sprigg Abbott Incorporated

Director – D.M. Barnes

Chartered Accountants (SA)

Registered Auditors

07 October 2014

FOODBANK SOUTH AFRICA

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

The past financial year has been both interesting and challenging. Interesting because of developments in the economic and environmental sectors. These have included dramatic increases in the cost of dumping food, and legislative changes that more tightly regulate the disposal of waste food in the pipeline. These may, in time, help our Food Rescue efforts and thereby make more meals available to those who need them most. The year was challenging because funding remains an acute concern. This hampers our ability to function optimally, and restricts our ability to make a greater impact.

Our Programmes

FoodBank SA operates four principal programmes. These are:

1. Food Rescue

Food Rescue remains our core programme. In the past financial year, over 4,300,000 kilograms (an increase of 31% year on year) of nutritious edible food was collected, sorted, defaced, and redistributed to 619 non-profit Beneficiary Organisations (BOs) across the country. These BOs in turn assist nearly 200,000 beneficiaries each day. This food was enough for us to have provided the equivalent of more than 14,600,000 meals last year (a 32% increase from last year's 11 million meals).

The average cost of these meals was only R1,35 (prior year: R1,73), affirming that Food Rescue remains a cost-effective means of addressing the problem of hunger in South Africa. We deeply appreciate the support of several of South Africa's leading food manufacturers and retailers, who have made this possible.

2. Food Procurement

Under our Food Procurement programme, the Company purchases staple foods when donated funds allow it. This procured food augments the rescued food, allowing the overall basket of food donated to FoodBank SA's BOs to be more nutritionally balanced. We enjoy important economies of scale, and procure from leading food companies and small-scale emerging farmers throughout the country.

3. Food Development

The Food Development programme aims to indirectly create jobs and a new source of food by supporting small-scale emerging farmers to become economically viable. Our approach involves forming partnerships with other stakeholders with the capacity to assist these farmers to access suitable land, to procure seeds and fertilizer, to farm efficiently and sustainably, while we help to create a market for the farmers' produce.

FOODBANK SOUTH AFRICA

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

4. Community Nutrition and Development Centres

The Community Nutrition and Development Centres (or CNDCs) provide a safe and dignified environment in which unemployed people can benefit from a free, sit-down cooked meal. The meal is made from nutritious food including fresh vegetables and fruit. The CNDC project was implemented in partnership with the National Department of Social Development (DSD), who generously fund the programme. Introduced across the Western Cape in the previous financial year, the CNDC project expanded this year by adding two more centres in vulnerable communities. It is an effective means of addressing food security in poor communities.

During the year under review, FoodBank SA operated in six provinces: Western province; Gauteng province; KwaZulu Natal province; North West province; Limpopo Province; Eastern province.

FoodBank SA deeply appreciates the continued support of many of South Africa's leading food companies. These include PnP, Nestle, Fruit and Veg City, Massmart, Heinz, and more recently RCL and Pioneer Foods.

In addition, our efforts have only been made possible thanks to the support of numerous financial donors. We are grateful to them all for their support. We would like to particularly acknowledge the financial support of the following donors, who helped to make specific food banks viable:

- Glencore Xstrata – who funded FoodBank Rustenburg
- Limpopo Department of Agriculture – who funded the Polokwane FoodPark
- DSD in KwaZulu Natal – who funded part of the costs of FoodBank Durban and Pietermaritzburg
- Department of Agriculture, Forestry and Fisheries – who funded the purchase of fruit and vegetables from emerging farmers across the country

Many other people, companies, and institutions have donated their time or expertise to FoodBank SA. These partnerships are essential if we are to effectively address the problem of hunger in South Africa. We thank you all for caring enough to make a difference.

We would also like to recognise the wisdom and direction of the volunteers who serve on the Board of Members and Board of Directors, along with the staff who make possible the delivery of service to the poor. Thank you!

In these tough economic times, achieving financial stability is difficult, especially in the non-profit sector. The accounts which follow show that the Company incurred a net loss for the year under review. The main issue was that, despite our best efforts, anticipated fundraising income did not materialise. The position was helped by an unpleasant but necessary S189 restructuring process which reduced our head count and by other efforts to lower our cost base. The Company also received helpful financial assistance from the FoodBank Foundation.

FOODBANK SOUTH AFRICA

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

FoodBank SA, like so many non-profit organisations these days, operates with only a few months of funding in hand. Despite this, the Directors consider the use of the going concern assumption for the purpose of financial reporting to be appropriate at this time. The reduction in our cost base referred to above will provide an enduring benefit. In addition, our Fund Development team will accelerate their efforts by developing new fundraising campaigns to earn the support of more corporate and individual donors. If this does not prove to be enough to sustain the Company at its current size, we will take the necessary steps to ensure that we realign our financial obligations with the availability of funds.

While the year ahead will remain challenging, we are confident that, if we receive sufficient support, we will continue to cost effectively address the scourge of hunger in South Africa, and increase our reach and impact as we serve the urban and rural poor.

FOODBANK SOUTH AFRICA

**STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2014**

	<i>Note</i>	2014 R	2013 R
Assets			
Non-current assets			
Plant and equipment	4	2 682 754	4 388 373
Current assets			
		10 597 648	18 560 182
Inventory	5	-	385 707
Receivables	6	638 966	625 454
Cash and cash equivalents	7	9 958 682	17 549 021
Total assets		13 280 402	22 948 555
Equity and liabilities			
Equity			
Accumulated surplus		507 859	4 821 734
Non-current liabilities			
Loan from related party	8	594 214	1 476 199
Current liabilities			
		12 178 329	16 650 622
Payables	9	1 831 705	1 288 399
Deferred revenue	10	10 346 624	14 453 570
Loan from related party	8	-	908 653
Total reserves and liabilities		13 280 402	22 948 555

FOODBANK SOUTH AFRICA**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2014**

	<i>Note</i>	2014 R	2013 R
Revenue	<i>11</i>	26 166 178	24 662 396
Other income		7 966	-
Operating expenses		(18 967 774)	(18 284 027)
Procured inventory donated by FoodBank	<i>5</i>	(11 949 512)	(4 065 032)
(Loss)/Surplus from operations	<i>12</i>	(4 743 142)	2 313 337
Finance income		534 809	252 754
Finance expense		(105 542)	(201 978)
Net (loss)/surplus for the year		(4 313 875)	2 364 113
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive (loss)/income		(4 313 875)	2 364 113

FOODBANK SOUTH AFRICA

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2014**

	Accumulated surplus R
Balance at 1 March 2012	2 457 621
Total comprehensive income for the year	2 364 113
Balance at 28 February 2013	<u>4 821 734</u>
Balance at 1 March 2013	4 821 734
Total comprehensive loss for the year	(4 313 875)
Balance at 28 February 2014	<u>507 859</u>

FOODBANK SOUTH AFRICA

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2014**

	<i>Note</i>	2014 R	2013 R
Cash flows from operating activities			
Cash (utilised in) /generated by operations	13	(7 270 635)	16 372 514
Finance income		534 809	252 754
Finance expenses		(105 542)	(201 978)
Net cash (outflow)/inflow from operating activities		(6 841 368)	16 4232 290
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		1 218 766	103 845
Acquisition of plant and equipment	4	(177 098)	(622 669)
Net cash inflow/(outflow) from investing activities		1 041 667	(518 824)
Cash flows from financing activities			
Repayment of loans from related parties	8	(1 790 638)	(1 988 159)
Net cash outflow from investing activities		(1 790 638)	(1 988 159)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		17 549 021	3 632 714
Cash and cash equivalents at end of year	7	9 958 682	17 549 021

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

1. CORPORATE INFORMATION

FoodBank South Africa ("the Company") is primarily involved in the business of redistributing excess food and food donations to communities in need. Details of the company's registered office and directors are disclosed on page 2.

2. BASIS OF PREPARATION

The financial statements for the year ended 28 February 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The audited annual financial statements are prepared with the going concern principle on the historical cost basis, unless otherwise stated.

The Company's functional and presentation currency is South African rand and all values are rounded to the nearest Rand, except when otherwise indicated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies used by the Company which have been applied consistently throughout the year and in prior years, except as otherwise indicated. Where necessary, adjustments to comparative figures have been made in order to correctly disclose the effect of the application of these policies.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for purposes of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

3.1 Current versus non-current classification - continued

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for purposes of trading
- Due to be realised within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.2 Plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment. Depreciation is calculated on a straight-line basis over the useful life of the assets, with motor vehicles carrying a 30% residual value. The annual rates for this purpose are:

Motor Vehicles	16,67%
Office Equipment	20%
Computer Equipment	20%
Computer Software	33,33%
Furniture and fittings	33,33%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable.

The carrying value of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the derecognition of an item of plant and equipment is included in profit and loss when the item is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate.

3.3 Financial Instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when it becomes party to the contractual provisions of the instrument.

Financial assets are classified as either fair value investments or loans and receivables. Such classification is determined on initial recognition when the Company becomes a party to the contract of the instrument.

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

3.3 Financial Instruments - continued

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables

The fair value of trade and other receivables are deemed to be the original amount. No interest is charged on amounts due beyond normal credit terms. Subsequent to initial recognition, they are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. Subsequent to initial recognition, they are carried at amortised cost.

Loan from related party

Loans are initially recognised at fair value plus direct transaction costs. Loans payable that bear no interest and where there are no determinable terms of repayment are included in current liabilities. If the liability is included in non-current liabilities, it is assumed that repayment will only occur after 12 months from the reporting date.

Trade and other payables

Trade and other payables are initially measured at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost.

3.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that the amount can be reliably measured.

Donations, fundraising and service agreement revenue

Revenue comprises donations received, income from fundraising and service agreement revenue which is recognised upon receipt, unless there is a specific funding agreement, in which case the revenue is recognised in accordance with the terms of the agreement.

Deferred income

Grant and subsidy income is deferred to the extent that the period to which the funding agreement relates is longer than the financial period in which it is received. Income is also deferred if the funding is provided for specific purposes and such expenditure has not been incurred at year-end.

Government grants

Government grants are assistance from government in the form of transfers or resources in return for compliance with conditions associated with the grants.

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

3.4 Revenue - continued

Government grants are initially recognised as deferred revenue when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grants. Grants are recognised in the statement of comprehensive income on a systematic basis as the related expenses are incurred.

3.5 Finance income and costs

Finance income comprises interest income on funds invested. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Operating lease payments (rental and related costs) are recognised as an expense in profit and loss on a straight line basis over the lease term, with the equalising amount carried as a liability until amortised. The effect has been to decrease current year loss by R25 249 (2013 – increase surplus by R43 312).

3.7 Donated assets

Non-reciprocal, non-monetary contributions in the form of donated assets from third parties other than governments are measured at the nominal amount paid.

3.8 New and revised standards

New or revised IFRS statements, interpretations and/or amendments applicable to the Company, issued but not yet effective up to the date of issuance of financial statements are listed below. The Company intends to adopt applicable standards when they become effective.

Standards, interpretation or amendment	Effective date
IFRS 9 Financial Instruments	1 January 2015
IFRS 15 Revenue from contracts with customers	1 January 2017

FOODBANK SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014**

4. PLANT AND EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
2014			
Motor vehicles	4 847 275	(2 724 166)	2 123 109
Computer equipment	708 530	(485 052)	223 478
Furniture and fittings	425 550	(136 751)	288 799
Office equipment	322 992	(278 848)	44 144
Computer software	90 079	(86 855)	3 224
	<u>6 394 426</u>	<u>(3 711 672)</u>	<u>2 682 754</u>
2013			
Motor vehicles	6 451 426	(2 799 674)	3 651 752
Computer equipment	608 772	(378 689)	230 083
Furniture and fittings	490 679	(82 864)	407 815
Office equipment	317 523	(228 332)	89 191
Computer software	90 079	(80 547)	9 532
	<u>7 958 479</u>	<u>(3 570 106)</u>	<u>4 388 373</u>

	Carrying amount at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying amount at end of year R
2014					
Motor vehicles	3 651 752	-	(1 109 114)	(419 529)	2 123 109
Computer equipment	230 083	99 758	-	(106 363)	223 478
Furniture and fittings	407 815	71 871	(101 686)	(89 201)	288 799
Office equipment	89 191	5 469	-	(50 516)	44 144
Computer software	9 532	-	-	(6 308)	3 224
	<u>4 388 373</u>	<u>177 098</u>	<u>(1 210 800)</u>	<u>(671 917)</u>	<u>2 682 754</u>
2013					
Motor vehicles	3 981 928	339 772	(161 068)	(508 880)	3 651 752
Computer equipment	307 649	19 446	(3 230)	(93 782)	230 083
Furniture and fittings	226 306	248 837	-	(67 328)	407 815
Office equipment	131 651	14 614	-	(57 074)	89 191
Computer software	30 246	-	-	(20 714)	9 532
	<u>4 677 780</u>	<u>622 669</u>	<u>(164 298)</u>	<u>(747 778)</u>	<u>4 388 373</u>

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

	2014 R	2013 R
5. INVENTORY		
Opening stock	385 707	2 792 588
Purchases	11 563 805	1 658 151
Donated to beneficiaries	<u>(11 949 512)</u>	<u>(4 065 032)</u>
	<u>-</u>	<u>385 707</u>
6. RECEIVABLES		
Sundry debtors	320 526	288 836
Deposits	318 440	336 618
	<u>638 966</u>	<u>625 545</u>
7. CASH AND CASH EQUIVALENTS		
Petty cash	4 257	4 087
Current account	1 032 607	1 231 507
Call account	8 949 255	16 294 612
Credit card	<u>(27 438)</u>	<u>18 815</u>
	<u>9 958 682</u>	<u>17 549 021</u>
8. LOAN FROM RELATED PARTY		
FoodBank Foundation	594 214	1 476 199

The amount owing to the FoodBank Foundation is unsecured, bears interest at a variable rate which is currently 5.25%, has no fixed date for repayment and does not need to be repaid within twelve months if the Company cannot repay it earlier. For this reason the loan is disclosed as non-current.

Alan Gilbertson and Carol Dixon

-

908 653

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

	2014 R	2013 R
9. PAYABLES		
Accruals	270 049	442 049
Provision for leave pay	138 804	281 316
Other Payables	872 196	378 074
Value Added Tax payable	550 656	186 960
	<u>1 831 705</u>	<u>1 288 399</u>
10. DEFERRED REVENUE		
Canadian High Commission	7 738	76 891
Department of Social Development – KZN	4 107 903	-
Department of Social Development	297 381	2 223 576
Department of Agriculture - Peulwana	2 100 764	6 000 000
Department of Agriculture - Limpopo	411 834	1 054 185
Engen	-	101 251
KFC	18 553	-
National Lottery Board	-	1 158 275
Nedbank Foundation	-	117 057
Philip Morris	-	150 000
Tshwane Municipality	62 549	651 075
Xstrata South Africa (Pty) Limited	3 339 902	2 921 260
	<u>10 346 624</u>	<u>14 453 570</u>

The grants will be recognised in future in income in accordance with accounting policy 3.4.

Canadian High Commission

The Canadian High Commission funding was made available to provide training to all employees of FoodBank South Africa.

Department of Social Development - KZN

Funding received from the Department of Social Development in KZN is being utilised to manage the CNDC project in Kwa-Zulu Natal.

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

Department of Social Development

Funding received from the National Department of Social Development is being utilised to manage the CNDC project in the Western Cape.

Department of Agriculture – Peulwana

The Department of Agriculture funding received by FoodBank is being utilised to procure food from emerging farmers.

Department of Agriculture - Limpopo

The Department of Agriculture funding made available to FoodBank South Africa is being utilised to manage the Limpopo Food Park.

KFC

Funding received from KFC is being utilised to procure food for Beneficiary Organisations in Port Elizabeth.

Tshwane Municipality

The Tshwane Municipality funding made available to FoodBank South Africa is being utilised to procure food for the food bank operated by the Tshwane Municipality.

Other prior year grants

All other grants which were deferred in the prior year have been appropriately recognised as revenue during the current financial year.

FOODBANK SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014**

	2014	2013
	R	R
11. REVENUE		
Donations	3 535 654	252 718
Grants	13 395 944	15 693 343
Service agreement revenue	6 121 002	5151 304
Sundry revenue	3 113 578	3 504 659
	<u>26 166 178</u>	<u>24 602 024</u>
12. (LOSS)/SURPLUS FROM OPERATIONS		
The (loss)/surplus is arrived at after taking into account:		
Auditor's remuneration		
- audit fees : current year	80 000	150 000
- audit fees : prior year	23 000	158 722
Director's emoluments (executive services)	676 964	848 205
Operating lease cost (property rentals)	1 576 245	1 841 228
Depreciation	671 917	747 778
13. CASH GENERATED BY/(UTILISED IN) OPERATIONS		
Net (loss)/profit before interest	(4 743 142)	2 313 337
Adjusted for:		
(Profit)/Loss on sale of assets	(7 965)	60 453
Depreciation	671 917	747 778
Operating (loss)/surplus before working capital changes	(4 079 090)	3 121 568
(Increase)/Decrease in receivables	(13 512)	2 485 567
Increase/(Decrease) in trade and other payables	543 306	(2 137 942)
(Decrease)/Increase in deferred revenue	(4 106 946)	10 496 440
Decrease in inventories	385 707	2 406 881
	<u>(7 270 635)</u>	<u>16 372 514</u>
14. OPERATING LEASE		
The Company has lease obligations on a cash flow basis as follows:		
Payable within one year	873 083	959 114
Payable between 1 and 5 years	314 323	1 187 406
	<u>1 187 406</u>	<u>2 146 520</u>

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

15. TAXATION

The Company has been granted exemption in terms of section 10(1)(cN) of the income Tax Act. Accordingly no provision has been made for SA normal or deferred taxation.

16. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to market risk, credit risk and liquidity risk. Due to the nature of operations of the Company, these risks are limited.

Interest rate risk

Interest rate risk is the extent to which the Company is exposed to a change in the prevailing rate of interest. The interest rate risk arises from the loan from a related party.

The Company's trade and other receivables and payables are not exposed to interest rate risk as they are interest free and are usually settled within 30 days of their being raised.

Cash and cash equivalents have varying interest rates related to prime. These assets are held at a highly rated financial institution, and can be moved at short notice.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Potential credit risk consists principally of trade and other receivables, and cash and cash equivalents.

The Company deposits short term cash surpluses with a major bank of high quality standing. Sundry debtors consist of suppliers with debit balances. Management does not expect any losses from non-performance by these counterparties.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

	Due on demand R	Within 3 months R	3-12 months R	1 – 5 years R	Total R
2014					
FoodBank Foundation loan	-	-	-	594 214	594 214
Payables	689 460	1 062 245	80 000	-	1 831 705
	689 460	1 062 245	80 000	594 214	2 425 919

FOODBANK SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014**

16. FINANCIAL RISK MANAGEMENT - continued

2013

FoodBank Foundation loan	-	-	-	1 476 199	1 476 199
A Gilbertson / C Dixon loan	-	-	908 653	-	908 653
Payables	281 316	670 123	150 000	-	1 101 439
	<u>281 316</u>	<u>670 123</u>	<u>1 058 653</u>	<u>1 476 199</u>	<u>3 486 291</u>

17. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

	Loans and receivables R	Financial liabilities at amortised cost R	Total R
2014			
Trade and other receivables	638 996	-	638 996
Cash and cash equivalents	9 986 120	(27 438)	9 958 682
FoodBank Foundation loan	-	(594 214)	(594 214)
Deferred revenue	-	(10 346 624)	(10 346 624)
Payables	-	(1 281 049)	(1 281 049)
	<u>10 655 116</u>	<u>(12 249 325)</u>	<u>(1 624 209)</u>
2013			
Trade and other receivables	625 454	-	625 454
Cash and cash equivalents	17 549 021	-	17 549 021
FoodBank Foundation loan	-	(1 476 199)	(1 476 199)
A Gilbertson / C Dixon loan	-	(908 653)	(908 653)
Deferred revenue	-	(14 453 570)	(14 453 570)
Payables	-	(1 101 439)	(1 101 439)
	<u>18 174 475</u>	<u>(17 939 861)</u>	<u>234 614</u>

FOODBANK SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014**

	2014	2013
	R	R
18. DIRECTORS' REMUNERATION		
<i>Executive directors</i>		
Salary	605 003	598 596
Bonus	50 000	220 000
Benefits	21 961	29 609
	<u>676 964</u>	<u>848 205</u>

19. EVENTS POST REPORTING DATE

There are no material events occurring subsequent to the reporting date and prior to the signature thereof, that the directors feel could materially affect the financial information as presented, nor have the potential to influence the appreciation of the financial statements as presented.

20. GOING CONCERN

Steps are being taken to realign the Company's financial obligations with its available funding. As a result the Directors and Management are confident that the Company will have adequate resources to sustain its operations for the year ahead.

FOODBANK SOUTH AFRICA

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2014**

	2014 R	2013 R
Revenue	26 166 178	24 602 024
Other income	7 966	-
Net finance income / (expense)	429 267	50 776
	26 603 411	24 652 800
Procured inventory donated by FoodBank	(11 949 512)	(4 065 032)
Expenditure	(18 967 774)	(18 223 655)
Accommodation and allowances	244 673	162 760
Auditor's remuneration	103 000	308 722
Bank charges	100 026	77 322
Computer expenses	310 374	433 120
Depreciation	671 917	747 778
Directors' emoluments	676 964	848 205
Distribution costs	97 047	28 176
Entertainment	59 772	119 095
Fundraising and other consulting	1 006 938	114 766
Fundraising costs and promotions	315 327	17 134
Insurance	267 204	287 769
Legal expenses	254 151	3 666
Motor vehicle expenses	50 136	133 008
Motor vehicle licensing and registration	36 386	40 174
Office equipment	200 877	133 630
Other expenses	134 293	96 132
Petrol and oil	1 322 639	1 089 113
Postage	32 023	34 911
Printing and stationery	135 571	159 247
Rent paid	1 883 537	2 212 495
Repairs and maintenance - office	45 083	107 530
Repairs and maintenance - vehicle	314 126	295 171
Salaries and wages	8 740 316	9 193 299
Security	166 935	97 109
Staff recruitment	-	73 050
Staff uniforms	21 060	10 715
Staff welfare	24 242	91 304
Telephone and fax	372 137	395 939
Training	165 752	46 428
Travel - local	794 408	573 201
Utilities	420 860	292 686
Net (loss)/surplus for the year	(4 313 875)	2 364 113