

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 29 FEBRUARY 2016

FOODBANK SOUTH AFRICA

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

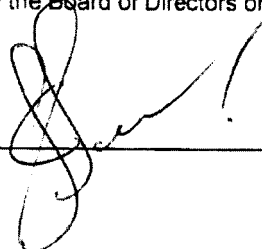
Directors	A I Du Plessis, R A C Gilbertson, P W Mzimba, R H Singh, C F Sonn,
Directors who held office during the accounting period	A I Du Plessis R A C Gilbertson P W Mzimba R H Singh C F Sonn
Nature of business	Redistribution of excess food and food donations to communities in need
Place of business	Cape Town Market, 110 Gunners Circle, Epping 1, 7460
Bankers	Nedbank Limited
Auditors	Sprigg Abbott Incorporated
Annual financial statements preparation	A Bredeveltd

Contents	Page
Approval of the annual financial statements	2
Report of the independent auditor	3 – 4
Report of the Directors	5 – 7
Statement of financial position	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the annual financial statements	12 - 21
Supplementary information not covered by the audit opinion	
Detailed income statement	22

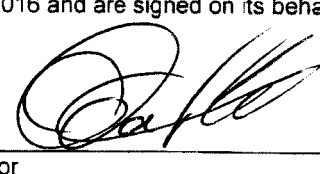
APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 29 February 2016 set out on pages 8 to 21 were approved by the Board of Directors on 16 September 2016 and are signed on its behalf by:

Director



Director



SPRIGG ABBOTT INCORPORATED

CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

INDEPENDENT AUDITOR'S 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 21, which comprise the statement of financial position as at 29 February 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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 29 February 2016 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.

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Directors: DM Barnes CA(SA); M Mulder B Acc. B Compt(Hons). CA(SA)
Consultants: PJ Chong B Com(Hons). CA(SA); 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



Other Matters

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 22 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 29 February 2016 we have read the directors' report, for the purpose of identifying whether there are material inconsistencies between that report and the audited annual financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on it.

Sprigg Abbott Incorporated

Sprigg Abbott Incorporated
Director: David Barnes
Chartered Accountant (SA)
Registered Auditor

16 September 2016
Milnerton

**DIRECTORS' REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2016**

SUMMARY OF OPERATIONS

Foodbanking is truly an amazing model. It connects a world of surplus to a world of need, allowing hunger relief efforts to be combined, co-ordinated, centralised and scaled. Foodbanking connects "Big Business" (wholesalers, retailers and manufacturers) with "Big Hearts" (concerned citizens in underprivileged communities with limited resources and an infinite passion for social change).

What a privilege to be in a position to be of some assistance to a granny caring for orphaned children; a group of abused women finding their own self-worth and independence; a community facility caring for people suffering from HIV /Aids that can't afford palliative care; an educare teacher taking children off the streets and providing them with a vital foundation phase education and proper nutrition.

Foodbanking is a simple and cost-effective solution that creates a network of caring people and organisations working together to address hunger and food insecurity. And, this network is expanding. Our member Beneficiary Organisations (BOs) increased by 78% - a clear indication that the food insecurity problem is growing and that our service offering is desperately needed. Fortunately, our donated tonnage has increased by 9.3% to 3,347,000 kilograms, translating into over 11,000,000 meals, thanks to support from our current suppliers – most notably Pick n Pay, Food Lover's Market, Shoprite and Nestle.

Thanks to PnP we have increased our Virtual Foodbanking reach from 54 stores (linked to 61 BOs) to 138 stores (linked to 165 BOs) collecting surplus food daily. To accommodate for the expansion of the VFB model, we have appointed a developer, Code Like Clockwork, to build a customised web-based platform called the FoodBanking Platform, which will allow BOs to send tonnage information via USSD coding when they collect the food at the store, have this information upload to our inventory software, along with a range of other innovative processes. The platform will be ready in a few months, and will also store our BO data, supplier data, and reporting information. We would like to thank the DG Murray Trust, the Saville Foundation and Shoprite for funding the costs of this innovation, and also Code Like Clockwork for providing a preferential rate and donated development time.

We have achieved a significant reduction in operating expenses – down 28% to R10,800,000, a direct result of adjusting the implementation model of Foodbanking, and concerted efforts by all to keep costs low and maximise limited resources. As a consequence, the cost per meal decreased by 9.24% to R1,08. Since the retail value of the donated food per kilogram is R25,69, FoodBank SA is able to turn R1 into R7,70 worth of food value per meal, making Foodbanking as a model very affordable and scalable.

Food sourcing remains a challenge in an environment where there is low economic growth. We have managed to increase donated food despite this tough climate. We would like to acknowledge all our caring food donor partners who support FoodBank SA. Most notably, PnP and Shoprite Checkers who have both recently made FoodBank SA the exclusive recipient of their donated surplus food from their distribution centres and their retail stores via Virtual Foodbanking (VFB). We are thankful to Fruit

and Veg City who now donate R50,000 worth of procured quality fruit and vegetables monthly to our Cape Town, Durban, and Port Elizabeth branches – a much needed source of nutrition for our beneficiaries. We continue to see growing support from Nestle; Kellogg's; Rialto; Mass Discounters, Rainbow Chicken; Heinz Foods; Rhodes Foods; Parmalat; Sasko; Mars Africa; the Cape Town Market; and P&G. We also welcome new partners Clover; Swartkops Salt; Clicks; and Danone to the fold. Thank you for joining hands with FoodBank SA as we collectively address hunger in our country.

We are delighted that the Free State is also now part of the FoodBank SA network, via an affiliate called Anchor of Hope, through which we distribute our Bloemfontein-based food donors' surplus donations to beneficiaries. We now have 6 branches nationally, and investigating Limpopo and Mpumalanga for possible expansion.

Compared with the previous year, revenue and procurement has decreased substantially as a result of several government contracts being concluded last year and not renewed, in order to focus our efforts on rescuing surplus food. Yet, fundraising income has increased by 56.6%, exceeding expectations. We continue to be inspired and encouraged by caring and generous people who have chosen to support the work we do and meet a real and growing need in our society. An overseas family has been longstanding supporters and donors. Their R2mn donation, covering the costs of our Cape Town branch and general operations, along with Glencore's renewed sponsorship of our Rustenburg branch for 3 years has allowed existing financial resources to be channelled to supporting unfunded branches in the network.

The year ahead is going to be very exciting. We will launch our inaugural Women's Micro Enterprise initiative for unemployed women and our Skills Development Programme for unemployed youth. These initiatives come at a time when unemployment is at its highest, and there is a shortage of youth with employable skills. Please read further for more details.

FoodBank SA is privileged to welcome two prestigious ad agencies on board who do pro bono work from time to time. J Walter Thompson and Hero. We are appreciative of their support and look forward to benefitting from their creative execution as we seek to promote the cause and create awareness of FoodBank SA.

I would like to thank our Board of Members and Directors, and our incredible staff who have all made sterling contributions to ensure that we remain on course, cost-effective, and impactful.

To our partners, donors, and supporters, thank you for your kindness and compassion. To our Beneficiary Organisations and beneficiaries, we will continue to strive to serve you better.

FOODBANK SOUTH AFRICA

**DIRECTORS' REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2016**

FINANCIAL RESULTS

The financial statements for the year ended 29 February 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial position of the company at 29 February 2016 and the results of its operations for the year then ended may be found on pages 8 to 21 of these annual financial statements.

The Company made a profit current year of R143 901 (2015: R416 850).

ACCOUNTING POLICIES

The Company's accounting policies may be found on pages 12 to 15 of these financial statements. The Directors have ensured that they are adequate for the reporting requirements of the Company, and have ensured that they have been consistently applied.

GOING CONCERN

The Company undertakes numerous initiatives to secure enough funding to sustain its operations. Despite these efforts, the Company has continued to operate with only a few months of funding in hand. Steps are being taken to realign the Company's financial obligations with its available funding. The Directors consider the use of the going concern assumption for the purpose of financial reporting to be appropriate.

FOODBANK SOUTH AFRICA

STATEMENT OF FINANCIAL POSITION
AT 29 FEBRUARY 2016

	<i>Note</i>	2016 R	2015 R
Assets			
Non-current assets			
Plant and equipment	4	1 208 259	1 019 649
Current assets			
Inventory	5	18 912	-
Receivables	6	214 711	456 722
Cash and cash equivalents	7	2 954 898	5 399 867
Total assets		4 396 780	6 876 238
Equity and liabilities			
Equity			
Accumulated surplus		1 068 610	924 709
Non-current liabilities			
Loan from related party	8	1 621 749	3 126 172
Current liabilities			
Payables	9	1 240 883	597 580
Deferred revenue	10	465 538	2 227 777
Total reserves and liabilities		4 396 780	6 876 238

FOODBANK SOUTH AFRICA

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	<i>Note</i>	2016 R	2015 R
Revenue	11	11 411 956	22 665 693
Profit/(Loss) on sale of assets		134 078	(269 465)
Operating expenses		(10 827 876)	(15 196 259)
Procured inventory donated by FoodBank SA	5	(643 312)	(7 121 060)
Surplus / (Loss) from operations	12	74 846	78 909
Finance income		206 048	370 003
Finance expense		(136 993)	(32 062)
Net surplus/(loss) for the year		143 901	416 850
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income		143 901	416 850

FOODBANK SOUTH AFRICA

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Accumulated surplus R
Balance at 1 March 2014	507 859
Total comprehensive income for the year	416 850
Balance at 28 February 2015	<u>924 709</u>
Balance at 1 March 2015	924 709
Total comprehensive income for the year	143 901
Balance at 29 February 2016	<u>1 068 610</u>

FOODBANK SOUTH AFRICA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	<i>Note</i>	2016 R	2015 R
Cash flows from operating activities			
Cash utilised in operations	13	(789 403)	(8 431 413)
Finance income		206 048	370 003
Finance expenses		(136 992)	(32 062)
Net cash outflow from operating activities		(720 347)	(8 093 472)
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		273 368	1 002 699
Acquisition of plant and equipment	4	(493 567)	-
Net cash (outflow)/inflow from investing activities		(220 199)	1 002 699
Cash flows from financing activities			
(Repayment)/advances of loans from related parties	8	(1 504 423)	2 531 958
Net cash outflow from financing activities		(1 504 423)	2 531 958
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		5 399 867	9 958 682
Cash and cash equivalents at end of year	7	2 954 898	5 399 867

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

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 29 February 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The 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 Rands and all values are rounded to the nearest Rand, except when otherwise indicated.

The preparation of financial statements requires management to make judgement, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

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	16.67%

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

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 reduce current year profit by R20 697 (2015 – increase profit by R25 249).

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 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

3.9 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 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

4. PLANT AND EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
2016			
Motor vehicles	2 029 431	(1 106 822)	922 609
Computer equipment	230 363	(154 772)	75 591
Furniture and fittings	167 481	(103 196)	64 285
Office equipment	387 848	(298 074)	89 774
Computer software	146 079	(90 079)	56 000
	2 961 202	(1 752 943)	1 208 259
2015			
Motor vehicles	2 178 672	(1 352 647)	826 025
Computer equipment	650 909	(563 302)	87 607
Furniture and fittings	167 481	(75 201)	92 280
Office equipment	302 570	(288 833)	13 737
Computer software	90 079	(90 079)	-
	3 389 711	(2 370 062)	1 019 649

	Carrying amount at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying amount at end of year R
2016					
Motor vehicles	826 025	302 504	(135 522)	(70 398)	922 609
Computer equipment	87 607	36 474	(3 768)	(44 722)	75 591
Furniture and fittings	92 280	-	-	(27 995)	64 285
Office equipment	13 737	98 589	-	(22 552)	89 774
Computer software	-	56 000	-	-	56 000
	1 019 649	493 567	(139 290)	(165 667)	1 208 259
2015					
Motor vehicles	2 123 109	-	(1 112 609)	(184 475)	826 025
Computer equipment	223 478	-	(26 716)	(109 155)	87 607
Furniture and fittings	288 799	-	(125 580)	(70 939)	92 280
Office equipment	44 144	-	(7 259)	(23 148)	13 737
Computer software	3 224	-	-	(3 224)	-
	2 682 754	-	(1 272 164)	(390 941)	1 019 649

FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016 R	2015 R
5. INVENTORY		
Opening stock	-	-
Purchases	643 312	7 121 060
Donated to beneficiaries	(624 400)	(7 121 060)
	18 912	-
6. RECEIVABLES		
Trade Debtors	21 205	111 715
Deposits	122 640	254 838
Sundry debtors	70 866	9 503
Value Added Tax receivable	-	80 666
	214 711	456 722
7. CASH AND CASH EQUIVALENTS		
Petty cash	6 232	4 277
Current accounts	115 947	320 009
Call accounts	2 856 615	5 101 654
Credit cards	(23 896)	(26 073)
	2 954 898	5 399 867
8. LOAN FROM RELATED PARTY		
FoodBank Foundation – Loan 1	-	626 172
FoodBank Foundation – Loan 2	1 621 749	2 500 000
	1 621 749	3 126 172

The amount owing to the FoodBank Foundation bears interest at a variable rate which is currently 5.25%. The loan is unsecured, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	2016 R	2015 R
9. PAYABLES		
Accruals	173 898	403 110
Provision for leave pay	113 640	103 615
Other Payables	941 541	90 855
Value Added Tax payable	11 804	-
	<u>1 240 883</u>	<u>597 580</u>
10. DEFERRED REVENUE		
Department of Agriculture - Peulwana	53 820	2 227 777
Glencore Alloys	392 261	-
St James's Place Partnership	19 457	-
	<u>465 538</u>	<u>2 227 777</u>

Department of Agriculture – Peulwana

The Department of Agriculture funding received by FoodBank SA is being utilised to procure food from emerging farmers. The grant is recognised in income in accordance with accounting policy 3.4.

Glencore Alloys

The funding received from Glencore Alloys by FoodBank SA is being utilised to operate a branch of FoodBank SA in Rustenburg. The grant is recognised in income in accordance with accounting policy 3.4.

St James's Place Partnership

The St James's Place Partnership funding was received by FoodBank SA on behalf of a registered Beneficiary Organisation. The funds are being utilised to repair the premises of the Beneficiary Organisation. Neither the income nor the expenses are recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	2016 R	2015 R
11. REVENUE		
Donations	7 109 725	6 122 620
Grants	2 191 047	10 320 185
Service agreement revenue	462 034	5 468 614
Sundry revenue	1 649 150	754 274
	<u>11 411 956</u>	<u>22 665 693</u>
12. SURPLUS/(LOSS) FROM OPERATIONS		
The surplus/(loss) is arrived at after taking into account:		
Auditor's remuneration		
- audit fees : current year	80 000	79 800
- audit fees : prior year adjustment	200	(10 000)
- annual duty	2 000	-
- company secretarial fees	1 750	-
- consulting fees	9 500	-
Director's emoluments (executive director only)	932 041	790 932
Operating lease cost (property rentals)	1 163 381	1 589 192
Depreciation	165 667	390 941
13. CASH UTILISED IN OPERATIONS		
Net profit before interest	74 846	78 909
Adjusted for:		
(Profit)/loss on sale of assets	(134 078)	269 465
Depreciation	165 667	390 941
Operating surplus/(loss) before working capital changes	<u>106 435</u>	<u>739 315</u>
Decrease in receivables	242 010	182 244
Increase in inventory	(18 912)	-
Increase/(decrease) in trade and other payables	643 303	(1 234 125)
Decrease in deferred revenue	(1 762 239)	(8 118 847)
	<u>(789 403)</u>	<u>(8 431 413)</u>
14. OPERATING LEASE		
The Company has lease obligations on a cash flow basis as follows:		
Payable within one year	668 265	314 323
Payable between 1 and 5 years	289 295	-
	<u>957 560</u>	<u>314 323</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

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
2016					
FoodBank Foundation loan	-	-	-	1 621 749	1 621 749
Payables	125 445	392 225	723 213	-	1 240 883
	125 445	392 225	723 213	1 621 749	2 862 632
2015					
FoodBank Foundation loan	-	-	-	3 126 712	3 126 712
Payables	22 949	414 165	79 800	-	516 914
	22 949	414 165	79 800	3 126 712	3 643 626

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

17. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

	Loans and receivables R	Financial liabilities at amortised cost R	Total R
2016			
Trade and other receivables	214 711	-	214 711
Cash and cash equivalents	2 978 794	(23 896)	2 954 898
FoodBank Foundation loan	-	(1 621 749)	(1 621 749)
Deferred revenue	-	(465 538)	(465 538)
Payables	-	(1 240 883)	(1 240 883)
	<u>3 193 505</u>	<u>(3 352 066)</u>	<u>(158 561)</u>
2015			
Trade and other receivables	376 056	-	376 056
Cash and cash equivalents	5 425 940	(26 073)	5 399 867
FoodBank Foundation loan	-	(3 126 172)	(3 126 172)
Deferred revenue	-	(2 227 777)	(2 227 777)
Payables	-	(597 580)	(597 580)
	<u>5 801 996</u>	<u>(5 977 602)</u>	<u>(175 606)</u>

18. DIRECTORS' REMUNERATION

Executive director only

For services as director	<u>932 041</u>	<u>790 932</u>
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The rest of the Board are volunteers and is not remunerated.

19. EVENTS POST REPORTING DATE

There are no material events occurring subsequent to the reporting date and prior to the signature hereof, 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.

FOODBANK SOUTH AFRICA

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2016**

	2016 R	2015 R
Revenue	11 411 956	22 665 693
Profit/(Loss) on sale of assets	134 078	(269 465)
Net finance income	69 055	337 941
	<hr/> 11 615 089	<hr/> 22 734 169
Procured inventory donated by FoodBank SA	(643 312)	(7 121 060)
Expenditure	(10 827 876)	(15 196 259)
Accommodation and allowances	238 008	184 952
Auditor's remuneration	93 450	69 800
Bank charges	65 537	95 112
Computer expenses	155 899	433 960
Depreciation	165 667	390 941
Directors' emoluments	932 041	790 932
Distribution costs	37 850	110 615
Entertainment	18 487	20 007
Fundraising and other consulting	66 851	86 575
Fundraising costs and promotions	290 118	197 638
Insurance	136 895	174 561
Legal expenses	26 638	70 855
Motor vehicle expenses	1 582	60 315
Motor vehicle licensing and registration	19 371	46 852
Office equipment	44 535	28 764
Other expenses	95 410	134 879
Petrol and oil	283 847	614 930
Postage	17 531	19 785
Printing and stationery	81 518	76 899
Rent paid	1 305 201	1 846 681
Repairs and maintenance - office	177 205	175 874
Repairs and maintenance - vehicle	223 468	235 219
Salaries and wages	5 121 149	7 960 290
Security	279 478	226 153
Staff recruitment	174 853	17 540
Staff uniforms	15 384	16 431
Staff welfare	27 165	29 501
Telephone	214 276	263 909
Training	15 602	29 636
Travel – local	342 709	386 244
Utilities	160 151	400 409
	<hr/> 143 901	<hr/> 416 850
Net surplus for the year	<hr/> 143 901	<hr/> 416 850