

**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 2015**

FOODBANK SOUTH AFRICA

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

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

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

A I Du Plessis	
R A C Gilbertson	
P W Mzimba	
C F Sonn	(Appointed 27 October 2014)
R H Singh	(Appointed 25 June 2014)
H Sonn	(Resigned 20 February 2015)

**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

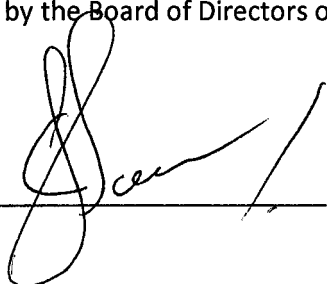
**Annual financial statements preparation** A Bredeveltd

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**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements for the year ended 28 February 2015 set out on pages 8 to 22 were approved by the Board of Directors on 28 August 2015 and are signed on its behalf by:

Director



Director



# SPRIGG ABBOTT INCORPORATED

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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 22, which comprise the statement of financial position as at 28 February 2015, 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.

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

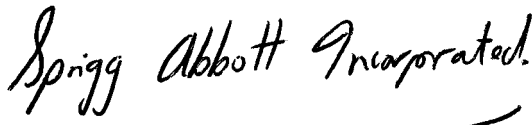
In our opinion, these annual financial statements present fairly, in all material respects, the financial position of FoodBank South Africa as at 28 February 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

*Other Matters*

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 2015 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.



**Sprigg Abbott Incorporated**  
Director – DM Barnes  
Chartered Accountant (SA)  
Registered Auditor

Milnerton  
28 August 2015

## FOODBANK SOUTH AFRICA

### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2015**

#### **SUMMARY OF OPERATIONS**

FoodBank South Africa has truly re-invented itself over the past year. Strategic planning, innovative thinking, purposeful collaboration, careful restructuring, and sheer determination have resulted in FoodBank SA increasing its reach, reducing its cost base, improving operational efficiency, and positioning itself as a relevant and viable solution to address the growing food security problem in South Africa. We are proud of what our staff have achieved in a very short timeframe. Their support, productive work ethic, and dedication and commitment have resulted in FoodBank SA emerging stronger. Some key metrics worth noting:

- The amount of donated food increased by nearly 6%
- The cost per meal reduced by 11.85% to R1,19
- The average monthly expenditure decreased
- We provide food on a monthly basis to 287 Beneficiary Organisations (BOs), who in turn assist 85,656 beneficiaries daily.

For every R1 donated to FoodBank SA we are able to multiply this to R5,48 worth of food and goods, measured against the retail value of the donated food. This leverage effect confirms that collecting edible surplus food allows for a cost-effective way to address household food insecurity.

Food sourcing efforts over the past year have been very fruitful. Not only has donated food tonnage increased, but the introduction of the Virtual FoodBanking innovation across the country, and the imminent introduction of the collection of non-perishable goods at store level will see donated food volume increase significantly over time, and will be a welcome boost to meet the growing demand.

We have successfully implemented large-scale feeding / procurement programmes on behalf of the National Department of Social Development; the KZN Department of Social Development; the Limpopo Department of Agriculture; and the National Department of Agriculture, Forestry and Fisheries. These contracts ended at various stages during the course of the financial year, which accounts for the marginal decrease in procured tonnage, compared to the year before.

FoodBank SA is delighted to again be partnering with the Kellogg's Foundation on their Breakfast for Better Days school breakfast programme nationally. Now in its second year, FoodBank SA manages the nutritious breakfast programme on their behalf, ensuring that 25,000 learners in 44 schools are fed every school day across the country. This much-needed early morning breakfast safeguards that our children can focus on learning.

We would like to thank all our food donors, most notably Pick n Pay, Shoprite Checkers, Pioneer Foods, Kellogg's, Fruit and Veg City; Cambridge Foods; RCL Foods; Nestle; Parmalat; Albany Bakery; Heinz Foods; Rialto; Mars Africa; Cape Town Market; Proctor and Gamble; and many more for the edible foods and products donated over the past year. Not only has food donations translated into tangible benefits to our beneficiary population, but we have also made a positive contribution to the environment, by making sure that edible surplus food is not dumped in landfill.

Fundraising income is steadily increasing, thanks to the introduction of three very innovative campaigns – the FoodBank 12 Hour Fast; the Adopt a BO Sponsorship; and the Double Gift Match (DGM), along with the growing support of the Fill the Gap Club from individuals and corporates, and other fundraising initiatives. Special thanks to our anonymous donor for introducing the DGM campaign to FoodBank SA. We are pleased to report that the year-end surplus is a direct result of combined efforts coming to fruition. Thank you to all involved.

To our remarkable staff and Senior Management Team, thank you for your support and hard work. You have bought into the new direction and we have succeeded by working together. Let's continue to build on this success, and continue to exceed expectations, so that hungry people who need our help can rest assured that FoodBank SA will be there when they need us.

We would like to thank our voluntary Board of Members, Board of Directors, and Strategy Committee who graciously offer their time, expertise, influence and support. We appreciate you.

We have set ambitious fundraising and food sourcing targets for the year ahead. We will also undertake a strategic review and plan for the next 5 years – into 2020, with the view to expand our food rescue programme, and explore opportunities to diversify our income sources, making us more sustainable into the future.

Thank you for your partnership on this exciting journey.

## **FOODBANK SOUTH AFRICA**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2015**

#### **FINANCIAL RESULTS**

The financial statements for the year ended 28 February 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial position of the company at 28 February 2015 and the results of its operations for the year then ended may be found on pages 8 to 22 of these annual financial statements.

The Company made a profit in the current year of R416 850 (2014: Loss of R4 313 875).

#### **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 28 FEBRUARY 2015

	<i>Note</i>	<b>2015</b> R	2014 R
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	4	1 019 649	2 682 754
<b>Current assets</b>			
Inventory	5	-	-
Receivables	6	456 722	638 966
Cash and cash equivalents	7	5 399 867	9 958 682
<b>Total assets</b>		<b>6 876 238</b>	<b>13 280 402</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Accumulated surplus		924 709	507 859
<b>Non-current liabilities</b>			
Loan from related party	8	3 126 172	594 214
<b>Current liabilities</b>			
Payables	9	597 580	1 831 705
Deferred revenue	10	2 227 777	10 346 624
Loan from related party	8	-	-
<b>Total reserves and liabilities</b>		<b>6 876 238</b>	<b>13 280 402</b>



FOODBANK SOUTH AFRICA

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<i>Note</i>	<b>2015 R</b>	<b>2014 R</b>
<b>Revenue</b>	<i>11</i>	<b>22 665 693</b>	26 166 178
(Loss)/Profit on sale of assets		<b>(269 465)</b>	7 966
Operating expenses		<b>(15 196 259)</b>	(18 967 774)
Procured inventory donated by FoodBank SA	<i>5</i>	<b>(7 121 060)</b>	(11 949 512)
<b>Surplus / (Loss) from operations</b>	<i>12</i>	<b>78 909</b>	(4 743 142)
Finance income		<b>370 003</b>	534 809
Finance expense		<b>(32 062)</b>	(105 542)
<b>Net surplus/(loss) for the year</b>		<b>416 850</b>	(4 313 875)
<b>Other comprehensive income</b>			
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income/(loss)</b>		<b>416 850</b>	(4 313 875)

FOODBANK SOUTH AFRICA

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>Accumulated surplus R</b>
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>
<b>Balance at 1 March 2014</b>	<b>507 859</b>
<b>Total comprehensive income for the year</b>	<b>416 850</b>
<b>Balance at 28 February 2015</b>	<b><u>924 709</u></b>

FOODBANK SOUTH AFRICA

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2015

	<i>Note</i>	<b>2015</b> R	2014 R
<b>Cash flows from operating activities</b>			
Cash (utilised in) /generated by operations	13	<b>(8 431 413)</b>	(7 270 635)
Finance income		<b>370 003</b>	534 809
Finance expenses		<b>(32 062)</b>	(105 542)
<b>Net cash (outflow) from operating activities</b>		<b>(8 093 472)</b>	<b>(6 841 368)</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of plant and equipment		<b>1 002 699</b>	1 218 766
Acquisition of plant and equipment	4	-	(177 098)
<b>Net cash inflow from investing activities</b>		<b>1 002 699</b>	<b>1 041 667</b>
<b>Cash flows from financing activities</b>			
Advances/(Repayment) of loans from related parties	8	<b>2 531 958</b>	(1 790 638)
<b>Net cash outflow from investing activities</b>		<b>2 531 958</b>	<b>(1 790 638)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4 558 815)</b>	<b>(7 590 339)</b>
Cash and cash equivalents at beginning of year		<b>9 958 682</b>	17 549 021
<b>Cash and cash equivalents at end of year</b>	7	<b>5 399 867</b>	<b>9 958 682</b>

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

**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 2015 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 28 FEBRUARY 2015**

**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.

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

**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 increase current year profit by R25 249 (2014 – increase loss 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 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.

<b>Standards, interpretation or amendment</b>	<b>Effective date</b>
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018

FOODBANK SOUTH AFRICA

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

4. PLANT AND EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
<b>2015</b>			
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)	-
	<b>3 389 711</b>	<b>(2 370 062)</b>	<b>1 019 649</b>
<b>2014</b>			
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
	<b>6 394 426</b>	<b>(3 711 672)</b>	<b>2 682 754</b>

	Carrying amount at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying amount at end of year R
<b>2015</b>					
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)	-
	<b>2 682 754</b>	<b>-</b>	<b>(1 272 164)</b>	<b>(390 941)</b>	<b>1 019 649</b>
<b>2014</b>					
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
	<b>4 388 373</b>	<b>177 098</b>	<b>(1 210 800)</b>	<b>(671 917)</b>	<b>2 682 754</b>



FOODBANK SOUTH AFRICA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2016

	2015 R	2014 R
<b>5. INVENTORY</b>		
Opening stock	-	385 707
Purchases	7 121 060	11 563 805
Donated to beneficiaries	(7 121 060)	(11 949 512)
	<u>-</u>	<u>-</u>
<b>6. RECEIVABLES</b>		
Trade Debtors	111 715	-
Deposits	254 838	318 440
Sundry debtors	9 503	320 526
Value Added Tax receivable	80 666	-
	<u>376 056</u>	<u>638 996</u>
<b>7. CASH AND CASH EQUIVALENTS</b>		
Petty cash	4 277	4 257
Current account	320 009	1 032 607
Call account	5 101 654	8 949 255
Credit card	(26 073)	(27 438)
	<u>5 399 867</u>	<u>9 958 682</u>
<b>8. LOAN FROM RELATED PARTY</b>		
FoodBank Foundation	626 172	594 214
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. Interest for the year was R31 958 (2014: R49 831)		
FoodBank Foundation	2 500 000	-
The amount owing to the FoodBank Foundation is unsecured, interest free and has no fixed date for repayment.		
	<u>3 126 172</u>	<u>594 214</u>

FOODBANK SOUTH AFRICA

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

	2015 R	2014 R
<b>9. PAYABLES</b>		
Accruals	403 110	270 049
Provision for leave pay	103 615	138 804
Other Payables	90 855	872 196
Value Added Tax payable	-	550 656
	<u>597 580</u>	<u>1 831 705</u>
<b>10. DEFERRED REVENUE</b>		
Canadian High Commission	-	7 738
Department of Social Development – KZN	-	4 107 903
Department of Social Development	-	297 381
Department of Agriculture - Peulwana	2 227 777	2 100 764
Department of Agriculture - Limpopo	-	411 834
KFC	-	18 553
Tshwane Municipality	-	62 549
Xstrata Alloys	-	3 339 902
	<u>2 227 777</u>	<u>10 346 624</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.

**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 2015

	2015 R	2014 R
<b>11. REVENUE</b>		
Donations	6 122 620	3 535 654
Grants	10 320 185	13 395 944
Service agreement revenue	5 468 614	6 121 002
Sundry revenue	754 274	3 113 578
	<u>22 665 693</u>	<u>26 166 178</u>
<b>12. SURPLUS/(LOSS) FROM OPERATIONS</b>		
The surplus/(loss) is arrived at after taking into account:		
Auditor's remuneration		
- audit fees : current year	79 800	80 000
- audit fees : prior year	(10 000)	23 000
Director's emoluments (executive director only)	790 932	676 964
Operating lease cost (property rentals)	1 589 192	1 576 245
Depreciation	390 941	671 917
<b>13. CASH UTILISED IN OPERATIONS</b>		
Net profit/(loss) before interest	78 909	(4 743 142)
Adjusted for:		
Loss/(Profit) on sale of assets	269 465	(7 965)
Depreciation	390 941	671 917
Operating surplus/(loss) before working capital changes	<u>739 315</u>	<u>(4 070 090)</u>
Decrease/(Increase) in receivables	182 244	(13 512)
(Decrease)/Increase in trade and other payables	(1 234 125)	543 306
Decrease in deferred revenue	(8 118 847)	(4 106 946)
	<u>(8 431 413)</u>	<u>(7 270 635)</u>
<b>14. OPERATING LEASE</b>		
The Company has lease obligations on a cash flow basis as follows:		
Payable within one year	781 209	873 083
Payable between 1 and 5 years	1 353 696	314 323
	<u>2 134 905</u>	<u>1 187 406</u>

FOODBANK SOUTH AFRICA

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

**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
<b>2015</b>					
FoodBank Foundation loan	-	-	-	3 126 712	3 126 712
Payables	22 949	414 165	79 800	-	516 914
	<b>22 949</b>	<b>414 165</b>	<b>79 800</b>	<b>3 126 712</b>	<b>3 643 626</b>

FOODBANK SOUTH AFRICA

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

	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
	<u>689 460</u>	<u>1 062 245</u>	<u>80 000</u>	<u>594 214</u>	<u>2 425 919</u>

17. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

	Loans and receivables R	Financial liabilities at amortised cost R	Total R
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>
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>

18. DIRECTORS' REMUNERATION

*Executive director only*

Salary	773 197	605 003
Bonus	3 500	50 000
Benefits	14 235	21 961
	<u>790 932</u>	<u>676 964</u>

The rest of the Board are volunteers and is not remunerated.

**FOODBANK SOUTH AFRICA**

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

**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 2015**

	2015 R	2014 R
<b>Revenue</b>	<b>22 396 228</b>	26 174 144
<b>Net finance income</b>	<b>337 941</b>	429 267
	<hr/> <b>22 734 169</b>	<hr/> 26 603 411
<b>Procured inventory donated by FoodBank SA</b>	<b>(7 121 060)</b>	(11 949 512)
<b>Expenditure</b>	<b>(15 196 259)</b>	(18 967 774)
Accommodation and allowances	<b>184 952</b>	244 673
Auditor's remuneration	<b>69 800</b>	103 000
Bank charges	<b>95 112</b>	100 026
Computer expenses	<b>433 960</b>	310 374
Depreciation	<b>390 941</b>	671 917
Directors' emoluments	<b>790 932</b>	676 964
Distribution costs	<b>110 615</b>	97 047
Entertainment	<b>20 007</b>	59 772
Fundraising and other consulting	<b>86 575</b>	1 006 938
Fundraising costs and promotions	<b>197 638</b>	315 327
Insurance	<b>174 561</b>	267 204
Legal expenses	<b>70 855</b>	254 151
Motor vehicle expenses	<b>60 315</b>	50 136
Motor vehicle licensing and registration	<b>46 852</b>	36 386
Office equipment	<b>28 764</b>	200 877
Other expenses	<b>134 879</b>	134 293
Petrol and oil	<b>614 930</b>	1 322 639
Postage	<b>19 785</b>	32 023
Printing and stationery	<b>76 899</b>	135 571
Rent paid	<b>1 846 681</b>	1 883 537
Repairs and maintenance - office	<b>175 874</b>	45 083
Repairs and maintenance - vehicle	<b>235 219</b>	314 126
Salaries and wages	<b>7 960 290</b>	8 740 316
Security	<b>226 153</b>	166 935
Staff recruitment	<b>17 540</b>	-
Staff uniforms	<b>16 431</b>	21 060
Staff welfare	<b>29 501</b>	24 242
Telephone and fax	<b>263 909</b>	372 137
Training	<b>29 636</b>	165 752
Travel – local	<b>386 244</b>	794 408
Utilities	<b>400 409</b>	420 860
	<hr/> <b>416 850</b>	<hr/> (4 313 875)
<b>Net (surplus/loss) for the year</b>	<hr/> <b>416 850</b>	<hr/> (4 313 875)