

FOODFORWARD SA
(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 2017

FOODFORWARD SA

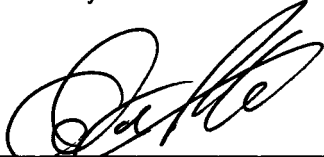
**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

Directors	A I Du Plessis, R A C Gilbertson, P W Mzimba, R H Singh, C F Sonn, T Modise-Harvey
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 T Modise-Harvey (appointed 05.06.2016)
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 Bredeveldt

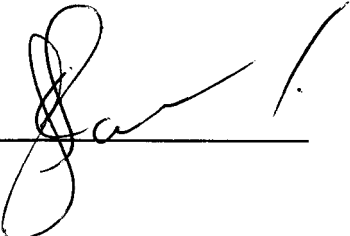
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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 28 February 2017 set out on pages 7 to 20 were approved by the Board of Directors on 5 September 2017 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 FoodForward SA

Opinion

We have audited the Financial Statements of FoodForward SA set out on pages 7 to 20, which comprise the Statement of Financial Position as at 28 February 2017, and the statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of FoodForward SA as at 28 February 2017, 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 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act

Sprigg Abbott House, Centurion Business Park, Bosmansdam Road, Milnerton, 7441, South Africa
Private Bag X22, Milnerton, 7435, South Africa
Tel: +27 (0)21 552 5599 Fax: +27 (0)21 552 5544 email: auditors@sprigg.co.za Web: www.sprigg.co.za

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; JJ Smith B Econ Registration Number: 2003/023087/21



71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

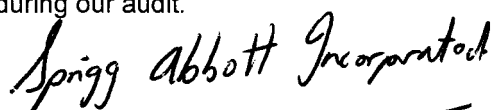
Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

5 September 2017
Milnerton

FOODFORWARD SA

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2017**

SUMMARY OF OPERATIONS

I'm inspired by Nelson Mandela's quote that says "What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead." I am blessed to be part of an organisation that engages almost daily with people that follow this philosophy that helping others gives deeper significance to their own lives. Our partnership with caring people and organisations is indeed making a real difference – in fact 14,5 million differences just last year since every meal provided means someone did not go hungry.

We live in a country where more than 75% of our toddlers (6 to 23 months) are not fed a diet considered to be adequate in terms of child nutrition. This is alarming for a number of reasons, including the impact down the line in terms of slow growth, poor cognitive development, stunting, and higher risk of illness. If we fail our vulnerable children, then we fail the country on a grand scale. To ensure that children are our priority, between 30 and 40% of FoodForward SA's beneficiaries are children. We have to get it right here for South Africa to succeed into the future. For many children and adults, securing enough food is a daily struggle of survival each day. This is why every meal makes a difference.

Speaking of making a difference- what is also different is our name. The change from FoodBank SA to FoodForward SA surprised many, including ourselves. We were requested by the SA Reserve Bank to do so, citing that the Banking Act only allows commercial banks to use the word 'bank' in their name. The new name has however been well received.

While it has been a tough year on many fronts, the year-end results are positive thanks to diligent staff, very good co-operation from our current and new donors, and great board involvement. Revenue is up 18% thanks mostly to Lotto and the FoodBank Foundation funding, while expenditure is only up 8%. Tonnage is up 35% (from 3,347,000 to 4,350,000), translating into 14,5 million meals, compared with 11 million meals the previous year. We have increased our Beneficiary Organisations (BOs) modestly (9,8%) compared to the previous year (78%), because we want to ensure that an increased volume of food reaches each BO. The cost per meal has come down by 20% from R1,08 to R0,86, a clear indication that costs are well managed and donated food and non-food volume is increasing steadily.

Facilitating the provision of a meal at only R0,86 makes foodbanking very attractive as a model that provides hunger relief at scale, especially given the current economic climate, and high unemployment, which will continue to see thousands of destitute people needing our support into the future.

We are undertaking several exciting initiatives in the coming year with various partners, but two are worth mentioning. The first is a partnership with PnP to introduce a very exciting national initiative – The FoodForward SA Mandela Day Food Drive in July. This campaign will seek to unite the nation towards one common goal - addressing hunger by volunteering their efforts to (a) encourage shoppers to buy and donate food between 14 – 16 July in PnP stores across the country and (b) encourage corporates to volunteer their 67 minutes on Mandela Day 18 July to sort and pack the food. We hope to include all the retailers and millions of South Africans to support this national campaign in the years to come.

The second is the (long-awaited) introduction of our first Women's Micro Enterprise Programme, where we will select 10 unemployed women, take them through a small business training and mentorship programme, and provide them with groceries at a preferential rate for one year, which they will then sell in their respective communities at a mark-up. We are undertaking a journey with these women so that they can become financially independent and undertake economic activities to provide for their families.

The year ahead is bound to be challenging but also promising. Thank you to all our remarkable staff, our generous partners and donors, and our diligent boards for your contributions. The difference that we have made together is certainly significant. Let's continue to hold hands and make our lives and others more meaningful.

FINANCIAL RESULTS

The financial statements for the year ended 28 February 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial position of the company at 28 February 2017 and the results of its operations for the year then ended may be found on pages 7 to 20 of these annual financial statements.

The Company made a profit for the current year of R1 619 087 (2016: R143 901).

ACCOUNTING POLICIES

The Company's accounting policies may be found on pages 11 to 14 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.



Andy Du Plessis

Managing Director

FOODFORWARD SA

STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2017

	<i>Note</i>	2017 R	2016 R
Assets			
Non-current assets			
Plant and equipment	4	1 841 556	1 208 259
Current assets			
Inventory	5	57 015	18 912
Receivables	6	366 234	214 711
Cash and cash equivalents	7	4 346 263	2 954 898
Total assets		6 611 068	4 396 780
Equity and liabilities			
Equity			
Accumulated surplus		2 687 697	1 068 610
Non-current liabilities			
Loan from related party	8	544 184	1 621 749
Current liabilities			
Payables	9	1 008 082	1 240 883
Deferred revenue	10	2 371 105	465 538
Total reserves and liabilities		6 611 068	4 396 780

FOODFORWARD SA

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	<i>Note</i>	2017 R	2016 R
Revenue	<i>11</i>	13 488 732	11 411 956
Profit on sale of assets	,	82 510	134 078
Operating expenses		(11 746 035)	(10 827 876)
Procured inventory donated by FoodForward SA	<i>5</i>	(352 869)	(643 312)
Surplus from operations	<i>12</i>	1 472 338	74 846
Finance income		240 933	206 048
Finance expense		(94 184)	(136 993)
Total comprehensive income		1 619 087	143 901

FOODFORWARD SA

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	Accumulated surplus R
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>
Balance at 1 March 2016	1 068 610
Total comprehensive income for the year	1 619 087
Balance at 28 February 2017	<u>2 687 697</u>

FOODFORWARD SA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	<i>Note</i>	2017 R	2016 R
Cash flows from operating activities			
Cash generated by/(utilised in) operations	13	3 120 712	(789 403)
Finance income		240 933	206 048
Finance expenses		(94 184)	(136 992)
Net cash inflow/(outflow) from operating activities		<u>3 267 461</u>	<u>(720 347)</u>
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		217 042	273 368
Acquisition of plant and equipment	4	(1 015 573)	(493 567)
Net cash outflow from investing activities		<u>(798 531)</u>	<u>(220 199)</u>
Cash flows from financing activities			
Repayment of loans from related parties	8	(1 077 565)	(1 504 423)
Net cash outflow from financing activities		<u>(1 077 565)</u>	<u>(1 504 423)</u>
Net increase/(decrease) in cash and cash equivalents		1 391 365	(2 444 969)
Cash and cash equivalents at beginning of year		2 954 898	5 399 867
Cash and cash equivalents at end of year	7	<u>4 346 263</u>	<u>2 954 898</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

1. CORPORATE INFORMATION

FoodForward SA (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 2017 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 2017**

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 2017**

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 2017**

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 R5 652 (2016 –R20 697).

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

FOODFORWARD SA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

4. PLANT AND EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
2017			
Motor vehicles	2 199 990	(920 066)	1 279 924
Computer equipment	323 393	(190 953)	132 440
Furniture and fittings	187 925	(128 625)	59 300
Office equipment	440 297	(325 603)	114 694
Computer software	376 729	(121 531)	255 198
	3 528 334	(1 686 778)	1 841 556
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

	Carrying amount at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying amount at end of year R
2017					
Motor vehicles	922 609	619 000	(134 532)	(127 153)	1 279 924
Computer equipment	75 591	93 030	-	(36 181)	132 440
Furniture and fittings	64 285	20 444	-	(25 429)	59 300
Office equipment	89 774	52 449	-	(27 529)	114 694
Computer software	56 000	230 650	-	(31 452)	255 198
	1 208 259	1 015 573	(134 532)	(247 744)	1 841 556
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

FOODFORWARD SA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 R	2016 R
5. INVENTORY		
Opening stock	18 912	-
Purchases	390 972	643 412
Donated to beneficiaries	(352 869)	(624 400)
	<u>57 015</u>	<u>18 912</u>
6. RECEIVABLES		
Trade Debtors	54 916	21 205
Deposits	206 345	122 640
Prepayments	24 475	-
Sundry Debtors	29 320	70 866
Value Added Tax Receivable	51 178	-
	<u>366 234</u>	<u>214 711</u>
7. CASH AND CASH EQUIVALENTS		
Petty cash	3 786	6 232
Current account	241 211	115 947
Call account	3 123 265	2 856 615
Fixed Deposit	1 000 000	-
Credit card	(21 999)	(23 896)
	<u>4 346 263</u>	<u>2 954 898</u>
8. LOAN FROM RELATED PARTY		
FoodBank Foundation	544 184	1 621 749
	<u>544 184</u>	<u>1 621 749</u>

The amount owing to the FoodBank Foundation bears interest at a variable rate which is currently 6.75%. 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 28 FEBRUARY 2017**

	2017 R	2016 R
9. PAYABLES		
Accruals	198 810	173 898
Provision for leave pay	141 926	113 640
Other Payables	667 346	941 541
Value Added Tax payable	-	11 804
	<u>1 008 082</u>	<u>1 240 883</u>
10. DEFERRED REVENUE		
Department of Agriculture - Peulwana	-	53 820
Glencore Alloys	248 465	392 261
St James's Place Partnership	-	19 457
Kellogg Company	1 374 470	-
National Lottery	748 170	-
	<u>2 371 105</u>	<u>465 538</u>

Glencore Alloys

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

Kellogg Company

The grant received from the Kellogg Company is being utilised to manage the Kellogg Breakfast for Better Days programme in schools across the country. The grant is recognised in income in accordance with accounting policy 3.4.

National Lottery

The National Lotteries Board funding made available to by FoodForward SA is being utilised to fund a number of specific purposes, including the procurement of food. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	2017 R	2016 R
11. REVENUE		
Donations	8 958 033	7 109 725
Grants	53 820	2 191 047
Service agreement revenue	2 011 631	462 034
Membership fees	2 462 000	1 649 150
Sundry revenue	3 248	-
	<u>13 488 732</u>	<u>11 411 956</u>
12. SURPLUS/(LOSS) FROM OPERATIONS		
The surplus/(loss) is arrived at after taking into account:		
Auditor's remuneration		
- audit fees : current year	90 525	80 000
- audit fees : prior year adjustment	5 000	200
- annual duty	800	2 000
- company secretarial fees	3 300	1 750
- consulting fees	-	9 500
Director's emoluments (executive director only)	1 029 269	932 041
Operating lease cost (property rentals)	1 066 392	1 163 381
Depreciation	247 744	165 667
13. CASH UTILISED IN OPERATIONS		
Net profit before interest	1 472 338	74 846
Adjusted for:		
Profit on sale of assets	(82 510)	(134 078)
Depreciation	247 744	165 667
Operating surplus before working capital changes	<u>1 637 572</u>	<u>106 435</u>
(Increase)/Decrease in receivables	(151 523)	242 010
Increase in inventory	(38 103)	(18 912)
(Decrease)/Increase in trade and other payables	(232 801)	643 303
Increase/(Decrease) in deferred revenue	1 905 567	(1 762 239)
	<u>3 120 712</u>	<u>(789 403)</u>
14. OPERATING LEASE		
The Company has lease obligations on a cash flow basis as follows:		
Payable within one year	626 595	668 265
Payable between 1 and 5 years	768 768	289 295
	<u>1 395 363</u>	<u>957 560</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

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
2017					
FoodBank Foundation loan	-	-	-	544 184	544 184
Payables	141 927	775 630	90 525	-	1 008 082
	<u>141 927</u>	<u>775 630</u>	<u>90 525</u>	<u>544 184</u>	<u>1 552 266</u>
2016					
FoodBank Foundation loan	-	-	-	1 621 749	1 621 749
Payables	125 445	392 225	723 213	-	1 240 883
	<u>125 445</u>	<u>392 225</u>	<u>723 213</u>	<u>1 621 749</u>	<u>2 862 632</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

17. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

	Loans and receivables R	Financial liabilities at amortised cost R	Total R
2017			
Trade and other receivables	366 234	-	366 234
Cash and cash equivalents	4 368 262	(21 999)	4 346 263
FoodBank Foundation loan	-	(544 184)	(544 184)
Deferred revenue	-	(2 371 105)	(2 371 105)
Payables	-	(1 008 082)	(1 008 082)
	<u>4 755 346</u>	<u>(3 945 370)</u>	<u>789 126</u>
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>

18. DIRECTORS' REMUNERATION

Executive director only

For services as director	<u>1 029 269</u>	<u>932 041</u>
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The rest of the Board are volunteers and are 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.

FOODFORWARD SA

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	2017 R	2016 R
Revenue	13 488 732	11 411 956
Profit/(Loss) on sale of assets	82 510	134 078
Net finance income	146 749	69 055
	<hr/> 13 717 991	<hr/> 11 615 089
Procured inventory donated by FoodBank SA	(352 869)	(643 312)
Expenditure	(11 746 035)	(10 827 876)
Accommodation and allowances	216 586	238 008
Auditor's remuneration	99 625	93 450
Bank charges	68 922	65 537
Computer expenses	192 392	155 899
Depreciation	247 744	165 667
Directors' emoluments	1 029 269	932 041
Distribution costs	219 090	37 850
Entertainment	20 096	18 487
Fundraising and other consulting	44 852	66 851
Fundraising costs and promotions	220 458	290 118
Insurance	154 316	136 895
Legal expenses	45 854	26 638
Motor vehicle expenses	4 083	1 582
Motor vehicle licensing and registration	23 840	19 371
Office equipment	290	44 535
Other expenses	141 758	95 410
Petrol and oil	270 384	283 847
Postage	23 152	17 531
Printing and stationery	79 707	81 518
Rent paid	1 291 134	1 305 201
Repairs and maintenance - office	109 779	177 205
Repairs and maintenance - vehicles	231 275	223 468
Salaries and wages	5 929 464	5 121 149
Security	239 947	279 478
Staff recruitment	125 354	174 853
Staff uniforms	14 744	15 384
Staff welfare	29 202	27 165
Telephone	170 545	214 276
Training	18 749	15 602
Travel – local	278 487	342 709
Utilities	204 937	160 151
	<hr/> 1 619 087	<hr/> 143 901
Net surplus for the year		