

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 2018

FOODFORWARD SA

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

A I Du Plessis	
R A C Gilbertson	(resigned 23.11.2017)
C C Koffman	(appointed 30.03.2017)
M E Sethusha	(appointed 30.03.2017)
T Modise-Harvey	
P W Mzimba	(resigned 05.10.2017)
R H Singh	
N Skweyiya	(appointed 30.03.2017)
T Skweyiya	(appointed 30.03.2017)
C F Sonn	

Nature of business	Redistribution of excess food and food donations to communities in need
Place of business	Thor Gardens, Cnr Viking Way & Odin Drive, Thornton, 7460
Bankers	Nedbank Limited
Auditors	Sprigg Abbott Incorporated
Annual financial statements preparation	A Bredeveldt

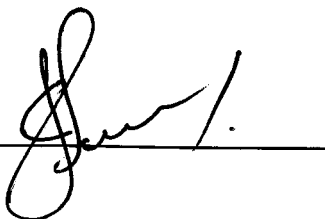
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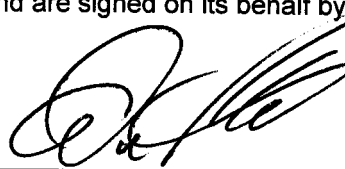
APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 28 February 2018 set out on pages 7 to 20 were approved by the Board of Directors on 02 August 2018 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 2018, 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 2018, 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.

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



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 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.

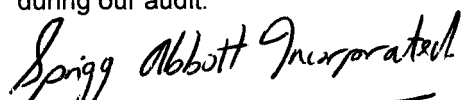
Auditor's responsibilities for the audit of the Financial Statements

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

03 August 2018
Milnerton

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2018**

SUMMARY OF OPERATIONS

There is an African proverb that resonates well when it comes to our approach to addressing complex problems - "If you want to go fast, go alone. If you want to go far, go together." Partnership produces better results overall and the possibilities are infinite.

South Africa remains one of the most unequal societies in the world. We have 14 million people that are hungry every day, and a further 14 million people are at risk of hunger. Food insecurity cripples the economic viability of a country. Therefore, addressing short term hunger is not only a moral and economic imperative, it is also a necessary intervention to stem the growing tide of malnutrition, sickness and disease, and the feeling of hopelessness among the poor.

With the generous support of our caring food and financial donor partners, we were able to increase the number of meals provided by more than 20% to 17,600,000 meals last year. Furthermore, we were able to reduce the cost per meal by 8% to R0,79. Our food recovery model is now even more cost effective, allowing for each rand donated to unlock even more value for money for our beneficiary organisations.

We are very pleased to have concluded phase 1 of FoodShare. It took two years of development, but the result is nothing short of amazing. FoodShare, a first of its kind for Africa, is our very own digital technology platform that houses our entire beneficiary data base; monitoring and assessment information, member applications auto queue; and manages Virtual Foodbanking (VFB), which is the largest and most exciting feature of FoodShare. VFB connects our beneficiary organisations with a retail store or food outlet, for the daily collection of surplus food. The tonnage information is sent by beneficiary organisations to FoodShare via USSD cell phone technology, with reverse billing, so there are no costs to the clients / users.

We currently have 140 beneficiary organisations linked to 150 PnP; Shoprite Checkers; and Vida e Café's nationally. Several more retailers and food outlets have expressed interest in joining FoodShare, and we are planning a large-scale roll-out in the coming 2 to 3 years. We would like to thank the DG Murray Trust; the Saville Foundation; and Shoprite for providing the seed funding for FoodShare. We are also extremely thankful to Shoprite for agreeing to fund the full development costs of FoodShare over the next three years.

Another exciting initiative, thanks to partnership, is called Second Harvest - a specific food sourcing outreach programme to the agricultural sector. Our retail partners have kindly connected FoodForward SA directly with their farmers / growers, and we collect their post-harvest fresh produce surplus of tomatoes; carrots; butternut; gem squash; cauliflower; cabbage; and mushrooms. This partnership allows us to substantially increase the nutritious value of the food basket that we provide to beneficiary organisations. We are very grateful to Pepsico and the Global Foodbanking Network (GFN), for providing a grant of R1m to purchase a refrigerated 8 ton truck and cover operating costs for the first year, to kick-start the project. Because of its huge success, we are planning to implement Second Harvest in Joburg and Durban next, with the view to expand nationally.

The FoodForward SA Mandela Day Food Drive in partnership with PnP was an overwhelming success. We collected 150 tons of food, attracted more than 5,000 volunteers nationally, and it was great fun to see everyone working together. Thank you PnP for your long-standing partnership, and for your commitment to addressing hunger and malnutrition. Special thanks to the Century City Conference Centre in Cape Town, and Gallagher Estate in Joburg for donating the venues for the packing events.

Our continued partnership with Food Lovers Market is also ensuring that the nutritious component of our food basket constantly improves, thanks to them donating R50,000 worth of procured quality fruit and vegetables monthly, in addition to their surplus fresh produce donations.

We are extremely proud to have caring individuals and corporates that are working with FoodForward SA and making a difference. Looking to the future, we are exploring an accredited warehousing and logistics internship for unemployed youth, as well as other social enterprise initiatives within the surplus food environment in order to create income opportunities, skills development, and jobs, resulting in even more meaningful impact.

Thank you to all our valued partners and stakeholders, including our dedicated staff and board, for being part of this exciting food recovery revolution.

FINANCIAL RESULTS

The financial statements for the year ended 28 February 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial position of the company at 28 February 2018 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 loss for the current year of R1 618 516 (2017: profit R1 619 087).

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 2018

	<i>Note</i>	2018 R	2017 R
Assets			
Non-current assets			
Plant and equipment	4	2 260 315	1 841 556
Current assets			
		3 995 873	4 769 512
Inventory	5	-	57 015
Receivables	6	483 660	366 234
Cash and cash equivalents	7	3 512 213	4 346 263
Total assets		6 256 188	6 611 068
Equity and liabilities			
Equity			
Accumulated surplus		1 069 181	2 687 697
Non-current liabilities			
Loan from related party	8	2 619 187	544 184
Current liabilities			
		2 567 820	3 379 187
Payables	9	1 187 984	1 008 082
Deferred revenue	10	1 379 836	2 371 105
Total reserves and liabilities		6 256 188	6 611 068

FOODFORWARD SA

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2018

	<i>Note</i>	2018 R	2017 R
Revenue	<i>11</i>	12 669 196	13 488 732
Profit on sale of assets		50 000	82 510
Operating expenses		(13 872 147)	(11 746 035)
Procured inventory donated by FoodForward SA	<i>5</i>	(559 476)	(352 869)
(Loss)/Surplus from operations	<i>12</i>	(1 712 427)	1 472 338
Finance income		198 555	240 933
Finance expense		(104 644)	(94 184)
Total comprehensive (loss)/income		(1 618 516)	1 619 087

FOODFORWARD SA

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Accumulated surplus R
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>
Balance at 1 March 2017	2 687 697
Total comprehensive loss for the year	(1 618 516)
Balance at 28 February 2018	<u>1 069 181</u>

FOODFORWARD SA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2018

	<i>Note</i>	2018 R	2017 R
Cash flows from operating activities			
Cash (utilised in)/generated by operations	13	(2 173 871)	3 120 712
Finance income		198 555	240 933
Finance expenses		(104 644)	(94 184)
Net cash (outflow)/inflow from operating activities		(2 079 960)	3 267 461
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		50 000	217 042
Acquisition of plant and equipment	4	(879 093)	(1 015 573)
Net cash outflow from investing activities		(829 093)	(798 531)
Cash flows from financing activities			
Advance/(Repayment) of loans from related parties	8	2 075 003	(1 077 565)
Net cash outflow from financing activities		2 075 003	(1 077 565)
Net increase/(decrease) in cash and cash equivalents			
		(834 050)	1 391 365
Cash and cash equivalents at beginning of year		4 346 263	2 954 898
Cash and cash equivalents at end of year	7	3 512 213	4 346 263

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

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 2018 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 2018**

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 28 FEBRUARY 2018**

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 2018**

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. There was no effect on current year profit (2017 – reduced by R5 652).

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 16 Leases	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

4. PLANT AND EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
2018			
Motor vehicles	2 199 990	(1 076 900)	1 123 090
Computer equipment	343 707	(236 748)	106 959
Furniture and fittings	250 301	(161 661)	88 640
Office equipment	876 820	(337 221)	539 599
Computer software	678 056	(276 029)	402 027
	<u>4 348 874</u>	<u>(2 092 296)</u>	<u>2 260 315</u>
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
	<u>3 528 334</u>	<u>(1 686 778)</u>	<u>1 841 556</u>

	Carrying amount at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying amount at end of year R
2018					
Motor vehicles	1 279 924	-	-	(156 834)	1 123 090
Computer equipment	132 440	20 314	-	(45 795)	106 959
Furniture and fittings	59 300	62 376	-	(33 036)	88 640
Office equipment	114 694	495 076	-	(70 171)	539 599
Computer software	255 198	301 327	-	(154 498)	402 027
	<u>1 841 556</u>	<u>879 093</u>	<u>-</u>	<u>(460 334)</u>	<u>2 260 315</u>
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
	<u>1 208 259</u>	<u>1 015 573</u>	<u>(134 532)</u>	<u>(247 744)</u>	<u>1 841 556</u>

FOODFORWARD SA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

	2018 R	2017 R
5. INVENTORY		
Opening stock	57 015	18 912
Purchases	502 562	390 972
Donated to beneficiaries	(559 576)	(352 869)
	<u>-</u>	<u>57 015</u>
6. RECEIVABLES		
Trade Debtors	143 923	54 916
Deposits	248 753	206 345
Prepayments	-	24 475
Sundry Debtors	33 138	29 320
Value Added Tax Receivable	57 846	51 178
	<u>483 660</u>	<u>366 234</u>
7. CASH AND CASH EQUIVALENTS		
Petty cash	3 623	3 786
Current account	1 343 287	241 211
Call account	2 180 407	3 123 265
Fixed Deposit	-	1 000 000
Credit card	(15 104)	(21 999)
	<u>3 512 213</u>	<u>4 346 263</u>
8. LOAN FROM RELATED PARTY		
FoodBank Foundation	2 619 187	544 184
	<u>2 619 187</u>	<u>544 184</u>

The amount owing to the FoodBank Foundation bears interest at a variable rate which is currently 7%. 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.

A key member of the Board is a Trustee of the FoodBank Foundation, and another director, who resigned during the year, is the Protector of the Trust. Neither of the parties hold ownership in these entities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

	2018 R	2017 R
9. PAYABLES		
Accruals	295 871	198 810
Provision for leave pay	99 754	141 926
Other Payables	792 359	667 346
Value Added Tax payable	-	-
	<u>1 187 984</u>	<u>1 008 082</u>
10. DEFERRED REVENUE		
Glencore Alloys	327 091	248 465
Kellogg Company	43 322	1 374 470
Global FoodBanking Network	1 009 423	-
National Lottery	-	748 170
	<u>1 379 836</u>	<u>2 371 105</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.

Global FoodBanking Network

The grant received from the Global FoodBanking Network was made available to FoodForward SA to implement the Second Harvest programme, and includes provision for the purchase of a new truck. The grant will be recognised in income in accordance with accounting policy 3.4.

National Lottery

The National Lotteries Board funding made available to 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

	2018 R	2017 R
11. REVENUE		
Donations	8 630 010	8 958 033
Grants	-	53 820
Service agreement revenue	1 539 417	2 011 631
Membership fees	2 499 769	2 462 000
Sundry revenue	-	3 248
	<u>12 669 196</u>	<u>13 488 732</u>
12. SURPLUS/(LOSS) FROM OPERATIONS		
The surplus/(loss) is arrived at after taking into account:		
Auditor's remuneration		
- audit fees : current year	96 000	90 525
- audit fees : prior year adjustment	(525)	5 000
- annual duty	2 850	800
- company secretarial fees	5 200	3 300
Director's emoluments (executive director only)	1 085 236	1 029 269
Operating lease cost (property rentals)	1 230 606	1 066 392
Depreciation	460 334	247 744
13. CASH UTILISED IN OPERATIONS		
Net (loss)/profit before interest	(1 712 427)	1 472 338
Adjusted for:		
Profit on sale of assets	(50 000)	(82 510)
Depreciation	460 334	247 744
Operating surplus before working capital changes	<u>(1 302 093)</u>	<u>1 637 572</u>
Increase in receivables	(116 226)	(151 523)
Decrease/(Increase) in inventory	57 015	(38 103)
Increase/(Decrease) in trade and other payables	178 702	(232 801)
(Decrease)/Increase in deferred revenue	(991 269)	1 905 567
	<u>(2 173 871)</u>	<u>3 120 712</u>
14. OPERATING LEASE		
The Company has lease obligations on a cash flow basis as follows:		
Payable within one year	1 246 527	626 595
Payable between 1 and 5 years	1 746 141	768 768
	<u>2 992 668</u>	<u>1 395 363</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

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
2018					
FoodBank Foundation loan	-	-	-	2 619 187	2 619 187
Payables	99 754	992 230	96 000	-	1 187 984
	<u>99 754</u>	<u>992 230</u>	<u>96 000</u>	<u>2 619 187</u>	<u>3 807 171</u>
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>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

17. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

	Loans and receivables R	Financial liabilities at amortised cost R	Total R
2018			
Trade and other receivables	483 660	-	483 660
Cash and cash equivalents	3 527 317	(15 104)	3 512 213
FoodBank Foundation loan	-	(2 619 187)	(2 619 187)
Deferred revenue	-	(1 379 836)	(1 379 836)
Payables	-	(1 187 984)	(1 187 984)
	<u>4 010 977</u>	<u>(5 202 111)</u>	<u>(1 191 134)</u>
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>

18. DIRECTORS' REMUNERATION

Executive director only

For services as director	<u>1 085 236</u>	<u>1 029 269</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 2018**

	2018 R	2017 R
Revenue	12 669 196	13 488 732
Profit on sale of assets	50 000	82 510
Net finance income	93 911	146 749
	<u>12 813 107</u>	<u>13 717 991</u>
Procured inventory donated by FoodBank SA	(559 476)	(352 869)
Expenditure	(13 872 147)	(11 746 035)
Accommodation and allowances	238 827	216 586
Auditor's remuneration	103 525	99 625
Bank charges	55 297	68 922
Computer expenses	303 043	192 392
Depreciation	460 334	247 744
Directors' emoluments	1 085 236	1 029 269
Distribution costs	181 071	219 090
Entertainment	36 049	20 096
Fundraising and other consulting	44 592	44 852
Fundraising costs and promotions	638 696	220 458
Insurance	173 005	154 316
Legal expenses	15 429	45 854
Motor vehicle expenses	6 953	4 083
Motor vehicle licensing and registration	37 546	23 840
Office equipment	-	290
Other expenses	151 952	141 758
Petrol and oil	263 259	270 384
Postage	17 133	23 152
Printing and stationery	67 660	79 707
Rent paid	1 279 513	1 291 134
Repairs and maintenance - office	63 124	109 779
Repairs and maintenance - vehicles	99 251	231 275
Salaries and wages	7 269 138	5 929 464
Security	67 502	239 947
Staff recruitment	214 868	125 354
Staff uniforms	20 457	14 744
Staff welfare	31 543	29 202
Telephone	156 967	170 545
Training	149 804	18 749
Travel – local	357 311	278 487
Utilities	283 062	204 937
	<u>(1 618 516)</u>	<u>1 619 087</u>
Net (loss)/surplus for the year	(1 618 516)	1 619 087