(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 2021

FOODFORWARD SA

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

Directors who held office during the accounting period	C F Sonn (Chairman) A I Du Plessis (Managing Director) R H Singh J V Lucas T Modise-Harvey N Skweyiya M G Letlape
Nature of business	Redistribution of edible surplus food 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 Fisher

Contents

DIRECTORS' RESPONSIBILITIES AND APPROVAL
FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 9 to 25, which have been prepared on the going concern basis, were approved by the board on 28 October 2021 and were signed on their 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 9 to 25, which comprise the Statement of Financial Position as at 28 February 2021, 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 2021, 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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.

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)
Consultant: PJ Chong B Com(Hons), 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

Sprigg Abbot Incorporated
Director: Marike Mulder
Chartered Accountant (SA)
Registered Auditor

28 October 2021
Milnerton

DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021

SUMMARY OF OPERATIONS

The devastating impact of the Covid-19 pandemic that left millions of people destitute overnight was unprecedented in South Africa's history. I remember thinking long and hard about an appropriate FoodForward SA response to the vast amounts of vulnerable people living in fear and who are anxious about how they will survive and look after their families. Not only were millions of people not able to secure food for their families, but the mental health deprivation that followed worsened their ability to cope. This is what prompted FoodForward SA to scale up rapidly.

FoodForward SA immediately received the necessary certificates to operate as an essential service. We released a public appeal for R50 million, to support our ambitious growth plan. The response was phenomenal. Within weeks, we doubled our operations and increased our reach. Within two months, we scaled from operating in five provinces to serving vulnerable people in all nine provinces. Thanks to generous and caring donors, like the Solidarity Fund, we managed to purchase more vehicles, secure larger warehouses, distribute large donations of food and non-food groceries to vulnerable people and provide more than 100,000 food parcels to families in need – during a level 5 lock down.

Our Beneficiary Organisation (BO) population grew from 673 to nearly 1,000, by the end of the financial year. The number of beneficiaries collectively reached daily through this BO network grew from 255,000 to 475,000. The amount of food we redistributed increased from 5,115 to 7,215 tons. The number of meals grew from 20 million in the previous year to 29 million meals, while the cost per meal remained steady at R0,85.

Given that rural food insecurity was even more severe in several under-served municipalities, we were able to grow our Mobile Rural Depot (MRD) programme from supporting six vulnerable communities to 14, by the end of the financial year. Special thanks to Engen for the fuel sponsorship that allowed for this expansion, and Unitrans for servicing our vehicles.

Scaling our food security response rapidly also required innovative and cost-effective solutions. FoodShare ticks both of these boxes and I am delighted to report that FoodShare has an exciting new retail partner on board – Woolworths. We're hoping to have all Woolworths stores, nationally, on FoodShare, during the course of 2021.

Another area where we have seen exciting growth is with our Second Harvest programme, working with farmers to recover their post-harvest surpluses, so that we can increase the nutritional value and variety of the food we supply our BOs. Standard Bank, through their OneFarm Share initiative, allows more farmers to participate, by providing a platform where they can provide fruit, vegetables, maize and other agri products at preferential rates and where they can donate their post-harvest surpluses. Managed through HelloChoice, an online agri marketplace, we are seeing more farmers, especially emerging farmers, partnering with OneFarm Share.

Several recent reports are confirming that, because of the Covid-19 pandemic causing huge job losses and huge increases in food and transport costs, more than half of South Africa's population can't afford to buy basic food items. A basic food basket for a family of four costs around R2,500. Since the poor spend between 30% to 40% of their income on food, they need a combined household income of more than R7,500. The sad reality is that more than half of our population live below the Stats SA upper-bound poverty line of less than R810 per month. For this reason, we partnered with the Western Cape Department of Health, along with nearly 100 BOs across the country, to provide nutritious food parcels that get delivered directly to the door of food-insecure chronic patients, indigent families, pregnant and nursing mothers, and people living with TB, HIV and Aids. Nurses, social workers, and registered dieticians do home visits and assessments and determine which families desperately need food. Each month, FoodForward SA delivers 1,600 food parcels to vulnerable homes, benefitting nearly 10,000 people each month. Thank you, Feed the Nation and The Global FoodBanking Network for your financial support which enabled the fruition of this intervention.

In order to manage our growth, while maintaining best practice standards of operation, FoodForward SA's staff complement also grew. Fortunately, thanks to our TETA-accredited Youth Internship programme, we were able to absorb several interns and offer them permanent employment. I am proud to report that these interns, mostly young women, are making their mark in warehousing operations and are excelling in the workplace.

During the course of the financial year, FoodForward SA commissioned an independent study of the Social Return on Investment (SROI) impact of our foodbanking model. The report concluded that for every R1 donated to FFSA, R98,07 worth of SROI was generated. This demonstrates that FoodForward SA's mission-driven foodbanking ecosystem is a critical lever to accelerate growth and optimise social returns. It is a valuable contributor towards building a more inclusive and sustainable economy and provides a cost-effective pathway to help eliminate the structural causes of poverty.

It is my pleasure to recognise several corporates that have donated their services pro bono or at preferential rates to FoodForward SA throughout the year, allowing for significant savings which we are able to direct to our various programmes. Thank you:

- Ctrack, for sponsoring tracking devices and vehicle monitoring of our fleet
- Europcar, for sponsoring car hire for our staff that travel frequently
- CES Forklifts, for sponsoring additional forklifts when we need them
- Libra Vision, for the production of our corporate video and other audio-visual materials
- Bowmans, for professional legal services
- CHEP, for providing all our handling equipment throughout our branch network
- Unitrans, for servicing our vehicles
- Century City Conference Centre, for the use of their conference facilities
- Happy Freight, for the use of their storage facilities

I would also like to extend thanks and appreciation to our board members, who have been phenomenal in helping navigate our scaling up process and who ensure that proper governance remains in place throughout our organisation.

There is an old Chinese proverb that says, "Those who drink the water must remember those who dug the well." In this regard, it is important to recognise that our ability to respond swiftly to the huge food security crisis across South Africa was solely thanks to the thousands of generous corporate and individual donors who wanted to help and who felt assured that their funds would be used to reach the most vulnerable.

As the pandemic continues to wreak havoc, shed jobs, and negatively impact our economy, our primary objective is to reach as many food-insecure people as we can, in innovative and cost-effective ways. Your continued partnership, in working towards this objective, is much appreciated.

FINANCIAL RESULTS

The financial statements for the year ended 28 February 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The financial position of the company at 28 February 2021 and the results of its operations for the year then ended may be found on pages 9 to 25 of these annual financial statements.

The Company made a surplus for the current year of R79 310 973 (2020: R3 277 412). The surplus arose due to the exceptional response to our COVID appeal and will be used to grow our future operations.

ACCOUNTING POLICIES

The Company's accounting policies may be found on pages 13 to 17 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.

DIRECTORATE

The directors in office at the date of this report are as follows:

C F Sonn (Chairman)
A I Du Plessis (Managing Director)
R H Singh
J V Lucas
T Modise-Harvey
N Skweyiya
M G Letlape

There have been no changes to the directorate for the year under review.

AUDITORS

Sprigg Abbott Incorporated continued in office as auditors for the company for 2021.

At the AGM, the board will consider reappointing Sprigg Abbott Incorporated as the independent external auditors of the company and confirming David Barnes as the designated lead audit partner for the 2022 financial year.

SECRETARY

A company secretary was not appointed for 2021.

Andy Du Plessis
Managing Director

STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2021

	Note	**2021** **R**	2020 R
Assets			
Non-current assets		**14 312 684**	3 744 485
Property, plant and equipment	*4*	**13 145 774**	3 744 485
Intangible Assets	*5*	**305 009**	-
Right of Use Assets	*6*	**861 901**	-
Current assets		**76 773 452**	5 976 386
Inventory	*7*	**-**	**-**
Receivables	*8*	**1 585 863**	672 605
Cash and cash equivalents	*9*	**75 187 589**	5 303 781
Total assets		**91 086 136**	9 720 871
Equity and liabilities			
Equity			
Accumulated surplus		**87 372 369**	8 061 396
Non-current liabilities			
Lease liabilities	*6*	**59 773**	-
Current liabilities		**3 653 994**	1 659 475
Payables	*10*	**2 793 922**	1 235 875
Lease liabilities	*6*	**860 072**	-
Deferred revenue	*11*	**-**	423 600
Total reserves and liabilities		**91 086 136**	9 720 871

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	**2021** **R**	2020 R
Revenue	*12*	**133 800 255**	20 605 966
Operating expenses		**(23 914 701)**	(17 077 526)
Procured inventory donated by FoodForward SA	*7*	**(32 515 371)**	(576 882)
Surplus/(Deficit) from operations	*13*	**77 370 183**	2 951 558
Finance income		**2 041 009**	414 571
Finance expense		**(100 219)**	(88 717)
Total comprehensive income/(loss)		**79 310 973**	3 277 412

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Accumulated surplus R
Balance at 1 March 2019	4 783 984
Total comprehensive income for the year	3 277 412
Balance at 29 February 2020	8 061 396
Balance at 1 March 2020	**8 061 396**
Total comprehensive income for the year	**79 310 973**
Balance at 28 February 2021	**87 372 369**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	**2021** **R**	2020 R
Cash flows from operating activities			
Cash generated by operations	*14*	**79 616 142**	3 658 743
Finance income		**2 041 009**	414 571
Finance expenses		**(100 219)**	(88 717)
Net cash inflow from operating activities		**81 556 932**	3 984 597
Cash flows from investing activities			
Acquisition of property, plant and equipment	*4*	**(10 556 903)**	(1 811 099)
Acquisition of intangible assets	*5*	**(195 500)**	-
Net cash outflow from investing activities		**(10 752 403)**	(1 811 099)
Cash flows from financing activities			
Repayment of loans from related parties		**-**	(1 889 234)
Payment of lease liabilities	*6*	**(920 721)**	-
Net cash outflow from financing activities		**(920 721)**	(1 889 234)
Net increase in cash and cash equivalents		**69 883 808**	284 264
Cash and cash equivalents at beginning of year		**5 303 781**	5 019 517
Cash and cash equivalents at end of year	*9*	**75 187 589**	5 303 781

1. CORPORATE INFORMATION

FoodForward SA (the Company) is a not for profit company whose operations primarily entail the redistribution of edible surplus food 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 2021 have been prepared in accordance with the 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 the 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.

3.1 Current versus non-current classification – continued

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for purposes of trading,
- It is 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 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one year.

Property, 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:

Buildings	5%
Motor Vehicles	16,67%
Office Equipment	20%
Computer Equipment	20%
Computer Software	33,33%
Furniture and fittings	16,67%

Land is not depreciated.

The carrying values of property, 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 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity,
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

3.3 Intangible assets – continued

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Foodshare	33,33%

3.4 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 relating to the instrument.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and deposits held on call with banks.

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 measured at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost.

3.5 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.

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.

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.

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.

3.6 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.

3.7 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.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The company classifies its right of use assets as current consistent to property, plant and equipment.

Extension and termination options are included in a number of leases across the company. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. This would be the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, right of use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.8 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.

3.9 New and revised standards

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

Standards, interpretation or amendment	**Effective date**
Covid-19-Related Rent Concessions – Amendments IFRS 16	1 June 2020
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022
Onerous contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first time adopter	1 January 2022
AIP IFRS 9 Financial instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023

4. PROPERTY, PLANT AND EQUIPMENT

2021	Cost R	Accumulated depreciation R	Net book value R
Land and Buildings	6 026 332	-	6 026 332
Motor vehicles	7 506 630	(1 589 822)	5 916 808
Computer equipment	648 778	(413 259)	235 519
Furniture and fittings	311 808	(249 788)	62 020
Office equipment	1 241 119	(825 155)	415 964
Computer software	607 210	(118 079)	489 131
	16 341 887	(3 196 103)	13 145 774
2020			
Land and Buildings	-	-	-
Motor vehicles	3 599 585	(1 048 867)	2 550 718
Computer equipment	617 653	(328 897)	288 756
Furniture and fittings	300 613	(235 630)	64 983
Office equipment	1 149 044	(653 521)	495 523
Computer software	1 123 591	(779 086)	344 505
	6 790 486	(3 046 001)	3 744 485

	Carrying amount at beginning of year R	Reclassification at carrying value R	Additions R	Disposals R	Depreciation R	Carrying amount at end of year R
2021						
Land and Buildings	-	-	6 026 332	-	-	6 026 332
Motor vehicles	2 550 718	-	3 907 045	-	(540 955)	5 916 808
Computer equipment	288 756	-	31 125	-	(84 362)	235 519
Furniture and fittings	64 983	-	11 195	-	(14 158)	62 020
Office equipment	495 523	-	92 075	-	(171 634)	415 964
Computer software	344 505	(344 505)	489 131	-	-	489 131
	3 744 485	(344 505)	10 556 903	-	(811 109)	13 145 774
2020						
Land and Buildings	-	-	-	-	-	-
Motor vehicles	1 639 285	-	1 243 501	-	(332 069)	2 550 718
Computer equipment	122 938	-	221 408	-	(55 590)	288 756
Furniture and fittings	100 981	-	3 309	-	(39 306)	64 983
Office equipment	551 135	-	120 567	-	(176 179)	495 523
Computer software	397 039	-	222 314	-	(274 849)	344 505
	2 811 379	-	1 811 099	-	(877 993)	3 744 485

Computer software with a carrying amount of R344 505 at the end of FY2020 related to the FoodShare website. FoodShare has now been reclassified as an intangible asset in terms of SIC-32 Intangible Assets: Websites (refer note 5).

5. INTANGIBLE ASSETS

	Cost R	Accumulated amortisation R	Net book value R
2021			
Foodshare	1 201 012	(896 003)	305 009
	1 201 012	(896 003)	305 009

	Carrying amount at beginning of year R	Reclassif-ication at carrying value R	Additions R	Disposals R	Amortisation R	Carrying amount at end of year R
2021						
Foodshare	-	344 505	195 500		(234 996)	305 009
	-	344 505	195 500	-	(234 996)	305 009

The carrying amount of Foodshare that has been reclassified from Property, Plant and Equipment (refer note 4) is made up as follows:

Cost	**920 721**
Accumulated amortisation to 29 February 2020	**(661 007)**
Carrying amount as at 1 March 2020	**344 505**

6. LEASES

6.1 Right of Use Assets

	Buildings R	Total R
Carrying amount at beginning of year	**-**	**-**
Additions	**1 840 566**	**1 840 566**
Depreciation for the year	**(978 665)**	**(978 665)**
Carrying amount at end of year	**861 901**	**861 901**

6.2 Maturity analysis of future lease payments outstanding at reporting date

	2021
Future lease payments (undiscounted)	
- For the year ended 28 February 2022	**894 901**
- For the year ended 28 February 2023	**60 653**
Total future lease payments	**955 554**
Total future finance costs	**(35 709)**
Lease liability	**919 845**
Short-term portion presented under current liabilities	**860 072**
Long-term portion presented under non-current liabilities	**59 773**

		2021 R
6.3	**Income and expenses related to leases**	
	Expenses	
	Short-term lease expense – recognition exemption	**349 925**
6.4	**Total cash outflows relating to leases**	
	Presented under financing activities	
	Cash payments for principal portion of lease liabilities	**920 721**
	Presented under operating activities	
	Cash payments for interest portion of lease liabilities	**100 219**
	Cash payments for short-term leases	**349 925**
	Total cash outflow relating to leases	**1 370 865**

FoodForward elected to implement the recognition exemption on short-term leases for the leases of the buildings leased for the Durban branch.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

		2021 R	2020 R
7.	**INVENTORY**		
	Opening stock	-	-
	Purchases	32 515 371	576 882
	Donated to beneficiaries	(32 515 371)	(576 882)
		-	-
8.	**RECEIVABLES**		
	Trade Debtors	108 587	230 656
	Deposits	236 430	266 753
	Sundry Debtors	130 333	39 883
	Value Added Tax Receivable	1 110 513	135 313
		1 585 863	672 605
9.	**CASH AND CASH EQUIVALENTS**		
	Petty cash	3 552	1 450
	Current account	850 110	247 204
	Call account	69 249 448	2 526 742
	Fixed Deposit	5 133 083	2 559 920
	Credit card	(48 604)	(31 534)
		75 187 589	5 303 781
10.	**PAYABLES**		
	Accruals	674 864	346 371
	Provision for leave pay	190 480	179 674
	Trade Payables	1 928 578	709 830
		2 793 922	1 235 875
11.	**DEFERRED REVENUE**		
	Glencore Rustenburg Smelter	-	423 600
		-	423 600

The funding received from Glencore Rustenburg Smelter by FoodForward SA was utilised to operate a branch of FoodForward SA in the Rustenburg region. The grant is recognised in income in accordance with accounting policy 3.5.

	2021 R	2020 R
12. REVENUE		
Donations	**94 238 571**	11 529 740
Grants	**34 540 000**	2 267 680
Service agreement revenue	**1 729 528**	3 438 510
Membership fees	**3 292 156**	3 370 644
Sundry revenue	**-**	-
	133 800 255	20 605 966

13. SURPLUS/(LOSS) FROM OPERATIONS

	2021 R	2020 R
The surplus/(loss) is arrived at after taking into account:		
Amortisation of intangible asset	**234 996**	-
Auditor's remuneration		
- audit fees : current year	**120 000**	90 000
- audit fees : prior year adjustment	**-**	(7 642)
- annual duty	**3 250**	3 250
- company secretarial fees	**2 175**	2 100
Director's emoluments (executive director only)	**1 405 591**	1 284 358
Depreciation property, plant and equipment	**811 109**	877 993
Depreciation right of use asset	**978 665**	-
Short-term lease expense – recognition exemption	**349 925**	-

14. CASH GENERATED BY OPERATIONS

	2021	2020
	R	R
Net profit/(loss) before interest	**77 370 183**	2 951 558
Adjusted for:		
Depreciation property, plant and equipment	**811 109**	877 993
Amortisation of intangible asset	**234 996**	-
Depreciation right of use assets	**978 665**	-
Operating surplus before working capital changes	**79 394 953**	3 829 551
Increase in receivables	**(913 258)**	(133 453)
Increase / (Decrease) in trade and other payables	**1 558 047**	(37 355)
Decrease in deferred revenue	**(423 600)**	-
	79 616 142	3 658 743

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 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 the prime rate. 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.

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.

The Company deposits short term cash surpluses with a major bank of high quality standing.

16. FINANCIAL RISK MANAGEMENT - Continued

	Due on demand R	Within 3 months R	3-12 months R	1 – 5 years R	Total R
2021					
Payables	**190 480**	**2 465 440**	**138 000**	**-**	**2 793 920**
2020					
Payables	179 674	952 701	103 500	-	1 235 875

17. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

	Loans and receivables R	Financial liabilities at amortised cost R	Total R
2021			
Trade and other receivables	**1 585 863**	**-**	**1 585 863**
Cash and cash equivalents	**75 236 193**	**(48 604)**	**75 187 589**
Deferred revenue	**-**	**-**	**-**
Payables	**-**	**(2 793 920)**	**(2 793 920)**
	76 822 056	**(2 842 524)**	**73 979 532**
2020			
Trade and other receivables	672 605	-	672 605
Cash and cash equivalents	5 335 315	(31 534)	5 303 781
Deferred revenue	-	(423 600)	(423 600)
Payables	-	(1 235 875)	(1 235 875)
	6 007 920	(1 691 009)	4 316 911

18. DIRECTORS' REMUNERATION

2021

Executive director only	Basic Salary	Bonus	Travel Allowance	Other Allowance	General Fringe Benefits	Pension Fund Contri-butions	Total
	R	R	R	R	R	R	R
A I Du Plessis	**1 091 417**	**112 329**	**120 000**	**5 000**	**22 275**	**54 570**	**1 405 591**

2020

Executive director only	Basic Salary	Bonus	Travel Allowance	Other Allowance	General Fringe Benefits	Pension Fund Contri-butions	Total
	R	R	R	R	R	R	R
A I Du Plessis	**1 021 200**	**71 256**	**120 000**	**-**	**20 842**	**51 060**	**1 284 358**

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

19. EVENTS POST REPORTING DATE

No material events have occurred subsequent to the reporting date and prior to the signature hereof that the Directors feel could either materially affect the financial information as presented nor influence a reader's appreciation of the financial statements as presented.

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2021

	2021 R	2020 R
Revenue	**133 800 255**	20 605 966
Net finance income	**1 940 790**	325 854
	135 741 045	20 931 820
Procured inventory donated by FoodForward SA	**(32 515 371)**	(576 882)
Expenditure	**(23 914 701)**	(17 077 526)
Accommodation and allowances	**315 331**	233 795
Amortisation of intangible asset	**234 996**	-
Auditor's remuneration	**125 425**	87 708
Bank charges	**72 079**	73 007
Computer expenses	**422 498**	311 855
Depreciation property plant and equipment	**811 109**	877 993
Depreciation right of use asset	**978 665**	-
Directors' emoluments	**1 405 591**	1 284 358
Distribution costs	**3 015 698**	300 893
Entertainment	**39 065**	46 245
Fundraising and other consulting	**310 930**	35 540
Fundraising costs and promotions	**716 608**	542 941
Insurance	**209 604**	171 605
Legal expenses	**13 880**	19 994
Motor vehicle fuel and oil	**700 262**	495 624
Motor vehicle licensing and registration	**55 353**	58 664
Other expenses	**277 269**	152 551
Postage and Courier	**42 110**	15 800
Printing and stationery	**131 234**	74 240
Rent paid	**126 243**	1 309 527
Repairs and maintenance – office and warehouse	**105 298**	64 294
Repairs and maintenance – vehicles	**231 959**	77 199
Salaries and wages	**11 050 514**	9 393 090
Security	**406 202**	85 778
Short-term lease expense	**349 925**	-
Staff recruitment	**123 884**	108 352
Staff uniforms and PPE	**332 653**	29 194
Staff welfare	**79 676**	13 749
Telephone	**148 235**	153 019
Training	**183 175**	224 043
Travel	**404 703**	413 154
Utilities	**494 527**	423 314
Net surplus for the year	**79 310 973**	3 277 412