

**Peninsula School Feeding Association  
(Registration number 002-878 NPO)  
Annual Financial Statements  
for the year ended 31 March 2017**

Sprigg Abbott Incorporated  
Chartered Accountants (S.A.)  
Registered Auditors  
Issued 06 October 2017

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Index

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The reports and statements set out below comprise the Annual Financial Statements presented to the shareholder:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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The Annual Financial Statements set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the executive committee on 06 October 2017 and were signed on its behalf by:



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Chairman



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Honorary Treasurer

# SPRIGG ABBOTT INCORPORATED

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CHARTERED ACCOUNTANTS (SA)  
REGISTERED AUDITORS

## Independent Auditor's Report

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To the members of Peninsula School Feeding Association

Report on the Audit of the Annual Financial Statements

### Qualified opinion

We have audited the Annual Financial Statements of Peninsula School Feeding Association set out on pages 4 to 13, which comprise the Statement of Financial Position as at 31 March 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the Annual Financial Statements present fairly, in all material respects, the financial position of Peninsula School Feeding Association as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as described in note 1 to the annual financial statements and the requirements of the Non-Profit Organisations Act 71 of 1997.

### Basis for qualified opinion

Cash donations are a significant source of fundraising revenue for Peninsula School Feeding Association. Management has determined that it is impracticable to establish internal controls over the collection of cash donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all cash donations were recorded.

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 the Annual 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 qualified opinion.

### Other information

Management is responsible for the other information. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual 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 Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears 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



# Independent Auditor's Report

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## Responsibilities of management for the Annual Financial Statements

Management is responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with the basis of accounting as described in note 1 to the annual financial statements and the requirements of the Non-Profit Organisations Act 71 of 1997, and for such internal control as they determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, management is responsible for assessing the association'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 they either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual 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 Annual 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 Annual 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 for 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 association'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 Annual 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 association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive committee 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.

## Other matter

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 13 to 14 does not form part of the Annual Financial Statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



Sprigg Abbott Incorporated  
Director: David Barnes  
Chartered Accountant (S.A.)  
Registered Auditor

06 October 2017  
Milnerton

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Position as at 31 March 2017

Figures in Rand	Note(s)	2017	2016
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	24 128 172	11 780 445
Investments	3	57 135 640	88 957 186
		<b>81 263 812</b>	<b>100 737 631</b>
Current Assets			
Inventories	4	3 654 087	1 127 289
Trade and other receivables		39 201 873	1 462 274
Cash and cash equivalents	5	1 186 236	4 678 549
		<b>44 042 196</b>	<b>7 268 112</b>
<b>Total Assets</b>		<b>125 306 008</b>	<b>108 005 743</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		107 964 848	107 194 531
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables		17 341 160	811 212
<b>Total Equity and Liabilities</b>		<b>125 306 008</b>	<b>108 005 743</b>

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	6	144 909 969	9 115 328
Cost of sales	7	(142 965 076)	(13 407 932)
<b>Gross surplus / (deficit)</b>		<b>1 944 893</b>	<b>(4 292 604)</b>
Operating expenses		(5 834 637)	(4 201 461)
<b>Operating deficit</b>	8	<b>(3 889 744)</b>	<b>(8 494 065)</b>
Investment revenue	9	4 660 061	6 392 829
<b>Surplus / (deficit) for the year</b>		<b>770 317</b>	<b>(2 101 236)</b>
Other comprehensive income		-	-
<b>Total comprehensive surplus / (deficit) for the year</b>		<b>770 317</b>	<b>(2 101 236)</b>

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
<b>Balance at 01 April 2015</b>	<b>109 295 767</b>	<b>109 295 767</b>
Deficit for the year	(2 101 236)	(2 101 236)
<b>Balance at 01 April 2016</b>	<b>107 194 531</b>	<b>107 194 531</b>
Surplus for the year	770 317	770 317
<b>Balance at 31 March 2017</b>	<b>107 964 848</b>	<b>107 964 848</b>

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
<b>Cash flows from operating activities</b>			
Cash used in operations	10	(27 498 936)	(8 527 060)
Interest income		4 294 384	5 996 702
Dividends received		365 677	396 127
<b>Net cash from operating activities</b>		<b>(22 838 875)</b>	<b>(2 134 231)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(12 474 984)	(7 053 704)
Sale of property, plant and equipment	2	-	7 017
Decrease in investments		31 821 546	13 807 170
<b>Net cash from investing activities</b>		<b>19 346 562</b>	<b>6 760 483</b>
<b>Total cash movement for the year</b>		<b>(3 492 313)</b>	<b>4 626 252</b>
Cash at the beginning of the year		4 678 549	52 298
<b>Total cash at end of the year</b>	5	<b>1 186 236</b>	<b>4 678 549</b>



# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1. Presentation of annual financial statements

The Annual Financial Statements have been prepared in accordance with the accounting policies as set out below. The Annual Financial Statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

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Item		Average useful life
Land and buildings	Straight line	Indefinite
Motor vehicles	Straight line	4 years
Office equipment	Straight line	4 years
Computer equipment	Straight line	3 years
Computer software	Straight line	2 years
Furniture and fittings	Straight line	6 years
Warehouse equipment	Straight line	6 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1.2 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include trade receivables, trade payables, shareholder loans and loans to group companies. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### Financial instruments at cost

Investments are measured at cost less impairment.

### 1.3 Tax

#### Tax expenses

Provision has not been made for the taxation for the current year as the association has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from SA normal taxation in terms of section 10(1)(cN) of the Income Tax Act.

### 1.4 Inventories

Inventories are measured at the lower of cost and net realisable value, on the weighted average cost basis.

Where necessary provision is made for obsolete, slow moving and defective inventories.

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.6 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

### 1.7 Revenue

Revenue comprising donations received, subscriptions, legacies and other fundraising income, is recognised in profit and loss upon receipt.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

Figures in Rand

2017

2016

### 2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	23 436 936	-	23 436 936	11 659 680	-	11 659 680
Warehouse equipment	458 891	(26 723)	432 168	-	-	-
Furniture and fittings	240 862	(119 569)	121 293	103 873	(99 175)	4 698
Motor vehicles	131 330	(131 328)	2	131 330	(106 666)	24 664
Office equipment	180 472	(119 956)	60 516	146 744	(100 817)	45 927
Computer equipment	455 439	(378 184)	77 255	387 320	(341 846)	45 474
Computer software	57 395	(57 393)	2	57 395	(57 393)	2
<b>Total</b>	<b>24 961 325</b>	<b>(833 153)</b>	<b>24 128 172</b>	<b>12 486 342</b>	<b>(705 897)</b>	<b>11 780 445</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Land and buildings	11 659 680	11 777 256	-	23 436 936
Warehouse equipment	-	458 891	(26 723)	432 168
Furniture and fittings	4 698	136 989	(20 394)	121 293
Motor vehicles	24 664	-	(24 662)	2
Office equipment	45 927	33 728	(19 139)	60 516
Computer equipment	45 474	68 120	(36 339)	77 255
Computer software	2	-	-	2
	<b>11 780 445</b>	<b>12 474 984</b>	<b>(127 257)</b>	<b>24 128 172</b>

#### Details of properties

##### Erf 94

To the extent of 6638 sqm, situated in Springfield, Lansdowne

- Purchase price: 22 October 2013	4 646 600	4 646 600
- Attorney and transfer fees	39 886	39 886
- Capitalised expenditure	18 750 450	6 973 194
	<b>23 436 936</b>	<b>11 659 680</b>

### 3. Investments

#### The association held the following investments at cost:

Allan Gray investment portfolio	1 485 781	13 706 790
Coronation investment portfolio	23 420 785	54 774 130
Funds on deposit	20 028 162	3 774 650
Investec PB investment portfolio	-	12 938 401
Momentum investment portfolio	49 872	46 262
STANLIB investment portfolio	12 151 040	3 716 953
	<b>57 135 640</b>	<b>88 957 186</b>

#### Non-current assets

At cost	57 135 640	88 957 186
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# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>3. Investments (continued)</b>		
The market value of the STANLIB investment portfolio at year end was R 12 166 715 (2016:R 3 521 274 ).		
The market value of the Allan Gray investment portfolio at year end was R 10 780 808 (2016:R 22 848 493).		
The market value of the Coronation investment portfolio at year end was R 28 769 526 (2016:R 58 961 485).		
<b>4. Inventories</b>		
Food and cooking utensils to be distributed to schools	3 654 087	1 127 289
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	22 580	15 701
Bank balances	1 163 656	4 662 848
	<b>1 186 236</b>	<b>4 678 549</b>
<b>6. Revenue</b>		
NSNP Grant	133 603 641	-
Collections / Donations	11 306 328	9 115 328
	<b>144 909 969</b>	<b>9 115 328</b>
<b>7. Cost of sales</b>		
Direct feeding costs	141 620 497	12 096 489
Project and fundraising costs	1 344 579	1 311 443
	<b>142 965 076</b>	<b>13 407 932</b>
<b>8. Operating deficit</b>		
Operating deficit for the year is stated after accounting for the following:		
Loss on sale of property, plant and equipment	-	(3 093)
Depreciation on property, plant and equipment	127 258	71 027
Employee costs	3 443 737	3 079 260
<b>9. Investment revenue</b>		
<b>Dividend revenue</b>		
Investments	365 677	396 127
<b>Interest revenue</b>		
Financial institutions	4 294 384	5 996 702
	<b>4 660 061</b>	<b>6 392 829</b>

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>10. Cash used in operations</b>		
Profit (loss) before taxation	770 317	(2 101 236)
<b>Adjustments for:</b>		
Depreciation and amortisation	127 258	71 027
Loss on sale of assets	-	3 093
Dividends received	(365 677)	(396 127)
Interest received	(4 294 384)	(5 996 702)
<b>Changes in working capital:</b>		
Inventories	(2 526 798)	(167 314)
Trade and other receivables	(37 739 600)	(324 951)
Trade and other payables	16 529 948	385 150
	<b>(27 498 936)</b>	<b>(8 527 060)</b>
<b>11. Auditor's remuneration</b>		
Fees	75 000	75 000
Adjustment for previous year	(6 000)	-
Other services	1 650	5 438
	<b>70 650</b>	<b>80 438</b>

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
<b>Revenue</b>			
NSNP Grant		133 603 641	-
Collections / Donations		11 306 328	9 115 328
	6	<b>144 909 969</b>	<b>9 115 328</b>
<b>Cost of sales</b>			
Direct feeding costs		(141 620 497)	(12 096 489)
Project and fundraising costs		(1 344 579)	(1 311 443)
	7	<b>(142 965 076)</b>	<b>(13 407 932)</b>
<b>Gross surplus / (deficit)</b>		<b>1 944 893</b>	<b>(4 292 604)</b>
<b>Other income</b>			
Dividends received	9	365 677	396 127
Interest received	9	4 294 384	5 996 702
		<b>4 660 061</b>	<b>6 392 829</b>
<b>Expenses (Refer to page 15)</b>		<b>(5 834 637)</b>	<b>(4 201 461)</b>
<b>Surplus / (deficit) for the year</b>		<b>770 317</b>	<b>(2 101 236)</b>

# Peninsula School Feeding Association

(Registration number 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
<b>Operating expenses</b>			
Advertising		(32 760)	(8 245)
Auditors remuneration	11	(70 650)	(80 438)
BBBEE Enterprise Development		(344 681)	(82 433)
Bank charges		(93 709)	(48 184)
Cleaning		(86 131)	(23 644)
Computer expenses		(180 446)	(43 668)
Consulting and professional fees		(143 232)	(70 500)
Depreciation		(127 258)	(71 027)
Donations		(2 000)	(3 610)
Employee costs		(3 443 737)	(3 079 260)
Entertainment		(6 372)	-
Insurance		(90 022)	(33 091)
Legal expenses		(66 003)	(62 686)
Loss on disposal of property, plant and equipment		-	(3 093)
Motor vehicle expenses		(27 079)	(26 489)
Municipal expenses		(297 313)	(64 842)
Postage		(2 920)	(21 727)
Printing and stationery		(134 883)	(69 984)
Protective clothing		(18 593)	(4 823)
Repairs and maintenance		(27 798)	(6 063)
Security		(11 074)	(8 589)
Sheffield park expenses		(172 633)	(183 800)
Staff Recruitment		(5 150)	-
Staff welfare		(54 868)	(45 544)
Telephone and fax		(322 421)	(65 806)
Training		(72 904)	(93 915)
		<b>(5 834 637)</b>	<b>(4 201 461)</b>