

**Peninsula School Feeding Association
(Registration number 002-878 NPO)
Annual Financial Statements
for the year ended 31 March 2021**

Sprigg Abbott Incorporated
Chartered Accountants (SA)
Registered Auditors
Issued 30 September 2021

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2021

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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 30 September 2021 and were signed on its behalf by:



Chairman



Honorary Treasurer

SPRIGG ABBOTT INCORPORATED

CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

Independent Auditor's Report

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 (the company) set out on pages 4 to 13, which comprise the statement of financial position as at 31 March 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 of Peninsula School Feeding Association for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the basis of accounting as described in note 1 to the annual financial statements 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 (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 qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement of Financial Performance as required by the Non-Profit Organisations Act 71 of 1997, which we obtained prior to the date of this report. 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 and will 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 on the other information obtained prior to the date of this auditor's report, 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)
Consultant: PJ Chong B Com(Hons), CA(SA)
Assisted by: RE Norman B Com, CTA; JJ Smith B Econ Registration Number: 2003/023087/21



Independent Auditor's Report

Responsibilities of the Directors 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, the 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.

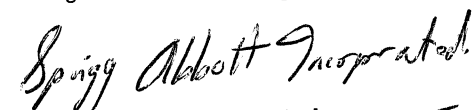
Auditor's Responsibilities for the Audit of the Annual Financial Statements

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 the management.
- Conclude on the appropriateness of the 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.



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

30 September 2021
Milnerton

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	24 417 938	24 389 485
Investments	3	129 778 605	118 755 900
		154 196 543	143 145 385
Current Assets			
Inventories	4	5 602 745	4 075 701
Trade and other receivables		20 755 005	9 795 783
Cash and cash equivalents	5	31 702 631	10 855 489
		58 060 381	24 726 973
Total Assets		212 256 924	167 872 358
Equity and Liabilities			
Equity			
Retained income		129 452 070	130 377 641
Liabilities			
Non-Current Liabilities			
Feeding Endowment	6	1 215 784	135 900
Current Liabilities			
Trade and other payables		81 589 070	37 358 817
Total Liabilities		82 804 854	37 494 717
Total Equity and Liabilities		212 256 924	167 872 358

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2021

Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue	7	226 492 516	227 135 959
Cost of sales	8	(219 770 907)	(217 731 654)
Gross surplus		6 721 609	9 404 305
Surplus on realisation of investments		-	9 663 914
Operating expenses		(13 683 131)	(10 919 594)
Operating (deficit) / surplus	9	(6 961 522)	8 148 625
Investment revenue	10	6 035 951	4 584 479
(Deficit) / Surplus for the year		(925 571)	12 733 104
Other comprehensive income		-	-
Total comprehensive (deficit) / surplus for the year		(925 571)	12 733 104

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Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2019	117 644 537	117 644 537
Surplus for the year	12 733 104	12 733 104
Other comprehensive income	-	-
Total comprehensive income for the year	12 733 104	12 733 104
Balance at 01 April 2020	130 377 641	130 377 641
Deficit for the year	(925 571)	(925 571)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(925 571)	(925 571)
Balance at 31 March 2021	129 452 070	129 452 070

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2021

Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	11	25 005 302	22 990 105
Interest income		5 651 021	4 076 589
Dividends received		15 254	79 705
Service fee rebates		369 676	428 185
Net cash from operating activities		31 041 253	27 574 584
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(251 290)	(266 781)
Increase in investments		(11 022 705)	(32 598 391)
Net cash from investing activities		(11 273 995)	(32 865 172)
Cash flows from financing activities			
Movement in PSFA late estate's feeding fund		1 079 884	135 900
Total cash movement for the year		20 847 142	(5 154 688)
Cash at the beginning of the year		10 855 489	16 010 177
Total cash at end of the year	5	31 702 631	10 855 489

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Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

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 are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item		Average useful life
Trademarks	Straight line	5 years
Warehouse equipment	Straight line	6 years
Furniture and fittings	Straight line	6 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	4 years
Computer equipment	Straight line	3 years
Computer software	Straight line	2 years

Land and buildings are not depreciated because they have an indefinite life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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.

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Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.2 Financial instruments (continued)

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

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

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.

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.

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Accounting Policies

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.

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Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

2. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	23 885 449	-	23 885 449	23 811 267	-	23 811 267
Warehouse equipment	539 509	(364 628)	174 881	507 719	(279 466)	228 253
Furniture and fittings	537 148	(280 134)	257 014	519 099	(210 727)	308 372
Motor vehicles	131 330	(131 328)	2	131 330	(131 328)	2
Office equipment	260 349	(220 697)	39 652	214 935	(198 622)	16 313
Computer equipment	640 814	(584 340)	56 474	558 958	(540 362)	18 596
Computer software	69 813	(69 810)	3	69 813	(69 810)	3
Trademarks	11 080	(6 617)	4 463	11 080	(4 401)	6 679
Total	26 075 492	(1 657 554)	24 417 938	25 824 201	(1 434 716)	24 389 485

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Land and buildings	23 811 267	74 182	-	23 885 449
Warehouse equipment	228 253	31 790	(85 162)	174 881
Furniture and fittings	308 372	18 048	(69 406)	257 014
Motor vehicles	2	-	-	2
Office equipment	16 313	45 414	(22 075)	39 652
Computer equipment	18 596	81 856	(43 978)	56 474
Computer software	3	-	-	3
Trademarks	6 679	-	(2 216)	4 463
	24 389 485	251 290	(222 837)	24 417 938

Details of properties

Erf 94

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

- Purchase price: 22 October 2013

- Attorney and transfer fees

- Capitalised expenditure

4 646 600

4 646 600

39 886

39 886

19 198 963

19 124 781

23 885 449

23 811 267

3. Investments

The association held the following investments at cost:

Prescient investment portfolio	42 558 225	40 216 961
Coronation investment portfolio	32 947 285	31 142 362
Funds on deposit	37 282 829	31 417 182
Momentum investment portfolio	64 969	61 893
STANLIB investment portfolio	16 925 297	15 917 502
	129 778 605	118 755 900

Non-current assets

At cost

129 778 605

118 755 900

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Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
3. Investments (continued)		
The market value of the STANLIB investment portfolio at year end was R16 929 830 (2020: R15 922 472).		
The market value of the Coronation investment portfolio at year end was R44 593 169 (2020: R40 420 060).		
The market value of the Prescient investment portfolio at year end was R42 368 893 (2020: R38 945 153).		
4. Inventories		
Food and cooking utensils to be distributed to schools	5 602 745	4 075 701
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	10 258	5 184
Bank balances	31 692 373	10 850 305
	31 702 631	10 855 489
6. Feeding Endowment		
Feeding Endowment	1 215 784	135 900
7. Revenue		
Grants / Tenders	192 740 022	210 696 235
Collections / Donations	33 752 494	16 439 724
	226 492 516	227 135 959
8. Cost of sales		
Direct feeding costs	219 770 907	217 731 654
9. Operating (deficit) / surplus		
Operating (deficit) / surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	222 837	199 713
Employee costs	5 654 763	5 018 444

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
10. Investment revenue		
Dividend revenue		
Investments	15 254	79 705
Interest revenue		
SARS Interest	22 782	-
Financial institutions	5 628 239	4 076 589
	5 651 021	4 076 589
Service fee rebates		
Investments	369 676	428 185
	6 035 951	4 584 479
11. Cash generated from operations		
(Loss) profit before taxation	(925 571)	12 733 104
Adjustments for:		
Depreciation and amortisation	222 837	199 714
Dividends received	(15 254)	(79 705)
Interest received	(6 020 697)	(4 504 774)
Changes in working capital:		
Inventories	(1 527 044)	4 305 440
Trade and other receivables	(10 959 222)	1 613 868
Trade and other payables	44 230 253	8 722 458
	25 005 302	22 990 105
12. Auditor's remuneration		
Fees	85 600	80 000
Other services	500	2 569
	86 100	82 569
13. Prior period errors		
A portion of the revenue of the Peninsula School Feeding Association, which had previously been treated as zero rated for VAT purposes, should have been subject to VAT at the standard rate. As a result of the discovery of this error the Peninsula School Feeding Association has made full disclosure to SARS and submitted an application in terms of their Voluntary Disclosure Programme. This has resulted in adjustments as follows :		
Statement of Financial Position		
Trade and other receivables		(2 839 248)
Retained income		34 797 736
Trade and other payables		(31 958 488)
Profit or Loss		
Revenue		10 209 946
SARS interest and penalties		2 214 609

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Revenue			
Collections / Donations		33 752 494	16 439 724
Grants / Tenders		192 740 022	210 696 235
	7	226 492 516	227 135 959
Cost of sales			
Direct feeding costs		(219 770 907)	(217 731 654)
Gross surplus		6 721 609	9 404 305
Other income			
Surplus on realisation of investments		-	9 663 914
Service fee rebates received	10	369 676	428 185
Dividends received	10	15 254	79 705
Interest received	10	5 651 021	4 076 589
		6 035 951	14 248 393
Expenses (Refer to page 15)		(13 683 131)	(10 919 594)
(Deficit) / Surplus for the year		(925 571)	12 733 104

Peninsula School Feeding Association

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Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Operating expenses			
Advertising		(125 542)	(123 140)
Auditors remuneration	12	(86 100)	(82 569)
Bank charges		(129 528)	(151 890)
Computer expenses		(347 777)	(185 994)
Consulting and professional fees		(294 955)	(284 362)
Depreciation		(222 837)	(199 714)
Employee costs		(5 654 763)	(5 018 444)
Entertainment		(550)	(8 240)
Insurance		(768 605)	(636 309)
Legal expenses		(19 474)	(25 061)
Motor vehicle expenses		(24 234)	(21 341)
Municipal expenses		(814 660)	(687 026)
Postage		(18 064)	(12 670)
Printing and stationery		(430 552)	(569 032)
Protective clothing		(466)	(814)
Repairs and maintenance		(67 584)	(110 793)
SARS interest and penalties		(3 378 242)	(2 227 524)
Security		(811 143)	(138 971)
Services and cleaning		(159 655)	(128 525)
Staff Recruitment		-	(1 725)
Staff welfare		(76 786)	(71 707)
Telephone and fax		(181 550)	(186 095)
Training		(70 064)	(47 648)
		(13 683 131)	(10 919 594)