

**Peninsula School Feeding Association
(Registration number 002-878 NPO)
Annual Financial Statements
for the year ended 31 March 2019**

**Sprigg Abbott Incorporated
Chartered Accountants (SA)
Registered Auditors
Issued 02 August 2019**

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2019

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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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A report of the directors has not been prepared as the company is a wholly owned subsidiary of which is incorporated in

The Annual Financial Statements set out on page 4, which have been prepared on the going concern basis, were approved by the executive committee on 02 August 2019 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 set out on pages 4 to 13, which comprise the statement of financial position as at 31 March 2019, 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 2019, 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 (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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa [N6]. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants [N6] and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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)
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

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 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.

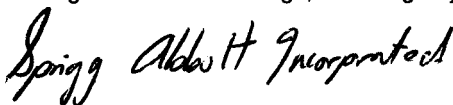
Auditor's responsibilities for the audit of the Annual Financial Statements

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 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

02 August 2019
Milnerton

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	24 322 418	24 454 935
Investments	3	86 157 509	75 805 502
		110 479 927	100 260 437
Current Assets			
Inventories	4	8 381 141	1 490 841
Trade and other receivables		14 132 456	33 797 882
Cash and cash equivalents	5	16 010 177	3 717 703
		38 523 774	39 006 426
Total Assets		149 003 701	139 266 863
Equity and Liabilities			
Equity			
Retained income		140 017 717	125 859 865
Liabilities			
Current Liabilities			
Trade and other payables		8 985 984	13 406 998
Total Equity and Liabilities		149 003 701	139 266 863

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Annual Financial Statements for the year ended 31 March 2019

Statement of Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Revenue	6	226 384 846	221 513 140
Cost of sales	7	(207 733 971)	(205 044 815)
Gross surplus		18 650 875	16 468 325
Other income		-	3 415 765
Operating expenses		(8 895 032)	(6 258 936)
Operating surplus	8	9 755 843	13 625 154
Investment revenue	9	4 402 009	4 269 862
Surplus for the year		14 157 852	17 895 016
Other comprehensive income		-	-
Total comprehensive surplus for the year		14 157 852	17 895 016

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2019

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2017	107 964 849	107 964 849
Surplus for the year	17 895 016	17 895 016
Other comprehensive income	-	-
Total comprehensive income for the year	17 895 016	17 895 016
Balance at 01 April 2018	125 859 865	125 859 865
Surplus for the year	14 157 852	14 157 852
Other comprehensive income	-	-
Total comprehensive income for the year	14 157 852	14 157 852
Balance at 31 March 2019	140 017 717	140 017 717

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2019

Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	10	18 314 645	17 455 389
Interest income		3 713 268	4 041 037
Dividends received		184 244	168 995
Service fee rebates		504 497	59 830
Net cash from operating activities		22 716 654	21 725 251
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(72 173)	(523 922)
(Increase) / decrease in investments		(10 352 007)	(18 669 862)
Net cash from investing activities		(10 424 180)	(19 193 784)
Total cash movement for the year		12 292 474	2 531 467
Cash at the beginning of the year		3 717 703	1 186 236
Total cash at end of the year	5	16 010 177	3 717 703

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Annual Financial Statements for the year ended 31 March 2019

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 is not depreciated because it has 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 2019

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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Annual Financial Statements for the year ended 31 March 2019

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 2019

Notes to the Annual Financial Statements

Figures in Rand 2019 2018

2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	23 811 267	-	23 811 267	23 774 884	-	23 774 884
Warehouse equipment	507 719	(194 829)	312 890	507 719	(110 192)	397 527
Furniture and fittings	254 151	(170 321)	83 830	250 551	(145 195)	105 356
Motor vehicles	131 330	(131 328)	2	131 330	(131 328)	2
Office equipment	214 935	(174 099)	40 836	204 178	(146 141)	58 037
Computer equipment	558 958	(493 794)	65 164	538 924	(434 814)	104 110
Computer software	69 813	(68 324)	1 489	69 813	(62 115)	7 698
Trademarks	9 247	(2 307)	6 940	7 848	(527)	7 321
Total	25 557 420	(1 235 002)	24 322 418	25 485 247	(1 030 312)	24 454 935

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Land and buildings	23 774 884	36 383	-	23 811 267
Warehouse equipment	397 527	-	(84 637)	312 890
Furniture and fittings	105 356	3 600	(25 126)	83 830
Motor vehicles	2	-	-	2
Office equipment	58 037	10 757	(27 958)	40 836
Computer equipment	104 110	20 034	(58 980)	65 164
Computer software	7 698	-	(6 209)	1 489
Trademarks	7 321	1 399	(1 780)	6 940
	24 454 935	72 173	(204 690)	24 322 418

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

19 124 781

19 088 398

23 811 267

23 774 884

3. Investments

The association held the following investments at cost:

Allan Gray investment portfolio	9 604 310	1 864 743
Coronation investment portfolio	39 800 393	25 119 229
Funds on deposit	22 067 692	35 391 616
Momentum investment portfolio	54 503	50 154
STANLIB investment portfolio	14 630 611	13 379 760
	86 157 509	75 805 502

Non-current assets

At cost 86 157 509 75 805 502

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Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
3. Investments (continued)		
The market value of the STANLIB investment portfolio at year end was R14 610 545 (2018: R 13 363 072).		
The market value of the Allan Gray investment portfolio at year end was R19 883 436 (2018: R 11 554 242).		
The market value of the Coronation investment portfolio at year end was R48 292 073 (2018: R 31 323 390).		
4. Inventories		
Food and cooking utensils to be distributed to schools	8 381 141	1 490 841
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7 143	10 917
Bank balances	16 003 034	3 706 786
	16 010 177	3 717 703
6. Revenue		
NSNP Grant	210 134 102	206 529 136
Collections / Donations	16 250 744	14 984 004
	226 384 846	221 513 140
7. Cost of sales		
Direct feeding costs	207 733 971	204 512 821
Project and fundraising costs	-	531 994
	207 733 971	205 044 815
8. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	204 690	197 159
Employee costs	4 767 948	3 893 698
9. Investment revenue		
Dividend revenue		
Investments	184 244	168 995
Interest revenue		
Financial institutions	3 713 268	4 041 037
Service fee rebates		
Investments	504 497	59 830
	4 402 009	4 269 862

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
10. Cash generated from operations		
Profit before taxation	14 157 852	17 895 016
Adjustments for:		
Depreciation and amortisation	204 690	197 159
Dividends received	(184 244)	(168 995)
Interest received	(4 217 765)	(4 100 867)
Changes in working capital:		
Inventories	(6 890 300)	2 163 246
Trade and other receivables	19 665 426	5 403 991
Trade and other payables	(4 421 014)	(3 934 161)
	18 314 645	17 455 389
11. Auditor's remuneration		
Fees	76 500	76 500
Adjustment for previous year	-	(2 500)
Other services	500	1 870
	77 000	75 870

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue			
Collections / Donations		16 250 744	14 984 004
NSNP Grant		210 134 102	206 529 136
	6	226 384 846	221 513 140
Cost of sales			
Direct feeding costs		(207 733 971)	(204 512 821)
Project and fundraising costs		-	(531 994)
	7	(207 733 971)	(205 044 815)
Gross surplus		18 650 875	16 468 325
Other income			
Service fee rebates received		504 497	59 830
Return on realisation of investment in Dorhur (Pty) Ltd		-	3 415 765
Dividends received	9	184 244	168 995
Interest received	9	3 713 268	4 041 037
		4 402 009	7 685 627
Expenses (Refer to page 15)		(8 895 032)	(6 258 936)
Surplus for the year		14 157 852	17 895 016

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Operating expenses			
Accounting fees		(16 501)	-
Advertising		(107 265)	(110 760)
Auditors remuneration	11	(77 000)	(75 870)
BBBEE Enterprise Development		(940 288)	-
Bank charges		(175 934)	(132 671)
Computer expenses		(167 957)	(126 116)
Consulting and professional fees		(287 405)	(263 061)
Depreciation		(204 690)	(197 159)
Employee costs		(4 767 948)	(3 893 698)
Entertainment		(11 750)	(6 040)
Insurance		(260 423)	(95 000)
Legal expenses		(30 110)	(40 596)
Motor vehicle expenses		(34 450)	(50 596)
Municipal expenses		(502 077)	(310 240)
Postage		(11 436)	(27 674)
Printing and stationery		(556 777)	(136 056)
Protective clothing		(12 194)	(5 065)
Repairs and maintenance		(72 802)	(27 845)
Research and development		(12 800)	(19 200)
SARS interest and penalties		(22 810)	-
Security		(91 557)	(11 120)
Services and cleaning		(132 622)	(211 002)
Sheffield park expenses		-	(117 855)
Staff Recruitment		(34 135)	-
Staff welfare		(96 175)	(114 497)
Telephone and fax		(179 009)	(179 645)
Training		(88 917)	(107 170)
		(8 895 032)	(6 258 936)