

**Peninsula School Feeding Association
(Registration number 002-878 NPO)
Annual Financial Statements
for the year ended 31 March 2022**

Sprigg Abbott Incorporated
Chartered Accountants (SA)
Registered Auditors
Issued 22 September 2022

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2022

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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 16, which have been prepared on the going concern basis, were approved by the executive committee on 22 September 2022 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 14, which comprise the statement of financial position as at 31 March 2022, 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 2022 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 (SA)
Registered Auditor

22 September 2022
Milnerton

Peninsula School Feeding Association

(Registration number: 002-878 NPO)

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	25 133 706	24 417 938
Investments	3	100 993 279	129 778 605
		126 126 985	154 196 543
Current Assets			
Inventories	4	9 632 106	5 049 245
Trade and other receivables		23 191 352	27 306 344
Cash and cash equivalents	5	30 031 962	31 702 631
		62 855 420	64 058 220
Total Assets		188 982 405	218 254 763
Equity and Liabilities			
Equity			
Retained income		147 302 350	134 758 708
Liabilities			
Non-Current Liabilities			
Other financial liabilities	6	186 544	-
Feeding Endowment	7	1 343 046	1 215 784
		1 529 590	1 215 784
Current Liabilities			
Trade and other payables		36 276 502	81 589 070
Other financial liabilities	6	42 514	-
Tax payable		3 831 449	691 201
		40 150 465	82 280 271
Total Liabilities		41 680 055	83 496 055
Total Equity and Liabilities		188 982 405	218 254 763

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue	8	246 653 991	233 043 855
Cost of sales	9	(224 198 677)	(220 324 407)
Gross surplus		22 455 314	12 719 448
Operating expenses		(12 861 816)	(13 683 131)
Operating Surplus / (Deficit)	10	9 593 498	(963 683)
Investment revenue	11	6 090 392	6 035 951
Profit before taxation		15 683 890	5 072 268
Taxation	14	(3 140 248)	-
Surplus for the year		12 543 642	5 072 268
Other comprehensive income		-	-
Total comprehensive Surplus for the year		12 543 642	5 072 268

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2020	129 686 440	129 686 440
Deficit for the year	5 072 268	5 072 268
Other comprehensive income	-	-
Total comprehensive income for the year	5 072 268	5 072 268
Balance at 01 April 2021	134 758 708	134 758 708
Surplus for the year	12 543 642	12 543 642
Other comprehensive income	-	-
Total comprehensive deficit for the year	12 543 642	12 543 642
Balance at 31 March 2022	147 302 350	147 302 350

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash (used in) generated from operations	12	(35 892 655)	25 005 302
Interest income		5 788 976	5 651 021
Dividends received		-	15 254
Service fee rebates		301 416	369 676
Net cash from operating activities		(29 802 263)	31 041 253
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 010 052)	(251 290)
Increase in investments		28 785 326	(11 022 705)
Net cash from investing activities		27 775 274	(11 273 995)
Cash flows from financing activities			
Net movement in other financial liabilities		229 058	-
Net movement in feeding endowment		127 262	1 079 884
Net cash from financing activities		356 320	1 079 884
Total cash movement for the year		(1 670 669)	20 847 142
Cash at the beginning of the year		31 702 631	10 855 489
Total cash at end of the year	5	30 031 962	31 702 631

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Annual Financial Statements for the year ended 31 March 2022

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 2022

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 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	24 588 615	-	24 588 615	23 885 449	-	23 885 449
Warehouse equipment	539 509	(454 564)	84 945	539 509	(364 628)	174 881
Furniture and fittings	621 791	(358 072)	263 719	537 148	(280 134)	257 014
Motor vehicles	131 330	(131 328)	2	131 330	(131 328)	2
Office equipment	286 445	(237 900)	48 545	260 349	(220 697)	39 652
Computer equipment	679 534	(619 177)	60 357	640 814	(584 340)	56 474
Computer software	227 240	(141 964)	85 276	69 813	(69 810)	3
Trademarks	11 080	(8 833)	2 247	11 080	(6 617)	4 463
Total	27 085 544	(1 951 838)	25 133 706	26 075 492	(1 657 554)	24 417 938

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
Land and buildings	23 885 449	703 166	-	24 588 615
Warehouse equipment	174 881	-	(89 936)	84 945
Furniture and fittings	257 014	84 643	(77 938)	263 719
Motor vehicles	2	-	-	2
Office equipment	39 652	26 096	(17 203)	48 545
Computer equipment	56 474	38 720	(34 837)	60 357
Computer software	3	157 427	(72 154)	85 276
Trademarks	4 463	-	(2 216)	2 247
	24 417 938	1 010 052	(294 284)	25 133 706

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

19 902 129

19 198 963

24 588 615

23 885 449

3. Investments

The association held the following investments at cost:

Prescient investment portfolio	27 886 291	42 558 225
Coronation investment portfolio	18 361 987	32 947 285
Funds on deposit	36 781 374	37 282 829
Momentum investment portfolio	67 618	64 969
STANLIB investment portfolio	17 896 009	16 925 297
	100 993 279	129 778 605

Non-current assets

At cost

100 993 279

129 778 605

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
3. Investments (continued)		
The market value of the STANLIB investment portfolio at year end was R17 948 562 (2021: R16 929 830).		
The market value of the Coronation investment portfolio at year end was R30 400 076 (2021: R44 593 169).		
The market value of the Prescient investment portfolio at year end was R28 374 572 (2021: R42 368 893).		
4. Inventories		
Food and cooking utensils to be distributed to schools	9 632 106	5 049 245
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3 109	10 258
Bank balances	30 028 853	31 692 373
	30 031 962	31 702 631
6. Other financial liabilities		
At amortised cost		
Wesbank Vehicle finance This loan is repayable in 55 monthly instalments of R4 942 and bears interest at 8% per annum.	229 058	-
Non-current liabilities		
At amortised cost	186 544	-
Current liabilities		
At amortised cost	42 514	-
	229 058	-
7. Feeding Endowment		
Feeding Endowment	1 343 046	1 215 784
8. Revenue		
Grants / Tenders	232 487 472	199 291 361
Collections / Donations	14 166 519	33 752 494
	246 653 991	233 043 855
9. Cost of sales		
Direct feeding costs	224 198 677	220 324 407

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
10. Operating Surplus / (Deficit)		
Operating Surplus / (Deficit) for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	294 284	222 836
Employee costs	5 177 133	5 654 763
11. Investment revenue		
Dividend revenue		
Investments	-	15 254
Interest revenue		
SARS Interest	-	22 782
Financial institutions	5 788 976	5 628 239
	5 788 976	5 651 021
Service fee rebates		
Investments	301 416	369 676
	6 090 392	6 035 951
12. Cash (used in) generated from operations		
Profit before taxation	15 683 890	5 072 268
Adjustments for:		
Depreciation and amortisation	294 284	222 837
Dividends received	-	(15 254)
Interest received	(6 090 393)	(6 020 697)
Changes in working capital:		
Inventories	(4 582 861)	(973 544)
Trade and other receivables	4 114 993	(17 510 558)
Trade and other payables	(45 312 568)	44 230 250
	(35 892 655)	25 005 302
13. Auditor's remuneration		
Fees	90 000	85 600
Adjustment for previous year	(600)	-
Other services	500	500
	89 900	86 100
14. Taxation		
Major components of the tax expense		
Current taxation		
Local normal tax - current year	3 140 248	-
15. Prior period errors		

A portion of the inventory of the Peninsula School Feeding Association was incorrectly valued at the end of the prior financial year. The revenue of the Peninsula School feeding Association was erroneously understated in the prior financial year. Income Tax should have been paid on a portion of the prior periods' net income of the Peninsula School Feeding Association. The retrospective correction of these errors has resulted in the following adjustments :

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
15. Prior period errors (continued)		
Statement of Financial Position		
Trade and other receivables	6 551 339	
Retained income	(5 306 638)	
Inventories	(553 500)	
Tax Payable	(691 201)	
Statement of Comprehensive Income		
Revenue	(6 551 339)	
Cost of Sales	553 500	

Peninsula School Feeding Association

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Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Collections / Donations		14 166 519	33 752 494
Grants / Tenders		232 487 472	199 291 361
	8	246 653 991	233 043 855
Cost of sales			
Direct feeding costs		(224 198 677)	(220 324 407)
Gross surplus		22 455 314	12 719 448
Other income			
Service fee rebates received	11	301 416	369 676
Dividends received	11	-	15 254
Interest received	11	5 788 976	5 651 021
		6 090 392	6 035 951
Expenses (Refer to page 16)		(12 861 816)	(13 683 131)
Profit before taxation		15 683 890	5 072 268
Taxation	14	(3 140 248)	-
Surplus for the year		12 543 642	5 072 268

Peninsula School Feeding Association

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Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Operating expenses			
Advertising		(95 932)	(125 542)
Auditors remuneration	13	(89 900)	(86 100)
Bank charges		(113 190)	(129 528)
Computer expenses		(260 126)	(347 777)
Consulting and professional fees		(524 941)	(294 955)
Depreciation		(294 284)	(222 837)
Employee costs		(5 177 133)	(5 654 763)
Entertainment		-	(550)
Insurance		(1 009 125)	(768 605)
Legal expenses		(36 700)	(19 474)
Motor vehicle expenses		(20 018)	(24 234)
Municipal expenses		(836 343)	(814 660)
Postage		-	(18 064)
Printing and stationery		(658 582)	(430 552)
Protective clothing		(995)	(466)
Repairs and maintenance		(126 361)	(67 584)
SARS interest and penalties		(2 665 816)	(3 378 242)
Security		(441 883)	(811 143)
Services and cleaning		(162 850)	(159 655)
Staff welfare		(144 203)	(76 786)
Telephone and fax		(54 718)	(181 550)
Training		(148 716)	(70 064)
		(12 861 816)	(13 683 131)