

LOAVES AND FISHES NETWORK

(Registration number 050-574-NPO)

Annual Financial Statements
for the year ended 28 February 2015

ESG Birch
Birch Bruce
Chartered Accountants (SA)
Registered Auditors
Published 30 June 2015

Loaves and Fishes Network

Annual Financial Statements for the year ended 28 February 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Caring for children affected by poverty, violence and AIDS
Directors	N. Botha B. Connellan (Chairperson) C. Herselman (Treasurer) M. Irvine S. Kwatsha P. Mtintsilana L. Ntshingwa K. Schmidt M. Solombela - Appointed 28/05/2014
Business address	9A Dyer Street Arcadia East London 5201
Postal address	P.O. Box 19640 Tecoma 5214
Bankers	Nedbank Limited
Auditors	ESG Birch Birch Bruce Chartered Accountants (SA) Registered Auditors

Loaves and Fishes Network

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The reports and statements set out below comprise the annual financial statements presented to the Board members:

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The annual financial statements set out on pages 4 to 10, which have been prepared on the going concern basis, were approved by the Board on 30 June 2015 and were signed on its behalf by:

B. Connellan
Chairperson

C. Herselman CA(SA)
Treasurer

Independent Auditors' Report

To the Board members of Loaves and Fishes Network

We have audited the annual financial statements of Loaves and Fishes Network, as set out on pages 4 to 10, which comprise the statement of financial position as at 28 February 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The Board's Responsibility for the Annual Financial Statements

The organisation's Board is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the Board determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the entity to institute accounting controls over cash collections, public donations and fundraising income received prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Loaves and Fishes Network as at 28 February 2015, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

**ESG Birch
Birch Bruce
Chartered Accountants (SA)
Registered Auditors
30 June 2015
East London**

Loaves and Fishes Network

Annual Financial Statements for the year ended 28 February 2015

Statement of Financial Position as at 28 February 2015

	Note(s)	2015 R	2014 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	12,381	1,286
Current Assets			
Trade and other receivables	3	3,000	3,000
Cash and cash equivalents	4	1,033,659	574,460
		1,036,659	577,460
Total Assets		1,049,040	578,746
Equity and Liabilities			
Equity			
Retained income		969,179	566,026
Liabilities			
Current Liabilities			
Trade and other payables	5	79,861	12,720
Total Equity and Liabilities		1,049,040	578,746

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Statement of Comprehensive Income

	Note(s)	2015 R	2014 R
Other income			
Donations, grants and funding received	6	2,276,299	1,910,189
Insurance claim received		42,950	-
Interest received	7	31,652	16,526
		2,350,901	1,926,715
Operating expenses			
Accounting fees		-	7,333
Advertising		5,290	1,997
Auditors' remuneration	8	10,380	5,161
Bank charges		12,360	10,156
Cleaning		12,840	10,966
Computer expenses		15,698	16,779
Depreciation		1,270	2,248
Employee costs		690,054	636,191
Entertainment		160	232
Fines and penalties		-	492
Food parcels		196,909	216,673
Insurance		20,607	24,069
Lease rentals on operating lease		175,589	177,905
Motor vehicle expenses		48,677	48,200
Other expenses		26,294	12,800
Postage and courier		773	1,316
Printing and stationery		62,632	18,262
Profit and loss on sale of property, plant and equipment		1	-
Projects funded		-	12,500
Repairs and maintenance		109,033	4,294
Security		2,335	2,953
Staff welfare		-	135
Telephone and fax		41,589	44,171
Training and workshops		405,243	278,177
Transport and freight		69,829	65,298
Travel - local		13,551	4,969
Utilities		26,634	26,739
		1,947,748	1,630,016
Surplus for the year	9	403,153	296,699
Total comprehensive income for the year		403,153	296,699

Loaves and Fishes Network

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Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 March 2013	269,327	269,327
Surplus for the year	296,699	296,699
Balance at 01 March 2014	566,026	566,026
Surplus for the year	403,153	403,153
Balance at 28 February 2015	969,179	969,179

Note(s)

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Statement of Cash Flows

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Cash received from donors		2,276,299	1,910,189
Cash paid to suppliers and employees		(1,836,386)	(1,632,108)
Cash generated from operations	10	439,913	278,081
Interest income		31,652	16,526
Net cash from operating activities		471,565	294,607
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(12,366)	-
Total cash movement for the year		459,199	294,607
Cash at the beginning of the year		574,460	279,853
Total cash at end of the year	4	1,033,659	574,460

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Annual Financial Statements for the year ended 28 February 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. 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 items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs 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, which is as follows:

Item	Average useful life
Furniture and fixtures	5 Years
IT equipment	3 Years
Motor vehicles	5 Years
Office equipment	5 Years
Other property, plant and equipment	5 Years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

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Annual Financial Statements for the year ended 28 February 2015

Notes to the Annual Financial Statements

	2015 R	2014 R
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2. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	159	(158)	1	159	(158)	1
IT equipment	42,931	(30,902)	12,029	30,565	(29,892)	673
Motor vehicles	155,678	(155,675)	3	210,978	(210,974)	4
Office equipment	799	(798)	1	799	(798)	1
Other property, plant and equipment	1,300	(953)	347	1,300	(693)	607
Total	200,867	(188,486)	12,381	243,801	(242,515)	1,286

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1	-	-	-	1
IT equipment	673	12,366	-	(1,010)	12,029
Motor vehicles	4	-	(1)	-	3
Office equipment	1	-	-	-	1
Other property, plant and equipment	607	-	-	(260)	347
	1,286	12,366	(1)	(1,270)	12,381

Reconciliation of property, plant and equipment - 2014

	Opening balance	Depreciation	Total
Furniture and fixtures	-	1	1
IT equipment	2,666	(1,993)	673
Motor vehicles	-	4	4
Office equipment	-	1	1
Other property, plant and equipment	867	(260)	607
	3,533	(2,247)	1,286

3. Trade and other receivables

Deposits	3,000	3,000
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,251	1,774
Bank balances	1,030,408	572,686
	1,033,659	574,460

5. Trade and other payables

Accrued expenses	65,562	6,908
Audit fee accrual	7,649	5,162
Staff savings held	6,650	650
	79,861	12,720

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Notes to the Annual Financial Statements

	2015 R	2014 R
6. Donations received		
Breadline Africa	175,000	450,000
Crewe Trust	4,200	-
DG Murray Trust	283,000	-
Express Petroleum	-	10,000
First National Battery	5,000	5,000
Fort Hare University - Incoko Collaboration	45,000	-
Gately Rotary Club	24,000	18,000
Miriam Dean Trust	306,565	150,998
National Lotteries Distribution Trust Fund	-	319,975
Neo Dimension Architects	2,500	-
Oppenheimer Memorial Trust	500,000	-
Other public donations	319,929	209,978
Oxfam Australia	188,242	122,500
Oxfam Italia	402,863	430,280
SPAR Family	20,000	-
Starfish Greathearts Foundation	-	193,458
	2,276,299	1,910,189
7. Investment revenue		
Interest revenue		
Bank	31,652	16,526
8. Auditors' remuneration		
Fees	10,380	5,161
9. Taxation		
No provision has been made for 2015 tax as the organisation has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act. The receipts and accruals are therefore exempt from income tax in terms of section 10(1)(cN).		
10. Cash generated from operations		
Profit before taxation	403,153	296,699
Adjustments for:		
Depreciation and amortisation	1,270	2,248
Loss on sale of property, plant and equipment	1	-
Interest received - bank	(31,652)	(16,526)
Changes in working capital:		
Trade and other receivables	-	191
Trade and other payables	67,141	(4,531)
	439,913	278,081