



**HUNGER AND THIRST FOUNDATION  
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

**FINANCIAL STATEMENTS  
for the year ended  
28 FEBRUARY 2010**





**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNGER AND THIRST FOUNDATION (ASSOCIATION INCORPORATED UNDER SECTION 21)**

**Report on the financial statements**

I have audited the annual financial statements of Hunger and Thirst Foundation (Association Incorporated under Section 21), which comprise the directors' report, the balance sheet as at 28 February 2010, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 12.

**Directors' responsibility for the financial statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the 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 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 the directors, as well as evaluating the overall presentation of the financial statements.


I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2010, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

**Supplementary information**

Without qualifying my opinion I draw attention to the fact that the supplementary schedules set out on pages 13 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly do not express an opinion thereon.

  
**D.J. LIVERSAGE (CA) SA**  
Chartered Accountants (SA)  
Registered Auditors

17 July 2010

**D.J. Liversage B.Compl. Hons. CA(SA)**

**DIRECTOR'S REPORT**

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The directors present their report, which forms part of the financial statements of the company, for the year ended 28 February 2010.

**1. PRINCIPAL ACTIVITY OF THE COMPANY**

The company's principal activities are poverty relief and community development.

**2. OPERATING RESULTS**

Full details of the operating results of the company are set out in the accompanying financial statements on pages 5 to 13.

**3. DIRECTORS**

The names of the directors of the company for the accounting period appear on the first page of the financial statements. HSF Pretorius resigned as director on 5 May 2010. The following directors were appointed on 5 May 2010 :

I van der Westhuizen  
CHG Kritzinger  
B Bartlett

**4. SECRETARY**

The secretary of the company is E Pretorius , PO Box 3563, Diamond, 8305.

**5. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

The director's are not aware of any matters or circumstances arising since the end of the financial period, nor otherwise dealt with in the financial statements, which significantly affect the financial position of the company or the results of its operations.

**6. AUDITORS**

D Liversage CA(SA) will continue in office in accordance with section 270(2) of the Companies Act, 1973.

**BALANCE SHEET AS AT 28 FEBRUARY 2010**

	<u>Notes</u>	<u>28/02/10</u> R	<u>28/02/09</u> R
<b>ASSETS</b>			
NON- CURRENT ASSETS		<b>196 956</b>	273 383
Property, plant and equipment	2	<b>196 956</b>	273 383
<b>CURRENT ASSETS</b>			
Trade and other receivables	3	<b>7 228</b>	15 545
Cash and cash equivalents	4	<b>122 690</b>	61 141
<b>TOTAL ASSETS</b>		<b>326 874</b>	350 069
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Accumulated funds		<b>294 858</b>	331 996
<b>CURRENT LIABILITIES</b>			
Trade and other liabilities	5	<b>32 016</b>	18 073
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>326 874</b>	350 069

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	<u>Notes</u>	<u>28/02/10</u> <b>R</b>	<u>28/02/09</u> R
Income		<b>2 108 157</b>	2 175 829
Operating expenses		<b>(2 069 974)</b>	(2 347 410)
Other expenses		<b>(76 427)</b>	(118 182)
OPERATING PROFIT /(LOSS)	6	<b>(38 244)</b>	(289 763)
Interest received		<b>1 111</b>	20 211
Finance charges		<b>(6)</b>	-
NETT PROFIT/(LOSS) FOR THE PERIOD		<b>(37 138)</b>	(269 552)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2010**

	<i>Share capital R</i>	<i>Accumulated funds/(loss) R</i>	<i>Total R</i>
Balance at 28 February 2008	-	601 548	601 548
Net profit /(loss) for the period		(269 552)	(269 552)
Balance at 28 February 2009	-	331 996	331 996
Net profit /(loss) for the period		(37 138)	(37 138)
Balance at 28 February 2010	-	294 858	294 858

## CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	<u>28/02/10</u>	<u>28/02/09</u>
	R	R
CASH FLOWS FROM OPERATING ACTIVITIES	<b>61 549</b>	(131 014)
Net profit/(loss) for the period	<b>(37 138)</b>	(269 552)
Adjusted for :		
Depreciation	<b>76 427</b>	118 182
Interest paid	<b>6</b>	-
Interest received	<b>(1 111)</b>	(20 211)
Operating profit/(loss) before changes in working capital	<b>38 138</b>	(171 581)
Working capital changes	<b>22 260</b>	20 356
(Increase) decrease in trade and other receivables	<b>8 317</b>	3 624
Increase (decrease) in trade and other payables	<b>13 943</b>	16 731
Cash generated/(utilised) in operations	<b>60 444</b>	(151 225)
Interest received	<b>1 111</b>	20 211
Interest paid	<b>(6)</b>	-
CASH FLOWS FROM INVESTING ACTIVITIES	-	(188 686)
Property, plant & equipment disposed/(acquired)	-	(188 686)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>61 549</b>	(319 700)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>61 141</b>	380 841
<b>Cash and cash equivalents at the end of the period</b>	<b>122 690</b>	61 141

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 20101. GENERAL INFORMATION

Hunger and Thirst Foundation's principal activities are poverty relief and community development. Currently the company has operations in Kimberley and Barkly-West in the Northern Cape .

The company is a Section 21 company and is incorporated and domiciled in South Africa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa, 1973. The financial statements have been prepared on the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

2.2 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add, replace part of it, 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. All other repairs and maintenance are charged to the income statement during the financial period in which they incurred.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

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

Depreciation is calculated on the straight-line method for each asset to their residual values over their useful lives which are:

**Item**

Computer and camera equipment	16.67% - Straight-line method
Office equipment	16.67% - Straight-line method
Vehicles	20% - Straight-line method

The residual value and the useful life of each asset are reviewed at each financial period end.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying value of another asset.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010 (continued)**

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**2.3 FINANCIAL INSTRUMENTS****Initial recognition**

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

**Financial assets**

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial asset were acquired. Management determines the classification of its financial assets at initial recognition.

**- Financial assets at fair value through profit or loss:**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**- Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The companies loans and receivables comprise trade and other receivables' and cash and cash equivalents in the balance sheet.

**- Available-for-sale financial assets:**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

These financial assets are recognised initially at fair value plus direct transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets through profit or loss are initially recognised at fair value, transaction costs are expensed in the income statement.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

**Trade and other receivables**

Trade and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

**Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

**Cash and equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently measured at fair value.

**Bank overdraft and borrowings**

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

**2.4 REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable and represents donations received. Value-added tax is not applicable.

**Interest received**

Interest received is recognised using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010 (continued)

	<u>28/02/10</u>	<u>28/02/09</u>
	R	R
<b><u>2. PROPERTY, PLANT AND EQUIPMENT</u></b>		
<b><u>2.1 OFFICE EQUIPMENT</u></b>		
Carrying value at the beginning of year	23	14
Cost	<b>45 621</b>	15 006
Accumulated depreciation and impairment	<b>(45 598)</b>	(14 992)
Additions/(sales)	-	30 615
Depreciation	-	(30 606)
Carrying value at the end of the year	23	23
Cost	<b>45 621</b>	45 621
Accumulated depreciation and impairment	<b>(45 598)</b>	(45 598)
<b><u>2.2 COMPUTER &amp; CAMERA EQUIPMENT</u></b>		
Carrying value at the beginning of year	6	2
Cost	<b>19 252</b>	6 120
Accumulated depreciation and impairment	<b>(19 246)</b>	(6 118)
Additions/(sales)	-	13 132
Depreciation	-	(13 128)
Carrying value at the end of the year	6	6
Cost	<b>19 252</b>	19 252
Accumulated depreciation and impairment	<b>(19 246)</b>	(19 246)
<b><u>2.3 MOTOR VEHICLES</u></b>		
Carrying value at the beginning of year	273 354	202 863
Cost	<b>382 139</b>	237 200
Accumulated depreciation and impairment	<b>(108 785)</b>	(34 337)
Additions/(sales)	-	144 939
Depreciation	<b>(76 427)</b>	(74 448)
Carrying value at the end of the year	196 927	273 354
Cost	<b>382 139</b>	382 139
Accumulated depreciation and impairment	<b>(185 212)</b>	(108 785)
<b>TOTAL</b>	<b>196 956</b>	273 383
<b><u>3. TRADE AND OTHER RECEIVABLES</u></b>		
Prepayments	711	257
SARS - Value Added Tax	<b>6 517</b>	15 288
	<b>7 228</b>	15 545

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010 (continued)

	<u>28/02/10</u>	<u>28/02/09</u>
	R	R
<b>4. CASH AND CASH EQUIVALENTS</b>		
Bank balances	99 255	35 322
Short-term deposits	23 017	21 912
Petty cash	418	3 907
	<u>122 690</u>	<u>61 141</u>

<b>5. TRADE AND OTHER LIABILITIES</b>		
Trade creditors	9 493	4 173
SARS - PAYE & UIF	22 524	13 900
	<u>32 016</u>	<u>18 073</u>

**6. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is shown after the following:

Director's salaries		
- Services as directors	-	-
- Other services	857 800	850 157
	<u>857 800</u>	<u>850 157</u>
Auditor's remuneration		
- Audit fees	3 250	4 000
- Other fees	-	-
	<u>3 250</u>	<u>4 000</u>
Depreciation		
- Vehicles	76 427	74 448
- Office equipment	-	30 606
- Computer equipment	-	13 128
	<u>76 427</u>	<u>118 182</u>
Rental paid	86 400	86 400

**7. RELATED PARTIES****Identification of related parties transactions***Key management personnel:*

E Pretorius - Executive director of the company  
 MA Botes - Executive director of the company  
 AS Pretorius - Executive director of the company  
 HSF Pretorius- Non-executive director of the company  
 NJM Pretorius- Executive director of the company  
 WJ Orton - Non-executive director of the company  
 PZ Oberholzer - Non-executive director of the company  
 CHG Kritzinger - Non-executive director of the company  
 I van der Wetshuizen - Non-executive director of the company  
 B Bartlett - Non-executive director of the company

**Compensation paid to key management personnel**

	Non-executive directors	Executive directors
Short-term employee benefits	-	857 800

**8. FINANCIAL RISK MANAGEMENT**

## \* Interest rate risk

The company has no significant interest bearing assets. Interest bearing assets are exposed to changes in the prime interest rate in South Africa.

## \* Credit Risk

The company has no significant concentrations on credit risk. Due to the nature of it's operations, the company does not deal with customers.

## \* Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.