



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

FINANCIAL STATEMENTS

**for the year ended
28 FEBRUARY 2011**

HUNGER AND THIRST FOUNDATION (ASSOCIATION INCORPORATED UNDER SECTION 21)

GENERAL INFORMATION

REGISTERED NUMBER : 2006/013361/08

DIRECTORS:

Executive Directors:	NJM Pretorius AS Pretorius MA Botes E Pretorius (Secretary)
Non-executive Directors	WJ Orton (Chairman) PZ Oberholzer I van der Westhuizen CHG Kritzinger B Bartlett

NATURE OF BUSINESS: Poverty relief and community development

REGISTERED OFFICE AND BUSINESS ADDRESS: 1 Angel Street
New Park
Kimberley
8301

POSTAL ADDRESS: PO Box 3563
Diamond
8305

AUDITORS: D Liversage CA(SA)
3 Botma Street
El Toro Park
Kimberley
8301

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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STATEMENT OF RESPONSIBILITY - 28 FEBRUARY 2011

The director's are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. It is the responsibility of the auditors to report on the reasonable presentation of the financial statements. The financial statements are compiled in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act, 1973.

The director's are also responsible for the internal control systems of the company. It is designed to give reasonable but not absolute assurance about the reliability of the financial statements and to protect and verify assets and to account for assets of the company, and to prevent and trace misrepresentation. Nothing come to the attention of the director's to show that any substantial problems occurred in the functioning of these internal control measures, procedures and systems during the period under review.

The director's evaluate the liquidity of the company on a continual basis. Budget and projections are prepared for the foreseeable future. Sufficient borrowing capacity is maintained to ensure provision for future growth and expansion. Appropriate risk management policies have been adopted by the company to identify critical risk areas and to mitigate risks. The director's are of the opinion that the company will be a going concern for the foreseeable future.

The financial statements have been prepared on the going concern basis.

The director's are of the opinion that the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2011, and of its financial performance and its cash flow 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, 1973.

The financial statements as set out on pages 3 to 13 were approved by the board of director's on 6 July 2011 and are signed on its behalf.


WJ Orton (Chairman)
Director


MA Botes
Director

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 2011, 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 2011, 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

6 July 2011

D.J. Liversage B.Compt. Hons. CA(SA)

DIRECTOR'S REPORT

The directors present their report, which forms part of the financial statements of the company, for the year ended 28 February 2011.

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.

4. SECRETARY

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

5. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The directors 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 2011

	<u>Notes</u>	<u>28/02/11</u> R	<u>28/02/10</u> R
<u>ASSETS</u>			
NON- CURRENT ASSETS			
Property, plant and equipment	2	500,527	196,956
CURRENT ASSETS			
Trade and other receivables	3	47,444	7,228
Cash and cash equivalents	4	342,025	122,690
<i>TOTAL ASSETS</i>		889,996	326,874
 <u>EQUITY AND LIABILITIES</u>			
CAPITAL AND RESERVES			
Accumulated funds		314,111	294,858
CURRENT LIABILITIES			
Trade and other liabilities	5	575,885	32,016
<i>TOTAL EQUITY AND LIABILITIES</i>		889,996	326,874

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	<u>Notes</u>	<u>28/02/11</u> R	<u>28/02/10</u> R
Income		5,090,587	2,108,157
Operating expenses		(4,970,330)	(2,069,973)
Other expenses		(87,129)	(76,427)
OPERATING PROFIT /(LOSS)	6	33,128	(38,243)
Interest received		4,575	1,111
Finance charges		(18,450)	(6)
NETT PROFIT/(LOSS) FOR THE PERIOD		<u>19,253</u>	<u>(37,138)</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2011

	<i>Share capital</i> R	<i>Accumulated funds/(loss)</i> R	<i>Total</i> R
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
Net profit /(loss) for the period	-	19,253	19,253
Balance at 28 February 2011	-	314,111	314,111

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	<u>28/02/11</u>	<u>28/02/10</u>
	R	R
CASH FLOWS FROM OPERATING ACTIVITIES	503,701	61,549
Net profit/(loss) for the period	19,253	(37,138)
Adjusted for:		
Motor vehicles donated	(106,334)	-
Depreciation	87,129	76,427
Interest paid	18,450	6
Interest received	(4,575)	(1,111)
Operating profit/(loss) before changes in working capital	13,923	38,184
Working capital changes	503,653	22,260
(Increase) decrease in trade and other receivables	(40,216)	8,317
Increase (decrease) in trade and other payables	543,869	13,943
Cash generated/(utilised) in operations	517,576	60,444
Interest received	4,575	1,111
Interest paid	(18,450)	(6)
CASH FLOWS FROM INVESTING ACTIVITIES	(284,366)	-
Property, plant & equipment disposed/(aquired)	(284,366)	-
Net increase/(decrease) in cash and cash equivalents	219,335	61,549
Cash and cash equivalents at the beginning of the period	122,690	61,141
Cash and cash equivalents at the end of the period	<u>342,025</u>	<u>122,690</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 20111. GENERAL INFORMATION

Hunger and Thirst Foundation's principal activities are poverty relief and community development. Currently the company has operations in Kimberley, Richie 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 are 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	
Buildings	10% - Straight-line method
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011 (continued)

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.

- 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 other 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 mainly 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 2011 (continued)

	28/02/11 R	28/02/10 R
2. PROPERTY, PLANT AND EQUIPMENT		
2.1 BUILDINGS		
Carrying value at the beginning of year	-	-
Cost	-	-
Accumulated depreciation and impairment	-	-
Additions/(sales)	264,889	-
Depreciation	(6,629)	-
Carrying value at the end of the year	258,260	-
Cost	264,889	-
Accumulated depreciation and impairment	(6,629)	-
<p>Hunger and Thirst Foundation (the company) entered into a 10 year rental agreement with De Beers Consolidated Mines- Rooifontein- whereby the company leases the 'Boma', which situate in the District of Kimberley, Northern Cape Province. The company has the right to make improvements to the property.</p>		
2.2 OFFICE EQUIPMENT		
Carrying value at the beginning of year	23	23
Cost	45,621	45,621
Accumulated depreciation and impairment	(45,598)	(45,598)
Additions/(sales)	-	-
Depreciation	-	-
Carrying value at the end of the year	23	23
Cost	45,621	45,621
Accumulated depreciation and impairment	(45,598)	(45,598)
2.3 COMPUTER & CAMERA EQUIPMENT		
Carrying value at the beginning of year	6	6
Cost	19,252	19,252
Accumulated depreciation and impairment	(19,246)	(19,246)
Additions/(sales)	19,477	-
Depreciation	(1,067)	-
Carrying value at the end of the year	18,416	6
Cost	38,729	19,252
Accumulated depreciation and impairment	(20,313)	(19,246)
2.4 MOTOR VEHICLES		
Carrying value at the beginning of year	196,927	273,354
Cost	382,139	382,139
Accumulated depreciation and impairment	(185,212)	(108,785)
Additions/(sales)	106,334	-
Depreciation	(79,433)	(76,427)
Carrying value at the end of the year	223,828	196,927
Cost	488,473	382,139
Accumulated depreciation and impairment	(264,645)	(185,212)
TOTAL	500,527	196,956
3. TRADE AND OTHER RECEIVABLES		
Prepayments	3,848	711
SARS - Value Added Tax	43,596	6,517
	47,444	7,228

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011 (continued)

	<u>28/02/11</u>	<u>28/02/10</u>
	R	R
4. CASH AND CASH EQUIVALENTS		
Bank balances	113,300	99,255
Short-term deposits	224,174	23,017
Petty cash	4,551	418
	<u>342,025</u>	<u>122,690</u>
5. TRADE AND OTHER LIABILITIES		
Trade creditors	36,976	9,492
SARS - PAYE & UIF	16,765	22,524
Income received in advance	522,144	-
	<u>575,885</u>	<u>32,016</u>

Income received in advance represents the proportional amount of donations received by year end which will be applied within 12 months from year end for children enrolled into the Leadership and Sports Academies.

6. OPERATING PROFIT/(LOSS)

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

Director's salaries		
- Services as directors		-
- Other services	925,806	857,800
	<u>925,806</u>	<u>857,800</u>
Auditor's remuneration		
- Audit fees	4,000	3,250
- Other fees	-	-
	<u>4,000</u>	<u>3,250</u>
Depreciation		
- Buildings	6,629	-
- Office equipment	-	-
- Computer and camera equipment	1,067	-
- Motor vehicles	79,433	76,427
	<u>87,129</u>	<u>76,427</u>
Rental paid	103,944	86,400

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

NJM Pretorius - Executive director of the company
 AS Pretorius - Executive director of the company
 MA Botes - Executive director of the company
 E Pretorius - Executive director of the company
 WJ Orton - Non-executive director of the company
 PZ Oberhulzer - Non-executive director of the company
 I van der Wetshuizen - Non-executive director of the company
 CHG Kritzinger - 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	-	925,806

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.

	<u>28/02/11</u>	<u>28/02/10</u>
	R	R
<u>INCOME</u>	5,095,162	2,109,268
Donations received	5,090,087	2,106,993
Sundry income	500	1,164
Interest received	4,575	1,111
<u>LESS : EXPENSES</u>	5,075,909	2,146,406
Auditor's remuneration	4,000	3,250
Avertising & promotions	64,147	49,636
Bank charges	21,433	13,447
Computer expenses	27,662	21,654
Consultation & subscription fees	2,838	5,210
Courier & postage	529	1,071
Depreciation	87,129	76,427
Bursaries and donations	623,042	185,590
Entertainment	12,817	2,713
Food packages	2,536,682	387,554
Insurance	10,805	12,593
Interest paid	18,450	6
Motor vehicle and transport cost	112,100	85,904
Printing & stationary	14,767	34,618
Rental paid	103,944	86,400
Repairs and maintenance	86,708	2,047
Salaries and wages	1,127,245	1,036,403
Security	2,410	2,322
Staff welfare	28,747	28,815
Telephone & fax	28,826	20,738
Travelling and accommodation	45,996	16,823
Training and Sport & Kitchen equipment	103,515	57,311
Water and electricity	9,468	10,648
Workmen's compensation	2,649	5,226
PROFIT /(LOSS) FOR THE PERIOD	19,253	(37,138)