

**Food Banking Regional Network
– Dubai Branch**

FINANCIAL STATEMENTS

31 DECEMBER 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FOOD BANKING REGIONAL NETWORK – DUBAI BRANCH

Report on the Financial Statements

We have audited the accompanying financial statements of Food Banking Regional Network – Dubai Branch (the “Branch”), which comprise the statement of financial position as at 31 December 2014, statement of revenues and expenses account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 about 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Branch as at 31 December 2014, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.



15 July 2015

Dubai, United Arab Emirates

Food Banking Regional Network – Dubai Branch

STATEMENT OF REVENUE AND EXPENSES ACCOUNT

For the year ended 31 December 2014

		2014	<i>30 May 2013 to 31 December 2013</i>
	<i>Notes</i>	<i>AED</i>	<i>AED</i>
Revenues	3	1,683,807	1,352,779
Expenses:			
General donations paid		(397,431)	-
General and administrative expenses	4	(972,666)	(727,217)
SURPLUS FOR THE YEAR / PERIOD		<u>313,710</u>	<u>625,562</u>

The attached notes 1 to 11 form part of these financial statements.

Food Banking Regional Network – Dubai Branch

STATEMENT OF FINANCIAL POSITION

At the year ended 31 December 2014

	Notes	2014 AED	2013 AED
Non-Current Asset			
Property and equipment	5	59,499	-
Current assets			
Due from a related party	6	326,232	318,985
Prepayments and other receivables	7	23,230	10,728
Cash and bank balances	8	241,256	309,701
Total current assets		590,718	639,414
TOTAL ASSETS		650,217	639,414
HEAD OFFICE ACCOUNT AND LIABILITIES			
Head office account	9	614,272	625,562
Non-current liability			
Employees' end of service benefits	10	35,945	13,852
TOTAL HEAD OFFICE ACCOUNT AND LIABILITIES		650,217	639,414

General Manager

15 Jul 2015

The attached notes 1 to 11 form part of these financial statements.

Food Banking Regional Network – Dubai Branch

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	<i>Notes</i>	2014 AED	2013 AED
OPERATING ACTIVITIES			
Surplus for the year / period		313,710	625,562
Adjustments for:			
Depreciation	5	14,638	-
Provision for employees' end of service benefits	10	22,093	13,852
		350,441	639,414
Working capital changes:			
Due from a related party	6	(7,247)	(318,985)
Other receivables	7	(12,502)	(10,728)
Net cash from operating activities		330,692	309,701
INVESTING ACTIVITY			
Purchase of furnitures and equipment	5	(74,137)	-
Cash used in investing activity		(74,137)	-
FINANCING ACTIVITY			
Movements in Head Office Account		(325,000)	-
Cash used in financing activity		(325,000)	-
DECREASE IN BANK BALANCES AND CASH		(68,445)	-
Bank balances and cash at 1 January		309,701	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	241,256	309,701

The attached notes 1 to 11 form part of these financial statements.

1 BACKGROUND

Food Banking Regional Network (the “Branch”) – is Dubai Branch of the Egyptian Food Banking Association 888777, nonprofit organization (the “Association”). The registered office of the “Association” is at 6 Nafoura square – Moqattam - Cairo – Egypt. The “Association” and the Branch principle activity is to eliminate hunger problem through creating a diversity of long term development, awareness, educational and feeding programs to support its cause, in co-operation with credible, potential partners in all sectors who care about needy hungry people in the Middle East, south Asia, and Africa regions.

The financial statements relate to the Branch for the year ended 31 December 2014. The “Branch” was registered on 30 May 2013 in the International Humanitarian City (IHC) in Dubai, United Arab Emirates.

The Association also prepares consolidated financial statements which are also audited. These financial statements have been prepared for management information purposes only.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been presented in UAE Dirhams.

The financial statements are prepared under the historical cost convention.

2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) New accounting standards and interpretations:

During the current year, a number of IFRS and IFRIC Interpretations became applicable which were all adopted by the Branch. Adoption of these new Standards and Interpretations did not have any significant effect on these financial statements.

(b) IASB standards and interpretations issued but not yet effective:

A number of IFRS and IFRIC Interpretations have been issued but are not yet effective at 31 December 2014 and therefore have not been adopted by the Branch. Management concluded that none of these Standards or Interpretations would have any significant impact on the financial statements of the Branch upon their eventual adoption.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Contributions are recognised as revenues at the end of each month, according to statement of bank accounts.

Foreign currency translation

The financial statements are prepared and presented in UAE Dirhams which is also the Branch’s functional currency, transactions in foreign currencies are initially recorded using exchange rate prevailing on the date of the transaction. Monetary assets and liabilities dominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date. All differences are recognized in statement of revenues and expenses account.

Cash and cash equivalent

For the purpose of preparing receipts and payments account, the cash and cash equivalent comprise cash on hand, current account with banks.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with an original maturity of less than three months.

Food Banking Regional Network

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded in United Arab Emirates Dirhams at the approximate rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of revenues and expenses account.

Expenses

All expenses are recognized in accordance with the accrual basis.

Due from related parties

Due from related parties is stated at cost less impairment.

3 REVENUES

	<i>2014</i>	<i>30 May 2013 to 31 December 2013</i>
	<i>AED</i>	<i>AED</i>
Cash donations	696,268	897,818
Employees' contributions	987,539	435,370
Exchange rate gains	-	19,591
	<u>1,683,807</u>	<u>1,352,779</u>

4 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2014</i>	<i>30 May 2013 to 31 December 2013</i>
	<i>AED</i>	<i>AED</i>
Staff costs	682,093	338,852
Travelling expenses	210,997	320,103
Office rent	22,802	45,605
Trade license	6,980	11,850
Miscellaneous expenses	2,022	7,537
Depreciation (note 5)	14,638	-
Visa expenses	-	3,270
Other expenses	33,134	-
	<u>972,666</u>	<u>727,217</u>

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NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2014

5 PROPERTY AND EQUIPMENT

	<i>Furniture and fittings AED</i>	<i>Office equipment AED</i>	<i>Computers AED</i>	<i>Total AED</i>
Cost:				
At 1 January 2014	-	-	-	-
Additions	69,000	2,399	2,738	74,137
At 31 December 2014	69,000	2,399	2,738	74,137
Depreciation:				
At 1 January 2014	-	-	-	-
Charge for the year	12,833	550	1,255	14,638
At 31 December 2014	12,833	550	1,255	14,638
Net book value				
At 31 December 2014	56,167	1,849	1,483	59,499

6 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related party included in the statement of comprehensive income are as follows:

	<i>2014 AED</i>	<i>2013 AED</i>
General and administrative expenses	175,250	412,848

Certain expenses paid during the year borne directly by the head office.

Balance with a related party disclosed on the face of the statement of financial position is as follows:

	<i>2014 AED</i>	<i>2013 AED</i>
<i>Due from a related party:</i>		
Egyptian Food Bank Association 888777	326,232	318,985

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2014, the Head office absorbed all the foreign currency translation differences and the Branch has not recorded any impairment of amounts owed by a related party.

7 PREPAYMENTS AND OTHER RECEIVABLES

	<i>2014 AED</i>	<i>2013 AED</i>
Advance for furniture and fittings	500	5,000
Prepaid Rent	19,002	-
Rent deposits	3,728	3,728
Staff receivables	-	2,000
	23,230	10,728

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NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

8 CASH AND BANK BALANCES

Cash and bank balances included in the statement of cash flows include the following statement of financial position amounts:

	<i>2014</i> <i>AED</i>	<i>2013</i> <i>AED</i>
Bank balances	239,547	290,439
Cash on hand	1,709	19,262
	<u>241,256</u>	<u>309,701</u>

9 HEAD OFFICE ACCOUNT

The following is an analysis of movements in the head office current account for the year ended 31 December 2014:

	<i>2014</i> <i>AED</i>	<i>2013</i> <i>AED</i>
Balance at beginning of the year	625,562	-
Net income for the year	313,710	625,562
Net adjustments during the year	(325,000)	-
	<u>614,272</u>	<u>625,562</u>

10 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	<i>2014</i> <i>AED</i>	<i>2013</i> <i>AED</i>
Balance at 1 January	13,852	-
Charge for the year / period	22,093	13,852
	<u>35,945</u>	<u>13,852</u>

11 RISK MANAGEMENT

Interest rate risk

The Branch is not exposed to any interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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11 RISK MANAGEMENT (continued)

Credit risk (Continued)

The Branch is exposed to credit risk on its bank balances, due from a related party and other receivables as follows:

	<i>2014</i> <i>AED</i>	<i>2013</i> <i>AED</i>
Bank balances	239,547	290,439
Other receivables	4,228	10,728
	<u>243,775</u>	<u>301,167</u>

The branch limits its credit risk with regard to bank balances by dealing only with reputable banks. Credit risk is limited to the carrying values of financial assets in the statement of financial position.

Liquidity risk

The Branch limits its liquidity risk by ensuring funds from operations and related parties are available. The Branch is not exposed to liquidity risk.

Currency risk

The table below indicates the Branch's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the AED currency rate against the EGP, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

	<i>Increase/ decrease in EGP rate to the AED</i>	<i>Effect on profit</i>
2014	+5%	(16,312)
	-5%	16,312
2013	+5%	(15,949)
	-5%	15,949

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, due from a related party and other receivables. Financial liabilities consist of end of service benefits.

The fair values of financial assets and liabilities are not materially different from their carrying values.