

THE MAIZE TRUST
(Registration number IT8214/98)
Financial statements
for the year ended 30 June 2014

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The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2014

General Information

Type of trust	Non-trading trust
Trustees	Mr JK Peele (Chairperson) Mr JF De Villiers (Vice Chairperson) Ms KPN Daly Mr CK Ferreira Dr TJ Hewu Dr JL Purchase
Business address	The Grain Building 477 Witherite Road The Willows Pretoria 0040
Bankers	ABSA
Auditors	The Ashton CA (SA) Group Chartered Accountants (S.A.)
Trust registration number	IT8214/98

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The reports and statements set out below comprise the financial statements presented to the trustees:

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Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards for Small and Medium Sized Entities.. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities. and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Trust and all employees are required to maintain the highest ethical standards in ensuring the Trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Trust is on identifying, assessing, managing and monitoring all known forms of risk across the Trust. While operating risk cannot be fully eliminated, the Trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Trust's financial statements. The financial statements have been examined by the Trust's external auditors and their report is presented on page 4.

The financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the board on 21 August 2014 and were signed on its behalf by:

Trustee

Trustee

Pretoria

21 August 2014

Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the financial statements of The Maize Trust, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 5 to 15.

Trustees' Responsibility for the Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities. 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.

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 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' judgement, 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 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 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 Maize Trust as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 16 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

The Ashton CA (SA) Group

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Trustees' Report

The trustees submit their report for the year ended 30 June 2014.

1. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year.

3. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Name

Mr JK Peele (Chairperson)

Mr JF De Villiers (Vice Chairperson)

Ms KPN Daly

Mr CK Ferreira

Dr TJ Hewu

Dr JL Purchase

4. Auditors

The Ashton CA (SA) Group will continue in office for the next financial period.

5. Legislation

The Minister of Agriculture, Forestry and Fisheries has published the Marketing of Agricultural Products Amendment Bill in Government Gazette No 36562, Notice 610 dated 14 June 2013. Should this legislation be passed, certain provisions contained in this publication could have an influence on the business model implemented by the Trust. The Trustees are planning to enter into discussions with the Minister to obtain a greater understanding of how the proposed Bill will be implemented.

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Financial Statements for the year ended 30 June 2014

Statement of Financial Position

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Investments	2	1 054 768 882	948 237 590
Current Assets			
Trade and other receivables	6	343 576	343 576
Cash and cash equivalents		29 872 452	9 880 226
		30 216 028	10 223 802
Total Assets		1 084 984 910	958 461 392
Equity and Liabilities			
Equity			
Donations	4	319 234 732	319 234 732
Reserves	10	251 237 967	179 970 707
Accumulated surplus		462 401 998	423 469 892
		1 032 874 697	922 675 331
Liabilities			
Current Liabilities			
Trade and other payables		10 374	19 277
Provisions	8	52 099 839	35 766 784
		52 110 213	35 786 061
Total Equity and Liabilities		1 084 984 910	958 461 392

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Income		79 426 923	63 485 267
Operating expenses		(3 081 498)	(2 707 955)
		76 345 425	60 777 312
Investment revenue		31 251 404	25 015 863
Allocations to beneficiaries (As per note 7)		(61 843 643)	(47 587 951)
Asset management fees (As per note 2)		(6 821 080)	(5 673 524)
Surplus/(Deficit) for the period		38 932 106	32 531 700
Other comprehensive income:	10		
Fair value adjustments		71 267 260	71 625 479
Total comprehensive income for the year		110 199 366	104 157 179

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Statement of Changes in Equity

	Trust capital	Fair value adjustment reserve: Available-for-sale financial assets	Accumulated surplus	Total equity
Figures in Rand				
Opening balance as previously reported	319 234 732	38 084 588	461 198 832	818 518 152
Adjustments				
Change in accounting policy	-	70 260 640	(70 260 640)	-
Balance at 01 July 2012 as restated	319 234 732	108 345 228	390 938 192	818 518 152
Changes in equity				
Total comprehensive income for 12 months	-	71 625 479	32 531 700	104 157 179
Total changes	-	71 625 479	32 531 700	104 157 179
Balance at 01 July 2013	319 234 732	179 970 707	423 469 892	922 675 331
Changes in equity				
Total comprehensive income for the year	-	71 267 260	38 932 106	110 199 366
Total changes	-	71 267 260	38 932 106	110 199 366
Balance at 30 June 2014	319 234 732	251 237 967	462 401 998	1 032 874 697
Note(s)		10		

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Financial Statements for the year ended 30 June 2014

Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	11	92 669 580	32 247 094
Interest income		16 456 680	12 386 052
Dividends received		14 794 724	12 629 811
Asset management fees paid		(6 821 080)	(5 673 524)
Net cash from operating activities		117 099 904	51 589 433
Cash flows from investing activities			
Movement in investments		(35 264 032)	1 557 995
Allocations to beneficiaries		(61 843 643)	(47 587 951)
Net cash from investing activities		(97 107 675)	(46 029 956)
Total cash movement for the period		19 992 229	5 559 477
Cash at the beginning of the period		9 880 226	4 320 748
Total cash at end of the period		29 872 455	9 880 225

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Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities. The financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, 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 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss, with fair value adjustments accounted for as Other Comprehensive Income.

1.2 Provisions and contingencies

Provisions are recognised when:

- the Trust has an obligation at the reporting period date as a result of a past event;
- it is probable that the Trust will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.3 Revenue

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the Trust's right to receive payment has been established.

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Notes to the Financial Statements

Figures in Rand

2014

2013

2. Investments

At cost

Unlisted shares at cost - Grain Building (Pty) Ltd

142 110 771 106 741 361

Unlisted shares at cost - SAGIS

1 1

142 110 772 106 741 362

At fair value

Allan Gray Ltd

471 018 628 426 786 356

Book value - R 309 604 445.38.

Prescient Management Company

133 270 332 131 022 226

Book value - R 131 616 943.74.

Foord Asset Management

308 369 150 283 687 646

Book value - R 167 701 797.20.

912 658 110 841 496 228

Total other financial assets

1 054 768 882 948 237 590

Non-current assets

At cost

142 110 772 106 741 362

At fair value through profit or loss

912 658 110 841 496 228

1 054 768 882 948 237 590

Asset management fees paid

Allan Gray Ltd

2 525 661 2 269 930

Foord Asset Management (Pty) Ltd

3 361 684 2 642 069

Prescient Management Company

933 735 761 525

6 821 080 5 673 524

3. Funding recovered from beneficiaries

Agricultural Research Council

- 71 711

GFADA

- 569 245

- 640 956

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Notes to the Financial Statements

Figures in Rand

2014

2013

4. Donations

Donations consist of advances received from the Maize Board.

- Received 2000	244 128 772	244 128 772
- Received 2000	15 000 000	15 000 000
- Received 2001	5 000 000	5 000 000
- Received 2006	25 000 000	25 000 000
- Received 2010	30 105 960	30 105 960
	319 234 732	319 234 732

5. Actual payments to beneficiaries

Agricultural Research Council	10 755 074	11 211 780
Buhle Farmers Academy	-	100 000
Bursary Scheme	895 888	773 819
CA Coordination	100 186	64 141
Cape Peninsula University	125 582	-
Dr WJ van der Walt	22 870	27 850
Effect of mining co-ordination	-	30 998
GFADA	-	30 000 100
Grain SA	3 978 607	7 975 749
Grain SA - Farmer Development Programme	14 729 262	10 754 569
Medical Research Council	-	676 158
Mycotoxin Coordination	111 320	110 679
No-Till Club	125 007	125 007
North West University	19 900	224 895
SA Grain Laboratory	4 788 936	4 261 906
SAGIS	8 103 438	8 054 198
Sandy Soils Development Committee	446 320	-
TUT	210 199	221 066
University of Cape Town	-	14 817
University of Pretoria (BFAP)	48 000	202 665
University of Stellenbosch	1 050 000	944 000
	45 510 589	75 774 397

6. Trade and other receivables

Foord Asset Management - Dividend Withholding Tax	343 576	343 576
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7. Allocations approved during the year by the trustees

Agricultural Research Council	10 456 890	10 926 590
- Approved	10 500 390	-
- Recalculation of allocations	(43 500)	-
Bursary Scheme	1 005 843	935 908
CA Coordination	100 186	64 141
Cape Peninsula University	377 334	-
Dr WJ van der Walt	28 900	27 650
Effect of mining co-ordination	-	30 998
GFADA	-	100
Grain SA	5 177 254	6 897 139
- Approved	5 451 171	7 286 281
- Recalculation of allocations	(273 917)	(389 142)
Grain SA - Farmer Development Programme	17 168 484	13 598 333
- Approved	17 426 635	14 431 165
- Recalculation of allocations	(258 151)	(832 832)
Medical Research Council	(357 443)	893 601
-Approved	-	893 601
-Recalculation of allocations	(357 443)	-
Mycotoxin Coordination	111 320	110 678
NAMC	241 200	80 000
No-Till Club	10	-
North West University	-	341 658
SAGIS	8 550 880	7 643 990
SA Grain Laboratory	4 896 644	4 508 319
Sandy Soils Development Committee	399 700	-
TUT	216 995	221 068
University of Pretoria (BFAP)	12 213 727	257 775
University of Stellenbosch	1 050 000	1 050 000
GSI	119 884	-
AFMA	85 834	-
	61 843 643	47 587 951
Approved during the year (as above)	61 843 643	47 587 951
Unpaid allocations at end of previous year (as per note 8)	35 766 783	63 953 229
	97 610 429	111 541 180
Allocations paid during the year (as per note 5)	(45 510 589)	(75 774 394)
	52 099 840	35 766 786

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Figures in Rand

2014

2013

8. Provisions

The following allocations were approved by the Trustees but have not been paid at the end of the period and are made up as follows:

AFMA	85 834	-
Agricultural Research Council	4 315 469	4 613 653
Busary Scheme	585 378	475 424
Cape Peninsula University	251 752	-
Dr WJ van der Walt	11 560	5 530
GSI	119 884	-
Grain SA	5 350 908	4 136 490
Grain SA - Farmer Development Programme	19 543 263	17 119 807
Medical Research Council	-	357 443
NAMC	321 200	80 000
No Till Club	-	124 997
North West University	136 663	156 563
SA Grain Laboratory	2 553 056	2 445 347
SAGIS	5 889 261	5 441 820
Sandy Soils Development Committee	159 880	206 500
TUT	86 798	80 002
University of Cape Town	97	97
University of Pretoria (BFAP)	12 268 837	103 110
University of Stellenbosch	420 000	420 000
	52 099 840	35 766 783

9. Taxation

No provision for taxation has been made for as the Trust is exempted from income tax in terms of the provisions of section 10 (1)(cN) of the SA Income Tax Act.

10. Other comprehensive income

Components of other comprehensive income - 2014

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	71 267 260	-	71 267 260

Components of other comprehensive income - 30 June 2013

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	71 625 479	-	71 625 479

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Notes to the Financial Statements

Figures in Rand	2014	2013
11. Cash generated from operations		
Surplus before taxation	38 932 106	32 531 700
Adjustments for:		
Allocations to beneficiaries	61 843 646	47 587 951
Asset management fees	6 821 080	5 673 524
Dividends received	(14 794 724)	(12 629 811)
Interest received	(16 456 680)	(12 386 052)
Movements in provisions	16 333 055	(28 186 445)
Changes in working capital:		
Trade and other receivables	-	(343 576)
Trade and other payables	(8 903)	(197)
	92 669 580	32 247 094

12. Contingent liability

The Trust has a contingent liability towards Grain Building (Pty) Ltd for the development costs of the Agri-hub Office Park in the Willows, Pretoria. The amount committed to this development is R138 290 173,80, of which an amount of R35 369 411 has already been paid. Shares to the value of the total development costs are to be issued to the Trust by Grain Building.

13. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

14. Risk Management

The Trust's investment activities expose it to a variety of financial risks.

Interest rate risk: As the Trust has significant interest-bearing assets, the Trust's income and operating cash flows are substantially dependent on changes in market interest rates.

Market performance and currency risk: The Trust is exposed to equity securities risk and foreign currency risk because of investments held by the Trust and classified on the balance sheet at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the trust diversifies its portfolio into local and foreign currency. Funds available for investment have been distributed between three reputable asset manager companies with diversified risk strategies. The Trust also appointed an investment advisor.

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Detailed Income Statement

Figures in Rand	Note(s)	2014	2013
Other income			
Profit on sale of investments		79 360 664	62 844 311
Commitment fees received - Investment Fund		66 259	-
Funding recovered from beneficiaries (as per note 3)		-	640 956
Dividend revenue		14 794 724	12 629 811
Interest received		16 456 680	12 386 052
		110 678 327	88 501 130
Operating expenses			
Accounting fees		(60 705)	(59 079)
Administration costs		(1 374 259)	(1 278 563)
Advertising		-	(2 904)
Audit fees		(123 920)	(115 920)
Bank charges		(112 150)	(115 895)
Computer expenses		(3 550)	(7 939)
Conference costs		(54 020)	(39 783)
Insurance		(72 898)	(68 927)
Maize Board costs		-	(165 774)
Maize Forum costs		(122 695)	-
Membership fees		(200)	-
Printing and stationery		(794)	(1 790)
Professional fees		(180 299)	(25 436)
Remuneration - Investment advisor		(325 162)	(259 453)
Travel - local		(22 327)	(70 348)
Trustees emoluments		(628 519)	(496 144)
		(3 081 498)	(2 707 955)
Operating surplus before asset management fees and allocations to beneficiaries		107 596 829	85 793 175
Allocations to beneficiaries (as per note 7)		(61 843 643)	(47 587 951)
Asset Management fees (as per note 2)		(6 821 080)	(5 673 524)
		(68 664 723)	(53 261 475)
Fair value adjustments		71 267 260	71 625 479
Net surplus after fees, special grants, allocations to beneficiaries and fair value adjustments		110 199 366	104 157 179