

THE MAIZE TRUST
(Registration number IT8214/98)
Financial statements
for the year ended 30 June 2010



ASHTON

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2010

General Information

Type of trust	Non-trading trust
Trustees	Mr CK Ferreira Mr JDM Minnaar Ms L Thahane Mr WM Ngxekana Mr JK Peele Mr JF de Villiers
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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Financial Statements for the year ended 30 June 2010

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

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ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

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Report of the Independent Auditors

To the trustees of The Maize Trust

We have audited the accompanying financial statements of The Maize Trust, which comprise the trustees' report, the balance sheet as at 30 June 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 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 South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. 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 the trustees, 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 trust as of 30 June 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, 1973.

Supplementary Information

We draw your attention to the fact that the 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

The Maize Trust

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Financial Statements for the year ended 30 June 2010

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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice 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. 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.

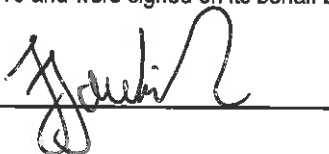
The trustees have reviewed the trust's cash flow forecast for the year to 30 June 2009 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the board are primarily responsible for the financial affairs of the trust, they are supported by the trust's external auditors.

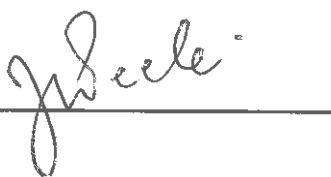
The external auditors are responsible for independently reviewing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditors and their report is presented on page 3.

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 28 July 2010 and were signed on its behalf by:

Trustee



Trustee



Pretoria

28 July 2010

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2010

Trustees' Report

The trustees submit their report for the year ended 30 June 2010.

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. Post balance sheet events

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 CK Ferreira

Mr JDM Minnaar

Ms L Thahane

Mr WM Ngxekana

Mr JK Peele

Mr JF de Villiers

4. Auditors

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

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2010

Balance Sheet

Figures in Rand	Note(s)	30 June 2010	30 June 2009
Assets			
Non-Current Assets			
Investments	2	<u>789,892,784</u>	<u>690,528,883</u>
Current Assets			
Cash and cash equivalents		<u>8,755,371</u>	<u>17,831,315</u>
Total Assets		<u>798,648,155</u>	<u>708,360,198</u>
Equity and Liabilities			
Equity			
Donations	4	319,234,732	289,128,772
Accumulated surplus		459,039,764	379,921,027
		<u>778,274,496</u>	<u>669,049,799</u>
Liabilities			
Current Liabilities			
Trade and other payables		19,641	4,253
Provisions	7	20,354,018	39,306,146
		<u>20,373,659</u>	<u>39,310,399</u>
Total Equity and Liabilities		<u>798,648,155</u>	<u>708,360,198</u>

The Maize Trust

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Financial Statements for the year ended 30 June 2010

Income Statement

Figures in Rand	Note(s)	30 June 2010	30 June 2009
Income		47,118,246	89,831,609
Operating expenses		(2,122,003)	(2,346,776)
		<u>44,996,243</u>	<u>87,484,833</u>
Investment revenue		24,979,777	37,086,208
Fair value adjustments		34,844,527	(166,748,744)
Allocations to beneficiaries (As per note 6)		(22,035,231)	(52,694,769)
Asset management fees (As per note 2)		(3,666,579)	(3,645,666)
Surplus/(Deficit) for the period		<u>79,118,737</u>	<u>(98,518,138)</u>

The Maize Trust

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Financial Statements for the year ended 30 June 2010

Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 July 2008	289,128,772	478,439,165	767,567,937
Changes in equity			
Deficit for the period	-	(98,518,138)	(98,518,138)
Total changes	-	(98,518,138)	(98,518,138)
Balance at 01 July 2009	289,128,772	379,921,027	669,049,799
Changes in equity			
Deficit for the period	-	79,118,737	79,118,737
Donations received	30,105,960	-	30,105,960
Total changes	30,105,960	79,118,737	109,224,697
Balance at 30 June 2010	319,234,732	459,039,764	778,274,496
Note(s)			

The Maize Trust

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Financial Statements for the year ended 30 June 2010

Cash Flow Statement

Figures in Rand	Note(s)	30 June 2010	30 June 2009
Cash flows from operating activities			
Cash generated from (used in) operations	9	60,904,030	(87,288,583)
Interest income		16,417,431	17,942,338
Dividends received		8,562,346	19,143,870
Asset management fees paid		(3,666,579)	(3,645,665)
Net cash from operating activities		82,217,228	(53,848,040)
Cash flows from investing activities			
Movement in investments		(99,363,901)	115,990,844
Allocations to beneficiaries		(22,035,231)	(52,694,767)
Net cash from investing activities		(121,399,132)	63,296,075
Cash flows from financing activities			
Donations received		30,105,960	-
Total cash movement for the period		(9,075,944)	9,448,035
Cash at the beginning of the period		17,831,315	8,383,280
Total cash at end of the period		8,755,371	17,831,315

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Financial Statements for the year ended 30 June 2010

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Initial recognition

The trust 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 and financial liabilities are recognised on the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the trust establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Trade and other payables

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

Cash and cash 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 recorded at fair value.

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.

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

1.2 Provisions and contingencies

Provisions are recognised when:

- the trust has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.3 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the trust's right to receive payment has been established.

The Maize Trust

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Financial Statements for the year ended 30 June 2010

Notes to the Financial Statements

Figures in Rand

30 June 2010

30 June 2009

2. Investments

At fair value

Investec Bank Limited		13,096,043
Funds held in trust account, for future use of purchasing and erection of a building to be used by grain service organisations.		
Prescient Management Company Book value - R 126 722 693.	124,795,494	76,028,301
Allan Gray Ltd Book value - R 296 116 490.	341,912,194	395,122,806
Foord Asset Management Book value - R 153 207 559.	216,443,734	181,975,766
	<u>683,151,422</u>	<u>666,222,916</u>

At cost

Unlisted shares at cost - SAGIS	1	1
Unlisted shares at cost - Grain Building (Pty) Ltd	106,741,361	24,305,966
	<u>106,741,362</u>	<u>24,305,967</u>
Total other financial assets	<u>789,892,784</u>	<u>690,528,883</u>

Non-current assets

At fair value through profit or loss	683,151,422	666,222,916
At cost	106,741,362	24,305,967
	<u>789,892,784</u>	<u>690,528,883</u>

Asset management fees paid

Allan Gray Ltd	2,648,975	2,341,156
Foord Asset Management (Pty) Ltd	979,807	748,012
Oasis Asset Management Ltd	-	556,498
Prescient	37,796	-
	<u>3,666,579</u>	<u>3,645,666</u>

3. Funding recovered from beneficiaries

Emerging Farmers Assistance	-	711,846
Generic Marketing Campaign	9,240	-
WTO Dispute Project - Hewlett Foundation	-	124,146
Agricultural Research Council	50,000	278,095
SA Grain Laboratory	15,356	-
	<u>74,596</u>	<u>1,114,087</u>

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Financial Statements for the year ended 30 June 2010

Notes to the Financial Statements

Figures in Rand

	30 June 2010	30 June 2009
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4. Donations

Donations consist of advances received from the Maize Board.

The amount below of R 30 105 960, is still subject to approval by the Minister of Agriculture.

- 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	-
	<u>319,234,732</u>	<u>289,128,772</u>

5. Actual payments to beneficiaries

SAGAS	-	6,600
SAGIS	6,316,630	5,956,157
Grain SA	15,628,822	13,887,591
Agricultural Research Council	11,444,544	18,622,523
SA Grain Laboratory	647,941	1,626,703
Limpast	-	1,049,917
CSIR	51,775	186,200
University of Cape Town	334,138	711,577
University of Free State	10,157	-
Mycotoxin Workshop	130,205	85,024
Buhle Farmers Academy	650,889	450,781
Generic Marketing Campaign	564,148	11,348,923
Dr WJ van der Walt	37,330	27,570
Bursary Scheme	623,915	633,243
No-Till Club	586,060	721,722
University of Stellenbosch	392,907	361,107
SIQ (Pty) Ltd	874,278	761,617
WTO Dispute Project	35,326	304,652
Emerging Farmers Assistance	2,658,294	3,967,333
	<u>40,987,359</u>	<u>60,709,240</u>

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Notes to the Financial Statements

Figures in Rand 30 June 2010 30 June 2009

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	-
	319,234,732	289,128,772

5. Actual payments to beneficiaries

SAGAS	-	6,600
SAGIS	6,316,630	5,956,157
Grain SA	15,628,822	13,887,591
Agricultural Research Council	11,444,544	18,622,523
SA Grain Laboratory	647,941	1,626,703
Limpast	-	1,049,917
CSIR	51,775	186,200
University of Cape Town	334,138	711,577
University of Free State	10,157	-
Mycotoxin Workshop	130,205	85,024
Buhle Farmers Academy	650,889	450,781
Generic Marketing Campaign	564,148	11,348,923
Dr WJ van der Walt	37,330	27,570
Bursary Scheme	623,915	633,243
No-Till Club	586,060	721,722
University of Stellenbosch	392,907	361,107
SIQ (Pty) Ltd	874,278	761,617
WTO Dispute Project	35,326	304,652
Emerging Farmers Assistance	2,658,294	3,967,333
	40,987,359	60,709,240

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Notes to the Financial Statements

Figures in Rand

30 June 2010

30 June 2009

6. Allocations approved during the year by the trustees

Agricultural Research Council	11,979,426	23,956,937
- Approved	12,953,777	23,996,872
- Recalculation of allocations	(974,351)	(39,935)
Grain South Africa	5,956,246	13,742,906
- Approved	6,599,094	15,712,907
- Recalculation of allocations	(642,848)	(1,970,001)
SAGIS	329,254	6,407,166
- Approved	329,254	6,407,166
SA Grain Laboratory	1,713,810	1,243,423
- Approved	1,713,810	1,543,072
- Recalculation of allocations	-	(299,649)
CSIR	51,775	-
Bursary Scheme	38,627	916,945
- Approved	38,627	916,945
Buhle Farmers Academy	(330,530)	514,627
- Approved	-	991,442
- Recalculation of allocations	(330,530)	(476,815)
Dr WJ van der Walt	26,950	25,950
Generic Marketing Campaign	(1,241,596)	(1,855,000)
- Recalculation of allocations	(1,241,596)	(1,855,000)
University of Cape Town	112,400	1,250,951
- Approved	112,400	1,375,052
- Recalculation of allocations	-	(124,101)
Limpast	(455,854)	1,287,471
- Approved	-	1,287,471
- Recalculation of allocations	(455,854)	-
University of Stellenbosch	500,000	403,484
- Approved	500,000	413,000
- Recalculation of allocations	-	(9,516)
No-Till Club	732,575	732,575
Sandy Soils Development Committee	279,000	-
WTO Dispute Project	(660,531)	-
- Recalculation of allocations	(660,531)	-
BFAP	70,000	-
Mycotoxin Workshop	115,228	100,000
Emerging Farmers Assistance	2,808,293	3,967,333
University of Free State	10,157	-
	22,035,231	52,694,769

The payment of the allocations as approved by the Board of Trustees during the period are subject to certain terms and conditions as set out in the Trust Deed and the Norms and Procedures Document of the Trust. Reconciliation of approved payments and amounts outstanding is as follows:

Approved during the year (as above)	22,035,231	52,694,769
Unpaid allocations at end of previous year (as per note 7)	39,306,146	47,320,617
	61,341,377	100,015,386
Allocations paid during the year (as per note 5)	(40,987,359)	(60,709,240)
Unpaid allocations at end of year (as per note 7)	20,354,018	39,306,146

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Financial Statements for the year ended 30 June 2010

Notes to the Financial Statements

Figures in Rand

30 June 2010

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7. Provisions

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

SA Grain Laboratory	1,683,098	617,229
Emerging Farmers Assistance	150,000	-
University of Cape Town	441,738	663,476
Agricultural Research Council	6,204,367	5,669,485
Grain SA	7,217,393	16,889,968
Sandy Soils Development Committee	279,000	-
Generic Marketing Campaign	-	1,805,741
Bursary Scheme	368,179	953,467
SAGIS	3,027,334	9,014,711
Buhle Farmers Academy	100,222	1,081,642
Limpast	-	455,854
Dr WJ van der Walt	-	10,380
WTO Dispute Project	-	695,857
No-Till Club	293,030	146,515
University of Stellenbosch	292,911	185,818
Mycotoxin Workshop	-	14,976
BFAP	70,000	-
SIQ (Pty) Ltd	226,746	1,101,027
	<u>20,354,018</u>	<u>39,306,146</u>

8. 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)(cA)(i) of the SA Income Tax Act. SARS reviewed this exemption with the introduction of new legislation and the Trust reapplied to qualify for the exemption. The application is currently under consideration.

9. Cash generated from (used in) operations

Surplus (deficit) before taxation	79,118,737	(98,518,138)
Adjustments for:		
Allocations to beneficiaries	22,035,231	52,694,769
Asset management fees	3,666,579	3,645,666
Dividends received	(8,562,346)	(19,143,870)
Interest received	(16,417,431)	(17,942,338)
Movements in provisions	(18,952,128)	(8,014,471)
Changes in working capital:		
Trade and other payables	15,388	(10,201)
	<u>60,904,030</u>	<u>(87,288,583)</u>

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Financial Statements for the year ended 30 June 2010

Notes to the Financial Statements

Figures in Rand

30 June 2010

30 June 2009

10. 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 of changes in market interest rates.

Market performance and currency risk

The trust is exposed to equity securities risk, as well as foreign currency risk because of investments held by the trust and classified on the balance sheet as 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. The trust also has an investments advisor.

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Financial Statements for the year ended 30 June 2010

Detailed Income statement

Figures in Rand	Note(s)	30 June 2010	30 June 2009
Income			
Profit on sale of investments		47,043,650	88,717,522
Funding recovered from beneficiaries (as per note 3)		74,596	1,114,087
Dividend revenue		8,562,346	19,143,870
Interest received		16,417,431	17,942,338
		<u>72,098,023</u>	<u>126,917,817</u>
Operating expenses			
Accounting fees		(50,011)	(79,800)
Advertising		(5,130)	-
Audit fees		(94,620)	(86,184)
Bank charges		(44,805)	(54,204)
Professional fees		(29,166)	(19,714)
Administrators fees		(965,868)	(981,530)
Remuneration - Investment advisor		(183,768)	(183,768)
Trustees emoluments		(338,600)	(336,491)
Conference costs		(79,238)	(103,379)
Maize Forum costs		(147,076)	(122,783)
Maize Board costs		(82,408)	-
Insurance		(68,927)	(63,366)
Legal expenses		(6,668)	(286,467)
Communication strategy expenses		-	(16,210)
Travel - local		(25,718)	(12,880)
		<u>(2,122,003)</u>	<u>(2,346,776)</u>
Operating surplus before fees, adjustments and allocations		69,976,020	124,571,041
Fair value adjustments		34,844,527	(166,748,744)
Allocations to beneficiaries (as per note 6)		(22,035,231)	(52,694,769)
Asset Management fees (as per note 2)		(3,666,579)	(3,645,666)
		<u>9,142,717</u>	<u>(223,089,179)</u>
Net surplus after allocations to beneficiaries		79,118,737	(98,518,138)

