

THE MAIZE TRUST
(Registration number IT8214/98)
Financial statements
for the year ended 30 June 2013



ASHTON

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2013

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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Financial Statements for the year ended 30 June 2013

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Financial Statements for the year ended 30 June 2013

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.

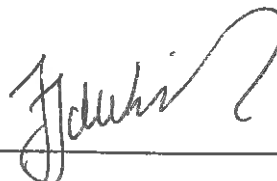
The trustees have reviewed the trust's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 23 August 2013 and were signed on its behalf by:



Trustee



Trustee

Pretoria

23 August 2013



ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

Ashton House, 51 Lebombo St,
Ashlea Gardens, 0181
PO Box 1620, Groenkloof, 0027
Tel: +27 (012) 460 3050
Fax: +27 (012) 460 1262
E-mail: karin@ashtongroup.co.za

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 2013, 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, and in the manner required by the Trust deed. 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 2013, 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, and in the manner required by the Trust deed.

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



ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

Ashton House, 51 Lebombo St,
Ashlea Gardens, 0181
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The Ashton CA (SA) Group

The Maize Trust

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Financial Statements for the year ended 30 June 2013

Trustees' Report

The trustees submit their report for the year ended 30 June 2013.

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 in the process of obtaining legal opinion on these provisions and are also planning to enter into discussions with the Minister to obtain a greater understanding of how the proposed Bill will be implemented.

The Maize Trust

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Financial Statements for the year ended 30 June 2013

Statement of Financial Position

Figures in Rand	Note(s)	2013	2012
Assets			
Non-Current Assets			
Investments	2	948 237 590	878 170 106
Current Assets			
Trade and other receivables	6	343 576	-
Cash and cash equivalents		9 880 223	4 320 748
		10 223 799	4 320 748
Total Assets		958 461 389	882 490 854
Equity and Liabilities			
Equity			
Donations	5	319 234 732	319 234 732
Reserves		179 970 707	108 345 228
Accumulated surplus		423 469 892	390 938 192
		922 675 331	818 518 152
Liabilities			
Current Liabilities			
Trade and other payables		19 274	19 473
Provisions	8	35 766 784	63 953 229
		35 786 058	63 972 702
Total Equity and Liabilities		958 461 389	882 490 854

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Financial Statements for the year ended 30 June 2013

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Financial Statements for the year ended 30 June 2013

Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Income		63 485 267	43 679 522
Operating expenses		(2 707 955)	(2 447 325)
		60 777 312	41 232 197
Investment revenue		25 015 863	26 746 872
Special Grants		-	(30 000 000)
Allocations to beneficiaries (As per note 7)		(47 587 951)	(49 854 425)
Asset management fees (As per note 2)		(5 673 524)	(5 300 214)
Surplus/(Deficit) for the period		32 531 700	(17 175 570)
Other comprehensive income:	11		
Fair value adjustments		71 625 479	38 084 588
Total comprehensive income for the year		104 157 179	20 909 018

The Maize Trust

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Financial Statements for the year ended 30 June 2013

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	-	478 374 402	797 609 134
Adjustments				
Change in accounting policy	-	70 260 640	(70 260 640)	-
Balance at 01 July 2011 as restated	319 234 732	70 260 640	408 113 762	797 609 134
Changes in equity				
Total comprehensive income for 12 months	-	38 084 588	(17 175 570)	20 909 018
Total changes	-	38 084 588	(17 175 570)	20 909 018
Balance at 01 July 2012	319 234 732	108 345 228	390 938 192	818 518 152
Changes in equity				
Total comprehensive income for the year	-	71 625 479	32 531 700	104 157 179
Total changes	-	71 625 479	32 531 700	104 157 179
Balance at 30 June 2013	319 234 732	179 970 707	423 469 892	922 675 331
Note(s)		10	10	

The Maize Trust

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Financial Statements for the year ended 30 June 2013

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Note(s)		10	10	

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Financial Statements for the year ended 30 June 2013

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash generated from operations	11	32 247 095	70 964 586
Interest income		12 386 052	11 753 743
Dividends received		12 629 811	14 993 129
Asset management fees paid		(5 673 524)	(5 300 214)
Net cash from operating activities		51 589 434	92 411 244
Cash flows from investing activities			
Movement in investments		1 557 995	(45 706 626)
Allocations to beneficiaries		(47 587 951)	(49 854 425)
Net cash from investing activities		(46 029 956)	(95 561 051)
Total cash movement for the period		5 559 478	(3 149 807)
Cash at the beginning of the period		4 320 748	7 470 555
Total cash at end of the period		9 880 226	4 320 748

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Financial Statements for the year ended 30 June 2013

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, 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, except for the changes set out in note Changes in accounting policy.

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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Financial Statements for the year ended 30 June 2013

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The Maize Trust

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
2. Investments		
At cost		
Unlisted shares at cost - Grain Building (Pty) Ltd	106 741 361	106 741 361
Unlisted shares at cost - SAGIS	1	1
	<u>106 741 362</u>	<u>106 741 362</u>
At fair value		
Allan Gray Ltd	426 786 356	377 034 310
Book value - R 317 787 239.		
Prescient Management Company	131 022 226	127 699 512
Book value - R 120 155 245.		
Foord Asset Management	283 687 646	266 694 922
Book value - R 151 828 556.		
	<u>841 496 228</u>	<u>771 428 744</u>
Total other financial assets	<u>948 237 590</u>	<u>878 170 106</u>
Non-current assets		
At cost	106 741 362	106 741 362
At fair value through profit or loss	841 496 228	771 428 744
	<u>948 237 590</u>	<u>878 170 106</u>
Asset management fees paid		
Allan Gray Ltd	2 269 930	2 168 001
Foord Asset Management (Pty) Ltd	2 642 069	2 240 328
Prescient Management Company	761 525	891 885
	<u>5 673 524</u>	<u>5 300 214</u>
3. Funding recovered from beneficiaries		
Agricultural Research Council	71 711	65 789
GFADA	569 245	-
	<u>640 956</u>	<u>65 789</u>

The Maize Trust

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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	11 211 780	11 459 783
BFAP	-	85 289
Buhle Farmers Academy	100 000	467 349
Bursary Scheme	773 819	608 472
CA Coordination	64 141	102 423
Dr WJ van der Walt	27 850	28 363
Effect of mining co-ordination	30 998	-
GFADA	30 000 100	3 996 715
Grain SA	7 975 749	7 615 683
Grain SA - Farmer Development Programme	10 754 569	10 998 094
Medical Research Council	676 158	343 000
Mycotoxin Coordination	110 679	193 994
No-Till Club	125 007	375 020
North West University	224 895	144 701
SA Grain Laboratory	4 261 906	3 399 194
SAGIS	8 054 198	8 860 165
Sandy Soils Development Committee	-	388 100
TUT	221 066	180 000
University of Cape Town	14 817	42 718
University of Pretoria	202 665	72 000
University of Stellenbosch	944 000	756 000
	75 774 397	50 117 063
6. Trade and other receivables		
Foord Asset Management - Dividend Withholding Tax	343 576	-

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2013

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4. Donations		
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- Received 2000	244 128 772	244 128 772
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No-Till Club	125 007	375 020
North West University	224 895	144 701
SA Grain Laboratory	4 261 906	3 399 194
SAGIS	8 054 198	8 860 165
Sandy Soils Development Committee	-	388 100
TUT	221 066	180 000
University of Cape Town	14 817	42 718
University of Pretoria	202 665	72 000
University of Stellenbosch	944 000	756 000
	<u>75 774 397</u>	<u>50 117 063</u>
6. Trade and other receivables		
Foord Asset Management - Dividend Withholding Tax	343 576	-

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
7. Allocations approved during the year by the trustees		
Agricultural Research Council	10 926 590	11 245 406
BFAP	-	85 289
Buhle Farmers Academy	-	500 000
Bursary Scheme	935 908	605 306
CA Coordination	64 141	102 423
Dr WJ van der Walt	27 650	28 650
Effect of mining co-ordination	30 998	-
GFADA	100	3 646 715
Grain SA	6 897 139	4 044 125
- Approved	7 286 281	4 583 196
- Recalculation of allocations	(389 142)	(539 071)
Grain SA - Farmer Development Programme	13 598 333	13 443 212
- Approved	14 431 165	13 821 912
- Recalculation of allocations	(832 832)	(378 700)
Medical Research Council	893 601	350 000
Mycotoxin Coordination	110 678	193 994
NAMC	80 000	-
No-Till Club	-	625 024
North West University	341 658	35 500
- Approved	341 658	99 500
- Recalculation of allocations	-	(64 000)
SAGIS	7 643 990	10 387 348
SA Grain Laboratory	4 508 319	3 106 433
- Approved	4 508 319	3 766 157
- Recalculation of allocations	-	(659 724)
Sandy Soils Development Committee	-	350 000
TUT	221 068	200 000
University of Pretoria	257 775	120 000
University of Stellenbosch	1 050 000	785 000
	47 587 951	49 854 425

Included in approved amounts for the Medical Research Council, is an amount of R 234 156 for the ARC co-worker project.

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)	47 587 951	49 854 425
Special Grants approved during the year	-	30 000 000
Unpaid allocations at end of previous year (as per note 8)	63 953 229	34 215 867
	111 541 180	114 070 292
Allocations paid during the year (as per note 5)	(75 774 394)	(50 117 063)
	35 766 786	63 953 229

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

2013

2012

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:

✓ Agricultural Research Council	4 613 653	4 898 843
✓ Buhle Farmers Academy	-	100 000
✓ Bursary Scheme	475 424	313 333
✓ Dr WJ van der Walt	5 530	5 730
✓ GFADA - Special Grant	-	30 000 000
✓ Grain SA	4 136 490	3 298 409
✓ Grain SA - Farmer Development Programme	17 119 807	16 192 735
✓ Medical Research Council	357 443	140 000
✓ NAMC	80 000	-
✓ No-Till Club	124 997	250 003
✓ North West University	156 563	39 800
✓ SA Grain Laboratory	2 445 347	2 198 934
✓ SAGIS	5 441 820	5 852 028
✓ Sandy Soils Development Committee	206 500	206 500
✓ TUT	80 002	80 000
✓ University of Cape Town	97	14 914
✓ University of Pretoria	103 110	48 000
✓ University of Stellenbosch	420 000	314 000
	35 766 783	63 953 229

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 - 2013

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

Components of other comprehensive income - 30 June 2012

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	38 084 588	-	38 084 588

The Maize Trust

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

2013

2012

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:

✓ Agricultural Research Council	4 613 653	4 898 843
✓ Buhle Farmers Academy	-	100 000
✓ Bursary Scheme	475 424	313 333
✓ Dr WJ van der Walt	5 530	5 730
✓ GFADA - Special Grant	-	30 000 000
✓ Grain SA	4 136 490	3 298 409
✓ Grain SA - Farmer Development Programme	17 119 807	16 192 735
✓ Medical Research Council	357 443	140 000
✓ NAMC	80 000	-
✓ No-Till Club	124 997	250 003
✓ North West University	156 563	39 800
✓ SA Grain Laboratory	2 445 347	2 198 934
✓ SAGIS	5 441 820	5 852 028
✓ Sandy Soils Development Committee	206 500	206 500
✓ TUT	80 002	80 000
✓ University of Cape Town	97	14 914
✓ University of Pretoria	103 110	48 000
✓ University of Stellenbosch	420 000	314 000
	35 766 783	63 953 229

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 - 2013

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

Components of other comprehensive income - 30 June 2012

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	38 084 588	-	38 084 588

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
11. Cash generated from operations		
Surplus (deficit) before taxation	32 531 700	(17 175 570)
Adjustments for:		
Allocations to beneficiaries	47 587 951	49 854 425
Asset management fees	5 673 524	5 300 214
Dividends received	(12 629 811)	(14 993 129)
Interest received	(12 386 052)	(11 753 743)
Special Grants	-	30 000 000
Movements in provisions	(28 186 445)	29 737 362
Changes in working capital:		
Trade and other receivables	(343 576)	-
Trade and other payables	(196)	(4 973)
	32 247 095	70 964 586

12. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

13. 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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Financial Statements for the year ended 30 June 2013

Detailed Income Statement

Figures in Rand	Note(s)	2013	2012
Other income			
Profit on sale of investments		62 844 311	43 613 733
Funding recovered from beneficiaries (as per note 3)		640 956	65 789
Dividend revenue		12 629 811	14 993 129
Interest received		12 386 052	11 753 743
		<u>88 501 130</u>	<u>70 426 394</u>
Operating expenses			
Accounting fees		(59 079)	(55 787)
Advertising		(2 904)	(4 494)
Audit fees		(115 920)	(108 326)
Bank charges		(115 895)	(117 727)
Computer expenses		(7 939)	(2 985)
Professional fees		(25 436)	(16 541)
Administration costs		(1 278 563)	(1 085 134)
Remuneration - Investment advisor		(259 453)	(289 378)
Trustees emoluments		(496 144)	(385 775)
Conference costs		(39 783)	(84 896)
Maize Board costs		(165 774)	(135 509)
Insurance		(68 927)	(68 927)
Printing and stationery		(1 790)	-
Travel - local		(70 348)	(91 846)
		<u>(2 707 955)</u>	<u>(2 447 325)</u>
Operating surplus before asset management fees, allocations to beneficiaries and special grants		85 793 175	67 979 069
Special Grants		-	(30 000 000)
Allocations to beneficiaries (as per note 7)		(47 587 951)	(49 854 425)
Asset Management fees (as per note 2)		(5 673 524)	(5 300 214)
		<u>(53 261 475)</u>	<u>(85 154 639)</u>
Fair value adjustments		71 625 479	38 084 588
Net surplus after fees, special grants, allocations to beneficiaries and fair value adjustments		104 157 179	20 909 018

The Maize Trust

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Financial Statements for the year ended 30 June 2013

Detailed Income Statement

Figures in Rand	Note(s)	2013	2012
Other income			
Profit on sale of investments		62 844 311	43 613 733
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