

THE MAIZE TRUST
(Registration number IT8214/98)
Financial statements
for the 6 months ended 31 December 2014



THE
ASHTON
CA (SA) GROUP

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 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.) Registered Auditors
Trust registration number	IT8214/98

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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 6 months 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 6 months to 30 June 2015 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 auditing 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 17, which have been prepared on the going concern basis, were approved by the board on _____ and were signed on its behalf by:

Trustee



Trustee





THE
ASHTON
CA (SA) GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

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Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the financial statements of The Maize Trust, as set out on pages 6 to 16, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 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 for the 6 months ended 31 December 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 17 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
Registered Auditors

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Financial Statements for the 6 months ended 31 December 2014

Trustees' Report

The trustees have pleasure in submitting their report on the financial statements of The Maize Trust for the 6 months ended 31 December 2014.

1. Trustees

The trustees in office at the date of this report are as follows:

Trustees

Mr JK Peele (Chairperson)

Mr JF De Villiers (Vice Chairperson)

Ms KPN Daly

Mr CK Ferreira

Dr TJ Hewu

Dr JL Purchase

The Minister has nominated two new Trustees to replace Mr JK Peele and Ms KPN Daly. These new appointments are in the process of being finalised.

2. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

3. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

4. Auditors

The Ashton CA (SA) Group continued in office as auditors for the trust for 2015.

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 currently having discussions with the Minister to obtain a greater understanding of how the proposed Bill will be implemented.

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Statement of Financial Position as at 31 December 2014

Figures in Rand	Note(s)	31 December 2014	30 June 2014
Assets			
Non-Current Assets			
Investments	2	1 014 192 103	1 054 768 882
Current Assets			
Trade and other receivables	3	55 608 176	343 573
Cash and cash equivalents		4 463 545	29 872 455
		<u>60 071 721</u>	<u>30 216 028</u>
Total Assets		<u>1 074 263 824</u>	<u>1 084 984 910</u>
Equity and Liabilities			
Equity			
Donations	4	319 234 732	319 234 732
Accumulated surplus		703 361 921	713 639 965
		<u>1 022 596 653</u>	<u>1 032 874 697</u>
Liabilities			
Current Liabilities			
Trade and other payables		10 374	10 374
Provisions	5	51 656 797	52 099 839
		<u>51 667 171</u>	<u>52 110 213</u>
Total Equity and Liabilities		<u>1 074 263 824</u>	<u>1 084 984 910</u>

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Statement of Comprehensive Income

Figures in Rand	Note(s)	6 months ended 31 December 2014	12 months ended 30 June 2014
Income		31 740 946	79 426 923
Operating expenses		(1 722 903)	(3 081 498)
Operating surplus		30 018 043	76 345 425
Investment revenue		13 365 556	31 251 404
Allocations to beneficiaries (As per note 6)		(26 442 402)	(61 843 643)
Fair value adjustments		(24 814 169)	71 267 260
Asset management fees (As per note 2)		(2 405 072)	(6 821 080)
(Deficit) surplus for the 6 months		(10 278 044)	110 199 366
Other comprehensive income		-	-
Total comprehensive (loss) income for the 6 months		(10 278 044)	110 199 366

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Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 July 2013	319 234 732	603 440 599	922 675 331
Surplus for the year	-	110 199 366	110 199 366
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	110 199 366	110 199 366
Balance at 01 July 2014	319 234 732	713 639 965	1 032 874 697
Deficit for the 6 months	-	(10 278 044)	(10 278 044)
Other comprehensive income	-	-	-
Total comprehensive deficit for the 6 months	-	(10 278 044)	(10 278 044)
Balance at 31 December 2014	319 234 732	703 361 921	1 022 596 653
Note(s)	4		

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Financial Statements for the 6 months ended 31 December 2014

Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 31 December 2014	12 months ended 30 June 2014
Cash flows from operating activities			
Cash (used in) generated from operations	9	(50 503 770)	163 936 840
Interest income		6 180 031	16 456 680
Dividends received		7 185 525	14 794 724
Asset management fees paid		(2 405 073)	(6 821 080)
Net cash from operating activities		(39 543 287)	188 367 164
Cash flows from investing activities			
Movement in investments		40 576 779	(106 531 292)
Allocations to beneficiaries		(26 442 402)	(61 843 643)
Net cash from investing activities		14 134 377	(168 374 935)
Total cash movement for the period		(25 408 910)	19 992 229
Cash at the beginning of the period		29 872 455	9 880 226
Total cash at end of the period		4 463 545	29 872 455

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Financial Statements for the 6 months ended 31 December 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

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting 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.

1.2 Provisions and contingencies

Provisions are recognised when:

- the Trust has an obligation at the reporting 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.

1.4 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.

1.5 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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Accounting Policies

1.6 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.

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Notes to the Financial Statements

Figures in Rand	6 months ended 31 December 2014	12 months ended 30 June 2014
2. Investments		
At cost		
Unlisted shares at cost - Grain Building (Pty) Ltd	142 110 771	142 110 771
Unlisted shares at cost - SAGIS	1	1
	<u>142 110 772</u>	<u>142 110 772</u>
At fair value		
Allan Gray Ltd	441 815 381	471 018 628
Book value - R307 363 569		
Prescient Management Company	130 786 586	133 270 332
Book value - R127 667 806		
Foord Asset Management	299 479 364	308 369 150
Book value - R159 161 007		
	<u>872 081 331</u>	<u>912 658 110</u>
Total other financial assets	<u>1 014 192 103</u>	<u>1 054 768 882</u>
Non-current assets		
At cost	142 110 772	142 110 772
At fair value through profit or loss	872 081 331	912 658 110
	<u>1 014 192 103</u>	<u>1 054 768 882</u>
Asset management fees paid		
Allan Gray Ltd	1 305 027	2 525 661
Foord Asset Management (Pty) Ltd	624 970	3 361 684
Prescient Management Company	475 075	933 735
	<u>2 405 072</u>	<u>6 821 080</u>
3. Trade and other receivables		
Foord Asset Management - Dividend Withholding Tax	343 574	343 573
Grain Building (Pty) Ltd	55 259 000	-
Sundry Debtors	5 602	-
	<u>55 608 176</u>	<u>343 573</u>
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
	<u>319 234 732</u>	<u>319 234 732</u>

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Notes to the Financial Statements

Figures in Rand

6 months ended 31 December 2014	12 months ended 30 June 2014
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5. 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 follow:

AFMA	-	85 834
Agricultural Research Council	13 930 333	4 315 469
Bursary Scheme	86 109	585 378
Cape Peninsula University	953 983	251 752
Dr WJ van der Walt	11 740	11 560
GSI	119 884	119 884
Grain SA	2 745 928	5 350 908
Grain SA - Farmer Development Programme	6 585 852	19 543 263
NAMC	321 200	321 200
National Chamber of Milling	800 000	-
North West University	68 332	136 663
SA Grain Laboratory	1 810 380	2 553 056
SAGIS	9 106 842	5 889 261
Sandy Solis Development Committee	513 740	159 880
TUT	719 062	86 798
University of Cape Town	-	97
University of Pretoria (BFAP)	12 030 577	12 268 837
University of Stellenbosch	1 852 835	420 000
	<u>51 656 797</u>	<u>52 099 840</u>

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Figures in Rand	6 months ended 31 December 2014	12 months ended 30 June 2014
6. Allocations approved during the year by the trustees		
AFMA	-	85 834
Agricultural Research Council	11 190 638	10 456 890
- Approved	11 190 638	10 500 390
- Recalculation of allocations	-	(43 500)
Bursary Scheme	-	1 005 843
CA Coordination	361 064	100 186
Cape Peninsula University	853 282	377 334
Dr WJ van der Walt	29 350	28 900
GFADA	2 572 464	-
Grain SA	1 121 425	5 177 254
- Approved	1 487 496	5 451 171
- Recalculation of allocations	(366 071)	(273 917)
Grain SA - Farmer Development Programme	(60 243)	17 168 484
- Approved	-	17 426 635
- Recalculation of allocations	(60 243)	(258 151)
GSI	-	119 884
Medical Research Council	-	(357 443)
- Approved	-	-
- Recalculation of allocations	-	(357 443)
Mycotoxin Coordination	78 197	111 320
NAMC	-	241 200
National Chamber of Milling	800 000	-
No-Till Club	-	10
SAGIS	7 173 006	8 550 880
- Approved	9 106 842	-
- Recalculation of allocations	(1 933 836)	-
SA Grain Laboratory	(175 583)	4 896 644
- Approved	-	4 896 644
- Recalculation of allocations	(175 583)	-
Sandy Solis Development Committee	433 800	399 700
TUT	632 264	216 995
University of Cape Town	(97)	-
- Approved	-	-
- Recalculation of allocations	(97)	-
University of Pretoria (BFAP)	-	12 213 727
University of Stellenbosch	1 432 835	1 050 000
	26 442 402	61 843 643
Approved during the year (as above)	26 442 402	61 843 643
Unpaid allocations at the end of the previous year (as per note 5)	52 099 840	35 766 783
	78 542 242	97 610 429
Allocations paid during the year (as per note 7)	(26 885 444)	(45 510 589)
	51 656 797	52 099 840

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Notes to the Financial Statements

Figures in Rand

6 months ended 31 December 2014	12 months ended 30 June 2014
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7. Actual payments to beneficiaries

AFMA	85 834	-
Agricultural Research Council	1 575 771	10 755 074
Bursary Scheme	499 269	895 888
CA Coordination	361 064	100 186
Cape Peninsula University	151 051	125 582
Dr WJ van der Walt	29 170	22 870
GFADA	2 572 464	-
Grain SA	13 605 183	3 978 607
Grain SA - Farmer Development Programme	3 018 391	14 729 262
Mycotoxin Coordination	78 197	111 320
No-Till Club	-	125 007
North West University	68 332	19 900
SA Grain Laboratory	567 093	4 788 936
SAGIS	3 955 425	8 103 438
Sandy Solis Development Committee	79 940	446 320
TUT	-	210 199
University of Pretoria (BFAP)	238 260	48 000
University of Stellenbosch	-	1 050 000
	<u>26 885 444</u>	<u>45 510 589</u>

8. Taxation

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

9. Cash (used in) generated from operations

(Deficit) surplus before taxation	(10 278 044)	110 199 366
Adjustments for:		
Allocations to beneficiaries	26 442 402	61 843 646
Asset management fees	2 405 072	6 821 080
Dividends received	(7 185 525)	(14 794 724)
Interest received - investment	(6 180 031)	(16 456 680)
Movements in provisions	(443 042)	16 333 055
Changes in working capital:		
Trade and other receivables	(55 264 602)	-
Trade and other payables	-	(8 903)
	<u>(50 503 770)</u>	<u>163 936 840</u>

10. 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 R90 628 409 has already been paid. Shares to the value of the total development costs are to be issued to the Trust by Grain Building (Pty) Ltd.

11. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

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Notes to the Financial Statements

Figures in Rand

6 months ended	12 months
31 December	ended 30 June
2014	2014

12. 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 dependant 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 as 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 investments has been distributed between three reputable asset manager companies with diversified risk strategies. The Trust also appointed an investment advisor.

13. Prior period changes

In accordance with Section 11 of IFRS for SME's, fair value adjustments of financial instruments are directly accounted for through profit and loss.

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Detailed Income Statement

Figures in Rand	Note(s)	6 months ended 31 December 2014	12 months ended 30 June 2014
Other income			
Profit on sale of investments		31 740 946	79 360 664
Commitment fees received - Investment Fund		-	66 259
Dividends received		7 185 525	14 794 724
Interest received		6 180 031	16 456 680
		<u>45 106 502</u>	<u>110 678 327</u>
Operating expenses			
Accounting fees		(31 122)	(60 705)
Administration costs		(791 059)	(1 374 259)
Audit fees		(64 000)	(123 920)
Bank charges		(45 622)	(112 150)
Computer expenses		(3 835)	(3 550)
Conference costs		(31 091)	(54 020)
Insurance		(68 421)	(72 898)
Maize Forum costs		-	(122 695)
Membership fees		-	(200)
Printing and stationery		-	(794)
Professional fees		(108 650)	(180 299)
Remuneration - Investment advisor		(154 789)	(325 162)
Travel and accommodation		(53 995)	(22 327)
Trustees emoluments		(370 319)	(628 519)
		<u>(1 722 903)</u>	<u>(3 081 498)</u>
Operating surplus before asset management fees, allocations to beneficiaries and fair value adjustments		43 383 599	107 596 829
Allocations to beneficiaries (as per note 6)		(26 442 402)	(61 843 643)
Fair value adjustments		(24 814 169)	71 267 260
Asset Management fees (as per note 2)		(2 405 072)	(6 821 080)
		<u>(53 661 643)</u>	<u>2 602 537</u>
(Deficit) surplus for the 6 months		(10 278 044)	110 199 366