

**THE MAIZE TRUST**  
(Registration number IT8214/98)  
Financial statements  
for the 6 months ended 31 December 2015



THE  
**ASHTON**  
CA (SA) GROUP

# The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2015

## General Information

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<b>Type of trust</b>	Non-trading trust
<b>Trustees</b>	Mr JF De Villiers Dr TJ Hewu Ms N Mahlali Mr SS Ndlungwane Dr JL Purchase Mr CK Ferreira (resigned 8 February 2016)
<b>Business address</b>	The Grain Building 477 Witherite Road The Willows Pretoria 0040
<b>Bankers</b>	ABSA
<b>Auditors</b>	The Ashton CA (SA) Group Chartered Accountants (S.A.) Registered Auditors
<b>Trust registration number</b>	IT8214/98

# The Maize Trust

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Financial Statements for the 6 months ended 31 December 2015

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

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# The Maize Trust

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## Trustees' Responsibilities and Approval

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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.

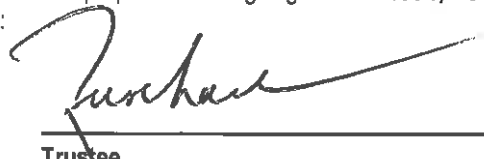
The trustees have reviewed the trust's cash flow forecast for the 6 months to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 16, which have been prepared on the going concern basis, were approved by the board on 18 March 2016 and were signed on its behalf by:



Trustee



Trustee



THE  
**ASHTON**  
CA (SA) GROUP

REGISTERED ACCOUNTANTS  
AND AUDITORS

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Ashlea Gardens, 0181

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## Independent Auditors' Report

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### To the trustees of The Maize Trust

We have audited the financial statements of The Maize Trust, as set out on pages 6 to 15, which comprise the statement of financial position as at 31 December 2015, 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 year ended 30 June 2015, 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**  
Registered Auditors

# The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2015

## Trustees' Report

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The trustees have pleasure in submitting their report on the financial statements of The Maize Trust for the 6 months ended 31 December 2015.

### 1. Trustees

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

#### Trustees

Mr JF De Villiers

Dr TJ Hewu

Ms N Mahlali

Mr SS Ndlungwane

Dr JL Purchase

Mr CK Ferreira (resigned 8 February 2016)

Mr C Schoonwinkel (appointed 8 February 2016)

### 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. 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.

# The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2015

## Statement of Financial Position as at 31 December 2015

Figures in Rand	Note(s)	31 December 2015	30 June 2015
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investments	2	1 087 401 610	1 079 361 696
<b>Current Assets</b>			
Trade and other receivables	3	5 386 813	-
Cash and cash equivalents		12 286 831	7 007 076
		17 673 644	7 007 076
<b>Total Assets</b>		<b>1 105 075 254</b>	<b>1 086 368 772</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Donations	4	319 234 732	319 234 732
Accumulated surplus		729 409 693	716 040 861
		1 048 644 425	1 035 275 593
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		733	-
Provisions	5	56 430 096	51 093 179
		56 430 829	51 093 179
<b>Total Equity and Liabilities</b>		<b>1 105 075 254</b>	<b>1 086 368 772</b>

# The Maize Trust

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Financial Statements for the 6 months ended 31 December 2015

## Statement of Comprehensive Income

Figures in Rand	Note(s)	6 months ended 31 December 2015	12 months ended 30 June 2015
Profit/(loss) on sale of investments and sundry income		(968 032)	25 881 369
Operating expenses		(1 852 455)	(3 440 381)
<b>Surplus before investment revenue, allocations to beneficiaries, fair value adjustments and asset management fees</b>		<b>(2 820 487)</b>	<b>22 440 988</b>
Investment revenue - Interest & Dividends		13 274 290	27 362 051
Allocations to beneficiaries ( As per note 6 )		(32 065 345)	(56 635 719)
Fair value adjustments		37 071 493	13 915 805
Asset management fees ( As per note 2 )		(2 091 119)	(4 682 229)
<b>Surplus for the period</b>		<b>13 368 832</b>	<b>2 400 896</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>13 368 832</b>	<b>2 400 896</b>



## The Maize Trust

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Financial Statements for the 6 months ended 31 December 2015

### Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
<b>Balance at 01 July 2014</b>	<b>319 234 732</b>	<b>713 639 965</b>	<b>1 032 874 697</b>
Surplus for the year	-	2 400 896	2 400 896
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2 400 896</b>	<b>2 400 896</b>
<b>Balance at 01 July 2015</b>	<b>319 234 732</b>	<b>716 040 861</b>	<b>1 035 275 593</b>
Surplus for the 6 months	-	13 368 832	13 368 832
Other comprehensive income	-	-	-
<b>Total comprehensive income for the 6 months</b>	<b>-</b>	<b>13 368 832</b>	<b>13 368 832</b>
<b>Balance at 31 December 2015</b>	<b>319 234 732</b>	<b>729 409 693</b>	<b>1 048 644 425</b>
Note(s)	4		

# The Maize Trust

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## Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 31 December 2015	12 months ended 30 June 2015
<b>Cash flows from operating activities</b>			
Cash generated from operations		34 201 846	35 683 336
Interest income		6 719 636	12 852 967
Dividends received		6 554 654	14 509 084
Asset management fees paid		(2 091 119)	(4 682 229)
<b>Net cash from operating activities</b>		<b>45 385 017</b>	<b>58 363 158</b>
<b>Cash flows from investing activities</b>			
Movement in investments		(8 039 914)	(24 592 814)
Allocations to beneficiaries		(32 065 345)	(56 635 719)
<b>Net cash from investing activities</b>		<b>(40 105 259)</b>	<b>(81 228 533)</b>
<b>Total cash movement for the period</b>		<b>5 279 758</b>	<b>(22 865 375)</b>
Cash at the beginning of the period		7 007 076	29 872 455
<b>Total cash at end of the period</b>		<b>12 286 834</b>	<b>7 007 080</b>

# The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2015

## Accounting Policies

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### 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.

## **The Maize Trust**

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Financial Statements for the 6 months ended 31 December 2015

### **Accounting Policies**

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#### **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.

# The Maize Trust

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## Notes to the Financial Statements

Figures in Rand

	6 months ended 31 December 2015	12 months ended 30 June 2015
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### 2. Investments

#### At cost

Unlisted shares at cost - Grain Building (Pty) Ltd	241 635 712	241 635 712
Unlisted shares at cost - SAGIS	1	1
	<u>241 635 713</u>	<u>241 635 713</u>

#### At fair value

Allan Gray Ltd	431 789 044	417 410 486
Book value - R 305 146 213		
Prescient Management Company	120 385 574	127 241 437
Book value - R 104 003 380		
Foord Asset Management	293 591 279	293 074 060
Book value - R 179 282 795		
	<u>845 765 897</u>	<u>837 725 983</u>
<b>Total other financial assets</b>	<u>1 087 401 610</u>	<u>1 079 361 696</u>

#### Non-current assets

At cost	241 635 713	241 635 713
At fair value through profit or loss	845 765 897	837 725 983
	<u>1 087 401 610</u>	<u>1 079 361 696</u>

#### Asset management fees paid

Allan Gray Ltd	1 178 266	2 546 371
Foord Asset Management (Pty) Ltd	487 151	1 240 427
Prescient Management Company	425 702	895 431
	<u>2 091 119</u>	<u>4 682 229</u>

### 3. Trade and other receivables

Deposits	27 363	-
Grain Building (Pty) Ltd	5 359 450	-
	<u>5 386 813</u>	<u>-</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  
2015

12 months  
ended 30 June  
2015

### 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:

Agricultural Research Council	14 192 114	4 862 456
Bursary Scheme	49 331	546 983
Cape Peninsula University	1 173 065	341 313
Dr WJ van der Walt	12 380	5 870
GFADA	2 779 610	-
Grain SA	3 389 229	4 956 448
Grain SA - Farmer Development Programme	10 166 357	20 476 503
Mahlathini Development	89 400	-
National Chamber of Milling	400 000	400 000
North West University	68 332	68 332
SA Grain Laboratory	2 230 439	2 603 624
SAGIS	11 431 058	7 185 346
Sandy Solis Development Committee	163 403	93 580
TUT	718 170	532 064
University of Cape Town	365 000	-
University of Pretoria (BFAP)	7 484 074	8 367 526
University of Kwazulu Natal	360 000	-
University of Stellenbosch	1 358 134	653 134
	<u>56 430 096</u>	<u>51 093 179</u>

# The Maize Trust

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## Notes to the Financial Statements

Figures in Rand

	6 months ended 31 December 2015	12 months ended 30 June 2015
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### 6. Allocations approved during the year by the trustees

Agricultural Research Council	11 145 289	11 269 997
- Approved	11 145 289	11 509 988
- Recalculation of allocations	-	(239 991)
Bursary Scheme	-	958 528
CA Coordination	-	361 064
Cape Peninsula University	831 752	889 762
Dr WJ van der Walt	30 950	29 350
GFADA	6 949 025	2 572 464
Grain SA	(26 250)	6 864 229
- Approved	-	7 959 187
- Recalculation of allocations	(26 250)	(1 094 958)
Grain SA - Farmer Development Programme	-	17 123 335
- Approved	-	17 183 578
- Recalculation of allocations	-	(60 243)
Hilton Lambert	125 400	-
Mahlathini Development	89 400	-
Mycotoxin Coordination	-	78 197
NAMC	-	(248 372)
National Chamber of Milling	-	800 000
SAGIS	9 949 563	9 764 849
- Approved	9 949 563	12 093 713
- Recalculation of allocations	-	(2 328 864)
SA Grain Laboratory	586 444	3 553 513
- Approved	586 444	3 729 096
- Recalculation of allocations	-	(175 583)
Sandy Soils Development Committee	408 507	433 800
TUT	465 264	632 264
University of Cape Town	365 000	(97)
- Approved	365 000	-
- Recalculation of allocations	-	(97)
University of Kwazulu Natal	360 000	-
University of Stellenbosch	785 000	1 552 835
	<b>32 065 345</b>	<b>56 635 719</b>
Approved during the year (as above)	32 065 345	56 635 719
Unpaid allocations at the end of the previous year (as per note 5)	51 093 178	52 099 840
	83 158 523	108 735 559
Allocations paid during the year (as per note 7)	(26 728 427)	(57 642 379)
	<b>56 430 096</b>	<b>51 093 179</b>

## The Maize Trust

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Financial Statements for the 6 months ended 31 December 2015

### Notes to the Financial Statements

Figures in Rand	6 months ended 31 December 2015	12 months ended 30 June 2015
<b>7. Actual payments to beneficiaries</b>		
AFMA	-	85 834
Agricultural Research Council	1 815 631	10 723 008
Bursary Scheme	497 653	996 922
CA Coordination	-	361 064
Cape Peninsula University	-	800 201
Dr WJ van der Walt	24 440	35 040
GFADA	4 169 415	2 572 464
Grain SA	1 540 969	17 137 467
Grain SA - Farmer Development Programme	10 310 147	6 311 317
Hilton Lambert	125 400	-
Mycotoxin Coordination	-	78 197
North West University	-	68 332
SA Grain Laboratory	959 630	3 502 945
SAGIS	5 703 848	8 468 765
Sandy Solis Development Committee	338 684	500 100
TUT	279 158	186 998
University of Pretoria (BFAP)	883 452	3 901 313
University of Stellenbosch	80 000	1 319 701
NAMC	-	72 827
GSI	-	119 884
National Chamber of Milling	-	400 000
	<u>26 728 427</u>	<u>57 642 379</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. Related parties

#### Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

### 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 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.



# The Maize Trust

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Financial Statements for the 6 months ended 31 December 2015

## Detailed Income Statement

Figures in Rand	Note(s)	6 months ended 31 December 2015	12 months ended 30 June 2015
<b>Income</b>			
Dividends received		6 554 654	14 509 084
Interest received		6 719 636	12 852 967
Profit/(loss) on sale of investments		(1 004 216)	25 842 853
Sundry Income		36 184	38 516
		<u>12 306 258</u>	<u>53 243 420</u>
<b>Operating expenses</b>			
Accounting fees		(40 370)	(70 367)
Administration costs		(737 039)	(1 507 558)
Audit fees		(68 000)	(132 000)
Bank charges		(49 856)	(138 070)
Computer expenses		(4 156)	(3 835)
Conference costs		(49 310)	(56 126)
Insurance		(68 421)	(72 348)
Maize Forum costs		-	(162 615)
Membership fees		-	(100)
Printing and stationery		-	(303)
Professional fees		(195 787)	(166 095)
Remuneration - Investment advisor		(112 518)	(305 509)
Travel and accommodation		(24 584)	(57 512)
Trustees emoluments		(502 414)	(767 943)
		<u>(1 852 455)</u>	<u>(3 440 381)</u>
<b>Surplus before allocations to beneficiaries, fair value adjustments and asset management fees</b>		<b>10 453 803</b>	<b>49 803 039</b>
Allocations to beneficiaries (as per note 6)		(32 065 345)	(56 635 719)
Fair value adjustments		37 071 493	13 915 805
Asset Management fees (as per note 2)		(2 091 119)	(4 682 229)
		<u>2 915 029</u>	<u>(47 402 143)</u>
<b>Surplus for the period</b>		<b>13 368 832</b>	<b>2 400 896</b>

