

THE MAIZE TRUST
(Registration number IT8214/98)
Annual financial statements
for the year ended 30 June 2012



ASHTON

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2012

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 Mr JDM Minnaar Dr JL Purchase (January 2012)
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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Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

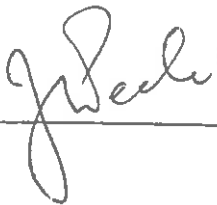
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal 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 annual 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 2013 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 annual financial statements. The annual financial statements have been examined by the Trust's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the board on 16 August 2012 and were signed on its behalf by:



Trustee



Trustee

Pretoria



ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

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Ashlea Gardens, 0181

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Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the annual financial statements of The Maize Trust, which comprise the statement of financial position as at 30 June 2012, 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 4 to 14.

Trustees' Responsibility for the Annual Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standards, 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 annual 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 annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual 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 annual financial statements present fairly, in all material respects, the financial position of The Maize Trust as at 30 June 2012, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, 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 15 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

The Ashton CA (SA) Group

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Annual Financial Statements for the year ended 30 June 2012

Trustees' Report

The trustees submit their report for the year ended 30 June 2012.

1. Going concern

The annual 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

Mr JDM Minnaar

Dr JL Purchase (January 2012)

4. Auditors

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

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Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Non-Current Assets			
Investments	2	878 170 106	824 378 892
Current Assets			
Cash and cash equivalents		4 320 748	7 470 556
Total Assets		882 490 854	831 849 448
Equity and Liabilities			
Equity			
Donations	4	319 234 732	319 234 732
Accumulated surplus		499 283 419	478 374 401
		818 518 151	797 609 133
Liabilities			
Current Liabilities			
Trade and other payables		19 474	24 448
Provisions	7	63 953 229	34 215 867
		63 972 703	34 240 315
Total Equity and Liabilities		882 490 854	831 849 448

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2012	2011
Income		43 679 522	31 221 771
Operating expenses		(2 447 325)	(2 169 080)
		41 232 197	29 052 691
Investment revenue		26 746 872	21 935 553
Fair value adjustments		38 084 588	35 416 113
Special Grants (as per note 11)	11	(30 000 000)	-
Allocations to beneficiaries (As per note 6)		(49 854 425)	(62 805 905)
Asset management fees (As per note 2)		(5 300 214)	(4 263 819)
Surplus/(Deficit) for the period		20 909 018	19 334 633
Other comprehensive income		-	-
Total comprehensive income for the year		20 909 018	19 334 633

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Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 July 2010	319 234 732	459 039 768	778 274 500
Changes in equity			
Total comprehensive income for 12 months	-	19 334 633	19 334 633
Total changes	-	19 334 633	19 334 633
Balance at 01 July 2011	319 234 732	478 374 401	797 609 133
Changes in equity			
Total comprehensive income for the year	-	20 909 018	20 909 018
Total changes	-	20 909 018	20 909 018
Balance at 30 June 2012	319 234 732	499 283 419	818 518 151

Note(s)

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Annual Financial Statements for the year ended 30 June 2012

Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Cash generated from operations	9	109 049 172	78 335 463
Interest income		11 753 743	10 500 881
Dividends received		14 993 129	11 434 672
Asset management fees paid		(5 300 214)	(4 263 818)
Net cash from operating activities		130 495 830	96 007 198
Cash flows from investing activities			
Movement in investments		(83 791 214)	(34 486 108)
Allocations to beneficiaries		(49 854 425)	(62 805 905)
Net cash from investing activities		(133 645 639)	(97 292 013)
Total cash movement for the period		(3 149 809)	(1 284 815)
Cash at the beginning of the period		7 470 556	8 755 371
Total cash at end of the period		4 320 747	7 470 556

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Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards. The annual 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.

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.

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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Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

30 June 2012 30 June 2011

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	377 034 310	353 009 516
Book value - R 312 689 292.67.		
Prescient Management Company	127 699 512	127 480 594
Book value - R 119 997 677.		
Foord Asset Management	266 694 922	237 147 420
Book value - R 158 633 609.88.		
	<u>771 428 744</u>	<u>717 637 530</u>
Total other financial assets	<u>878 170 106</u>	<u>824 378 892</u>

Non-current assets

At cost	106 741 362	106 741 362
At fair value through profit or loss	771 428 744	717 637 530
	<u>878 170 106</u>	<u>824 378 892</u>

Asset management fees paid

Allan Gray Ltd	2 168 001	2 247 034
Foord Asset Management (Pty) Ltd	2 240 328	1 119 723
Prescient Management Company	891 885	897 062
	<u>5 300 214</u>	<u>4 263 819</u>

3. Funding recovered from beneficiaries

Agricultural Research Council	65 789	40 000
Emerging Farmers Assistance	-	13 034
Limpast	-	383 234
No-Till Club	-	8 000
	<u>65 789</u>	<u>444 268</u>

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Notes to the Annual Financial Statements

Figures in Rand

30 June 2012 30 June 2011

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	11 459 783	14 077 078
BFAP	85 289	70 000
Buhle Farmers Academy	467 349	385 084
Bursary Scheme	608 472	525 100
CA Coordination	102 423	-
Dr WJ van der Walt	28 363	21 773
Emerging Farmers Assistance	-	1 983 661
GFADA	3 996 715	243 606
Grain SA	7 615 683	7 981 417
Grain SA - Farmer Development Programme	10 998 094	10 995 244
Medical Research Council	343 000	199 500
Mycotoxin Coordination	193 994	168 288
No-Till Club	375 020	293 030
North West University	144 701	135 500
SA Grain Laboratory	3 399 194	3 338 377
SAGIS	8 860 165	6 760 236
SIQ (Pty) Ltd	-	226 748
Sandy Soils Development Committee	388 100	366 900
TUT	180 000	90 000
University of Cape Town	42 718	384 108
University of Pretoria	72 000	-
University of Stellenbosch	756 000	698 407
	50 117 063	48 944 057

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Notes to the Annual Financial Statements

Figures in Rand

30 June 2012 30 June 2011

6. Allocations approved during the year by the trustees

Agricultural Research Council	11 245 406	12 985 931
- Approved	11 245 406	14 122 428
- Recalculation of allocations	-	(1 136 497)
BFAP	85 289	-
Buhle Farmers Academy	500 000	352 210
Bursary Scheme	605 306	473 422
CA Coordination	102 423	-
Dr WJ van der Walt	28 650	27 217
Emerging Farmers Assistance	-	1 833 661
GFADA	3 646 715	593 606
Grain SA	4 044 125	4 885 179
- Approved	4 583 196	5 245 106
- Recalculation of allocations	(539 071)	(359 927)
Grain SA - Farmer Development Programme	13 443 212	27 491 672
- Approved	13 821 912	27 491 672
- Recalculation of allocations	(378 700)	-
Medical Research Council	350 000	332 500
Mycotoxin Coordination	193 994	161 654
No-Till Club	625 024	-
North West University	35 500	284 501
- Approved	99 500	284 501
- Recalculation of allocations	(64 000)	-
SAGIS	10 387 348	8 057 747
- Approved	10 387 348	8 063 161
- Recalculation of allocations	-	(5 415)
SA Grain Laboratory	3 106 433	4 146 995
- Approved	3 766 157	4 214 210
- Recalculation of allocations	(659 724)	(67 215)
Sandy Soils Development Committee	350 000	332 500
TUT	200 000	150 000
University of Pretoria	120 000	-
University of Stellenbosch	785 000	690 496
- Approved	785 000	712 500
- Recalculation of allocations	-	(22 004)
	49 854 425	62 805 905

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)	49 854 425	62 805 905
Special Grants approved during the year (as per note 11)	30 000 000	-
Unpaid allocations at end of previous year (as per note 7)	34 215 867	20 354 018
	114 070 292	83 159 923
	(50 117 063)	(48 944 057)
Allocations paid during the year (as per note 5)	63 953 229	34 215 867

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Notes to the Annual Financial Statements

Figures in Rand

30 June 2012 30 June 2011

7. 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	4 898 843	5 113 220
- Buhle Farmers Academy	100 000	67 349
- Bursary Scheme	313 333	316 501
- Dr WJ van der Walt	5 730	5 443
- GFADA	-	350 000
- GFADA - Special Grant (as per note 11)	30 000 000	-
- Grain SA	3 298 409	4 121 155
- Grain SA - Farmer Development Programme	16 192 735	16 496 428
- Medical Research Council	140 000	133 000
- No-Till Club	250 003	-
- North West University	39 800	149 001
- SA Grain Laboratory	2 198 934	2 491 695
- SAGIS	5 852 028	4 324 845
- Sandy Soils Development Committee	206 500	244 600
- TUT	80 000	60 000
- University of Cape Town	14 914	57 630
- University of Pretoria	48 000	-
- University of Stellenbosch	314 000	285 000
	63 953 229	34 215 867

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 operations

Surplus before taxation	20 909 018	19 334 633
Adjustments for:		
Allocations to beneficiaries	49 854 425	62 805 905
Asset management fees	5 300 214	4 263 819
Dividends received	(14 993 129)	(11 434 672)
Interest received	(11 753 743)	(10 500 881)
Fair value adjustments	30 000 000	-
Movements in provisions	29 737 362	13 861 849
Changes in working capital:		
Trade and other payables	(4 975)	4 810
	109 049 172	78 335 463

10. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

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Figures in Rand

30 June 2012 30 June 2011

11. Special Grant

The Maize Trust has decided to make a grant of R30 million available to the Grain Farmer Development Association (GFADA) for transformation projects in the maize industry.

The grant to GFADA is done in addition to the Maize Trust's annual contributions for transformation purposes. The objectives of GFADA and the particular concept for transformation is fully supported by the Trust.

The requirements of emerging farmers will be addressed through GFADA in order to elevate these farmers to a commercial level.

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 dependent on changes in market interest rates.

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

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Detailed Income Statement

Figures in Rand	Note(s)	2012	2011
Other income			
Profit on sale of investments		43 613 733	30 777 503
Funding recovered from beneficiaries (as per note 3)		65 789	444 268
Dividend revenue		14 993 129	11 434 672
Interest received		11 753 743	10 500 881
		<u>70 426 394</u>	<u>53 157 324</u>
Operating expenses			
Accounting fees		(55 787)	(53 964)
Advertising		(4 494)	(5 130)
Audit fees		(108 326)	(101 232)
Bank charges		(117 727)	(127 820)
Computer expenses		(2 985)	(5 684)
Professional fees		(16 541)	-
Opening Function - Grain Building		-	(45 123)
Administration costs		(1 085 134)	(1 131 495)
Remuneration - Investment advisor		(289 378)	(247 950)
Trustees emoluments		(385 775)	(316 941)
Conference costs		(84 896)	(38 799)
Maize Board costs		(135 509)	(20 518)
Insurance		(68 927)	(68 366)
Travel - local		(91 846)	(6 058)
		<u>(2 447 325)</u>	<u>(2 169 080)</u>
Operating surplus before asset management fees, fair value adjustments, allocations to beneficiaries and special grants		67 979 069	50 988 244
Fair value adjustments		38 084 588	35 416 113
Special Grants (as per note 11)		(30 000 000)	-
Allocations to beneficiaries (as per note 6)		(49 854 425)	(62 805 905)
Asset Management fees (as per note 2)		(5 300 214)	(4 263 819)
		<u>(47 070 051)</u>	<u>(31 653 611)</u>
Net surplus after fees, fair value adjustments and allocations to beneficiaries		20 909 018	19 334 633