

**THE MAIZE TRUST**  
(Registration number IT8214/98)  
Annual Financial Statements  
for the year ended 30 June 2015



THE  
**ASHTON**  
CA (SA) GROUP

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## General Information

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**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

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Index

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

<b>Index</b>	<b>Page</b>
Trustees' Responsibilities and Approval	3
Independent Auditors' Report	4
Trustees' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Annual Financial Statements	12 - 15
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	16

## The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

### 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 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 for Small and Medium Sized Entities. 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 for Small and Medium Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

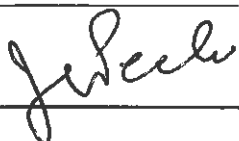
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal 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 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 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 annual financial statements. The annual financial statements have been examined by the Trust's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 16, 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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Ashlea Gardens, 0181

PO Box 1620, Groenkloof, 0027

Tel: +27 (012) 460 3050

Fax: +27 (012) 460 1263

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## Independent Auditors' Report

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### To the trustees of The Maize Trust

We have audited the annual financial statements of The Maize Trust, as set out on pages 6 to 15, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### 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 for Small and Medium Sized Entities, and for such internal control as the trustees determine is necessary to enable the preparation of annual 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 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 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 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**  
Registered Auditors

# **The Maize Trust**

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## **Trustees' Report**

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The trustees have pleasure in submitting their report on the annual financial statements of The Maize Trust for the year ended 30 June 2015.

### **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, namely Mr SS Ndlungwane and Ms N Mahlali. Grain SA has also nominated a new Trustee to replace Mr CK Ferreira, which is Mr C Schoonwinkel. 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 annual 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)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

Figures in Rand	2015	2014
<b>Assets</b>		
<b>Non-Current Assets</b>		
Investments	1 079 361 696	1 054 768 882
<b>Current Assets</b>		
Trade and other receivables		343 576
Cash and cash equivalents	7 007 076	29 872 455
	<u>7 007 076</u>	<u>30 216 031</u>
<b>Total Assets</b>	<u>1 086 368 772</u>	<u>1 084 984 913</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Donations	319 234 732	319 234 732
Accumulated surplus	716 040 860	713 639 965
	<u>1 035 275 592</u>	<u>1 032 874 697</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables		10 374
Provisions	51 093 178	52 099 839
	<u>51 093 178</u>	<u>52 110 213</u>
<b>Total Equity and Liabilities</b>	<u>1 086 368 770</u>	<u>1 084 984 910</u>

## The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

### Statement of Comprehensive Income

Figures in Rand	2015	2014
Income	25 881 369	37 225 540
Operating expenses	(3 440 381)	(3 081 498)
<b>Surplus before investment revenue, allocations to beneficiaries, fair value adjustments and asset management fees</b>	<b>22 440 988</b>	<b>34 144 042</b>
Investment revenue - Interest & Dividends	27 362 051	31 251 404
Allocations to beneficiaries ( As per note 6 )	(56 635 719)	(61 843 643)
Fair value adjustments	13 915 805	113 468 643
Asset management fees ( As per note 2 )	(4 682 230)	(6 821 080)
<b>Surplus for the year</b>	<b>2 400 895</b>	<b>110 199 366</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>2 400 895</b>	<b>110 199 366</b>



## The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

### Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
<b>Balance at 01 July 2013</b>	<b>319 234 732</b>	<b>603 440 599</b>	<b>922 675 331</b>
Surplus for the year	-	110 199 366	110 199 366
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>110 199 366</b>	<b>110 199 366</b>
<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	-	2 400 895	2 400 895
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2 400 895</b>	<b>2 400 895</b>
<b>Balance at 30 June 2015</b>	<b>319 234 732</b>	<b>716 040 860</b>	<b>1 035 275 592</b>
Note(s)	4		

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Cash Flows

Figures in Rand	2015	2014
<b>Cash flows from operating activities</b>		
Cash generated from operations	35 683 334	163 936 840
Interest income	12 852 967	16 456 680
Dividends received	14 509 084	14 794 724
Asset management fees paid	(4 682 229)	(6 821 080)
<b>Net cash from operating activities</b>	<b>58 363 156</b>	<b>188 367 164</b>
<b>Cash flows from investing activities</b>		
Movement in investments	(24 592 814)	(106 531 292)
Allocations to beneficiaries	(56 635 719)	(61 843 647)
<b>Net cash from investing activities</b>	<b>(81 228 533)</b>	<b>(168 374 939)</b>
<b>Total cash movement for the period</b>	<b>(22 865 377)</b>	<b>19 992 229</b>
Cash at the beginning of the period	29 872 455	9 880 226
<b>Total cash at end of the period</b>	<b>7 007 078</b>	<b>29 872 455</b>

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities. The annual 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**

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 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

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 2. Investments

#### At cost

Unlisted shares at cost - Grain Building (Pty) Ltd	241 635 712	142 110 771
Unlisted shares at cost - SAGIS	1	1
	<u>241 635 713</u>	<u>142 110 772</u>

#### At fair value

Allan Gray Ltd	417 410 486	471 018 628
Book value - R 292 873 574		
Prescient Management Company	127 241 437	133 270 332
Book value - R130 745 856		
Foord Asset Management	293 074 060	308 369 150
Book value - R 170 838 552		
	<u>837 725 983</u>	<u>912 658 110</u>
<b>Total other financial assets</b>	<u>1 079 361 696</u>	<u>1 054 768 882</u>

#### Non-current assets

At cost	241 635 713	142 110 772
At fair value through profit or loss	837 725 983	912 658 110
	<u>1 079 361 696</u>	<u>1 054 768 882</u>

#### Asset management fees paid

Allan Gray Ltd	2 546 371	2 525 661
Foord Asset Management (Pty) Ltd	1 240 427	3 361 684
Prescient Management Company	895 432	933 735
	<u>4 682 230</u>	<u>6 821 080</u>

### 3. Trade and other receivables

Foord Asset Management - Dividend Withholding Tax		<u>343 576</u>
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### 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>

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 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	4 862 456	4 315 469
Bursary Scheme	546 983	585 378
Cape Peninsula University	341 313	251 752
Dr WJ van der Walt	5 870	11 560
GSI	-	119 884
Grain SA	4 956 448	5 350 908
Grain SA - Farmer Development Programme	20 476 503	19 543 263
NAMC	-	321 200
National Chamber of Milling	400 000	
North West University	68 332	136 663
SA Grain Laboratory	2 603 624	2 553 056
SAGIS	7 185 345	5 889 261
Sandy Solis Development Committee	93 580	159 880
TUT	532 064	86 798
University of Cape Town	-	97
University of Pretoria (BFAP)	8 367 526	12 268 837
University of Stellenbosch	653 134	420 000
	<u>51 093 178</u>	<u>52 099 840</u>

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 6. Allocations approved during the year by the trustees

AFMA		85 834
Agricultural Research Council	11 269 997	10 456 890
- Approved	11 509 988	10 500 390
- Recalculation of allocations	(239 991)	(43 500)
Bursary Scheme	958 528	1 005 843
CA Coordination	361 064	100 186
Cape Peninsula University	889 762	377 334
Dr WJ van der Walt	29 350	28 900
GFADA	2 572 464	-
Grain SA	6 864 229	5 177 254
- Approved	7 959 187	5 451 171
- Recalculation of allocations	(1 094 958)	(273 917)
Grain SA - Farmer Development Programme	17 123 335	17 168 484
- Approved	17 183 578	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	(248 372)	241 200
- Approved	-	241 200
- Recalculation of allocations	(248 372)	-
National Chamber of Milling	800 000	-
No-Till Club	-	10
SAGIS	9 764 849	8 550 880
- Approved	12 093 713	8 550 880
- Recalculation of allocations	(2 328 864)	-
SA Grain Laboratory	3 553 513	4 896 644
- Approved	3 729 096	4 896 644
- Recalculation of allocations	(175 583)	-
Sandy Soils 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	1 552 835	1 050 000
	<b>56 635 719</b>	<b>61 843 643</b>
Approved during the year (as above)	56 635 719	61 843 643
Unpaid allocations at the end of the previous year (as per note 5)	52 099 840	35 766 783
	108 735 559	97 610 429
Allocations paid during the year (as per note 7)	(57 642 379)	(45 510 589)
	<b>51 093 178</b>	<b>52 099 840</b>

# The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>7. Actual payments to beneficiaries</b>		
AFMA	85 834	-
Agricultural Research Council	10 723 008	10 755 074
Bursary Scheme	996 922	895 888
CA Coordination	361 064	100 186
Cape Peninsula University	800 201	125 582
Dr WJ van der Walt	35 040	22 870
GFADA	2 572 464	-
Grain SA	17 137 467	3 978 607
Grain SA - Farmer Development Programme	6 311 317	14 729 262
Mycotoxin Coordination	78 197	111 320
No-Till Club	-	125 007
North West University	68 332	19 900
SA Grain Laboratory	3 502 945	4 788 936
SAGIS	8 468 765	8 103 438
Sandy Solis Development Committee	500 100	446 320
TUT	186 998	210 199
University of Pretoria (BFAP)	3 901 313	48 000
University of Stellenbosch	1 319 701	1 050 000
NAMC	72 827	-
GSI	119 884	-
National Chamber of Milling	400 000	-
	<b>57 642 379</b>	<b>45 510 589</b>

### 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. Comparative figures

Certain comparative figures have been reclassified.

### 11. 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

(Registration number IT8214/98)

Annual Financial Statements for the year ended 30 June 2015

## Detailed Income Statement

Figures in Rand	2015	2014
<b>Income</b>		
Profit on sale of investments	25 842 853	37 159 281
Sundry Income	38 516	66 259
Dividends received	14 509 084	14 794 724
Interest received	12 852 967	16 456 680
	<u>53 243 420</u>	<u>68 476 944</u>
<b>Operating expenses</b>		
Accounting fees	(70 367)	(60 705)
Administration costs	(1 507 558)	(1 374 259)
Audit fees	(132 000)	(123 920)
Bank charges	(138 070)	(112 150)
Computer expenses	(3 835)	(3 550)
Conference costs	(56 125)	(54 020)
Insurance	(72 348)	(72 898)
Maize Forum costs	(162 615)	(122 695)
Membership fees	(100)	(200)
Printing and stationery	(303)	(794)
Professional fees	(166 096)	(180 299)
Remuneration - Investment advisor	(305 509)	(325 162)
Travel and accommodation	(57 512)	(22 327)
Trustees emoluments	(767 943)	(628 519)
	<u>(3 440 381)</u>	<u>(3 081 498)</u>
<b>Surplus before allocations to beneficiaries, fair value adjustments and asset management fees</b>	<b>49 803 039</b>	<b>55 395 446</b>
Allocations to beneficiaries (as per note 6)	(56 635 719)	(61 843 643)
Fair value adjustments	13 915 805	113 468 643
Asset Management fees (as per note 2)	(4 682 230)	(6 821 080)
	<u>(47 402 144)</u>	<u>44 803 920</u>
<b>Surplus for the year</b>	<b>2 400 895</b>	<b>110 199 366</b>

