

THE MAIZE TRUST
(Registration number IT8214/98)
Financial statements
for the 6 months ended 31 December 2013



ASHTON

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

General Information

Type of trust	Non-trading trust
Trustees	Mr JK Peele (Chairperson) Mr JF De Villiers (Vice Chairperson) Ms KPN Daly Mr CK Ferreira Dr TJ Hewu Dr JL Purchase
Business address	The Grain Building 477 Witherite Road The Willows Pretoria 0040
Bankers	ABSA
Auditors	The Ashton CA (SA) Group Chartered Accountants (S.A.)
Trust registration number	IT8214/98

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Index

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

Index	Page
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
Notes to the Financial Statements	11 - 15
The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Income Statement	16

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Trust as at the end of the financial 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.

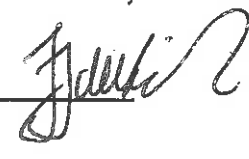
The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2014 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently 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 21 February 2014 and were signed on its behalf by:


Trustee



Pretoria

21 February 2014



ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

Ashton House, 51 Lebombo St,
Ashlea Gardens, 0181
PO Box 1620, Groenkloof, 0027
Tel: +27 (012) 460 3050
Fax: +27 (012) 460 1263
E-mail: karin@ashtongroup.co.za

Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the financial statements of The Maize Trust, as set out on pages 6 to 15, which comprise the statement of financial position as at 31 December 2013, 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 aspects, the financial position of The Maize Trust as at 31 December 2013, and its financial performance and its cash flows for the 6 months 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

21 February 2014

Partners: A. Robberts B.Compt (Hons) CA (SA) RA, H.J. Windell B.Compt (Hons) CA (SA) RA,
W. Delpont B.Compt (Hons) CA (SA) RA

Assisted by: G.D. de Bruin Professional Accountant (SA)

Practice no: 902161

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Trustees' Report

The trustees have pleasure in submitting their report on the financial statements of The Maize Trust and its associates for the 6 months ended 31 December 2013.

1. Review of financial results and activities

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities.. The accounting policies have been applied consistently compared to the prior 6 months.

2. 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

3. 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.

4. Auditors

The Ashton CA (SA) Group continued in office as auditors for the trust for 2013.

They will continue in office for the next financial period.

5. Legislation

The Minister of Agriculture, Forestry and Fisheries has published the Marketing of Agricultural Products Amendment Bill in Government Gazette No 36562, Notice 610 dated 14 June 2013. Should this legislation be passed, certain provisions contained in this publication could have an influence on the business model implemented by the Trust. The Trustees are in the process of obtaining legal opinion on these provisions and are also planning to enter into discussions with the Minister to obtain a greater understanding of how the proposed Bill will be implemented.

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Statement of Financial Position as at 31 December 2013

Figures in Rand	Note(s)	31 December 2013	30 June 2013
Assets			
Non-Current Assets			
Investments	2	1 034 709 700	948 237 590
Current Assets			
Trade and other receivables	6	7 740 549	343 576
Cash and cash equivalents		7 495 886	9 880 226
		15 236 435	10 223 802
Total Assets		1 049 946 135	958 461 392
Equity and Liabilities			
Equity			
Donations	4	319 234 732	319 234 732
Reserves	10	260 034 941	179 970 707
Accumulated surplus		425 986 661	423 469 892
		1 005 256 334	922 675 331
Liabilities			
Current Liabilities			
Trade and other payables		-	19 277
Provisions	8	44 689 801	35 766 784
		44 689 801	35 786 061
Total Equity and Liabilities		1 049 946 135	958 461 392

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Statement of Comprehensive Income

Figures in Rand	Note(s)	6 months ended 31 December 2013	12 months ended 30 June 2013
Income		18 457 638	63 485 267
Operating expenses		(1 589 724)	(2 707 955)
Operating surplus		16 867 914	60 777 312
Investment revenue		12 916 741	25 015 863
Allocations to beneficiaries (As per note 7)		(24 997 902)	(47 587 951)
Asset management fees (As per note 2)		(2 269 984)	(5 673 524)
Surplus for the period		2 516 769	32 531 700
Other comprehensive income:			
Fair value adjustments	10	80 064 234	71 625 479
Total comprehensive income for the period		82 581 003	104 157 179

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Statement of Changes in Equity

	Trust capital	Fair value adjustment reserve: Available-for- sale financial assets	Accumulated surplus	Total equity
Figures in Rand				
Opening balance as previously reported	319 234 732	38 084 588	461 198 832	818 518 152
Adjustments				
Change in accounting policy	-	70 260 640	(70 260 640)	-
Balance at 01 July 2012 as restated	319 234 732	108 345 228	390 938 192	818 518 152
Changes in equity	-	-	32 531 700	32 531 700
Total comprehensive income for 12 months	-	71 625 479	-	71 625 479
Total changes	-	71 625 479	32 531 700	104 157 179
Balance at 01 July 2013	319 234 732	179 970 707	423 469 892	922 675 331
Changes in equity	-	-	2 516 769	2 516 769
Total comprehensive income for the 6 months	-	80 064 234	-	80 064 234
Total changes	-	80 064 234	2 516 769	82 581 003
Balance at 31 December 2013	319 234 732	260 034 941	425 986 661	1 005 256 334
Note(s)	4	10		

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 31 December 2013	12 months ended 30 June 2013
Cash flows from operating activities			
Cash generated from operations	11	18 374 678	32 247 094
Interest income		5 681 118	12 386 052
Dividends received		7 235 623	12 629 811
Asset management fees paid		(2 269 981)	(5 673 524)
Net cash from operating activities		29 021 438	51 589 433
Cash flows from investing activities			
Movement in investments		(6 407 876)	1 557 995
Allocations to beneficiaries		(24 997 902)	(47 587 951)
Net cash from investing activities		(31 405 778)	(46 029 956)
Total cash movement for the period		(2 384 340)	5 559 477
Cash at the beginning of the period		9 880 226	4 320 748
Total cash at end of the period		7 495 886	9 880 225

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities. The financial statements have been prepared on the historical cost basis, 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, except for the changes set out in note Changes in accounting policy.

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

Commitments to receive a loan are measured at cost less impairment.

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.

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Notes to the Financial Statements

Figures in Rand

	31 December 2013	30 June 2013
--	---------------------	--------------

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	467 829 223	426 786 356
Book value - R 319 393 978.		
Prescient Management Company	142 254 287	131 022 226
Book value - R 131 839 256.		
Foord Asset Management	317 884 828	283 687 646
Book value - R 155 797 813.		
	<u>927 968 338</u>	<u>841 496 228</u>
Total other financial assets	<u>1 034 709 700</u>	<u>948 237 590</u>

Non-current assets

At cost	106 741 362	106 741 362
At fair value through profit or loss	927 968 338	841 496 228
	<u>1 034 709 700</u>	<u>948 237 590</u>

Asset management fees paid

Allan Gray Ltd	1 213 492	2 269 930
Foord Asset Management (Pty) Ltd	581 419	2 642 069
Prescient Management Company	475 073	761 525
	<u>2 269 984</u>	<u>5 673 524</u>

3. Funding recovered from beneficiaries

Agricultural Research Council	-	71 711
GFADA	-	569 245
	<u>-</u>	<u>640 956</u>

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Notes to the Financial Statements

Figures in Rand

31 December 2013 30 June 2013

4. Donations

Donations consist of advances received from The Maize Board.

Heading

-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>

5. Actual payments to beneficiaries

Agricultural Research Council	51 000	11 211 780
Buhle Farmers Academy	-	100 000
Bursary Scheme	396 619	773 819
CA Coordination	85 495	64 141
Dr WJ van der Walt	-	27 850
Effect of mining co-ordination	-	30 998
GFADA	-	30 000 100
Grain SA	1 280 777	7 975 749
Grain SA - Farmer Development Programme	9 235 902	10 754 569
Medical Research Council	-	676 158
Mycotoxin Coordination	92 819	110 679
No-Till Club	-	125 007
North West University	-	224 895
SA Grain Laboratory	737 769	4 261 906
SAGIS	3 988 006	8 054 198
Sandy Soils Development Committee	206 500	-
TUT	-	221 066
University of Cape Town	-	14 817
University of Pretoria	-	202 665
University of Stellenbosch	-	944 000
	<u>16 074 887</u>	<u>75 774 397</u>

6. Trade and other receivables

Foord Asset Management - Dividend Withholding Tax	343 573	343 576
Grain Building (Pty) Ltd	7 396 976	-
	<u>7 740 549</u>	<u>343 576</u>

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Notes to the Financial Statements

Figures in Rand

31 December 2013 30 June 2013

7. Allocations approved during the year by the trustees

Agricultural Research Council	10 373 084	10 926 590
Bursary Scheme	-	935 908
CA Coordination	85 495	64 141
Dr WJ van der Walt	28 900	27 650
Effect of mining co-ordination	-	30 998
GFADA	-	100
Grain SA	1 560 127	6 897 139
-Approved	1 560 127	7 286 281
-Recalculation of allocations	-	(389 142)
Grain SA - Farmer Development Programme	962 006	13 598 333
-Approved	962 006	14 431 165
-Recalculation of allocations	-	(832 832)
Medical Research Council	-	893 601
Mycotoxin Coordination	92 819	110 678
NAMC	-	80 000
North West University	-	341 658
SAGIS	8 550 880	7 643 990
SA Grain Laboratory	1 677 895	4 508 319
Sandy Soils Development Committee	399 700	-
TUT	216 995	221 068
University of Pretoria	-	257 775
University of Stellenbosch	1 050 000	1 050 000
	24 997 902	47 587 951
Approved during the year (as above)	24 997 902	47 587 951
Unpaid allocations at end of previous year (as per note 8)	35 766 786	63 953 229
	60 764 688	111 541 180
Allocations paid during the year (as per note 5)	(16 074 887)	(75 774 394)
	44 689 801	35 766 786

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Notes to the Financial Statements

Figures in Rand

31 December
2013

30 June 2013

8. Provisions

The following allocations were approved by the Trustees but have not been paid at the end of the period and are made up as follows:

Agricultural Research Council	14 935 738	4 613 653
Bursary Scheme	78 804	475 424
Dr WJ van der Walt	34 430	5 530
Grain SA	4 415 846	4 136 490
Grain SA - Farmer Development Programme	8 845 910	17 119 807
Medical Research Council	357 443	357 443
NAMC	80 000	80 000
No-Till Club	124 997	124 997
North West University	156 563	156 563
SA Grain Laboratory	3 385 473	2 445 347
SAGIS	10 004 693	5 441 820
Sandy Soils Development Committee	399 700	206 500
TUT	296 997	80 002
University of Cape Town	97	97
University of Pretoria	103 110	103 110
University of Stellenbosch	1 470 000	420 000
	<u>44 689 801</u>	<u>35 766 783</u>

9. Taxation

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

10. Other comprehensive income

Components of other comprehensive income - 2013

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	80 064 234		80 064 234

Components of other comprehensive income - 30 June 2013

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

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2013

Notes to the Financial Statements

Figures in Rand

31 December
2013

30 June 2013

11. Cash generated from operations

Surplus before taxation	2 516 769	32 531 700
Adjustments for:		
Allocations to beneficiaries	24 997 902	47 587 951
Asset management fees	2 269 984	5 673 524
Dividends received	(7 235 623)	(12 629 811)
Interest received - investment	(5 681 118)	(12 386 052)
Movements in provisions	8 923 017	(28 186 445)
Changes in working capital:		
Trade and other receivables	(7 396 976)	(343 576)
Trade and other payables	(19 277)	(197)
	18 374 678	32 247 094

12. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

13. Risk Management

The Trust's investment activities expose it to a variety of financial risks.

Interest rate risk: As the Trust 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 investments have 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)

Financial Statements for the 6 months ended 31 December 2013

Detailed Income Statement

Figures in Rand	Note(s)	6 months ended 31 December 2013	12 months ended 30 June 2013
Other income			
Profit on sale of investments		18 391 379	62 844 311
Commitment fees received - Investment Fund		66 259	-
Funding recovered from beneficiaries (as per note 3)		-	640 956
Dividends received		7 235 623	12 629 811
Interest received		5 681 118	12 386 052
		31 374 379	88 501 130
Operating expenses			
Accounting fees		(29 583)	(59 079)
Administration costs		(716 077)	(1 278 563)
Advertising		-	(2 904)
Audit fees		(59 920)	(115 920)
Bank charges		(59 801)	(115 895)
Computer expenses		(3 550)	(7 939)
Conference costs		(27 920)	(39 783)
Insurance		(68 421)	(68 927)
Maize Board costs		-	(165 774)
Membership fees		(200)	-
Printing and stationery		(510)	(1 790)
Professional fees		(167 832)	(25 436)
Remuneration - Investment advisor		(146 034)	(259 453)
Travel - local		(13 715)	(70 348)
Trustees emoluments		(296 161)	(496 144)
		(1 589 724)	(2 707 955)
Operating surplus before asset management fees and allocations to beneficiaries		29 784 655	85 793 175
Allocations to beneficiaries (as per note 7)		(24 997 902)	(47 587 951)
Asset Management fees (as per note 2)		(2 269 984)	(5 673 524)
		(27 267 886)	(53 261 475)
Fair value adjustments		80 064 234	71 625 479
Net surplus after fees, allocations to beneficiaries and fair value adjustments		82 581 003	104 157 179

