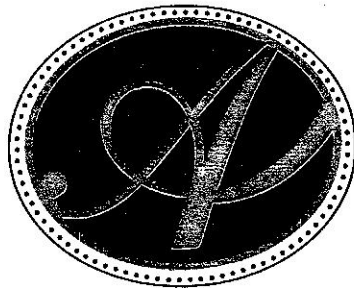


THE SORGHUM TRUST
(Registration number IT9221/97)
Annual financial statements
for the year ended 29 February 2012



ASHTON

The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2012

General Information

Country of incorporation and domicile	South Africa
Trustees	JH Gordon (Chairperson) LH Claassen MG Morule DT Mashile JJ van der Westhuizen
Registered office	Grain Building 477 Witherite Road The Willows Pretoria 0040
Postal address	PO Box 74626 Lynwood Ridge 0040
Auditors	The Ashton CA (SA) Group Chartered Accountants (S.A.) Registered Auditor
Trust registration number	IT9221/97

The Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

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Annual Financial Statements for the year ended 29 February 2012

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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice 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 28 February 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 4.

The annual financial statements set out on pages 5 to 12, which have been prepared on the going concern basis, were approved by the board on 20 June 2012 and were signed on its behalf by:


Trustee


Trustee

Pretoria

20 June 2012



ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

Ashton House, 51 Lebombo St,
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Tel: +27 (012) 460 3050
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E-mail: karin@ashtongroup.co.za

Independent Auditors' Report

To the trustees of The Sorghum Trust

We have audited the annual financial statements of The Sorghum Trust, which comprise the statement of financial position as at 29 February 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 5 to 11.

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 South African Statements of Generally Accepted Accounting Practice. 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 Sorghum Trust as at 29 February 2012, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 12 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 Auditor

The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2012

Trustees' Report

The trustees submit their report for the year ended 29 February 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	Changes
JH Gordon (Chairperson)	
LH Claassen	
MG Morule	
DT Mashile	Appointed 18 July 2011
JJ van der Westhuizen	
Z Duze	Resigned 18 July 2011

4. Auditors

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

The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Non-Current Assets			
Investments	2	17 744 885	16 463 670
Current Assets			
Loans receivable	3	-	60 575
Total Assets		17 744 885	16 524 245
Equity and Liabilities			
Equity			
Accumulated surplus		17 720 836	16 524 245
Liabilities			
Non-Current Liabilities			
Loans payable	6	24 049	-
Total Equity and Liabilities		17 744 885	16 524 245

The Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

Statement of Comprehensive Income

Figures in Rand	Note(s)	2012	2011
Operating expenses		(418 694)	(413 024)
Operating deficit before fair value adjustments, investment revenue and disposal of investments		(418 694)	(413 024)
Investment revenue		823 782	787 985
Fair value adjustments		650 963	1 112 814
(Loss) gain on disposal of assets		140 540	21 122
Surplus for the year		1 196 591	1 508 897
Other comprehensive income		-	-
Total comprehensive income for the year		1 196 591	1 508 897

The Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2010	15 015 348	15 015 348
Changes in equity		
Total comprehensive income for the year	1 508 897	1 508 897
Total changes	1 508 897	1 508 897
Balance at 01 March 2011	16 524 245	16 524 245
Changes in equity		
Total comprehensive income for the year	1 196 591	1 196 591
Total changes	1 196 591	1 196 591
Balance at 29 February 2012	17 720 836	17 720 836
Note(s)		

The Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Cash generated from operations		232 269	699 791
Interest income		672 506	661 533
Dividends received		151 276	126 452
Net cash from operating activities		1 056 051	1 487 776
Cash flows from investing activities			
Financial assets movements		(1 281 214)	(1 964 483)
Gain (loss) on sale of assets		140 540	21 122
Other financial instrument movements		60 575	455 585
Net cash from investing activities		(1 080 099)	(1 487 776)
Cash flows from financing activities			
Movement in loans payable		24 049	-

The Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. 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 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 Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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2. Investments

Investments managed by BOE

Listed Securities	9 313 771	6 770 221
Fixed Capital Funds	8 431 113	9 693 449
	<u>17 744 884</u>	<u>16 463 670</u>

These securities are administered by BOE Private Clients, a division of BOE (Pty) Ltd.

Book value of listed securities on 28 February 2012 - R 5 355 846. (2011 - R 3 420 340)

Non-current assets

Held to maturity	17 744 884	16 463 670
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3. Loans receivable

The amount represents a loan to the Sorghum Levy Fund, as a result of a shortage of levy funds.

4. Contingencies

A contingency for the statutory audit fees payable to the Auditor General exists at year end. Indications are that these fees will be charged at R 20 000 per annum, given rise to a total liability of R 160 000.

A contingency exists towards possible cash flow shortages by the Sorghum Levy Administration, in terms of the conditions set out by the Minister of Agriculture, Forestry and Fisheries. These shortages fluctuate from time to time, with the current calculated shortage at year end being R 342 616.

5. Taxation

No provision has been made for taxation as the Trust is exempt from income tax.

6. Loans payable

The amount represents a loan payable to the Sorghum Levy Fund.

7. Auditors' remuneration

Current fees	14 950	12 000
Previous year	-	11 700
	<u>14 950</u>	<u>23 700</u>

The Sorghum Trust

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Annual Financial Statements for the year ended 29 February 2012

Detailed Income Statement

Figures in Rand	Note(s)	2012	2011
Income			
Dividend revenue		151 276	126 452
Interest received		672 506	661 533
Gains on disposal of assets		140 540	21 122
		964 322	809 107
Operating expenses			
Auditors' remuneration	7	(14 950)	(23 700)
Conference costs		(12 897)	(12 075)
Asset Management Fees		(133 205)	(125 437)
Membership fees - GFADA		(200)	-
Professional fees		(5 505)	(21 750)
Administration fees - Trust & Forum		(156 627)	(145 879)
Website & marketing		(511)	(511)
Trustees remuneration		(94 799)	(83 672)
		(418 694)	(413 024)
Operating surplus before fair value adjustments		545 628	396 083
Fair value adjustment of investments		650 963	1 112 814
Surplus for the year		1 196 591	1 508 897