

THE SORGHUM TRUST
(Registration number IT9221/97)
Annual financial statements
for the year ended 28 February 2014

The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 28 February 2014

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 Auditors
Trust registration number	IT9221/97

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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 IFRS 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 IFRS 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 28 February 2015 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 12, which have been prepared on the going concern basis, were approved by the board on 18 June 2014 and were signed on its behalf by:

Trustee

Trustee

Pretoria

18 June 2014

Independent Auditors' Report

To the trustees of The Sorghum Trust

We have audited the annual financial statements of The Sorghum Trust, as set out on pages 6 to 11, which comprise the statement of financial position as at 28 February 2014, 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 IFRS 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 trust statements present fairly, in all material respects, the financial position of the trust as of 28 February 2014, and of its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 12 does not form part of the trust statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

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Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of The Sorghum Trust and its associates for the year ended 28 February 2014.

1. Trustees

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

Trustees

JH Gordon (Chairperson)

LH Claassen

MG Morule

DT Mashile

JJ van der Westhuizen

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 have reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the trust and do not believe that the trust has adequate financial resources to continue in operation for the foreseeable future. The annual financial statements have accordingly not been prepared on the going concern basis.

4. Auditors

The Ashton CA (SA) Group continued in office as auditors for the trust for 2014.

5. Sorghum Levy

The trustees acknowledge the responsibility of the Trust towards any possible shortages incurred by the Sorghum Levy Administration. The trustees also wish to point out the fact that the current levies expired end of February 2014. The Minister of Agriculture, Forestry and Fisheries approved a new levy which will expire end of February 2018.

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Statement of Financial Position as at 28 February 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Investments	2	22 715 728	20 280 466
Current Assets			
Trade and other receivables		-	41 164
Total Assets		22 715 728	20 321 630
Equity and Liabilities			
Equity			
Accumulated surplus		22 694 557	20 321 630
Liabilities			
Current Liabilities			
Trade and other payables		21 171	-
Total Equity and Liabilities		22 715 728	20 321 630

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Operating deficit before fair value adjustments, investment revenue and disposal of investments		(470 563)	(443 831)
Operating deficit		(470 563)	(443 831)
Investment revenue		924 287	900 817
Fair value adjustments		1 517 798	2 143 808
(Loss) gain on disposal of assets		401 405	-
Surplus for the year		2 372 927	2 600 794
Other comprehensive income		-	-
Total comprehensive income for the year		2 372 927	2 600 794

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2012	17 720 836	17 720 836
Surplus for the year	2 600 794	2 600 794
Other comprehensive income	-	-
Total comprehensive income for the year	2 600 794	2 600 794
Balance at 01 March 2013	20 321 630	20 321 630
Surplus for the year	2 372 927	2 372 927
Other comprehensive income	-	-
Total comprehensive income for the year	2 372 927	2 372 927
Balance at 28 February 2014	22 694 557	22 694 557

Note(s)

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Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	5	1 109 570	1 658 813
Interest income		713 169	695 613
Dividends received		211 118	205 204
Net cash from operating activities		2 033 857	2 559 630
Cash flows from investing activities			
Financial assets movements		(2 435 262)	(2 535 582)
Gain (loss) on sale of assets		401 405	-
Increase in loans receivable		-	(41 164)
Net cash from investing activities		(2 033 857)	(2 576 746)
Cash flows from financing activities			
Movement in trade and other payables		-	(24 049)
Total cash movement for the year		-	(41 165)
Total cash at end of the year		-	(41 165)

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with IFRS for Small and Medium Sized Entities. 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

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 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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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
2. Investments		
Investments managed by Nedbank Private Wealth		
Listed Securities	13 286 825	11 682 870
Fixed Capital Funds	9 428 903	8 597 596
	22 715 728	20 280 466
Book value of listed securities on 28 February 2014 - R 6 683 629.91. (2013 - R 5 579 810)		
Non-current assets		
At fair value	22 715 728	20 280 466
3. Taxation		
No provision has been made for taxation as the Trust is exempt from income tax.		
4. Auditors' remuneration		
Current fees	17 000	15 200
5. Cash generated from operations		
Surplus before taxation	2 372 927	2 600 794
Adjustments for:		
Surplus on sale of assets	(401 405)	-
Dividends received	(211 118)	(205 204)
Interest received - investment	(713 169)	(695 613)
Changes in working capital:		
Trade and other receivables	41 164	(41 164)
Trade and other payables	21 171	-
	1 109 570	1 658 813

6. Contingencies

The trustees acknowledge the responsibility of the Trust towards any possible shortages incurred by the Sorghum Levy Administration.

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Detailed Income Statement

Figures in Rand	Note(s)	2014	2013
Other income			
Dividends received		211 118	205 204
Interest received		713 169	695 613
Gains on disposal of assets		401 405	-
		1 325 692	900 817
Operating expenses			
Administration fees - Trust		(85 399)	(80 390)
Asset Management Fees		(158 577)	(144 958)
Auditors remuneration	4	(17 000)	(15 200)
Conference costs		(18 349)	(12 779)
Membership fees - GFADA		-	(100)
Professional fees		(16 008)	(12 800)
Sorghum Forum costs		(92 303)	(87 078)
Trustees remuneration		(82 226)	(90 125)
Website & Marketing		(701)	(401)
		(470 563)	(443 831)
Operating surplus			
		855 129	456 986
Fair value adjustment of investments		1 517 798	2 143 808
		2 372 927	2 600 794