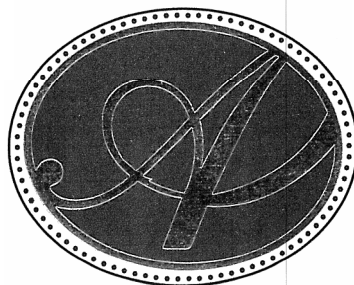


**THE SORGHUM TRUST**  
(Registration number IT9221/97)  
Annual financial statements  
for the year ended 29 February 2016



THE  
**ASHTON**  
CA (SA) GROUP

## The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

### General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Trustees</b>	JH Gordon (Chairperson) LH Claassen HT Mohane MG Morule JJ van der Westhuizen WJ Groothof (Replacement Trustee)
<b>Registered office</b>	Grain Building 477 Witherite Road The Willows Pretoria 0040
<b>Postal address</b>	PO Box 74626 Lynnwood Ridge 0040
<b>Auditors</b>	The Ashton CA (SA) Group Chartered Accountants (S.A.) Registered Auditors
<b>Trust registration number</b>	IT9221/97

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Index

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

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# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## 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 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.

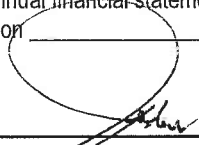
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal 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.

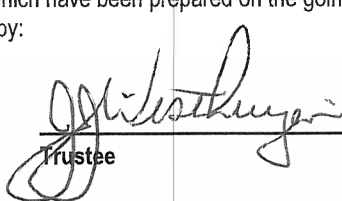
The trustees have reviewed the trust's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 6 to 13, which have been prepared on the going concern basis, were approved by the board on \_\_\_\_\_ and were signed on its behalf by:

  
\_\_\_\_\_

Trustee

  
\_\_\_\_\_

Trustee

Pretoria



THE  
**ASHTON**  
CA (SA) GROUP

REGISTERED ACCOUNTANTS  
AND AUDITORS

Ashton House, 51 Lebombo Road,  
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**

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### **To the trustees of The Sorghum Trust**

We have audited the annual financial statements of The Sorghum Trust, as set out on pages 7 to 12, which comprise the statement of financial position as at 29 February 2016, 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.

## **Independent Auditors' Report**

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**The Ashton CA (SA) Group**  
**Partner's name**  
**Partner**  
**Registered Auditors**

**Pretoria**

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Trustees' Report

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The trustees have pleasure in submitting their report on the annual financial statements of The Sorghum Trust and its associates for the year ended 29 February 2016.

### 1. Trustees

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

#### Trustees

JH Gordon (Chairperson)

LH Claassen

HT Mohane

MG Morule

JJ van der Westhuizen

WJ Groothof (Replacement Trustee)

### 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 2016.

### 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 previous levies expired end of February 2014. The Minister of Agriculture, Forestry and Fisheries approved a new levy which will expire end of February 2018.

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Statement of Financial Position as at 29 February 2016

Figures in Rand	Note(s)	2016	2015
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investments	2	26 112 890	26 097 897
<b>Total Assets</b>		<b>26 112 890</b>	<b>26 097 897</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		25 718 569	25 909 989
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		394 321	187 908
<b>Total Equity and Liabilities</b>		<b>26 112 890</b>	<b>26 097 897</b>

## The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

### Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Gains/(losses) on disposal of assets		(260 550)	(12 977)
Operating deficit before fair value adjustments, interest and dividends		(590 782)	(503 629)
<b>Operating deficit</b>		<b>(851 332)</b>	<b>(516 606)</b>
Interest and dividend revenue		1 317 932	1 085 637
Fair value adjustments		(658 020)	2 646 401
<b>(Deficit) surplus for the year</b>		<b>(191 420)</b>	<b>3 215 432</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(191 420)</b>	<b>3 215 432</b>

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
<b>Balance at 01 March 2014</b>	<b>22 694 557</b>	<b>22 694 557</b>
Surplus for the year	3 215 432	3 215 432
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>3 215 432</b>	<b>3 215 432</b>
<b>Balance at 01 March 2015</b>	<b>25 909 989</b>	<b>25 909 989</b>
Deficit for the year	(191 420)	(191 420)
Other comprehensive income	-	-
<b>Total comprehensive deficit for the year</b>	<b>(191 420)</b>	<b>(191 420)</b>
<b>Balance at 29 February 2016</b>	<b>25 718 569</b>	<b>25 718 569</b>

Note(s)

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	5	(1 302 939)	2 309 509
Interest income		884 447	872 941
Dividends received		433 485	212 696
<b>Net cash from operating activities</b>		<b>14 993</b>	<b>3 395 146</b>
<b>Cash flows from investing activities</b>			
Financial assets movements		(14 993)	(3 395 146)
<b>Net cash from investing activities</b>		<b>(14 993)</b>	<b>(3 395 146)</b>

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Accounting Policies

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### 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.

## The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

### Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>2. Investments</b>		
<b>Investments managed by Nedbank Private Wealth</b>		
Listed Securities	14 290 518	15 431 712
Fixed Capital Funds	11 822 372	10 666 185
	<b>26 112 890</b>	<b>26 097 897</b>
Book value of listed securities on 28 February 2016 - R 7 961 616. (2015 - R 7 436 003)		
<b>Non-current assets</b>		
At fair value	26 112 890	26 097 897
<b>3. Taxation</b>		
No provision has been made for taxation as the Trust is exempt from income tax.		
<b>4. Auditors' remuneration</b>		
Current fees	20 300	19 000
<b>5. Cash (used in) generated from operations</b>		
(Deficit) surplus before taxation	(191 420)	3 215 432
<b>Adjustments for:</b>		
Dividends received	(433 485)	(212 696)
Interest received - investment	(884 447)	(872 941)
Gain/(loss) on sale of assets	-	12 977
<b>Changes in working capital:</b>		
Trade and other payables	206 413	166 737
	<b>(1 302 939)</b>	<b>2 309 509</b>
<b>6. Contingencies</b>		

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

# The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 29 February 2016

## Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
<b>Investment income</b>			
Gains/(losses) on disposal of assets		(260 550)	(12 977)
Dividends received		433 485	212 696
Interest received		884 447	872 941
		<b>1 057 382</b>	<b>1 072 660</b>
<b>Operating expenses</b>			
Administration fees - Trust		(95 204)	(90 326)
Asset Management Fees		(177 126)	(169 093)
Auditors remuneration	4	(20 300)	(19 000)
Conference costs		(13 767)	(7 489)
Membership fees		(200)	-
Professional fees		(29 164)	(29 803)
Sorghum Forum costs		(103 125)	(97 841)
Trustees remuneration		(145 946)	(89 172)
Website & Marketing		(5 950)	(905)
		<b>(590 782)</b>	<b>(503 629)</b>
<b>Operating surplus before fair value adjustments</b>		<b>466 600</b>	<b>569 031</b>
Fair value adjustment of investments		(658 020)	2 646 401
<b>(Deficit) surplus for the year</b>		<b>(191 420)</b>	<b>3 215 432</b>