

THE SORGHUM TRUST
(Registration number IT9221/97)
Annual financial statements
for the year ended 28 February 2019



THE
ASHTON
CA (SA) GROUP INC.

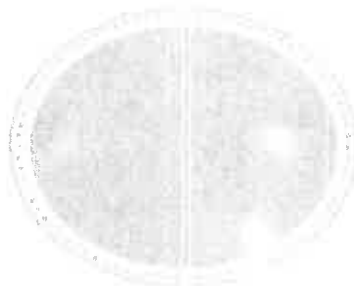
The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Trustees	Mr A Nebe (Chairperson) Mr D Boshoff Mr W Groothof Mr H Mohane Mr R Pholo
Registered office	Grain Building 477 Witherite Road The Willows Pretoria 0040
Auditors	The Ashton CA (SA) Group Chartered Accountants (SA) Registered Auditors
Trust registration number	IT9221/97



THE
NOTICE

The Sorghum Trust

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

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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 29 February 2020 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 5.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the board on 7 June 2019 and were signed on its behalf by:



Trustee



Trustee

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2019

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 2019.

1. Trustees

Trustees

Mr A Nebe (Chairperson)

Mr D Boshoff

Mr W Groothof

Mr H Mohane

Mr R Pholo

2. Events after the reporting period

The trustees are not aware of any other 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 2019.

5. Sorghum Levy

The levy introduced by the Minister of Agriculture, Forestry and Fisheries expired end of February 2018. The Sorghum Trust absorbed the Levy Administration deficit as at that date, during the period under review.



THE
ASHTON
CA (SA) GROUP INC.
REGISTERED ACCOUNTANTS
AND AUDITORS

Independent Auditor's Report

To the trustees of The Sorghum Trust

Opinion

We have audited the annual financial statements of The Sorghum Trust set out on pages 7 to 13, which comprise the statement of financial position as at 28 February 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The Sorghum Trust as at 28 February 2019, and its financial performance and cash flows for the year then ended in accordance with IFRS for Small and Medium Sized Entities.

Responsibilities of the trustees for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

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Directors

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

Professional Assistants

C.E. Möller B.Com (PGDA) CA (SA)
A. Deysel Professional Accountant (SA) B.Com CIMA
T.C. Moyo Professional Accountant (SA) B.Com Acc Sci

Independent Auditor's Report

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Ashton CA (SA) Group
Willie Delpont
Partner
Chartered Accountants (SA)
Registered Auditors

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position as at 28 February 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Investments	2	26 208 750	28 145 277
Current Assets			
Trade and other receivables		22 456	146 806
Cash and cash equivalents	3	1 294 149	-
		1 316 605	146 806
Total Assets		27 525 355	28 292 083
Equity and Liabilities			
Equity			
Accumulated surplus		25 881 183	28 292 083
Liabilities			
Current Liabilities			
Trade and other payables		2 065	-
Provisions	6	1 642 107	-
		1 644 172	-
Total Equity and Liabilities		27 525 355	28 292 083

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2019

Statement of Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Gains/(losses) on disposal of assets		(332 868)	148 052
Operating expenses		(851 649)	(698 813)
Operating deficit before fair value adjustments, interest, dividends and allocations to beneficiaries		(1 184 517)	(550 761)
Interest and dividend revenue		1 716 249	1 610 995
Fair value adjustments		(482 096)	(90 891)
Allocations to beneficiaries (As per note 5)		(839 815)	-
(Deficit) surplus for the year		(790 179)	969 343
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(790 179)	969 343

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Annual Financial Statements for the year ended 28 February 2019

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2017	27 322 740	27 322 740
Surplus for the year	969 343	969 343
Other comprehensive income	-	-
Total comprehensive income for the year	969 343	969 343
Balance at 01 March 2018	28 292 083	28 292 083
Deficit for the year	(790 179)	(790 179)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(790 179)	(790 179)
Sorghum Levies Funding Deficit Contribution	(1 620 721)	(1 620 721)
Total changes	(1 620 721)	(1 620 721)
Balance at 28 February 2019	25 881 183	25 881 183
Note(s)		

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Annual Financial Statements for the year ended 28 February 2019

Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash used in operations	9	(3 160 919)	(649 269)
Interest income		1 130 699	924 303
Dividends received		585 550	686 692
Net cash from operating activities		(1 444 670)	961 726
Cash flows from investing activities			
Financial assets movements		1 936 527	(961 726)
Allocations to beneficiaries		(839 815)	-
Net cash from investing activities		1 096 712	(961 726)
Cash flows from financing activities			
Movement in provisions		1 642 107	-
Total cash movement for the year		1 294 149	-
Total cash at end of the year	3	1 294 149	-

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis 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

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of 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 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

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.

Provisions are not recognised for future operating losses.

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.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
2. Investments		
Investments managed by Nedbank Private Wealth		
Listed Securities	25 567 233	19 446 276
Fixed Capital Funds	641 517	8 699 001
	26 208 750	28 145 277
Book value of listed securities on 28 February 2019 - R 21 660 678. (2018 - R 14 382 742)		
Non-current assets		
At fair value	26 208 750	28 145 277
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 294 149	-
4. Taxation		
No provision has been made for taxation as the Trust is exempt from income tax.		
5. Allocations approved during the year		
Bursaries	188 400	-
Grain Farmer Development Association	436 009	-
Grain SA	(67 172)	-
- Approved	98 323	-
- Recalculation of allocations	(165 495)	-
SA Grain Laboratory	(419 597)	-
- Approved	-	-
- Recalculation of allocations	(419 597)	-
SAGIS	619 146	-
- Approved	657 710	-
- Recalculation of allocations	(38 564)	-
University of Free State	83 029	-
- Approved	164 669	-
- Recalculation of allocations	(81 640)	-
	839 815	-
The payment of the allocations as approved by the Board of Trustees during the period are subject to certain terms and conditions as set out in the Trust Deed and the Norms and Procedures Document of the Trust.		
Reconciliation of approved payments and amounts outstanding is as follows:		
Nett allocations approved during the period (as above)	839 815	-
Add: Unpaid allocations carried over from previous period - Sorghum Levy	2 281 303	-
Less: Allocations paid during the year (as per note 7)	(1 479 011)	-
	1 642 107	-

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Notes to the Annual Financial Statements

Figures in Rand 2019 2018

6. Provisions

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

Agricultural Research Council	142 410	-
Bursaries	90 000	-
Grain Farmer Development Association	436 001	-
Grain SA	110 259	-
NAMC	18 218	-
SA Grain Laboratory	187 267	-
SAGIS	493 283	-
University of Free State	164 669	-
	<u>1 642 107</u>	-

7. Actual payments to beneficiaries

Bursaries	98 400	-
Grain Farmer Development Association	218 868	-
Grain SA	103 734	-
NAMC	20 240	-
SA Grain Laboratory	416 958	-
SAGIS	620 811	-
	<u>1 479 011</u>	-

8. Auditor's remuneration

Current fees	29 000	25 000
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9. Cash used in operations

(Deficit) surplus before taxation	(790 179)	969 343
Adjustments for:		
Allocations to beneficiaries	839 815	-
Dividends received	(585 550)	(686 692)
Interest received	(1 130 699)	(924 303)
Other non-cash items	(1 620 720)	-
Changes in working capital:		
Trade and other receivables	124 349	(7 427)
Trade and other payables	2 065	(190)
	<u>(3 160 919)</u>	<u>(649 269)</u>

10. Comparative figures

Comparative figures relating to administrative costs differ materially from current period, due to the expiry of Sorghum Levies as at 28 February 2018.

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Detailed Income Statement

Figures in Rand	Note(s)	2019	2018
Investment income			
Gains/(losses) on disposal of assets		(332 868)	148 052
Dividends received		585 550	686 692
Interest received		1 130 699	924 303
		1 383 381	1 759 047
Operating expenses			
Administration fees - Trust	10	(158 031)	(108 184)
Administration fees - Levy	10	(15 027)	-
Asset Management Fees		(181 976)	(186 247)
Auditors remuneration	8	(29 000)	(25 000)
Bank charges		(2 942)	-
Conference costs		(165 205)	(90 289)
Professional fees		(32 221)	(27 663)
Sorghum Forum costs	10	(34 531)	(117 185)
Trustees remuneration		(226 716)	(122 758)
Website & Marketing		(6 000)	(21 487)
		(851 649)	(698 813)
Operating surplus before fair value adjustments and allocations to beneficiaries		531 732	1 060 234
Fair value adjustment of investments		(482 096)	(90 891)
Allocations to beneficiaries (As per note 5)		(839 815)	-
		(1 321 911)	(90 891)
(Deficit) surplus for the year		(790 179)	969 343

