

THE SORGHUM TRUST
(Registration number IT9221/97)
Annual financial statements
for the year ended 28 February 2021



THE
ASHTON
CA (SA) GROUP INC.

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2021

General Information

Country of incorporation and domicile

South Africa

Trustees

Mr D Beets (Letter of authority pending)

Mr D Boshoff

Mr W Groothof

Mr H Mohane

Mr AAA Nebe (Resigned on 12 August 2020)

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 Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2021

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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 2022 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 _____ and were signed on its behalf by:

Trustee

Trustee

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2021

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 2021.

1. Trustees

Trustees

Mr D Beets (Letter of authority pending)

Mr D Boshoff

Mr W Groothof

Mr H Mohane

Mr AAA Nebe (Resigned on 12 August 2020)

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 believe that the trust has adequate financial resources to continue in operation for the foreseeable future. The annual financial statements have accordingly been prepared on the going concern basis.

4. Auditors

The Ashton CA (SA) Group continued in office as auditors for the trust for 2021.



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 2021, 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 2021, 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.
- 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.

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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

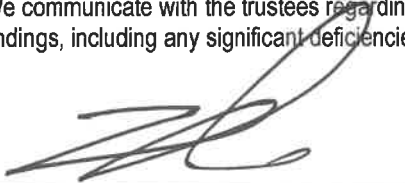
Professional Assistants

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

Independent Auditor's Report

- 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 Delport
Partner
Chartered Accountants (SA)
Registered Auditors

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2021

Statement of Financial Position as at 28 February 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Investments	2	23 000 228	23 896 147
Current Assets			
Cash and cash equivalents	3	51 744	1 007 826
Total Assets		23 051 972	24 903 973
Equity and Liabilities			
Equity			
Accumulated surplus		21 141 721	22 807 337
Liabilities			
Current Liabilities			
Trade and other payables		-	1 726
Provisions	6	1 910 251	2 094 910
Total Equity and Liabilities		23 051 972	24 903 973

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2021

Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Gains/(losses) on disposal of assets		(37 485)	(61 385)
Operating expenses		(556 161)	(773 497)
Operating deficit before fair value adjustments, interest, dividends and allocations to beneficiaries		(593 646)	(834 882)
Interest and dividend revenue		1 059 384	1 613 900
Fair value adjustments		389 272	(1 662 806)
Allocations to beneficiaries (As per note 5)		(2 520 626)	(2 190 058)
Deficit for the year		(1 665 616)	(3 073 846)
Other comprehensive income		-	-
Total comprehensive deficit for the year		(1 665 616)	(3 073 846)

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2021

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2019	25 881 183	25 881 183
Deficit for the year	(3 073 846)	(3 073 846)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(3 073 846)	(3 073 846)
Balance at 01 March 2020	22 807 337	22 807 337
Deficit for the year	(1 665 616)	(1 665 616)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(1 665 616)	(1 665 616)
Balance at 28 February 2021	21 141 721	21 141 721

Note(s)

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Annual Financial Statements for the year ended 28 February 2021

Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash used in operations	9	(350 871)	(549 068)
Cash flows from investing activities			
Investment withdrawals		2 100 000	2 000 000
Net cash from investing activities		1 749 129	2 000 000
Cash flows from financing activities			
Payments to beneficiaries		(2 705 285)	(1 737 255)
Total cash movement for the year		(956 082)	(286 323)
Cash at the beginning of the year		1 007 826	1 294 149
Total cash at end of the year	3	51 744	1 007 826

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2021

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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Annual Financial Statements for the year ended 28 February 2021

Notes to the Annual Financial Statements

Figures in Rand 2021 2020

2. Investments

Investments managed by Nedbank Private Wealth

Listed Securities	22 337 314	23 381 547
Fixed Capital Funds	662 914	514 600
	23 000 228	23 896 147

Book value of listed securities on 28 February 2021 - R 20 861 407.(2020 - R 21 757 326)

Non-current assets

At fair value	23 000 228	23 896 147
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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	51 744	1 007 826
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4. Taxation

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

5. Allocations approved during the year

Agricultural Research Council	112 558	124 110
Bursaries	34 830	7 245
Grain Farmer Development Association	-	334 756
Grain SA	192 844	140 685
- Approved	-	223 489
- Recalculation of allocations	-	(82 804)
SA Grain Laboratory	1 204 936	554 595
NAMC	23 826	-
SAGIS	844 216	839 300
University of Free State	107 416	189 368
- Approved	132 116	-
- Recalculation of allocations	(24 700)	-
	2 520 626	2 190 058

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)	2 520 626	2 190 058
Add: Unpaid allocations carried over from previous period	2 094 910	1 642 107
Less: Allocations paid during the year (as per note 7)	(2 705 285)	(1 737 255)
	1 910 251	2 094 910

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Annual Financial Statements for the year ended 28 February 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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	167 420	266 520
Bursaries	-	30 000
Grain Farmer Development Association	638 445	638 445
Grain SA	169 744	171 738
NAMC	21 666	18 218
SA Grain Laboratory	213 657	184 426
SAGIS	633 261	596 194
University of Free State	66 058	189 369
	1 910 251	2 094 910
7. Actual payments to beneficiaries		
Agricultural Research Council	211 658	-
Bursaries	64 830	67 245
Grain Farmer Development Association	-	132 312
Grain SA	194 839	79 206
NAMC	20 378	-
SA Grain Laboratory	1 175 705	557 436
SAGIS	807 149	736 388
University of Free State	230 726	164 668
	2 705 285	1 737 255
8. Auditor's remuneration		
Current fees	27 370	36 800
9. Cash used in operations		
Deficit for the period	(1 665 616)	(3 073 846)
Adjustments for:		
Allocations to beneficiaries	2 520 626	2 190 058
Dividends received	(669 463)	(843 970)
Interest received	(389 921)	(769 930)
Fair value adjustments	(389 272)	1 662 806
Gains/(Loss) on disposal of assets	37 485	61 385
Asset management fees & bank charges	207 016	202 312
Changes in working capital:		
Trade and other receivables	-	22 456
Trade and other payables	(1 726)	(339)
	(350 871)	(549 068)

The Sorghum Trust

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Annual Financial Statements for the year ended 28 February 2021

Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Investment income			
Gains/(losses) on disposal of assets		(37 485)	(61 385)
Dividends received		669 463	843 970
Interest received		389 921	769 930
		1 021 899	1 552 515
Operating expenses			
Administration fees - Trust		(216 117)	(203 884)
Asset Management Fees		(207 016)	(202 933)
Auditors remuneration	8	(27 370)	(36 800)
Bank charges		(2 645)	(4 292)
Conference costs		(754)	(26 954)
Professional fees		(18 400)	(26 818)
Sorghum Forum costs		(23 155)	(21 845)
Trustees remuneration		(43 223)	(243 071)
Website & Marketing		(17 481)	(6 900)
		(556 161)	(773 497)
Operating surplus before fair value adjustments and allocations to beneficiaries			
		465 738	779 018
Fair value adjustment of investments		389 272	(1 662 806)
Allocations to beneficiaries (As per note 5)		(2 520 626)	(2 190 058)
		(2 131 354)	(3 852 864)
Deficit for the year			
		(1 665 616)	(3 073 846)