

THE SORGHUM TRUST
(Registration number IT9221/97)
Annual financial statements
for the year ended 28 February 2023



THE
ASHTON
CA (SA) GROUP INC.

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

General Information

Country of incorporation and domicile	South Africa
Trustees	Mr D Beets Mr JDW Boshoff Mr WJ Groothof Mr T Moagi Mr HT Mohane Mr RE 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 2023

Index

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

	Page
Trustees' Responsibilities and Approval	3
Trustees' Report	4
Independent Auditor's Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11
Notes to the Annual Financial Statements	12 - 14

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

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 2024 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 - 6.

The annual financial statements set out on page 7 - 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

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

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 2023.

1. Trustees

Trustees

Mr D Beets

Mr JDW Boshoff

Mr WJ Groothof

Mr T Moagi

Mr HT Mohane

Mr RE Pholo

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 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 2023.



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 14, which comprise the statement of financial position as at 28 February 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS for Small and Medium Sized Entities.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the trust in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Directors

A. Roberts B.Compt (Hons) CA (SA) RA
H.J. Windell B.Compt (Hons) CA (SA) RA
W. Delpont B.Compt (Hons) CA (SA) RA
C.E. Möller B.Com (PGDA) CA (SA) RA

Professional Assistants

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

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Independent Auditor's Report

- 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.
- 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.

W Delpont

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

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Statement of Financial Position as at 28 February 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Non-Current Assets			
Investments	2	24 449 011	23 935 338
Current Assets			
Cash and cash equivalents	3	518 640	485 674
Total Assets		24 967 651	24 421 012
Equity and Liabilities			
Equity			
Accumulated surplus		23 135 284	22 632 902
Liabilities			
Current Liabilities			
Trade and other payables		3 955	-
Provisions	6	1 828 412	1 788 110
		1 832 367	1 788 110
Total Equity and Liabilities		24 967 651	24 421 012

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Statement of Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Gains/(Losses) on disposal of assets		314 568	(53 558)
Operating expenses		(463 490)	(362 742)
Operating deficit before fair value adjustments, interest, dividends, allocations to beneficiaries and asset management fees		(148 922)	(416 300)
Interest and dividend revenue		1 007 322	915 224
Fair value adjustments		1 426 526	2 967 025
Allocations to beneficiaries	5	(1 562 415)	(1 740 664)
Asset management fees		(220 132)	(234 103)
Surplus for the year		502 379	1 491 182
Other comprehensive income		-	-
Total comprehensive income for the year		502 379	1 491 182

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2021	21 141 720	21 141 720
Surplus for the year	1 491 182	1 491 182
Other comprehensive income	-	-
Total comprehensive income for the year	1 491 182	1 491 182
Balance at 01 March 2022	22 632 905	22 632 905
Surplus for the year	502 379	502 379
Other comprehensive income	-	-
Total comprehensive income for the year	502 379	502 379
Balance at 28 February 2023	23 135 284	23 135 284

Note(s)

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash used in operations	9	(444 922)	(353 265)
Cash flows from investing activities			
Investment withdrawals		2 000 000	2 650 000
Net cash from investing activities		2 000 000	2 650 000
Cash flows from financing activities			
Payments to beneficiaries		(1 522 112)	(1 862 805)
Total cash movement for the year		32 966	433 930
Cash at the beginning of the year		485 674	51 744
Total cash at end of the year	3	518 640	485 674

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

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.

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
2. Investments		
Investments managed by Nedbank Private Wealth		
Listed Securities	23 700 036	23 260 971
Fixed Capital Funds	748 975	674 367
	24 449 011	23 935 338

Book value of listed securities on 28 February 2023 - R16 854 198 (2022 - R17 589 578)

Non-current assets		
At fair value	24 449 011	23 935 338

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	315 567	485 674
Short-term deposits	203 073	-
	518 640	485 674

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	-	917
Grain Farmer Development Association	-	(587 070)
- Approved	-	61 780
- Recalculation of allocations	-	(648 850)
Grain SA	61 744	151 296
- Approved	61 744	151 961
- Recalculation of allocations	-	(665)
SA Grain Laboratory	296 966	1 046 756
National Agricultural Marketing Council	21 532	20 986
SA Grain Information Services	1 051 148	759 330
- Approved	1 051 148	788 865
- Recalculation of allocations	-	(29 535)
University of Free State	131 025	-
SA Grain Farmers Association	-	348 450
	1 562 415	1 740 664

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)	1 562 415	1 740 664
Add: Unpaid allocations carried over from previous period	1 788 110	1 910 251
Less: Allocations paid during the year (as per note 7)	(1 522 113)	(1 862 805)
	1 828 412	1 788 110

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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	168 337	168 337
Grain SA	97 354	194 379
SA Grain Laboratory	449 147	448 820
SA Grain Information Services	699 621	562 066
University of Free State	65 503	66 058
SA Grain Farmers Association	348 450	348 450
	1 828 412	1 788 110
7. Actual payments to beneficiaries		
Grain Farmer Development Association	-	51 375
Grain SA	158 769	126 660
National Agricultural Marketing Council	21 532	42 652
SA Grain Laboratory	296 639	811 593
SA Grain Information Services	913 593	830 525
University of Free State	131 580	-
	1 522 112	1 862 805
8. Auditor's remuneration		
Current fees	30 360	28 635
9. Cash used in operations		
Surplus/(Deficit) for the period	502 379	1 491 182
Adjustments for:		
Allocations to beneficiaries	1 562 415	1 740 664
Dividends received	(994 834)	(908 989)
Interest received	(12 488)	(6 235)
Fair value adjustments	(1 426 526)	(2 967 025)
(Gains)/Losses on disposal of assets	(303 045)	63 026
Asset management fees	220 132	234 103
Changes in working capital:		
Trade and other payables	7 045	9
	(444 922)	(353 265)

10. Comparative figures

Certain comparative figures in the Detailed Income Statement have been reclassified.

The effects of the reclassification results in no changes to the surplus or deficit for the year and are as follows:

Detailed Income Statement

Interest received	-	382 409
Dividends received	-	(382 409)

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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11. Funding recovered from beneficiaries

University of Free State	-	9 468
Grain SA	11 523	-

12. Trustees fees

Trustees - 2023

	Net fees	Net travel	PAYE	Total
De Wet Boshoff	12 277	-	4 775	17 052
Willem Groothof	7 161	931	2 960	11 052
Happy Mohane	30 502	1 507	10 985	42 994
Ramoso Pholo	5 844	-	2 008	7 852
	55 784	2 438	20 728	78 950

Trustees - 2022

	Net fees	Net travel	PAYE	Total
Happy Mohane	22 176	-	8 624	30 800
Ramoso Pholo	6 048	2 483	3 069	11 600
	28 224	2 483	11 693	42 400

The Sorghum Trust

(Registration number: IT9221/97)

Annual Financial Statements for the year ended 28 February 2023

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Income			
Funding recovered from beneficiaries	11	11 523	9 468
Gains/(Losses) on disposal of assets		303 045	(63 026)
Dividends received		994 834	908 989
Interest received		12 488	6 235
		1 321 890	861 666
Operating expenses			
Administration fees		(240 481)	(226 923)
Auditors remuneration	8	(30 360)	(28 635)
Bank charges		(2 835)	(1 732)
Meeting costs		(36 089)	-
Professional fees		(42 607)	(35 536)
Printing & courier costs		-	(404)
Sorghum Forum costs		(25 699)	(24 313)
Trustees fees	12	(78 950)	(42 400)
Website, marketing & gratuity		(6 469)	(2 799)
		(463 490)	(362 742)
Operating surplus before fair value adjustments, allocations to beneficiaries and asset management fees		858 400	498 924
Fair value adjustment of investments		1 426 526	2 967 025
Allocations to beneficiaries	5	(1 562 415)	(1 740 664)
Asset management fees		(220 132)	(234 103)
		(356 021)	992 258
Surplus for the year		502 379	1 491 182