

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 28 February 2013

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 28 February 2013

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To serve, protect and promote the interests of the South African red meat industry
Directors	GF Southey A Mahanjana DP Ford TG Davidson DPE van Zyl
Registered office	318 The Hillside Lynnwood Pretoria Faerie Glen X9 0081
Business address	318 The Hillside Lynnwood Pretoria 0081
Postal address	PO Box 36802 Menlo Park Pretoria 0102
Bankers	First National Bank
Auditors	JTC Chartered Accountants (S.A.) Incorporated Chartered Accountants (S.A.) Registered Auditors
Company registration number	2007/020498/08
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: CF Terhoeven CA (S.A.)
Published	19 February 2014

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2014 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the board on 19 February 2014 and were signed on its behalf by



TG Davidson



GF Southey

Independent Auditors' Report

To the shareholders of Meat Statutory Measure Services NPC

We have audited the financial statements of Meat Statutory Measure Services NPC, as set out on pages 7 to 15, which comprise the statement of financial position as at 28 February 2013, 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.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The company's levy income is based on a self assessment basis of all levy payers. It is not possible for the company to implement procedures to ensure that all parties eligible for registration as levy payers are registered for levy purposes. Due to the nature of a self assessment process the company cannot ensure that returns submitted are accurate. We are therefore unable to design audit procedures to test for the completeness of income beyond that that has been accounted for in the accounting records.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Meat Statutory Measure Services NPC as at 28 February 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

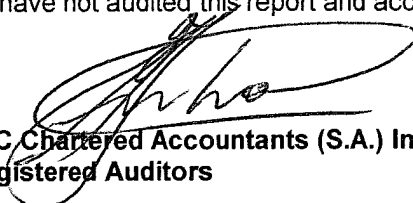
Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 16 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Independent Auditors' Report

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.


JTC Chartered Accountants (S.A.) Incorporated
Registered Auditors

19 February 2014

Boardwalk Office Park
Block J14 Ground Floor
107 Haymeadow Drive
Faerie Glen X9
0043

Per: CF Terhoeven

Meat Statutory Measure Services NPC

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Financial Statements for the year ended 28 February 2013

Directors' Report

The directors submit their report for the year ended 28 February 2013.

1. Review of activities

Main business and operations

The company is engaged in to serve, protect and promote the interests of the South African red meat industry and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

4. Authorised and issued share capital

The company is an association incorporated in terms of the Companies' Act and is incorporated with no share capital

5. Dividends

No dividends were declared or paid to directors during the year. In terms of the company's memorandum and articles of association no dividends may be declared.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

Name
GF Southey
A Mahanjana
DP Ford
TG Davidson
DPE van Zyl

7. Secretary

The company had no secretary during the year.

8. Auditors

JTC Chartered Accountants (S.A.) Incorporated will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

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Financial Statements for the year ended 28 February 2013

Statement of Financial Position as at 28 February 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Non-Current Assets			
Other financial assets	2	14 259 746	13 429 850
Current Assets			
Trade and other receivables	3	4 607 726	4 288 129
Cash and cash equivalents	4	2 319 213	5 287 911
		6 926 939	9 576 040
Total Assets		21 186 685	23 005 890
Equity and Liabilities			
Equity			
Retained income		3 877 968	1 084 372
Liabilities			
Current Liabilities			
Other financial liabilities	5	1 469 542	1 469 542
Trade and other payables	6	15 839 175	20 451 976
		17 308 717	21 921 518
Total Equity and Liabilities		21 186 685	23 005 890

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Revenue	7	27 431 309	25 026 348
Other income		4 641	-
Operating expenses		(25 694 244)	(25 627 860)
Operating profit (loss)	8	1 741 706	(601 512)
Investment revenue	9	1 086 152	245 240
Fair value adjustments	10	(34 262)	416 368
Total comprehensive income for the year		2 793 596	60 096

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2011	1 024 276	1 024 276
Total comprehensive income for the year	60 096	60 096
Balance at 01 March 2012	1 084 372	1 084 372
Total comprehensive income for the year	2 793 596	2 793 596
Balance at 28 February 2013	3 877 968	3 877 968

Note(s)

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 Financial Statements for the year ended 28 February 2013
Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash receipts from levy payers		30 478 491	28 487 659
Cash paid to suppliers and employees		(33 669 183)	(30 448 488)
Cash used in operations	12	(3 190 692)	(1 960 829)
Interest income		1 086 152	245 240
Net cash from operating activities		(2 104 540)	(1 715 589)
Cash flows from investing activities			
Investment in Unit trusts		(864 158)	(13 013 482)
Loans (advanced) / repaid		-	1 323 566
Net cash from investing activities		(864 158)	(11 689 916)
Cash flows from financing activities			
Proceeds from other financial liabilities		-	1 469 542
Net cash from financing activities		-	1 469 542
Total cash movement for the year		(2 968 698)	(11 935 963)
Cash at the beginning of the year		5 287 911	17 223 874
Total cash at end of the year	4	2 319 213	5 287 911

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Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The 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, except for the changes set out in note First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

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 Tax

Tax expenses

The company has applied for exemption from tax. The directors are of the opinion that the company qualifies for this exemption as the income of the company is not generated from business activities but is based on levies raised in terms of a government regulation. Consequently no provision has been made for tax in the financial statements.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

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Notes to the Financial Statements

Figures in Rand	2013	2012
2. Other financial assets		
At fair value		
Unit trusts	14 259 746	13 429 850
Non-current assets		
At fair value	14 259 746	13 429 850
3. Trade and other receivables		
Trade receivables	4 072 592	3 832 312
Prepayments	-	16 050
Deposits	8 500	-
VAT	526 634	439 767
	4 607 726	4 288 129
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	2 319 213	5 287 911
5. Other financial liabilities		
At amortised cost		
Red Meat Levy Fund	1 469 542	1 469 542
The loan represents the cash surplus/(deficit) from the first levy period that was paid into the common bank account of the first and second levy period. The loan is unsecured, bears no interest and no terms for repayment have been set.		
Current liabilities		
At amortised cost	1 469 542	1 469 542
6. Trade and other payables		
Trade payables	304 310	228 727
Accrued expense	15 534 865	20 223 249
	15 839 175	20 451 976
7. Revenue		
Levy Income	27 431 309	25 026 348

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Notes to the Financial Statements

Figures in Rand	2013	2012
8. Operating profit (loss)		
Operating profit (loss) for the year is stated after accounting for the following:		
Distribution to service providers	-	-
National Emergent Red Meat Producers Organisation (NERPO)	2 318 958	2 008 511
Federation of Red Meat Producers of SA (RPO)	8 131 780	6 003 034
SA Feedlot Association (SAFA)	6 303 866	5 422 802
South African Meat Industry Company (SAMIC)	1 045 104	1 831 505
Association of Meat Importers and Exporters (AMIE)	1 064 813	744 581
SA Federation of Livestock Auctioneers (SAFLA)	-	87 565
Red Meat Research and Development SA (RMRD SA)	3 982 754	2 980 127
Skin Hide & Leather Council (SHALC)	168 817	182 988
National Federation of Meat Traders (NFMT)	480 000	908 415
Red Meat Abattoir Association (RMAA)	-	319 424
Red Meat Industry Forum (RMIF) - Compliance	1 562 195	1 336 253
Red Meat Industry Forum (RMIF) - LWCC	240 994	129 591
Red Meat Industry Forum (RMIF) - Liason	-	823 757
Employee costs	878 463	424 000
Administrative services	1 286 852	1 211 699
Legal fees	319 291	366 494
9. Investment revenue		
Interest revenue		
Unit trusts	903 434	44 876
Bank	182 718	198 879
Interest charged on trade and other receivables	-	1 485
	1 086 152	245 240
10. Fair value adjustments		
Other financial assets	(34 262)	416 368
11. Auditors' remuneration		
Fees	19 692	27 200
Other services	22 500	59 520
Tax and secretarial services	3 275	1 500
	45 467	88 220
12. Cash used in operations		
Profit before taxation	2 793 596	60 096
Adjustments for:		
Interest received	(1 086 152)	(245 240)
Fair value adjustments	34 262	(416 368)
Changes in working capital:		
Trade and other receivables	(319 597)	(498 194)
Trade and other payables	(4 612 801)	(861 123)
	(3 190 692)	(1 960 829)

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Notes to the Financial Statements

Figures in Rand

2013

2012

13. Related parties

Relationships

Members of key management

TG Davidson
DP Ford
D van Zyl
M Mahanajana
GF Southey

Organisations key management is involved with

Association of Meat Importers/Exporters (AMIE)
National Emergent Red Meat Producers Organisation (NERPO)
National Federation of Meat Traders (NFMT)
Red Meat Research and Development SA (RMRD SA)
Federation of Red Meat Producers of SA (RPO)
SA Feedlot Association (SAFA)
Skin Hide & Leather Council (SHALC)
South African Meat Company (SAMIC)
Red Meat Industry Forum (RMIF)
Red Meat Levy Fund (RMLF)

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing (to) by related parties

Red Meat Levy Fund	1 469 542	1 469 542
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Related party transactions

Service Providers

Association of Meat Importers/Exporters (AMIE)	1 064 813	744 581
National Emergent Red Meat Producers Organisation (NERPO)	2 318 958	2 008 511
National Federation of Meat Traders (NFMT)	480 000	908 415
Red Meat Research and Development SA (RMRD SA)	3 982 754	2 980 127
Federation of Red Meat Producers of SA (RPO)	8 131 780	6 003 034
SA Feedlot Association (SAFA)	6 303 866	5 422 802
Skin Hide & Leather Council (SHALC)	168 817	182 988
South African Meat Company (SAMIC)	1 045 104	1 831 505
Red Meat Industry Forum (RMIF) - Compliance	1 562 195	1 336 523
Red Meat Industry Forum (RMIF) - LWCC	240 994	129 591
Red Meat Industry Forum (RMIF) - Liason	-	823 757

Administration fees paid to (received from) related parties

Ford Feeders CC	300 000	300 000
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Notes to the Financial Statements

Figures in Rand	2013	2012
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14. Directors' remuneration

Non-executive

2013

	Directors' fees	Committees fees	Total
For services as directors	180 000	280 500	460 500

2012

	Directors' fees	Committees fees	Total
For service as directors	150 000	274 000	424 000

15. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Levy Income		27 431 309	25 026 348
Other income			
Recoveries		4 641	-
Interest received	9	1 086 152	245 240
Fair value adjustments	10	-	416 368
		1 090 793	661 608
Operating expenses			
Administration and management fees		1 286 852	1 211 699
Auditors' remuneration	11	45 467	88 220
Bad debts		383 967	31 336
Bank charges		41 287	28 574
Broker fees		39 275	31 395
Consulting and professional fees		5 884	-
Employee costs		878 463	424 000
Industry Liaison		141 096	1 836 385
Research and Development		3 171 712	2 980 127
Consumer Assurance		4 180 734	4 844 545
Consumer Education		8 858 735	7 574 294
Input VAT denied		89 463	-
Development of Developing Sector		1 756 376	2 008 511
Production Development		4 407 958	4 134 402
Levy Committee Fees		84 000	66 000
Insurance		3 684	1 877
Legal expenses		319 291	366 495
		25 694 244	25 627 860
Operating profit	8	2 827 858	60 096
Fair value adjustments	10	(34 262)	-
Total comprehensive income for the year		2 793 596	60 096

Supplementary Information 2013

1. Transformation costs

Transformation costs included with other costs	Total cost	Transformation costs included	Net amount
Consumer Assurance	4 180 734	1 416 946	2 763 788
Consumer Education	8 858 735	4 724 115	4 134 620
Development of Developing sector	1 756 376	1 756 376	-
Industry Liaison	141 096	29 352	111 744
Production Development	4 407 958	1 522 387	2 885 571
Research and Development	3 171 712	699 537	2 472 175
	22 516 611	10 148 713	12 367 898