

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 29 February 2016

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 29 February 2016

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
Auditor's	JTC Chartered Accountants (SA) Incorporated 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: MJ Grundling (CA) SA
Issued	09 November 2016

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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 auditor is 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 2017 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.

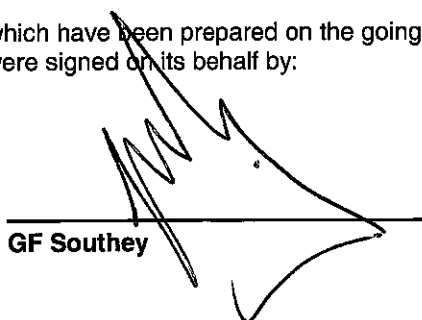
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by the board on 09 November 2016 and were signed on its behalf by:

Approval of financial statements



TG Davidson



GF Southey

Independent Auditor's 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 8 to 18, 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.

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.

Auditor's 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 auditor's 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 company'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 company'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 29 February 2016, 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 19 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 Auditor's Report

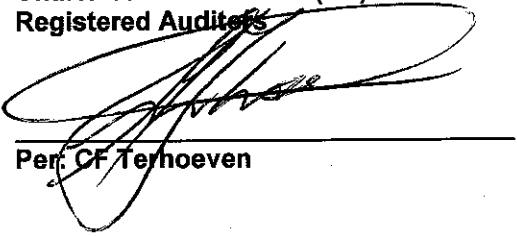
Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 29 February 2016, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

09 November 2016

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

JTC Chartered Accountants (SA) Incorporated
Chartered Accountants (SA)
Registered Auditors



Per: CF Terhoeven

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Financial Statements for the year ended 29 February 2016

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Meat Statutory Measure Services NPC for the year ended 29 February 2016.

1. Nature of business

Meat Statutory Measure Services NPC was incorporated in South Africa with interests in the Non-profit sector. The company operates in South Africa.

The company aims to serve, protect and promote the interests of the South African red meat industry.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

The company recorded a profit after tax for the year ended 29 February 2016 of R1 849 604. This represented an increase from the profit after tax of the prior year of R298 801.

Company revenue increased from R34 782 190 in the prior year to R40 614 546 for the year ended 29 February 2016.

Company cash flows from operating activities increased from a shortfall of R(3 700 329) in the prior year to a shortfall of R(1 848 911) for the year ended 29 February 2016.

3. Directors

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

Directors

GF Southey
A Mahanjana
DP Ford
TG Davidson
DPE van Zyl

There have been no changes to the directorate for the period under review.

4. Directors' interests in contracts

During the financial year, contracts were entered into which directors or officers of the company had an interest in as disclosed in note 14. These transactions were in the normal course of business.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient funds to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

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Financial Statements for the year ended 29 February 2016

Directors' Report

7. Auditors

JTC Chartered Accountants (SA) Incorporated continued in office as auditors for the company for 2016.

8. Secretary

The company had no secretary during the year.

9. Acknowledgements

Thanks and appreciation are extended to all of our members, staff, suppliers and consumers for their continued support of the company.

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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
Assets			
Non-Current Assets			
Other financial assets	2	18 188 250	17 500 185
Current Assets			
Trade and other receivables	3	6 957 065	5 796 748
Cash and cash equivalents	4	1 756 237	4 276 431
		8 713 302	10 073 179
Total Assets		26 901 552	27 573 364
Equity and Liabilities			
Equity			
Retained income		9 239 162	7 389 558
Liabilities			
Current Liabilities			
Trade and other payables	5	17 662 390	20 183 806
Total Equity and Liabilities		26 901 552	27 573 364

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Financial Statements for the year ended 29 February 2016

Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue	6	40 614 546	34 782 190
Other income		3 046	32 867
Operating expenses		(39 714 324)	(36 248 383)
Operating profit (loss)	7	903 268	(1 433 326)
Investment revenue	8	935 604	724 496
Fair value adjustments	9	13 736	1 042 026
Finance costs	10	(1)	(33 319)
Profit before taxation		1 852 607	299 877
Taxation	11	(3 003)	(1 076)
Total comprehensive income for the year		1 849 604	298 801

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2014	7 090 757	7 090 757
Total comprehensive income for the year	298 801	298 801
Balance at 01 March 2015	7 389 558	7 389 558
Total comprehensive income for the year	1 849 604	1 849 604
Balance at 29 February 2016	9 239 162	9 239 162

Note(s)

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Financial Statements for the year ended 29 February 2016

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash receipts		45 726 691	37 939 114
Cash paid to suppliers and employees		(48 508 202)	(42 329 544)
Cash used in operations	13	(2 781 511)	(4 390 430)
Interest income		785 515	628 130
Dividends received		150 089	96 366
Finance costs		(1)	(33 319)
Tax paid		(3 003)	(1 076)
Net cash from operating activities		(1 848 911)	(3 700 329)
Cash flows from investing activities			
Purchase of financial assets		(734 471)	(357 963)
Sale of financial assets		63 188	3 875 663
Net cash from investing activities		(671 283)	3 517 700
Total cash movement for the year		(2 520 194)	(182 629)
Cash at the beginning of the year		4 276 431	4 459 060
Total cash at end of the year	4	1 756 237	4 276 431

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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.

1.1 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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 profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably 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, 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 current tax in the financial statements.

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Accounting Policies

1.3 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents levy income received in terms of a statutory measure on the red meat industry in the Republic of South Africa.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Financial Statements

	2016	2015
2. Other financial assets		
At fair value		
Unit trusts	18 188 250	17 500 185
Non-current assets		
At fair value	18 188 250	17 500 185
The fair values of listed or quoted investments are based on the quoted market price at reporting period date.		
3. Trade and other receivables		
Trade receivables	6 051 906	5 478 015
VAT	905 159	318 733
	6 957 065	5 796 748
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 756 237	4 276 431
5. Trade and other payables		
Trade payables	229 452	1 272 460
Accrued expenses	17 432 938	18 911 346
	17 662 390	20 183 806
6. Revenue		
Levy Income	40 614 546	34 782 190

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Notes to the Financial Statements

Figures in Rand	2016	2015
7. Operating profit (loss)		
Operating profit (loss) for the year is stated after accounting for the following:		
Profit on the sale of other financial assets	3 046	32 867
National Emergent Red Meat Producers Organisation (NERPO)	4 237 611	4 165 354
Federation of Red Meat Producers of SA (RPO)	9 884 716	7 778 955
SA Feedlot Association (SAFA)	8 951 143	8 102 358
South African Meat Industry Company (SAMIC)	2 587 157	1 636 441
Association of Meat Importers and Exporters (AMIE)	701 587	(290 708)
Red Meat Research and Development SA (RMRD SA)	5 260 252	4 443 402
Skin Hide & Leather Council (SHALC)	(223 376)	480 721
National Federation of Meat Traders (NFMT)	554 849	1 005 931
Red Meat Industry Forum (RMIF)	1 401 203	1 856 619
South African Meat Processors Association (SAMPA)	394 459	478 016
South African Association for Livestock Auctioneers (SAFLA)	89 173	178 992
Red Meat Abattoir Association (RMAA)	561 352	468 452
Employee costs	1 088 488	1 016 243
Administrative and secretarial services	1 879 843	1 580 802
Legal fees	116 837	280 958
8. Investment revenue		
Dividend revenue		
Unit trusts	150 089	96 366
Interest revenue		
Unit trusts	587 387	438 914
Bank	125 602	155 046
Interest charged on trade and other receivables	72 526	34 170
	785 515	628 130
	935 604	724 496
9. Fair value adjustments		
Other financial assets	13 736	1 042 026
10. Finance costs		
Bank	1	-
Late payment of tax	-	33 319
	1	33 319

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Notes to the Financial Statements

Figures in Rand	2016	2015
11. Taxation		
Major components of the tax expense		
Current		
Foreign income tax or withholding tax - current period	3 003	1 076
No provision has been made for current income tax as the company is in the process of applying for tax exemption.		
12. Auditor's remuneration		
Fees	100 000	93 500
Other services	28 000	64 900
Tax and secretarial services	2 550	4 860
	130 550	163 260
13. Cash used in operations		
Profit before taxation	1 852 607	299 877
Adjustments for:		
Profit on sale of assets	(3 046)	(32 867)
Dividends received	(150 089)	(96 366)
Interest received	(785 515)	(628 130)
Finance costs	1	33 319
Fair value adjustments	(13 736)	(1 042 026)
Changes in working capital:		
Trade and other receivables	(1 160 317)	(1 766 687)
Trade and other payables	(2 521 416)	(1 157 550)
	(2 781 511)	(4 390 430)

14. Related parties

Relationships

Members of key management

TG Davidson
DP Ford
DPE van Zyl
A Mahanjana
GF Southey

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Financial Statements for the year ended 29 February 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

Organisations key management is involved with and members	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 Industry Company (SAMIC) Red Meat Industry Forum (RMIF) South African Meat Processors Association (SAMPA) South African Association for Livestock Auctioneers (SAFLA) Red Meat Abattoir Association (RMAA) Ford Feeders CC
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Related party balances and transactions with other related parties

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Red Meat Industry Forum (RMIF) - LWCC	-	(30 000)
National Emergent Red Meat Producers Organisation (NERPO)	-	(949 839)
Red Meat Levy Admin (Pty) Ltd	(181 779)	(140 858)
SA Feedlot Association (SAFA)	-	(117 756)
Federation of Red Meat Producers of SA (RPO)	-	(3)
Ford Feeders CC	-	(28 500)

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Notes to the Financial Statements

Figures in Rand	2016	2015
Related party transactions		
Claims expense (income) relating to Service Providers		
Association of Meat Importers/Exporters (AMIE)	701 587	(290 708)
Federation of Red Meat Producers of SA (RPO)	9 884 716	7 778 955
National Emergent Red Meat Producers Organisation (NERPO)	4 237 611	4 165 354
National Federation of Meat Traders (NFMT)	554 849	1 005 931
Red Meat Abattoir Association (RMAA)	561 352	468 452
Red Meat Industry Forum (RMIF)	1 433 648	1 856 619
Red Meat Research and Development SA (RMRD SA)	5 260 252	4 443 402
South African Association for Livestock Auctioneers (SAFLA)	89 173	178 992
SA Feedlot Association (SAFA)	8 951 143	8 102 358
South African Meat Industry Company (SAMIC)	2 587 157	1 636 441
South African Meat Processors Association (SAMPA)	394 459	478 016
Skin Hide & Leather Council (SHALC)	(223 376)	480 721
Administration fees paid to (received from) related parties		
Ford Feeders CC	300 000	300 000
Red Meat Levy Admin (Pty) Ltd	1 811 842	1 520 802
Secretarial fees paid to (received from) related parties		
Red Meat Levy Admin (Pty) Ltd	68 000	60 000

15. Directors' remuneration

Non-executive

2016

	Directors' fees	Committees fees	Total
For services as directors	202 500	294 000	496 500

2015

	Directors' fees	Committees fees	Total
For services as directors	180 000	278 000	458 000

16. 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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Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Revenue			
Levy income		40 614 546	34 782 190
Other income			
Dividends received	8	150 089	96 366
Interest received	8	785 515	628 130
Gains on disposal of assets		3 046	32 867
Fair value adjustments	9	13 736	1 042 026
		952 386	1 799 389
Operating expenses			
Administration and management fees		1 811 843	1 520 802
Auditors remuneration	12	130 550	163 260
Bad debts		142 212	37 585
Bank charges		52 249	47 038
Broker fees		63 188	51 905
Employee costs		1 088 488	1 016 243
Input VAT denied		-	(400 396)
Insurance		3 684	8 400
Legal expenses		116 837	280 958
Levy Committee Fees		36 000	84 000
Consumer Assurance		6 028 098	7 071 622
Consumer Education		10 005 095	11 094 783
Development of Developing Sector		7 249 472	5 170 453
Industry Liaison		974 374	749 973
Production Development		6 683 981	4 848 355
Research and Development		5 260 253	4 443 402
Secretarial fees		68 000	60 000
		39 714 324	36 248 383
Operating profit	7	1 852 608	333 196
Finance costs	10	(1)	(33 319)
Profit before taxation		1 852 607	299 877
Taxation	11	(3 003)	(1 076)
Total comprehensive income for the year		1 849 604	298 801