

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF RED MEAT LEVY ADMIN (PTY) LTD FOR THE YEAR ENDED 28 FEBRUARY 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Red Meat Levy Admin (Pty) Ltd which comprise the balance sheet as at 28 February 2007, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes and the directors report, as set out on pages 6 to 13.

Responsibility of the board of directors for the financial statements

2. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa, 1973 (Act No.61 of 1973). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 648 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. 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 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.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The company's policy is to prepare financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, as set out in accounting policy note 1.

Basis for qualified opinion

9. Levy Income

The completeness and cut-off of the statutory levies could not be reasonably verified. Some entities eligible for registration have not yet registered with the levy administrator or have registered but are not submitting the levy returns or paying the levies over to the levy administrator. The levy collection is done on the basis of self assessment and therefore levy income cannot be completely accounted for if the levy returns are not submitted by all entities. Consequently, I was unable to satisfy myself as to the completeness of levy income and the resultant impact on trade receivables.

Qualified opinion

10. In my opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Red Meat Levy Admin (Pty) Ltd as at 28 February 2007 and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa, 1973 (Act No.61 of 1973).

Emphasis of matter

I draw attention to the following matter as disclosed in note 10 to the annual financial statements:

11. The fund has applied for exemption from taxation in terms of section 30 of the Income Tax Act, 1962 (Act No.58 of 1962). Approval from the South African Revenue Services is still outstanding.

OTHER MATTER

I draw attention to the following matter that is ancillary to my responsibilities in the audit of the financial statements:

12. The supplementary information set out on page 14 does not form part of the financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.

APPRECIATION

13. The assistance rendered by the staff of the Red Meat Levy Admin (Pty) Ltd during the audit is sincerely appreciated.

Auditor General

Pretoria

15 November 2007



AUDITOR - GENERAL