

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 28 February 2018

Meat Statutory Measure Services NPC

(Registration number: 2007/020498/08)

Financial Statements for the year ended 28 February 2018

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 GM Schutte
Registered office	318 The Hillside Lynnwood Pretoria Gauteng 0081
Business address	318 The Hillside Lynnwood Pretoria Gauteng 0081
Postal address	PO Box 36802 Menlo Park Pretoria Gauteng 0102
Bankers	First National Bank
Auditors	JTC Chartered Accountants (S.A.) Incorporated Chartered Accountants (SA) 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	01 August 2018

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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.

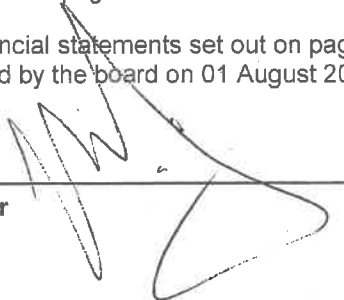
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2019 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.

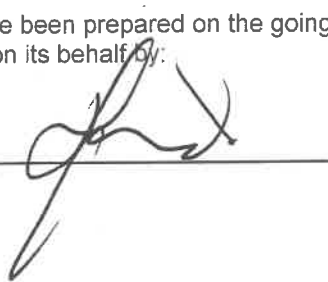
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 6.

The financial statements set out on pages 8 to 18, which have been prepared on the going concern basis, were approved by the board on 01 August 2018 and were signed on its behalf by:

Director



Director



Meat Statutory Measure Services NPC

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Financial Statements for the year ended 28 February 2018

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Meat Statutory Measure Services NPC for the year ended 28 February 2018.

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 28 February 2018 of R2 353 423. This represented an increase from the profit after tax of the prior year of R1 484 265.

Company revenue increased from R44 139 306 in the prior year to R46 101 020 for the year ended 28 February 2018.

Company cash flows from operating activities decreased from R5 003 619 in the prior year to R2 535 953 for the year ended 28 February 2018.

3. Directors

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

Directors

GF Southey
A Mahanjana
DP Ford
TG Davidson
GM Schutte

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

4. Directors' interests in contracts

During the financial year, no contracts were entered into in which directors or officers of the company had an interest and which significantly affected the business of the company.

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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Directors' Report

7. Auditors

JTC Chartered Accountants (S.A.) Incorporated continued in office as auditors for the company for 2018.

8. Secretary

The company had no secretary during the year.

9. Acknowledgements

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

Independent Auditor's Report

To the members of Meat Statutory Measure Services NPC

Qualified opinion

We have audited the financial statements of Meat Statutory Measure Services NPC set out on pages 8 to 17, which comprise the statement of financial position as at 28 February 2018, 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 financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Meat Statutory Measure Services NPC as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

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.

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 financial statements section of our report. We are independent of the company 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 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 qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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



Per: CF Terhoeven

01 August 2018

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

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Financial Statements for the year ended 28 February 2018

Statement of Financial Position as at 28 February 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Other financial assets	2	21 015 263	19 437 062
Current Assets			
Trade and other receivables	3	7 055 427	6 518 885
Cash and cash equivalents	4	9 435 536	6 828 856
		16 490 963	13 347 741
Total Assets		37 506 226	32 784 803
Equity and Liabilities			
Equity			
Unutilised funds		13 076 850	10 723 427
Liabilities			
Current Liabilities			
Trade and other payables	5	24 429 376	22 061 376
Total Equity and Liabilities		37 506 226	32 784 803

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	6	46 101 020	44 139 306
Other income		10 980	4 465
Operating expenses		(45 767 787)	(44 262 246)
Operating surplus (loss)	7	344 213	(118 475)
Investment revenue	8	1 277 468	1 186 587
Fair value adjustments	9	732 510	417 994
Unutilised funds before taxation		2 354 191	1 486 106
Taxation	10	(768)	(1 841)
Total comprehensive income for the year		2 353 423	1 484 265

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Statement of Changes in Equity

Figures in Rand	Unutilised funds	Total equity
Balance at 01 March 2016	9 239 162	9 239 162
Total comprehensive income for the year	1 484 265	1 484 265
Balance at 01 March 2017	10 723 427	10 723 427
Total comprehensive income for the year	2 353 423	2 353 423
Balance at 28 February 2018	13 076 850	13 076 850

Note(s)

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Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash receipts from customers		52 240 152	50 124 986
Cash paid to suppliers and employees		(50 070 653)	(45 410 759)
Cash generated from operations	12	2 169 499	4 714 227
Interest income		367 222	291 233
Tax paid		(768)	(1 841)
Net cash from operating activities		2 535 953	5 003 619
Cash flows from investing activities			
Purchase of financial assets		(909 478)	(893 514)
Sale of financial assets		69 959	67 161
Interest Income		817 936	784 036
Dividends received		92 310	111 318
Net cash from investing activities		70 727	69 001
Total cash movement for the year		2 606 680	5 072 620
Cash at the beginning of the year		6 828 856	1 756 236
Total cash at end of the year	4	9 435 536	6 828 856

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis 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 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 profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

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

Figures in Rand	2018	2017
2. Other financial assets		
At fair value		
Unit trusts	21 015 263	19 437 062
Non-current assets		
At fair value	21 015 263	19 437 062
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	6 432 548	6 112 057
VAT	557 879	406 828
Other receivables	65 000	-
	7 055 427	6 518 885
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	9 435 536	6 828 856
5. Trade and other payables		
Trade payables	628 467	1 225 280
Other payables	-	192 950
Accrued expenses	23 800 909	20 643 146
	24 429 376	22 061 376
6. Revenue		
Levy Income	46 101 020	44 139 306

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Notes to the Financial Statements

Figures in Rand 2018 2017

7. Operating surplus (loss)

Operating surplus (loss) for the year is stated after accounting for the following:

Profit on the sale of other financial assets	6 172	4 465
National Emergent Red Meat Producers Organisation (NERPO)	5 448 723	5 165 907
Federation of Red Meat Producers of SA (RPO)	8 820 565	8 542 534
SA Feedlot Association (SAFA)	9 286 512	8 917 149
South African Meat Industry Company (SAMIC)	2 923 196	2 574 073
Association of Meat Importers and Exporters (AMIE)	1 581 856	1 223 772
Red Meat Research and Development SA (RMRD SA)	5 460 974	5 256 930
Skin Hide & Leather Council (SHALC)	367 854	282 004
National Federation of Meat Traders (NFMT)	1 035 559	911 516
South African Association for Livestock Auctioneers (SAFLA)	109 293	83 786
Red Meat Abattoir Association (RMAA)	888 714	838 468
Red Meat Industry Forum (RMIF)	3 314 703	1 199 921
South African Meat Processors Association (SAMPA)	535 836	473 164
Employee costs	1 251 347	1 179 160
Administrative and Secretarial Services	2 125 221	2 046 931
Legal Fees	123 347	249 589

8. Investment revenue

Dividend revenue

Unit trusts	92 310	111 318
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Interest revenue

Unit trusts	817 936	784 037
Bank	309 875	217 372
Interest charged on trade and other receivables	57 347	73 860

1 185 158 1 075 269

1 277 468 1 186 587

9. Fair value adjustments

Other financial assets	732 510	417 994
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10. Taxation

Major components of the tax expense

Current taxation

Foreign normal tax - current year	768	1 841
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No provision has been made for current income tax as the company is in the process of applying for tax exemption.

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Notes to the Financial Statements

Figures in Rand	2018	2017
11. Auditor's remuneration		
Fees	110 000	104 000
Other services	22 000	20 000
Tax and secretarial services	7 295	6 400
	139 295	130 400
12. Cash generated from operations		
Unutilised funds before taxation	2 354 191	1 486 106
Adjustments for:		
Profit on sale of assets	(6 172)	(4 465)
Dividends received	(92 310)	(111 318)
Interest received	(1 185 158)	(1 075 269)
Fair value adjustments	(732 510)	(417 994)
Changes in working capital:		
Trade and other receivables	(536 542)	438 180
Trade and other payables	2 368 000	4 398 987
	2 169 499	4 714 227

13. Related parties

Relationships

Members of key management

TG Davidson
DP Ford
A Mahanjana
GF Southey
GM Schutte

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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Notes to the Financial Statements

Figures in Rand 2018 2017

13. Related parties (continued)

Related party balances and transactions with other related parties

Related party balances

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

Ford Feeders CC	(28 500)	-
National Emergent Red Meat Producers Organisation (NERPO)	(214 122)	-
SA Feedlot Association (SAFA)	-	(741 000)
Red Meat Abattoir Association (RMAA)	(89 135)	-

Related party transactions

Purchases from (sales to) related parties

Association of Meat Importers/Exporters (AMIE)	1 581 856	1 223 772
Federation of Red Meat Producers of SA (RPO)	8 820 565	8 542 534
National Emergent Red Meat Producers Organisation (NERPO)	5 448 723	5 165 907
National Federation of Meat Traders (NFMT)	1 035 559	911 516
South African Meat Industry Company (SAMIC)	2 923 196	2 574 073
Red Meat Abattoir Association (RMAA)	888 714	838 468
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South African Association for Livestock Auctioneers (SAFLA)	109 293	83 786
SA Feedlot Association (SAFA)	9 286 512	8 917 149

Administration fees paid to (received from) related parties

Ford Feeders CC	300 000	300 000
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14. Directors' and prescribed officers' remuneration

Non-executive

2018

	Directors' fees	Committees fees	Total
For Services as Directors and Prescribed Officers	180 000	384 000	564 000

2017

	Directors' fees	Committees fees	Total
For Services as Directors and Prescribed Officers	175 000	384 000	559 000

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)	2018	2017
Revenue			
Levy income		46 101 020	44 139 306
Other income			
Recoveries		3 755	-
Other income		1 053	-
Dividends received	8	92 310	111 318
Interest received	8	1 185 158	1 075 269
Gains on disposal of assets		6 172	4 465
Fair value adjustments	9	732 510	417 994
		2 020 958	1 609 046
Operating expenses			
Administration and management fees		2 059 221	1 980 931
Auditors remuneration	11	139 295	130 400
Bad debts		216 269	177 473
Bank charges		43 109	55 087
Broker fees		69 959	67 161
Consulting and professional fees		6 000	5 500
Consumer Assurance		8 580 909	8 154 234
Consumer Education		11 367 733	10 369 650
Development of Developing Sector		9 299 822	8 533 266
Employee costs		1 251 347	1 179 160
Industry Liaison		1 660 414	2 332 211
Input VAT denied		99 766	317 482
Insurance		3 684	3 684
Legal expenses		123 347	249 589
Penalties		1 485	-
Production Development		5 318 452	5 383 487
Research and Development		5 460 975	5 256 931
Secretarial fees		66 000	66 000
		45 767 787	44 262 246
Unutilised funds before taxation		2 354 191	1 486 106
Taxation	10	(768)	(1 841)
Total comprehensive income for the year		2 353 423	1 484 265