

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 28 February 2015

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 28 February 2015

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 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
Published	19 August 2015

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The following supplementary information does not form part of the financial statements and is unaudited:

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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 29 February 2016 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 19 August 2015 and were signed on its behalf by:



TG Davidson



GF Southey

Independent Auditors' Report

To the shareholder of Meat Statutory Measure Services NPC

We have audited the accompanying financial statements of Meat Statutory Measure Services NPC, which comprise the directors' report, the statement of financial position as at 28 February 2015, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 18.

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 in the manner required by the Companies Act, 71 of 2008. 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; and making accounting estimates that are reasonable in the circumstances.

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 auditors 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 the directors, 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 audit opinion.

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 2015, 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

We draw your attention to the fact that the supplementary information set out on pages 19 to 20 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 2015, 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
Chartered Accountants (S.A.)
Registered Auditors

19 August 2015

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 2015

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 2015.

1. Nature of business

Meat Statutory Measure Services NPC was incorporated in South Africa with interests in the Non-profit industry. 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 2015 of R298 801. This represented an increase from the loss after tax of the prior year of R(3 178 426).

Company revenue increased from R31 894 934 in the prior year to R34 782 190 for the year ended 28 February 2015

Company cash flows from operating activities decreased from R9 372 609 in the prior year to a short fall of R(3 700 329) for the year ended 28 February 2015.

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 of the company had interest 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 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 28 February 2015

Directors' Report

7. Auditors

JTC Chartered Accountants (S.A.) Incorporated continued in office as auditors for the company for 2015.

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 28 February 2015

Statement of Financial Position as at 28 February 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Other financial assets	2	17 500 185	19 942 992
Current Assets			
Trade and other receivables	3	5 796 748	4 030 081
Cash and cash equivalents	4	4 276 431	4 459 060
		10 073 179	8 489 121
Total Assets		27 573 364	28 432 113
Equity and Liabilities			
Equity			
Retained income		7 389 558	7 090 757
Liabilities			
Current Liabilities			
Trade and other payables	5	20 183 806	21 341 356
Total Equity and Liabilities		27 573 364	28 432 113

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Financial Statements for the year ended 28 February 2015

Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Revenue	6	34 782 190	31 894 934
Other income		32 867	669
Operating expenses		(36 248 383)	(36 055 749)
Operating loss	7	(1 433 326)	(4 160 146)
Investment revenue	8	724 496	1 170 078
Fair value adjustments	9	1 042 026	(80 646)
Finance costs	10	(33 319)	(107 712)
Profit (loss) before taxation		299 877	(3 178 426)
Taxation	11	(1 076)	-
Total comprehensive income (loss) for the year		298 801	(3 178 426)

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2013	3 877 968	3 877 968
Total comprehensive loss for the year	(3 178 426)	(3 178 426)
Consolidation of first levy period	6 391 215	6 391 215
Total contributions by and distributions to owners of company recognised directly in equity	6 391 215	6 391 215
Balance at 01 March 2014	7 090 757	7 090 757
Total comprehensive income for the year	298 801	298 801
Balance at 28 February 2015	7 389 558	7 389 558

Note(s)

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Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash receipts from customers		37 939 114	36 586 754
Cash paid to suppliers and employees		(42 329 544)	(34 667 726)
Cash (used in) generated from operations	13	(4 390 430)	1 919 028
Interest income		628 130	1 170 078
Dividends received		96 366	-
Finance costs		(33 319)	(107 712)
Tax paid		(1 076)	-
Consolidation of first levy period		-	6 391 215
Net cash from operating activities		(3 700 329)	9 372 609
Cash flows from investing activities			
Purchase of financial assets		(357 963)	(5 763 223)
Sale of financial assets		3 875 663	-
Net cash from investing activities		3 517 700	(5 763 223)
Cash flows from financing activities			
Repayment of other financial liabilities		-	(1 469 542)
Net cash from financing activities		-	(1 469 542)
Total cash movement for the year		(182 629)	2 139 844
Cash at the beginning of the year		4 459 060	2 319 216
Total cash at end of the year	4	4 276 431	4 459 060

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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. 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

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. 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 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 paid vacation leave 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.

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Accounting Policies

1.4 Revenue (continued)

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

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Figures in Rand	2015	2014
2. Other financial assets		
At fair value		
Unit trusts	17 500 185	19 942 992
Non-current assets		
At fair value	17 500 185	19 942 992
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	5 478 015	3 846 063
VAT	318 733	183 998
	5 796 748	4 030 061
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	4 276 431	4 459 060
5. Trade and other payables		
Trade payables	1 272 460	1 283 139
Accrued expenses	18 911 346	20 058 217
	20 183 806	21 341 356
6. Revenue		
Levy Income	34 782 190	31 894 934

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Notes to the Financial Statements

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7. Operating loss

Operating loss for the year is stated after accounting for the following:

Profit on sale of other financial assets	32 867	669
National Emergent Red Meat Producers Organisation (NERPO)	4 165 354	2 385 853
Federation of Red Meat Producers of SA (RPO)	7 778 955	7 675 055
SA Feedlot Association (SAFA)	8 102 358	6 958 290
South African Meat Industry Company (SAMIC)	1 636 441	2 590 915
Association of Meat Importers and Exporters (AMIE)	(290 708)	2 432 128
Red Meat Research and Development SA (RMRD SA)	4 443 402	3 856 013
Skin Hide & Leather Council (SHALC)	480 721	414 133
National Federation of Meat Traders (NFMT)	1 005 931	534 511
Red Meat Industry Forum (RMIF)	1 856 619	1 606 304
South African Meat Processors Association (SAMPA)	478 016	584 348
South African Association for Livestock Auctioneers (SAFLA)	178 992	29 132
Red Meat Abattoir Association (RMAA)	468 452	422 328
Employee costs	1 016 243	961 060
Administrative services	1 580 802	1 539 869
Legal fees	280 958	384 288

8. Investment revenue

Dividend revenue

Unit trusts	96 366	-
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Interest revenue

Unit trusts	438 914	993 213
Bank	189 216	176 865
	628 130	1 170 078
	724 496	1 170 078

9. Fair value adjustments

Other financial assets	1 042 026	(80 646)
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10. Finance costs

Late payment of tax	33 319	107 712
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11. Taxation

Major components of the tax expense

Current

Foreign income tax or withholding tax - current period	1 076	-
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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	2015	2014
12. Auditors' remuneration		
Fees	93 500	85 000
Other services	64 900	281 375
Tax and secretarial services	4 860	10 467
	163 260	376 842
13. Cash (used in) generated from operations		
Profit (loss) before taxation	299 877	(3 178 426)
Adjustments for:		
Profit on sale of assets	(32 867)	(669)
Dividends received	(96 366)	-
Interest received - investment	(628 130)	(1 170 078)
Finance costs	33 319	107 712
Fair value adjustments	(1 042 026)	80 646
Changes in working capital:		
Trade and other receivables	(1 766 687)	577 665
Trade and other payables	(1 157 550)	5 502 178
	(4 390 430)	1 919 028

14. Related parties

Relationships

Members of key management

TG Davidson

DP Ford

DPE van Zyl

A Mahanjana

GF Southey

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

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14. 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

Red Meat Industry Forum (RMIF) - LWCC	(30 000)	-
National Emergent Red Meat Producers Organisation (NERPO)	(949 839)	-
Red Meat Levy Admin (Pty) Ltd	(140 858)	(133 933)
SA Feedlot Association (SAFA)	(117 756)	-
Federation of Red Meat Producers of SA (RPO)	(3)	(479 396)
Ford Feeders CC	(28 500)	-

Related party transactions

Claims expense (income) relating to Service Providers

Association of Meat Importers/Exporters (AMIE)	(290 708)	2 432 128
National Emergent Red Meat Producers Organisation (NERPO)	4 165 354	2 385 853
National Federation of Meat Traders (NFMT)	1 005 931	534 511
Red Meat Research and Development SA (RMRD SA)	4 443 402	3 856 013
Federation of Red Meat Producers of SA (RPO)	7 778 955	7 675 055
SA Feedlot Association (SAFA)	8 102 358	6 958 290
Skin Hide & Leather Council (SHALC)	480 721	414 133
South African Meat Industry Company (SAMIC)	1 636 441	2 590 915
Red Meat Industry Forum (RMIF)	1 856 619	1 606 304
South African Meat Processors Association (SAMPA)	478 016	584 348
South African Association for Livestock Auctioneers (SAFLA)	178 992	29 132
Red Meat Abattoir Association (RMAA)	468 452	422 328

Administration fees paid to (received from) related parties

Ford Feeders CC	300 000	300 000
Red Meat Levy Admin (Pty) Ltd	1 520 802	1 479 869

Secretarial fees paid to (received from) related parties

Red Meat Levy Admin (Pty) Ltd	60 000	60 000
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15. Directors' remuneration

Non-executive

2015

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

2014

	Directors' fees	Committees fees	Total
For services as directors	180 000	279 250	459 250

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Notes to the Financial Statements

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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)	2015	2014
Revenue			
Levy income		34 782 190	31 894 934
Other income			
Dividends received	8	96 366	-
Interest received	8	628 130	1 170 078
Gains on disposal of assets		32 867	669
Fair value adjustments	9	1 042 026	-
		1 799 389	1 170 747
Operating expenses			
Administration and management fees		1 580 802	1 539 869
Auditors remuneration	12	163 260	376 842
Bad debts		37 585	43 927
Bank charges		47 038	47 494
Broker fees		51 905	55 249
Consulting and professional fees		-	10 925
Employee costs		1 016 243	961 060
Input VAT denied		(400 396)	409 516
Insurance		8 400	-
Legal expenses		280 958	384 288
Levy Committee Fees		84 000	84 000
Consumer Assurance		7 071 622	7 182 103
Consumer Education		11 094 783	9 895 738
Development of Developing Sector		5 170 453	2 385 853
Industry Liaison		749 973	3 338 558
Production Development		4 848 355	5 484 313
Research and Development		4 443 402	3 856 014
		36 248 383	36 055 749
Operating profit (loss)	7	333 196	(2 990 068)
Finance costs	10	(33 319)	(107 712)
Fair value adjustments	9	-	(80 646)
		(33 319)	(188 358)
Profit (loss) before taxation		299 877	(3 178 426)
Taxation	11	(1 076)	-
Total comprehensive income (loss) for the year		298 801	(3 178 426)