

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 29 February 2012

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 29 February 2012

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 Auditor
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 Chartered Accountants (S.A.)
Published	19 March 2013

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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 judgments 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 infrastructures, 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 2013 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 5 to 15, which have been prepared on the going concern basis, were approved by the board on 19 March 2013 and were signed on its behalf by


TG Davidson


GF Southern

Independent Auditors' Report

To the members of Meat Statutory Measure Services NPC

We have audited the financial statements of Meat Statutory Measure Services NPC, which comprise the statement of financial position as at 29 February 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 5 to 14.

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 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 company as of 29 February 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 15 to 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.


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

19 March 2013

Per: CF Terhoeven

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

Meat Statutory Measure Services NPC

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Financial Statements for the year ended 29 February 2012

Directors' Report

The directors submit their report for the year ended 29 February 2012.

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.

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	Changes
GF Southey	
A Mahanjana	
DP Ford	
TG Davidson	
DPE van Zyl	Appointed 14 February 2012

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 29 February 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Non-Current Assets			
Other financial assets	2	13,429,850	-
Current Assets			
Other financial assets	2	-	1,323,566
Trade and other receivables	3	4,288,129	3,789,935
Cash and cash equivalents	4	5,287,911	17,223,875
		9,576,040	22,337,376
Total Assets		23,005,890	22,337,376
Equity and Liabilities			
Equity			
Retained income		1,084,372	1,024,276
Liabilities			
Current Liabilities			
Other financial liabilities	5	1,469,542	-
Trade and other payables	6	20,451,976	21,313,100
		21,921,518	21,313,100
Total Equity and Liabilities		23,005,890	22,337,376

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2012	2011
Revenue	7	25,026,348	21,592,522
Operating expenses		(25,627,860)	(21,715,480)
Operating loss	8	(601,512)	(122,958)
Investment revenue	9	245,240	612,712
Fair value adjustments	10	416,368	-
Profit for the year		60,096	489,754
Other comprehensive income		-	-
Total comprehensive income for the year		60,096	489,754

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Statement of Changes in Equity

Figures in Rand	Reserves	Total equity
Balance at 01 March 2010	534,522	534,522
Changes in equity		
Total comprehensive income for the 11 months	489,754	489,754
Total changes	489,754	489,754
Balance at 01 March 2011	1,024,276	1,024,276
Changes in equity		
Total comprehensive income for the year	60,096	60,096
Total changes	60,096	60,096
Balance at 29 February 2012	1,084,372	1,084,372

Note(s)

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Financial Statements for the year ended 29 February 2012

Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Cash receipts from levy payers		28,652,875	23,685,811
Cash paid to suppliers and employees		(30,613,705)	(18,931,981)
Cash (used in) generated from operations	12	(1,960,830)	4,753,830
Interest income		245,240	612,712
Net cash from operating activities		(1,715,590)	5,366,542
Cash flows from investing activities			
Investment in Unit trusts		(13,013,482)	-
Loans (advanced) / repaid		1,323,566	(539,763)
Net cash from investing activities		(11,689,916)	(539,763)
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		(11,935,964)	4,826,779
Cash at the beginning of the year		17,223,875	12,397,096
Total cash at end of the year	4	5,287,911	17,223,875

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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 13 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period 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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Financial Statements for the year ended 29 February 2012

Notes to the Financial Statements

Figures in Rand	2012	2011
2. Other financial assets		
At fair value		
Unit trusts	13,429,850	-
At amortised cost		
Red Meat Levy Fund	-	1,323,566
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.		
Total other financial assets	13,429,850	1,323,566
Non-current assets		
At fair value	13,429,850	-
Current assets		
At amortised cost	-	1,323,566
	13,429,850	1,323,566
3. Trade and other receivables		
Trade receivables	3,832,312	3,789,935
Prepayments	16,050	-
VAT	439,767	-
	4,288,129	3,789,935
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	5,287,911	17,223,875
5. Other financial liabilities		
At amortised cost		
Red Meat Levy Fund	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	-

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Notes to the Financial Statements

Figures in Rand	2012	2011
6. Trade and other payables		
Trade payables	228,727	111,913
VAT	-	204,585
Accrued expense	20,223,249	20,996,602
	20,451,976	21,313,100
7. Revenue		
Levy Income	25,026,348	21,592,522
8. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Distribution to service providers	-	-
National Emergent Red Meat Producers Organisation (NERPO)	2,008,511	1,813,350
Federation of Red Meat Producers of SA (RPO)	6,003,034	5,212,585
SA Feedlot Association (SAFA)	5,422,802	3,986,649
South African Meat Industry Company (SAMIC)	1,831,505	1,751,682
Association of Meat Importers and Exporters (AMIE)	488,975	744,581
SA Federation of Livestock Auctioneers (SAFLA)	87,565	22,837
Red Meat Research and Development SA (RMRD SA)	2,980,127	1,445,926
Skin Hide & Leather Council (SHALC)	182,988	107,216
National Federation of Meat Traders (NFMT)	908,415	473,140
Red Meat Abattoir Association (RMAA)	319,424	107,500
Red Meat Industry Forum (RMIF)	-	2,381,671
Red Meat Industry Forum (RMIF) - Compliance	1,336,253	-
Red Meat Industry Forum (RMIF) - LWCC	129,591	-
Red Meat Industry Forum (RMIF) - Liason	823,757	-
Administrative services	1,211,699	1,016,996
Employee costs	424,000	468,000
Legal fees	366,494	360,949
9. Investment revenue		
Interest revenue		
Unit trusts	44,876	-
Bank	198,879	589,208
Interest charged on trade and other receivables	1,485	23,504
	245,240	612,712
10. Fair value adjustments		
Other financial assets	416,368	-

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Notes to the Financial Statements

Figures in Rand	2012	2011
11. Auditors' remuneration		
Fees	27,200	40,000
Tax and secretarial services	1,500	-
Other services	59,520	-
	88,220	40,000
12. Cash (used in) generated from operations		
Profit before taxation	60,096	489,754
Adjustments for:		
Interest received	(245,240)	(612,712)
Fair value adjustments	(416,368)	-
Changes in working capital:		
Trade and other receivables	(498,194)	(929,662)
Trade and other payables	(861,124)	5,806,450
	(1,960,830)	4,753,830

13. First-time adoption of the International Financial Reporting Standards for Small and Medium-sized Entities.

The company has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2012 year end. The standard gives certain mandatory exemptions from this principle, and certain optional exemptions which have been detailed below. No adjustments were required to the opening comparative statement of financial position.

The date of transition was 01 March 2011 and there was no effect of the transition.

14. Related parties

Relationships

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)

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Notes to the Financial Statements

Figures in Rand

2012

2011

14. Related parties (continued)

Related party transactions

Service Providers

Association Meat Importers/Exporters (AMIE)	488,975	744,581
National Emergent Red Meat Producers Organisation (NERPO)	2,008,511	1,813,350
National Federation of Meat Traders (NFMT)	908,415	473,140
Red Meat Research and Development SA (RMRD SA)	2,980,127	1,445,926
Federation of Red Meat Producers of SA (RPO)	6,003,034	5,212,585
SA Feedlot Association (SAFA)	5,422,802	3,986,649
Skin Hide & Leather Council (SHALC)	182,988	107,216
South African Meat Company (SAMIC)	1,831,505	1,751,682
Red Meat Industry Forum (RMIF)	-	2,381,671
Red Meat Industry Forum (RMIF) - Compliance	1,336,253	-
Red Meat Industry Forum (RMIF) - LWCC	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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15. Directors' emoluments

Non-executive

2012

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

2011

	Directors' fees	Committees fees	Total
For service as directors	180,000	304,000	484,000

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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Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Levy Income		25,026,348	21,592,522
Other income			
Interest received	9	245,240	612,712
Fair value adjustments	10	416,368	-
		661,608	612,712
Operating expenses			
Administration and management fees		1,211,699	1,016,996
Auditors' remuneration	11	88,220	40,000
Bad debts		31,336	2,475
Bank charges		28,574	22,495
Broker fees		31,395	-
Consulting and professional fees		-	9,600
Employee costs		424,000	468,000
Insurance		1,877	1,877
Legal expenses		366,495	360,949
Levy Committee Fees		66,000	48,000
Distributions to service providers			
Consumer Assurance		4,844,545	4,569,365
Consumer Education		7,574,294	5,242,999
Development of Developing Sector		2,008,511	1,813,350
Industry Liaison		1,836,385	2,405,936
Production Development		4,134,402	4,267,512
Research and Development		2,980,127	1,445,926
		25,627,860	21,715,480
Profit for the year		60,096	489,754

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Supplementary Information

1. Transformation costs

Transformation costs included with other costs	Total cost	Transformation costs included	Net amount
Consumer Assurance	4,844,545	(673,295)	4,171,250
Consumer Education	7,574,294	(1,897,981)	5,676,313
Development of developing sector	2,008,511	(2,008,511)	-
Industry Liason	1,836,385	(653,083)	1,183,302
Production Development	4,134,402	(1,447,041)	2,687,361
	20,398,137	(6,679,911)	13,718,226
