

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 1973, 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice 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 of directors 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 2008 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.

Although the board of directors are primarily responsible for the financial affairs of the company, they are supported by the company's external auditors.

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 3.

The financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 07 September 2007 and were signed on its behalf by:


WB Pienaar
A du Plessis

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Directors' Report

The directors submit their report for the year ended 28 February 2007.

1. Review of activities

Main business and operations

The company is engaged in promoting the efficiency of the marketing of meat and providing information relating to animals slaughtered and marketed to all role players and operates principally in South Africa.

The funds under administration by the RMLA are administered on behalf of the Red Meat Industry in terms of a levy imposed in terms of the Marketing of Agricultural Products Act (Act 47 of 1996) and as gazetted in Government Gazette No. 27880 dated 5 August 2005 and Government Gazette No. 29522 dated 12 January 2007

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. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Management agreement

During the year the business of the fund was managed under an agreement by Red Meat Levy Admin (Pty) Ltd in which Mr WB Pienaar, a director of your fund, has an interest of 100%.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Change in appointment
WB Pienaar	
A du Plessis	Appointed 01 January 2007

6. Secretary

The secretary of the company is WB Pienaar of:

Business address

273 Landi Street
Garsfontein
Pretoria
0042

7. Auditors

JTC Chartered Accountants (S.A.) Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Balance Sheet

Figures in Rand		2007	2006
Assets			
Non-Current Assets			
Other financial assets	2	5,216,462	-
Current Assets			
Trade and other receivables	3	3,649,392	1,483,644
Cash and cash equivalents	4	8,337,445	5,968,423
		11,986,837	7,452,067
Total Assets		17,203,299	7,452,067
Equity and Liabilities			
Equity			
Reserves		13,067,809	5,495,832
Liabilities			
Current Liabilities			
Trade and other payables	5	4,135,490	1,956,235
Total Equity and Liabilities		17,203,299	7,452,067

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Income Statement

Figures in Rand		2007	2006
Revenue	6	28,949,079	6,714,863
Operating expenses		(21,966,987)	(1,235,323)
Operating profit	7	6,982,092	5,479,540
Investment revenue	8	448,499	16,292
Fair value adjustments	9	141,386	-
Profit for the period		7,571,977	5,495,832

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Statement of Changes in Equity

Figures in Rand	Share capital	Levy Reserve Fund	Retained income	Total equity
Balance at 01 March 2005	-	-	-	-
Changes in equity				
Transfer to the Levy Fund		5,495,832	(5,495,832)	-
Net income (expenses) recognised directly in equity	-	5,495,832	(5,495,832)	-
Profit for the year			5,495,832	5,495,832
Total recognised income and expenses for the period	-	5,495,832	-	5,495,832
Total changes	-	5,495,832	-	5,495,832
Balance at 01 March 2006	-	5,495,832	-	5,495,832
Changes in equity				
Profit for the year			7,571,977	7,571,977
Transfer to levy Fund		7,571,977	(7,571,977)	-
Total changes	-	7,571,977	-	7,571,977
Balance at 28 February 2007	-	13,067,809	-	13,067,809

Note(s)

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Cash Flow Statement

Figures in Rand	2007	2006
Cash flows from operating activities		
Cash receipts from levy payers	26,534,603	5,384,400
Cash paid to suppliers and employees	(19,539,002)	567,730
Cash generated from operations	12 6,995,601	5,952,130
Interest income	448,499	16,292
Net cash from operating activities	7,444,100	5,968,422
Cash flows from investing activities		
Purchase of financial assets	(5,216,462)	-
Sale of financial assets	141,385	-
Transfer to Levy Reserve Fund	-	(5,495,832)
Net cash from investing activities	(5,075,077)	(5,495,832)
Cash flows from financing activities		
Transfer to Levy Reserve Fund	-	5,495,832
Total cash movement for the period	2,369,022	5,968,423
Cash at the beginning of the period	5,968,423	-
Total cash at end of the period	4 8,337,445	5,968,423

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa, 1973. The financial statements have been prepared on the historical cost basis.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Held for trading financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

1.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the leviable amounts in the normal course of business, net of value added tax.

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Notes to the Financial Statements

Figures in Rand	2007	2006
2. Other financial assets		
At fair value through profit or loss		
Old Mutual	5,216,462	-
Unit trust - 2 156 453,94 units		
Non-current assets		
At fair value through profit or loss	5,216,462	-
3. Trade and other receivables		
Trade receivables	3,648,308	1,483,644
Other receivable	1,084	-
	3,649,392	1,483,644
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	8,337,445	5,968,423
5. Trade and other payables		
Trade payables	3,092,621	1,200,413
VAT	969,193	602,640
Other payables	73,676	153,182
	4,135,490	1,956,235
6. Revenue		
Levy Income	28,949,079	6,714,863
7. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Remuneration, other than to employees, for:		
Administration fees	1,225,083	252,996
Consumer Assurance	1,055,818	62,163
Consumer Education	8,389,821	530,330
Development	2,058,355	83,179
Industry Liaison	3,105,965	62,163
Research development	3,402,617	62,163
Production development	2,284,867	-

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Notes to the Financial Statements

Figures in Rand	2007	2006
8. Investment revenue		
Interest revenue		
Unit trusts	83,836	-
Bank	364,663	16,292
	448,499	16,292
9. Fair value adjustments		
Other financial assets	141,386	-
10. Taxation		
No provision for South African normal income taxation will be made since the fund has applied for an exemption from normal taxation based on the fund status as a non-profit organisation. The formal decision regarding the exempt status of the fund has not as yet been taken by the South African Revenue Services.		
11. Auditors' remuneration		
Fees	50,336	-
12. Cash generated from operations		
Profit before taxation	7,571,977	5,495,832
Adjustments for:		
Interest received	(448,499)	(16,292)
Fair value adjustments	(141,385)	-
Changes in working capital:		
Trade and other receivables	(2,165,747)	(1,483,644)
Trade and other payables	2,179,255	1,956,234
	6,995,601	5,952,130
13. Risk management		
Liquidity risk		
The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.		
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
Interest rate risk		
Deposit and all attract interest at rate that vary with prime. The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit (loss).		

Red Meat Levy Admin (Pty) Ltd

(Registration number 2005/027338/07)

Trading as Red Meat Levy Fund

Financial Statements for the year ended 28 February 2007

Detailed Income statement

Figures in Rand		2007	2006
Revenue			
Levy Income		28,949,079	6,714,863
Other income			
Interest received	8	448,499	16,292
Fair value adjustments	9	141,385	-
		589,884	16,292
Operating expenses			
Administration and management fees		1,225,083	432,242
Auditors remuneration	11	50,336	-
Bad debts		93,915	-
Bank charges		15,888	3,083
Belai evaluation fees		44,590	-
Commission paid		8,760	-
Consumer Assurance		1,055,818	62,163
Consumer Education		8,389,821	530,330
Development		2,058,355	83,179
Establishment Costs		13,004	-
Industry Liaison		3,105,965	62,163
Industry Projects		111,392	-
Legal expenses		106,575	-
Research Development		3,402,617	62,163
Production Development		2,284,867	-
		21,966,986	1,235,323
Profit for the period		7,571,977	5,495,832