

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 28 February 2014

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 28 February 2014

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 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	11 June 2014

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The reports and statements set out below comprise the financial statements presented to the directors:

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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 28 February 2015 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 16, which have been prepared on the going concern basis, were approved by the board on 11 June 2014 and were signed on its behalf by:



TG Davidson



GF Southey

Independent Auditors' Report

To the shareholders of Meat Statutory Measure Services NPC

We have audited the financial statements of Meat Statutory Measure Services NPC, as set out on pages 7 to 15, which comprise the statement of financial position as at 28 February 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 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 2014, 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


Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 16 to 17 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 2014, 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 (SA)
Registered Auditors



Per: CF Terhoeven

11 June 2014

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 2014

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 2014.

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.

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 in which the directors had interests 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.

7. Auditors

JTC Chartered Accountants (S.A.) Incorporated continued in office as auditors for the company for 2014.

8. Secretary

The company had no secretary during the year.

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Financial Statements for the year ended 28 February 2014

Statement of Financial Position as at 28 February 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Other financial assets	2	19 942 992	14 259 746
Current Assets			
Trade and other receivables	3	4 030 061	4 607 726
Cash and cash equivalents	4	4 459 060	2 319 213
		8 489 121	6 926 939
Total Assets		28 432 113	21 186 685
Equity and Liabilities			
Equity			
Retained income		7 090 757	3 877 968
Liabilities			
Current Liabilities			
Other financial liabilities	5	-	1 469 542
Trade and other payables	6	21 341 356	15 839 175
		21 341 356	17 308 717
Total Equity and Liabilities		28 432 113	21 186 685

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Revenue	7	31 894 934	27 431 309
Other income		669	4 641
Operating expenses		(36 055 749)	(25 694 244)
Operating (loss) profit	8	(4 160 146)	1 741 706
Investment revenue	9	1 170 078	1 086 152
Fair value adjustments	10	(80 646)	(34 262)
Finance costs	11	(107 712)	-
Total comprehensive (loss) income for the year		(3 178 426)	2 793 596

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2012	1 084 372	1 084 372
Total comprehensive income for the year	2 793 596	2 793 596
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 28 February 2014	7 090 757	7 090 757

Note(s)

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Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash receipts from customers		36 586 754	30 478 491
Cash paid to suppliers and employees		(34 667 723)	(33 669 180)
Cash generated from (used in) operations	13	1 919 031	(3 190 689)
Interest income		1 170 078	1 086 152
Finance costs		(107 712)	-
Consolidation of first levy period		6 391 215	-
Net cash from operating activities		9 372 612	(2 104 537)
Cash flows from investing activities			
Investment in Unit trusts		(5 753 403)	(864 158)
Loans received / (repaid)		(9 820)	-
Net cash from investing activities		(5 763 223)	(864 158)
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		2 139 847	(2 968 695)
Cash at the beginning of the year		2 319 213	5 287 908
Total cash at end of the year	4	4 459 060	2 319 213

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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 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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Notes to the Financial Statements

Figures in Rand	2014	2013
2. Other financial assets		
At fair value		
Unit trusts	19 942 992	14 259 746
Non-current assets		
At fair value	19 942 992	14 259 746
The fair values of quoted investments are based on the quoted market price at reporting period date.		
3. Trade and other receivables		
Trade receivables	3 846 063	4 072 592
Deposits	-	8 500
VAT	183 998	526 634
	4 030 061	4 607 726
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	4 459 060	2 319 213
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 was settled in the current year.		
Current liabilities		
At amortised cost	-	1 469 542
6. Trade and other payables		
Trade payables	1 283 139	304 310
Accrued expense	20 058 217	15 534 865
	21 341 356	15 839 175
7. Revenue		
Levy Income	31 894 934	27 431 309

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Figures in Rand	2014	2013
8. Operating (loss) profit		
Operating (loss) profit for the year is stated after accounting for the following:		
Profit on sale of other financial assets	669	-
National Emergent Red Meat Producers Organisation (NERPO)	2 385 853	2 318 958
Federation of Red Meat Producers of SA (RPO)	7 675 055	8 131 780
SA Feedlot Association (SAFA)	6 958 290	6 303 866
South African Meat Industry Company (SAMIC)	2 590 915	1 045 104
Association of Meat Importers and Exporters (AMIE)	2 432 128	1 064 813
Red Meat Research and Development SA (RMRD SA)	3 856 013	3 982 754
Skin Hide & Leather Council (SHALC)	414 133	168 817
National Federation of Meat Traders (NFMT)	534 511	480 000
Red Meat Industry Forum (RMIF)	1 606 304	1 803 189
South African Meat Processors Association (SAMPAA)	584 348	-
South African Association for Livestock Auctioneers (SAFLA)	29 132	33 619
Red Meat Abattoir Association (RMAA)	422 328	380 140
Employee costs	961 060	878 463
Administrative services	1 539 869	1 286 852
Legal fees	384 288	319 291
9. Investment revenue		
Interest revenue		
Unit trusts	993 213	903 434
Bank	176 865	182 718
	1 170 078	1 086 152
10. Fair value adjustments		
Other financial assets	(80 646)	(34 262)
11. Finance costs		
Late payment of tax	107 712	-
12. Auditors' remuneration		
Fees	100 313	19 692
Other services	266 062	22 500
Tax and secretarial services	10 467	3 275
	376 842	45 467

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Notes to the Financial Statements

Figures in Rand	2014	2013
13. Cash generated from (used in) operations		
(Loss) profit before taxation	(3 178 426)	2 793 596
Adjustments for:		
Profit on sale of assets	(669)	-
Interest received - investment	(1 170 078)	(1 086 152)
Finance costs	107 712	-
Fair value adjustments	80 646	34 262
Changes in working capital:		
Trade and other receivables	577 665	(319 597)
Trade and other payables	5 502 181	(4 612 798)
	1 919 031	(3 190 689)

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

(SAMP)

South African Association for Livestock

Auctioneers (SAFLA)

Red Meat Abattoir Association (RMAA)

Red Meat Levy Fund (RMLF)

Ford Feeders CC

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Figures in Rand

2014

2013

14. Related parties (continued)

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing (to) by related parties

Red Meat Levy Fund - 1 469 542

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

Federation of Red Meat Producers of SA (RPO) (479 396) -

Related party transactions

Service Providers

Association of Meat Importers/Exporters (AMIE)	2 432 128	1 064 813
National Emergent Red Meat Producers Organisation (NERPO)	2 385 853	2 318 958
National Federation of Meat Traders (NFMT)	534 511	480 000
Red Meat Research and Development SA (RMRD SA)	3 856 013	3 982 754
Federation of Red Meat Producers of SA (RPO)	7 675 055	8 131 780
SA Feedlot Association (SAFA)	6 958 290	6 303 866
Skin Hide & Leather Council (SHALC)	414 133	168 817
South African Meat Industry Company (SAMIC)	2 590 915	1 045 104
Red Meat Industry Forum (RMIF)	1 606 304	1 803 189
South African Meat Processors Association (SAMPA)	584 348	-
South African Association for Livestock Auctioneers (SAFLA)	29 132	33 619
Red Meat Abattoir Association (RMAA)	422 328	380 140

Administration fees paid to (received from) related parties

Ford Feeders CC 300 000 300 000

15. Directors' remuneration

Non-executive

2014

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

2013

	Directors' fees	Committees fees	Total
For service as directors	180 000	280 500	460 500

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)	2014	2013
Revenue			
Levy Income		31 894 934	27 431 309
Other income			
Recoveries		-	4 641
Interest received	9	1 170 078	1 086 152
Gains on disposal of assets		669	-
		1 170 747	1 090 793
Operating expenses			
Administration and management fees		1 539 869	1 286 852
Auditors remuneration	12	376 842	45 467
Bad debts		43 927	383 967
Bank charges		47 494	41 287
Broker fees		55 249	39 275
Consulting and professional fees		10 925	5 884
Employee costs		961 060	878 463
Industry liaison		3 338 558	141 096
Research and Development		3 856 014	3 171 712
Consumer Assurance		7 182 103	4 180 734
Consumer Education		9 895 738	8 858 735
Input VAT denied		409 516	89 463
Development of Developing Sector		2 385 853	1 756 376
Production Development		5 484 313	4 407 958
Levy Committee Fees		84 000	84 000
Insurance		-	3 684
Legal expenses		384 288	319 291
		36 055 749	25 694 244
Operating (loss) profit	8	(2 990 068)	2 827 858
Finance costs	11	(107 712)	-
Fair value adjustments	10	(80 646)	(34 262)
		(188 358)	(34 262)
Total comprehensive (loss) income for the year		(3 178 426)	2 793 596

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Supplementary Information

1. Transformation costs

2014

Transformation costs included with other costs	Total costs	Transformation costs included	Net amount
Consumer Assurance	7 182 103	1 620 846	5 561 257
Consumer Education	9 895 738	2 903 348	6 992 390
Development of Developing sector	2 385 853	2 385 853	-
Industry liaison	3 338 558	-	3 338 558
Production development	5 484 313	1 855 294	3 629 019
Research and Development	3 856 014	-	3 856 014
	32 142 579	8 765 341	23 377 238