

MEAT STATUTORY MEASURE SERVICES NPC

(Registration number 2007/020498/08)

Financial statements

for the year ended 28 February 2017

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 28 February 2017

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 Faerie Glen X9 0081 |
| Business address | 318 The Hillside Lynnwood Pretoria 0081 |
| Postal address | PO Box 36802 Menlo Park Pretoria Gauteng 0102 |
| Bankers | First National Bank |
| Auditors | JTC Chartered Accountants (SA) 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 | 02 August 2017 |

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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 auditor is 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 2018 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 02 August 2017 and were signed on its behalf by:

Approval of financial statements



TG Davidson



GF Southey

Independent Auditor's Report

To the shareholders 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 18, which comprise the statement of financial position as at 28 February 2017, 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 2017, 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

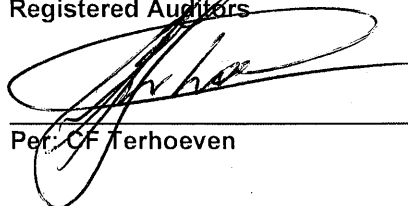
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 (SA) Incorporated
Chartered Accountants (SA)
Registered Auditors



Per: CF Terhoeven

02 August 2017

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

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 28 February 2017

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 2017.

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 2017 of R1 484 265. This represented an increase from the profit after tax of the prior year of R1 849 604.

Company revenue increased from R40 614 546 in the prior year to R44 139 306 for the year ended 28 February 2017.

Company cash flows from operating activities increased from R(1 848 910) in the prior year to R5 898 972 for the year ended 28 February 2017.

3. Directors

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

| Directors | Changes |
|-------------|----------------------------|
| GF Southey | |
| A Mahanjana | |
| DP Ford | |
| TG Davidson | |
| DPE van Zyl | Resigned 17 August 2016 |
| GM Schutte | Appointed 09 November 2016 |

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 or officers of the company had an interest in 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.

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Financial Statements for the year ended 28 February 2017

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.

7. Auditors

JTC Chartered Accountants (SA) Incorporated continued in office as auditors for the company for 2017.

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.

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Statement of Financial Position as at 28 February 2017

| Figures in Rand | Note(s) | 2017 | 2016 |
|-------------------------------------|---------|-------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Other financial assets | 2 | 19 437 062 | 18 188 250 |
| Current Assets | | | |
| Trade and other receivables | 3 | 6 518 885 | 6 957 065 |
| Cash and cash equivalents | 4 | 6 828 856 | 1 756 237 |
| | | 13 347 741 | 8 713 302 |
| Total Assets | | 32 784 803 | 26 901 552 |
| Equity and Liabilities | | | |
| Equity | | | |
| Retained income | | 10 723 427 | 9 239 162 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 5 | 22 061 376 | 17 662 390 |
| Total Equity and Liabilities | | 32 784 803 | 26 901 552 |

Meat Statutory Measure Services NPC

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Statement of Comprehensive Income

| Figures in Rand | Note(s) | 2017 | 2016 |
|--|---------|------------------|------------------|
| Revenue | 6 | 44 139 306 | 40 614 546 |
| Other income | | 4 465 | 3 046 |
| Operating expenses | | (44 262 246) | (39 714 324) |
| Operating (loss) profit | 7 | (118 475) | 903 268 |
| Investment revenue | 8 | 1 186 587 | 935 604 |
| Fair value adjustments | 9 | 417 994 | 13 736 |
| Finance costs | 10 | - | (1) |
| Profit before taxation | | 1 486 106 | 1 852 607 |
| Taxation | 11 | (1 841) | (3 003) |
| Total comprehensive income for the year | | 1 484 265 | 1 849 604 |

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Statement of Changes in Equity

| Figures in Rand | Retained income | Total equity |
|---|-----------------|--------------|
| Balance at 01 March 2015 | 7 389 558 | 7 389 558 |
| Total comprehensive income for the year | 1 849 604 | 1 849 604 |
| 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 28 February 2017 | 10 723 427 | 10 723 427 |

Note(s)

Meat Statutory Measure Services NPC

(Registration number 2007/020498/08)

Financial Statements for the year ended 28 February 2017

Statement of Cash Flows

| Figures in Rand | Note(s) | 2017 | 2016 |
|---|---------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 50 124 986 | 45 726 691 |
| Cash paid to suppliers and employees | | (45 410 760) | (48 508 201) |
| Cash generated from (used in) operations | 13 | 4 714 226 | (2 781 510) |
| Interest income | | 1 075 269 | 785 515 |
| Dividends received | | 111 318 | 150 089 |
| Finance costs | | - | (1) |
| Tax paid | | (1 841) | (3 003) |
| Net cash from operating activities | | 5 898 972 | (1 848 910) |
| Cash flows from investing activities | | | |
| Purchase of financial assets | | (893 514) | (734 471) |
| Sale of financial assets | | 67 161 | 63 188 |
| Net cash from investing activities | | (826 353) | (671 283) |
| Total cash movement for the year | | 5 072 619 | (2 520 193) |
| Cash at the beginning of the year | | 1 756 237 | 4 276 430 |
| Total cash at end of the year | 4 | 6 828 856 | 1 756 237 |

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Financial Statements for the year ended 28 February 2017

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 (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 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, 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 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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Financial Statements for the year ended 28 February 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|--|-------------------|-------------------|
| 2. Other financial assets | | |
| At fair value | | |
| Unit trusts | 19 437 062 | 18 188 250 |
| Non-current assets | | |
| At fair value | 19 437 062 | 18 188 250 |
| 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 | 6 112 057 | 6 051 906 |
| VAT | 406 828 | 905 159 |
| | 6 518 885 | 6 957 065 |
| 4. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 6 828 856 | 1 756 237 |
| 5. Trade and other payables | | |
| Trade payables | 1 225 280 | 229 452 |
| Other payables | 192 950 | - |
| Accrued expenses | 20 643 146 | 17 432 938 |
| | 22 061 376 | 17 662 390 |
| 6. Revenue | | |
| Levy Income | 44 139 306 | 40 614 546 |

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Financial Statements for the year ended 28 February 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|--|------------------|----------------|
| 7. Operating (loss) profit | | |
| Operating (loss) profit for the year is stated after accounting for the following: | | |
| Profit on the sale of other financial assets | 4 465 | 3 046 |
| National Emergent Red Meat Producers Organisation (NERPO) | 5 165 907 | 4 237 611 |
| Federation of Red Meat Producers of SA (RPO) | 8 542 534 | 9 884 716 |
| SA Feedlot Association (SAFA) | 8 917 149 | 8 951 143 |
| South African Meat Industry Company (SAMIC) | 2 574 073 | 2 587 157 |
| Association of Meat Importers and Exporters (AMIE) | 1 223 772 | 701 587 |
| Red Meat Research and Development SA (RMRD SA) | 5 256 930 | 5 260 252 |
| Skin Hide & Leather Council (SHALC) | 282 004 | (223 376) |
| National Federation of Meat Traders (NFMT) | 911 516 | 554 849 |
| South African Association for Livestock Auctioneers (SAFLA) | 83 786 | 89 173 |
| Red Meat Abattoir Association (RMAA) | 838 468 | 561 352 |
| Red Meat Industry Forum (RMIF) | 1 199 921 | 1 433 648 |
| South African Meat Processors Association (SAMPA) | 473 164 | 394 459 |
| Employee costs | 1 179 160 | 1 124 488 |
| Administrative and secretarial services | 2 046 931 | 1 879 843 |
| Legal fees | 249 589 | 116 837 |
| 8. Investment revenue | | |
| Dividend revenue | | |
| Unit trusts | 111 318 | 150 089 |
| Interest revenue | | |
| Unit trusts | 784 037 | 587 387 |
| Bank | 217 372 | 125 602 |
| Interest charged on trade and other receivables | 73 860 | 72 526 |
| | 1 075 269 | 785 515 |
| | 1 186 587 | 935 604 |
| 9. Fair value adjustments | | |
| Other financial assets | 417 994 | 13 736 |
| 10. Finance costs | | |
| Bank | - | 1 |
| 11. Taxation | | |
| Major components of the tax expense | | |
| Current | | |
| Foreign income tax or withholding tax - current period | 1 841 | 3 003 |

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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Financial Statements for the year ended 28 February 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|---|------------------|--------------------|
| 12. Auditor's remuneration | | |
| Fees | 104 000 | 100 000 |
| Other services | 20 000 | 28 000 |
| Tax and secretarial services | 6 400 | 2 550 |
| | 130 400 | 130 550 |
| 13. Cash generated from (used in) operations | | |
| Profit before taxation | 1 486 106 | 1 852 607 |
| Adjustments for: | | |
| Profit on sale of assets | (4 465) | (3 046) |
| Dividends received | (111 318) | (150 089) |
| Interest received | (1 075 269) | (785 515) |
| Finance costs | - | 1 |
| Fair value adjustments | (417 994) | (13 736) |
| Changes in working capital: | | |
| Trade and other receivables | 438 180 | (1 160 317) |
| Trade and other payables | 4 398 986 | (2 521 415) |
| | 4 714 226 | (2 781 510) |

14. Related parties

Relationships

Members of key management

TG Davidson

DP Ford

DPE van Zyl

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

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2017

2016

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 Levy Admin (Pty) Ltd | (185 811) | (181 779) |
| SA Feedlot Association (SAFA) | (741 000) | - |

Related party transactions

Claims expense (income) relating to Service Providers

| | | |
|---|-----------|-----------|
| Association of Meat Importers/Exporters (AMIE) | 1 223 772 | 701 587 |
| Federation of Red Meat Producers of SA (RPO) | 8 542 534 | 9 884 716 |
| National Emergent Red Meat Producers Organisation (NERPO) | 5 165 907 | 4 237 611 |
| National Federation of Meat Traders (NFMT) | 911 516 | 554 849 |
| South African Meat Industry Company (SAMIC) | 2 574 073 | 2 587 157 |
| Red Meat Abattoir Association (RMAA) | 838 468 | 561 352 |
| South African Meat Processors Association (SAMPA) | 473 164 | 394 459 |
| Red Meat Industry Forum (RMIF) | 1 199 921 | 1 433 648 |
| Skin Hide & Leather Council (SHALC) | 282 004 | (223 376) |
| Red Meat Research and Development SA (RMRD SA) | 5 256 930 | 5 260 252 |
| South African Association for Livestock Auctioneers (SAFLA) | 83 786 | 89 173 |
| SA Feedlot Association (SAFA) | 8 917 149 | 8 951 143 |

Administration fees paid to (received from) related parties

| | | |
|-------------------------------|-----------|-----------|
| Ford Feeders CC | 300 000 | 300 000 |
| Red Meat Levy Admin (Pty) Ltd | 1 980 931 | 1 811 842 |

Secretarial fees paid to (received from) related parties

| | | |
|-------------------------------|--------|--------|
| Red Meat Levy Admin (Pty) Ltd | 66 000 | 68 000 |
|-------------------------------|--------|--------|

15. Directors' and prescribed officers' remuneration

Non-executive

2017

| | Directors' fees | Committees fees | Total |
|---|-----------------|-----------------|---------|
| For services as directors and prescribed officers | 175 000 | 384 000 | 559 000 |

2016

| | Directors' fees | Committees fees | Total |
|---|-----------------|-----------------|---------|
| For services as directors and prescribed officers | 180 000 | 352 500 | 532 500 |

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Notes to the Financial Statements

Figures in Rand

2017

2016

16. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Profit or Loss

| | | |
|---|---|----------|
| Levy committee fees | - | (36 000) |
| Employee costs (directors remuneration) | - | 36 000 |

17. 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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Financial Statements for the year ended 28 February 2017

Statement of Financial Performance

| Figures in Rand | Note(s) | 2017 | 2016 |
|--|---------|-------------------|-------------------|
| Revenue | | | |
| Levy income | | 44 139 306 | 40 614 546 |
| Other income | | | |
| Dividends received | 8 | 111 318 | 150 089 |
| Interest received | 8 | 1 075 269 | 785 515 |
| Gains on disposal of assets | | 4 465 | 3 046 |
| Fair value adjustments | 9 | 417 994 | 13 736 |
| | | 1 609 046 | 952 386 |
| Operating expenses | | | |
| Administration and management fees | | 1 980 931 | 1 811 843 |
| Auditors remuneration | 12 | 130 400 | 130 550 |
| Bad debts | | 177 473 | 142 212 |
| Bank charges | | 55 087 | 52 249 |
| Broker fees | | 67 161 | 63 188 |
| Consulting and professional fees | | 5 500 | - |
| Employee costs | | 1 179 160 | 1 124 488 |
| Input VAT denied | | 317 482 | - |
| Insurance | | 3 684 | 3 684 |
| Legal expenses | | 249 589 | 116 837 |
| Secretarial fees | | 66 000 | 68 000 |
| Consumer Assurance | | 8 154 234 | 6 028 098 |
| Consumer Education | | 10 369 650 | 10 005 095 |
| Development of Developing Sector | | 8 533 266 | 7 249 472 |
| Industry Liaison | | 2 332 211 | 974 374 |
| Production Development | | 5 383 487 | 6 683 981 |
| Research and Development | | 5 256 931 | 5 260 253 |
| | | 44 262 246 | 39 714 324 |
| Operating profit | 7 | 1 486 106 | 1 852 608 |
| Finance costs | 10 | - | (1) |
| Profit before taxation | | 1 486 106 | 1 852 607 |
| Taxation | 11 | (1 841) | (3 003) |
| Total comprehensive income for the year | | 1 484 265 | 1 849 604 |