

SA CULTIVAR AND TECHNOLOGY AGENCY (NPC)
(Registration number 2016/217906/08)
Annual financial statements
for the 9 months ended 28 February 2017



THE
ASHTON
CA (SA) GROUP

SA Cultivar and Technology Agency (NPC)

(Registration number 2016/217906/08)

Annual Financial Statements for the 9 months ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Collecting and facilitating of levies in respect of grain produced or imported
Directors	PMR Graham JJ Odendaal M Purnell AP Theron M Visser
Registered office	477 Witherite Street The Willows Pretoria Gauteng 0040
Postal address	P.O. Box 74626 Lynnwood Ridge Pretoria Gauteng 0040
Bankers	First National Bank
Auditor's	The Ashton CA(SA) Group Chartered Accountants (S.A.) Registered Auditors
Tax reference number	9322191199

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

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

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial 9 months 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's is engaged to express an independent opinion on the annual financial statements.

The annual 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 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 annual 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 9 months 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 auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 6 to 13, which have been prepared on the going concern basis, were approved by the board of directors on ____/____/____ and were signed on its behalf by:

Approval of financial statements

Director

Director



THE
ASHTON
CA (SA) GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

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Independent Auditor's Report

To the shareholders of SA Cultivar and Technology Agency (NPC)

Opinion

I have audited the Annual Financial Statements of SA Cultivar and Technology Agency (NPC) set out on pages 7 to 12, 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 9 months then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In my opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of SA Cultivar and Technology Agency (NPC) as at 28 February 2017, and its financial performance and cash flows for the 9 months 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 opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of my report. I am 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. I have fulfilled my 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). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Annual Financial Statements and my auditor's report thereon.

My opinion on the Annual Financial Statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the Annual Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual 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 Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual 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.


Auditor's responsibilities for the audit of the Annual Financial Statements

My objectives are to obtain reasonable assurance about whether the Annual 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 my 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 Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Annual 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.



The Ashton CA(SA) Group
Willie Delport
Chartered Accountant (S.A.)
Registered Auditors

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Ashlea Gardens
Pretoria
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0181

SA Cultivar and Technology Agency (NPC)

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Annual Financial Statements for the 9 months ended 28 February 2017

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of SA Cultivar and Technology Agency (NPC) and its associates for the 9 months ended 28 February 2017.

1. Review of financial results and activities

The annual 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 9 months.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

2. Directors

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

Directors

PMR Graham

JJ Odendaal

M Purnell

AP Theron

M Visser

3. 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.

4. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual 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 borrowing facilities 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.

5. Auditors

The Ashton CA(SA) Group continued in office as auditors for the company for 2017.

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Annual Financial Statements for the 9 months ended 28 February 2017

Statement of Financial Position as at 28 February 2017

Figures in Rand	Note(s)	28 February 2017
Assets		
Non-Current Assets		
Property, plant and equipment	2	1
Current Assets		
Trade and other receivables	3	1,662,203
Cash and cash equivalents	4	27,963,858
		<u>29,626,061</u>
Total Assets		<u>29,626,062</u>
Equity and Liabilities		
Liabilities		
Current Liabilities		
Trade and other payables	5	2,135,852
Other financial liabilities	6	27,490,210
		<u>29,626,062</u>
Total Equity and Liabilities		<u>29,626,062</u>

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Annual Financial Statements for the 9 months ended 28 February 2017

Statement of Comprehensive Income

Figures in Rand	Note(s)	9 months ended 28 February 2017
Administration income		331,258
Operating expenses		(331,258)
Operating profit		.

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Annual Financial Statements for the 9 months ended 28 February 2017

Statement of Cash Flows

Figures in Rand	Note(s)	9 months ended 28 February 2017
Cash flows from operating activities		
Cash generated from operations	8	<u>473,649</u>
Cash flows from financing activities		
Increase in other financial liabilities		<u>27,490,210</u>
Net cash from financing activities		<u>27,490,210</u>
Total cash movement for the 9 months		<u>27,963,859</u>
Total cash at end of the 9 months	4	<u>27,963,859</u>

SA Cultivar and Technology Agency (NPC)

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Annual Financial Statements for the 9 months ended 28 February 2017

Accounting Policies

1. Presentation of annual financial statements

The annual 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 annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, 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 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
IT equipment	Straight line	3 years

1.2 Revenue

Administration income is recognised in the same period as funding is utilised for administration expenses.

1.3 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.

1.4 Trade receivables

Trade and other 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 amount are recognised in profit or loss when there is objective evidence that the asset is impaired.

1.5 Trade payables

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

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Annual Financial Statements for the 9 months ended 28 February 2017

Notes to the Annual Financial Statements

9 months
ended
28 February
2017

Figures in Rand

2. Property, plant and equipment

	2017		Carrying value
	Cost	Accumulated depreciation	
IT equipment	1	-	1

3. Trade and other receivables

Levies receivable	1,662,203
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

FNB Cheque Account	12,084
FNB Current Account	12,359,873
FNB Money Market Account	15,591,901
	<u>27,963,858</u>

5. Trade and other payables

Trade payables	688,460
VAT	1,447,392
	<u>2,135,852</u>

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Notes to the Annual Financial Statements

Figures in Rand	9 months ended 28 February 2017
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6. Other financial liabilities

At amortised cost	
Levy fund creditors	27,490,210
Current liabilities	
At amortised cost	27,490,210

Levy fund creditors consist of levies collected and receivable on behalf of the Principals. These funds are payable to the Principals, net of administration expenses and commission.

Reconciliation of levy fund creditor: Wheat

Gross levy income for the period	28,033,485
Less: Commission paid	(700,837)
Add: Interest on levy funds	90,586
Less: Funding utilised for administration	(326,516)
	<u>27,096,718</u>

Reconciliation of levy fund creditor: Barley

Gross levy income for the period	407,096
Less: Commission paid	(10,177)
Add: Interest on levy funds	1,315
Less: Funding utilised for administration	(4,742)
	<u>393,492</u>

7. Taxation

No provision has been made for taxation. The entity has applied for tax exemption and is awaiting feedback from the SARS Tax Exemption Unit.

8. Cash generated from operations

Profit before taxation	
Changes in working capital:	
Trade and other receivables	(1,662,203)
Trade and other payables	2,135,852
	<u>473,649</u>

9. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the company.

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Detailed Income Statement

Figures in Rand	Note(s)	9 months ended 28 February 2017
Revenue		
Administration income		331,258
Operating expenses		
Administration and management fees		(318,732)
Bank charges		(897)
Inspection costs		(4,013)
Telephone and fax		(900)
Travel - local		(6,716)
		<u>(331,258)</u>