

SA CULTIVAR AND TECHNOLOGY AGENCY (NPC)
(Registration number 2016/217906/08)
Annual financial statements
for the year ended 28 February 2019



THE
ASHTON
CA (SA) GROUP INC.

SA Cultivar and Technology Agency (NPC)

(Registration number: 2016/217906/08)

Annual Financial Statements for the year ended 28 February 2019

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	Mr AP Theron Dr E Briedenhann Dr L Chetty Mr G Heyns (Resigned November 2018) Prof PW Mashela Mr A Mbotshelwa Ms M Purnell Dr 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
Auditors	The Ashton CA(SA) Group Chartered Accountants (SA) Registered Auditors
Tax reference number	9322191199

SA Cultivar and Technology Agency (NPC)

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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 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 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 period to 29 February 2020 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the board of directors on 5 April 2019 and were signed on its behalf by:

Approval of annual financial statements

Director

Director

Independent Auditor's Report

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

Opinion

We have audited the Annual Financial Statements of SA Cultivar and Technology Agency (NPC) set out on pages 7 to 14, which comprise the Statement of Financial Position as at 28 February 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our 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 2019, and its financial performance and cash flows for the period 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

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 Annual 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 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 our auditor's report thereon.

Our opinion on the Annual 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 Annual Financial Statements, our 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 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.



THE
ASHTON
CA (SA) GROUP INC.

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

Our 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 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 Annual 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 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 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 Annual 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 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.

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.

The Ashton CA(SA) Group
Wille Delpoort
Director
Chartered Accountants (SA)
Registered Auditors

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Directors

A. Robberts B.Compt (Hons) CA (SA) RA
H.J. Windell B.Compt (Hons) CA (SA) RA
W. Delpoort B.Compt (Hons) CA (SA) RA

Professional Assistants

C.E. Möller B.Com (PGDA) CA (SA)
A. Deyssel Professional Accountant (SA) B.Com CIMA
T.C. Moyo Professional Accountant (SA) B.Com Acc Sci

SA Cultivar and Technology Agency (NPC)

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Annual Financial Statements for the year ended 28 February 2019

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 year ended 28 February 2019.

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 year.

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

Mr AP Theron

Dr E Briedenhann

Dr L Chetty

Mr G Heyns (Resigned November 2018)

Prof PW Mashela

Mr A Mbotshelwa

Ms M Purnell

Dr M Visser

3. Events after the reporting period

A new levy on Soyabean commences 1 March 2019. This new levy will significantly increase SACTA's operational income and expenditure.

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 2019.

SA Cultivar and Technology Agency (NPC)

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Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position as at 28 February 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	1	1
Current Assets			
Trade and other receivables	3	503,431	785,067
Cash and cash equivalents	4	64,921,627	41,165,664
		65,425,058	41,950,731
Total Assets		65,425,059	41,950,732
Equity and Liabilities			
Equity			
Reserves		2,412,171	2,412,171
Liabilities			
Current Liabilities			
Trade and other payables	5	1,536,288	919,002
Other financial liabilities	6	61,476,600	38,619,559
		63,012,888	39,538,561
Total Equity and Liabilities		65,425,059	41,950,732

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Administration income		2,188,664	1,257,199
Operating expenses		(2,188,664)	(1,257,199)
Operating surplus/(loss)		-	-
Transformation funding recouped		560,000	-
Transformation expenditure	10	(560,000)	-

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Statement of Changes in Equity

Figures in Rand	Reserve Fund	Total equity
Reserve Fund Allocation	2,412,171	2,412,171
Total changes	2,412,171	2,412,171
Balance at 01 March 2018	2,412,171	2,412,171
Balance at 28 February 2019	2,412,171	2,412,171

Note(s)

The Reserve Fund is subject to annual revision, before distribution of levy income to Principals.

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Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	8	898,922	2,072,455
Cash flows from financing activities			
Increase in levy fund creditor		22,857,041	11,129,349
Net cash from financing activities		22,857,041	11,129,349
Total cash movement for the period		23,755,963	13,201,804
Cash at the beginning of the period		41,165,664	27,963,858
Total cash at end of the period	4	64,921,627	41,165,662

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

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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Notes to the Annual Financial Statements

Figures in Rand

2019

2018

2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
IT equipment	1	-	1	1	-	1

3. Trade and other receivables

Levies receivable	503,431	785,067
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

FNB Cheque Account	314,805	241,726
FNB Current Account	9,004,191	14,198,722
FNB Money Market Account	2,654,825	2,483,581
FNB Investment Account	52,947,806	24,241,635
	64,921,627	41,165,664

5. Trade and other payables

Trade payables	260,303	19,391
VAT	240,193	383,967
Bursary provisions	420,000	-
Commission payable	615,792	515,644
	1,536,288	919,002

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Notes to the Annual Financial Statements

Figures in Rand

2019

2018

6. Other financial liabilities

At amortised cost

Levy fund creditors

61,476,600 38,619,559

Current liabilities

At amortised cost

61,476,600 38,619,559

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

Reconciliation of levy fund creditor: Wheat

Balance brought forward

31,747,875 27,096,718

Add: Gross levy income for the period

52,034,122 38,386,406

Less: Commission paid

(1,300,853) (959,660)

Add: Interest on levy funds

1,758,957 1,326,489

Less: Funding utilised for administration

(1,734,419) (928,635)

Less: Distributions to Principals (As per note 9)

(33,920,351) (31,391,683)

Less: Reserve Fund allocation

- (1,781,760)

Less: Funding utilised for transformation

(443,775) -

48,141,556 31,747,875

Reconciliation of levy fund creditor: Oats

Add: Gross levy income for the period

598,204

Less: Commission paid

(14,955)

Add: Interest on levy funds

20,222

Less: Funding utilised for administration

(19,940)

Less: Funding utilised for transformation

(5,102)

578,429

Reconciliation of levy fund creditor: Barley

Balance brought forward

6,871,684 393,492

Add: Gross levy income for the period

13,029,567 13,581,643

Less: Commission paid

(325,739) (339,541)

Add: Interest on levy funds

440,450 469,330

Less: Funding utilised for administration

(434,306) (328,564)

Less: Distributions to Principals (As per note 9)

(6,713,919) (6,274,265)

Less: Reserve Fund allocation

- (630,411)

Less: Funding utilised for transformation

(111,123) -

12,756,614 6,871,684

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.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
8. Cash generated from operations		
Operating profit	-	-
Adjustments for:		
Reserve Fund allocation	-	2,412,171
Changes in working capital:		
Trade and other receivables	281,636	877,136
Trade and other payables	617,286	(1,216,852)
	898,922	2,072,455

9. Distributions to Principals

Distributions to the following Principals were allocated during the period under review:

Wheat

- Sensako

- Pannar

- ARC

Barley

- SABB

- Sensako

10. Transformation expenditure

Transformation expenditure consists of the following:

Enterprise Development

Skills Development

Management Control

Socio Economic Development

560,000

560,000

11. Operating/administration expenditure

Operating and administrative expenditure for the 2019 financial year amounted to 3% of levy income.

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Detailed Income Statement

Figures in Rand	Note(s)	2019	2018
Revenue			
Administration income		2,188,664	1,257,199
Operating expenses			
Administration and management fees		(998,407)	(879,469)
Advertising and marketing		(162,106)	-
Audit fees		(28,700)	(18,000)
Bank charges		(6,043)	(5,112)
Bank fees - Early redemption charge		-	(162,504)
Conference expenses		(43,804)	(5,031)
Directors remuneration		(52,203)	(7,491)
Website Hosting		(9,307)	-
Employee costs		(405,190)	-
Inspection costs		(119,721)	(142,342)
Meeting fees		(231,198)	(32,900)
Professional fees		(25,706)	(4,350)
Travel and accommodation		(106,279)	-
	11	(2,188,664)	(1,257,199)
Transformation funding recouped		-	-
Transformation expenditure	10	560,000	-
		(560,000)	-
Operating surplus/(loss)		-	-