

**KGALAGADI RELIEF TRUST**  
(Registration number IT2245/2006)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2009**

LUCRO AUDITING  
Chartered Accountants (S.A.)  
Registered Auditor  
Issued 25 June 2009

# **KGALAGADI RELIEF TRUST**

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## **General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Type of trust</b>	Non profit organisation
<b>Trustees</b>	B.D.G. Gibson P. Camay Dr. M. Heitz
<b>Registered office</b>	Eton Building, Sherborne Square 5 Sherborne Road Parktown 2193
<b>Postal address</b>	P.O. Box 86 Parklands 2121
<b>Auditors</b>	LUCRO AUDITING Chartered Accountants (S.A.) Registered Auditor
<b>Trust registration number</b>	IT2245/2006

# KGALAGADI RELIEF TRUST

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

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# **Independent Auditor's Report**

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## **To the trustees of KGALAGADI RELIEF TRUST**

We have audited the annual financial statements of the KGALAGADI RELIEF TRUST, which comprise the balance sheet as at 28 February 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 6 to 12.

## **Trustees' Responsibility for the Annual Financial Statements**

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the KGALAGADI RELIEF TRUST as at 28 February 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## **Secretarial Duties**

Without qualifying our opinion, we draw your attention to the fact that with the written consent of all trustees, we have performed certain secretarial duties.

**Supplementary Information**

Without qualifying our opinion, we draw your attention to the fact that the supplementary information set out on pages 13 to 15 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

**LUCRO AUDITING**  
**Chartered Accountants (S.A.)**  
**Registered Auditor**

**Fourways**  
**25 June 2009**

# **KGALAGADI RELIEF TRUST**

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## **Trustees' Responsibilities and Approval**

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The trustees are required 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 trust 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees 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.

The trustees 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.

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 on 25 June 2009 and were signed on its behalf by:

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**B.D.G. Gibson**

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**P. Camay**

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Trustees' Report

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The trustees submit their report for the year ended 28 February 2009.

### 1. Review of activities

#### Main business and operations

The trust is engaged in providing compensation to qualifying claimants in respect of asbestos related diseases.

The operating results and state of affairs of the trust are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

#### Payment of costs

In terms of the clause 6.2.2 of the Deed of Trust, the Trustees have set aside R 2,708,452 of the Trust Funds to meet administration costs.

### 2. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Name	
B.D.G. Gibson	Chairperson
P. Camay	
Dr. M. Heitz	(Swiss)

### 3. Beneficiaries

The beneficiary of the trust during the accounting period and up to the date of this report is as follows:

- Qualifying claimants for the life of the trust
- To the extent that the trustees may deem appropriate, any charitable organisations having as one of its principal objectives the promotion of welfare affected by asbestos mining

### 4. Founders of the trust

The trust's founder is Becon AG ("Becon") incorporated in Switzerland.

The founder, in terms of an agreement, has agreed to settle fully and finally and without any admission of liability, all disputes arising out of, or in connection with exposure to asbestos dust or the contraction of asbestos related diseases by any occupational, environmental or dependant claimants, as defined in the trust deed or any of the founder's operations. In terms of this settlement agreement funds were paid to the trust for compensation to the qualifying claimants. These funds will be used to settle the obligation to the beneficiaries of the trust. Accordingly the trust's assets represent an obligation to the beneficiaries of the trust. The income generated by the trust from the assets represents income to the trust. The trust will apply this income to meet the expenses of the trust. Any income in excess of the expenses of the trust will increase the obligation to the beneficiaries.

### 5. Auditors

LUCRO AUDITING will continue in office for the next financial period.

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Balance Sheet

	Note(s)	2009 R	2008 R
<b>Assets</b>			
<b>Current Assets</b>			
Funds available for distribution	4	-	2 751 247
Trade and other receivables	2	382 991	29 010
Cash and cash equivalents	3	8 902 418	4 431 596
		<b>9 285 409</b>	<b>7 211 853</b>
<b>Total Assets</b>		<b>9 285 409</b>	<b>7 211 853</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Founder's donation		100	100
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Funds available for distribution	4	2 560 004	-
Trade and other payables	5	6 725 305	7 211 753
		<b>9 285 309</b>	<b>7 211 753</b>
<b>Total Equity and Liabilities</b>		<b>9 285 409</b>	<b>7 211 853</b>

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Income Statement

	Note(s)	2009 R	2008 R
Operating expenses		(3 923 856)	(3 122 657)
<b>Operating deficit</b>		<b>(3 923 856)</b>	<b>(3 122 657)</b>
Investment revenue		1 215 537	873 953
Interest expense		(133)	-
<b>Deficit for the year</b>		<b>(2 708 452)</b>	<b>(2 248 704)</b>

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Statement of Changes in Equity

	Trust capital	Accumulated surplus	Total equity
	R	R	R
<b>Balance at 01 March 2007</b>	<b>100</b>	<b>-</b>	<b>100</b>
Changes in equity			
Deficit for the year	-	(2 248 704)	(2 248 704)
Net expenses	-	2 248 704	2 248 704
Total changes	-	-	-
<b>Balance at 01 March 2008</b>	<b>100</b>	<b>-</b>	<b>100</b>
Changes in equity			
Deficit for the year	-	(2 708 452)	(2 708 452)
Net expenses	-	2 708 452	2 708 452
Total changes	-	-	-
<b>Balance at 28 February 2009</b>	<b>100</b>	<b>-</b>	<b>100</b>

Note(s)

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Cash Flow Statement

	Note(s)	2009 R	2008 R
<b>Cash flows from operating activities</b>			
Cash used in operations	6	(4 397 676)	(3 140 299)
Interest income		1 215 537	873 953
Interest expense		(133)	-
Claims paid		(19 746 506)	(13 596 070)
<b>Net cash from operating activities</b>		<b>(22 928 778)</b>	<b>(15 862 416)</b>
<b>Cash flows from financing activities</b>			
Funds introduced by founder		27 399 600	8 331 013
<b>Total cash movement for the year</b>		<b>4 470 822</b>	<b>(7 531 403)</b>
Cash at the beginning of the year		4 431 596	11 962 999
<b>Total cash at end of the year</b>	3	<b>8 902 418</b>	<b>4 431 596</b>

# **KGALAGADI RELIEF TRUST**

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## **Accounting Policies**

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### **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

#### **1.1 Financial instruments**

##### **Initial recognition**

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

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

##### **Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

##### **Trade and other payables**

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

##### **Cash and cash equivalents**

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

#### **1.2 Revenue**

Interest is recognised, in profit or loss, using the effective interest rate method.

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>2. Trade and other receivables</b>		
Social Project Grant Accrual	294 813	-
Interest Receivable	88 178	29 010
	<b>382 991</b>	<b>29 010</b>
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	2 361 303	177 547
Short-term deposits	6 541 115	4 254 049
	<b>8 902 418</b>	<b>4 431 596</b>
<b>4. Funds available for distribution</b>		
<b>For beneficiaries</b>		
Opening balance	(4 070 636)	5 744 158
Funds introduced	24 099 600	6 401 474
Reversal of claims approved and not paid (prior year)	5 474 465	2 854 268
Claims paid	(19 746 506)	(13 596 071)
Claims approved not paid	(5 107 855)	(5 474 465)
	<b>649 068</b>	<b>(4 070 636)</b>
<b>Other</b>		
Opening balance	1 319 389	1 638 554
Funds introduced	3 300 000	1 929 538
Net expenses	(2 708 451)	(2 248 703)
	<b>1 910 938</b>	<b>1 319 389</b>
	<b>2 560 006</b>	<b>(2 751 247)</b>
The deficit on funds available for distribution in the prior year was recoverable from the founder and therefore was disclosed as a current asset in the balance sheet.		
<b>5. Trade and other payables</b>		
Amount owing in respect of Social Projects	234 087	207 696
Claims Payable	5 107 855	5 474 465
Accrued expenses	1 383 363	1 529 592
	<b>6 725 305</b>	<b>7 211 753</b>
<b>6. Cash used in operations</b>		
Deficit before taxation	(2 708 452)	(2 248 704)
<b>Adjustments for:</b>		
Interest received	(1 215 537)	(873 953)
Interest expense	133	-
<b>Changes in working capital:</b>		
Trade and other receivables	(353 980)	77 702
Trade and other payables	(119 840)	(95 344)
	<b>(4 397 676)</b>	<b>(3 140 299)</b>

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Detailed Income statement

	Note(s)	2009 R	2008 R
<b>Other income</b>			
Interest received		1 215 537	873 953
<b>Expenses (Refer to page 14)</b>		<b>(3 923 856)</b>	<b>(3 122 657)</b>
<b>Operating deficit</b>		<b>(2 708 319)</b>	<b>(2 248 704)</b>
Interest expense		(133)	-
<b>Deficit for the year</b>		<b>(2 708 452)</b>	<b>(2 248 704)</b>

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Detailed Income statement

	Note(s)	2009 R	2008 R
<b>Operating expenses</b>			
Administration and management fees		(1 164 711)	(1 227 437)
Auditors remuneration		(32 560)	(29 000)
Bank charges		(10 290)	(10 641)
Claimant transportation expenses		(34 444)	-
Claims handling expenses		(689 550)	(390 480)
Claims recruitment		(76 195)	-
Communication costs		(40 915)	(161 543)
Computer expenses		(453)	(2 109)
Consulting and professional fees		(218 115)	(229 953)
Medical evaluation costs		(231 696)	(215 853)
Meeting expenses		(8 616)	(19 566)
Postage		(141)	(994)
Printing and stationery		(2 413)	-
Social project expenses		(1 050 681)	(384 610)
Travel and accommodation		(20 836)	(45 756)
Trustees attendance fees		(342 240)	(224 474)
Work records scanning costs		-	(180 241)
		<b>(3 923 856)</b>	<b>(3 122 657)</b>

# KGALAGADI RELIEF TRUST

(Registration number IT2245/2006)

(Tax Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2009

## Tax Computation

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	<b>R</b>
Net loss per income statement	(2 708 452)
Amounts distributed and taxable in the hands of beneficiaries	<u>-</u>
Loss attributable to trust	<u>(2 708 452)</u>
Tax loss for 2009 - carried forward	<u><u>(2 708 452)</u></u>
Taxation thereon @ 40c in the Rand	<u><u>NIL</u></u>
<b>Tax liability</b>	
Amount owing/(prepaid) at the beginning of year	-
Tax owing/(prepaid) for the current year	<u>-</u>
Normal tax	<u><u>-</u></u>