

THE KGALAGADI RELIEF TRUST
(Registration number IT 2245/2006)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2012

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

The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 29 February 2012

General Information

Country of incorporation and domicile	South Africa
Type of trust	Providing compensation to claimants suffering from asbestos related diseases in terms of the qualifying criteria stipulated in the Deed of Trust
Trustees	P. Camay (Chairperson) B.D.G. Gibson Dr. M. Heitz (Swiss)
Business address	Eton Building, Sherborne Square 5 Sherborne Road Parktown 2193
Postal address	P.O. Box 86 Parklands 2121
Bankers	Nedbank Limited
Auditors	LUCRO AUDITING Chartered Accountants (S.A.) Registered Auditor
Trust registration number	IT 2245/2006
Tax reference number	0690/431/15/0
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Trust Deed.
Preparer	The annual financial statements were independently compiled by: LUCRO AUDITING Chartered Accountants (S.A.) Registered Auditor
Published	13 July 2012

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Trustees' Responsibilities and Approval

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 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 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. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year to 28 February 2013 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 15, which have been prepared on the going concern basis, were approved by the board on 13 July 2012 and were signed on its behalf by:

P. Camay (Chairperson)

B.D.G. Gibson

Independent Auditors' Report

To the trustees of The Kgalagadi Relief Trust

Report on the Financial Statements

We have audited the annual financial statements of The Kgalagadi Relief Trust, which comprise the statement of financial position as at 29 February 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 5 to 13.

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 the International Financial Reporting Standard for Small and Medium-sized Entities and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 29 February 2012, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

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

Fourways
13 July 2012

The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 29 February 2012

Trustees' Report

The trustees submit their report for the year ended 29 February 2012.

1. Review of activities

Main business and operations

The trust is engaged in providing compensation to claimants suffering from asbestos related diseases in terms of the qualifying criteria stipulated in the Deed of Trust and operates principally in South Africa.

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.

Net surplus of the trust was R 2 731 542 (2011: loss R 1 535 338).

2. Going concern

The annual 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.

The ability of the trust to continue as a going concern is dependent on a number of factors. The most significant of these is that trustees successfully husband the currently available funds for the duration of the life of the trust.

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year that may have a material effect on the trust's financial position.

4. Accounting policies

There were no major changes in the accounting policies or the application thereof for the trust during the year under review.

5. Allocation To Beneficiaries

During the year under review claims to the value of R 8,734,306 were approved of which R 2,692,944 still has to be paid out subsequent to year-end.

6. Trustees

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

Name	Changes
P. Camay (Chairperson)	Appointed as Chairperson on 21 September 2011
B.D.G. Gibson	
Dr. M. Heitz (Swiss)	

7. Beneficiaries

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

- Qualifying claimants for the life of the trust
- To the extent that the trustees may deem appropriate and in accordance with the provisions of the Trust Deed, charitable organisations having as one of its principal objectives the compensation of those affected by asbestos mining
- To the extent that upon the expiry of the life of the trust, the assets left in the trust may be donated to any charitable organisation having as one of its principal objectives the promotion of welfare of persons or communities detrimentally affected by asbestos mining

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Trustees' Report

8. Auditors

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

9. Payments of costs

The trust earned R 4,5 million in interest. Of this amount, in terms of clause 6.2.2 of the trust deed, the trustees have utilized R 1,043,842 (2011: R 1,535,338) of the trust's funds to cover operating costs in the current period, which left a balance of R 2,731,542. This amount was added to the funds available to meet the trust's obligations.

10. 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 at any of the founders 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 obligations to beneficiaries.

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(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 29 February 2012

Statement of Financial Position

	Note(s)	2012 R	2011 R
Assets			
Non-Current Assets			
Other financial assets	2	64 425 257	-
Current Assets			
Trade and other receivables	3	4 441	65 510
Cash and cash equivalents	4	4 181 232	71 327 112
		4 185 673	71 392 622
Total Assets		68 610 930	71 392 622
Equity and Liabilities			
Equity			
Founders donation		100	100
Liabilities			
Current Liabilities			
Funds available for distribution	5	65 135 262	66 723 559
Trade and other payables	6	3 475 568	4 668 963
		68 610 830	71 392 522
Total Equity and Liabilities		68 610 930	71 392 622

The Kgalagadi Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

Statement of Comprehensive Income

	Note(s)	2012 R	2011 R
Operating expenses		(1 043 842)	(2 081 456)
Operating deficit		(1 043 842)	(2 081 456)
Investment revenue	7	4 508 602	915 820
Fair value adjustments	8	(413 742)	-
Social project expenses	10	(319 476)	(369 702)
Surplus (deficit) for the year		2 731 542	(1 535 338)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		2 731 542	(1 535 338)

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Annual Financial Statements for the year ended 29 February 2012

Statement of Changes in Equity

	Founders donations R	Accumulated surplus R	Total equity R
Balance at 01 March 2010	100	-	100
Changes in equity			
Total comprehensive deficit for the year	-	(1 535 338)	(1 535 338)
Total funds available for distribution	-	1 535 338	1 535 338
Total changes	-	-	-
Balance at 01 March 2011	100	-	100
Changes in equity			
Total comprehensive income for the year	-	2 731 542	2 731 542
Total funds available for distribution	-	(2 731 542)	(2 731 542)
Total changes	-	-	-
Balance at 29 February 2012	100	-	100

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Annual Financial Statements for the year ended 29 February 2012

Statement of Cash Flows

	Note(s)	2012 R	2011 R
Cash flows from operating activities			
Cash used in operations	11	(5 227 186)	(2 210 163)
Cash flows from investing activities			
Purchase of investment		(61 500 000)	-
Interest capitalised and Admin expenses on investment		(3 338 999)	-
Interest Income		4 508 602	915 820
Net cash from investing activities		(60 330 397)	915 820
Cash flows from financing activities			
Funds introduced by founder		-	73 000 000
Net movement in funds available for distribution		(1 588 297)	(9 648 942)
Net cash from financing activities		(1 588 297)	63 351 058
Total cash movement for the year		(67 145 880)	62 056 715
Cash at the beginning of the year		71 327 112	9 270 397
Total cash at end of the year	4	4 181 232	71 327 112

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Annual Financial Statements for the year ended 29 February 2012

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. The annual 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

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.2 Revenue

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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Notes to the Annual Financial Statements

	2012 R	2011 R
2. Other financial assets		
At fair value		
Investment Portfolio - Taquanta Asset Managers	64 425 257	-
<i>The fair values of listed or quoted investments are based on the quoted market price at reporting period date.</i>		
3. Trade and other receivables		
Income accruals	4 441	65 510
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3 051 067	62 437 713
Short-term deposits	1 130 165	8 889 399
	4 181 232	71 327 112
5. Funds available for distribution		
Funds available for distribution - Beneficiaries	(47 622 837)	(51 942 677)
Funds available for distribution - Other	(17 512 425)	(14 780 882)
	(65 135 262)	(66 723 559)
Beneficiaries		
Opening balance	51 942 677	311 280
Funds introduced	-	59 745 000
Reversal of claims approved and not paid (prior year)	4 414 465	4 370 017
Claims paid	(6 557 662)	(8 069 155)
Claims approved and not paid	(2 692 944)	(4 414 465)
Refund received	516 300	-
	47 622 836	51 942 677
Other		
Opening balance	14 780 882	3 061 221
Funds introduced	-	13 255 000
Net expenses/income	2 731 543	(1 535 339)
	17 512 425	14 780 882
6. Trade and other payables		
Trade payables	767 519	232 647
Claims payable	2 692 944	4 414 466
Accrued expenses	15 105	21 850
	3 475 568	4 668 963

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Notes to the Annual Financial Statements

	2012 R	2011 R
7. Investment revenue		
Interest revenue		
Bank	1 168 352	915 820
Investment Portfolio - Taquanta Asset Managers	3 340 250	-
	4 508 602	915 820
8. Fair value adjustments		
Investment Portfolio - Taquanta Asset Managers	(413 742)	-
9. Auditors' remuneration		
Fees	42 750	39 900
10. Social Projects		
Project expenses/(refunds)		
Kuruman Palliative Care Nurse Project (KPCNP)	228 836	222 868
Asbestos Interest Group (AIG)	105 000	90 000
Asbestos Co-ordinating Committee of Kgalagadi (ACCK)	(30 000)	8 097
Cancer Charity Workers (CCW)	12 000	7 500
National Asbestos Conference (NAC)	-	36 548
Other Grants	-	4 939
Insurance	3 640	-
	319 476	369 952
11. Cash used in operations		
Surplus (deficit) before taxation	2 731 542	(1 535 338)
Adjustments for:		
Interest received	(4 508 602)	(915 820)
Fair value adjustments	413 742	-
Transfer to funds available for distribution	(2 731 542)	1 535 338
Changes in working capital:		
Trade and other receivables	61 069	(26 845)
Trade and other payables	(1 193 395)	(1 267 498)
	(5 227 186)	(2 210 163)
12. Taxation		

No provision has been made for 2012 tax as the trust has no taxable income. In terms of section 25B of the Income Tax Act, the income in excess of expenditure for the year will be taxed in the hands of the beneficiaries.

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Detailed Income Statement

	Note(s)	2012 R	2011 R
Other income			
Interest received	7	4 508 602	915 820
Operating expenses			
Administration and management fees		(548 452)	(820 800)
Auditors' remuneration	9	(42 750)	(39 900)
Bank charges		(7 212)	(13 147)
Claimant transportation		-	(40 374)
Claims handling fees		(47 994)	(305 732)
Claims recruitment fees		-	(102 362)
Communication costs		-	(54 060)
Computer expenses		(140)	-
Consulting and professional fees		(53 235)	(100 269)
IT expenses - Database Maintenance		(4 435)	(222 066)
Medical evaluation costs		(43 542)	(99 427)
Meeting expenses		(13 881)	(23 624)
Postage		(179)	-
Sundry expenses		(3 090)	(400)
Telephone and fax		-	(540)
Travel & accommodation		(14 505)	(10 960)
Trustee fees		(264 427)	(247 795)
		(1 043 842)	(2 081 456)
Operating surplus (deficit)		3 464 760	(1 165 636)
Fair value adjustments	8	(413 742)	-
Social project expenses	10	(319 476)	(369 702)
		(733 218)	(369 702)
Surplus (deficit) for the year		2 731 542	(1 535 338)

The Kgalagadi Relief Trust

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Financial Statements for the year ended 29 February 2012

Tax Computation

	R
Net income per income statement	2 731 542
Non-deductable/Non taxable items	
Unrealised profit/loss on investment	413 742
Non taxable income	(3 145 284)
	<hr/>
	(2 731 542)
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Taxable income	-
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Tax thereon @ 40%	-
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