

**THE KGALAGADI RELIEF TRUST**  
(Registration number IT 2245/2006)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2014**

**Lucro Auditing PLC**  
**Chartered Accountants (S.A.)**  
**Registered Auditors**

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Type of trust</b>	Providing compensation to claimants suffering from asbestos related diseases in terms of the qualifying criteria stipulated in the Deed of Trust
<b>Trustees</b>	P. Camay (Chairperson) B.D.G. Gibson Dr. M. Heitz (Swiss)
<b>Business address</b>	Eton Building, Sherborne Square 5 Sherborne Road Parktown 2193
<b>Postal address</b>	P.O. Box 86 Parklands 2121
<b>Bankers</b>	Nedbank Limited
<b>Auditors</b>	Lucro Auditing PLC Chartered Accountants (S.A.) Registered Auditors
<b>Trust registration number</b>	IT 2245/2006
<b>Tax reference number</b>	0690/431/15/0
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Trust Deed.
<b>Preparer</b>	The annual financial statements were independently compiled by: Lucro Consulting Randburg (Pty) Ltd South African Institute of Public Accountants
<b>Published</b>	18 August 2014

# The Kgalagadi Relief Trust

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# The Kgalagadi Relief Trust

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## 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 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 of trustees 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 2015 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 auditing 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 of trustees on 18 August 2014 and were signed on its behalf by:

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**P. Camay (Chairperson)**

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**B.D.G. Gibson**

# Independent Auditors' Report

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## To the trustees of The Kgalagadi Relief Trust

We have audited the annual financial statements of The Kgalagadi Relief Trust, as set out on pages 7 to 14, which comprise the trustees' report, the statement of financial position as at 28 February 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## 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 requirements of the Trust Deed, 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 28 February 2014, 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, and the requirements of the Trust Deed.

**L.J. Wood**  
**LUCRO AUDITING**  
**Chartered Accountants (S.A.)**  
**Registered Auditors**

**Fourways**  
**18 August 2014**

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Trustees' Report

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The trustees have pleasure in submitting their report on the annual financial statements of The Kgalagadi Relief Trust for the year ended 28 February 2014.

### 1. Nature of business

The trust was formed to provide compensation to claimants that qualify, as defined in the trust deed, in respect of asbestos-related diseases as fully, fairly and effectively as its means allow and operates in South Africa.

There have been no material changes to the nature of the trust's business from the prior year.

### 2. 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. 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 trust are set out in these annual financial statements.

### 3. Beneficiaries

The beneficiaries of the trust during the accounting year 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.

### 4. Distributions to beneficiaries

During the year under review claims to the value of R5,092,979 were approved of which R2,096,421 still has to be paid out subsequent to year end.

### 5. Trustees

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

#### Trustees

P. Camay (Chairperson)

B.D.G. Gibson

Dr. M. Heitz (Swiss)

### 6. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 7. Going concern

The trustees believe that the trust 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 trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees 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 trust.

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Trustees' Report

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### 8. Auditors

Lucro Auditing PLC continued in office as auditors for the trust for 2014.

They will continue in office for the 2015 financial year.

### 9. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the trustees on 18 August 2014. No authority was given to anyone to amend the financial statements after the date of issue.

### 10. Founders

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 main objectives of the trust. Any income in excess of the expenses of the trust will increase the obligations to beneficiaries.

### 11. Payment of costs

In terms of clause 6.2.2 of the trust deed, the trustees have set aside R1,072,172 (2013: R 1,018,349) of the trust's funds to cover administration costs in the current period.

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Statement of Financial Position as at 28 February 2014

	Note(s)	2014 R	2013 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Other financial assets	2	61 709 548	65 880 623
<b>Current Assets</b>			
Trade and other receivables	3	11 149	1 553
Cash and cash equivalents	4	3 248 629	626 957
		<b>3 259 778</b>	<b>628 510</b>
<b>Total Assets</b>		<b>64 969 326</b>	<b>66 509 133</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital	5	100	100
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Funds available for distribution	6	62 872 805	64 231 530
<b>Current Liabilities</b>			
Trade and other payables	7	2 096 421	2 277 503
<b>Total Liabilities</b>		<b>64 969 226</b>	<b>66 509 033</b>
<b>Total Equity and Liabilities</b>		<b>64 969 326</b>	<b>66 509 133</b>

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Statement of Comprehensive Income

	Note(s)	2014 R	2013 R
Operating expenses		(1 072 172)	(1 018 349)
<b>Operating deficit</b>		<b>(1 072 172)</b>	<b>(1 018 349)</b>
Investment revenue	8	3 771 306	4 067 784
Fair value adjustments	9	(6 024)	(22 332)
Social project expenses	10	(534 566)	(584 473)
<b>Surplus for the year</b>		<b>2 158 544</b>	<b>2 442 630</b>

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Statement of Changes in Equity

	Trust capital	Accumulated surplus	Total equity
	R	R	R
<b>Balance at 01 March 2012</b>	<b>100</b>	-	<b>100</b>
<b>Surplus for the year</b>	-	<b>2 442 630</b>	<b>2 442 630</b>
Transfer of funds available for distribution	-	(2 442 630)	(2 442 630)
<b>Total changes</b>	-	<b>(2 442 630)</b>	<b>(2 442 630)</b>
<b>Balance at 01 March 2013</b>	<b>100</b>	-	<b>100</b>
<b>Surplus for the year</b>	-	<b>2 158 544</b>	<b>2 158 544</b>
Transfer to funds available for distribution	-	(2 158 544)	(2 158 544)
<b>Total changes</b>	-	<b>(2 158 544)</b>	<b>(2 158 544)</b>
<b>Balance at 28 February 2014</b>	<b>100</b>	-	<b>100</b>

Note

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# The Kgalagadi Relief Trust

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Annual Financial Statements for the year ended 28 February 2014

## Statement of Cash Flows

	Note(s)	2014 R	2013 R
<b>Cash flows from operating activities</b>			
Cash used in operations	13	(3 955 959)	(5 240 629)
Interest income		3 771 306	4 067 784
<b>Net cash from operating activities</b>		<b>(184 653)</b>	<b>(1 172 845)</b>
<b>Cash flows from investing activities</b>			
Net movement in financial assets		4 165 051	(1 477 698)
<b>Net cash from investing activities</b>		<b>4 165 051</b>	<b>(1 477 698)</b>
<b>Cash flows from financing activities</b>			
Net movement in funds available for distribution		(1 358 725)	(903 732)
<b>Net cash from financing activities</b>		<b>(1 358 725)</b>	<b>(903 732)</b>
<b>Total cash movement for the year</b>		<b>2 621 673</b>	<b>(3 554 275)</b>
Cash at the beginning of the year		626 957	4 181 232
<b>Total cash at end of the year</b>	4	<b>3 248 630</b>	<b>626 957</b>

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Accounting Policies

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### 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

##### Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through surplus or deficit.

##### Financial instruments at amortised cost

Debt instruments, as defined in 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 the end of 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 so, an impairment loss is recognised

##### 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. 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.

# The Kgalagadi Relief Trust

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## Notes to the Annual Financial Statements

	2014 R	2013 R
<b>2. Other financial assets</b>		
<b>At fair value</b>		
Investment Portfolio: Taquanta Asset Managers	61 709 548	65 880 623
<i>The fair values of listed or quoted investments are based on the quoted market price at reporting period date.</i>		
<b>Non-current assets</b>		
At fair value	61 709 548	65 880 623
<b>3. Trade and other receivables</b>		
Trade receivables	11 149	1 553
<b>4. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	3 248 629	626 957
<b>5. Trust capital</b>		
<b>Capital account / Trust capital</b>		
Balance at beginning of year	100	100
<b>6. Funds available for distribution</b>		
Funds available for distribution: Beneficiaries	(52 538 616)	(53 529 772)
Funds available for distribution: Social Projects	(1 165 607)	(462 585)
Funds available for distribution: Cost	(9 168 582)	(10 239 173)
	<b>(62 872 805)</b>	<b>(64 231 530)</b>
<b>Beneficiaries</b>		
Opening balance	53 529 772	47 622 836
Reversal of claims approved and not paid (prior year)	1 575 710	2 692 944
Claims paid	(2 996 558)	(4 463 596)
Claims approved and not paid	(2 096 421)	(1 575 710)
Transfer to/from Social Projects account	(417 027)	9 253 298
Net surplus/(deficit) for the year	2 943 140	-
	<b>52 538 616</b>	<b>53 529 772</b>

# The Kgalagadi Relief Trust

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## Notes to the Annual Financial Statements

	2014 R	2013 R
<b>6. Funds available for distribution (continued)</b>		
<b>Social Projects</b>		
Opening balance	462 585	6 645 083
Net surplus/(deficit) for the year	820 561	2 145 630
Transfer to/from Beneficiaries account	417 027	(9 253 298)
Social Project Expenses	(534 566)	-
	<b>1 165 607</b>	<b>(462 585)</b>
<b>Cost</b>		
Opening balance	10 239 173	10 867 342
Net surplus/(deficit) for the year	(1 070 591)	(628 169)
	<b>9 168 582</b>	<b>10 239 173</b>
Non-current liabilities	(62 872 805)	(64 231 530)
<b>7. Trade and other payables</b>		
Trade payables	-	1 161 945
Claims payable	2 096 421	1 575 710
Accrued expense	-	(460 152)
	<b>2 096 421</b>	<b>2 277 503</b>
<b>8. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	84 776	88 539
Investment Portfolio: Taquanta Asset Managers	3 686 530	3 979 245
	<b>3 771 306</b>	<b>4 067 784</b>
<b>9. Fair value adjustments</b>		
Investment Portfolio: Taquanta Asset Managers	(6 024)	(22 332)
<b>10. Social Project Expenses</b>		
<b>Project expenses / (refunds)</b>		
Insurance	-	3 700
Asbestos Interest Group (AIG)	114 000	105 000
Cancer Charity Workers (CCW)	18 000	12 000
SA Meso Interest Group (SAMIG)	50 000	-
Kuruman Nurse (KPCNP)	224 710	208 983
Other Grants	63 669	15 390
Mesothelioma Incidence Near Kuruman Study (MINKS)	-	239 400
Communications	64 187	-
	<b>534 566</b>	<b>584 473</b>

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Notes to the Annual Financial Statements

	2014 R	2013 R
<b>11. Auditors' remuneration</b>		
Fees	65 790	42 750
<b>12. Taxation</b>		
<i>No provision has been made for 2014 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.</i>		
<b>13. Cash used in operations</b>		
Surplus before taxation	2 158 544	2 442 630
<b>Adjustments for:</b>		
Interest received - investment	(3 771 306)	(4 067 784)
Fair value adjustments	6 024	22 332
Transfer to funds available for distribution	(2 158 543)	(2 442 630)
<b>Changes in working capital:</b>		
Trade and other receivables	(9 596)	2 887
Trade and other payables	(181 082)	(1 198 064)
	<b>(3 955 959)</b>	<b>(5 240 629)</b>

# The Kgalagadi Relief Trust

(Registration number IT 2245/2006)

Annual Financial Statements for the year ended 28 February 2014

## Detailed Income Statement

	Note(s)	2014 R	2013 R
<b>Other income</b>			
Interest received	8	3 771 306	4 067 784
<b>Operating expenses</b>			
Administration and management fees		(410 400)	(410 400)
Auditors remuneration	11	(65 790)	(42 750)
Bank charges		(6 497)	(6 820)
Claim expenses		(5 000)	-
Communication costs		-	(11 870)
Computer expenses		(79)	(149)
Consulting and professional fees		(89 746)	(101 865)
Medical evaluation costs		(24 004)	(14 996)
Meeting expenses		(20 462)	(10 497)
Portfolio fees		(1 580)	(1 547)
Postage		(685)	(216)
Claimants transport expenses		(20 081)	-
Travel and accommodation		(41 225)	(20 637)
Trustee fees		(386 623)	(396 602)
		<b>(1 072 172)</b>	<b>(1 018 349)</b>
<b>Operating surplus</b>		<b>2 699 134</b>	<b>3 049 435</b>
Fair value adjustments	9	(6 024)	(22 332)
Social project expenses	10	(534 566)	(584 473)
		<b>(540 590)</b>	<b>(606 805)</b>
<b>Surplus for the year</b>		<b>2 158 544</b>	<b>2 442 630</b>