



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

# KGALAGADI RELIEF TRUST

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Annual Financial Statements for the year ended 28 February 2009

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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:

  
\_\_\_\_\_  
B.D.G. Gibson

  
\_\_\_\_\_  
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
		<u>9,285,409</u>	<u>7,211,853</u>
<b>Total Assets</b>		<u>9,285,409</u>	<u>7,211,853</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Founder's donation		<u>100</u>	<u>100</u>
<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
		<u>9,285,309</u>	<u>7,211,753</u>
<b>Total Equity and Liabilities</b>		<u>9,285,409</u>	<u>7,211,853</u>



# 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)
Operating deficit		(3,923,856)	(3,122,657)
Investment revenue		1,215,537	873,953
Interest expense		(133)	-
Deficit for the year		(2,708,452)	(2,248,704)



# 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			
Net expenses	-	2,248,704	2,248,704
Net income (expenses) recognised directly in equity	-	2,248,704	2,248,704
Deficit for the year	-	(2,248,704)	(2,248,704)
Total recognised income and expenses for the year	-	-	-
Total changes	-	-	-
<b>Balance at 01 March 2008</b>	<b>100</b>	<b>-</b>	<b>100</b>
Changes in equity			
Net expenses	-	2,708,452	2,708,452
Net income (expenses) recognised directly in equity	-	2,708,452	2,708,452
Deficit for the year	-	(2,708,452)	(2,708,452)
Total recognised income and expenses for the year	-	-	-
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

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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 accomodation		(20,836)	(45,756)
Trustees attendance fees		(342,240)	(224,474)
Work records scanning costs		-	(180,241)
		<u>(3,923,856)</u>	<u>(3,122,657)</u>

# 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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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>(2,708,452)</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	-
Normal tax	<u><u>-</u></u>