

**ASBESTOS RELIEF TRUST**  
(Registration number IT 1734/2003)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 29 FEBRUARY 2012**

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

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 29 February 2012

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Type of trust</b>	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
<b>Trustees</b>	P. Van Zyl (Chairperson) P. Camay J. Doidge J. De Bruyn Dr. I.P. Jood-Molaolwe
<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 Chartered Accountants (S.A.) Registered Auditor
<b>Trust registration number</b>	IT 1734/2003
<b>Tax reference number</b>	1534/291/14/9
<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 AUDITING South African Institute of Chartered Accountants
<b>Published</b>	30 July 2012

# Asbestos 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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## **Asbestos 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 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 24, which have been prepared on the going concern basis, were approved by the board of trustees on 30 July 2012 and were signed on its behalf by:

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**P. Van Zyl (Chairperson)**

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**P. Camay**

# Independent Auditors' Report

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To the trustees of Asbestos Relief Trust

## Report on the Financial Statements

We have audited the annual financial statements of Asbestos 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 21.

## 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 Asbestos 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**  
**30 July 2012**

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 29 February 2012

## Trustees' Report

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

### 1. Review of activities

#### Main business and operations

The primary object of the trust is 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 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 9 876 266 (2011: surplus R 17 381 169).

### 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.

### 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. Non-current assets

There were no major changes in the nature of the non-current assets of the trust during the year or in the policy relating to the use of non-current assets.

### 6. Trustees

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

<b>Name</b>	<b>Changes</b>
P. Van Zyl (Chairperson)	Appointed as Chairperson on 21 September 2011
P. Camay	
J. Doidge	
J. De Bruyn	
Dr. I.P. Jood-Molaolwe	Appointed 29 July 2011

### 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 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

*All payments made to beneficiaries are limited to the funds available for distribution as per the settlement accounts.*

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Trustees' Report

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### 8. Auditors

LUCRO AUDITING has been appointed as the auditor on 25 May 2012 and will continue in office for the next financial period.

### 9. Founders

*The founders of the trust are Gencor Limited, The Griqualand Exploration and Finance Company Limited and Msauli Asbes Beperk. The funds provided by the founders are detailed in note 7 of the financial statements.*

*The founders, in terms of a settlement agreement, have 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 claimant, 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 of 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 these assets represents income of 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.*

*The Gencor settlement account is specifically utilised by the Trustees to make awards to the following beneficiaries:*

*- All persons who have contracted an asbestos related disease with a lung function impairment who had occupational exposure to asbestos dust at the qualifying operations solely during the period 1965 to 1988 inclusive.*

*- All persons who have contracted an asbestos related disease with a lung function impairment who had environmental (non-occupational exposure) to asbestos dust in the vicinity of any of the qualifying operations and who have no prior history of any occupational exposure to asbestos dust at any time.*

*- All persons who have contracted mesothelioma or asbestos related lung cancer who had occupational exposure to asbestos dust at any time of the qualifying operations partly during 1965 to 1988 and partly outside this period.*

*- The dependants of persons who have died and a cause of death is mesothelioma or asbestos related lung cancer in circumstances where it is satisfied that the deceased had asbestos dust exposure at a qualifying operation or, as the case may be, environmental exposure to asbestos dust in the vicinity of any of the qualifying operations and who had no history of any occupational exposure to asbestos dust at any time.*

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 29 February 2012

## Statement of Financial Position

	Note(s)	2012 R	2011 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	5 759 417	6 181 087
Other financial assets	3	300 067 748	305 976 214
		<b>305 827 165</b>	<b>312 157 301</b>
<b>Current Assets</b>			
Trade and other receivables	4	1 614 657	828 311
Cash and cash equivalents	5	7 514 209	7 854 006
		<b>9 128 866</b>	<b>8 682 317</b>
<b>Total Assets</b>		<b>314 956 031</b>	<b>320 839 618</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Founders donation		300	300
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Funds available for distribution	6	307 908 600	309 681 255
<b>Current Liabilities</b>			
Trade and other payables	7	7 047 131	11 158 063
<b>Total Liabilities</b>		<b>314 955 731</b>	<b>320 839 318</b>
<b>Total Equity and Liabilities</b>		<b>314 956 031</b>	<b>320 839 618</b>

# Asbestos 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
Other income		1 875 610	11 255 733
Operating expenses		(8 847 572)	(11 025 957)
<b>Operating (deficit) surplus</b>	8	<b>(6 971 962)</b>	<b>229 776</b>
Investment revenue	9	17 205 350	17 782 469
Social Project Expenses	13	(355 194)	(376 504)
Finance costs	10	(1 928)	(254 572)
<b>Surplus for the year</b>		<b>9 876 266</b>	<b>17 381 169</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>9 876 266</b>	<b>17 381 169</b>

## Asbestos Relief Trust

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### Statement of Changes in Equity

	Founders donation R	Accumulated surplus R	Total equity R
<b>Balance at 01 March 2010</b>	<b>300</b>	-	<b>300</b>
Changes in equity			
Total comprehensive income for the year	-	17 381 169	17 381 169
Transfer of income surplus to funds available for distribution	-	(17 381 169)	(17 381 169)
Total changes	-	-	-
<b>Balance at 01 March 2011</b>	<b>300</b>	-	<b>300</b>
Changes in equity			
Total comprehensive income for the year	-	9 876 266	9 876 266
Transfer of income surplus to funds available for distribution	-	(9 876 266)	(9 876 266)
Total changes	-	-	-
<b>Balance at 29 February 2012</b>	<b>300</b>	-	<b>300</b>

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Statement of Cash Flows

	Note(s)	2012 R	2011 R
<b>Cash flows from operating activities</b>			
Cash used in operations	14	(12 370 050)	(6 469 392)
Finance costs		(1 928)	(254 572)
Transfer of income surplus to funds available for distribution		(9 876 268)	(17 381 169)
<b>Net cash from operating activities</b>		<b>(22 248 246)</b>	<b>(24 105 133)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(57 699)	(29 482)
Sale of property, plant and equipment	2	1 050	10 761
Purchase of financial assets		5 907 460	6 966 837
Net movement in financial assets		624 943	9 689 840
Interest Income		14 344 188	15 000 692
Dividends received		2 861 162	2 781 777
<b>Net cash from investing activities</b>		<b>23 681 104</b>	<b>34 420 425</b>
<b>Cash flows from financing activities</b>			
Net movement in funds available for distribution		(1 772 655)	(10 478 340)
<b>Net cash from financing activities</b>		<b>(1 772 655)</b>	<b>(10 478 340)</b>
<b>Total cash movement for the year</b>		<b>(339 797)</b>	<b>(163 048)</b>
Cash at the beginning of the year		7 854 006	8 017 054
<b>Total cash at end of the year</b>	5	<b>7 514 209</b>	<b>7 854 006</b>

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## 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, except for the changes set out in note 16 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Financial assets measured at cost and amortised cost

The trust assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the trust makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Impairment testing

The trust reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is only tested for impairment when there is an indicator of impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value of goodwill and tangible assets are inherently uncertain and could materially change over time.

##### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The trust recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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, which is as follows:

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## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Item	Average useful life
Buildings	20 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer equipment	3 years
Computer software	2 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

### 1.3 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.

### 1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

### 1.5 Impairment of assets

The trust assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the trust estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the trust also:

- tests goodwill, with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Accounting Policies

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### 1.5 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.6 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### 1.7 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the trust;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

### 1.8 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

# Asbestos Relief Trust

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## Notes to the Annual Financial Statements

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	6 657 680	(1 201 461)	5 456 219	6 657 680	(868 577)	5 789 103
Furniture and fixtures	372 032	(175 080)	196 952	368 912	(137 981)	230 931
Motor vehicles	151 285	(151 285)	-	151 285	(122 289)	28 996
Office equipment	119 978	(86 437)	33 541	114 837	(64 393)	50 444
Computer equipment	280 035	(208 296)	71 739	338 919	(279 710)	59 209
Computer software	538 527	(537 561)	966	540 847	(518 443)	22 404
<b>Total</b>	<b>8 119 537</b>	<b>(2 360 120)</b>	<b>5 759 417</b>	<b>8 172 480</b>	<b>(1 991 393)</b>	<b>6 181 087</b>

### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Buildings	5 789 103	-	(332 884)	5 456 219
Furniture and fixtures	230 931	3 120	(37 099)	196 952
Motor vehicles	28 996	-	(28 996)	-
Office equipment	50 444	5 141	(22 044)	33 541
Computer equipment	59 209	47 782	(35 252)	71 739
Computer software	22 404	1 656	(23 094)	966
	<b>6 181 087</b>	<b>57 699</b>	<b>(479 369)</b>	<b>5 759 417</b>

### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	6 121 987	-	-	(332 884)	5 789 103
Furniture and fixtures	263 956	6 498	(591)	(38 932)	230 931
Motor vehicles	59 254	-	-	(30 258)	28 996
Office equipment	71 132	-	-	(20 688)	50 444
Computer equipment	88 524	22 984	-	(52 299)	59 209
Computer software	59 572	-	-	(37 168)	22 404
	<b>6 664 425</b>	<b>29 482</b>	<b>(591)</b>	<b>(512 229)</b>	<b>6 181 087</b>

### Details of properties

#### Unit 1, Sherborne Square, Parktown

- Purchase price	6 214 000	6 214 000
- VAT portion not claimed	443 680	443 680
	<b>6 657 680</b>	<b>6 657 680</b>

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>3. Other financial assets</b>		
<b>At fair value</b>		
Investment Portfolio - Taquanta Asset Managers	145 960 877	151 290 444
Investment Portfolio - Prescient Investment Management	138 160 038	147 651 354
Investment Portfolio - Investec Bank Limited	15 946 833	7 034 416
	<b>300 067 748</b>	<b>305 976 214</b>
<b>Non-current assets</b>		
At fair value	300 067 748	305 976 214
The fair values of listed or quoted investments are based on the quoted market price at reporting period date.		
<b>Taquanta</b>		
Domestic Equities	23 635 038	25 585 397
Fixed interest investments	5 728 105	13 204 200
Cash investments	116 597 734	112 500 847
	<b>145 960 877</b>	<b>151 290 444</b>
<b>Prescient</b>		
Domestic Equities	80 656 436	84 120 085
Fixed interest investments	15 171 908	15 676 582
Cash investments	42 331 695	47 854 687
	<b>138 160 039</b>	<b>147 651 354</b>
<b>Investec</b>		
Cash investments	15 946 833	7 034 416
<b>4. Trade and other receivables</b>		
Trade receivables	1 069 750	-
Employee costs in advance	-	25 844
Deposits	37 315	7 000
VAT	328 116	311 967
Accrued income	47 370	261 137
KRT receivables	132 106	222 363
	<b>1 614 657</b>	<b>828 311</b>

The trust is currently objecting to the disallowance of VAT on the purchase of the building to the value of R 426,280 and the Trustees believe a favourable outcome will be obtained.

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	698	1 519
Bank balances	136 679	51 614
Corporate Saver Accounts	7 376 832	7 800 873
	<b>7 514 209</b>	<b>7 854 006</b>
<b>6. Funds available for distribution</b>		
Gencor settlement fund	(306 898 697)	(309 397 645)
Msauli settlement fund	(1 009 903)	(283 610)
	<b>(307 908 600)</b>	<b>(309 681 255)</b>
<b>Gencor settlement fund</b>		
Opening balance	309 397 645	319 760 928
Net surplus/(deficit) for the period	10 099 988	17 157 832
Claims paid	(17 191 209)	(24 793 270)
Transfer to claims payable	(6 414 951)	(9 915 490)
Reversal of prior year claims payable	9 915 490	7 529 690
Recovery of funds assigned to Social Projects Grants to settle Gefco deficit	1 442 364	29 621
Social Project Grants	(350 630)	(371 666)
	<b>306 898 697</b>	<b>309 397 645</b>
<b>Gefco settlement fund</b>		
Contributions received from the Founder	1 461 140	1 461 140
Refund to recover funds assigned to Social Project Grants	(1 461 140)	(1 461 140)
Claims paid	52 460	-
Transfer to claims payable	138 512	190 972
Reversal of prior year claims payable	(190 972)	(190 972)
	-	-
<b>Msauli settlement fund</b>		
Opening Balance	283 610	398 667
Net surplus/(deficit) for the period	131 474	223 338
Claims paid	(214 711)	(703 626)
Transfer to claims payable	(122 950)	(337 661)
Reversal of prior year claims payable	337 661	707 551
Contribution received from Founder	580 608	-
Recovery of funds assigned to Social Projects Grants to settle Gefco deficit	18 775	176
Social Project Grants	(4 564)	(4 835)
	<b>1 009 903</b>	<b>283 610</b>

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Annual Financial Statements for the year ended 29 February 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>7. Trade and other payables</b>		
Trade payables	153 143	-
Payroll Accruals	133 839	103 425
Audit fee accrual	-	212 040
Claims payable	6 676 413	10 444 123
Accrued expenses	48 829	391 673
Deposits received	34 907	6 802
	<b>7 047 131</b>	<b>11 158 063</b>
<b>8. Operating (deficit) surplus</b>		
Operating (deficit) surplus for the year is stated after accounting for the following:		
Surplus on sale of property, plant and equipment	1 050	10 170
Surplus on sale of other financial assets	623 937	9 689 840
Depreciation on property, plant and equipment	479 369	512 230
Employee costs	3 763 904	4 231 667
<b>9. Investment revenue</b>		
<b>Dividend revenue</b>		
Investment Portfolio - Taquanta Asset Managers	723 107	531 550
Investment Portfolio - Prescient Investment Management	2 138 055	2 250 227
	<b>2 861 162</b>	<b>2 781 777</b>
<b>Interest revenue</b>		
Investment Portfolio - Taquanta Asset Managers	8 170 388	8 686 155
Investment Portfolio - Prescient Investment Management	3 791 862	4 182 450
Investment Portfolio - Investec Bank Limited	812 552	1 686 860
Interest earned - Corporate Saver Accounts	399 907	445 014
S24J Interest - Taquanta	1 168 157	213
Other interest	1 322	-
	<b>14 344 188</b>	<b>15 000 692</b>
	<b>17 205 350</b>	<b>17 782 469</b>
<b>10. Finance costs</b>		
Late payment of tax	1 928	-
S24J Interest - Prescient	-	254 572
	<b>1 928</b>	<b>254 572</b>
<b>11. Taxation</b>		
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.		

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>12. Auditors' remuneration</b>		
Fees	-	212 040
<i>No provision has been made for audit fees in the current period due to the changes in accounting requirements. Audit fees will be accounted for in the period that they are paid.</i>		
<b>13. Social Projects</b>		
<b>Project expenses/(refunds)</b>		
Kuruman Palliative Care Nurse Project (KPCNP)	234 809	222 518
Asbestos Interest Group (AIG)	105 000	90 000
Asbestos Co-ordinating Committee of Kgalagadi (ACCK)	(30 000)	19 822
Cancer Charity Workers (CCW)	12 000	6 750
Supedi Maths Project (SMP)	-	36 100
Asbestos History Book	9 576	-
Neil White Memorial Fund	23 809	-
Other Grants	-	1 314
	<b>355 194</b>	<b>376 504</b>
<b>14. Cash used in operations</b>		
Surplus before taxation	9 876 266	17 381 169
<b>Adjustments for:</b>		
Depreciation and amortisation	479 369	512 230
Surplus on sale of assets	(624 987)	(9 700 010)
Dividends received	(2 861 162)	(2 781 777)
Interest received	(14 344 188)	(15 000 692)
Finance costs	1 928	254 572
<b>Changes in working capital:</b>		
Trade and other receivables	(786 346)	1 238 645
Trade and other payables	(4 110 930)	1 626 471
	<b>(12 370 050)</b>	<b>(6 469 392)</b>

### 15. Contingencies

Litigation is in the process against the trust relating to a dispute with a family member of a previous claimant (estate) of the trust, who alleges that the trust has broken an oral agreement with him/her, by paying out the claim to a different family member and is seeking damages of R 161,400. The trust's lawyers and management consider the likelihood of the action against the trust being successful as unlikely, and the case should be resolved within the next year.

### 16. First-time adoption of the International Financial Reporting Standards for Small and Medium-sized Entities.

The trust has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2012 year end. On principle this standard has been applied retrospectively and the 2011 comparatives contained in these annual financial statements differ from those published in the annual financial statements published for the year ended 28 February 2011. The standard gives certain mandatory exemptions from this principle, and certain optional exemptions which have been detailed below. All adjustments were made to the opening comparative statement of financial position.

### 17. Comparative figures

Certain comparative figures have been reclassified.

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Notes to the Annual Financial Statements

	2012	2011
	R	R

### 18. Risk management

#### Financial risk management

The trust's activities expose it to a variety of financial risks: price risk, inflation risk, liquidity risk and credit risk.

#### Price risk

The trust is exposed to equity securities price risk because of investments held by the trust and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The trust is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the trust diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the trust.

#### Analysis of price risk

##### Investments

##### Sector composition of quoted equity securities:

Oil & Gas	6 607 522	6 914 224
Basic materials	40 778 502	47 081 209
Industrials	2 914 889	2 940 968
Consumer goods	18 315 940	15 310 377
Health care	751 054	611 437
Consumer services	6 690 932	6 263 132
Telecommunications	7 325 942	8 383 901
Technology	50 792	145 965
Fixed interest Investments	1 983 020	6 009 438
Inflation linked investments	14 165 576	22 871 344
Financial	21 033 359	22 054 268
	<b>120 617 528</b>	<b>138 586 263</b>

The table below summarises the sensitivity of the trust's income for the year as a result of market fluctuations on the assumption that market prices increase or decrease by 1% with all other variables held constant:

	2012	2012
	1% increase	1% decrease
Impact on income for the year	1 206 175	(1 206 175)
	<b>1 206 175</b>	<b>(1 206 175)</b>

#### Inflation risk

The trust is exposed to Inflation risk due to changes in the market values of its investments which are inflation linked.

#### Analysis of inflation risk

Inflation linked investments	14 165 576	22 871 344
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The table below summarises the sensitivity of the trust's income for the year as a result of market fluctuations on the assumption that inflation rate linked investments increase or decrease by 1% with all other variables held constant:

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 29 February 2012

## Notes to the Annual Financial Statements

	2012	2011
	R	R

### 18. Risk management (continued)

	2012 1% increase	2012 1% decrease
Impact on income for the year	141 656	(141 656)
	<b>141 656</b>	<b>(141 656)</b>

### Liquidity risk

Liquidity risk is the risk that the trust will not be able to meet its financial obligations as they fall due. The trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risk of damaging the trust's reputation.

The trust monitors its exposure to liquidity risk using projected cash flows from operations. The trust's exposure to liquidity risk is not material.

#### At 29 February 2012

	1 year	2-5 years	Over 5 years	Total
Money Market	106 263 005	-	-	106 263 005
Cash at bank and on call	75 950 011	-	-	75 950 011
	<b>182 213 016</b>	-	-	<b>182 213 016</b>

#### At 28 February 2011

	1 year	2-5 years	Over 5 years	Total
Money Market	108 785 091	-	-	108 785 091
Cash at bank and on call	66 458 866	-	-	66 458 866
	<b>175 243 957</b>	-	-	<b>175 243 957</b>

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The trust only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade and other receivables:

The trust's exposure to credit risk is limited as there are minimal trade activities or services rendered to third parties.

#### Trade and other receivables at fair value:

Trade and other receivables	16 146 557	828 311
	<b>16 146 557</b>	<b>828 311</b>

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

## Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 29 February 2012

### Notes to the Annual Financial Statements

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	2012	2011
	R	R

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**18. Risk management (continued)**

**Total exposure to credit risk**

Trade and other receivables	1 614 657	828 311
Cash and cash equivalents	7 514 210	7 854 005
Cash investments	174 698 856	167 389 952
	<b>183 827 723</b>	<b>176 072 268</b>

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Impairment losses:

Based on past experience and present assessments the trust believes that no impairment is necessary in respect of accounts receivable.

**Non-derivative financial liabilities:**

Approved claims payable	6 676 413	10 444 123
Trade and other payables	370 719	713 941
	<b>7 047 132</b>	<b>11 158 064</b>

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# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 29 February 2012

## Detailed Income Statement

	Note(s)	2012 R	2011 R
<b>Other income</b>			
Administration and management fees received		480 000	797 750
Dividend revenue	9	2 861 162	2 781 777
Gains on disposal of assets		624 987	9 700 010
Interest received	9	14 344 188	15 000 692
Other income		21 687	380 792
Rental income		229 737	-
SARS refund		-	677
Sundry income - Athlone Power Station		53 470	-
Sundry income - SIMRAC Project		276 729	-
Sundry income - Social Projects		-	376 504
Sundry income - Richard Spoor Attorney		189 000	-
		<b>19 080 960</b>	<b>29 038 202</b>
<b>Expenses (Refer to page 23)</b>		<b>(8 847 572)</b>	<b>(11 025 957)</b>
<b>Operating surplus</b>	8	<b>10 233 388</b>	<b>18 012 245</b>
Finance costs	10	(1 928)	(254 572)
Social Project Expenses	13	(355 194)	(376 504)
		<b>(357 122)</b>	<b>(631 076)</b>
<b>Surplus for the year</b>		<b>9 876 266</b>	<b>17 381 169</b>

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 29 February 2012

## Detailed Income Statement

	Note(s)	2012 R	2011 R
<b>Operating expenses</b>			
Auditors' remuneration	12	-	(212 040)
Bank charges		(7 743)	(13 896)
Claim Processing & Related Expenses		(326 345)	(1 171 749)
Communication Expenses		(24 503)	(96 899)
Computer expenses & Database Maintenance		(416 949)	(533 151)
Depreciation, amortisation and impairments		(479 369)	(512 230)
Employee costs		(3 763 904)	(4 231 667)
Equipment rental & Related expenses		(48 635)	(111 336)
Insurance		(60 949)	(71 138)
Legal Fees		1 219	(3 575)
Medical Evaluation expenses		(293 016)	(596 249)
Meeting expenses		(21 070)	(27 497)
Motor vehicle expenses		-	(11 318)
Portfolio expenses		(1 496 470)	(1 538 293)
Postage & Courier charges		(27 751)	(56 037)
Printing and stationery		(21 801)	(21 449)
Professional Membership Fees		(14 662)	-
Professional fees - Actuarial fees		(26 505)	(26 448)
Professional fees - Administration fees		(22 850)	(25 950)
Professional fees - Consulting fees		(20 280)	(41 216)
Professional fees - Labour relations		(1 231)	(1 119)
Professional fees - Other		(14 204)	(18 957)
Rental & related expenses		(614 366)	(485 505)
Repairs and maintenance		(16 594)	(18 693)
Seminars & Conferences		-	(5 554)
Subscriptions		(2 196)	(12 816)
Sundry expenses		(5 130)	(400)
Telephone and fax		(101 273)	(119 355)
Travel and Accommodation		(132 670)	(168 088)
Trustee fees		(668 483)	(657 189)
Trustee Consulting Fees		(73 889)	(90 387)
Trustee Management fees		(145 953)	(145 756)
		<b>(8 847 572)</b>	<b>(11 025 957)</b>

## Asbestos Relief Trust

(Registration number IT 1734/2003)

Financial Statements for the year ended 29 February 2012

### Tax Computation

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	<b>R</b>
Net income per income statement	9 876 266
<b>Non-deductable/Non taxable items</b>	
Dividends received	(2 861 162)
Unrealised profit on investments	(28 043 404)
Interest and penalties on late payment of tax	1 928
Non-deductable loss	20 693 488
	<u>(10 209 150)</u>
<b>Temporary differences</b>	
Depreciation - Building	332 884
<b>Taxable income</b>	<u>-</u>
	<u>-</u>
<b>Tax thereon @ 40%</b>	<u>-</u>