

**ASBESTOS RELIEF TRUST**  
(Registration number IT 1734/2003)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2013**

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

## 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 PLC 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 CONSULTING (RANDBURG) (PTY) LTD South African Institute of Public Accountants
<b>Published</b>	20 August 2013

# Asbestos Relief Trust

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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 judgements 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 2014 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 22, which have been prepared on the going concern basis, were approved by the board of trustees on 20 August 2013 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 28 February 2013, 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 20.

### 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 28 February 2013, 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 Companies Act 71 of 2008.

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

**Fourways**  
**20 August 2013**

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

## Trustees' Report

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The trustees submit their report for the year ended 28 February 2013.

### 1. Review of activities

#### Main business and operations

The trust is engaged in 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.

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 11 030 881 (2012: R 9 876 266)

### 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.

Funds available for distribution are expected to be utilised by year 2028, at which point the trust will close down.

### 3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

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

### 5. Non-current assets

There were no major changes in the nature of the non-current assets of the company 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:

Name

P. Van Zyl (Chairperson)

P. Camay

J. Doidge

J. De Bruyn

Dr. I.P. Jood-Molaolwe

### 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 28 February 2013

## Trustees' Report

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### 8. Auditors

LUCRO AUDITING PLC 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 3 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 28 February 2013

## Statement of Financial Position

	Note(s)	2013 R	2012 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	4 891 297	5 759 417
Other financial assets	4	292 026 091	300 067 748
		<b>296 917 388</b>	<b>305 827 165</b>
<b>Current Assets</b>			
Trade and other receivables	5	1 531 950	1 614 657
Cash and cash equivalents	6	14 707 659	7 514 209
		<b>16 239 609</b>	<b>9 128 866</b>
<b>Total Assets</b>		<b>313 156 997</b>	<b>314 956 031</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital		300	300
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Funds available for distribution	3	305 443 879	307 908 600
<b>Current Liabilities</b>			
Trade and other payables	7	7 557 049	6 913 290
Provisions		155 769	133 841
		<b>7 712 818</b>	<b>7 047 131</b>
<b>Total Liabilities</b>		<b>313 156 697</b>	<b>314 955 731</b>
<b>Total Equity and Liabilities</b>		<b>313 156 997</b>	<b>314 956 031</b>

## Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

### Statement of Comprehensive Income

	Note(s)	2013 R	2012 R
Revenue	8	262 560	229 737
Other income		2 799 111	1 645 873
Operating expenses		(8 155 054)	(8 847 572)
<b>Operating (deficit) surplus</b>	9	<b>(5 093 383)</b>	<b>(6 971 962)</b>
Investment revenue	10	16 763 860	17 205 350
Social project expenses		(562 935)	(355 194)
Finance costs	11	(76 661)	(1 928)
<b>Surplus for the year</b>		<b>11 030 881</b>	<b>9 876 266</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>11 030 881</b>	<b>9 876 266</b>

## Asbestos Relief Trust

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Annual Financial Statements for the year ended 28 February 2013

### Statement of Changes in Equity

	Trust capital	Accumulated surplus	Total equity
	R	R	R
<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 capital surplus to trust capital	-	(9 876 266)	(9 876 266)
Total changes	-	-	-
<b>Balance at 01 March 2012</b>	<b>300</b>	-	<b>300</b>
Changes in equity			
Total comprehensive income for the year	-	11 030 881	11 030 881
Transfer of capital surplus to trust capital	-	(11 030 881)	(11 030 881)
Total changes	-	-	-
<b>Balance at 28 February 2013</b>	<b>300</b>	-	<b>300</b>

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

## Statement Of Cash Flows

	Note(s)	2013 R	2012 R
<b>Cash flows from operating activities</b>			
Cash used in operations	15	(6 029 835)	(12 370 050)
Interest income		13 598 320	14 344 188
Finance costs		(76 661)	(1 928)
Transfer of income surplus to funds available for distribution		(11 030 881)	(9 876 268)
<b>Net cash from operating activities</b>		<b>(3 539 057)</b>	<b>(7 904 058)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(7 444)	(57 699)
Sale of property, plant and equipment	2	445	1 050
Purchase of financial assets		-	5 907 460
Sale of financial assets		9 595 007	624 943
Recoupment of Vat		443 680	-
Dividends received		3 165 540	2 861 162
<b>Net cash from investing activities</b>		<b>13 197 228</b>	<b>9 336 916</b>
<b>Cash flows from financing activities</b>			
Repayment of beneficiary loan		(2 464 721)	(1 772 655)
<b>Net cash from financing activities</b>		<b>(2 464 721)</b>	<b>(1 772 655)</b>
<b>Total cash movement for the year</b>		<b>7 193 450</b>	<b>(339 797)</b>
Cash at the beginning of the year		7 514 209	7 854 006
<b>Total cash at end of the year</b>	6	<b>14 707 659</b>	<b>7 514 209</b>

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

## 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 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 in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

##### 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.

# Asbestos Relief Trust

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## Accounting Policies

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### 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:

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.

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

## Accounting Policies

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### 1.4 Leases (continued)

#### 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.

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

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

### Notes to the Annual Financial Statements

	2013			2012		
	R			R		
<b>2. Property, plant and equipment</b>						
	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1 331 536	-	1 331 536	1 331 536	-	1 331 536
Buildings	4 882 464	(1 534 345)	3 348 119	5 326 144	(1 201 461)	4 124 683
Furniture and fixtures	375 059	(212 308)	162 751	372 032	(175 080)	196 952
Motor vehicles	151 285	(151 285)	-	151 285	(151 285)	-
Office equipment	121 978	(108 270)	13 708	119 978	(86 437)	33 541
IT equipment	280 808	(245 763)	35 045	280 035	(208 296)	71 739
Computer software	538 527	(538 389)	138	538 527	(537 561)	966
<b>Total</b>	<b>7 681 657</b>	<b>(2 790 360)</b>	<b>4 891 297</b>	<b>8 119 537</b>	<b>(2 360 120)</b>	<b>5 759 417</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Recoupment of Vat	Depreciation	Total
Land	1 331 536	-	-	-	-	1 331 536
Buildings	4 124 683	-	-	(443 680)	(332 884)	3 348 119
Furniture and fixtures	196 952	3 027	-	-	(37 228)	162 751
Office equipment	33 541	2 000	-	-	(21 833)	13 708
IT equipment	71 739	2 417	(1 398)	-	(37 713)	35 045
Computer software	966	-	-	-	(828)	138
	<b>5 759 417</b>	<b>7 444</b>	<b>(1 398)</b>	<b>(443 680)</b>	<b>(430 486)</b>	<b>4 891 297</b>

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

	Opening balance	Additions	Depreciation	Total
Land	1 331 536	-	-	1 331 536
Buildings	4 457 567	-	(332 884)	4 124 683
Furniture and fixtures	230 931	3 120	(37 099)	196 952
Motor vehicles	28 996	-	(28 996)	-
Office equipment	50 444	5 140	(22 043)	33 541
IT equipment	59 209	47 782	(35 252)	71 739
Computer software	22 404	1 657	(23 095)	966
	<b>6 181 087</b>	<b>57 699</b>	<b>(479 369)</b>	<b>5 759 417</b>

#### Details of properties

##### Unit 1, Sherborne Square, Parktown

Terms and conditions

- Purchase price: 30 June 2008

- Vat portion not claimed

6 214 000      6 214 000  
-      443 680

**6 214 000      6 657 680**

# Asbestos Relief Trust

(Registration number IT 1734/2003)

Annual Financial Statements for the year ended 28 February 2013

## Notes to the Annual Financial Statements

	2013 R	2012 R
<b>3. Funds available for distribution</b>		
Gencor settlement fund	(302 218 607)	(306 898 697)
Gefco settlement fund	(2 102 358)	-
Msauli settlement fund	(1 122 914)	(1 009 903)
	<b>(305 443 879)</b>	<b>(307 908 600)</b>
<b>Gencor settlement fund</b>		
Opening balance	306 898 697	309 397 645
Net surplus/(deficit) for the period	11 299 446	10 099 988
Claims paid	(15 348 818)	(17 191 209)
Transfer to claims payable	(7 262 580)	(6 414 951)
Reversal of prior year claims payable	6 414 951	9 915 490
Recovery of funds assigned to Social Projects Grants to settle Gefco deficit	772 612	1 442 364
Social Project Grants	(555 701)	(350 630)
	<b>302 218 607</b>	<b>306 898 697</b>
<b>Gefco settlement fund</b>		
Contributions received from the Founder	2 739 638	1 461 140
Net surplus/(deficit) for the period	145 390	-
Refund to recover funds assigned to Social Project Grants	(782 670)	(1 461 140)
Claims paid	(19 807)	52 460
Transfer to claims payable	(118 705)	138 512
Reversal of prior year claims payable	138 512	(190 972)
	<b>2 102 358</b>	<b>-</b>
<b>Msauli settlement fund</b>		
Opening Balance	1 009 903	283 610
Net surplus/(deficit) for the period	148 980	131 474
Claims paid	(104 091)	(214 711)
Transfer to claims payable	(57 651)	(122 950)
Reversal of prior year claims payable	122 950	337 661
Contribution received from Founder	-	580 608
Recovery of funds assigned to Social Projects Grants to settle Gefco deficit	10 057	18 775
Social Project Grants	(7 234)	(4 564)
	<b>1 122 914</b>	<b>1 009 903</b>
<b>4. Other financial assets</b>		
<b>At fair value</b>		
Investment portfolio - Taquanta Asset Managers	142 976 980	145 960 877
Investment Portfolio - Prescient Investment Management	136 735 746	138 160 038
Investment Portfolio - Investec Bank Limited	12 313 365	15 946 833
	<b>292 026 091</b>	<b>300 067 748</b>
<b>Non-current assets</b>		
At fair value	292 026 091	300 067 748

# Asbestos Relief Trust

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## Notes to the Annual Financial Statements

	2013 R	2012 R
<b>4. Other financial assets (continued)</b>		
The fair values of listed or quoted investments are based on the quoted market price at reporting period date.		
<b>Taquanta Asset Managers</b>		
Domestic Equities	22 070 806	23 635 038
Fixed interest investments	6 418 819	5 728 105
Cash investments	114 487 354	116 597 734
	<b>142 976 979</b>	<b>145 960 877</b>
<b>Prescient Investment Management</b>		
Domestic Equities	65 970 228	80 656 436
Fixed interest investments	25 537 807	15 171 908
Cash investments	45 227 710	42 331 695
	<b>136 735 745</b>	<b>138 160 039</b>
<b>Investec</b>		
Cash investments	12 313 365	15 946 833
<b>5. Trade and other receivables</b>		
Trade receivables	1 354 347	1 069 750
Deposits	37 315	37 315
VAT	20 371	328 116
Accrued income	39 150	47 370
KRT Receivables	4 106	132 106
Interest Receivable- SARS	76 661	-
	<b>1 531 950</b>	<b>1 614 657</b>
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	36	698
Bank balances	918 182	136 679
Other cash and cash equivalents	13 789 441	7 376 832
	<b>14 707 659</b>	<b>7 514 209</b>
<b>7. Trade and other payables</b>		
Trade payables	77 313	153 141
Claims Payable	7 438 936	6 676 413
Accrued Expenses	12 695	48 829
Deposits received	28 105	34 907
	<b>7 557 049</b>	<b>6 913 290</b>
<b>8. Revenue</b>		
Rental Income	262 560	229 737

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## Notes to the Annual Financial Statements

	2013 R	2012 R
<b>9. Operating (deficit) surplus</b>		
Operating (deficit) surplus for the year is stated after accounting for the following:		
(Deficit) surplus on sale of property, plant and equipment	(953)	1 050
Surplus on sale of other financial assets	1 553 350	623 937
Depreciation on property, plant and equipment	430 486	479 369
Employee costs	3 466 311	3 763 904
	<b>3 446 194</b>	<b>5 827 260</b>
<b>10. Investment revenue</b>		
<b>Dividend revenue</b>		
Investment Portfolio - Taquanta Asset Managers	790 127	723 107
Investment Portfolio - Prescient Investment Management	2 375 413	2 138 055
	<b>3 165 540</b>	<b>2 861 162</b>
<b>Interest revenue</b>		
Investment Portfolio - Taquanta Asset Managers	8 071 929	8 170 388
Investment Portfolio - Prescient Investment Management	3 475 398	3 791 862
Investment Portfolio - Investec Bank Limited	839 203	812 552
Interest earned - Corporate Saver Accounts	372 079	399 907
Sars interest recovered	76 661	-
S24J Interest - Taquanta	756 781	1 168 157
Other interest	6 269	1 322
	<b>13 598 320</b>	<b>14 344 188</b>
	<b>16 763 860</b>	<b>17 205 350</b>
<b>11. Finance costs</b>		
Sars interest and penalties	76 661	1 928
	<b>76 661</b>	<b>1 928</b>
<b>12. Taxation</b>		
<i>No provision has been made for 2013 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. Auditors' remuneration</b>		
Fees	153 900	-
	<b>153 900</b>	<b>-</b>
<b>14. Social Project Expenses</b>		
<b>Project expenses/(refunds)</b>		
Kuruman Palliative Care Nurse Project (KPCNP)	206 535	234 809
Asbestos Interest Group (AIG)	105 000	105 000
Asbestos Co-ordinating Committee of Kgalagadi (ACCK)	-	(30 000)
Cancer Charity Workers (CCW)	12 000	12 000
Asbestos History Book	-	9 576
Neil White Memorial Fund	-	23 809
Mesothelioma Incidence Near Kuruman Study (MINKS)	239 400	-
	<b>562 935</b>	<b>355 194</b>

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## Notes to the Annual Financial Statements

	2013 R	2012 R
<b>15. Cash used in operations</b>		
Surplus before taxation	11 030 881	9 876 266
<b>Adjustments for:</b>		
Depreciation and amortisation	430 486	479 369
Surplus on sale of assets	(1 552 397)	(624 987)
Dividends received	(3 165 540)	(2 861 162)
Interest received	(13 598 320)	(14 344 188)
Finance costs	76 661	1 928
Movements in provisions	21 928	-
<b>Changes in working capital:</b>		
Trade and other receivables	82 707	(786 346)
Trade and other payables	643 759	(4 110 930)
	<b>(6 029 835)</b>	<b>(12 370 050)</b>

## 16. Contingencies

Litigation is in 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 has to date not been pursued further by the family.

## 17. Comparative figures

Certain comparative figures have been reclassified.

### Statement of Financial Position

Land	-	1 331 536
Building	-	4 124 683

## 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.

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 28 February 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	R
<b>18. Risk management (continued)</b>		
<b>Analysis of price risk</b>		
<b>Investments</b>		
<b>Sector composition of quoted equity securities:</b>		
Oil & Gas	4 959 217	6 607 522
Basic materials	30 608 787	40 778 502
Industrials	2 871 088	2 914 889
Consumer goods	17 655 578	18 315 940
Health care	1 099 760	751 054
Consumer services	6 711 359	6 690 932
Telecommunications	7 184 407	7 325 942
Technology	-	50 792
Fixed interest Investments	-	1 983 020
Inflation linked investments	-	14 165 576
Financial	16 950 840	21 033 359
	<b>88 041 036</b>	<b>120 617 528</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:

	2013	2013
	1% increase	1% decrease
Impact on income for the year	880 410	(880 410)
	<b>880 410</b>	<b>(880 410)</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	29 876 220	14 165 576
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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:

	2013	2013
	1% increase	1% decrease
Impact on income for the year	298 762	(298 762)
	<b>298 762</b>	<b>(298 762)</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.

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 28 February 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	R

### 18. Risk management (continued)

At 28 February 2013	1 year	2-5 years	Over 5 years	Total
Money Market	90 778 992	-	-	90 778 992
Cash at bank and on call	53 682 217	-	-	53 682 217
	<b>144 461 209</b>	-	-	<b>144 461 209</b>

  

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>

#### 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	1 531 951	1 614 657
	<b>1 531 951</b>	<b>1 614 657</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:

#### Total exposure to credit risk

Trade and other receivables	1 531 951	1 614 657
Cash and cash equivalents	14 707 659	7 514 210
Cash investments	144 461 209	174 698 856
	<b>160 700 819</b>	<b>183 827 723</b>

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	7 438 936	6 676 413
Trade and other payables	118 113	370 719
	<b>7 557 049</b>	<b>7 047 132</b>

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 28 February 2013

## Detailed Income Statement

	Note(s)	2013 R	2012 R
<b>Revenue</b>			
Rental Income		262 560	229 737
<b>Other income</b>			
Administration and management fees received		360 000	480 000
Dividend revenue	10	3 165 540	2 861 162
Gains on disposal of assets		1 553 350	624 987
Interest received	10	13 598 320	14 344 188
Other income		161 335	21 687
Sundry income - Athlone Power Station		-	53 470
Sundry income - Silicosis Project		384 350	189 000
Sundry income - SIMRAC Project		340 076	276 729
		<b>19 562 971</b>	<b>18 851 223</b>
<b>Expenses (Refer to page 22)</b>		<b>(8 155 054)</b>	<b>(8 847 572)</b>
<b>Operating surplus</b>	9	<b>11 670 477</b>	<b>10 233 388</b>
Finance costs	11	(76 661)	(1 928)
Social project expenses		(562 935)	(355 194)
		<b>(639 596)</b>	<b>(357 122)</b>
<b>Surplus for the year</b>		<b>11 030 881</b>	<b>9 876 266</b>

# Asbestos Relief Trust

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Annual Financial Statements for the year ended 28 February 2013

## Detailed Income Statement

	Note(s)	2013 R	2012 R
<b>Operating expenses</b>			
Auditors' remuneration	13	(153 900)	-
Bad debts		(660)	-
Bank charges		(7 342)	(7 743)
Claim processing and related expenses		(98 635)	(326 345)
Communications expenses		(19 497)	(24 503)
Computer expenses and database maintenance		(283 353)	(416 949)
Depreciation, amortisation and impairments		(430 486)	(479 369)
Employee costs		(3 466 311)	(3 763 904)
Equipment rental and related expenses		(36 916)	(48 635)
Insurance		(63 113)	(60 949)
Legal expenses		(73 268)	1 219
Loss on disposal of assets		(953)	-
Medical evaluation expenses		(216 369)	(293 016)
Meeting expenses		(71 649)	(21 070)
Portfolio expenses		(1 449 528)	(1 496 470)
Postage and courier charges		(15 369)	(27 751)
Printing and stationery		(20 623)	(21 801)
Professional membership Fees		(14 050)	(14 662)
Professional fees - Actuarial fees		(41 268)	(26 505)
Professional fees - Administration fees		(22 761)	(22 850)
Professional fees - Consulting fees		-	(20 280)
Professional fees - Labour relations		(1 343)	(1 231)
Professional fees - Other		(39 188)	(14 204)
Rental and related expenses		(426 509)	(614 366)
Repairs and maintenance		(10 123)	(16 594)
Seminars and conferences		(30 003)	-
Subscriptions		(2 438)	(2 196)
Sundry expenses		(2 330)	(5 130)
Telephone and fax		(97 239)	(101 273)
Travel and accomadation		(173 847)	(132 670)
Trustee consulting fees		(83 617)	(73 889)
Trustee fees		(658 675)	(668 483)
Trustee management fees		(143 691)	(145 953)
		<b>(8 155 054)</b>	<b>(8 847 572)</b>