

**The South Deep Education Trust**  
(Registration no. IT 2711/2010)

**Financial Statements**  
**for the year ended 29 February 2016**

## **Trustees' Responsibility and Approval**

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of the affairs of The South Deep Educational Trust ("trust") as at 29 February 2016 and the result of its operation and cash flows for the year then ended, in conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The 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 judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established for 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 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 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 cash flow forecast for the period ended 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the trust has access to adequate resources to continue in operational existence for the foreseeable future.

Although the trustees are primarily responsible for the financial affairs of the trust, they are supported by the trust's external auditors.

The external auditors are responsible for independently reviewing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditors and their report is presented on page 3.

## **Approval of the financial statements**

The financial statements of The South Deep Education Trust, set out on pages 5 to 17, were approved by the trustees on 16 August 2017 and are signed on their behalf by

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**Chairperson**

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**Treasurer**

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**Secretary**

**THE SOUTH DEEP EDUCATION TRUST**

(Registration no. IT 2711/2010)

Financial Statements for the year ended 29 February 2016

**GENERAL INFORMATION**

Country of incorporation and domicile	South Africa
Type of the trust	Discretionary
Registered office	150 Helen Road Sandown Sandton 2146
Postal address	705 Salmon Grove Chambers 407 Anton Lembede Street Durban 4001
Bankers	The Standard Bank of South Africa Limited
Auditors	KPMG Inc Chartered Accountants (S.A) Registered Auditors
Trust registration number	IT 2711/2010
Tax reference number	3834903159
Level of assurance	These financial statements have been audited
Preparer	The financial statements were independently compiled by Licksman Accounting Services

## INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

	<b><u>Page</u></b>
Trustees' Report	1-2
Report of the Independent Auditors	3-4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Accounting policies	9-12
Notes to the financial statements	13-16
Detailed statement of profit or loss and other income - unaudited	17

## Trustees' Report

The trustees have pleasure in presenting their report for the year ended 29 February 2016.

### 1. The trust

The objective of the trust shall be to produce and utilise donations and other accruals to the trust for payment to or on behalf of anyone or more of the beneficiaries of the trust for:

- Projects which are geared towards EDUCATION development;
- The promotion of education based projects related to shelf help, poverty alleviation, empowerment and capacity building;
- Provision of training or to support or assist emerging micro enterprises;
- Provision of training, support or assistance to education based projects and
- Provisions of funding to charitable organisations which have similar objectives to those of the trust.

The trust deed was executed on 6 October 2010 for this purpose. The trust deed has been amended by a supplementary notarial deed dated 07 July 2014.

#### *Founding contribution*

GFI Mining South Africa (Pty) Ltd made an irrevocable donation of R100 to the trust.

In addition, Gold Fields Operations Ltd and GFI Joint Venture Holdings (Pty) Ltd have made a donation to the trust of the education Trust 'B' Shares Subscription Price and GFI Mining South Africa (Pty) Ltd have made a donation to the trust of the education Trust Transformation Shares Subscription Price respectively.

-The provision of benefits by the trust to Non-Public benefit organisations who carry on one or more of the activities set out above, in respect of which only distributions income may be applied.

The beneficiaries of the trust need to be charitable organisations which comply to:

- The objectives and activities of the charitable organisations must be similar to those as set out in clause 6 of the trust deed;
- The objectives of the charitable organisation must be for the benefit of historically disadvantaged person's in the education and
- Any decision made by the trustees in the election of a charitable organisation must be made by an unanimous decision of the trustees.

### 2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

### 3. Distributions to beneficiaries

The beneficiaries of the trust during the accounting year and up to the date of this report were as follow:

Bursaries	R 6 875 678
EDUMAP	R 1 275 000
Afrigrow	R 2 000 000
<b>Total</b>	<b>R 10 150 678</b>

## **Trustees' Report (continued)**

### **4. Trustees**

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

#### **Trustees**

Thulani Mashibini  
Victor Kgomoewana  
Lucy Mokoka  
Eric Ratshikhopha  
Neville Melville  
Jerome Brauns (resigned 15 February 2016)

### **5. Right of indemnity**

The trustees shall be indemnified by the trust fund against all claims and demands of whatever nature which may be made against them arising out of the exercise, or purported exercise, in good faith, of any of the powers hereby conferred upon them, subjected however to the provisions of section 9 of the Trust Property Control Act 57 of 1988.

### **6. Chairman**

Neville Melville was appointed as Chairman of the trust on 10 July 2014.

### **7. Events after the reporting period**

The trust changed its year end to 31 December 2016.

### **8. Going Concern**

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

### **9. Public Benefit Organisation status**

The trust submitted the required documentation to SARS as required by section 30 of the Income Tax Act to be registered as a Public Benefit Organisation.

## **Independent Auditor's Report**

### **To the trustees of The South Deep Education Trust**

#### **Opinion**

We have audited the financial statements of The South Deep Education Trust as set out on pages 5 to 16 which comprise the statement of financial position as at 29 February 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The South Deep Education Trust as at 29 February 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Trust Deed Trustees' Responsibility Statement. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Trustees for the Financial Statements**

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Trust Deed, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Report of the Independent Auditor (continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Inc  
Registered Auditors  
Per Daniel Hooijer  
Director  
Chartered Accountant (SA)  
Registered Auditor

24 October 2017

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
as at 29 February 2016

	Notes	2016 ZAR	2015 ZAR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	2	62 801 762	67 131 132
		<u>62 801 762</u>	<u>67 131 132</u>
<b>Current assets</b>			
Financial assets	2	3 412 968	8 543 856
Cash and cash equivalents	3	21 401 850	22 665 473
Current tax receivable	4	7 020 000	-
		<u>31 834 818</u>	<u>31 209 329</u>
<b>Total assets</b>		<u><b>94 636 580</b></u>	<u><b>98 340 461</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed assets		100	100
Accumulated surplus		94 373 833	97 926 424
		<u>94 373 933</u>	<u>97 926 524</u>
<b>Non-current liabilities</b>			
Deferred taxation liability	5	165 639	161 599
		<u>165 639</u>	<u>161 599</u>
<b>Current liabilities</b>			
Current tax payable	9	97 008	252 338
		<u>97 008</u>	<u>252 338</u>
<b>Total equity and liabilities</b>		<u><b>94 636 580</b></u>	<u><b>98 340 461</b></u>

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 29 February 2016

	Notes	2016 ZAR	2015 ZAR
Other expenses		(11 680 793)	(8 529 443)
<b>Operating loss</b>		<b>(11 680 793)</b>	<b>(8 529 443)</b>
Remeasurement gain		121 288	-
Finance income	6	7 894 416	7 933 130
Finance costs		-	(10 214)
<b>Loss before taxation</b>		<b>(3 543 803)</b>	<b>(606 527)</b>
Taxation	7	(8 788)	(273 569)
<b>Loss for the year</b>		<b>(3 552 591)</b>	<b>(880 096)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(3 552 591)</b>	<b>(880 096)</b>

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 29 February 2016

	<b>Contributed Assets ZAR</b>	<b>Accumulated Surplus ZAR</b>	<b>Total ZAR</b>
<b>Balance at 1 March 2014</b>	100	98 806 520	98 806 620
Comprehensive income for the year	-	(880 096)	(880 096)
	<hr/>	<hr/>	<hr/>
<b>Balance at 28 February 2015</b>	<b>100</b>	<b>97 926 424</b>	<b>97 926 524</b>
Comprehensive income for the year	-	(3 552 591)	(3 552 591)
	<hr/>	<hr/>	<hr/>
<b>Balance at 29 February 2016</b>	<b>100</b>	<b>94 373 833</b>	<b>94 373 933</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF CASH FLOWS**  
for the year ended 29 February 2016

	<b>Notes</b>	<b>2016 ZAR</b>	<b>2015 ZAR</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in operations	8	(11 559 505)	(8 531 216)
Finance income		1 275 960	1 103 171
Dividend income		9 180 000	9 180 000
Finance costs		-	(10 214)
Tax paid	9	(160 078)	(636 897)
		<hr/>	<hr/>
NET CASH (UTILISED) / GENERATED IN OPERATING ACTIVITIES		(1 263 623)	1 104 844
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Related party loans repaid		-	(58 500)
		<hr/>	<hr/>
NET CASH GENERATED FROM FINANCING ACTIVITIES		-	(58 500)
		<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES</b>		<b>(1 263 623)</b>	<b>1 046 344</b>
Cash and bank balances at beginning of the year		22 665 473	21 619 129
		<hr/>	<hr/>
<b>Cash and bank balances at end of the year</b>	<b>3</b>	<b>21 401 850</b>	<b>22 665 473</b>
		<hr/> <hr/>	<hr/> <hr/>

**THE SOUTH DEEP EDUCATION TRUST**  
**ACCOUNTING POLICIES**  
for the year ended 29 February 2016

**1. PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with International Financial Reporting Standards. The 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 Rand.

The accounting policies are consistent with the previous period.

**1.1 SIGNIFICANT JUDGEMENTS**

Use of estimates: The preparation of the financial estimates requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to the fair value and accounting treatment of financial assets and the recognition of deferred taxation. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing the material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

**Financial instruments**

The estimated fair value of financial instruments is determined at discrete points in time, based on the relevant market information. The fair value is calculated with reference to market rates using the industry valuation techniques and appropriate models. If a financial instrument does not have quoted market price and the fair value cannot be measured reliably it will be stated at cost.

**Income taxes**

Significant judgement is required in determining the liability for income taxes due to complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. The trust recognises the liabilities for anticipated tax audits issues based on estimates 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.

The trust recognises the net future benefit related to deferred income tax assets to the extent that is it probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the trust to make significant estimates related to expectations of the future taxable income. Estimates of the future taxable income are based on cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the trust to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Carrying values at 29 February 2016

- Deferred taxation liability: 165 639
- Taxation payable: 92 260

**1.2 FINANCIAL INSTRUMENTS**

## **THE SOUTH DEEP EDUCATION TRUST**

### **ACCOUNTING POLICIES** (continued)

for the year ended 29 February 2016

#### **1.2 FINANCIAL INSTRUMENTS** (continued)

##### **Investments (continued)**

Purchases and sales of investment are recognised on the trade date, which is the date that the trust commits to purchase or sell the assets. The cost of the purchased investment excludes transaction cost. Realised gains and losses are included in determining net profit or loss.

##### **Trade and other receivables**

Loans and other receivables are measured at initial recognition at fair value and subsequently measured at amortised cost less allowance for impairment. Estimates made for impairment are based on a review of outstanding amounts at year end and irrecoverable amounts are written off during the year which they were identified.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and demand deposits and are measured at amortised cost which is deemed to be fair value as they have a short term maturity.

#### **1.3 TAXATION**

##### **Current tax assets and liabilities**

Current tax for current and prior periods is to the extent unpaid recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

Income tax comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent it relates to items recognised directly to equity or in other comprehensive income.

Current tax is measured on taxable income at the applicable statutory rate enacted at the reporting date.

Deferred tax is provided on temporary differences existing at each reporting date between the tax values of assets and liabilities and their carrying amounts. Substantially enacted tax rates are used to determine the future anticipated effective tax rates which in turn are used in the determination of deferred taxation.

These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled.

Deferred tax assets and liabilities are set off if there is a legally enforceable right to offset current liabilities and assets.

Deferred tax assets relating to carry forward of unutilised tax losses and or unutilised capital allowances are recognised to the extent it is probable that the future profit will be available against which the unutilised tax losses and or capital allowances can be recovered. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

#### **1.4 INCOME RECOGNITION**

Other income is recognised when the right to receive payment has been established.

Finance income is recognised on a time proportion basis taking account of the principal outstanding and the effective rate over the period to maturity.

Investment income comprises of finance income on funds invested.

Cash flow finance income and other income are classified under operating activities in the statement of cash flows.

**THE SOUTH DEEP EDUCATION TRUST**  
**ACCOUNTING POLICIES** (continued)  
for the year ended 29 February 2016

**1.5 FINANCE COSTS**

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

**1.6 STANDARDS AND INTERPRETATIONS**

The trust has chosen not to early adopt the following standards and interpretations which have been published and are mandatory for the trust's accounting periods beginning on or after 1 March 2016 or later periods:

Standard / Interpretation	Effective date: Years beginning on or after	Nature of change	Salient features of the change	Expected impact
IFRS 9	1 January 2018	New standard	<ul style="list-style-type: none"> <li>• This IFRS is part of the IASB's project to replace IAS 39 Financial instruments: Recognition and measurement.</li> <li>• Addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that only has two classification categories: amortised cost and fair value.</li> <li>• The classification and measurement of financial liabilities are the same as per IAS 39 barring two aspects.</li> <li>• Adds the requirements related to the derecognition of financial assets and liabilities to the version issued in November 2009.</li> <li>• Includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset as well as the requirements of IFRIC 9: Reassessment of embedded derivatives.</li> </ul>	Impact is being assessed. The fair values of the financial assets cannot be determined as they are not traded in an active market.

**THE SOUTH DEEP EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 29 February 2016

	<b>2016</b> <b>ZAR</b>	<b>2015</b> <b>ZAR</b>
<b>2. FINANCIAL ASSETS</b>		
<b>Financial Assets</b>		
Invictus Gold (Pty) Ltd	606 600	606 600
<b>Financial Assets at Amortised Cost</b>		
Loans and receivables	65 608 130	75 068 388
	<u><b>66 214 730</b></u>	<u><b>75 674 988</b></u>

**Financial assets**

The investment consists of 1 "A" ordinary shares in Invictus (Pty) Ltd ('Invictus'), this "A" share carries the right to receive 60% of the distributions made by Invictus.

The investment was originally purchased for an initial amount of R1 and revalued on purchase date to R606, 600. The financial asset was revalued as 0.09% of the equity component (R674 000 000) of the South Deep transaction share-based payment by Gold Fields Ltd.

Newco is a wholly owned subsidiary of Gold Fields Ltd that owns the South Deep Mine.

In terms of the transaction Newco issued 10 million Class B ordinary shares representing 10% of South Deep's net worth to a consortium of BEE partners, including Invictus. The trust holds 0.1% of the shares in Invictus.

The calculation of the disposal by Newco of 10% of South Deep was based on the cash flows over the life of the mine and was subject to valuation adjustments relating to minority discount (22%), liquidity discount (36%) and class B shares restriction discount (63%) which resulted in an overall once-off share-based payment expense in Gold Fields Ltd of R674 million.

Subsequently no revaluation was carried out of Invictus Gold (Pty) Ltd at year end. The investment cannot be measured reliably as the shares are not traded in an active market, nor is there information available to the trust to determine the fair value. The investment is carried at the revalued amount on the date of the Newco transaction.

The Trust does not intend to dispose of these shares.

**Financial assets-loans and receivables**

Each B share on the Newco investment guarantees the following dividend payments from Newco  
-R 18 000 000 per year for 10 years between 2010 and 2020  
-R 12 000 000 per year for 5 years between 2021 and 2025  
-R 6 000 000 per year for 5 years between 2026 and 2030

Taking into account the cash flows from the Newco, the fact that the trust is entitled to 60% of these cash flows and applying an interest rate of 9% per annum the investment was revalued to the net present value (NPV) of these cash flows. Refer to note 6 for interest related to this financial asset.

**Non-current assets**

Financial assets	606 600	606 600
Loans and receivables	62 195 162	66 524 532
	<u>62 801 762</u>	<u>67 131 132</u>
<b>Current assets</b>		
Loans and receivables (short term portion)	3 412 968	8 543 856
	<u><b>66 214 730</b></u>	<u><b>75 674 988</b></u>

**3. Cash and cash equivalents**

Bank balances	<u><b>21 401 850</b></u>	<u><b>22 665 473</b></u>
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**THE SOUTH DEEP EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 29 February 2016

	<b>2016</b> <b>ZAR</b>	<b>2015</b> <b>ZAR</b>
<b>4. Current tax receivable</b>		
Dividend tax withheld	7 020 000	-
	<u>7 020 000</u>	<u>-</u>
This is the dividend withholding tax that was previously included in the financial asset.		
<b>5. Deferred tax</b>		
Deferred tax liability	<u>(165 639)</u>	<u>(161 599)</u>
<b>Reconciliation of deferred tax liability</b>		
At the beginning of the year	(161 599)	-
Tax rate adjustment	(4 040)	-
	<u>(165 639)</u>	<u>(161 599)</u>
<b>6. Finance income</b>		
Accretion interest: Financial asset	6 618 455	6 829 959
Bank Interest	1 275 961	1 103 171
	<u>7 894 416</u>	<u>7 933 130</u>
<b>7. Taxation</b>		
<b>Tax recognised in the profit or loss</b>		
<b>Current</b>		
Local Income tax-current period	4 748	273 569
<b>Deferred</b>		
Tax rate adjustment	4 040	-
	<u>8 788</u>	<u>273 569</u>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense		
Accounting loss	(3 543 803)	(606 527)
Tax at the applicable tax rate of (41%:2016) (40%:2015)	(1 452 959)	(242 611)
Tax effect of adjustments on taxable income		
Tax exempt Income:		
Dividends	(2 713 567)	(3 672 000)
<b>Non-deductible items:</b>		
Fair value adjustments and unwinding	-	940 016
Distributions of capital in nature	4 161 778	3 248 163
Adjustment to tax rate	(4 040)	-
	<u>8 788</u>	<u>273 568</u>

The government enacted a change in tax rate during the year from 40% to 41%.

**THE SOUTH DEEP EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 29 February 2016

<b>8.</b>	<b>Cash used in operations</b>		
	Loss before taxation	(3 543 803)	(606 527)
	<b>Adjustments for:</b>		
	Remeasurement gain	(121 286)	-
	Finance income	(7 894 416)	(7 933 130)
	Finance costs	-	10 214
	<b>Changes in working capital:</b>		
	Trade and other payables	-	(1 773)
		<u>(11 559 505)</u>	<u>(8 531 216)</u>
<b>9.</b>	<b>Tax paid</b>		
	Balance at the beginning of the year	(252 338)	(615 666)
	Current tax for the year recognised in profit or loss	(4 748)	(273 569)
	Balance at end of the year	97 008	252 338
		<u>(160 078)</u>	<u>(636 897)</u>
<b>10.</b>	<b>Risk management</b>		

**Liquidity risk**

The trustees risk to liquidity is a result of the Equity available to cover future commitments. The trust manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

**Interest rate risk**

The trust is exposed to interest rate risk on deposits held at financial institutions. These deposits are held in current and other short term accounts on which interest is earned at variable interest rates.

As the trust has significant interest-bearing assets, the trust's income and operating cash flows are substantially dependent of changes in market interest rates.

The trust manages interest rate risk by identifying opportunities to prudently manage interest rate exposures.

**Credit risk**

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

The trust manages credit risk by only dealing with approved counterparts that are of a sound financial standing.

**THE SOUTH DEEP EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 29 February 2016

**11. Related parties**

Relationships	
Substantial investment	Refer to note 2
Common trustees of the South Deep Education Trust and The South Deep Community Trust	

**Related party balances and transactions with other related parties**

**Related party balances**

<b>Investments in related parties</b>		
Invictus Gold (Pty) Ltd	<b>606 600</b>	<b>606 600</b>
	<u>          </u>	<u>          </u>
<b>Loans and receivables owing by related parties</b>		
Invictus Gold (Pty) Ltd	<b>65 608 130</b>	<b>75 068 388</b>
	<u>          </u>	<u>          </u>
<b>Related party transactions</b>		
<b>Finance income received from related parties</b>		
Invictus Gold (Pty) Ltd- accretion interest	<b>6 618 455</b>	<b>6 829 959</b>
	<u>          </u>	<u>          </u>

**THE SOUTH DEEP EDUCATION TRUST**  
**DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 29 February 2016

	Notes	2016 ZAR	2015 ZAR
<b>Other income</b>			
Finance income	5	7 894 416	7 933 130
Remeasurement gain		121 288	-
<b>Other expenses</b>			
Accounting fees		(160 087)	(142 287)
Bank charges		(9 240)	(8 762)
Auditors certificate		(480)	-
Consulting fees		(448 133)	-
Distributions		(10 150 678)	(8 120 408)
Trust administration fees		(567 187)	(242 986)
Trustees' fees		(172 588)	(15 000)
Stakeholder video		(17 243)	-
Computer expenses		(248)	-
Workshop costs		(33 623)	-
		<u>(11 559 507)</u>	<u>(8 529 443)</u>
<b>Operating loss</b>		<b>(3 543 803)</b>	<b>(596 313)</b>
Finance cost		-	(10 214)
<b>Loss before taxation</b>		<b>(3 543 803)</b>	<b>(606 527)</b>
Taxation	6	(8 788)	(273 529)
<b>Loss for the year</b>		<b><u>(3 552 591)</u></b>	<b><u>(880 096)</u></b>