

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

**Financial Statements**  
**for the year ended 31 December 2017**

## **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 Education Trust ("trust") as at 31 December 2017 and the result of its operation and cash flows for the year then ended, in conformity with 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 the trust administrator is 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 trustees 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 year to 31 December 2017 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 audit performed by the trust's external auditors. Refer to page 3-4 for a copy of their opinion.

### **Approval of the financial statements**

The financial statements of The South Deep Education Trust, set out on pages 5 to 16, were approved by the trustees on 20 May 2019 and are signed on their behalf by



**Chairperson (A Khumalo)**

|                                       |   |
|---------------------------------------|---|
| Country of incorporation and domicile | South Africa  |
| Type of the trust                     | Discretionary   |
| Registered office                     | 150 Helen Road<br>Sandown<br>Sandton<br>2146  |
| Postal address                        | 705 Salmon Grove Chambers<br>407 Anton Lembede Street<br>Durban<br>4001   |
| Bankers                               | The Standard Bank of South Africa Limited   |
| Auditors                              | KPMG Inc<br>Registered Auditors   |
| Trust registration number             | IT 2711/2010  |
| Tax reference number                  | 3834903159  |
| Level of assurance                    | These financial statements have been audited  |
| Preparer                              | Licksman Accounting Services<br>88 Homestead Avenue<br>Homelake<br>Randfontein  |
| Trust administrator                   | NLA Legal Inc<br>Fancourt Office Park, Block 2<br>Corner Northumberland & Felstead avenue<br>Northriding ext 17<br>2169 |

## INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

|   | <u>Page</u> |
|---|-------------|
| Trustees' Report  | 1-2         |
| Report of the Independent Auditor   | 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   | 13-15       |
| Detailed statement of profit or loss and other comprehensive income – unaudited | 16          |

## Trustees' Report

The trustees have pleasure in presenting their report for the year ended 31 December 2017.

### 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 any one or more of the beneficiaries of the trust for:

- Projects which are geared towards education development;
- The promotion of education based projects related to self 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 in 2014 and 2016 and a change in financial year end resolution in 2017.

#### *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 financial year were as follow:

|                                      |                    |
|--------------------------------------|--------------------|
| Bursaries                            | R8 633 055         |
| EDUMAP                               | R3 057 480         |
| LIMA Development Foundation          | R790 015           |
| SAFA Development Agency              | R750 000           |
| Phakamani Impact Capital Pty Ltd     | R855 974           |
| Bokamoso Education trust             | R335 475           |
| Various schools                      | R101 329           |
| Philani Community Development Centre | R482 250           |
| Faded Black Innovations              | R101 500           |
| <b>Total</b>                         | <b>R15 107 078</b> |

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

### **4. Trustees**

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

#### **Trustees**

Neville Melville  
Thulani Mashibini  
Lucy Mokoka

#### **Appointments**

Abraham Mokome (13 July 2017)  
James Makolwane (13 July 2017)  
Alex Khumalo (23 April 2018)  
Thandile Ntshwanti (23 April 2018)

#### **Resignation**

Eric Ratshikhopha (27 September 2017)  
Victor Kgomoewana (12 July 2017)

### **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**

Alex Khumalo was appointed as Chairman of the Trust on 03 May 2018 replacing Neville Melville.

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

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

### **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 cash resources 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 was granted Public Benefit Organisation status on 8 June 2016 with effect from 16 July 2012. The trust is in the process of claiming the income tax payments made to SARS from July 2012.

### **10. Change in year end.**

In 2016 financial year, the entity changed their year end from the last day of February to December.



**KPMG Inc.**  
**KPMG Crescent**  
85 Empire Road, Parktown, 2193,  
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111  
Fax +27 (0)11 647 8000  
Docex 472 Johannesburg  
Internet kpmg.co.za

## 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 (the trust) set out on pages 5 to 15, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, accounting policies and notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The South Deep Education Trust as at 31 December 2017, 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 trust 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, General Information, Trustees' Responsibility and Approval and Detailed Statement of Profit or Loss and Other Comprehensive Income. 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 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.

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005

Registration number 1999/021543/21

Executive Chairman: Prof Wiseman Nkuhlu

Directors: Full list on website

The company's principal place of business is at KPMG Crescent,

85 Empire Road, Parktown, where a list of the directors' names is available for inspection



In preparing the financial statements, the trustees are responsible for assessing the trust'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 trust or to cease operations, or have no realistic alternative but to do so.

#### *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 scepticism 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 trust 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.

Per ML Watson  
Chartered Accountant (SA)  
Registered Auditor  
Director  
20 May 2019



**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2017

| <b>ASSETS</b>                       | <b>Notes</b> | <b>2017<br/>ZAR</b>      | <b>2016<br/>ZAR</b>      |
|-------------------------------------|--------------|--------------------------|--------------------------|
| <b>Non-current assets</b>           |              |                          |                          |
| Financial assets                    | 1            | 50 836 641               | 56 597 464               |
|                                     |              | <u>50 836 641</u>        | <u>56 597 464</u>        |
| <b>Current assets</b>               |              |                          |                          |
| Financial assets                    | 1            | 5 760 823                | 5 285 158                |
| Current tax receivable              | 3            | -                        | 7 937 638                |
| Prepaid expenditure                 | 4            | 490 537                  | -                        |
| Cash and cash equivalents           | 2            | 18 591 877               | 26 760 594               |
|                                     |              | <u>24 843 237</u>        | <u>39 983 390</u>        |
| <b>Total assets</b>                 |              | <u><b>75 679 878</b></u> | <u><b>96 580 854</b></u> |
| <b>EQUITY AND LIABILITIES</b>       |              |                          |                          |
| <b>Equity</b>                       |              |                          |                          |
| Contributed assets                  |              | 100                      | 100                      |
| Accumulated surplus                 |              | 75 679 778               | 96 580 754               |
|                                     |              | <u>75 679 878</u>        | <u>96 580 854</u>        |
| <b>Non-current liabilities</b>      |              |                          |                          |
| Deferred tax                        | 5            | -                        | -                        |
|                                     |              | <u>-</u>                 | <u>-</u>                 |
| <b>Current liabilities</b>          |              |                          |                          |
|                                     |              | <u>-</u>                 | <u>-</u>                 |
| <b>Total equity and liabilities</b> |              | <u><b>75 679 878</b></u> | <u><b>96 580 854</b></u> |

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2017

|  | Notes | Year<br>ended<br>2017<br>ZAR | Period<br>ended<br>2016<br>ZAR |
|--|-------|------------------------------|--------------------------------|
| Other income                                   |       | 122 124                      | -                              |
| Other expenses                                 |       | (17 493 834)                 | (5 053 999)                    |
| <b>Operating loss</b>                          |       | <b>(17 371 710)</b>          | <b>(5 053 999)</b>             |
| Finance income                                 | 6     | 6 568 372                    | 6 109 035                      |
| <b>(Loss) / profit before taxation</b>         |       | <b>(10 803 338)</b>          | <b>1 055 036</b>               |
| Taxation                                       | 7     | (10 097 638)                 | 1 151 885                      |
| <b>(Loss) / profit for the year</b>            |       | <b>(20 900 976)</b>          | <b>2 206 921</b>               |
| Other comprehensive income                     |       | -                            | -                              |
| <b>Total comprehensive income for the year</b> |       | <b>(20 900 976)</b>          | <b>2 206 921</b>               |

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2017

|                                     | <b>Contributed<br/>assets<br/>ZAR</b> | <b>Accumulated<br/>surplus<br/>ZAR</b> | <b>Total<br/>ZAR</b> |
|-------------------------------------|---------------------------------------|--|----------------------|
| Balance at 29 February 2016         | 100                                   | 94 373 833                             | 94 373 933           |
| Comprehensive income for the period | -                                     | 2 206 921                              | 2 206 921            |
| <b>Balance at 31 December 2016</b>  | <b>100</b>                            | <b>96 580 754</b>                      | <b>96 580 854</b>    |
| Comprehensive income for the year   | -                                     | (20 900 976)                           | (20 900 976)         |
| <b>Balance at 31 December 2017</b>  | <b>100</b>                            | <b>75 679 778</b>                      | <b>75 679 878</b>    |

**THE SOUTH DEEP EDUCATION TRUST**  
**STATEMENT OF CASH FLOWS**  
for the year 31 December 2017

|  | Notes | Year<br>ended<br>2017<br>ZAR | Period<br>ended<br>2016<br>ZAR |
|--|-------|------------------------------|--------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                     |       |                              |                                |
| Cash used in operations  | 8     | (17 371 710)                 | (5 054 000)                    |
|  |       | <u>(17 371 710)</u>          | <u>(5 054 000)</u>             |
| Finance income   |       | 1 053 530                    | 1 261 144                      |
| Dividend income  |       | 8 640 000                    | 9 180 000                      |
|  |       | <u>9 693 530</u>             | <u>10 441 144</u>              |
| Cash (outflow) / inflow before changes in working capital      |       | (7 678 180)                  | 5 387 144                      |
| Changes in working capital                                     |       | (490 537)                    | -                              |
| Tax paid   | 9     | -                            | (28 400)                       |
|  |       | <u>(8 168 717)</u>           | <u>5 358 744</u>               |
| <b>NET CASH (UTILISED) / GENERATED IN OPERATING ACTIVITIES</b> |       |                              |                                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |       |                              |                                |
|  |       | <u>-</u>                     | <u>-</u>                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |       |                              |                                |
| Related party loans repaid                                     |       | -                            | -                              |
|  |       | <u>-</u>                     | <u>-</u>                       |
| <b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>            |       |                              |                                |
|  |       | <u>-</u>                     | <u>-</u>                       |
| <b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>     |       |                              |                                |
|  |       | <u>(8 168 717)</u>           | <u>5 358 744</u>               |
| Cash and bank balances at beginning of the year                | 2     | 26 760 594                   | 21 401 850                     |
|  |       | <u>26 760 594</u>            | <u>21 401 850</u>              |
| Cash and bank balances at end of the year                      | 2     | <u>18 591 877</u>            | <u>26 760 594</u>              |

## **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 year.

### **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 year. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. 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 judgments 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 prices 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 year 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 year could be impacted.

## **1.2 FINANCIAL INSTRUMENTS**

### **Classification**

The trust classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit and loss
- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained /incurred and takes place on initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets designated as held at fair value through profit or loss, which shall not be classified out of fair value through profit or loss category.

### **Initial recognition and measurement**

Financial instruments recognised in the statement of financial position include loans receivables, cash and cash equivalents and investments.

The trust initially recognises receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on trade date, which is the date that the trust becomes a party to the contractual provisions of the instrument.

The trust classifies the financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

### **Subsequent measurements**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in the fair value being included in the profit or loss for the year except where fair value cannot be measured reliably, it will be stated at cost.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

### **Derecognition**

The trust derecognises a financial asset when the contractual rights to the cash flows in a transaction in which substantially all the risk and rewards of ownership of the asset are transferred. The trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Any interest in such transferred financial assets that is created or adopted are disclosed in the individual policy statement associated with each item.

### **Fair value determination**

The fair value of quoted investments are based on the current bid. If the market value for a financial asset is not active (and for unlisted securities), the trust establishes fair value by using valuation techniques. These include the use of recent arm's length transaction, references to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

### **Impairment of financial assets**

A financial asset not classified as held at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

### **Investments**

The investments consist of ordinary shares in Newshelf 899 (Pty) Ltd.

Investments in the unlisted companies are accounted for at cost and adjusted for impairment where appropriate.

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

Current tax liabilities for the current and prior years 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 year 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 years 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 year 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 31 December 2017

**1.5 FINANCE COSTS**

Finance costs are recognised as an expense in the year 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 years beginning on or after 1 January 2018 or later years:

| 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 as 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 31 December 2017

|   | 2017<br>ZAR       | 2016<br>ZAR       |
|---|-------------------|-------------------|
| <b>1. Financial assets</b>                |                   |                   |
| <b>Financial assets at fair value</b>     |                   |                   |
| Invictus Gold (Pty) Ltd                   | 606 600           | 606 600           |
| <b>Financial assets at amortised cost</b> |                   |                   |
| Loans and receivables                     | 55 990 864        | 61 276 022        |
|   | <u>56 597 464</u> | <u>61 882 622</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 fair valued on purchase date to R606, 600. The financial asset was fair valued at 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.

Subsequently no fair value assessment was carried out of Invictus Gold (Pty) Ltd at year end. The investment fair value 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 fair valued on initial recognition 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 and  
-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 on the date of initial recognition. Refer to note 6 for interest related to this financial asset.

**Non-current assets**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Financial assets      | 606 600           | 606 600           |
| Loans and receivables | 50 230 041        | 55 990 864        |
|                       | <u>50 836 641</u> | <u>56 597 464</u> |

**Current assets**

|  |                   |                   |
|--|-------------------|-------------------|
| Loans and receivables (short term portion) | 5 760 823         | 5 285 158         |
|  | <u>56 597 464</u> | <u>61 882 622</u> |

**2. Cash and cash equivalents**

|                 |                   |                   |
|-----------------|-------------------|-------------------|
| Call account    | 18 506 680        | 26 656 023        |
| Current account | 85 197            | 104 571           |
|                 | <u>18 591 877</u> | <u>26 760 594</u> |

**THE SOUTH DEEP EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2017

|   | 2017<br>ZAR         | 2016<br>ZAR      |
|---|---------------------|------------------|
| <b>3. Tax receivable</b>  |                     |                  |
| <b>Amount recognised in profit or loss</b>  |                     |                  |
| Prior years taxes paid  | -                   | 889 238          |
| Tax payable at the beginning of year (note 9)   | -                   | 97 008           |
| Deferred tax reclassified (note 5)  | -                   | 165 639          |
| Taxes written off   | (10 097 638)        | -                |
|   | <u>(10 097 638)</u> | <u>1 151 885</u> |
| <b>Amount recognised in statement of financial position</b>   |                     |                  |
| At the beginning of the year  | 7 937 638           | -                |
| Dividend tax withheld   | 2 160 000           | 7 020 000        |
| Amount paid in current year   | -                   | 28 400           |
| Prior years taxes paid  | -                   | 889 238          |
| Amounts written off in profit and loss  | (10 097 638)        | -                |
|   | <u>-</u>            | <u>7 937 638</u> |
|   | <u>-</u>            | <u>7 937 638</u> |
| Tax written off relates to dividend tax that was withheld by Invictus (Pty) Ltd and income tax paid in prior years. The entity has not been successful in claiming the dividend withheld from Invictus (Pty) Ltd and prior year payments made to SARS and it was written off in current year. |                     |                  |
| <b>4. Prepaid expenses</b>  |                     |                  |
| South Deep Education NLA trust account  | <u>490 537</u>      | <u>-</u>         |
| The administrator of the trust opened a trust bank account in terms of section 78(2A) of the Attorneys Act to cater for the future expenses.  |                     |                  |
| <b>5. Deferred tax</b>  |                     |                  |
| Deferred tax liability  | -                   | -                |
| <b>Reconciliation of deferred tax liability</b>   |                     |                  |
| At the beginning of the year  | -                   | (165 639)        |
| Tax rate adjustment   | -                   | -                |
| Transferred to profit or loss statement   | -                   | 165 639          |
|   | <u>-</u>            | <u>-</u>         |
|   | <u>-</u>            | <u>-</u>         |
| No deferred tax recognised due to Public Benefit Organisation status.   |                     |                  |
| <b>6. Finance income</b>  |                     |                  |
| Accretion interest: Financial asset   | 5 514 842           | 4 847 891        |
| Bank Interest   | 1 053 530           | 1 261 144        |
|   | <u>6 568 372</u>    | <u>6 109 035</u> |
|   | <u>6 568 372</u>    | <u>6 109 035</u> |
| <b>7. Taxation</b>  |                     |                  |
| <b>Dividend tax</b>   |                     |                  |
| Dividend tax withheld in prior year   | (9 180 000)         | -                |
| <b>Current tax</b>  |                     |                  |
| Prior year current tax recognised   | -                   | 986 246          |
| Prior year current tax written off  | (917 638)           | -                |
| <b>Deferred tax</b>   |                     |                  |
| Deferred tax written back   | -                   | 165 639          |
|   | <u>(10 097 638)</u> | <u>1 151 885</u> |
|   | <u>(10 097 638)</u> | <u>1 151 885</u> |

The entity obtained its PBO status in June 2016. No current tax or deferred taxes provision for 2017 financial year.

**THE SOUTH DEEP EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2017

|                                      | 2017<br>ZAR         | 2016<br>ZAR        |
|--------------------------------------|---------------------|--------------------|
| <b>8. Cash used in operations</b>    |                     |                    |
| (Loss) / Profit before taxation      | (10 803 338)        | 1 055 036          |
| <b>Adjustments for:</b>              |                     |                    |
| Finance income                       | (6 568 372)         | (6 109 036)        |
| Remeasurement gain                   | -                   | -                  |
|                                      | <u>(17 371 710)</u> | <u>(5 054 000)</u> |
| <b>9. Tax paid</b>                   |                     |                    |
| Balance at the beginning of the year | -                   | 97 008             |
| Balance at end of the year           | -                   | -                  |
| Amount transferred to tax assets     | -                   | (97 008)           |
|                                      | <u>-</u>            | <u>-</u>           |

**10. Risk management**  
**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 interest income. Cash flow forecasts are prepared and matched to the interest income receivable by the trust.

**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 trade and other 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.

**11. Related parties**

**Relationships**

Substantial investment

Refer to note 1

Common trustees of The South Deep Education Trust and The South Deep Community Trust who received fees in their capacity as trustees.

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

**Related party balances**

**Investments in related parties**

Invictus Gold (Pty) Ltd

606 600

606 600

**Loans and receivables owing by related parties**

Invictus Gold (Pty) Ltd

55 990 864

61 276 022

**Related party transactions**

Finance income received from related parties

Invictus Gold (Pty) Ltd- accretion interest

5 514 842

4 847 891

**THE SOUTH DEEP EDUCATION TRUST**  
**DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2017

|  | Notes | Year<br>ended<br>2017<br>ZAR | Period<br>ended<br>2016<br>ZAR |
|--|-------|------------------------------|--------------------------------|
| <b>Other income</b>                    |       |                              |                                |
| Finance income                         | 5     | 6 568 372                    | 6 109 035                      |
| Refunds                                |       | 122 124                      | -                              |
| <b>Other expenses</b>                  |       |                              |                                |
| Accounting fees                        |       | (118 529)                    | (91 856)                       |
| Bank charges                           |       | (10 880)                     | (8 169)                        |
| Catering                               |       | -                            | (1 441)                        |
| Consulting fees                        |       | (327 482)                    | (185 718)                      |
| Monitoring                             |       | (70 960)                     | -                              |
| Distributions                          |       | (15 107 078)                 | (4 023 525)                    |
| Travel-Local                           |       | (18 705)                     | (69 853)                       |
| Trust administration fees              |       | (1 602 010)                  | (557 616)                      |
| Trustees' fees                         |       | (174 339)                    | (50 250)                       |
| Donations                              |       | (39 921)                     | (42 400)                       |
| Website costs                          |       | (15 000)                     | (7 077)                        |
| Computer expenses                      |       | -                            | (6 950)                        |
| Workshop costs                         |       | (8 930)                      | (9 144)                        |
| <b>Total other expenses</b>            |       | <b>(17 493 834)</b>          | <b>(5 053 999)</b>             |
| <b>(Loss) / profit before taxation</b> |       | <b>(10 803 338)</b>          | <b>1 055 036</b>               |
| Taxation                               | 7     | (10 097 638)                 | 1 151 885                      |
| <b>(Loss) / profit for the year</b>    |       | <b>(20 900 976)</b>          | <b>2 206 921</b>               |