

**The South Deep Community Trust**  
(Registration no. IT 2710/2010)

**Financial Statements**  
**for the year ended 31 December 2020**

## **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 Community Trust ("trust") as at end of the financial year and the result of its operation and cash flows for the year then ended, in conformity with the entity specific accounting policies as disclosed in the accounting policies. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the entity specific accounting policies and are based upon appropriate accounting policies consistently applied, except for the adoption of new accounting standards as set out in the accounting policies, 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 endeavors to minimize 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 the trustees and the trust administrator 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 2021 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 Community Trust, were approved by the trustees on 30 April 2021 and are signed on their behalf by

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**Alexandra Muziwenhlahla Khumalo**  
**Chairperson**

**THE SOUTH DEEP COMMUNITY TRUST**

(Registration no. IT 2710/2010)

Financial Statements for the year ended 31 December 2020

**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
Auditor	RSM South Africa Inc. Registered Auditor
Trust registration number	IT 2710/2010
Tax reference number	3834903159
Level of assurance	These financial statements have been audited
Preparer	Licksman Accounting Services 41 Homestead Avenue Homelake Randfontein
Trust administrator	NLA Legal Inc 24 Crawford Drive Norscot Sandton 2055

## INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## Trustees' Report

The trustees have pleasure in presenting their report for the year ended 31 December 2020.

### 1. The trust

The objective of the trust shall be to procure 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 community development which shall include but not limited to job creation, establishment of educational facilities, adult literacy, development of infrastructure within the Community;
- The promotion of community-based projects related to self-help, poverty alleviation, empowerment and capacity building; provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage businesses, which may include the granting of loans on such conditions as may be prescribed by the Minister by way of regulation,
- Provision of training, support or assistance to community-based projects as stipulated above; 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 deed of substitution in 2014 and a change in financial year end resolution in 2018.

#### *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 South Deep Community Trust of 'B' Shares Subscription Price and GFI Mining South Africa (Pty) Ltd have made a donation to the South Deep Community Trust which include of 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 historically disadvantaged persons as set out in clause 2.35 of the deed of substitution.

### 2. Review of financial results and activities

The financial statements have been prepared in accordance with the entity specific accounting policies. The accounting policies have been applied consistently compared to the prior year, except for the new standards adopted in the current year.

### 3. Distributions to beneficiaries

The beneficiaries of the trust during the financial year were as follows:

Distributions: Food parcels	300 000
Distributions: Sport & Culture Workshop	5 160
Distributions: Hand Sanitiser Project	413 500
Distributions: Kagisano Day Care	216 567
Distributions: Gender Based Violence Project	23 000
Distributions: Sinkhole repair	525 400
Distributions: Health Workers Gift Vouchers	118 230
<b>Total</b>	<b>1 601 857</b>

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

### **4. Trustees**

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

Neville Melville  
Abraham Mokome  
Tebogo Makolwane  
Alexandra Muziwenhlahla Khumalo (Chairperson)  
Thandile Sinette Ntshwanti-Khumalo  
Elane Botha

### **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**

Alexandra Joseph Muziwenhlahla 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 during the financial year.

## **INDEPENDENT AUDITORS' REPORT**

### **To the shareholders of The South Deep Community Trust**

#### *Opinion*

We have audited the financial statements of The South Deep Community Trust set out on pages 5 to 18, which comprise the statement of financial position as at 31 December 2020, 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, comprising 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 Community Trust as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the entity specific accounting policies.

#### *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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 and the detailed statement of profit or loss and other comprehensive income. 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.

## **THE POWER OF BEING UNDERSTOOD** **AUDIT | TAX | CONSULTING**

Directors E Bergh, B Com (Hons), CA(SA), C D Betty, B Acc, CA(SA), J Coetzer, B Compt (Hons), CA(SA), M G Q de Faria, B Bus Sc, CA(SA), B J Eaton, B Acc, H Dip Tax Law, CA(SA), A C Galloway, B Sc Mech Eng, CA(SA), M Greisdorfer, B Com (Hons), CA(SA), H Heymans, B Compt (Hons), M Com, FCCA, CA(SA), N C Hughes, B Compt (Hons), PG Cert Adv Tax, CA(SA), J Jones, B Com, B Acc, H Dip Tax Law, H Dip Int Tax Law, CA(SA), J Kitching, B Compt (Hons), CA(SA), G Parker, B Com, CA(SA), R V Pita, B Compt (Hons), CA(SA), L Quintal, B Com (Hons), CA(SA), R Rawoot, B Compt (Hons), CA(SA), P D Schulze, B Acc Sc (Hons), PG Dip Tax Law, CA(SA), M Steenkamp, B Compt (Hons), M Com, CA(SA), A D Young, B Compt (Hons), CA(SA)

RSM South Africa Inc. Registration No. 2016/324649/21 Practice No. 900435 is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

### *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 the entity specific accounting policies 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 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.

### *Auditors' 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 auditors' 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 International Standards on Auditing 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 International Standards on Auditing, 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 directors' 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 trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 directors 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.

**RSM South Africa Inc.**

**Michael Steenkamp**  
**Chartered Accountant (SA)**  
**Registered Auditor**  
**Director**

**Date**

**THE SOUTH DEEP COMMUNITY TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2020

<b>ASSETS</b>	<b>Note</b>	<b><u>2020</u></b> <b>ZAR</b>	<b><u>2019</u></b> <b>ZAR</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	391 313	375 000
Financial assets	1	33 669 345	32 616 739
		<u><b>34 060 658</b></u>	<u><b>32 991 739</b></u>
<b>Current assets</b>			
Financial assets	1	714 894	1 267 488
Prepaid expenses	5	454	1 271 782
Trade and other receivables	2	2 708 500	80 000
Cash and cash equivalents	3	6 940	2 261 988
		<u><b>3 430 788</b></u>	<u><b>4 881 258</b></u>
<b>Total assets</b>		<u><u><b>37 491 446</b></u></u>	<u><u><b>37 872 997</b></u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributor's interest		30 818	30 818
Accumulated surplus		37 450 278	28 503 983
		<u><b>37 481 096</b></u>	<u><b>28 534 801</b></u>
<b>Non-current liabilities</b>			
Deferred taxation liability	6	-	9 264 672
		<u>-</u>	<u><b>9 264 672</b></u>
<b>Current liabilities</b>			
Trade and other payables		10 350	73 524
		<u><b>10 350</b></u>	<u><b>73 524</b></u>
<b>Total equity and liabilities</b>		<u><u><b>37 491 446</b></u></u>	<u><u><b>37 872 997</b></u></u>

**THE SOUTH DEEP COMMUNITY TRUST**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2020

	Note	2020 ZAR	2019 ZAR
Other income		43 129	331 794
Other expenses		(2 914 073)	(2 595 788)
Depreciation		(26 816)	-
<b>Operating loss</b>		<b>(2 897 760)</b>	<b>(2 263 994)</b>
Finance income	7	811 883	1 047 972
Net change in fair value of financial asset at FVTPL		1 767 500	(1 223 700)
<b>Loss before taxation</b>		<b>(318 377)</b>	<b>(2 439 722)</b>
Taxation	8	9 264 672	40 532
<b>Profit/(loss) for the year</b>		<b>8 946 295</b>	<b>(2 399 190)</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>8 946 295</b>	<b>(2 399 190)</b>

**THE SOUTH DEEP COMMUNITY TRUST**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

	<b>Contributor's interest ZAR</b>	<b>Accumulated surplus ZAR</b>	<b>Total ZAR</b>
<b>Balance at 01 January 2019</b>	<b>30 818</b>	<b>30 903 173</b>	<b>30 933 991</b>
Comprehensive loss for the year	-	(2 399 190)	(2 399 190)
<b>Balance at 31 December 2019</b>	<b>30 818</b>	<b>28 503 983</b>	<b>28 534 801</b>
Comprehensive income for the year	-	8 946 295	8 946 295
<b>Balance at 31 December 2020</b>	<b>30 818</b>	<b>37 450 278</b>	<b>37 481 096</b>

**THE SOUTH DEEP COMMUNITY TRUST**  
**STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2020

	Note	2020 ZAR	2019 ZAR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in operations	9	(2 914 073)	(2 263 994)
Finance income		79 371	210 805
Taxation paid	10	400 000	-
Dividends received		1 600 000	1 600 000
		<hr/>	<hr/>
Cash outflow before changes in working capital		(834 702)	(453 189)
Changes in working capital		(1 420 346)	(342 579)
		<hr/>	<hr/>
<b>NET CASH UTILISED IN OPERATING ACTIVITIES</b>		<b>(2 255 048)</b>	<b>(795 768)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property		-	(375 000)
		<hr/>	<hr/>
<b>NET CASH UTILISED IN INVESTING ACTIVITIES</b>		<b>-</b>	<b>(375 000)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<hr/>	<hr/>
		<b>(2 255 048)</b>	<b>(1 170 768)</b>
Cash and cash equivalents at beginning of the year	3	2 261 988	3 432 756
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	<b>3</b>	<b>6 940</b>	<b>2 261 988</b>
		<hr/> <hr/>	<hr/> <hr/>

**THE SOUTH DEEP COMMUNITY TRUST**  
**ACCOUNTING POLICIES**

for the year ended 31 December 2020

**1. PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the entity specific accounting policies. These policies are in line with the recognition and measurement policies as set out by IFRS other than the requirement to recognize an expected credit loss under IFRS 9. Furthermore, the disclosures used are those that the trustees believe are appropriate to the trust.

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.

The trustees approved the financial statements on 30 April 2021.

**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 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.

**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.

Carrying values at 31 December 2019:

- Deferred taxation liability: R 9 264 672

In the current year the deferred tax was reversed as the trust has received its tax exempt status.

## **1.2 FINANCIAL INSTRUMENTS**

Financial instruments held by the Trust are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Trust, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through profit or loss (FVTPL).

Financial assets which are debt instruments:

- Amortised cost; or
- Fair value through other comprehensive income; or
- Mandatorily at fair value through profit or loss; or
- Designated at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss; or
- Designated at fair value through profit or loss.

Note 11 Financial instruments and risk management presents the financial instruments held by the Trust based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Trust are presented below:

### **Investments**

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

Investment in the unlisted company is accounted for at fair value through profit or loss (FVTPL).

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 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.

### **1.4 FINANCE COSTS**

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

### **1.5 PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of property, plant & equipment is recognized as an asset when:

It is probable that future economic benefits associated with the item will flow to the Trust, and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the property plant & equipment.

Depreciation is provided on the straight-line basis, over the estimated useful lives of assets. Depreciation is the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciation is charged on the depreciable amount, to the income statement, on a straight-line basis, over the estimated useful lives of assets. Useful lives and residual values are reviewed on an annual basis.

Buildings	:	5% per annum
Computer equipment	:	25% per annum

Land is not depreciated.

The residual value and the useful life of each asset is reviewed at each financial year-end.

Each part of an item of fixed assets with cost that is significant in relation to the total cost of the item shall be depreciated separately.

The gain or loss arising from the derecognition of an item of fixed assets is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of fixed assets is determined as the difference between the net disposal proceeds if any, and the carrying amount of the item.

## **1.6 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS**

Certain new standards, amendments and interpretations to existing standards have been published that apply to the Trust's accounting periods beginning on or after 01 January but have not been early adopted by the Trust. Other than disclosure, the impact of these standards is not expected to be significant. The standards, amendments and interpretations that are applicable to the Trust are:

### ***Effective for the financial year commencing 01 January 2021***

- No standards not yet effective are relevant to the trust

### ***Effective standards adopted in the current year***

- No standards effective in the current financial year were applicable to the trust

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

	<b>2020</b> <b>ZAR</b>	<b>2019</b> <b>ZAR</b>
<b>1. Financial assets</b>		
<b>Financial assets at fair value through profit or loss</b>		
Newshelf 899 (Pty) Ltd	27 512 700	25 745 200
<b>Financial assets at amortised cost</b>		
Newshelf 899 (Pty) Ltd	6 871 539	8 139 027
	<b>34 384 239</b>	<b>33 884 227</b>

**Financial assets**

**Financial assets- investment**

The investment consists of 1,000,000 "B" ordinary shares with a par value of R 0,01 per share in Newshelf 899 (Pty) Ltd ("Newco").

The investment was originally purchased for an initial amount of R10,000 and fair valued on purchase date to R67,400,000. The financial asset was fair valued at 10% of the equity component (R674,000,000) of the South Deep transaction share-based payment by Gold Fields Ltd.

A fair value assessment was carried out as per the IFRS 9 requirements of Newco investment on adoption as at 01 January 2020 and 31 December 2020.

The trust does not intend to dispose of these shares.

The financial asset in Newshelf 899 (Pty) Ltd is carried at fair value in terms of level 3 of the fair value hierarchy. In the prior years, the Trust applied the exception in IAS 39 given that the fair value of the investment could not be reliably measured given that limited information was available to the Trust to determine the fair value. With the adoption of IFRS 9, the exception can no longer be applied and so the Trust obtained a valuation with the assistance of Gold Fields Limited based on information disclosed in both the Gold Fields Limited and Newshelf 899 (Pty) Ltd's financial statements.

The assumptions applied in determining the fair value of the financial asset are set out below:

	31 December 2020	31 December 2019
<i>Assumptions in valuing South Deep</i>		
Rand gold price per kilogram – year 1	R 900 000	R 700 000
Rand gold price per kilogram – year 2	R 850 000	R 650 000
Rand gold price per kilogram – year 3	R 800 000	R 650 000
Rand gold price per kilogram – year 4 onwards	R 750 000	R 630 000
Resource value per ounce	US\$ 6	US\$16
Discount rates – nominal	14.5%	14.1%
Inflation rate	4.7%	5.3%
Life of mine	86 years	75 years
Long term exchanges rates – year 1 (ZAR/US\$)	17.50	14.50
Long term exchanges rates – year 2 onwards (ZAR/US\$)	15.55	14.50
<i>Assumption in valuing the financial asset in Newco</i>		
Minority discount	17.40%	17.90%
Marketability discount	16.50%	17.40%
Class B share restriction discount	22.10%	26.24%

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

**Financial assets-loans and receivables**

Each B share on the Newco investment guarantees the following dividend payments from Newco  
-R 2 per B share for the 10 years between 2010 and 2020  
-R 1,33 per B share for the 5 years between 2021 and 2025 and  
-R 0,67 per B share 5 years between 2026 and 2030

**Non-current assets**

Financial assets	27 512 700	25 745 200
Loans and receivables	6 156 645	6 871 539
	<u>33 669 345</u>	<u>32 616 739</u>

**Current assets**

Loans and receivables (short term portion)	714 894	1 267 488
	<u>34 384 239</u>	<u>33 884 227</u>

**2. Trade and other receivables**

Short-term loan: SDET	2 308 500	80 000
SARS dividend tax	400 000	-
	<u>2 708 500</u>	<u>80 000</u>

**3. Cash and cash equivalents**

Current account	4 787	94 977
Call account	2 153	2 167 011
	<u>6 940</u>	<u>2 261 988</u>

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

**4. Property, plant and equipment**

	<u>Total</u> <u>ZAR</u>	<u>Land</u> <u>ZAR</u>	<u>Buildings</u> <u>ZAR</u>	<u>Computer</u> <u>Equipment</u> <u>ZAR</u>
<b>4.1 Cost</b>				
Opening balance 01 January 2019	-	-	-	-
Additions	375 000	54 330	320 670	-
<b>Balance as at 31 December 2019</b>	<b>375 000</b>	<b>54 330</b>	<b>320 670</b>	<b>-</b>
<b>Accumulated depreciation</b>				
Opening balance 01 January 2019	-	-	-	-
Charge for the period	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>				
<b>Balance as at 31 December 2019</b>	<b>375 000</b>	<b>54 330</b>	<b>320 670</b>	<b>-</b>
<b>4.2 Cost</b>				
Opening balance 01 January 2020	375 000	54 330	320 670	-
Additions	43 129	-	-	43 129
<b>Balance as at 31 December 2020</b>	<b>418 129</b>	<b>54 330</b>	<b>320 670</b>	<b>43 129</b>
<b>Accumulated depreciation</b>				
Opening balance 01 January 2020	-	-	-	-
Charge for the period	(26 816)	-	(16 033)	(10 782)
<b>Balance as at 31 December 2020</b>	<b>(26 816)</b>	<b>-</b>	<b>(16 033)</b>	<b>(10 782)</b>
<b>Carrying value</b>				
<b>Balance as at 31 December 2020</b>	<b>391 313</b>	<b>54 330</b>	<b>304 636</b>	<b>32 347</b>

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

	<b>2020</b>	<b>2019</b>
	<b>ZAR</b>	<b>ZAR</b>
<b>5. Prepaid expenses</b>		
South Deep Community NLA trust account	-	408 068
Phakamani account	454	863 714
	<u>454</u>	<u>1 271 782</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. Phakamani account was opened to provide financial support to emerging micro enterprises in West Rand, in line with the intentions of the trust.

<b>6. Deferred tax liability</b>		
Deferred tax liability	-	<b>(9 264 672)</b>

The deferred tax liability relates to the valuation of the investment in Newshelf 899 (Pty) Ltd in 2010. The carrying amount has been adjusted for the subsequent changes in tax rate. Tax was reversed in the current year as the trust received its PBO tax exempt status.

**Reconciliation of deferred tax liability**

At the beginning of the year	(9 264 672)	(9 705 204)
Assessed loss	-	1 395 375
Deferred tax asset not recognised	-	(1 395 375)
Current year	-	440 532
Reversal of deferred tax	9 264 672	-
	<u>-</u>	<u>(9 264 672)</u>

<b>7. Finance income</b>		
Accretion interest: Financial asset	732 512	837 167
Bank interest	79 371	210 805
	<u>811 883</u>	<u>1 047 972</u>

<b>8. Taxation</b>		
Tax recognised in the profit or loss		
<b>Dividend tax</b>		
Dividend tax withheld in current year	(400 000)	(400 000)
Current tax receivable	400 000	-
<b>Deferred tax</b>		
Current year – reversal of deferred tax	9 264 672	440 532
	<u>-</u>	<u>40 532</u>

The trust obtained its PBO tax exempt status during the current year, therefore no income tax payable by the trust.

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

	<b>2020</b> <b>ZAR</b>	<b>2019</b> <b>ZAR</b>
<b>9. Cash used in operations</b>		
Loss before taxation	(318 377)	(2 439 722)
<b>Adjustments for:</b>		
Net change in fair value of financial asset at FVTPL	(1 767 500)	1 223 700
Finance income	(811 883)	(1 047 972)
Depreciation	26 816	-
Property, plant & equipment donated	(43 129)	-
	<u>(2 914 073)</u>	<u>(2 263 994)</u>
	<u><u>(2 914 073)</u></u>	<u><u>(2 263 994)</u></u>
<b>10. Tax paid</b>		
Balance at the beginning of the year	-	-
Dividend tax withheld	(400 000)	(400 000)
Provisional tax payment	-	-
Dividend tax written off	-	400 000
	<u>(400 000)</u>	<u>-</u>
	<u><u>(400 000)</u></u>	<u><u>-</u></u>
<b>11. 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 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.

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

	<b>2020</b>	<b>2019</b>
	<b>ZAR</b>	<b>ZAR</b>
<b>12. Related parties</b>		
<b>Relationships</b>		
Substantial investment		Refer to note 1
Common trustees of The South Deep Education Trust and The South Deep Community Trust		
<b>Related party balances and transactions with other related parties</b>		
<b>Related party balances</b>		
<b>Investments in related parties</b>		
Newshelf 899 (Pty) Ltd	<u><u>27 512 700</u></u>	<u><u>25 745 200</u></u>
<b>Loans and receivables owing by related parties</b>		
Newshelf 899 (Pty) Ltd	<u><u>6 156 645</u></u>	<u><u>6 871 539</u></u>
<b>Related party transactions</b>		
Newshelf 899 (Pty) Ltd- accretion interest	<u><u>732 512</u></u>	<u><u>837 167</u></u>

**THE SOUTH DEEP COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020 (continued)

	Note	2020 ZAR	2019 ZAR
<b>Other income</b>			
Finance income	7	811 883	1 047 972
Refunds		-	76 917
Other income		43 129	254 877
Net change in fair value of financial asset at FVTPL		1 767 500	-
<b>Other expenses</b>			
Accounting fees		(192 049)	(226 261)
Advertising costs		(20 416)	-
Audit fees		(115 000)	-
Bank charges		(3 204)	(1 010)
Hub: Caretaker fees		(15 000)	(7 500)
Cleaning costs		-	(5 609)
Catering costs		(3 200)	(3 603)
Conference costs		-	(950)
Hub: Consulting fees		(16 755)	(195 904)
Depreciation		(26 816)	-
Distributions		(1 601 857)	(1 440 612)
General expenses		-	(18 700)
Fidelity costs/fees		-	(31 538)
Hub: Repairs and maintenance		(1 900)	(5 402)
Hub: Gardening costs		(23 938)	(5 850)
Hub: Safety and security		(5 380)	(46 746)
Hub: SMME Hub stationery		(3 049)	-
Hub: Cleaning & stationery		(10 597)	-
Sundry expenses		(91)	(2 199)
Trust administration fees		(673 663)	(275 063)
Trustees' fees		(31 330)	(106 540)
Monitoring cost & evaluation costs		(183 461)	(164 888)
Operating lease – Building		-	(34 919)
Donations		-	-
Workshop costs		-	(22 494)
Web design costs		(4 800)	-
Travel and accommodation		-	-
Hub: Rates & taxes		(8 383)	-
Net change in fair value of financial asset at FVTPL		-	(1 223 700)
<b>Total other expenses</b>		<b>(2 940 889)</b>	<b>(3 819 488)</b>
<b>Loss before taxation</b>		<b>(318 377)</b>	<b>(2 439 722)</b>
Taxation	8	9 264 672	(40 532)
<b>Loss for the year</b>		<b>8 946 295</b>	<b>(2 399 190)</b>