

**Q(h)ubeka Trust
(IT001242/2016(G))
Annual Financial Statements
for the year ended 28 February 2017**

Q(h)ubeka Trust
Annual Financial Statements for the year ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Trustees	G Aboobaker J Doidge A Kistan S Kisting-Cairncross
Business address	3rd Floor 9 St. Davids Park 5 St. Davids Place Parktown, Johannesburg 2193
Bankers	Standard Bank
Auditor's	Nolands Inc
Trust registration number	IT001242/2016(G)

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The reports and statements set out below comprise the annual financial statements presented to the trustees:

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Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present in all material respects the state of affairs of the trust as at the end of the financial year and the results of its operations for the period then ended, in conformity with the basis of accounting as set out in Note 1 to the financial statements and in the manner required by the Trust Deed. The external auditor's are engaged to express an independent opinion on the annual financial statements.

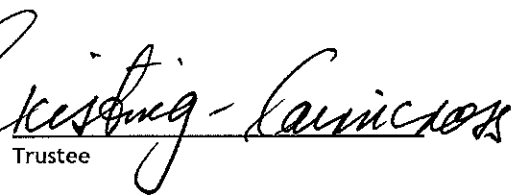
The annual financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

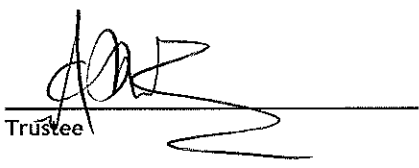
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditor's are responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditor's and their report is presented on pages 4 - 5.

The annual financial statements set out on pages 6 to 13, which have been prepared on the going concern basis, were approved by the board of trustees and signed on their behalf by:


Trustee


Trustee

Johannesburg
17 August 2017

Independent Auditor's Report

To the trustees of Q(h)ubeka Trust

Opinion

We have audited the annual financial statements of Q(h)ubeka Trust set out on pages 7 to 13, which comprise the Statement of Financial Position as at 28 February 2017, and the Statement of Income and Expenditure, for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present, in all material respects, the financial position of Q(h)ubeka Trust as at 28 February 2017, and its financial performance for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Trust Property Control Act 57 of 1988.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual 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.

Basis of Accounting

Without modifying our opinion above, we draw attention to Note 1 of the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the trust's own accounting policies to satisfy the financial information needs of the trustees. As a result, the annual financial statements may not be suitable for another purpose.

Other information

The trustees are responsible for the other information. The other information comprises the trustees' report, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

AUDITING & INSIGHT

Responsibilities of the trustees for the annual financial statements

The trustees are responsible for the preparation and presentation of the annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Trust Property Control Act 57 of 1988, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 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 annual 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 annual 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 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 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 auditor's report to the related disclosures in the Annual 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 annual financial statements, including the disclosures, and whether the annual 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.

Nolands

Nolands Inc
Practice Number: 900583e
Craig Stansfield (CA) SA, RA
Director

Cape Town

17 August 2017

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Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of Q(h)ubeka Trust for the year ended 28 February 2017.

1. The trust

The trust was formed in terms of a trust settlement by Anglo American South Africa Limited and AngloGold Ashanti Limited dated 04 March 2016 and subsequently registered by the Master of the High Court on 22 April 2016.

2. Nature of business

Q(h)ubeka Trust was formed in South Africa with the primary objective to provide compensation to qualifying claimants and dependant claimants in respect of silica related diseases on the basis set out in the trust deed.

3. Review of financial results and activities

The annual financial statements have been prepared on the basis of accounting as set out in Note 1 to the annual financial statements.

Full details of the financial position, results of operations and cash flows of the trust are set out in these annual financial statements.

4. Trustees

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

Trustees
G Aboobaker
J Doidge
A Kistan
S Kisting-Cairncross

5. Events after the reporting period

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

6. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual 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.

Q(h)ubeka Trust
Annual Financial Statements for the year ended 28 February 2017

Statement of Financial Position as at 28 February 2017

Figures in Rand	Note(s)	2017
Assets		
Non-Current Assets		
Fixed assets	2	173 716
Investments	3	319 116 764
		<u>319 290 480</u>
Current Assets		
Accounts receivable	4	78 027
Cash resources	5	90 885 932
		<u>90 963 959</u>
Total Assets		<u>410 254 439</u>
Trust capital and Liabilities		
Trust capital		
Contribution made by founder	6	200
Trust administration reserve	7	14 630 948
		<u>14 631 148</u>
Liabilities		
Non-Current Liabilities		
Available for distribution to beneficiaries	8	353 743 315
Approved claims for distribution to beneficiaries	9	16 502 674
		<u>370 245 989</u>
Current Liabilities		
Accounts payable	10	1 596 256
Approved claims for distribution to beneficiaries	9	14 642 709
Taxation payable		9 138 337
		<u>25 377 302</u>
Total Liabilities		<u>395 623 291</u>
Total Trust Capital and Liabilities		<u>410 254 439</u>

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Statement of Income and Expenditure

Figures in Rand	Note(s)	2017
Revenue		
Interest received		22 288 627
Trust administration expenses		
Auditors' remuneration		165 300
Bank charges		24 103
Catering services		61 512
Cleaning		2 520
Computer expenses		74 546
Consulting fees		262 360
Database expenses		77 285
Depreciation, amortisation and impairments		22 128
Employee costs		2 457 017
Insurance		10 258
Lease rentals on operating lease		288 628
Legal expenses		623 403
Medical assessments		1 932 287
Municipal expenses		40 591
Office sundries		27 525
Printing, postage and stationery		69 564
Recruitment fees		61 416
Small capital items		48 289
Staff welfare		21 653
Subscriptions		590
Telephone and fax		145 420
Travel - local		582 947
Trustees' fees		1 520 000
		8 519 342
Surplus before taxation		13 769 285
Taxation for the year	11	(9 138 337)
Surplus after taxation, before transfers		4 630 948
Net transfer to trust administration reserve		(4 630 948)
Surplus for the year		-

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared under the historical cost basis and in accordance with the accounting policies as set out below.

Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognises revenues as they are earned and are measurable. Expenditure are the cost of goods and services acquired in the period whether or not payment has been made or invoices issued.

1.1 Fixed assets

Fixed assets are items which will provide service for longer than 12 months.

All fixed assets are initially recorded at cost and adjusted for any impairment in value.

Cost include costs incurred initially to acquire or construct an item of fixed assets.

The cost of purchasing an asset, is spread using the straight-line basis, across the useful life of the asset. Charging depreciation is the accounting method used to reflect this annual cost. Such charge is recognised in the statement of income and expenditure.

The categories used by the trust, and the estimated useful life for each are as follows:

Item	Depreciation method	Average useful life
Medical equipment	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Computer equipment	Straight line	3 years
Computer software	Straight line	2 years

Where an item of fixed assets is disposed of, the gain or loss recorded in the statement of income and expenditure is calculated as the difference between the sales price and the carrying amount of the asset (i.e. the assets recorded value less any accumulated depreciation).

The useful life of assets are reassessed from time to time.

1.2 Investments

Investments consist of holdings in managed portfolios with recognised financial institutions.

Investments are initially recorded at cost. Subsequent to initial recognition, they are carried at cost less accumulated impairment.

Impairments and reversal of impairments are recognised in the statement of income and expenditure in the year they arise.

Impairments are only recognised for permanent impairments in value for the underlying investments.

1.3 Taxation

Current taxation assets and liabilities

Current taxation 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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Taxation expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Accounting Policies

1.4 Accounts receivable

Accounts receivable are amounts which the trust has issued invoices for, but not received payment for, as at the reporting date. They are stated at their estimated realisable value, which means that the amount is the figures the trust realistically expects to receive.

1.5 Cash resources

The amount disclosed under cash resources represents the total of the amounts of money held on current and all call accounts for the use in the day-to-day management of the trust.

1.6 Accounts payable

Accounts payable are items where the goods and/or services have been received by the trust, but as at the reporting date have not yet been paid. They are stated at the amount of cash required to settle those liabilities.

1.7 Available for distribution to beneficiaries

Certain amounts are received pursuant to regulation or agreement and may only be used for distributions to qualifying claimants as set out in the trust deed. These amounts are initially recognised at the fair value of the cash resources received.

Subsequently the liability is stated at the amount of cash required to settle those liabilities.

Transfers to and/or from and/or between funds are an adjustment to the respective fund/reserve when approved or alternatively where requested by the trust deed.

1.8 Approved claims for distributions to beneficiaries

Upon approval of qualifying claimants, the trust transfers an actuarial determined amount from the funds "Available for distribution to beneficiaries" to the "Approved claims for distribution to beneficiaries". Of this amount 60% is paid to the qualifying claimants and 40% is retained by the trust until such time as the final obligation to all qualifying claimants can be determined.

Claims approved but not yet paid at the reporting date are shown as a current liability.

1.9 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Investment income

Investment income is reported as income in the period that it is earned.

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Notes to the Annual Financial Statements

Figures in Rand

2017

2. Fixed assets

	2017		
	Cost	Accumulated depreciation	Carrying value
Computer equipment	115 307	(15 767)	99 540
Computer software	7 858	(982)	6 876
Furniture and fixtures	53 179	(4 404)	48 775
Medical equipment	19 500	(975)	18 525
Total	195 844	(22 128)	173 716

Reconciliation of fixed assets - 2017

	Opening balance	Additions	Depreciation	Total
Computer equipment	-	115 307	(15 767)	99 540
Computer software	-	7 858	(982)	6 876
Furniture and fixtures	-	53 179	(4 404)	48 775
Medical equipment	-	19 500	(975)	18 525
	-	195 844	(22 128)	173 716

3. Investments

Managed portfolio at cost	
Stanlib Collective Investments (RF) Limited	159 828 567
Taquanta Asset Managers (Pty) Limited	159 288 197
	319 116 764

4. Accounts receivable

Deposits	46 919
Prepayments	31 108
	78 027

5. Cash resources

Cash and cash equivalents consist of:

Bank balances	90 879 456
Cash on hand	6 476
	90 885 932

6. Trust capital

Trust capital	
Settlers contribution	200

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Notes to the Annual Financial Statements

Figures in Rand

2017

7. Trust administration reserve

Initial funding from settlors	2 000 000
Further advances	8 000 000
Current year trust administration expenses	(8 519 342)
Taxation for the year	(9 138 337)
Current year investment returns	22 288 627
	<u>14 630 948</u>

The reserve has been established to cover trust formation costs and ongoing trust administration expenses. A further R10 million is available at the request of the trustees. Furthermore, to the extent that such funds are exhausted, trust administration costs will be paid via the interest and investment returns that accrue to the trust, failing which application can be made to the settlors for additional funds to settle such expenses.

8. Available for distribution to beneficiaries

Funds available for distribution to beneficiaries	<u>353 743 315</u>
Reconciliation of funds available for distribution to beneficiaries	
Funds introduced by settlors	395 000 000
Transfer of funds to approved claims for distribution to beneficiaries	(41 256 685)
	<u>353 743 315</u>

As at the reporting date, the qualifying claimants totalled 235. To the extent, that the qualifying claimants reach the following numbers, additional advances by the settlors will become due and payable within 10 business days thereof:

Number of qualifying claimants	Additional funds payable
3729	23 000 000
3949	22 000 000
4168	24 000 000
	<u>69 000 000</u>

9. Approved claims for distribution to beneficiaries

Amount transferred from funds available for distribution to beneficiaries	41 256 685
Amounts paid to beneficiaries	(10 111 302)
	<u>31 145 383</u>
Non-current liability	16 502 674
Current liability	14 642 709
	<u>31 145 383</u>

10. Accounts payable

Accrued expenses	165 300
Other payables	1 430 956
	<u>1 596 256</u>

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Notes to the Annual Financial Statements

Figures in Rand

2017

11. Taxation

Major components of the tax expense

Current

Local income tax - current period

9 138 337

12. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

13. Events after the reporting period

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

14. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the trust.