

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

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 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 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 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 2018 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, set out on pages 5 to 17, 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 Sandown Sandton 2146
Postal address	705 Salmon Grove Chambers 407 Anton Lembede Street Durban 4001
Bankers	The Standard Bank of South Africa Limited
Auditors	KPMG Inc Registered Auditors
Trust registration number	IT 2710/2010
Tax reference number	3834903159
Level of assurance	These financial statements have been audited
Preparer	Licksman Accounting Services 88 Homestead Avenue Homelake Randfontein
Trust administrator	NLA Legal Inc Fancourt Office Park, Block 2 Corner Northumberland & Felstead avenue Northriding ext 17 2169

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

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

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 community development;
- The promotion of community 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 community 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 Community Trust 'B' Shares Subscription Price and GFI Mining South Africa (Pty) Ltd have made a donation to the trust of the Community 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 community; 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 follows:

Philani Community Development	R482 250
South Africa Football Association	R750 000
Reaikoka	R333 754
Areageng	R293 375
Lima Lephale	R790 015
Phakamani Jwaga	R422 051
Tubela Industries	R90 000
Total	R3 161 444

Trustees' Report (continued)

4. Trustees

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

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 is in the process of submitting the required documentation to SARS as required by section 30 of the Income Tax Act to be registered as a Public Benefit Organisation.

10. Change in year end.

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



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Independent Auditor's Report

To the trustees of The South Deep Community Trust

Opinion

We have audited the financial statements of The South Deep Community Trust (the trust) set out on pages 5 to 16, 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 Community 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 COMMUNITY TRUST
STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

ASSETS	Notes	2017 ZAR	2016 ZAR
Non-current assets			
Financial assets	1	76 701 860	77 768 678
		<u>76 701 860</u>	<u>77 768 678</u>
Current assets			
Financial assets	1	1 066 818	978 733
Current tax receivable	3	-	976 401
Prepaid expenses	4	2 235 043	-
Cash and cash equivalents	2	5 563 497	9 982 128
		<u>8 865 358</u>	<u>11 937 262</u>
Total assets		<u><u>85 567 218</u></u>	<u><u>89 705 940</u></u>
EQUITY AND LIABILITIES			
Equity			
Contributed assets		30 818	30 818
Accumulated surplus		63 432 478	71 273 607
		<u>63 463 296</u>	<u>71 304 425</u>
Non-current liabilities			
Deferred taxation liability	5	22 103 922	18 401 515
		<u>22 103 922</u>	<u>18 401 515</u>
Current liabilities			
		-	-
		<u>-</u>	<u>-</u>
Total equity and liabilities		<u><u>85 567 218</u></u>	<u><u>89 705 940</u></u>

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

	Notes	Year ended 2017 ZAR	Period ended 2016 ZAR
Other expenses		(4 263 208)	(2 528 762)
Operating loss		(4 263 208)	(2 528 762)
Finance income	6	1 500 887	1 416 274
Loss before taxation		(2 762 321)	(1 112 488)
Taxation	7	(5 078 808)	-
Loss for the year		(7 841 129)	(1 112 488)
Other comprehensive income		-	-
Total comprehensive income for the year		(7 841 129)	(1 112 488)

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

	Contributed assets ZAR	Accumulated surplus ZAR	Total ZAR
Balance at 28 February 2016	30 818	72 386 095	72 416 913
Comprehensive income for the period	-	(1 112 488)	(1 112 488)
Balance at 31 December 2016	30 818	71 273 607	71 304 425
Comprehensive income for the year	-	(7 841 129)	(7 841 129)
Balance at 31 December 2017	30 818	63 432 478	63 463 296

THE SOUTH DEEP COMMUNITY TRUST
STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Notes	Year ended 2017 ZAR	Period ended 2016 ZAR
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	8	(4 263 208)	(2 528 761)
Finance income		479 620	518 516
Dividends received		1 600 000	1 700 000
		<hr/>	<hr/>
Cash outflow before changes in working capital		(2 183 588)	(310 245)
Changes in working capital		(2 235 043)	-
Tax paid		-	(547 664)
Tax refunds received		-	5 800
		<hr/>	<hr/>
NET CASH UTILISED IN OPERATING ACTIVITIES		(4 418 631)	(852 109)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET DECREASE IN CASH AND BANK BALANCES		(4 418 631)	(852 109)
Cash and bank balances at beginning of the year	2	9 982 128	10 834 237
		<hr/>	<hr/>
Cash and bank balances at end of the year	2	5 563 497	9 982 128
		<hr/> <hr/>	<hr/> <hr/>

THE SOUTH DEEP COMMUNITY TRUST
ACCOUNTING POLICIES
for the year ended 31 December 2017

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 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.

The financial statements are based on statutory records that are maintained under the historic cost convention.

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 it is 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 2017

- Deferred taxation liability: 22 103 922

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 receivable, 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 the 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 COMMUNITY TRUST
ACCOUNTING POLICIES (continued)
for the year ended 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 2019	New standard	<ul style="list-style-type: none"> • This IFRS is part of the IASB's project to replace IAS 39 Financial instruments: Recognition and measurement. • 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. • The classification and measurement of financial liabilities are the same as per IAS 39 barring two aspects. • Adds the requirements related to the derecognition of financial assets and liabilities to the version issued in November 2009. • 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. 	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 COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

	2017 ZAR	2016 ZAR
1. Financial assets		
Financial assets at fair value		
Newshelf 899 (Pty) Ltd	67 400 000	67 400 000
Financial assets at amortised cost		
Loans and receivables	10 368 678	11 347 411
	<u>77 768 678</u>	<u>78 747 411</u>

Financial assets

Financial assets

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.

Subsequently no fair value assessment was carried out of Newco 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 thus carried at the fair value 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 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

Taking into account the cash flows from the Newco dividends and applying an interest rate of 9% per annum on the date of initial recognition, the investment was valued to the net present value (NPV) of these cash flows on the date of initial recognition. Refer to note 6 for the interest related to this financial asset.

Non-current assets

Financial assets	67 400 000	67 400 000
Loans and receivables	9 301 860	10 368 678
	<u>76 701 860</u>	<u>77 768 678</u>

Current assets

Loans and receivables (short term portion)	1 066 818	978 733
	<u>77 768 678</u>	<u>78 747 411</u>

2. Cash and cash equivalents

Current account	3 056	98 155
Call account	5 560 441	9 883 973
	<u>5 563 497</u>	<u>9 982 128</u>

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

	2017 ZAR	2016 ZAR
3. Current tax receivable		
Dividend tax withheld	-	400 000
Tax asset	-	576 401
	<u>-</u>	<u>976 401</u>

SDCT has applied for the tax exemption certificate in terms of section 30 of Income Tax Act and they are waiting for the outcome from the Commissioner of the South African Revenue Services. Based on our knowledge, the Commissioner of the South African Revenue Services does not issue the Public Benefit Organisation status to community trusts as such the amount of dividend tax withheld by Newsheld 899 (Pty) Ltd has been written off in current year.

4. Prepaid expenses		
South Deep Education NLA trust account	<u>2 235 043</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.

5. Deferred tax liability		
Deferred tax liability	<u>(22 103 922)</u>	<u>(18 401 515)</u>

The deferred tax liability relates to the valuation of the investment in Newsheld 899 (Pty) Ltd in 2010. The carrying amount has been adjusted for the subsequent changes in tax rate.

Reconciliation of deferred tax liability

At the beginning of the year	(18 401 515)	(18 401 515)
Assessed loss	280 190	103 405
Deferred tax asset not recognised	(280 190)	(103 405)
Tax rate adjustment	(3 702 407)	-
	<u>(22 103 922)</u>	<u>(18 401 515)</u>

6. Finance income		
Accretion interest: Financial asset	1 021 267	897 758
Bank Interest	479 620	518 516
	<u>1 500 887</u>	<u>1 416 274</u>

7. Taxation		
Tax recognised in the profit or loss		
Dividend tax		
Dividend tax withheld in current year	(400 000)	-
Dividend tax withheld in prior years	(976 401)	-
Current tax		
Local Income tax-current year	-	-
Deferred tax		
Tax rate adjustment	(3 702 407)	-
	<u>(5 078 808)</u>	<u>-</u>

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

	2017 ZAR	2016 ZAR
7. Taxation (continued)		
<u>Reconciliation of the tax expense</u>		
<u>Reconciliation between accounting profit and tax expense</u>		
Accounting loss	(2 762 321)	(1 112 488)
Tax at the applicable tax rate of 41%	(1 132 552)	(456 120)
Tax effect of adjustments on taxable income		
Tax exempt income:		
Dividends	(418 719)	(368 081)
Non-deductible items:		
Distributions of capital in nature	1 298 201	720 796
Current year deferred tax asset not recognised	253 070	103 405
Adjustment to tax rate	3 702 407	-
Dividend tax withheld	1 376 401	-
	<u>5 078 808</u>	<u>-</u>
<p>The trust has an assessed loss amounting to R 2 410 685 (2016: R1 793 441) which is available for offset against future taxable income. No deferred tax asset has been recognised in respect of this assessable loss as its recoverability is not certain. The assessed loss may only be carried forward for offset against future taxable income.</p> <p>The capital gains tax inclusion rate increased from 27.31% to 32.8%.</p>		
8. Cash used in operations		
Loss before taxation	(2 762 321)	(1 112 488)
Adjustments for:		
Finance income	(1 500 887)	(1 416 273)
	<u>(4 263 208)</u>	<u>(2 528 761)</u>
9. Tax paid		
Balance at the beginning of the year	(576 401)	34 537
Taxes written off	576 401	-
Refund received from SARS	-	(5 800)
Balance at end of the year	-	(576 401)
	<u>-</u>	<u>(547 664)</u>

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

2017 **2016**
ZAR **ZAR**

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.

12. Related parties

Relationships

Substantial investment

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

Newshelf 899 (Pty) Ltd	<u>67 400 000</u>	<u>67 400 000</u>
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Loans and receivables owing by related parties

Newshelf 899 (Pty) Ltd	<u>10 368 678</u>	<u>11 347 411</u>
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Related party transactions

Newshelf 899 (Pty) Ltd- accretion interest	<u>1 021 267</u>	<u>897 758</u>
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THE SOUTH DEEP COMMUNITY TRUST
DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	2017 ZAR	2016 ZAR
Other income			
Finance income	6	1 500 887	1 416 274
Other expenses			
Accounting fees		(120 004)	(92 513)
Bank charges		(1 187)	(1 340)
Consulting fees		(202 473)	(185 716)
Distributions		(3 161 444)	(1 758 039)
Trust administration fees		(617 171)	(425 890)
Trustees' fees		(81 676)	(44 250)
Monitoring cost		(61 996)	-
Donations		(5 000)	-
Workshop costs		(3 457)	(7 114)
Website design		(8 800)	(13 900)
Total other expenses		(4 263 208)	(2 528 762)
Loss before taxation		(2 762 321)	(1 112 488)
Taxation	7	(5 078 808)	-
Loss for the year		(7 841 129)	(1 112 488)