



**CEPPWAWU DEVELOPMENT TRUST
(REGISTRATION NUMBER IT 8723/01) PRO-
FORMA CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2018**

CEPPWAWU DEVELOPMENT TRUST

(Registration number IT 8723/01)

Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

General Information

Country of incorporation and domicile	South Africa
Type of trust	Inter-vivos trust
Administrator	Thulisile Njapa Mashanda
Trustees	Azhar Ebrahim Bham Nobuhle Judith Dlamini Geoffrey Keith Everingham Simon Mofokeng Isaac Oupa Shongwe Rapule Peter Tsotetsi
Registered office	1st Floor Rosepark North Sturdee Avenue Rosebank 2196
Postal address	1st Floor Rosepark North Sturdee Avenue Rosebank 2196
Reviewer	GrowthStone Assurance Inc. Registered Auditors
Trust registration number	IT 8723/01
Level of assurance	The Reviewes have undertaken a set of Agreed Upon Procedures relating to the review of the Proforma Consolidated Financial Statements of the Trust.
Issued	26 February 2021
Reason for preparing Pro-forma Consolidated Financial Statements	CEPPWAWU is the founder of the beneficiary. With the Trust having been dysfunctional for several years and with the organisation having neither convened any meeting from a corporate governance perspective so as to discharge their responsibilities or prepared audited financial statement, CEPPWAWU has taken upon itself the responsibility to prepare and sign the reviewed proforma financial statements in these circumstances. As CEPPWAWU has been placed under Administration by the Labour Court on 4 June 2020, the responsibility to sign the reviewed pro-forma financial statement fell on the dully appointed Administrator for CEPPWAWU.

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Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

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Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

Administrators' Responsibilities and Approval

The administrator is required in terms of the Trust Properties Control Act to maintain adequate accounting records and is responsible for the content and integrity of the Pro-forma Consolidated financial statements and related financial information included in this report. It is her responsibility to ensure that the Pro-forma Consolidated financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (modified, as it is based on the Administrators determination of how the Trust was suppose to operate) The reviewer is engaged to undertake a set of agreed upon procedures on the Pro-forma Consolidated Financial Statements, which have been prepared with management accounts..

The Pro-forma Consolidated financial statements are prepared in accordance with International Financial Reporting Standards (modified, as it is based on the Administrators determination of how the Trust was suppose to operate) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The administrator acknowledge that she is ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the administrator to meet these responsibilities, the administrator 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The administrator is 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 Pro-forma Consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The administrator has reviewed the group's cash flow forecast for the year to 28 February 2019 and, in light of this review and the current financial position, she is satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The independent reviewer is responsible for independently reviewing and reporting on the group's Pro-forma Consolidated financial statements. The Pro-forma Consolidated financial statements have been examined by the group's independent reviewers and their report is presented on pages 6 to 7.

The Pro-forma Consolidated financial statements set out on pages 8 to 31, which have been prepared on the going concern basis, were approved by the administrator on 26 February 2021 and were signed on her behalf by:

Approval of financial statements

Thulisile Njapa Mashanda

CEPPWAWU DEVELOPMENT TRUST

(Registration number IT 8723/01)

Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

Administrators' Report

The administrator has pleasure in submitting her report on the Pro-forma Consolidated financial statements of CEPPWAWU DEVELOPMENT TRUST and the group for the year ended 28 February 2018.

1. Review of financial results and activities

The Pro-forma Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (modified, as it is based on the Administrators determination of how the Trust was suppose to operate) and the requirements of the Trust Properties Control Act.

The trust is engaged to generate income from investments and other sources and to utilise this income to provide financial assistance to its beneficiaries and operates principally in South Africa

The operational results and state of affairs of the trust and the group set out in the attached Pro-forma Consolidated financial statements and do not in our opinion require any further comment.

2. Trustees

The administrator of the trust is appointed in terms of Section 5 of the Trust Deed.

The Trust Deed requires that trustees shall be appointed to represent CEPPWAWU and its members and their families (the beneficiaries), trustees that represents the various investment vehicles of the Trust as well as Professional Trustees for their business expertise.

This Section further requires that there shall not be less than five nor more than seven trustees in office

The trustees in office at the date of this report and prior there to are as follows:

Trustees

Azhar Ebrahim
Bham Nobuhle
Judith Dlamini
Geoffrey Keith Everingham
Simon Mofokeng
Isaac Oupa Shongwe
Rapule Peter Tsotetsi

3. Events after the reporting period

3.1 Some of the Trustees who are listed in point 2 of were either removed or resigned from the Trust. Legal action has been instituted against certain previous trustees and are still in the process of being presided on. The Master of the High Court has refused to register any new trustees up until the dispute between CEPPWAWU Union directors and some of the previous trustee of the Trust has been resolved.

3.2 On 4 June 2020 the CEPPWAWU Union was placed under administration in terms of section 103A of the Labour Relations Act, No. 66 of 1995 ("LRA").

Mrs. Thulisile Njapa Mashanda is appointed as the Administrator for the CEPPWAWU Development Trust.

The Trustees is aware of the COVID-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the Trustees is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the group and trust. The financial estimate cannot be determined reliably as the extent of COVID -19 is unknown. An analysis has been prepared by the Trustees, regarding the potential long-term effect of the disease, based on information available at approval date. This analysis is continuously updated.

The administrator is not aware of any other material event which occurred after the reporting date and up to the date of this report.

CEPPWAWU DEVELOPMENT TRUST

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Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

Administrators' Report

4. Going concern

The administrator believes that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the Pro-forma Consolidated financial statements have been prepared on a going concern basis. The administrator has 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 administrator is not aware of any new material changes that may adversely impact the trust. The administrator is 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. However, the going concern of the Trust is dependent on the transfer of funds receivable from CEPPWAWU Investments (Pty) Limited.

5. Agreed Upon Procedures Review

GrowthStone Assurance Inc. has undertaken a set of agreed upon procedures relating to the Pro-forma Consolidated Financial Statements



REPORT ON AGREED UPON PROCEDURES ON CONSOLIDATED PROFORMA FINANCIAL STATEMENTS

To the Administrator of CEPPWAWU Development Trust

We have performed the procedures agreed with you and enumerated below with respect to the Consolidated Proforma Financial Statements of the CEPPWAWU Development Trust as set out on pages 3 to 5 and pages 8 to 31, which comprise of the Administrator's responsibility and approval, Administrator's report, Statement of Financial Position as at 28th February 2018, Statement of Profit & Loss and Other Comprehensive Income for the year then ended, Statement of Changes in Equity, Statement of Cash Flows and the notes, comprising of a summary of significant accounting policies and other explanatory information for the year ended 28th February 2018. These Consolidated Proforma Financial Statements are the responsibility of the Administrator. Our responsibility is to issue a report on Agreed-Up Procedures on this engagement in connection with these Consolidated Proforma Financial Statements.

The Agreed-Up Procedures as per our engagement letters are as follows:

- High-level review of Standalone Proforma financial statement of CEPPWAWU Development Trust;
- Review of compliance of the financial statement with the Trust Deed of the CEPPWAWU Development Trust;
- Review of the calculations of incomes and accruals of expenses based on the Administrator's advice;
- Review of the consolidation procedures, calculations and eliminations as performed by the Trust's Administrator for consolidating the Trust's accounts with that of its subsidiary, CEPPWAWU Investment (Pty) Limited.

The parties agreed that GSA will not undertake any audit or review of the financial statements of CEPPWAWU Investment (Pty) Limited.

GrowthStone Assurance's Responsibility

We have performed the procedures as defined above and in our Engagement Letter, which were agreed to by CEPPWAWU Development Trust and the Administrator of this Trust. These Agreed-Up procedures were performed as a limited review of the proforma financial statements of the Trust. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Up Procedures Engagements ("ISRS 4400 (Revised)"). The terms of our engagement require us to be independent. We confirm that we are independent based on our determination in accordance with the independence provisions in terms of the IRBA Code of Professional Conduct. Our firm applies International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Administrator of CEPPWAWU Development Trust.

An Agreed-Up procedures engagement performed in accordance with ISRS 4400 (Revised) involves our performing of the procedures that have been agreed to by us and CEPPWAWU Development Trust and reporting the findings based on the procedures performed. CEPPWAWU Development Trust has acknowledged that the procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the procedures described as part of our engagement letter.

We report our findings below:

Based on our review and, because of the significance of the matters described in the below, we do not believe that the accompanying Consolidated Proforma Financial Statements provide a true and fair view of the consolidated entity.

Non-Reliance on Consolidated Proforma Financial Statements

- We have not performed additional procedures on the financial statements of CEPPWAWU Investment (Pty) Limited and have relied upon the numbers as provided by the signed audit reports of this entity as this is not in the scope of our engagement. Hence could not conclude if any adjustments were required on these balances as well.
- In our review of the Consolidated Proforma Financial Statements, all operating expenses have been recorded as an accrual based on a percentage (10%) of dividend earned by CEPPWAWU Investment (Pty) Limited. No evidence of any actual cost could be produced, and the amount is based on the Trust's Administrator's estimate of likely cost. Hence could not conclude if any adjustments were required on these balances.
- Dividend income (and related receivables) has been recognised as income in the standalone proforma financial statements of the CEPPWAWU Development Trust even when these dividends are not actually declared by the Board and shareholders of CEPPWAWU Investment (Pty) Limited. This is not in line with the requirements of International Accounting Standard 18 (Revenue Recognition).
- For the calculation of dividend income, as recorded by the Administrator, we could not come to an acceptable agreement with the Administrator on the interpretation of the Trust Deed. We could therefore not conclude whether any adjustment with regards to increase/decrease of this income was necessary.
- The Trust has accrued for a distribution due to the CEPPWAWU Union based on paragraph 10 of the Trust Deed. The

Trust Deed notes that the amount should not be less than twenty-five 25% of the income earned on any investment owned by the Trust. The Trust will be deemed to have earned income, if that income has been earned by any company, or any other legal entity controlled by the Trust regardless of the whether, in the case of the company, such income has been declared as a dividend. The income earned by the Trust shall be net of any Trust administration expenses. The Administrator of the Trust has only accounted for the dividend income earned by the CEPPWAWU Investment (Pty) Limited investments. This does not represent the full income of the Trust or entities under control of the Trust.

- The Administrator has agreed to accrue the remaining 75% of Trust income, after the accrual of Trust expenses, to the members of the Union, their families and communities in line with the objectives of the Trust.

Going concern issue

Trust is showing a receivable from CEPPWAWU Investment (Pty) Limited in their standalone proforma financial statements which CEPPWAWU Investment (Pty) Limited has not recognized as a liability. Should CEPPWAWU Investment (Pty) Limited not agree to pay this amount, the Trust will not have any source of income. Moreover, the liability to CEPPWAWU Union, as per Paragraph 10 of the Trust Deed, is still be applicable, creating a loss position for the Trust. The impact of this will create a serious going concern issue for the Trust as it will have significant liabilities without any corresponding income.

Also, we have not done a detailed assessment for tax impact of the proposed transactions (such as accruals of dividend income and expenses).

The Trust has failed to comply with below provisions as outlined in the Trust Deed including:

3.1 – The primary objective of the Trust is to utilize the income earned to provide financial assistance to the beneficiary and its members, their families and communities.

5.3 – Vacancies in the Trust. The Trustees have vacated the office and per the Trust Deed, the union had to appoint new Trustees within 60 days of vacating the office by the Trustees

10 – Income payable to beneficiary - The Trust is obliged to pay, to its beneficiary (i.e., CEPPWAWU Union) at least 25% of income earned by the Trust and entities controlled by the Trust within 6 months after the corresponding financial year's end.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the accounts payable as of 26 February 2021.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of the CAPPWAWU Development Trust, taken as a whole.

GrowthStone Assurance Inc.

Per: Theodore Josias

Registered Auditor

26 February 2021

20 Woodlands Drive Woodmead Johannesburg

2128

CEPPWAWU DEVELOPMENT TRUST

(Registration number IT 8723/01)

Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

Statement of Financial Position as at 28 February 2018

		Group		Trust	
Figures in Rand	Note(s)	2018	2017	2018	2017
Assets					
Non-Current Assets					
Investments in subsidiaries	3	-	-	100	100
Investments in associates	4	4 156 308	4 156 308	-	-
Other financial assets	5	2 930 485 287	3 076 628 151	-	-
		2 934 641 595	3 080 784 459	100	100
Current Assets					
Trade and other receivables	6	1 326 316	1 002 705	339 537 517	310 060 208
Current tax receivable		23 069	-	-	-
Cash and cash equivalents	7	138 606 294	129 576 477	-	-
		139 955 679	130 579 182	339 537 517	310 060 208
Total Assets		3 074 597 274	3 211 363 641	339 537 617	310 060 308
Equity and Liabilities					
Equity					
Share capital	8	100	100	100	100
Reserves		2 431 249 856	2 561 234 082	-	-
Retained income		(265 533 250)	(284 398 084)	(18 240)	(18 240)
		2 165 716 706	2 276 836 098	(18 140)	(18 140)
Liabilities					
Non-Current Liabilities					
Loans from group companies	11	-	-	988 598	988 598
Deferred tax	9	563 137 004	600 744 605	-	-
Other liabilities		528 218	528 218	-	-
		563 665 222	601 272 823	988 598	988 598
Current Liabilities					
Current tax payable		-	16 797 777	-	-
Dividend payable		305 583 765	279 054 187	305 583 765	279 054 187
Trade and other payables	10	39 631 581	37 402 756	32 983 394	30 035 663
		345 215 346	333 254 720	338 567 159	309 089 850
Total Liabilities		908 880 568	934 527 543	339 555 757	310 078 448
Total Equity and Liabilities		3 074 597 274	3 211 363 641	339 537 617	310 060 308

CEPPWAWU DEVELOPMENT TRUST

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Group		Trust	
		2018	2017	2018	2017
Other operating gains (losses)		(1 538 932)	-	-	-
Other operating expenses		(3 637 706)	(8 967 437)	(2 947 731)	(5 537 032)
Operating loss		(5 176 638)	(8 967 437)	(2 947 731)	(5 537 032)
Investment income	12	44 311 743	76 765 653	29 477 309	55 370 323
Interest and penalties (paid) / refunded	13	8 178 227	(6 849 348)	-	-
Income from equity accounted investments		-	887 113	-	-
Fair value adjustments		-	3 455 881	-	-
Profit (loss) before taxation		47 313 332	65 291 862	26 529 578	49 833 291
Taxation	14	(1 952 550)	(125 587 739)	-	-
Profit (loss) for the year		45 360 782	(60 295 877)	26 529 578	49 833 291
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Available-for-sale financial assets adjustments		(167 713 502)	54 608 645	-	-
Income tax relating to items that may be reclassified		37 567 824	(12 232 336)	-	-
Other comprehensive income net of taxation		(130 145 678)	42 376 309	-	-
Other comprehensive income for the year net of taxation	15	(130 145 678)	42 376 309	-	-
Total comprehensive (loss) income for the year		(84 784 896)	(17 919 568)	26 529 578	49 833 291

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Statement of Changes in Equity

	Share capital	Contractual Incentive reserve	Fair value adjustment assets- available-for- sale reserve	Total reserves	Retained income	Total equity
Figures in Rand						
Group						
Balance at 01 March 2016	100	-	2 518 785 646	2 518 785 646	(174 268 915)	2 344 516 831
Loss for the year	-	-	-	-	(60 295 878)	(60 295 878)
Other comprehensive income	-	-	42 376 309	42 376 309	-	42 376 309
Total comprehensive Loss for the year	-	-	42 376 309	42 376 309	(60 295 878)	(17 919 569)
Dividends	-	-	-	-	(49 833 291)	(49 833 291)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(49 833 291)	(49 833 291)
Balance at 01 March 2017	100	-	2 561 161 955	2 561 161 955	(284 398 084)	2 276 763 971
Profit for the year	-	-	-	-	45 360 782	45 360 782
Other comprehensive income	-	-	(130 145 678)	(130 145 678)	-	(130 145 678)
Total comprehensive income for the year	-	-	(130 145 678)	(130 145 678)	45 360 782	(84 784 896)
Equity participation payments	-	-	233 579	233 579	-	233 579
Dividends	-	-	-	-	(26 495 948)	(26 495 948)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	233 579	233 579	(26 495 948)	(26 262 369)
Balance at 28 February 2018	100	-	2 431 249 856	2 431 249 856	(265 533 250)	2 165 716 706
Note(s)	8	15			15	

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Statement of Changes in Equity

	Share capital	Contractual Incentive reserve	Fair value adjustment assets- available-for- sale reserve	Total reserves	Retained income	Total equity
Figures in Rand						
Company						
Balance at 01 March 2016	100	-	-	-	(18 240)	(18 140)
Profit for the year	-	-	-	-	49 833 291	49 833 291
Total comprehensive income for the year	-	-	-	-	49 833 291	49 833 291
Dividends	-	-	-	-	(49 833 291)	(49 833 291)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(49 833 291)	(49 833 291)
Balance at 01 March 2017	100	-	-	-	(18 240)	(18 140)
Profit for the year	-	-	-	-	26 529 578	26 529 578
Total comprehensive income for the year	-	-	-	-	26 529 578	26 529 578
Dividends	-	-	-	-	(26 529 578)	(26 529 578)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(26 529 578)	(26 529 578)
Balance at 28 February 2018	100	-	-	-	(18 240)	(18 140)
Note(s)	8	15			15	

CEPPWAWU DEVELOPMENT TRUST

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Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

Statement of Cash Flows

Figures in Rand	Note(s)	Group		Trust	
		2018	2017	2018	2017
Cash flows from operating activities					
Cash (used in)/generated from operations	16	(1 537 411)	(1 664 018)	-	-
Interest income		7 465 107	7 552 748	-	-
Dividends received		36 846 636	36 540 190	-	-
Interest and penalties (paid) / refunded		8 178 227	(6 849 348)	-	-
Tax paid	17	(18 813 172)	(191 731 658)	-	-
Net cash from operating activities		32 139 387	(156 152 086)	-	-
Cash flows from investing activities					
Net movement in other financial assets		(23 109 570)	-	-	-
Realisation of fair value on the sales of shares		-	-	-	-
Net cash from investing activities		(23 109 570)	-	-	-
Total cash movement for the year		9 029 817	(156 152 086)	-	-
Cash at the beginning of the year		129 576 477	285 728 563	-	-
Total cash at end of the year	7	138 606 294	129 576 477	-	-

CEPPWAWU DEVELOPMENT TRUST

(Registration number IT 8723/01)

Pro-forma Consolidated Financial Statements for the year ended 28 February 2018

Accounting Policies

1. Presentation of Pro-forma Consolidated Financial Statements

The Pro-forma Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (modified, as it is based on the Administrators determination of how the Trust was suppose to operate and the requirements of the Trust Property Act). The pro-forma consolidated 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 Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The Pro-forma Consolidated financial statements incorporate the Pro-forma Consolidated financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the Pro-forma Consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the Pro-forma Consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.2 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

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Accounting Policies

1.2 Investments in associates (continued)

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.3 Significant judgements

The preparation of Pro-forma Consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Fair value estimation

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period. The fair value of the financial instrument that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long term debts. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may impact our estimate and may then require a material adjustment to the carrying amount of goodwill and intangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.4 Investments in subsidiaries

In the trust separate pro-forma consolidated financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the trust; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in cost of the combination if the adjustment is probable and can be measured reliably.

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Accounting Policies

1.5 Investments in associates

Trust Pro-forma Consolidated financial statements

An investment in an associate is accounted for using the cost less any accumulated impairment. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date.

The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate. Distributions received from associate reduce the carrying amount of the investment. Profit and losses resulting from transactions with associates are recognised only to the extent of unrelated investor's interest in the associate. The excess of the group's interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

1.6 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies 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 and are classified as available-for-sale financial assets.

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

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

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

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

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1.6 Financial instruments (continued)

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference 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.

Financial instruments designated as available-for-sale

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain and loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit and loss are for debt instruments classified as available for sale are subsequently reversed if an increasing fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans to shareholders

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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Accounting Policies

1.6 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the group has the positive intention and ability to hold to maturity are classified as held to maturity.

1.7 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

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Accounting Policies

1.8 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a
- business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

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Accounting Policies

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.12 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

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Accounting Policies

1.12 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the group's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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Notes to the Pro-forma Consolidated Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The Proforma Consolidated Financial Statements have been prepared in 2021 relating to the 2018 financial year. Standards applicable at the 2018 financial year end have been applied. The impact of all future standards has not been assessed for purposes of the financial statement preparation.

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2018 or later periods:

Standard/ Interpretation:

- IFRS 9 Financial Instruments

**Effective date: Years
beginning on or after
01 January 2018**

Expected impact:

New standard that is the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard replaces the multiple classification and measurement models in IAS39 with a single model that has only two classifications categories: amortised cost and fair value.

- IAS 27 Separate Financial Statements

01 January 2013

Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements.

- IFRS 10 Consolidated Financial Statements

01 January 2013

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

- IFRS 13 Fair Value Measurement

01 January 2013

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation - Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee

- IFRS 12 Disclosure of Interests in Other Entities

01 January 2013

New guidance on fair value measurement and disclosure requirements.

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Notes to the Pro-forma Consolidated Financial Statements

2. New Standards and Interpretations (continued)

- IAS 1 Presentation of Financial Statements

01 July 2012

New requirements to group together items withing OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.

3. Investments in subsidiaries

Group

Name of company

	% holding 2018	% holding 2017
Amalgum Investments 35 (Pty) Ltd	100,00 %	100,00 %
Amalgum Investments 36 (Pty) Ltd	100,00 %	100,00 %
CEPPWAWU Pharmaceuticals Investments Two (Pty) Ltd	100,00 %	100,00 %
Amalgum Investments 64 (Pty) Ltd	100,00 %	100,00 %
Inyanga Trading 214 (Pty) Ltd	100,00 %	100,00 %
Amalgum Trading 214 (Pty) Ltd	100,00 %	100,00 %
Amalgum Investments 37 (Pty) Ltd	100,00 %	100,00 %
CEPPWAWU Pharmaceuticals investments (Pty) Ltd	100,00 %	100,00 %
CEPPWAWU Development Trust	100,00 %	100,00 %

The carrying amounts of subsidiaries are shown net of impairment losses.

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Notes to the Pro-forma Consolidated Financial Statements

3. Investments in subsidiaries (continued)

Trust

Name of company	% holding 2018	% holding 2017	Carrying amount 2018	Carrying amount 2017
CEPPWAWU Investments (Pty) Ltd	100,00 %	100,00 %	100	100

The carrying amounts of subsidiaries are shown net of impairment losses.

4. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	Listed/ unlisted	% ownership interest 2018	% ownership interest 2017	Carrying amount 2018	Carrying amount 2017
Old Priory Investment (Pty) Ltd	Unlisted	20,00 %	20,00 %	520 000	520 000
Tsela Industries (Pty) Ltd	Unlisted	26,00 %	26,00 %	-	-
Red Coral Investments 23 (Pty) Ltd	Unlisted	20,41 %	20,41 %	200	200
Cirebelle Innovative Beauty Wax (Pty) Ltd	Unlisted	22,00 %	22,00 %	3 635 908	3 635 908
Allegra Properties 3 (Pty) Ltd	Unlisted	50,00 %	50,00 %	200	200
				200	200
				4 156 308	4 156 308

The carrying amounts of Associates are shown net of impairment losses.

Fair value

The fair values, determined annually at end of the reporting period, were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted on a stock exchange were based on the underlying net asset income consists solely on dividend income. During the period under review no dividends were received but management is reasonably certain that dividends will be received by the company in future periods commencing in the following financial year.

Associates with different reporting dates

The reporting date of the associate is not the same as company ends on 30 September each year which is different from the year end of Inyanga Trading 214 (Pty) Ltd. The associate company has got the same reporting date as the company in which it holds an interest.

Restrictions relating to associates

The associate Inyanga Trading 214 (Pty) Ltd, is unable to declare any dividends until it has re-paid a long-term loan to its financier, Nedbank Ltd.

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Notes to the Pro-forma Consolidated Financial Statements

	Group		Trust	
Figures in Rand	2018	2017	2018	2017
5. Other financial assets				
At fair value through profit or loss - designated				
Listed shares	406 179 891	426 135 490	-	-
Aspen Pharmacare Holdings Ltd				
CEPPWAWU Investments holds 1,503,813 (2017: 1,503,813) shares in Aspen at R270.10 (2017: R283.37) per share.				
Nampak Limited	31 311 351	32 850 284	-	-
Amalgum Investments 64 Proprietary Limited holds 1,972,990 shares in the current year at R15.87				
	437 491 242	458 985 774	-	-
Available-for-sale				
Listed shares	2 309 234 805	2 422 687 400	-	-
Aspen Pharmacare Holdings Ltd				
CEPPWAWU Investments (Pty) Ltd holds 8,549,555 shares in aspen at R270.10. In prior year Imithi Investments (Pty) Ltd holds 3,560,724 ordinary shares in Aspen Pharmacare Holdings. The ordinary shares acquired at an initial cost of R11 per share and 17,600,000 converted at R21 per share.				
Listed shares	158 204 094	192 509 403	-	-
Transpaco Ltd				
6,661,225 (2017: 6,661,225) ordinary shares are held in Transpaco Ltd by Amalgum Investments 36 (Pty) Ltd at R23.75 (2017: R23.50) per share.				
	158 204 094	192 509 403	-	-
	2 467 438 899	2 615 196 803	-	-
Loans and receivables				
Ceppwawu Union	25 555 146	2 445 574	-	-
The above loan is unsecured, interest free and has no fixed terms of repayment.				
Total other financial assets	2 930 485 287	3 076 628 151	-	-
Non-current assets				
At fair value through profit or loss - designated	437 491 242	458 985 774	-	-
Available-for-sale	2 467 438 899	2 615 196 803	-	-
Loans and receivables	25 555 146	2 445 574	-	-
	2 930 485 287	3 076 628 151	-	-

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

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Notes to the Pro-forma Consolidated Financial Statements

	Group		Trust	
Figures in Rand	2018	2017	2018	2017

5. Other financial assets (continued)

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Level 1: quoted (unadjusted) prices in an active market for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of listed or quoted investments are based on the quoted market price (Level 1) at reporting date.

Fair values are determined annually at balance sheet date.

6. Trade and other receivables

Financial instruments:

Trade receivables	1 326 316	1 002 705	-	-
Trade receivables - related parties	-	-	339 537 517	310 060 208
Trade receivables at amortised cost	1 326 316	1 002 705	339 537 517	310 060 208
Total trade and other receivables	1 326 316	1 002 705	339 537 517	310 060 208

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	138 606 294	129 576 477	-	-
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Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. None of the financial institutions with which bank balances are held defaulted in prior periods and as a result a credit rating of high are ascribed to the financial institutions.

The group's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above.

8. Share capital

Authorised

1000 Ordinary shares of R1 each	1 000	1 000	-	-
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Issued

100 Ordinary shares of R1 each	100	100	100	100
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Notes to the Pro-forma Consolidated Financial Statements

	Group		Trust	
Figures in Rand	2018	2017	2018	2017
9. Deferred tax				
Deferred tax liability				
Investment at fair value through profit and loss	(563 137 004)	(600 744 605)	-	-
Deferred tax liability	(563 137 004)	(600 744 605)	-	-
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(600 744 605)	(489 292 010)	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	37 567 825	(111 452 595)	-	-
Movement in deferred tax	39 776	-	-	-
	(563 137 004)	(600 744 605)	-	-
10. Trade and other payables				
Financial instruments:				
Trade payables	125 661	353 662	-	-
Other accrued expenses	6 287 615	6 202 431	-	-
Other trade payables	32 983 394	30 035 663	32 983 394	30 035 663
Accrued audit fees	234 911	70 000	-	-
Other payables	-	741 000	-	-
	39 631 581	37 402 756	32 983 394	30 035 663
Fair value of trade and other payables				
Trade and other payables, are short term in nature. The carrying amount of trade and other payables represents the fair value.				
11. Loans from group companies				
Subsidiaries				
Ceppwawu Investments (Pty) Ltd	-	-	988 598	988 598
12. Investment income				
Dividend income				
Dividends	-	-	29 477 309	55 370 323
Listed investments - Local	36 846 636	69 212 904	-	-
Total dividend income	36 846 636	69 212 904	29 477 309	55 370 323
Interest income				
Bank and other cash	5 075 120	4 412 888	-	-
Loans to group companies:				
Associates	2 389 987	3 139 861	-	-
Total interest income	7 465 107	7 552 749	-	-
Total investment income	44 311 743	76 765 653	29 477 309	55 370 323

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13. Interest and penalties (paid) / refunded

Interest and penalties (paid) / refunded	(8 178 227)	6 849 348	-	-
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14. Taxation

Major components of the tax expense (income)

Current

Local income tax - current period	1 992 326	99 685 582	-	-
Local income tax - recognised in current tax for prior periods	-	25 032 027	-	-
	1 992 326	124 717 609	-	-

Deferred

Taxable temporary difference on revaluation of available-for-sale financial assets	-	830 354	-	-
Other deferred tax	(39 776)	39 776	-	-
	(39 776)	870 130	-	-
	1 952 550	125 587 739	-	-

15. Other comprehensive income

Components of other comprehensive income - Group - 2018

	Gross	Tax	Share of other comprehensive income of equity accounted investments	Net
Items that will not be reclassified to profit (loss)				
Available-for-sale financial assets adjustments				
Reclassification adjustment for available-for-sale financial assets	(167 713 502)	37 567 824	37 567 824	(92 577 854)
	(167 713 502)	37 567 824	37 567 824	(172 521 987)

Components of other comprehensive income - Group - 2017

	Gross	Tax	Share of other comprehensive income of equity accounted investments	Net
Items that will not be reclassified to profit (loss)				
Available-for-sale financial assets adjustments				
Gains / (losses) arising during the year	54 608 645	-	(12 232 336)	42 376 309
	54 608 645	-	(12 232 336)	(1 320 543 207)

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16. Cash used in operations				
Profit before taxation	47 313 332	65 291 862	26 529 578	49 833 291
Adjustments for:				
Losses on disposals, scrapings and settlements of assets and liabilities	1 538 932	-	-	-
Income from equity accounted investments	-	(887 113)	-	-
Dividends received	(36 846 636)	(69 212 904)	-	-
Interest income	(7 465 107)	(7 552 749)	-	-
Interest and penalties (paid) / refunded	(8 178 227)	6 849 348	-	-
Fair value gains	-	(3 455 881)	-	-
Impairment losses and reversals	-	1 167 299	-	-
Other non-cash items trust	2 947 731	5 537 032	(26 529 578)	(49 833 291)
Changes in working capital:				
Trade and other receivables	(323 611)	(83 299)	-	-
Trade and other payables	(523 825)	682 387	-	-
	(1 537 411)	(1 664 018)	-	-
17. Tax paid				
Balance at beginning of the year	(16 797 777)	(182 161 953)	-	-
Current tax for the year recognised in profit or loss	(1 992 326)	(26 367 480)	-	-
Balance at end of the year	(23 069)	16 797 777	-	-
	(18 813 172)	(191 731 656)	-	-

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18. Related parties

Relationships

Holding company
Subsidiaries

CEPPWAWU Investments (Pty) Ltd
Amalgum Investments 35 (Pty) Ltd
Amalgum Investments 36 (Pty) Ltd
Amalgum Investments 37 (Pty) Ltd
Amalgum Investments 64 (Pty) Ltd
CEPPWAWU Pharmaceuticals Investments (Pty) Ltd
CEPPWAWU Pharmaceuticals Investments Two (Pty) Ltd

Associates

Allegra Properties 3 (Pty) Ltd
Cirebelle Innovative Beauty Wax Solutions (Pty) Ltd

Members of key management

DJJ Thomas
L McLachlan
R.P. Tsotetsi
I.O. Shongwe
M.Nxumalo
J.Mabena
S.Mofokeng

Related party balances

Loan accounts - Owing (to) by related parties

Amalgum Investments 35 (Pty) Ltd	37 859	-	-	-
Amalgum Investments 37 (Pty) Ltd	-	(120)	-	-
Amalgum Investments 64 (Pty) Ltd	(1 483 760)	(1 502 980)	-	-
Ceppwawu Pharmaceuticals Investments (Pty) Ltd	-	(1 000)	-	-
Ceppwawu Pharmaceuticals Investments Two (Pty) Ltd	-	(100)	-	-
Inyanga Trading 214 (Pty) Ltd	1 074 376	1 002 705	-	-
Imilhi Investments (Pty) Ltd	456 000	-	-	-
Ceppwawu Investments (Pty) Ltd	-	-	988 598	988 598

19. Financial instruments and risk management

Capital risk management

The group's objective when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return to shareholder.

Loans from group companies	11	-	-	988 598	988 598
Trade and other payables	10	39 631 581	37 402 756	32 983 394	30 035 663
Total borrowings		39 631 581	37 402 756	33 971 992	31 024 261
Cash and cash equivalents	7	-	(129 576 477)	-	-
Net borrowings		(98 974 713)	(92 173 721)	33 971 992	31 024 261
Equity		2 531 783 801	2 635 657 471	26 511 438	49 815 151
Gearing ratio		(4)%	6 %	128 %	1 463 %

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19. Financial instruments and risk management (continued)

Financial risk management

Credit risk

Credit risk is managed on a group basis.

Credit risk consist mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any counter-party.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk.

20. Commitments and guarantees

Pledges of shares

The shareholders of Amalgum Investments 35 (Pty) Ltd have ceded and pledged to deliver to the IDC 999 ordinary shares held in Imithi Investments (Pty) Ltd subject to clauses 1 and 2 of the "Pledge of shares" agreement, signed on 16 March 2005. The pledge shall lapse upon the shareholders extinguishing its total indebtedness to the IDC in respect of the said agreement, and thereupon the shareholders shall be entitled to the return of the shares hereby pledged and the IDC shall have no further claim against the shareholders with regards to the said agreement.

Guarantees

The shareholders of Amalgum Investments 35 (Pty) Ltd have irrevocably guaranteed and undertaken as a principal and independent obligation in favour of the IDC that Imithi Investments (Pty) Limited ("the debtor") will fully, properly and punctually perform all of its obligations in terms of the Acquisition Agreement, whereof the IDC shall subscribe for 13.4 million redeemable, cumulative A preference shares and 17.6 million redeemable, cumulative B preference shares. The shareholders hereby irrevocably and unconditionally undertaken to perform on behalf of the debtor such obligations and indemnify and hold IDC harmless against any losses, damage, costs, expenses, or disbursements of whatsoever nature which the IDC may suffer as a results of such failure, refusal and/or negligence.

21. Contingent liability

The company is liable to pay Letsema Investments (Pty) Ltd a portion of the net realisable value gained in the group generated through Letsema's management of the various special purpose vehicles which is based on the management agreement entered into between the Ceppwawu Development Trust and Letsema Investments (Pty) Ltd.

This amount is payable when a dividend is declared by any of the subsidiaries in the group to Ceppwawu Investments (Pty) Ltd. This value is based on 27,5% of the total dividend paid by the subsidiaries to its Holding company

The amounts reflected below indicate to maximum amount payables, which have not been accrued for, by Ceppwawu to Letsema calculated on 27,5% of the net equity of that subsidiary:

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Administrators Comments on the Contingent Liability

Letsema Investment (Pty) Ltd entered into a management agreement with CEPPWAWU Investments (Pty) Ltd in April 2000. CEPPWAWU (Union) renegotiated the contract with Letsema Investment (Pty) Ltd in 2001. In 2007, a further agreement has been entered into between Letsema Investment (Pty) Ltd, CEPPWAWU Investments (Pty) Ltd and CEPPWAWU Development Trust. In terms of these agreements Letsema Investment (Pty)

- agreed to co-fund the first year of operational cost of the company
- responsible for the administration of CEPPWAWU Investments (Pty) Ltd (annually renewable contract);
- receive transaction fees, where Letsema Investment (Pty) Ltd is the transaction advisors; and
- receive a percentage of the of the equity in transactions that have been secured through CEPPWAWU Investments (Pty) Ltd.

The Administrator is investigating whether any amounts are due and payable to Letsema Investments (Pty) Ltd in terms of these agreements.

22. Going concern

We draw attention to the fact that at 28 February 2018, the trust had accumulated losses of R (18 240) and that the trust's total liabilities exceed its assets by R (18 140).

The Pro-forma Consolidated 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.

23. Events after the reporting period

23.1 Some of the Trustees who are listed in point 2 of were either removed or resigned from the Trust. Legal action has been instituted against certain previous trustees and are still in the process of being presided on. The Master of the High Court has refused to register any new trustees up until the dispute between CEPPWAWU Union directors and some of the previous trustee of the Trust has been resolved.

23.2 The pro-forma consolidated 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.

On 4 June 2020 the Ceppwawu Union was placed under administration in terms of section 103A of the Labour Relations Act, No. 66 of 1995 ("LRA"). Mrs. Thulisile Njapa Mashanda is appointed as the administrator for the Ceppwawu Development Trust. The administrator is aware of the COVID-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the administrator is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the group and trust. The financial estimate cannot be determined reliably as the extent of COVID -19 is unknown. An analysis has been prepared by the administrator, regarding the potential long-term effect of the disease, based on information available at approval date. This analysis is continuously updated. The administrator is not aware of any other material event which occurred after the reporting date and up to the date of this report.

24. Assumptions used by the Administrator

While preparing the Pro-forma Consolidated Financial Statements, the following key assumptions are taken by the Administrator based upon her determination of how the Trust should have operated:

- All operating expenses have been recorded as an accrual based on a percentage (10%) of dividend earned by CEPPWAWU Investment (Pty) Limited. The amount is based on the Trust's Administrator's estimate of likely cost had the Trust operated normally during the year.
- Dividend income (and related receivables) has been recognised as income in the standalone proforma financial statements of the CEPPWAWU Development Trust even when these dividends are not actually declared by the Board and shareholders of CEPPWAWU Investment (Pty) Limited.
- For the calculation of dividend income, the Administrator on the interpretation of the Trust Deed, has only considered the dividend income earned by CI and has not considered the expenses of CI and interest income and fair value gains as she believes that the interest income is to cover the expenses of CI and fair value gains are not yet realized.
- The Administrator has also accrued the remaining 75% of Trust income, after the accrual of Trust expenses, to the members of the Union, their families and communities in line with the objectives of the Trust considering the overall objective of the Trust.