

**The Sibona Ilanga Trust**  
**(Registration number: IT2222/2011)**

**Annual Financial Statements**  
**for the year ended 28 February 2021**

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Index

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

|  | <b>Page</b> |
|--|-------------|
| Trustee's Responsibilities and Approvals | 3           |
| Report of the Independent Auditor        | 4 - 5       |
| Trustee's Report                         | 6           |
| Statement of Financial Position          | 7           |
| Statement of Comprehensive Surplus       | 8           |
| Statement of Changes in Reserves         | 9           |
| Statement of Cash Flows                  | 10          |
| Accounting Policies                      | 11 - 13     |
| Notes to the Financial Statements        | 14 - 17     |

## The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

### Trustee's Responsibilities and Approvals

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The trustees are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the Trust. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on judgements and trust deed and estimates by management.

The trustees considered that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Reporting Standards that they consider to be applicable have been followed. The Trustees are satisfied that the information contained in financial statements fairly presents the results of operations for the year and the financial position of the Trust at year end. The trustees also prepared the other information included in the trustee report and is responsible for its accuracy and its consistency with the financial statements

The going concern basis has been adopted in preparing the financial statements. The trustees have no reason to believe that the Trust will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the trust.

The financial statements have been audited by the Independent Auditors, Ernst & Young Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of the board of trustees. The trustees believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of Ernst & Young Inc. is presented on page 4 to 5.

The financial statements set out on pages 7 to 18 were approved by the trustees on 09 June 2022 and are signed on its behalf by:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

Cape Town



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Port Elizabeth 6001  
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Co. Reg. No. 2005/002308/21

## **Independent Auditor's Report**

*To the Trustees of The Sibona Ilanga Trust*

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of The Sibona Ilanga Trust ('the Trust') set out on pages 7 to 17, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive surplus, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Sibona Ilanga Trust as at 28 February 2021, 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 of the trust and 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 of the trust and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

The trustees are responsible for the other information. The other information comprises the information included in the 17-page document titled "The Sibona Ilanga Trust Financial Statements for the year ended 28 February 2021", which includes the Trustees' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Trustees for 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.

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.



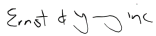
#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

DocuSigned by:  
  
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Ernst & Young Incorporated  
Director - Mark Biggs  
Registered Auditor  
Chartered Accountant (SA)  
Port Elizabeth  
09 June 2022

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Trustee's Report

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The trustees submit their report on the activities of the Trust for the year ended 28 February 2021.

### Country of incorporation

The Trust is incorporated in South Africa.

### Nature of business

The principal object of the Trust is to carry on public benefit activities within a 50 kilometre radius of the De Aar Solar Project by providing funds and resources to other organisations which are engaged in land reform, enterprise development, energy, education and healthcare activities. The Trust has an effective ownership of 8% of De Aar Solar Power (RF) (Pty) Ltd which is the entity that owns the De Aar Solar Project. The Trust's holding in the solar project is through a wholly-owned special purpose entity called Rebuna Litsatsi De Aar Renewable Energy Company (RF) (Pty) Ltd.

### Financial Results

The results of the Trust are clearly set out in the accompanying financial statements.

### Trustee and secretary

The trustees of the Trust during the financial period and at the date of this report are as follows:

NA Gabriel (Chairman)

MT Green-Thompson

AL Musialek

HT Radebe

RH Adam-Beukes

Trust secretarial work is performed by Kilgetty Statutory Services (Pty) Ltd.

### Registered Office

#### *Business address*

5th Floor, Unit 5a

Sunclare Building

21 Dreyer Street

Claremont

7708

South Africa

#### *Postal address*

Postnet Suite 205

Private Bag X1005

Claremont

7735

South Africa

### Going concern

The financial statements have been prepared on the going concern basis, since the trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future.

### Audited financial statements

The financial statements have been audited in terms of clause 38 of the Trust Deed.

### Events after reporting date

The trustee is not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Trust or the results of its operations.

Also, refer to the Note 18 of the financial statements for events that occurred after year end, but did not result in an adjustment to the financial statements.

### Preparation of the financial statements

These financial statements have been audited by our external auditor Ernst & Young Inc. in compliance with the applicable requirements of the Trust Deed. They were prepared by Tasneem Edwards, CA (SA).

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Statement of Financial Position as at 28 February 2021

|                                       |       | <u>R</u>          | <u>R</u>  | <u>R</u>  |
|---------------------------------------|-------|-------------------|---|---|
|                                       | Notes | <u>2021</u>       | <u>2020</u><br>Restated<br>(Accounting policy note 4) | <u>As at 28</u><br><u>February 2019</u><br>Restated |
| <b>Assets</b>                         |       |                   |   |   |
| <b>Non - Current Assets</b>           |       |                   |   |   |
| Investment                            | 6     | 1,000             | 1,000   | 1,000   |
| Fixed Assets                          | 5     | 101,890           | 52,542  | 19,984  |
|                                       |       | <b>102,890</b>    | <b>53,542</b>   | <b>20,984</b>                                       |
| <b>Current Assets</b>                 |       |                   |   |   |
| Trade and other receivables           | 7     | 479,314           | 8,005,354   | 31,600  |
| Cash and cash equivalent              | 8     | 20,119,473        | 12,450,576  | 6,219,658   |
|                                       |       | <b>20,598,787</b> | <b>20,455,930</b>                                     | <b>6,251,258</b>                                    |
| <b>Total Assets</b>                   |       | <b>20,701,677</b> | <b>20,509,472</b>                                     | <b>6,272,242</b>                                    |
| <b>Capital and reserves</b>           |       |                   |   |   |
| Trust capital                         | 9     | 100               | 100   | 100   |
| Accumulated surplus / (deficit)       |       | 20,147,107        | 19,230,775  | 6,090,620   |
|                                       |       | <b>20,147,207</b> | <b>19,230,875</b>                                     | <b>6,090,720</b>                                    |
| <b>Current Liabilities</b>            |       |                   |   |   |
| Trade Payables and other payables     | 10    | 554,470           | 1,278,597   | 181,522   |
|                                       |       | <b>554,470</b>    | <b>1,278,597</b>                                      | <b>181,522</b>                                      |
| <b>Total Liabilities</b>              |       | <b>554,470</b>    | <b>1,278,597</b>                                      | <b>181,522</b>                                      |
| <b>Total Reserves and Liabilities</b> |       | <b>20,701,677</b> | <b>20,509,472</b>                                     | <b>6,272,242</b>                                    |

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Statement of Comprehensive Surplus for the year ended 28 February 2021

|   |       | R              | R                       | R   |
|---|-------|----------------|-------------------------|---|
|   | Notes | <u>2021</u>    | <u>2020</u><br>Restated | <u>As at 28 February</u><br><u>2019</u><br>Restated |
| Dividends income  | 11    | 11,638,500     | 18,350,000              | 9,900,000   |
| Recovery of costs   |       | 3,349,797      | 2,075,676               | -   |
| Operating costs   | 12    | (5,926,828)    | (3,778,461)             | (1,007,655)   |
| Grant funding   |       | (8,505,887)    | (3,996,297)             | (1,141,152)   |
| <b>Operating surplus / (deficit) for the year</b>                         |       | <b>555,581</b> | <b>12,650,918</b>       | <b>7,751,193</b>                                    |
| Net financing costs   |       | 360,750        | 489,237                 | 18,972  |
| <b>Surplus / (deficit) before taxation</b>                                |       | <b>916,332</b> | <b>13,140,155</b>       | <b>7,770,165</b>                                    |
| Taxation  | 13    | -              | -                       | -   |
| <b>Surplus / (deficit) for the year</b>                                   |       | <b>916,332</b> | <b>13,140,155</b>       | <b>7,770,165</b>                                    |
| <b>Other comprehensive surplus:</b>                                       |       |                |                         |   |
| <b>Items that may be reclassified subsequently to surplus or deficit:</b> |       |                |                         |   |
| Change in fair value of investment  |       | -              | -                       | (128,503,852)                                       |
| <b>Other comprehensive surplus for the year</b>                           |       | <b>-</b>       | <b>-</b>                | <b>(128,503,852)</b>                                |
| <b>Total comprehensive surplus for the year</b>                           |       | <b>916,332</b> | <b>13,140,155</b>       | <b>(120,733,687)</b>                                |
| <b>Total comprehensive surplus attributable to:</b>                       |       |                |                         |   |
| Equity holders of the trust   |       | <b>916,332</b> | <b>13,140,155</b>       | <b>(120,733,687)</b>                                |

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Statement of Changes in Reserves for the period ended 28 February 2021

|   | R             | R                         | R                 |
|---|---------------|---------------------------|-------------------|
|   | Trust Capital | Accumulated Profit/(Loss) | Total             |
| <b>Balance at 1 March 2019 restated</b><br>(Change in accounting policy note 4) | 100           | 6,090,620                 | 6,090,720         |
| Other comprehensive surplus   | -             | -                         | -                 |
| Surplus for the year  | -             | 13,140,155                | 13,140,155        |
| <b>Balance at 1 March 2020 restated</b><br>(Change in accounting policy note 4) | <b>100</b>    | <b>19,230,775</b>         | <b>19,230,875</b> |
| Other comprehensive surplus   | -             | -                         | -                 |
| Surplus for the year  | -             | 916,332                   | 916,332           |
| <b>Balance at 28 February 2021</b>  | <b>100</b>    | <b>20,147,107</b>         | <b>20,147,207</b> |

Note(s)

9

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Statement of Cash Flows for the period ended 28 February 2021

|   | Notes | <u>R</u><br><u>2021</u>   | <u>R</u><br><u>2020</u>    |
|---|-------|---------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                   |       |                           |                            |
| Cash generated by operations                                  | 14    | (4,281,005)               | (12,575,762)               |
| Net financing costs   |       | 360,750                   | 489,237                    |
| <b>Net cash in / (outflow) from operating activities</b>      |       | <b><u>(3,920,255)</u></b> | <b><u>(12,086,525)</u></b> |
| <b>Cash flows from investing activities</b>                   |       |                           |                            |
| Acquisition of PPE  |       | (49,348)                  | (32,558)                   |
| Dividends received  |       | 11,638,500                | 18,350,000                 |
| <b>Net cash outflow from investing activities</b>             |       | <b><u>11,589,152</u></b>  | <b><u>18,317,443</u></b>   |
| <b>Net increase in cash and cash equivalents for the year</b> |       | <b><u>7,668,897</u></b>   | <b><u>6,230,918</u></b>    |
| Cash and cash equivalents at the beginning of the year        |       | 12,450,576                | 6,219,658                  |
| <b>Cash and cash equivalents at the end of the year</b>       | 8     | <b><u>20,119,473</u></b>  | <b><u>12,450,576</u></b>   |

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Accounting Policies

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### 1. Accounting policies

The annual financial statements have been prepared in accordance with the Trust Deed and International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost and incorporate the following principal accounting policies which have been consistently applied in all material respects. They are presented in South African Rands.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. The principal accounting policies adopted are set out below.

#### 1.2 Fixed assets

The cost of an item of fixed asset is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the trust, and
- the cost of the item can be measured

Fixed assets are initially measured at cost. Cost include the costs incurred to acquire or construct the asset and costs incurred subsequently to add to, replace part of, or service it. If a replacements recognised in the carrying amount of an asset, the carrying amount of the replaced part is derecognised.

Fixed assets are carried at cost less accumulated depreciation and any impairments.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. The depreciation charge for each period is recognised in the surplus or deficit, unless it is included in the carrying amount of another asset.

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

#### 1.3 Financial instruments

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

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Loans and receivables
- Financial liabilities at fair value through profit or loss
- 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. This is determined based on the business model and the contractual cash flow characteristics.

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.

The fair value hierarchy used to measure the financial instruments is based on Level 3 inputs; which are unobservable in the market. There have been no transfers within the fair value hierarchy.

No other reclassifications may be made into or out of the fair value through profit or loss category.

#### **Initial recognition**

Financial instruments are recognised initially when the Trust becomes party to the contractual provisions of the instruments. The Trust classifies financial instruments, or their component parts, on initial recognition as a financial asset, as financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Initially financial assets and liabilities should be measured at fair value (including transaction costs for assets and liabilities not measured at fair value through profit or loss). Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

#### **Subsequent measurement**

*Financial assets at fair value through profit and loss* are designated at fair value through the profit and loss by management at inception. Derivatives are also classified as held-for-trading in this category unless they are designated as hedges.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, originated or acquired, that are not quoted in an active market, not held for trading, and not designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Loans and receivables for which the holder may not recover substantially all of its initial investment other than because of credit deterioration should be classified as available-for-sale. Loans and receivables are measured at amortised cost using the effective interest method.

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Accounting Policies (continued)

### 1.3 Financial instruments (continued)

#### Subsequent measurement

*Financial liabilities* include trade and other payables as well as long-term interest bearing loans. These are all measured at amortised cost, using the effective interest rate method.

Amortised cost is calculated using the effective interest method with the effective interest rate being the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

#### Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IAS 17 Leases or IFRS 16 Leases.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). There have been no significant changes in credit risk since initial recognition.

### 1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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.

### 1.5 Taxation

#### Current tax assets and liabilities

Current tax for the 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

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from 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 taxable 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 which 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 to the extent that it is probable that future taxable profit will be available against the unused tax losses 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 charged or credited, 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 to equity.

## 2. Adoption of new and revised standards

### Standards and Interpretations not yet effective

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and the trust deed. The principal accounting policies adopted are set out below.

### Standards and interpretations effective in the current period

| Category  | Standard | Effective Date                       | Impact    | Description   |
|-----------|----------|--------------------------------------|-----------|---|
| Amendment | IAS 1    | Presentation of Financial Statements | 01-Jan-20 | Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. |

|     |   |           |              |   |
|-----|---|-----------|--------------|---|
| New | IFRIC 23 - Uncertainty over Income Tax Treatments | 01-Jan-19 | Not material | The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. |
|-----|---|-----------|--------------|---|

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Accounting Policies (continued)

### 2. Adoption of new and revised standards (continued)

#### Standards and Interpretations not yet effective (continued)

The IASB has issued a revised Conceptual Framework for Financial Reporting in March 2018, which is effective for annual periods beginning on or after 01 January 2020 for preparers who develop accounting policies based on the Conceptual Framework.

### 3. Use of estimates and judgements in the preparation of annual financial statements

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period. Significant judgements include:

#### The Fair Value of financial instruments classified at fair value through OCI

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Depreciation rates

Fixed assets are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values:

- Computer equipment 3 years

### 4. Change in accounting policy

During the 2021 financial year, management re-assessed the accounting for its investments in the De Aar Solar plant. The principal activities of the investee company is to produce solar energy at the De Aar Solar plant, which in turn is sold to Eskom in terms of a 20 year power purchase agreement. The company previously had measured its investment as an Available for Sale Investment and IFRS 13 required an entity to classify fair values according to a hierarchy that reflects the significance of observable market inputs.

On the 1 March 2020 the company elected to change the method of accounting for its investment. Management believes that the cost model would be a more reliable method given the specialised nature of this asset and the reasons for holding them. At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). The investments value in use will be determined by the present value of the future cash flows expected to be derived and any impairments will be recognised through profit and loss.

The accounting policy change will apply as far back as 2018 and only relates to the investment in De Aar Solar plant. This investment was were initially recorded at cost in 2014 (the year in which the plant became operational) and cost was deemed to be the fair value. The investment was subsequently revalued to Fair Value since 2015 and form the basis of the adjustment.

It is further noted that that the Investment in De Aar Solar plant reduces to its initial cost from 2014, the Revaluation Reserve and Deferred Tax balances are reduced to zero in 2018.

The change in accounting policy has been implemented retrospectively by restating each of the affected financial statement line items for the prior period, as follows:

Impact on equity (increase/(decrease) in equity)

|  | 28 February 2019<br>(previously<br>presented) | Adjustment made | 28 February 2019<br>(restated) |
|--|---|-----------------|--------------------------------|
| <b>Impact on assets (increase/(decrease) in equity)</b>                      |   |                 |                                |
| Investment in Rebuna Litsatsi De Aar Renewable Energy Company (RF) (Pty) Ltd | 128,504,582                                   | (128,503,582)   | 1,000                          |
|  | 128,504,582                                   | (128,503,582)   | 1,000                          |
| <b>Impact on equity (increase/(decrease) in equity)</b>                      |   |                 |                                |
| Revaluation reserve  | 128,503,852                                   | (128,503,852)   | -                              |
|  | 128,503,852                                   | (128,503,852)   | -                              |
| <b>Other Comprehensive income</b>  |   |                 |                                |
| Change in value of Available for sale financial assets                       | 17,478,829                                    | (17,478,829)    | -                              |
|  | 17,478,829                                    | (17,478,829)    | -                              |

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

### 5 FIXED ASSETS

|                    | 2020             |                          |                | 2021             |                          |                |
|--------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
|                    | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Computer Equipment | 64,908           | (12,366)                 | 52,542         | 168,219          | (66,328)                 | 101,890        |
| Total              | 64,908           | (12,366)                 | 52,542         | 168,219          | (66,328)                 | 101,890        |

#### Reconciliation of fixed assets - 2020

|                    | Opening balance | Accumulated depreciation | Additions | Disposals | Total  |
|--------------------|-----------------|--------------------------|-----------|-----------|--------|
| Computer Equipment | 19,984          | (11,191)                 | 43,749    | -         | 52,541 |
| Total              | 19,984          | (11,191)                 | 43,749    | -         | 52,541 |

#### Reconciliation of fixed assets - 2021

|                    | Opening balance | Accumulated depreciation | Additions | Disposals | Total   |
|--------------------|-----------------|--------------------------|-----------|-----------|---------|
| Computer Equipment | 52,541          | (53,962)                 | 103,311   | -         | 101,890 |
| Total              | 52,541          | (53,962)                 | 103,311   | -         | 101,890 |

R  
2021  
R  
2020  
Restated

### 6 INVESTMENT

|      |              |              |
|------|--------------|--------------|
| Cost | 1,000        | 1,000        |
|      | <u>1,000</u> | <u>1,000</u> |

The Trust has a 100% shareholding in a special purpose entity called Rebuna Litsatsi De Aar Renewable Energy Company (RF) (Pty) Ltd. This company in turn owns 8% of De Aar Solar Power (RF) (Pty) Ltd.

The investment in the operating entity is carried at cost in terms of the entity's accounting policies. At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). The investments value in use will be determined by the present value of the future cash flows expected to be derived and any impairments will be recognised through profit and loss.

### 7 TRADE AND OTHER RECEIVABLES

|                          |                |                  |
|--------------------------|----------------|------------------|
| Trust capital receivable | 100            | 100              |
| Distribution receivable  | -              | 7,750,000        |
| Prepayments              | 156,047        | 216,591          |
| Trade receivable         | 323,167        | 38,664           |
|                          | <u>479,314</u> | <u>8,005,354</u> |

All receivables are classified at amortised cost in terms of IFRS 9.

### 8 CASH AND CASH EQUIVALENT

|              |                   |                   |
|--------------|-------------------|-------------------|
| Cash at bank | 20,119,473        | 12,450,576        |
|              | <u>20,119,473</u> | <u>12,450,576</u> |

A credit card facility of R60,000.00 has been made available by ABSA to the trust. All cash and cash equivalent balances, as recorded, approximate fair value.

### 9 CAPITAL CONTRIBUTION

|               |            |            |
|---------------|------------|------------|
| Trust Capital | 100        | 100        |
|               | <u>100</u> | <u>100</u> |

A contribution to Trust capital was made by De Aar Solar Power (RF) (Pty) Ltd.

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

|  | <u>R</u><br><u>2021</u> | <u>R</u><br><u>2020</u><br>Restated |
|--|-------------------------|-------------------------------------|
| <b>10 TRADE AND OTHER PAYABLES</b>   |                         |                                     |
| Trade payables   | 392,791                 | 577,427                             |
| SARS employee tax  | 105,116                 | 563,026                             |
| Accrued expenses   | 56,564                  | 138,145                             |
|  | <u>554,470</u>          | <u>1,278,597</u>                    |
| <b>11 DIVIDEND INCOME</b>  |                         |                                     |
| Income for the Trust is in the form of Dividends received from the Rebuna Litsatsi De Aar Renewable Energy Company (RF) (Pty) Ltd.                                     |                         |                                     |
| <b>12 OPERATING COSTS</b>  |                         |                                     |
| Operating costs include the following:   |                         |                                     |
| Audit fees - Current year  | 54,050                  | 65,936                              |
| Audit fees - Prior year overprovision  | (11,500)                | -                                   |
| Depreciation   | 53,962                  | 11,191                              |
| Legal fees   | 2,040                   | -                                   |
| Management Fees  | -                       | 11,500                              |
| Consulting Fees  | 6,700                   | 15,000                              |
| Salaries   | 4,383,577               | 2,311,828                           |
| Travel and Accommodation   | 376,588                 | 652,543                             |
| <b>13 TAXATION</b>   |                         |                                     |
| <b>Deferred Tax liability</b>  |                         |                                     |
| A deferred tax liability has not been recognised as the investment is held in a 100% owned subsidiary. The temporary difference is therefore exempt.                   |                         |                                     |
| <b>South African normal taxation</b>   |                         |                                     |
| Deferred tax credit  | -                       | -                                   |
| The Trust is a registered Public Benefit Organisation (PBO) for tax purposes. This status provides for the exemption from normal tax of certain receipts and accruals. |                         |                                     |
| <b>Reconciliation of the rate of taxation</b>  |                         |                                     |
| Reconciliation between applicable tax rate and average effective tax rate:   |                         |                                     |
| South African normal tax rate  | 45.00%                  | 45.00%                              |
| Unrecognised deferred tax on accumulated losses  | -45.00%                 | -45.00%                             |
| Effective income tax rate  | -                       | -                                   |
| <b>14 CASH GENERATED BY OPERATIONS</b>   |                         |                                     |
| Comprehensive profit/(loss) before taxation  | 916,332                 | 13,140,155                          |
| <b>Adjustments for:</b>  |                         |                                     |
| Interest income  | (360,750)               | (489,237)                           |
| Dividend income  | (11,638,500)            | (18,350,000)                        |
| <b>Changes in working capital:</b>   |                         |                                     |
| (Decrease) / Increase in trade and other payables  | (724,126)               | 1,097,075                           |
| (Increase) in trade and other receivables  | 7,526,040               | (7,973,754)                         |
|  | <u>(4,281,005)</u>      | <u>(12,575,761)</u>                 |

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements (continued)

|   | <u>R</u><br><u>2021</u>  | <u>R</u><br><u>2020</u><br>Restated |
|---|--|-------------------------------------|
| <b>15 RELATED PARTIES</b>   |  |                                     |
| <b>Related party relationships</b>  |  |                                     |
| Principal donor   | De Aar Solar Power (RF) (Pty) Ltd                              |                                     |
| Investee company  | Rebuna Letsatsi De Aar Renewable Energy Company (RF) (Pty) Ltd |                                     |
| Entity managed by the trust   | Letsatsi Borutho Trust   |                                     |
| Entity managed by the trust   | Amandla Omoya Trust  |                                     |
| Via key management personnel*   | Jeffreys Bay Renewable Energy Company (Rf) (Pty) Ltd           |                                     |
| Via key management personnel*   | Droogfontein Renewable Energy Company (RF) (Pty) Ltd           |                                     |
| * - no related party transactions took place between the entities for the year          |  |                                     |
| <b>Related party transactions</b>   |  |                                     |
| Shared costs recharges - Letsatsi Borutho Trust   | 1,956,707  | 879,736                             |
| Shared costs recharges - Amandla Omoya Trust  | 1,390,790  | 1,131,504                           |
| Shared costs recharges - Rebuna Letsatsi De Aar Renewable Energy Company (RF) (Pty) Ltd | 550  | -                                   |
| Shared costs recharges - Jeffreys Bay Renewable Energy Company (Rf) (Pty) Ltd           | 550  | -                                   |
| Shared costs recharges - Droogfontein Renewable Energy Company (RF) (Pty) Ltd           | 550  | -                                   |
| Trust capital - Principal Donor   | 100  | 100                                 |
| Dividend income - Dividend declared by investee company                                 | 11,638,500   | 18,350,000                          |
| <b>Related party balances</b>   |  |                                     |
| Accounts receivable - Letsatsi Borutho Trust  | 134,067  | 190,414                             |
| Accounts receivable - Amandla Omoya Trust   | 187,450  | 63,854                              |
| Other receivable - Principal Donor  | 100  | 100                                 |
| Other receivable - Distribution declared by investee company                            | -  | 7,750,000                           |

## 16 FINANCIAL INSTRUMENTS

### Capital risk

The Trust manages its capital to ensure that the entity will be able to continue as a going concern. The capital structure of the Trust consists of equity attributable to the Trust, comprising a donation to Trust capital and retained earnings as disclosed in the statement of changes in equity.

The trustees will review the capital structure on an annual basis. As a part of this review, the trustees consider the cost of capital and the risks associated with each class of capital.

### Credit risk management

Potential concentrations of credit risk consist mainly of investments and intercompany loans. At the end of the period the trustee did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

### Foreign exchange risk management

The trustee does not incur any expenses or receive any income in a foreign currency. There are no foreign currency balances at the period end.

### Fair value of financial instruments

The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair value at the end of the period.

### Interest rate risk management

As the Trust has no significant interest-bearing assets, the Trust's income and operating cash flows are substantially independent of changes in the market interest rates.

# The Sibona Ilanga Trust

(Registration number: IT2222/2011)

Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements (continued)

### 16 FINANCIAL INSTRUMENTS (continued)

#### Liquidity risk management

The Trust manages liquidity risk through ongoing review of future commitments and credit facilities.

|                             | Interest rate | Year 1           | Year 2-5 | Over 5 years | Total            |
|-----------------------------|---------------|------------------|----------|--------------|------------------|
|                             | %             | R                | R        | R            | R                |
| <b>2020</b>                 |               |                  |          |              |                  |
| <b>Assets</b>               |               |                  |          |              |                  |
| Trade and other receivables | Interest Free | 479,314          |          |              | 479,314          |
|                             |               | <b>479,314</b>   | -        | -            | <b>479,314</b>   |
| <b>Liabilities</b>          |               |                  |          |              |                  |
| Trade and other payables    | Interest Free | 554,470          | -        | -            | 554,470          |
|                             |               | <b>554,470</b>   | -        | -            | <b>554,470</b>   |
| <b>2021</b>                 |               |                  |          |              |                  |
| <b>Assets</b>               |               |                  |          |              |                  |
| Trade and other receivables | Interest Free | 8,005,354        |          |              | 8,005,354        |
|                             |               | <b>8,005,354</b> | -        | -            | <b>8,005,354</b> |
| <b>Liabilities</b>          |               |                  |          |              |                  |
| Trade and other payables    | Interest Free | 1,278,597        | -        | -            | 1,278,597        |
|                             |               | <b>1,278,597</b> | -        | -            | <b>1,278,597</b> |

|                              |  | <u>R</u>    | <u>R</u>    |
|------------------------------|--|-------------|-------------|
|                              |  | <u>2021</u> | <u>2020</u> |
| <b>17 TRUSTEE EMOLUMENTS</b> |  |             |             |
| NA Gabriel (Chairman)        |  | 37,610      | 36,502      |
| MT Green-Thompson            |  | 37,610      | 36,502      |
| HT Radebe                    |  | -           | -           |
| AL Musialek                  |  | 37,610      | 36,646      |
| RH Adam Beukes               |  | 37,610      | 36,646      |

### 18 SUBSEQUENT EVENTS

Dividend income is ultimately dependent on the operations of the De Aar Solar Power plant. Due to Eskom not placing any restrictions on the plant during the COVID19 pandemic, the entity's income was not affected in a material manner. Overall, the operations of the entity was not affected in a material manner.

There were no significant events requiring the adjustment of the financial statements after the reporting date, being 28 February 2020, to the date of approval of the financial statements.

### 19 GOING CONCERN

The financial statements have been prepared on the going concern basis, since the trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future.