

ANNUAL REPORT

2016/17

Since 2005, the AKHA BEE Trust has delivered on BEE imperatives through Dividend pay-outs, Employee Education Assistance and Support for Public Benefit Organisations.



BACKGROUND

Accenture, as a corporate citizen of South Africa, continued to demonstrate its commitment to achieving its goals of transformation, inclusion and diversity amongst its employees. This was achieved through the establishment of the AKHA BEE Trust in 2005. Accenture South Africa sold 30% of its business to the Trust and its beneficiaries designated as broad-based groups and the black Accenture employees as defined in the DTI B-BBEE Code of Good Practice. Following its establishment, an independent board of trustees was appointed to oversee the interests of both Accenture and the identified beneficiaries.

OBJECTIVES

According to the Trust Deed, the purpose and mandated objectives of the Trust may be summarized as follows:

1

The AKHA Trust assists in the development, implementation and operation of Black Economic Empowerment (BEE) in the Republic of South Africa, by pursuing BEE initiatives through the provision of financial and other assistance to any one or more beneficiaries as determined by the Trustees.

2

In particular, to identify and pursue BEE initiatives, including, to the extent that the Trustees in their discretion may consider appropriate to do so, the following:

- Provide financial support, professional, technical and other skills and managerial expertise to beneficiaries.
- Raise funding from potential funders and/or assist Beneficiaries to raise funding in connection with any of the above objects.
- Make investments in any manner as the Trustees may from time to time in their discretion determine
- Carry out such other functions or roles as are reasonably consistent with the intents and purposes of the Trust.

GOVERNANCE

The Trust is governed by a Board of Trustees established in accordance with the Deed of Trust. The majority of the trustees, in accordance with the Trust Deed, are not directly linked to Accenture. This ensures that the Board of Trustees remains independent of the Accenture Board.



The Trust's year end is 31 August



The Trust's auditors are KPMG



Financial administration provided by Zolani HBC Corporate Advisors (Pty) Ltd



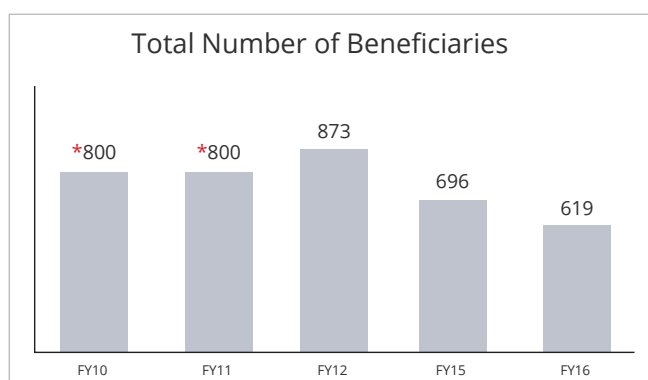
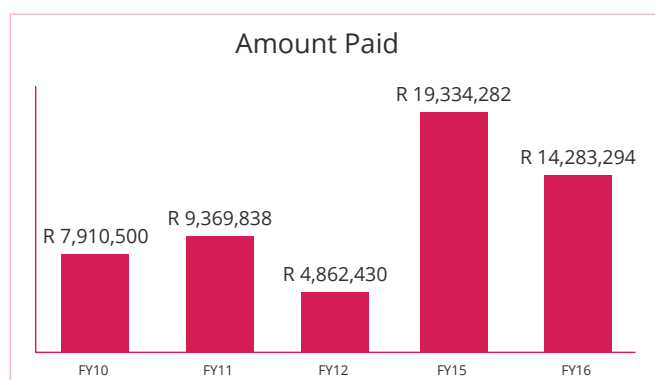
The Trust's bankers are FNB

ABOUT THE TRUST

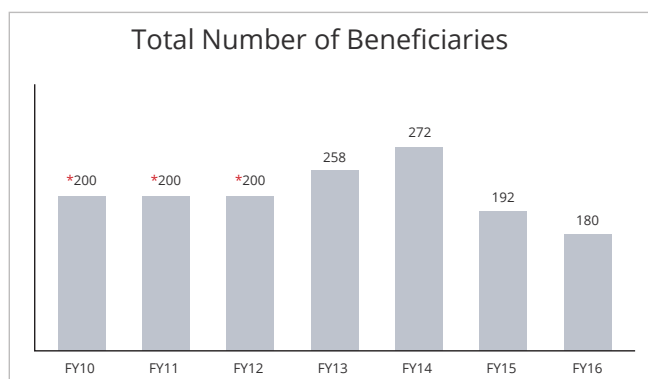
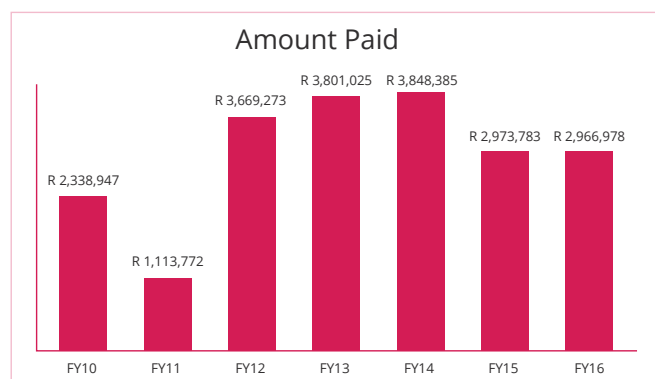
An independent board of Trustees manages the interest of the Trust and its beneficiaries. To date an amount of R80 million has been paid out to beneficiaries. This pay out comprised of over R55 million paid to black employees as dividends, educational assistance of over R20 million paid out to the dependents of the beneficiaries and over R3,5 million has been paid to assist Public Benefit Organisations.

PAYOUT SUMMARY

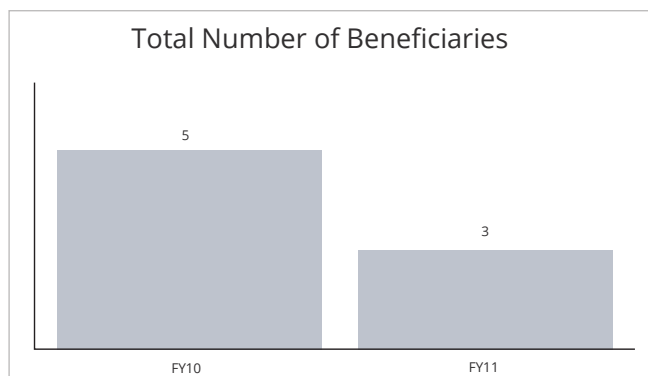
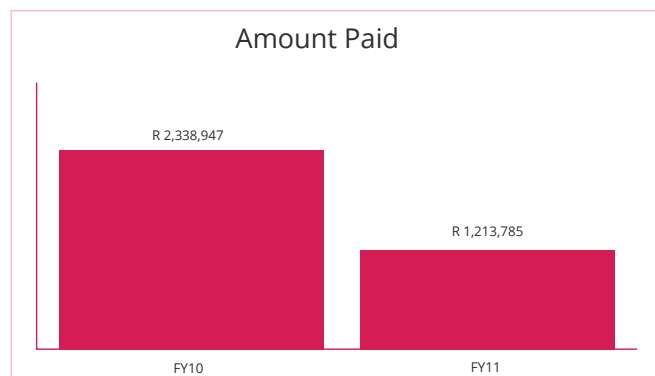
DIVIDEND PAYOUT **R55,760,344**



EDUCATIONAL ASSISTANCE **R20,732,163**



PUBLIC BENEFIT ORGANISATIONS **R3,552,732**



* Approximate number

OUR VISION

The vision of our Trust is to assist with financial support and creation of wealth for our Beneficiaries. We support Accenture's quest to attract and retain talented black employees and then support them and their dependents with skills development initiatives.

OUR PURPOSE

The purpose of the Trust is to contribute to the development implementation and operation of Black Economic Empowerment (BEE) in the Republic of South Africa. We do this by pursuing Black Economic Empowerment Initiatives through the provision of financial and other assistance to any one or more Beneficiaries as determined by the Trustees from time to time.

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BOARD OF TRUSTEES

Vusi Nkosi

CHAIRMAN

Vusi is a practising attorney and a partner at Shepstone & Wylie Attorneys. He also serves as the current Chairman of the AKHA BEE Trust.

Thina Siwendu

NON-EXECUTIVE

Thina currently serves as a Director in the Corporate and Commercial practice of DLA Cliffe Dekker Hofmeyr Attorney's, and provides legal support to the Trust.

Mncane Mthunzi

NON-EXECUTIVE

Mncane is the President of the Black Management Forum (BMF). In addition to this he is also a member of the Board of Trustee's of the AKHA BEE Trust.

Safeea Rahiman

NON-EXECUTIVE

As a qualified and well experienced Chartered Accountant, Safeea is an independent consultant and manages the financial portfolio of the AKHA BEE Trust.

Kele Boakgomo

EXECUTIVE

Kele is a Managing Director at Accenture and a member of the Board of Trustee's of the AKHA BEE Trust.

Setjhaba Molloyi

EXECUTIVE

Setjhaba is a Managing Director at Accenture and a member of the Board of Trustee's of the AKHA BEE Trust.

Mandla Nhlapo

NON-EXECUTIVE

Mandla is a retired, former Director at Accenture South Africa and Chairperson of the Accenture Education Trust. He also serves as a Trustee of the AKHA BEE Trust.

CHAIRMAN'S REPORT

It gives me great pleasure and pride to report to the beneficiaries of the AKHA Trust ("the Trust") that the Trust has finally paid off its debt to Accenture International BV, registered in the Netherlands ("the Lender") for the acquisition of its shareholding in Accenture (South Africa) (Proprietary) Limited ("the Founder"). This signifies the beginning of a new era for the Trust, when the Trustees can finally dedicate a significant portion of the Trust income to the empowerment of its beneficiaries and the betterment of their lives. I also wish to take this opportunity to commend both the Lender and the Founder for devising such an innovative empowerment scheme that is designed to ensure that the previously disadvantaged employees of Accenture acquire real and meaningful ownership of a portion of the prestigious company they work for.

Needless to say, the early repayment of the loan would not have been achieved had it not been for the willingness of the beneficiaries to accept reduced distributions from the dividends received by the Trust over the last few years. On behalf of the Trustees, I wish to express our sincere gratitude to the beneficiaries for being patient and understanding when the periodic distributions they received were continuously reduced in favour of increased payments to the Lender to expedite settlement of the loan. This presented the Trustees with the challenge of ensuring that the remaining amounts from the dividends received by the Trust prior to the settlement of the loan were distributed equitably amongst the beneficiaries. To this end, the Trustees used their discretionary powers to apply a variety of distribution principles, much to the dissatisfaction of beneficiaries in some instances.

Following the repayment of the loan, the Trustees were approached by the senior officials of the Founder for assistance in their effort to curb the exodus of senior black employees of the Founder to its competitors. They requested the Trustees to adopt a set of distribution principles in terms of which a substantial portion of the total amount available for distribution amongst the beneficiaries would be allocated to the senior black employees of the Founder. This was with a view to incentivising them not to leave. After due consideration of the Founder's request, the Trustees resolved to accede thereto. The reasons for that decision were fully explained by myself and the other Trustees during the subsequent roadshows we held with beneficiaries at the Johannesburg, Midrand and Cape Town offices of the Founder.

Insofar as the issue of bursaries is concerned, it was brought to the Trustees' attention that in terms of the amended Trust Deed, the award of bursaries must be restricted to the dependents of beneficiaries as defined in the Trust Deed, who are the black employees of Accenture. Consequently, this meant that the award of bursaries by the Trust could no longer be extended to the white employees of Accenture. Except for that change, the Trust has consistently set aside a portion of every dividend received for payment of bursaries for qualifying dependents of beneficiaries. From 1st September 2010 to date, the total amount paid by the Trust towards employees dependents' bursaries is R20 million, the amount paid to public benefit initiatives is R3,5 million and the amount paid towards beneficiary dividends is R55 million. over the same period. This is due to the fact that the reduced amounts available for distribution made it virtually impossible for the Trustees to maintain the allocation of grant funding at the same degree of consistency as the bursary allocations.

In conclusion, I am pleased to report that the website for the Trust is finally up and running. I take this opportunity to encourage every beneficiary to visit the Trust website on a regular basis to keep abreast of the Trust activities and programmes. At the same time, the beneficiaries must not hesitate to communicate their wishes and suggestions to the Trustees by using any medium made available by the Trust for that purpose.


Elijah Mfuniselwa Nkosi

SUCCESS STORIES EMPOWERMENT



“

Building a home

Using the Dividend payout that I received from the AKHA Trust, I bought bricks to extend my small RDP house.

I would like to thank, AKHA Trust for the support!

“

Small business

My brother recently lost his job, he has two children to support and had no source of regular income.

I have been helping him out where I can, sending him money for food and basic necessities. The Akha divided lump sum pay-out was just what I needed to get him

the supplies necessary to start his own small business. Thanks to Akha, I have not had to assist him with living expenses for the past 2 months as he now has a means to provide for himself. I believe this is the first step in him getting his financial freedom. Thank you very much for the assistance.

SUCCESS STORIES EMPOWERMENT

“

Financial freedom

I am the 5th of seven children, raised by a single parent and I am the only one who went to university.

When I started working, I took up loans to improve the living standards at home. I had to extend the house which took my mother many years to build and furnish. All this I had done voluntarily and without regret because I needed a better place to call home, a better living for my mother who struggled all her life but kept it together for the sake of her seven children. Education was her number one priority and still is. I had to do this for her, for her resilience. I bought her a sewing machine so that she can sustain herself, as she is very talented at making traditional clothing. I could not bear to see her slaving as a domestic at the age of 56.

My two siblings did not taste the same struggle because they had extra help from me throughout. My little sister is doing an internship in HR and my little brother is on a learnership with ArcelorMittal.

So, all this left me with a lot of debt that I am still paying off. But when I received the AKHA dividend, it really helped me consolidate at least one of my loans and enabled me to pay more on others. In short, I can say that it gave me a better chance and room to breathe.

I am very grateful to the AKHA trust for the assistance they provided. I am 1 step closer to financial freedom which I so desperately need and aspire to.

To me, this fund not only empowers people, but also helps correct the injustices and unfortunate circumstances of my past. Thank you.

SUCCESS STORIES TESTIMONIALS

“

Through AKHA, I was able to financially support a family of 4 and some relatives. The support we received helped us with day-to-day expenses for health, transport as well as secondary and tertiary education.

I was able to pay school fees in advance which also helps the school administration with one less person to worry about during these difficult times.

It also empowered my local community member(s) to either buy, supplement or run self-sustaining transport business and crèches for school children.

I was also able to buy a calf and some Accenture shares for long-term investment that I could not afford to buy before.

”

With the assistance from the AKHA Trust, I can confidently ensure that my children's education is the highest priority.

We need more of these kinds of initiatives within other private sectors.

When sharing my success story with the rest of my friends and family, it sounds like the impossible.

But that is how I know the company that I am working for: “Conquering the Impossible”

Thank you, VERY, VERY, VERY MUCH!

SUCCESS STORIES TESTIMONIALS



“

I've never had the privilege of benefitting from a programme such as this and it has brought many positive changes to my life.

It has enabled me to reach my goals much sooner. It has made me an ambassador for Accenture and encouraged me to represent the organisation with dignity and pride. I strive to improve my skills and abilities to contribute to the growth of the business as much as I can.

I would also like to thank the TRUST for doing their part in alleviating the burdens associated with people from previously disadvantaged backgrounds and those who live in poverty.

SUCCESS STORIES TESTIMONIALS

“

The trust has empowered me to support my children's education. I used the payout to pay school fees in advance, which is a great help in lessening the financial burden.

Thank you to the Board, The AKHA Trust and Accenture.

“

The AKHA Educational Assistance has impacted my life in a huge way. In the past few years it was difficult to meet both of my children's requirements due to financial constraints and a very low salary increase.

The Educational Assistance came at the best time to keep my kids in a good school. It aided me greatly during a difficult time.

Because of the Assistance my kids are getting the best education they deserve and are very happy, as a parent nothing is more fulfilling than seeing them getting the best education.

“

The AKHA payout was really beneficial to me and my family. With the funds I received, I was able to settle my brother's outstanding school fees, allowing him to graduate. These were fees that my mother had been struggling to pay for some time and I also had no capacity to help.

SUCCESS STORIES TESTIMONIALS

“

I never had this privilege before and now I have enjoyed this it has changed quite a number of things in my life. It has made me achieve things which would take longer to have. It has made me be an ambassador for the company that I work for. It also made me to protect the image of the company and to make sure to protect the image company.

This is one of the motivating factors that make you work with pride for your company. I have level up my skills and to work hard to contribute to the success of the company.

One more other thing is to thank you to be a good trusteeship in the distribution of this wealth to the well-deserved people. It helps to alleviate poor and ease the burden caused by the poverty.

SUCCESS STORIES TESTIMONIALS



“

Thank you so much for assisting us in paying for my sister's fees. I really appreciate everything you have done for our family.

She has done so well in her Diploma for Human Resources Management, she passed with distinctions and made us proud.

Today she is a graduate because she had enough time to study and not worry about her fees.

SUCCESS STORIES PAYING IT FORWARD

“ Helping others in need

My children, aged 15 and 13, have been recipients of the AKHA Educational Assistance since 2012. Over the years the AKHA Trust has contributed a significant amount towards their school fees which has been welcomed by our family.



Rise Against Hunger

The impact of this educational assistance is often underestimated, but not in our home. With a portion of the children's school fees taken care of, it allows us more time to spend on extracurricular activities, it allows me to be more devoted and focused as a parent and it eliminates the time spent worrying about our finances.



Fight with Insight

In the spirit of “paying it forward” over the past two years my children have been able to contribute to our community by working with NGO's like “Fight with Insight” they prepare and deliver homecooked meals to children from the inner city.

We would like to express our sincere gratitude for the tremendous support that the AKHA Trust have provided to us as a family through the Educational Assistance.

SUCCESS STORIES PAYING IT FORWARD

“ Kid’s Haven

Over the past few years The AKHA Trust has been assisting me with Educational Assistance and Dividend Pay-outs. In today's economic climate, this benefit has undoubtedly greatly impacted all beneficiaries of the Trust.

The financial assistance has provided me an added opportunity to do charity work for an Orphanage in Kelvin, which is something I love to do. Well done and keep up the great work and the spirit of this initiative.



DEPENDENT SUCCESS STORIES



“

I am eternally grateful to the Accenture AKHA bursary program for all their financial support during my studies.

Without your help, and given my background, I wouldn't have a degree and I would not have gotten close to achieving my life-long dream of being in my field of study.

I am currently working and also studying towards my Honors in Business Administration. May you keep on doing good work, helping students like me, and inspiring other young South Africans who share the same dream of making Africa a better continent.

DEPENDENT SUCCESS STORIES

“

I would like to thank the AKHA BEE Trust for providing me with an Educational Assistance bursary.

The bursary was provided to me at a very difficult time. I never imagined that something like AKHA existed.

My mother lost her job in 2016 during the 1st term of school. She had already paid 2 months of school but together with transportation, we couldn't cover the cost continuing from March to December.

The company my mother worked for did not provide any assistance and I was scared of being asked to leave school.

My grandmother decided to apply for AKHA Financial Assistance.

I really can't explain how happy and privileged I am to be a recipient of this fund. I did so well at the end of the year and received the academic excellence award.

”

I would like to thank AKHA Educational Assistance for the bursary given to me.

The school fees issue affected me so badly that I wasn't coping with my class work. I am now stress free knowing that my fees are paid in full. I don't know what I would have done without AKHA Educational Assistance.

AKHA Educational Assistance came to my rescue. It has helped my Aunt with the financial strain of being the only household member earning an income.

I really appreciate the difference that you have made in our lives.

I hope you can carry on with the good work you've done in helping the underprivileged.

My Sincere appreciation and God bless!

ANNUAL FINANCIAL STATEMENTS

Trustees' Responsibilities and Approval

The trustees are required by the Entity Specific Accounting Policies and the requirements of the Trust Deed, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the trust 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 Entity Specific Accounting Policies and the requirements of the Trust Deed. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with Entity Specific Accounting Policies and the requirements of the Trust Deed and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The trustees have reviewed the trust's cash flow forecast for the year to 31 August 2018 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditors and their report is presented on page 5.

The financial statements set out on pages 8 to 23, which have been prepared on the going concern basis, were approved by the board of trustees on 16 March 2018 and were signed on its behalf by:


Elijah Mfuniselwa Nkosi
Safeea Rahiman

ANNUAL FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE TRUSTEES OF AKHA BLACK ECONOMIC EMPOWERMENT TRUST

We have audited the financial statements of AKHA BLACK ECONOMIC EMPOWERMENT TRUST, as set out on pages 8 to 23, which comprise the statement of financial position as at 31 August 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

TRUSTEES' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Entity Specific Accounting Policies and the requirements of the Trust Deed and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ANNUAL FINANCIAL STATEMENTS

Independent Auditors' Report (Continued)

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of AKHA BLACK ECONOMIC EMPOWERMENT TRUST as at 31 August 2017, and its financial performance and its cash flows for the year then ended in accordance with the requirements of the Entity Specific Accounting Policies and the requirements of the Trust Deed.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 August 2017, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Shaun van den Boogaard

Partner

Registered Auditors



16 March 2018

ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Investments in associates	2	210,000,000	210,000,000
Deferred tax	5	6,597	36,048
		210,006,597	210,036,048
Current Assets			
Other financial assets	4	26,832,003	24,619,689
Current tax receivable		292,474	-
Cash and cash equivalents	6	2,985,116	1,289,699
		30,109,593	25,909,388
Total Assets		240,116,190	235,945,436
Equity and Liabilities			
Equity			
Trust capital	7	10,000	10,000
Reserves		(18,325)	(109,901)
Retained income		239,949,023	235,377,875
		239,940,698	235,277,974
Liabilities			
Current Liabilities			
Loans from related parties	3	3,822	258,218
Current tax payable		-	283,653
Trade and other payables	8	42,992	44,273
Distribution payable		128,678	81,318
		175,492	667,462
Total Equity and Liabilities		240,116,190	235,945,436

ANNUAL FINANCIAL STATEMENTS

Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Operating expenses		(991,817)	(707,963)
Operating loss		(991,817)	(707,963)
Investment revenue	9	26,381,777	2,191,538
Finance costs	10	-	(431)
Profit before taxation		25,389,960	1,483,144
Taxation	11	(1,287,225)	(880,568)
Profit for the year		24,102,735	602,576
Other comprehensive income:			
Available-for-sale financial assets adjustments		91,576	(63,116)
Total comprehensive income for the year		24,194,311	539,460

ANNUAL FINANCIAL STATEMENTS

Statement of Changes in Equity

	Trust capital	Fair value adjustment assets- available-for- sale reserve	Retained income	Total equity
	R	R	R	R
Balance at 1 September 2015	10,000	(46,785)	238,144,393	238,107,608
Surplus for the year	-	-	602,576	602,576
Other comprehensive income	-	(63,116)	-	(63,116)
Total comprehensive income for the year	-	(63,116)	602,576	539,460
Distributions declared	-	-	(3,369,094)	(3,369,094)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(3,369,094)	(3,369,094)
Balance at 1 September 2016	10,000	(109,901)	235,377,875	235,277,974
Surplus for the year	-	-	24,102,735	24,102,735
Other comprehensive income	-	91,576	-	91,576
Total comprehensive income for the year	-	91,576	24,102,735	24,194,311
Distributions declared	-	-	(19,531,587)	(19,531,587)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(19,531,587)	(19,531,587)
Balance at 31 August 2017	10,000	(18,325)	239,949,023	239,940,698
Note(s)	7			

ANNUAL FINANCIAL STATEMENTS

Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash used in operations	12	(993,097)	(674,375)
Interest income		2,381,777	2,191,538
Dividends received		24,000,000	-
Finance costs		-	(431)
Tax paid	13	(1,833,902)	(623,059)
Net cash from operating activities		23,554,778	893,673
Cash flows from investing activities			
Proceeds from loans from group companies		(254,396)	229,853
Investment in financial assets		(2,120,738)	(1,890,486)
Net cash from investing activities		(2,375,134)	(1,660,633)
Cash flows from financing activities			
Distributions paid	14	(19,484,227)	(3,825,785)
Total cash movement for the year		1,695,417	(4,592,745)
Cash at the beginning of the year		1,289,699	5,882,444
Total cash at end of the year	6	2,985,116	1,289,699

NOTES OF STATEMENTS

Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Entity Specific Accounting Policies and the requirements of the Trust Deed. The financial statements have been prepared on the historical cost basis except for certain financial instruments which are recognised at fair value, 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 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the company accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Available-For-Sale Financial Assets

The trust follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the trust evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The fair value adjustment assets available for sale comprises all fair value adjustments on available for sale financial instruments. This comprises of the Nedgroup collective investment that fluctuates on a monthly basis based on the current fair value. When an asset or liability is derecognised, the fair value adjustment relating to that asset or liability is transferred to profit or loss.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.2 INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for at cost less accumulated impairment.

1.3 FINANCIAL INSTRUMENTS

Classification

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

- Available-for-sale financial asset
- 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 and loss category.

Initial Recognition and Measurement

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

The trust 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 and loss, transaction cost are included in the initial measurement of the instrument.

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.

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

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.

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 assets is not active (and for unlisted securities), the trust establishes fair value by using valuation techniques. These include the use of recent arm's length 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.

Loans to (from) Related Parties

These include loans to and from holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction cost.

Loans from related parties are classified as financial liabilities measured at amortised cost.

Trade and Other Payables.

Trade payables are classified as financial liabilities measured at amortised cost.

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.

Borrowings

Borrowings are classified as financial liabilities at amortised cost.

1.4 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 reporting date.

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 relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.5 IMPAIRMENT OF ASSETS

The trust 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 trust estimates the recoverable amount of the asset.

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.

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 recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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 exist, 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 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 asset is treated as a revaluation increase.

1.6 REVENUE

Interest is recognised, in profit or loss, using the effective interest rate method. Dividends are recognised, in profit or loss, when the trust's right to receive payment has been established.

1.7 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO STATEMENTS

			2017 R	2016 R
2. Investments in associates				
Name of company	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Accenture South Africa (Pty) Ltd - at cost	30.00 %	30.00 %	210,000,000	210,000,000
The shareholding of 30% is consistent with the prior year.				
3. Loans to (from) group companies				
Associates				
Accenture South Africa (Pty) Ltd			(3,822)	(258,218)
The loan bears no interest, is unsecured and has no fixed terms of repayment.				
4. Other financial assets				
Available-for-sale				
Nedgroup collective investment			26,832,003	24,619,689
The investment is made in a core income fund with interest being earned at an average rate of 7.21% (2016: 6.74%) per annum.				
Current assets				
Available-for-sale			26,832,003	24,619,689
The trust has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost of amortised cost during the current or prior year.				
5. Deferred tax				
Deferred tax asset				
Fair value adjustments			6,597	36,048
Reconciliation of deferred tax asset				
At beginning of year			36,048	12,464
Adjustment due to rate change			3,517	2,882
Current year timing differences			(32,968)	20,702
			6,597	36,048

NOTES TO STATEMENTS

	2017 R	2016 R
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	2,985,116	1,289,699
There have been no undrawn facilities / guarantees during the current financial year.		
7. Trust capital		
Issued		
Trust capital	10,000	10,000
8. Trade and other payables		
Trade payables	611	44,273
Other accrued expenses	42,381	-
	42,992	44,273
9. Investment revenue		
Dividend revenue		
Associates - Local	24,000,000	-
Interest revenue		
Bank	2,381,777	2,191,538
	26,381,777	2,191,538
10. Finance costs		
Other financial liabilities	-	431

NOTES TO STATEMENTS

	2017 R	2016 R
11. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	606,175	894,095
Local income tax - recognised in current tax for prior periods	-	8,446
Under provision due to prior period adjustments	-	1,611
Dividend withholding tax - current period	651,600	-
	1,257,775	904,152
Deferred		
Originating and reversing temporary differences	29,450	(23,584)
	1,287,225	880,568
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	25,389,960	1,483,144
Tax at the applicable tax rate of 41% (2016: 41%)	10,409,884	608,089
Tax effect of adjustments on taxable income		
Local dividend income	(9,840,000)	-
Non-deductible expenses	369,934	286,006
Dividend withholding tax	651,600	-
Overprovided income tax from prior period	(333,644)	-
Local income tax - recognised in current tax for prior periods	-	8,446
Originating and reversing temporary differences	32,968	(20,702)
Deferred tax - rate adjustment	(3,517)	(2,882)
Under provision due to prior period adjustments	-	1,611
	1,287,225	880,568
12. Cash used in operations		
Profit before taxation	25,389,960	1,483,144
Adjustments for:		
Dividends received	(24,000,000)	-
Interest received - investment	(2,381,777)	(2,191,538)
Finance costs	-	431
Changes in working capital:		
Trade and other payables	(1,280)	33,588
	(993,097)	(674,375)
13. Tax paid		
Balance at beginning of the year	(283,653)	(2,560)
Current tax for the year recognised in profit or loss	(1,257,775)	(904,152)
Balance at end of the year	(292,474)	283,653
	(1,833,902)	(623,059)

NOTES TO STATEMENTS

	2017 R	2016 R
14. Distributions paid		
Balance at beginning of the year	(81,318)	(538,009)
Distributions	(19,531,587)	(3,369,094)
Balance at end of the year	128,678	81,318
	(19,484,227)	(3,825,785)

15. Distribution payable

Distribution payable

Balance at the beginning of the year	(81,318)	(538,009)
Distributions declared	(19,531,587)	(3,369,094)
Distributions paid	19,484,227	3,825,785
	(128,678)	(81,318)

The purpose of the Trust is to assist the development, implementation and operation of Black Economic Empowerment in the Republic of South Africa, by pursuing Black Economic Empowerment initiatives through the provision of financial and other assistance to any one or more Beneficiaries as determined by the trustees from time to time. Unutilised funds remain within the Trustees' discretion for future availability for distribution.

16. Related parties

Relationships

Holding company
Associate of the Trust

Accenture International S.a.r.l
Accenture South Africa Proprietary Limited

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing (to) by related parties

Accenture South Africa Proprietary Limited	3,822	258,218
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NOTES TO STATEMENTS

17. Categories of financial instruments

	Note(s)	Loans and receivables	Available-for- sale	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2017						
Assets						
Non-Current Assets						
Investments in associates	2	-	210,000,000	-	-	210,000,000
Deferred tax	5	-	-	-	6,597	6,597
		-	210,000,000	-	6,597	210,006,597
Current Assets						
Other financial assets	4	-	26,832,003	-	-	26,832,003
Current tax receivable		-	-	-	292,474	292,474
Cash and cash equivalents	6	2,985,116	-	-	-	2,985,116
		2,985,116	26,832,003	-	292,474	30,109,593
Total Assets		2,985,116	236,832,003	-	299,071	240,116,190

ANNUAL REPORT

2016/17

Since 2005, the AKHA BEE Trust has delivered on BEE imperatives through Dividend pay-outs, Employee Education Assistance and Support for Public Benefit Organisations.