

NELSON MANDELA
UNIVERSITY

Nelson Mandela University Trust
ANNUAL REPORT
2017

100

YEARS OF MANDELA

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Overview

by Chairperson of Nelson Mandela University Trust

I have pleasure in presenting this 2017 Annual Report on behalf of the Trustees of the Nelson Mandela University Trust.

2017 has proved to be a watershed year for the activities and development of the Trust. Several significant changes in the operations of the University and the Trust, initiated in earlier years, came to fruition in the year under review. In July 2017, the University officially launched its new name and brand. In keeping with this, the Trust formally changed its name from the 'Nelson Mandela Metropolitan University Trust' to 'Nelson Mandela University Trust'. Formal endorsement of the name change was obtained in October 2017.

The broader re-imagining of resource mobilisation at the University and restructuring of Trust, which was initiated in 2014, took effect in 2017. The three main pillars of this were establishing a Strategic Resource Mobilisation Office (SRMO) to coordinate all resource mobilisation within the University, establishing a dedicated investment company to drive certain identified strategic commercial initiatives, and redefining the role of the Trust and its interface with the University. The University established the SRMO in August 2017 and filled key posts by the end of December 2017. The Trustees established a wholly-owned company, the Nelson Mandela University Investment Company, in the course of the year, with its own Board of Directors, to pursue commercial projects. This will be a tax-paying entity dedicated to implementing certain strategic commercialisation projects intended to bring in income which will improve the medium- and long-term financial sustainability of the Trust and the University. During the course of the year, Trustees also applied their collective mind as to how the restructured Trust would interface with the investment company and the University to ensure good corporate governance and accountability. In December 2017, Trustees approved a service level agreement between the three parties clarifying roles and responsibilities.

During the course of 2017, there were several changes to the composition of the Trust. In October, after many years of dedicated service, the terms of office of following Trustees came to end: Judge Rajarathinam Pillay, Mr Kamlesh Motilal Riga, Mr Achmat Nordien Mohamed and Prof Esther Margaret Queen Thihe-Mokhuane. I would like to extend the sincere appreciation of Trustees to all of them for their years of selfless service to the Trust.

Ambassador Nozipho January-Bardill (Chairperson), Mr Siyabulela Mhlaluka (Deputy Chairperson), Prof. Sibongile Muthwa and Ms Maureen Manyama were appointed as Trustees.

Sound corporate governance is at the heart of the responsibilities of Trustees. In the spirit of transparency and accountability this annual report is intended to provide funders, stakeholders, alumni and the broader University publics with information on Trust operations in 2017 and indicate how funds were deployed.

In terms of mobilising resources, the Trust has had a very good year. As set out in this report, the Trust significantly increased the amount raised for the Nelson Mandela University through donations. I am proud to report that in 2017 we broke the R100 million ceiling for donations and cash in kind. Through our activities we made an important contribution within our mandate of helping the Nelson Mandela University deliver on its vision and mission.

On behalf of the Trustees of the Nelson Mandela University Trust I would like to thank all the sponsors, donors and funders who contributed resources to the University through the Trust in 2017. Your generosity has helped the University to broaden access and provide quality higher education.

**Ambassador
Nozipho January-
Bardill
Chairperson
Nelson Mandela
University Trust**



Acting CEO Report

The Nelson Mandela University Trust is an independent charitable entity registered with the Master of the High Court in South Africa (registration number IT 48/2001). Nelson Mandela University is the sole beneficiary. It is also registered with the South African Revenue Services as a public benefit organisation (PBO number 18/11/13/3787). Governance is in the hands of nine Trustees, who exercise the fiduciary and corporate governance functions expected of Trustees.

The main goal of the Trust is to support and contribute to the academic project and financial sustainability of the University through strategic resource mobilisation. This annual report has been structured to provide information on key areas of governance of the Trust, performance, financial management and human capital. The performance reporting section provides a high-level summary of performance linked to the strategic priorities, strategic goals, objectives and indicators contained in Nelson Mandela University's Vision 2020. This is followed by more detailed information on the different aspects of the Trust's activities in 2017.

Since its inception, the Trust has evolved and been periodically fine-tuned to be able to achieve its mandate in the rapidly changing high education sector in South Africa. In February 2015, Trustees agreed to embark on a restructuring process that included

amendments to the Trust Deed. This process formed part of a larger project of re-imagining of resource mobilisation at the University initiated by Council in 2014. These initiatives were concluded in the year under review. Developments included revising the Trust Deed, appointing new Trustees, establishing an investment company of which the Trust is the sole shareholder and entering into a service level agreement with the University to define respective roles and responsibilities.

Trustees adopted a budget for 2017 that included significantly increased fundraising targets, the goal being to mobilise R 52 million. I am happy to report that the Trust not only met the increased targets, but exceeded them by mobilising (cash and in kind) R 102 411 086 in the year under review. This was up from R 56 million the previous year and is the highest amount the Trust has been able to mobilise in cash and kind to date.

This was largely due to three main factors: the increasingly integrated approach and the spirit of teamwork displayed by staff within the Trust; improved coordination and cooperation with Faculties and other entities within the University; and the spirit of generosity displayed by many private individuals, businesses, government entities and other donors who supported the Trust and University so assiduously in 2017. To them all we owe a big debt of gratitude.

Operating expenses of the Trust in 2017 amounted to R 10 016 142. This includes R 2 913 515, which is reflected in the financial statements as interest on the intercompany loan account with the University. This arises from the fact that the University disburses funding for bursaries and projects and incurs administrative expenditure on behalf of the Trust, maintaining an intercompany loan account. The Trust transfers funds to the University to cover these expenses on a quarterly basis.

In terms of human resources, for most of the year the Trust continued to operate with a reduced number of staff until the restructuring was completed. The effects of this were, to a considerable extent, mitigated by increased teamwork both within the Trust and with the University. One of the implications of the restructuring is that although the Trust will continue to exist and operate



“The main goal of the Trust is to support and contribute to the academic project and financial sustainability of the University through strategic resource mobilisation.”

in terms of its Trust Deed, it will no longer employ staff directly. The operational aspects of financial management and resource mobilisation will be undertaken on an agency basis by the University in terms of a service level agreement. As part of the restructuring, details of which are set out in the Human Resources section of this report, the Alumni Relations function was folded back into the University. After the due processes in terms of the Labour Relations Act, 1995 (Act 66 of 1995, as amended) had been followed, the staff members of the Alumni Relations Office were transferred to Communications and Stakeholder Liaison in the University effective from 1 January 2017. From 1 August 2017, the remaining four Trust staff members, again after all due processes in terms of the Labour Relations Act had been followed, were transferred to the University for the balance of their employment contracts. Other vacant posts in the University's Strategic Resource Mobilisation Office, which will be rendering the operational fundraising functions on an agency basis for the Trust, were advertised and filled. Three of the four former Trust staff were successful in their applications for new posts. As a result, from 2018 there will be a fuller complement of staff supporting the Trust and undertaking the operational work required.

Lastly, a note on naming. In July 2017, the Nelson Mandela Metropolitan University officially launched its new name and brand as Nelson Mandela University. Following this, the Trust Deed of the Nelson Mandela Metropolitan University Trust was amended by the Master of the High Court on 18 October 2017 to align with the University's name. Thereafter, an application was made to the South African Revenue Services to update the PBO registration of the Trust to reflect the name change, a process which was only concluded in 2018. The transition from Nelson Mandela Metropolitan University Trust to Nelson Mandela University Trust thus straddled two financial years. For convenience and clarity, unless otherwise specifically stated, the names 'Nelson Mandela University' and 'Nelson Mandela University Trust' are used throughout this report.

Dr Denver A. Webb

Acting CEO, Nelson Mandela University Trust (to 30 October 2017)

Senior Director: Strategic Resource Mobilisation Office (from 1 November 2017)

Governance

The new board of Trustees, which took office formally in 2016 in terms of the amended Trust Deed, operated until October 2017. It consisted of nine members. In October 2017, Judge Rajarithinam Pillay, Mr Kamlesh Motilal Riga, Mr Achmat Nordien Mohamed and

Prof Esther Margaret Queen Thipe-Mokhuane stepped down. They were replaced as Trustees by Ambassador Nozipho January-Bardill (Chairperson), Mr Siyabulela Mhlaluka (Deputy Chairperson), Ms Maureen Manyama and Prof. Sibongile Muthwa.

Three Trustee meetings were held during the year.

NAME	10 APRIL 2017	21 JUNE 2017	NAME	12 DEC 2017
Judge Ronnie Pillay	✓	✓	Ambassador Nozipho January-Bardill	✓
Prof. Queenie Mokhuane*	✓	✓	Mr Siya Mhlaluka	✓
Dr Derrick Swartz	✓	✓	Dr Derrick Swartz	✓
Mr Achmat Mohamed	✓	✓	Prof. Sibongile Muthwa	✓
Mr Anthony Biggs	✓	✓	Mr Anthony Biggs	✓
Dr Xolani Mkhwanazi	✓		Dr Xolani Mkhwanazi	
Mr Eric Ratshikhopha	✓		Mr Eric Ratshikhopha	✓
Ms Charmaine Williams	✓	✓	Ms Charmaine Williams	✓
Mr Kamlesh Riga			Ms Maureen Manyama	✓

Figure 1: Attendance at Trust Meetings

Issues requiring decisions by Trustees between meetings were dealt with by means of round-robin communications. One such round-robin decision, on 18 May 2017, was taken.

As part of enhancing alignment with the operations of the University, risk management for the Trust was integrated into the University risk management process.

Several control measures identifying and mitigating risks associated with the operations of the Trust were included in the Nelson Mandela University Risk Register, management of which is overseen by the Audit and Risk Committee (ARC) of the University Council.

In terms of fiduciary responsibilities Trustees closely monitored the performance of the investment asset.

Board of Trustees



**Ambassador Nozipho
January-Bardill**



Mr Siya Mhlaluka



Dr Derrick Swartz



Prof. Sibongile Muthwa



Mr Anthony Biggs



Dr Xolani Mkhwanazi



Mr Eric Ratshikopha



Ms Charmaine Williams



Ms Maureen Manyama

Strategic Priorities and Performance

Within the mandate provided by the Trust Deed the Trust is guided by, and draws inspiration from, the University's Vision 2020. The Trust subscribes to the Nelson Mandela University values. In 2017, it operated in terms of an updated version of its three-year strategic plan, which

was drafted in 2014 and is aligned to Vision 2020.

In particular, the Trust contributed to the following strategic priorities, strategic goals and strategic objectives of Vision 2020:

STRATEGIC PRIORITY	STRATEGIC GOAL	STRATEGIC OBJECTIVE	OUTPUTS	INDICATORS	2017 PERFORMANCE
4: Position Nelson Mandela University as an engaged institution that contributes to a sustainable future through critical scholarship	4.3: Develop and sustain mutually beneficial local, regional and international partnerships that contribute to a sustainable future.	4.3.4: Foster and sustain partnerships with donors, funding organizations and alumni.	<ul style="list-style-type: none"> • Cordial relationships with sponsors established & sustained • Increased number of alumni actively involved in University activities • Established alumni chapters abroad 	<ul style="list-style-type: none"> • No. of partnerships with donors & funding organisations • Rand value of donations & sponsorships from external donors & funding organisations 	<ul style="list-style-type: none"> • 131 partnerships with donors and funders in 2017 • Donations and sponsorships from external sources to the value of R 100 158 521 were distributed to the University.
6: Formulate and implement a financial growth and development strategy to enhance long-term sustainability and competitiveness.	To grow and diversify income streams to support the attainment of the institutional strategic goals.	<p>6.2.2: Secure more alternative revenue streams to support the attainment of the institutional strategic goals.</p> <p>6.2.3: Mobilise academic units, Nelson Mandela University Trust and Alumni Relations for fund-raising.</p>	<ul style="list-style-type: none"> • Optimised income from 3rd stream revenue 	<ul style="list-style-type: none"> • 3rd stream income as % of total income • 3rd stream income available for central distribution 	<ul style="list-style-type: none"> • R 100 158 521 in encumbered funding was mobilised by the Trust for the University for bursaries, scholarships and projects. Over and above the encumbered funding transferred to the University, Trustees approved a disbursement of R15 million to the University for bursaries and scholarships. • In total, Trust income for 2017 before distribution and operating expenses was R127 232 037. This represented 16.39% of the total Nelson Mandela University 3rd stream income.

Figure 2: Performance Against Strategic Priorities

The Nelson Mandela University Trust generally mobilises two main types of resources for the University. Unencumbered funding is raised, which Trustees manage as part of the investment asset and which Trustees disburse to the University strategically. In 2017, an amount of R15 million was transferred to the University for post-graduate and under-graduate bursaries. Secondly, the Trust works with Faculties and entities within the University to mobilise a wide range of donations and sponsorships earmarked for specific purposes. This encumbered funding, intended for specific purposes in terms of the terms and conditions of the donations, was disbursed for the stipulated purposes in liaison with the Executive Director: Finance, Financial Aid section and the Research Coordination and Development (RCD) Office. This encumbered funding is mostly directed to bursaries and scholarships, but a significant amount of donations in cash and kind are also directed to University engagement projects. A total of R100 158 521 in encumbered funding was mobilised and transferred to the University.

In the year under review, R30 507 829,21 was mobilised from the corporate sector and individuals for bursaries and scholarships. A further R48 715 332,53 was raised from the public sector. These amounts were channelled to the University Financial Aid section and RCD to allocate to qualifying under-graduate and post-graduate students. In total, there were 1 874 beneficiaries of this encumbered funding (as set out in the tables in Figures 3, 4 and 5 below).

In the year under review concerted efforts were made to strengthen collaborative working relationships with Faculties on resource mobilisation. The record amount of donations mobilised in 2017 demonstrated the effectiveness of an integrated approach to resource mobilisation. In particular, the Trust would like to acknowledge the close working relationship with Prof. Houdini Fourie (School of Accounting), Sister Althea Hawkins (Campus Health), Prof. George de Lange (Engagement Office), Mr Karl du Preez (Faculty of Engineering, IT and Built Environment), Prof. Avinash Govindjee (Faculty of Law), Ms Yoliswa Lumka (Sport Bureau), Ms Ruth Sauls (Disability Unit), Prof. Marius Crous (Department of Languages and Literature), Prof. Werner Olivier (Govan Mbeki Development Unit), Dr Shawn Gouws (Innoventon) and Dr Bruce Damons (Centre for Community Schools).

1. Bursaries and Scholarships

During the year under review a number of individuals, corporates, charitable organisations and public sector institutions generously contributed to the University through the Trust. One of the highlights of the year was a R7 million donation received from ABSA Bank (R 2 million towards settling 2016 student debt and another R 5 million for 2017 bursaries) as part of a three-year partnership entered into between the University and ABSA. Other highlights of the donations received in 2017 include:

DONOR	AMOUNT	NO. BENEFICIARIES	QUALIFICATION
A	R7 000 000,00	208	Various
B	R25 000,00	1	Law Faculty
C	R40 562,96	1	BTech HR Management
D	R57 000,00	2	Bachelor of Social Work
E	R4 000,00	1	Music
F	R1 413 385,73	17	Various Engineering & IT Disciplines
G	R1 931 800,00	25	Various
H	R73 000,00	3	Various
I	R1 000 000,00	35	Law Faculty
J	R276 419,74	18	Various
K	R4 000,00	1	Diploma: Public Management
L	R100 266,00	1	NDip: Electrical Engineering
M	R516 414,00	8	Various
N	R219 544,36	6	Various
O	R450 000,00	10	BPharm
P	R75 247,10	0	Not allocated in 2017
Q	R976 618,92	42	Debt relief for Engineering students
R	R90 786,00	1	Mechatronics

DONOR	AMOUNT	NO. BENEFICIARIES	QUALIFICATION
S	R50 000,00	1	Alumni bursaries
T	R1 260 900,00	10	Various
U	R382 499,00	33	Various
V	R91 206,50	2	Students with disability
W	R20 500,00	1	Bachelor of Social Work
X	R1 000 000,00	13	Various
Y	R500,00	1	Bursary Legacy Campaign
Z	R360 000,00	10	Various
AB	R77 848,99	5	Various
AC	R15 000,00	3	Bachelor: Visual Arts
AD	R8 000,00	1	Architecture
AE	R98 249,00	2	Students with disability
AF	R124 620,00	3	Various
AG	R1 874 470,99	31	Various
AH	R18 000,00	9	Various
AI	R756 862,10	11	Various
AJ	R45 264,00	8	Various
AK	R15 000,00	3	Various
AL	R98 741,37	4	Various
AM	R45 000,00	3	NDip: Travel & Tourism
AN	R90 000,00	2	BEng Mechatronics
AO	R5 073 720,00	135	Thuthuka Programme
AP	R45 620,00	2	Various
AQ	R106 779,60	5	Various
TOTAL:	R25 912 826,36	678	

Figure 3: Bursaries and Scholarships Mobilised from Corporate Sector

DONOR	AMOUNT	NO. BENEFICIARIES	QUALIFICATION
A	R304 451,10	22	Various
B	R45 000,00	3	BCom Marketing
C	R35 000,00	5	Post Grad Stipends
D	R754 217,87	39	Various
E	R1 000 000,00	15	Various
F	R80 000,00	4	Various
G	R144 000,00	0	Marketing
H	R217 636,71	49	Various
I	R130 000,00	13	BTech & NDip: Fine Arts
J	R551 160,00	13	Various
K	R354 390,00	13	Various
L	R35 000,00	3	Kimberly Students
TOTAL:	R3 650 855,68	179	

Figure 4: Bursaries and Scholarships Mobilised from Charitable Organisations

The following table summarises the funding received from government departments and the SETAs, with the number of student beneficiaries.

	DONOR	AMOUNT	NO. BENEFICIARIES	QUALIFICATION
SETA'S	Bankseta	R6 714 303,03	85	NDip: Economics & BCom Accounting
	Bankseta	R5 676 400,00	65	Information Technology
	Bankseta	R4 998 399,84	62	BCom Accounting
	Cathsseta	R1 768 800,00	33	NDip: Sports Management
	FASSET	R568 486,00	12	Various
	Food & Beverage	R602 242,49	14	Various
	Health & Wellness	R336 000,00	32	Stipends for Biomedical Technology Students
	Inseta	R751 580,00	34	BCom: Financial Planning
	LGSeta	R2 730 847,40	55	Various
	Merseta	R3 418 800,00	64	Various
	Mictseta	R539 000,00	12	Various
	Mining Qualifications Authority (MQA)	R1 211 185,26	38	Various
	Services Seta	R7 130 492,90	136	Various
	TETA	R1 979 426,52	48	Various
	W&R Seta	R11 609 298,87	222	Various
GOVERNMENT DEPARTMENTS	Auditor General	R1 225 580,00	11	Thuthuka Programme
	Department of Arts & Culture	R1 050 000,00	90	Language and Literature
	NYDA	R29 100,00	1	NDip: Electrical Engineering
	SARS	R222 901,86	3	Various
	TOTAL:	R52 562 844,17	1017	

Figure 5: Bursaries and Scholarships Mobilised from the Public Sector

2.Engagement Projects

An amount of R20 313 059,85 was raised for University engagement projects.

DONOR	PROJECT	NMMU DEPARTMENT/ ENTITY	FUNDS DONATED	IN-KIND DONATIONS
A	Supplemental Instruction Programme	Higher Education Access & Development Services	R203 570,00	
B	Accounting Idols & Accounting Ball	School of Accounting	R28 000,00	
C	Repair SCADA Software	Innoventon	R1 029 402,00	
D	Unencumbered	General	R915 000,00	
E	Eco Car Project	AMTC	R100 000,00	
F	EMCS	Emergency Medical Care	R15 000,00	
G	Academic Awards	School of Accounting	R16 000,00	
H	Prize-giving	Building	R10 000,00	
I	Unencumbered	NMU Trust	R343 189,71	
J	Management Fee	School of Accounting	R312 399,99	
K	Management Fee	IT	R306 150,00	
L	Academic Administration	Nursing	R17 000,00	
M	Maths & Science Development	Govan Mbeki Maths Development Unit	R185 000,00	
N	Maths & Science Project	Govan Mbeki Maths Development Unit	R130 000,00	
O	Small Stock Predation Programme	Zoology	R250 000,00	
P	Maths & Science Project	Govan Mbeki Maths Development Unit	R2 785 000,00	
Q	Maths & Science Project	Govan Mbeki Maths Development Unit	R1 800 000,00	
R	3 laptops	Bursary recipients		R27 055,11
S	Grade 12 Accounting Sciences	School of Accounting	R120 000,00	
T	Donation of two vehicles for a year	Madibaz Sports & Campus Health Services		R171 000,00
U	Sakha Ikamva Maths 7 Science	Govan Mbeki Maths Development Unit	R270 850,00	
V	Kwa-Zakhele Transition Township Renewable Energy Co-operative	Development Studies	R500 000,00	
W	Simanye Project	School of Accounting	R1 337 735,00	
X	Donation of Ford Ranger Bakkie	Engineering		R308 323,80
Y	Academic Awards	Various	R12 000,00	
Z	Family Business	Family Business Unit	R0,00	
AA	Unencumbered	General	R1 469,02	
AB	IT education in schools	Faculty of Education	R200 000,00	
AC	Targeting cell death and survival pathways in the fight against cancer and neurodegenerative disease	Department of Biochemistry and Microbiology	R200 000,00	
AD	Career Guidance	School of Accounting	R506 050,00	

AE	Lecture	Communication Stakeholder Liaison	R100 000,00	
AF	Design project	Fashion & Interior design	R115 000,00	
AG	Unencumbered	NMU Trust	R415,62	
AH	Maths Science & Language Project	Community School	R500 000,00	
AI	General	NMU Trust	R1 505,28	
AJ	Maths & Science Project	Govan Mbeki Maths Development Unit	R1 000 000,00	
AK	Equipment	Fine Arts	R30 000,00	
AL	Prize-giving	School of Environmental Sciences	R2 000,00	
AM	Grade 11 Accounting Sciences	School of Accounting	R92 500,00	
AN	Academic Awards	RCD & CSL	R200 000,00	
AO	Unencumbered	NMU Trust	R100 000,00	
AP	Equipment donation	Mechatronics		R1 341 010,00
AQ	Unencumbered	General	R300 000,00	
AR	Maths & Science Project	Govan Mbeki Maths Development Unit	R650 000,00	
AS	Nutrition Programme	Health science		R1 247 433,00
AT	Unencumbered	General	R85 000,00	
AU	Phelophepa Train	Community Development Unit	R380 000,00	
AV	Accounting prize-giving and ball	School of Accounting	R108 300,00	
AW	Alumni Bursary Fund	Alumni Relations	R21 500,00	
AX	Built Environment prizes	Built Environment	R5 250,00	
AY	ICT Academic Awards	ICT	R4 500,00	
AZ	NMU Trust Golf Days	NMU Trust	R1 000,00	
BA	Law Awards	Law Dept	R79 779,95	
BB	Unencumbered	NMU Trust	R184 785,37	
BC	Legacies	NMU Trust	R2 100,00	
BD	Bursaries	Trailblazing	R160 786,00	
BE	Maths & Science Incubator Schools	Govan Mbeki Maths Development Unit	R1 500 000,00	
Sub-Totals:			R17 218 237,94	R3 094 821,91
TOTAL:			R20 313 059,85	

Figure 6: Project Funding Mobilised in 2017

3.Events

a. NMMU Trust Annual Golf Days

Two fundraising golf days were held.

DATE	GOLF DAY	CLUB	SPONSOR	FOUR BALLS	AMOUNT RAISED (AFTER COSTS)
30 March 2017	PE Corporate Golf Day	Humewood Golf Club	PwC	27	R127 552.16
21 July 2017	Chancellors George Golf Day	Fancourt	Momentum	18	R30 934.03

Figure 7: Details of Trust Golf Days, 2017



4.M & E and Reporting

One of NMMU Trust's essential tasks is to supply detailed, analytical reports to funders and ensure that funding is allocated according to the terms of the donations.

a. Reports

The Trust sends reports on the progress of students receiving bursaries to those funders who request them. In 2017, 66 detailed bursary reports on the performance

of recipients of bursaries were sent to funders requiring reports.

b. Donor/Student Sessions

The Trust also organises meet and greet sessions for those funders who wish to meet the recipients of their generosity. In 2017, 23 such donor functions were hosted with student beneficiaries.



Human Capital

In 2017 the Trust operated with the following people:

- Dr Denver Webb (Acting CEO to 30 October 2017 and Senior Director: Strategic Resource Mobilisation Office thereafter)
- Ms Renita Affat-Abrahams (Managing Executive Business Development)
- Ms Buyiswa Yaya (Business Development Officer)
- Ms Jennilee Bezuidenhout (PA)
- Mr Shafiek Abrahams (Managing Executive for Commercial Enterprises to 30 April 2017)
- Ms Sheree Gerber (Legacy Officer)

Mr Shafiek Abraham's employment contract with the Trust came to an end on 30 April 2017 and was not renewed.

In terms of the restructuring and re-imagining of resource mobilisation processes, effective from 1 January 2017, the alumni relations function was transferred back to the University. Staff of the Alumni Relations Office, after due process was followed in terms of the relevant provision of the Labour Relations Act, therefore ceased to be Trust employees at the end of December 2016. As part of the transitional arrangements, and on the basis of the principle of funds follow function, part of the understanding with the University was that the Trust would contribute to the budget of the Alumni Office in 2017 and thereafter the University would budget for it.

The next stage of the restructuring involved the four remaining Trust employees. After due consultations in terms of the Labour Relations Act, 1995 (Act 66 of 1995, as amended), they were transferred to the newly established Strategic Resource Mobilisation Office within the Nelson Mandela University on 1 August 2017 for the balance of their employment contracts. The University then embarked on a recruitment process for eight of the posts in the new office. By the end of the year, Denver Webb, Sheree Gerber, Buyiswa Yaya and Jennilee Bezuidenhout were appointed to posts in the Strategic Resource Mobilisation Office. Ms Renita Affat-Abrahams' employment contract came to an end on 31 December 2017 and she left the services of the University.

The Trust cost for compensation of employees, as reflected in the audited 2017 financial statements (inclusive of the Alumni Relations Office costs discussed above), was R5 013 366.

During 2017, the University continued to provide financial and human resource management services for the Trust on an agency basis. The University Legal Services provided legal advice and support to the Trust.

In terms of the restructuring and re-imagining of resource mobilisation processes, effective from 1 January 2017, the alumni relations function was transferred back to the University.



List of Donors

2017 was a successful year for the Nelson Mandela University Trust. This was only possible because of supporters and donors to whom appreciation is extended.

INDIVIDUALS	CHARITABLE ORGANISATIONS	CORPORATES	PUBLIC SECTOR
Antoni, X Betz, HJ Botha, S Dos Santos, D Erickson, B Geswindt, P Hashatse, L Jeffry, H Jonas, R Levendal, RA Liebenberg, H Matiso, K Meko, G Nolte, C Patel, S Paul, G Pillay, R Potgieter, P Radder, G Scheckter, M Swartz, D Van der Linde, WHG Van der Vyver, S	Abe Bailey Albert Wessels Trust Capitec Foundation Charles & Jessie Hills Trust Cookhouse Windfarm Trust Dell SA Development Fund Elca Trust Ezethu Development Trust Gutche Family Investments HA Kendall Will Trust HB Webb Trust HCI Foundation Herman Olthaver Trust Hillensberg Trust Horace Alfred Taylor Will Trust Lex Gutche Trust Milde McWilliams Trust Nedbank Foundation PA & Alize Malan Trust Raymond Uren Trust Rupert Onderwysstiging Stella & Paul Loewenstein Trust Telkom Foundation Transnet Foundation Volkswagen Community Trust Wilfred Orr Trust Zenex Foundation	ABSA ACCA Advocate A Rawjee Advocate Notshe AECI African Overalls Altair Amadlelo Empowerment Ansie van Zyl Occupational Therapist Armscor Aspen Pharmacare Aurecon B&V Contractors Birch Caltex Cape Wools Cliffe Decker Hofmeyer Coca-Cola Fortune Daylight Agencies Dedisa Peaking Power Dell Deloitte & Touché Diageo Dischem Eco Car Hire Ernst & Young Exxon Mobil Ford General Electric SA Goodyear Image Factor Investec JSE Securities Kaltire Tire Mining Tyre Service Kuehne & Nagel Lightstone Consumer Linde & Wiemann Margot Muir Masana Masinyusane Mastertons MDA Architectural Designs Mix Telematics Mohair Morpho Cards SA / Traguna Moshal Scholarship Muir MySchool NG Kerk van SA Old Mutual OR Tambo Municipality Phumela Gaming PPS Public Investment Corporation PWC Rennies Travel S4 Integration SAICA Siemens Tigerbrands Times Media Toyota Transand	Auditor General Bankseta BK Administrators Board Cathsseta Department of Arts & Culture FASSET Food & Beverage Health & Wellness Inseta LGSeta Merseta Mictseta Mining Qualifications Authority (MQA) NYDA SARS Services Seta TETA W&R Seta

NELSON MANDELA UNIVERSITY TRUST

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2017

NELSON MANDELA UNIVERSITY TRUST

ANNUAL FINANCIAL STATEMENTS for the year ended 31 December 2017

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NELSON MANDELA UNIVERSITY TRUST

FINANCIAL STATEMENTS for the year ended 31 December 2017

General Information

Object of the Nelson Mandela University Trust

It is the object of the Trust to hold, control and administer an Educational Fund as contemplated in sections 10(1)(CA) and 18A (1) (c) (ii) of the Income Tax Act for the purpose and objective of enabling the University to fulfil its tradition of national service through the continued provision of high quality university education with due consideration of the needs within the community in which it exists and the needs of the broader South African society for access to tertiary education.

Registered and Postal Address

PO Box 77000
Port Elizabeth
6031

Trustees

The Trustees of the Nelson Mandela University Trust are:

Ms Nozipho January-Bardill
Mr Siyabulela Mhlaluka
Prof Derrick Swartz
Prof Sibongile Muthwa
Mr Anthony Biggs
Dr Xolani Mkhwanazi
Mr Eric Ratshikhopha
Ms Charmaine Williams
Ms Maureen Manyama

NELSON MANDELA UNIVERSITY TRUST

**TRUSTEES' STATEMENT OF RESPONSIBILITY FOR THE
FINANCIAL STATEMENTS
for the year ended 31 December 2017**

The financial statements of the Nelson Mandela University Trust are the responsibility of the Trustees. The Nelson Mandela University provides accounting support to the Trust, including the maintenance of accounting records.

The Trustees fulfil their responsibilities through reliance on the accounting systems and internal controls applied by the Nelson Mandela University and its staff. Such controls provide assurance that the Trust's assets are safeguarded, that transactions are executed in accordance with Trustees' authorisations, and that the financial records are reliable.

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements for the year ended 31 December 2017 set out on pages 3 to 21 were approved by the Trustees on 08 November 2018 and are signed on their behalf.


CHAIRPERSON

22/01/2019
DATE


TRUSTEE

05/12/18
DATE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE NELSON MANDELA UNIVERSITY TRUST

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the annual financial statements of the Nelson Mandela University Trust set out on pages 6 to 19, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in capital and reserves, and statement of cash flows for the year then ended, as well as the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the trust as at 31 December 2017, and their 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 the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the annual financial statements section of our report.

We are independent of the trust in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to our audit in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the Trustees

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and for such internal control as the trustees determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 annual 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 annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the university to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also confirm to the trustees that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.

Other information

The trustees are responsible for the other information. The other information comprises of schedule 1 – Distributions to Nelson Mandela University and schedule 2 – Statement of Funds for the year ended 31 December 2017. Other information does not include the annual financial statements and our audit opinion.

Our opinion on the annual financial statements do 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Nelson Mandela University Trust for 1 year.

Nexia SAB&T

Nexia SAB&T
Shameema Ismail
Registered Auditor
Port Elizabeth
22 January 2019

STATEMENT OF FINANCIAL POSITION
at 31 December 2017

	Notes R	2017 R	2016
ASSETS			
Non-current assets			
Investments	2	211 178 109	213 541 080
Current assets			
Bank and cash balances	3	<u>2 878 898</u>	<u>26 156 193</u>
Total assets		<u>214 057 007</u>	<u>239 697 273</u>
FUNDS AND LIABILITIES			
Capital and reserves		<u>186 274 803</u>	<u>189 227 318</u>
Current liabilities			
Other financial liabilities	4	<u>27 782 204</u>	<u>50 469 955</u>
Total funds and liabilities		<u>214 057 007</u>	<u>239 697 273</u>

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	2017 R	2016 R
Income		
Donations	102 411 086	56 548 430
Donations in cash	99 344 764	55 473 125
Donations in kind	3 066 322	1 075 305
Investment income	24 820 951	22 732 826
Dividends received	2 650 595	3 111 216
Interest received	3 948 759	4 090 844
Realised profit on investments	18 221 597	15 530 766
Income before distributions and operating expenses	127 232 037	79 281 256
Operating expenses	10 016 154	9 313 953
Advertising	8 550	-
Audit fees	50 502	36 252
Bank charges	3 417	3 040
Cartage/ Courier	1 053	-
Central imaging	22 105	6 204
Conference expenses	4 788	4 356
Consulting fees	804 019	246 094
Equipment	13 424	13 287
Entertainment, functions and workshops	81 107	52 806
Impairment (reversal)/expense	-	(28 687)
Interest expense	2 913 517	1 784 332
Investment management fees	911 396	1 580 098
Membership fees	18 152	16 671
Salaries	5 013 366	5 391 613
Stationery and printing	13 805	19 374
Sundries	5 439	10 724
Telephone, postage and telegrams	43 736	47 068
Travel and subsistence	107 778	130 721
Net surplus for the year	117 215 883	69 967 303
Other comprehensive income		
Revaluation of investments to market value at year end	(5 038 378)	(26 786 958)
Total comprehensive income for the year	112 177 505	43 180 345

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
for the year ended 31 December 2017

	2017	2016
	R	R
Trust capital		
Balance at beginning of year	110 189 668	110 725 068
Surplus for the year	117 215 883	69 967 303
Distribution to NMU	(115 130 020)	(70 502 703)
Balance at end of year	<u>112 275 531</u>	<u>110 189 668</u>
Revaluation reserve		
Balance at beginning of year	79 037 650	105 824 608
Revaluation of investments to market value	(5 038 378)	(26 786 958)
Balance at end of year	<u>73 999 272</u>	<u>79 037 650</u>
Capital and reserves	<u>186 274 803</u>	<u>189 227 318</u>

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Note	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	6	80 212 642	46 470 737
Distribution to the NMU in cash		<u>(126 470 000)</u>	<u>(27 400 000)</u>
Net cash generated by operations		<u>(46 257 358)</u>	<u>19 070 737</u>
Cash flows from investing activities			
Purchases of investments at cost	2	(57 611 532)	(30 517 505)
Proceeds from sale of investments		77 941 000	32 046 390
Dividends received		<u>2 650 595</u>	<u>3 111 216</u>
Net cash from investing activities		<u>22 980 063</u>	<u>4 640 101</u>
Net increase/(decrease) in cash and cash equivalents		(23 277 295)	23 710 838
Cash and cash equivalents at beginning of year		26 156 193	2 445 355
Cash and cash equivalents at end of year	3	<u>2 878 898</u>	<u>26 156 193</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements of the Nelson Mandela University Trust have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Trust's accounting policies.

a) Standards and interpretations not yet effective

The following standards and interpretations have been published and are mandatory for the Trust's accounting periods beginning on or after 1 January 2018 or later periods. These standards have not been early adopted.

Standard/Interpretation	Effective date: Years beginning on or after
IFRS9 Financial instruments	01 January 2018
IFRS15 Revenue from contracts with customers	01 January 2018

1.2 Impairment of non-financial assets

Non-current assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.3 Financial assets**(a) Classification**

The Trust classifies its financial assets as available-for-sale or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Investments are designated as available-for-sale and trade balances are classified as loans and receivables. The Trustees determine the classification of its financial assets at initial recognition and re-evaluate this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Trust's loans and receivables comprise 'bank and cash balances' in the statement of financial position.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the Trustees intend to dispose of the investment within 12 months of the reporting date.

NELSON MANDELA UNIVERSITY TRUST**NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)****1. Summary of significant accounting policies (continued)***b) Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Trust commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred and the Trust has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss.

Interest on available-for-sale financial assets is calculated using the effective interest method and recognised in the statement of profit or loss as part of finance income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of other income when the Trust's right to receive payments is established.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(c) Impairment of financial assets

The Trust assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not subsequently reversed through the statement of profit or loss.

In the case of debt securities classified as available-for-sale and loans and receivables, impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

NELSON MANDELA UNIVERSITY TRUST**NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)****1. Summary of significant accounting policies (continued)****1.4 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.5 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.6 Foreign currencies

Significant foreign currency transactions are accounted for at the exchange rates prevailing on the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss in the year in which they arise. Such balances are translated at year-end exchange rates.

1.7 Revenue recognition

Revenue primarily comprises of donations received and investment income and is measured at the fair value of the consideration received or receivable. The Trust recognises revenue when the amount of revenue can be reliably measured, when it is probable that the future economic benefits will flow to the entity and when specific criteria have been met for each of the Trust's activities, as described below.

Donations are recognised either upon receipt or when the right to receive funds is established.

Donations in kind are recognised at the fair value of the goods or services received.

Interest is recognised using the effective interest method.

Dividends are recognised when the right to receive payment is established.

Interest, dividends and other income on assets representing endowment and trust funds are credited directly to the respective funds and are transferred to income only when legal and other conditions relating to the respective funds are satisfied.

1.8 Loans due to related parties

These include loans from related parties and are initially recorded at fair value plus direct transaction costs.

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

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)

2. Investments	2017 R	2016 R
At cost:		
Listed shares	61 004 573	64 716 452
International asset swaps	37 309 397	32 361 614
Gilts and bonds	9 550 371	11 022 576
Fixed deposits	19 248 507	19 187 486
Cash on call	65 990	7 215 301
Unit Trust	10 000 000	-
	<u>137 178 837</u>	<u>134 503 429</u>
At market value:		
Listed shares	103 546 180	116 186 903
International asset swaps	68 543 860	59 950 378
Gilts and bonds	9 583 123	11 001 012
Fixed deposits	19 248 507	19 187 486
Cash on call	65 990	7 215 301
Unit Trust	10 190 449	-
	<u>211 178 109</u>	<u>213 541 080</u>
Movement during the year:		
Opening balance	213 541 080	219 735 537
(Loss)/gain in fair value	(5 038 378)	(6 194 457)
Total purchases of investments	(57 611 532)	-
Realised profit on investments	(18 221 597)	-
Interest received / Dividends received	6 599 352	-
Proceeds received from disposal of investments	71 909 185	-
	<u>211 178 109</u>	<u>213 541 080</u>

These investments comprise a managed portfolio owned by the Nelson Mandela University Trust with a fair value of R211 178 109 (2016: R213 541 080)

With the exception of the international asset swaps held by the Trust, all the investments of the Trust are Rand dominated. The international asset swaps are denominated in US dollars, British pounds.

IFRS 7 requires disclosure of fair value measurements by level in terms of the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (LEVEL 1).
- Inputs for fair value measurements, other than quoted prices, that are observable from the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (LEVEL 2).
- Inputs, for fair value measurements from the asset or liability that are not based on observable market data (that is, unobservable inputs) (LEVEL 3).

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)

2. Investments (continued)

The following table presents the Trust's assets that are measured at fair value at 31 December 2017.

	Level 1	Level 2	Level 3	Total balance
2017	R	R	R	R
Assets				
Available-for-sale financial assets				
-Listed shares	103 546 180	-	-	103 546 180
-International asset swaps	-	68 543 860	-	68 543 860
-Gilts and bonds	-	9 583 123	-	9 583 123
-Fixed deposits	19 248 507	-	-	19 248 507
-Cash on call	65 990	-	-	65 990
-Unit Trusts	10 190 449	-	-	10 190 449
Total assets	<u>133 051 126</u>	<u>78 126 983</u>	<u>-</u>	<u>211 178 109</u>
2016				
Assets				
Available-for-sale financial assets				
-Listed shares	116 186 903	-	-	116 186 903
-International asset swaps	-	59 950 378	-	59 950 378
-Gilts and bonds	-	11 001 012	-	11 001 012
-Fixed deposits	19 187 486	-	-	19 187 486
-Cash on call	7 215 301	-	-	7 215 301
Total assets	<u>142 589 690</u>	<u>70 951 390</u>	<u>-</u>	<u>213 541 080</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and those prices represent actual and regularly occurring market transactions made at arm's length. The quoted market price used for financial assets held by the Trust is the current bid price at year end. These instruments are included in level 1.

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)

2. Investments (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of investments disclosed under level 2 is determined by portfolio managers based on current market indicators.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3. Bank and cash balances	2017 R	2016 R
Cash at bank	<u>2 878 898</u>	<u>26 156 193</u>
For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:		
Bank balances	<u>2 878 898</u>	<u>26 156 193</u>

4. Other financial liabilities	2017 R	2016 R
Nelson Mandela University	<u>27 782 204</u>	<u>50 469 955</u>

This loan bears interest as determined on monthly basis by the trustees, has no repayment terms and is unsecured.

5. Commitments

At the Ordinary Meetings of the Trust on 12 December 2017 and 20 February 2018, the Trustees agreed to make a distributions to the Nelson Mandela University of R10mil and R3.6mil in respect bursaries and projects for the 2018 financial year.

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)

5. Commitments (continued)

At the Ordinary Meeting of the Trust on 20 February 2018, the Trustees agreed to set aside R3.7mil for the Nelson Mandela University Investment Company for the 2018 year.

6. Cash generated from operations	2017 R	2016 R
Net surplus for the year before distributions	117 215 883	69 967 303
Adjustments for non-cash items:		
- donations in kind	(3 066 322)	(1 075 305)
- impairment (reversal)/expense	-	(28 687)
- realised profit on sale of investments	(18 221 597)	(15 530 766)
- interest expense	2 913 516	1 784 332
- dividends received	(2 650 595)	(3 111 216)
Changes in working capital		
- NMU current account	(15 978 243)	(5 534 924)
	<u>80 212 642</u>	<u>46 470 737</u>

7. Financial instruments by category

	Category	2017 R	2016 R
Assets			
Investments	Available for sale	211 178 109	213 541 080
Bank and cash balances	Loans and receivables	<u>2 878 898</u>	<u>26 156 193</u>
		<u>214 057 007</u>	<u>239 697 273</u>
Liabilities			
NMU current account	Other financial liabilities	<u>27 782 204</u>	<u>50 469 955</u>
		<u>27 782 204</u>	<u>50 469 955</u>

NELSON MANDELA UNIVERSITY TRUST**NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)****8. Financial risk management****8.1 Financial risk factors**

The Trust's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Trust's overall risk management processes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Trust's financial performance.

The Trust's formal risk management policies and procedures are set out in the Report on Risk Exposure Assessment and Management which is prepared annually by the Vice-Chancellor and Chief Executive Officer and the Chairperson of the Audit and Risk Committee, for inclusion in the Annual Report to the Minister of Education.

Day to day risk management is the responsibility of all the management and staff of the Trust and is achieved through compliance with the documented policies and procedures of the Trust.

All such policies and procedures are approved by Council or an appropriately mandated sub-committee of Council.

(a) Market risk**(i) Foreign exchange risk**

Foreign exchange risk arises from transactions which are denominated in a currency which is not the Trust's functional currency. The Trust has no significant foreign exchange exposure and therefore no formal policy is in place to manage foreign currency risk. The only area where the Trust is exposed to foreign exchange risk at the reporting date is in respect of the non-current investments held by the NMU Trust which include international asset swaps which are exposed to the US dollar and UK pound. The impact of a 5% increase/decrease in exchange rates with all other variables held constant on the valuation of the international asset swaps at reporting date would be R3 427 193 (2016: R2 997 519).

(ii) Price risk

The Trust is exposed to equity securities price risk because of investments which are held by the Trust, and classified as available-for-sale investments. The Trust is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Trust diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Board of Trustees of the Nelson Mandela University Trust.

At 31 December 2017, if the FTSE/JSE CAPI index increased/decreased by 10%, with all other variables held constant, and all the Trust's equity instruments moved according to the historical correlation with the index, the market value of the listed equities would have been R10.34 million (2016: R11.62 million) higher/lower. Due to the unpredictability of equity market returns, a general indicative percentage of 10% is used to highlight the changes in market value on equity investments.

NELSON MANDELA UNIVERSITY TRUST**NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)****8. Financial risk management (continued)****8.1 Financial risk factors (continued)***(iii) Interest rate risk*

The Trust is exposed to interest rate risk due to its financial assets bearing variable interest rates. Interest rate risk is managed by ensuring that the Trust's assets are invested in accounts which earn the best possible interest rates. The impact of a 1% increase/decrease in the interest rate with all other variables held constant on the comprehensive income of the Trust would be a R1 587 188 (2016: R3 178 000) increase/decrease.

(b) Credit risk

Potential concentrations of credit risk consist mainly of short-term cash, cash equivalent investments and other receivables. The Trust places its cash and cash equivalents with reputable financial institutions.

Receivables comprise outstanding student fees, student loans and a number of customers, dispersed across different industries and geographical areas. The Trust is exposed to credit risk arising from student receivables relating to outstanding fees. This risk is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at or prior to registration, the regular monitoring of outstanding fees and the institution of debt collection action in cases of long outstanding amounts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either the settling of the outstanding amount or the conclusion of a formal payment arrangement. The Trust no longer provides loan funding to students. The student loans outstanding at year-end have been appropriately assessed. Where considered appropriate, credit evaluations are performed on the financial condition of customers other than students.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability through an adequate amount of committed credit facilities and the ability to close out market positions.

Council, through the Finance Committee, and management of the Trust monitor the Trust's liquidity on an ongoing basis, and excess cash is invested in accordance with the Investment Policy of the Trust.

(d) Capital risk management

The capital of the Trust consists of its accumulated funds. The Trust's objectives when managing its capital are to safeguard the ability of the Trust to continue as a going concern and meet its stated objectives (as defined on page 1). This objective is met through careful consideration by the Trustees each year of both the critical strategic objectives of this Trust and the NMU.

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017 (continued)

8. Financial risk management (continued)**8.2 Fair value estimation**

The carrying value less impairment provision of available-for-sale investments, trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments. Refer to note 2 of the financial statements for further details relating to the fair values of the Trust's financial assets.

9. Related party transactions

The only beneficiary of the Trust is the Nelson Mandela University. The Trust makes distributions and allocations to the University and its Council for specific projects and programmes.

The NMU current account has accrued interest and has no fixed terms of repayment. It is therefore considered repayable on demand.

10. Comparative figures

Certain comparative figures have been restated.

The NMU Trust restated the cost and revaluation reserve of listed shares in the 31 December 2016 opening balances. The effect of the restatement resulted in the decrease of revaluation reserve and increase in trust capital with R3 215 686.

The effect of the restatement is as follow:

	2016
	R
Capital and reserves	
Revaluation reserve - (decrease)	(3 215 686)
Trust capital - increase	3 215 686

11. Investment in subsidiaries

The Nelson Mandela University Trust incorporated at company, the Nelson Mandela University Investment Company. The company is still dormant at 31 December 2017 and limited operations took place. As a result this company has not been consolidated for 2017 as the impact is not considered material.

NELSON MANDELA UNIVERSITY TRUST

SCHEDULE 1 - DISTRIBUTIONS TO NMU

	2017 R	2016 R
Allocations to NMU Council from NMU Trust Funds		
NMU bursaries	15 000 000	15 000 000
Donations from external sources distributed to NMU	100 130 020	55 502 703
Donations in cash	97 063 698	54 427 398
Donations in kind	3 066 322	1 075 305
	115 130 020	70 502 703

NELSON MANDELA UNIVERSITY TRUST

SCHEDULE 2 - STATEMENT OF FUNDS FOR THE YEAR ENDED 31 December 2017

	General	Student	Trust	Legacy	Chancellors	Unencumbered	Total
		Trust	Capital Campaign		Fund	Donations	
	R	R	R	R	R	R	R
Balance at beginning of year	97 217 255	2 384 206	6 969 309	103 210	300 000	-	106 973 980
Income during the year	324 503	177 336	-	-	-	1 779 226	2 281 065
Expended during the year	(195 201)	-	-	-	-	-	(195 201)
Balance at end of year	97 346 557	2 561 542	6 969 309	103 210	300 000	1 779 226	109 059 844

The supplementary information presented does not form part of the annual financial statements and is unaudited.

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