

NMMU TRUST ANNUAL REPORT 2016



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Overview

by Chairperson of NMMU Trust

I have pleasure in presenting the 2016 Annual Report on behalf of the Trustees of the Nelson Mandela Metropolitan University Trust (NMMU Trust).

2016 proved to be a momentous year in the annals of higher education institutions in South Africa. The protests that broke out in the sector from September brought home to everyone the importance of adequate funding for higher education. The NMMU Trust, I am proud to say, is making its contribution to NMMU achieving its mandate by mobilising resources for the University.

Several significant changes took place in the NMMU Trust in the year under review. The restructuring of the NMMU Trust, agreed to by Trustees in February 2015, took effect in 2016 when a new set of Trustees assumed office. The following members of the former Trust ended their membership of the Trust after many years of dedicated service: Ms Almorie Maule, Dr Paul Shongwe, Mr Demetrios Argyrakis, Mr Cumesh Moodliar, Dr Randall Jonas, Mr Richard Piyose, Mr Marius Scheepers, Mr Johan Schoeman, Ms Patricia January-Bardill, Ms Adri Ludorf and Prof. Thoko Mayekiso. I would like to extend a sincere word of appreciation to all the former Trustees who, under the able leadership of Dr Xolani Mkhwanazi, steered the Trust over the years. Their commitment and sacrifice are appreciated.

In addition, the management of the Trust also changed hands in 2016 when Ms Renita Affat, who had served as Acting CEO, went on maternity leave with Dr Denver Webb then taking over as the Acting CEO. In its general operations the Trust has endeavoured to ensure greater coordination and alignment with the University.

Sound corporate governance is at the heart of the responsibilities of the 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 2016 and indicate how funds were deployed.

On behalf of the Trustees of the NMMU Trust and the University I would like to thank all the sponsors, donors and funders who contributed resources to the University through the NMMU Trust in 2016. Your generosity has helped us deliver on our mandate of broadening access and providing quality higher education.

Judge Ronnie Pillay
Chairperson
NMMU Trust





Acting CEO Report

The Nelson Mandela Metropolitan University Trust (NMMU Trust) is an independent charitable entity registered with the Master of the High Court in South Africa (registration number IT 48/2001). Nelson Mandela Metropolitan University (NMMU) 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 normal fiduciary and corporate governance functions expected of Trustees.

The main goal of the NMMU 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 the key areas of governance of the Trust, performance, financial management and human capital. The performance reporting section provides a high-level summary of outcomes linked to the strategic priorities, strategic goals, objectives and indicators contained in NMMU's Vision 2020. This is followed by more detailed information on the different aspects of the Trust's activities in 2016.

Since its inception the NMMU Trust has evolved and been periodically fine-tuned to be able to achieve its mandate in the rapidly changing higher 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 resource mobilisation at NMMU. Significant progress was made with this restructuring in 2016.

The revision of the NMMU Trust deed was approved by the Master of the High Court in June 2015. Thereafter, new Trustees were identified in December 2015 and submitted to the Master of the High Court for formal appointment. Confirmation of the endorsement of the new Trustees was received in April 2016. The first meeting of the new Trustees took place on 3 June 2016.

Trustees adopted a budget for the year that included significantly increased fundraising targets, the goal being to mobilise R 42.6 million. I am happy to report that notwithstanding disruptions experienced towards the end of 2016, staff of the NMMU Trust not only met the increased targets, but exceeded them by mobilising donations of cash and in kind of R 56 548 430 in the year under review. This was up from donations of R 38 742 703 on previous year and is the highest amount of income from donations that the Trust has been able to mobilise to date. This was largely due to three main factors: firstly, 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 finally, the spirit of generosity displayed by many private individuals, businesses, government entities and other donors who supported NMMU so assiduously in 2016. To all we owe a big debt of gratitude.

Operating expenses of the Trust in 2016 amounted to R 9 313 953. This includes an amount of R 1 784 332 which is reflected in the financial statements as Interest on the debt to NMMU. In June 2016 Trustees resolved to settle the inter-company loan account with NMMU at the end of the financial year. The University levied a total of R 1 784 332 interest on this debt. An amount of R 50 469 955 (reflected as current liabilities in the financial statements) was paid over to NMMU after the end of the financial year.

Unfortunately the investment asset did not perform as well as was initially expected. In particular, the markets negatively impacted upon listed shares. To some extent the increased mobilisation of bursary and project donations helped to mitigate the impact of this on Trust income for the year. Overall the Trust income for 2016, that is income from investments and income from donations and sponsorships, stood at R 79 281 256 by 31 December 2016.

In terms of human resources, the NMMU Trust continued to operate with a large number of vacancies on its approved structure. The effects of this were, to a considerable extent, mitigated by increased teamwork both within the Trust and with the University.

Dr Denver A. Webb
Acting CEO
NMMU Trust



Governance

The board of Trustees



Back left: Mr. Anthony Biggs, Prof. Derrick Swartz, Judge Rajarithinam Pillay, Dr. Xolani Mkhwanazi, Mr. Achmat Mohamed, Dr. Denver Webb.

Front Left: Prof. Queen Thipe-Mokhuane, Mr. Eric Ratshikhopha, Ms. Charmaine Williams. **Inset:** Mr. Kamlesh Riga.

The new board of Trustees, which formally took office in 2016 in terms of the amended Trust deed, consisted of the nine members. At the first meeting of the new Trustees, Judge Ronnie Pillay was elected as chairperson of the Trust.

Three Trustee meetings were held from the inception of the new board.

Name	3 June 2016	16 August 2016	27 October 2016
Judge Ronnie Pillay	✓	✓	✓
Prof. Queenie Mokhuane*	✓	✓	
Prof. Derrick Swartz	✓	✓	✓
Mr. Achmat Mohamed	✓	✓	✓
Mr. Anthony Biggs		✓	✓
Dr. Xolani Mkhwanazi	✓		
Mr. Eric Ratshikhopha	✓	✓	
Mr. Kamlesh Riga	✓		
Ms. Charmaine Williams	✓		✓

Figure 1: Attendance at Trust Meetings

** Prof. Queenie Mokhuane was appointed to serve as a Trustee in the course of the year under review. Initially she attended meetings as an observer until her appointment was effected with the Master of the High Court.*

Issues requiring decisions by Trustees between meetings were dealt with by means of round-robin communications. Two such round-robin decisions were taken during the course of 2016 (3 June and 10 November 2016).

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 NMMU Risk Register, management of which is overseen by the Audit and Risk Committee (ARC) of the NMMU Council.

In terms of fiduciary responsibilities Trustees closely monitored the performance of the investment asset. The global and national economic outlooks impacted negatively on growth of the investment fund. In October 2016 Trustees took a decision to mitigate the negative impact by investing R 5 million in a product that promises steadier returns.



Strategic Priorities and Performance

Within the mandate provided by the Trust deed the NMMU Trust is guided by, and draws inspiration from, the University's Vision 2020. The Trust subscribes to the values of NMMU. In 2016 it operated in terms of its three-year strategic plan, which was drafted in 2014 and is aligned to Vision 2020.

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

Strategic Priority	Strategic Goal	Strategic Objective	Outputs	Indicators	2016 Performance
4: Position NMMU 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 and sustained • Increased number of alumni actively involved in NMMU activities • Established alumni chapters abroad 	<ul style="list-style-type: none"> • No. of partnerships with donors and funding organisations • Rand value of donations and sponsorships from external donors and funding organisations • No. of active alumni on NMMU alumni database • Rand value of alumni donations 	<ul style="list-style-type: none"> • 236 partnerships with donors and funders in 2016 • Donations and sponsorships from external sources to the value of R 55 502 703 were distributed to NMMU. • 116 860 alumni on NMMU alumni database in 2016 with 33 865 email addresses and 75 015 postal addresses. 11 976 records were updated during 2016. A database scrub is scheduled for 2017. • The Alumni Association Fund sourced R605 848 through various fundraising projects with close to 1000 donors and project supporters in total. Most once-off donations at this stage were linked to various events and programmes. Of this R 161 770 was transferred to the NMMU Trust by the Alumni Association and alumni in 2016. • There are 8 Alumni Association chapters. A new chapter was established in Botswana in 2016.
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.	6.2.2: Secure more alternative revenue streams to support the attainment of the institutional strategic goals. 6.2.3: Mobilise academic units, NMMU Trust and Alumni Relations for fund-raising.	<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 55 502 703 in encumbered funding was mobilised by the NMMU Trust for the University for bursaries, scholarships and projects. In total, Trust income for 2016 was R 79 281 256. This represented 11,69% of the total NMMU 3rd stream income. • Trustees approved a disbursement of R 15 million of unencumbered funding to NMMU for bursaries and scholarships.

Figure 2: Performance Against Strategic Priorities

The NMMU Trust generally mobilises resources for the University in two main ways. Unencumbered funding is raised, which Trustees manage as part of the investment asset and which Trustees disburse to the University strategically. In 2016 an amount of R15 million was transferred to NMMU for post-graduate and under-graduate bursaries. This was up from the R 10 million transferred to NMMU for bursaries in 2015. The Trust works with Faculties and entities within NMMU to mobilise a wide range of donations and sponsorships earmarked for specific purposes. This encumbered funding, intended for specific purposes in terms of the conditions of the donation, was disbursed for the stipulated purposes in liaison with the Executive Director: Finance and the Financial Aid section. This encumbered funding is mostly directed to bursaries and scholarships, but a significant number of donations in cash and kind is also directed to University engagement projects.

In the year under review, R 23 787 099,69 was mobilised from the corporate sector and individuals for bursaries and scholarships in 2016. A further R 15 382 122,51 was raised from the public sector. These amounts were channelled to the NMMU Financial Aid section to allocate to qualifying students. In total, there were 742 and 228 bursary recipients respectively from these encumbered funds (see Figures 3 and 4).

In 2016 a concerted effort was made to work in a more collaborative fashion with Faculties on resource mobilisation. This also demonstrated the effectiveness of an integrated approach to resource mobilisation. In particular the Trust would like to acknowledge the close working relationship with Prof. Frans Prinsloo (School of Accounting), Sister Antoinette Goosen (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. Werner Olivier (Govan Mbeki Development Unit), Shawn Gouws (Innovention) and Mr Bruce Damons (Centre for Community Schools).

1. Alumni Relations

The Alumni Relations Office (ARO) engages alumni directly through relationship building events and a variety of communication platforms such as the website, social media and newsletters. During 2016 the ARO organised and were involved with 20 engagement events involving groups of about 50 up to 5000 individuals (when new graduates are interacted with at graduation). The range and type of events differ but all ultimately involve promoting the university, building relations with alumni and calling on alumni support for their alma mater in a variety of ways. Alumni were invited to events in major South African cities (Port Elizabeth, Johannesburg and Cape Town) and in 2016 a Botswana alumni chapter was established as part of the country's 50th year of independence. Botswana has the most foreign alumni and they work closely with the South African High Commission that made their venue available to us for the launch of the Botswana alumni Chapter.



Alumni at a graduation event



The Botswana alumni Chapter



The NMMU Trust uses the Kidz Devman System for alumni and fundraising records. Every year after each graduation period, Academic Administration supplies the graduate information file to the ARO to be imported into the Kidz Devman alumni database. There is currently 33 838 records with usable e-mail addresses and 21 852 cell phone numbers. The Post Office verified 75 058 as valid postal addresses. The annual updates hover around 7% but during this period other addresses change without our knowledge. It is clear that a lot of work is required in this area but an updated alumni database will never be achieved 100%.

The NMMU Business Intelligence system lists 24 different types of qualification categories ranging from certificates to doctoral degrees that make up the 128 763 qualifications (2016 figure). The qualifications include amongst others 1 153 doctoral and 70 doctor of technology degrees and 5 622 masters and 920 masters in technology degrees. Postgraduate qualifications are significant from a life cycle perspective as the graduates are normally older and often at a more advanced career stage. The different disciplines also offer some segmentation guidance based on possible income categorisation potential e.g. Education versus Law. 30 419 Education qualifications are part of the 128 763-conferred qualification total with Law only constituting 4 058 of this sum. The Arts faculty qualification total is 21 511; Business and Economic Sciences 31 171; Engineering, Built Environment and IT 16 468; Health Sciences 11 043; Science 10 484; George campus 3 528 and unallocated departmental qualifications 81. 121 297 of the total qualifications were conferred to South Africans but it is difficult to establish the exact number of South Africans residing in foreign countries. Foreign graduate totals include Botswana 1501, Zimbabwe 1160, Zambia 938, Namibia 863, China 198, Germany 105, UK 37, India 32 and USA 26. The ARO also introduced a new format alumni electronic newsletter and produced 6 editions during the year. The website is constantly updated and page views were 182 201 (2016) vs. 128 869 (2015). New pages were added listing staff who are alumni, especially academic and professional staff at management level as well as support staff, management both academic and professional and support staff. Social media activity year on year increased from 20.5% to 49%. Fifteen strategic partnerships with internal and external parties assisted the ARO to deliver a whole range of programmes during the year. Yale University alumni (a group of 30) visited NMMU during 2016 and were part of a two-day programme including being part of an alumni relations best practice workshop. NMMU was praised for its hosting and organising skills. See complete list of events below.



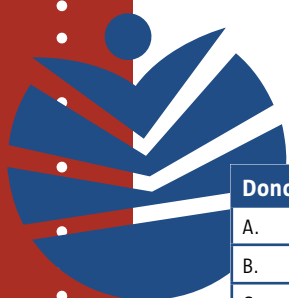
Yale alumni visit

The University Shop turnover was R 2 813 372.49 - the highest to date, well exceeding the target of R 2,4 million. A number of factors contributed to this increase. New cabinets were also installed in the Shop and an electrical upgrade took place. A new range of corporate gifts was also introduced. The Alumni Fund inflows were R 605 848.96 (the target for 2016 was R 600 000) and sponsorship value was close to R 280 000. The Alumni Association contributed R 150 000 toward the VC's #trailblazing campaign and allocated student bursaries to 30 students for books, subsistence and academic fee contributory support to the value of R 110 315.15. It also contributed to various university and student projects to the value of R 319 565.78.

All the Alumni governance requirements were met according to the constitution. The required Executive Committee meetings took place as well as the AGM where a new Alumni Executive Committee was elected. The Alumni Association also agreed to confer 10 awards to alumni achievers during 2016, but the award ceremony was postponed to early 2017 due to the #FeesMustFall protests. The Association issued a public statement that appeared in the media regarding the #FeesMustFall protests which included an expression of confidence in the University management and disappointment that the Alumni Campus Boma (which was controlled by the ARO) that was burnt down during this period.

Various Alumni Relations Engagement Events				
	Date	Alumni Relations Events	Guest/Visitor Numbers	Partner/Sponsor/ Collaborating Dept.
1	2 Mar	PE Chapter Lifestyle Wine Tasting	60	Meridian Wine Merchants
2	10 Apr	Ukonga Concert	380	NMMU Arts and Culture and Music
3	7-19 Apr	Graduation and Hosting alumni/ new graduates at the Office. ARO presence at all graduation sessions. Graduates welcomed to visit Alumni Relations Centre to collect a small gift.	5000+ Graduates. 350 visited the office.	Registrar's Office
4	20 Apr	Cape Town Alumni Chapter Speaker series	50	Kidz Information Systems (catering) and Allan Gray Orbis Foundation (venue)
5	6-7 May	Open Day – promoting role of ARO, notable alumni and University Shop	5000+	Communication and Stakeholder Liaison
6	11 May	Past Pupil Project – School Website Launch – Napdi and Office of Premier funded community development project to help poor schools	60	Office of the Premier; Northern Areas People Development Initiative (Napdi); Alumni Network
7	19 May	Festive Concert (Alumni Prestige Concert -Summerstrand)	500	Feathermarket Organ Society; DRC Summerstrand; Music Dept.
8	27 May	Varsity Cup Alumni Golf Day	90	FNB and Madibaz Rugby
9	5-6 June	Leadercast- Leadership Development Programme	Day 1 – 60 Day 2 - 80	Frontfoot, NMMU HR
10	21 Jun	Johannesburg Alumni Chapter Event	60	Computer Science Dept.
11	5 Jul	Yale Alumni Cocktail Welcome and Dinner	100	Association of Yale Alumni and South End Museum
12	6 Jul	Yale Alumni Best Practice Workshop	120	Association of Yale Alumni
13	17 Jul	Weis Festive Concert – Alumni Community (Northern Areas)	300	Weis Congregational Church
14	26 Jul	Alumni AGM and Social	50	Registrar's Office (elections)
15	17 Aug	Reflections (Diverse alumni speakers during diversity month)	65	Education Faculty; Disability Unit
16	23 Aug	#Trailblazing Dr Gasa – Fundraiser	45	Individual supporters
17	22 Oct	Botswana Alumni Chapter Launch	50	South African High Commission
18	01 Nov	Johan Jooste Event – Award event for recipient from Singapore	30	Business and Economic Sci Faculty
19	12 Nov	Alumni Network Workshop (helping schools set-up associations)	60	Napdi
20	8 Dec	Thanksgiving Event (Association thanks all partners)	50	South End Museum and Alumni Network

Figure 3: 2016 Alumni Engagement Events



2. Bursaries and Scholarships

Donor	Amount	No. Students	Qualification	Donor	Amount	No. Students	Qualification
A.	R 20 000,00	1	HR Management	W.	R 74 714,00	1	Mech Engineering
B.	R 180 000,00	1	Public relations	X.	R 400 000,00	11	Various
C.	R 1 622 400,00	24	Various	Y.	R 1 300 000,00	49	Various
D.	R 20 000,00	1	Law	Z.	R 1 320 125,00	17	Various
E.	R 2 000 000,00	191	Clear 2016 student debt	AA.	R 100 000,00	9	Sports
F.	R 31 384,33	3	Post grad in Architecture	BB.	R 222 680,00	7	Various
G.	R 45 000,00	9	Phelophepa stipend	CC.	R 722 600,00	10	Various
H.	R 440 100,00	21	Various	DD.	R 42 296,93	2	Various Post Grad
I.	R 405 768,00	22	Various	EE.	R 647 670,00	17	Various
J.	R 300 000,00	5	Various	FF.	R 165 000,00	5	Financial Planning
K.	R 459 420,23	7	Various	GG.	R 78 174,00	1	BSC Biochemistry
L.	R 360 000,00	9	BPharm	HH.	R 55 120,00	1	HR
M.	R 90 000,00	5	2 x Honours and 3 BSc degrees	II.	R 475 000,00	13	Postgrad
N.	R 900 453,00	51	RCD	JJ.	R 120 000,00	10	Fine Arts
O.	R 20 000,00	1	LLB	KK.	R 5 271 600,00	130	Accounting
P.	R 45 000,00	3	Marketing	LL.	R 106 950,31	7	Various
Q.	R 2 000 000,00	All students who wrote exams in the stadium	Costs associated with examinations and Academic Completion Plan	MM.	R 54 452,00	2	Accounting
R.	R 82 911,30	1	Mech Engineering	NN.	R 4 160,71	1	NDip: Analytical chemistry
S.	R 30 000,00	6	Various Post Graduate	OO.	R 262 165,00	10	Various
T.	R 580 260,49	36	Various	PP.	R 147 944,39	7	Students from Kimberley
U.	R 1 426 750,00	12	Various				
				Total	R 23 787 099,69	748	

Figure 4: Bursaries and Scholarships Mobilised from Individuals, Charitable Organisations and Corporates

During 2016 a special effort was made to engage the SETAs for funding for bursaries and scholarships. The following table summarises the funding received from government and the SETAs and the number of student beneficiaries.

Donor	Amount	No. Students	Qualification/Area
A.	R 5 941 228,00	68	BCom Accounting and NDip Economics
B.	R 3 492 290,00	43	Information Technology
C.	R 1 809 000,00	27	NDip Tourism Management
D.	R 1 000 000,00	77	Language and Literature - Post Graduates
E.	R 1 206 260,00	29	Financial Planning
F.	R 668 157,40	41	Various
G.	R 770 000,00	11	Various
H.	R 48 000,00	2	NDip: Environmental Health and Agriculture Management
I.	R 447 187,11	7	Various
Total	R 15 382 122,51	305	

Figure 5: Bursaries and Scholarships Mobilised from the Public Sector

3. Projects

An amount of R15 733 149,79 was raised for NMMU projects.

Donor	Project	NMMU Department/Entity	Amount
A.	Supplemental Instruction Programme	Higher Education Access and Development Services	R 207 500,00
B.	Accounting Idols	School of Accounting	R 50 000,00
C.	Unencumbered	General	R 504 400,00
D.	Maths and Science Development	Govan Mbeki Maths Development Unit	R 976 000,00
E.	Maths and Science Project	Govan Mbeki Maths Development Unit	R 566 000,00
F.	Maths and Science Incubator Schools - Karoo	Govan Mbeki Maths Development Unit	R 600 000,00
G.	Maths and Science Project	Govan Mbeki Maths Development Unit	R 500 000,00
H.	Grade 12 Accounting Sciences	School of Accounting	R 50 000,00
I.	Simanye Project	School of Accounting	R 1 389 585,00
J.	Donation of Engine	Engineering	R 79 914,36
K.	Family Business	Family Business Unit	R 250 000,00
L.	IT education in schools	Faculty of Education	R 200 000,00
M.	Targeting cell death and survival pathways in the fight against cancer and neurodegenerative disease	Department of Biochemistry and Microbiology	R 200 000,00
N.	Career Guidance	School of Accounting	R 496 500,00
O.	PassPort to Health	Faculty of Health Sciences	R 500,00
P.	Hons Accounting Programme and Architecture	Arts and Accounting	R 300 000,00
Q.	Design project	Fashion and Interior design	R 95 000,00
R.	Arts and Craft Entrepreneurship	Community School	R 500 000,00
S.	Maths and Science Project	Govan Mbeki Maths Development Unit	R 290 000,00
T.	Maths and Science Project	Govan Mbeki Maths Development Unit	R 1 630 000,00
U.	Grade 11 Accounting Sciences	School of Accounting	R 123 500,00
V.	Maths and Science Incubator Schools - Metro	Govan Mbeki Maths Development Unit	R 10 000,00
W.	Different projects	Disability Unit, Library and Student Governance	R 235 000,00
X.	Maths and Science Project	Govan Mbeki Maths Development Unit	R 1 700 000,00
Y.	Nutrition Programme	Campus Health Services	
Z.	Phelophepa Train	Community Development Unit	R 1 040 000,00
AA.	IGEMS Maths and Science	Engineering	R 41 000,00
BB.	Maths and Science Incubator Schools	Govan Mbeki Maths Development Unit	R 1 355 100,00
CC.	Bursaries	Trailblazing	R 2 343 150,43
Total:			R 15 733 149,79

Figure 6: Project Funding Mobilised in 2016

Highlights of the donations received in 2016 include:

Corporates - (R 500 000 and above)

- Aspen Pharmacare
- BK Administrators
- Capitec Foundation Trust
- Chevron
- Coca Cola
- Continental Tyre SA
- Dormehl Cunningham
- Fasset
- FREF (First Rand Empower Fund)
- HCL Foundation
- Human Interest
- JSE Ltd
- Linde and Wiemann
- Moshal Scholarship Program
- Old Mutual
- Old Mutual Life Assurance SA
- Telkom
- Thuthuka
- Transnet

Individuals - (R 20 000 and above)

- Botha, S
- Notshe, V
- Oppenheimer, NF
- Zinn, D and A

Public Sector - (R 500 000 and above)

- Bankseta
- Cathseta
- Dept. Arts and Culture
- Inseta

Charitable Organisations - (R 500 000 and above)

- Cookhouse Windfarm Trust
- Milde McWilliams Trust
- Raymond Uren Trust

Figure 7: Highlights of Donors and Funders in 2016

4. Campaigns

(a) #trailblazing – finishing the journey

The Vice-Chancellor's innovative *#trailblazing – finishing the journey campaign* was coordinated by the Trust. This initiative aimed to raise funds for students who had almost finished their studies in 2014 and 2015 but had been forced (largely for financial reasons) to drop out with only a few modules left. The fundraising campaign was structured around Prof. Derrick Swartz and a team of dedicated fundraisers climbing to Machu Picchu. The emphasis was on those students who only had a few modules outstanding to graduate with their undergraduate qualifications.

The Alumni Association donated R 150 000 towards #trailblazing. Staff, students, corporate donors and the general public rallied behind the campaign for a series of innovative activities. The #Sweat100k was one of the initiatives introduced by the Student Governance and Development Department. They offered to host fun and interactive fitness classes over a period of three months in the NMMU Indoor Sport Centre for staff and students. A donation of R 10 or more was requested from students and R 20 and up from staff members. An amount of R 5 337.40 was raised through the #Sweat100k.

Amongst the innovative activities staff and students embarked upon in support of the campaign were:

- A '43 for 43' challenges where staff challenged each other to donate R 43 for 43km (the R 43 represented the 43km that the #trailblazers had to walk)
- Balizza hosted a #trailblazing night, half of the door takings donated to #trailblazing (R 1 800.00)
- Half the proceeds from the Chancellor's Golf Day were donated to #trailblazing (R 77 862.82)
- Alumni Relations Fundraiser with Dr Gasa (R 11 770.00)
- The Computing Science Department challenged their alumni to donate towards #trailblazing (R 6 900.00)
- Photography students raised R 2 815.00 at their Landscape Photography Exhibition and donated it to #trailblazing
- The Law Society collected donations for #trailblazing at traffic light intersections (R 2 672.00)

- NMMU Trust 2016 Golf Days (R 100 000.00)
- Guests at the Society Leader's Breakfast passed a jar around and raised R 680.00
- The Pinnacle Leadership students were challenged to up their entrepreneurial skills. With their individual and group projects, they raised R 12 428.00
- The Governance Administration Department baked low carb, sugar free cupcakes (with chocolate icing) and sold them at two for R 43 with the proceeds being donated to the #trailblazing campaign (R403.00), and
- The Beyond the Classroom (BTC) students raised R 2 982.00 from their "R 1 from 5 friends" project.



Employees at the Trust office also participated in the 'Give R 43' campaign and challenged others to do the same



The Alumni Association donated R 150 000 to the #trailblazing campaign

In total the Vice-Chancellor's #trailblazing campaign raised R 2 355 537.43. The selection process for beneficiaries was started in December 2016. A sum of R 893 863,03 was allocated to 35 undergraduate students from a 2014 and 2015 group who had been unable to finish their studies. Of these, 31 have effectively taken up their bursaries. A further R 316 612.84 was allocated to 2016 under-graduate students who needed to finish their studies; and 25 students effectively took up the offer. Over and above this, R 96 343.41 was allocated to 11 post-graduate students from 2016 who needed to complete their studies in 2017.

(b) Bursary Legacy Campaign

Over and above the encumbered bursary and scholarship funding raised through the Trust and administered by Financial Aid, the Trust also provided two students with bursaries from its Bursary Legacy campaign, a fundraising initiative that encourages individual philanthropy for higher education. The two recipients in 2016 were Mr Sakhumzi Dukwe, who is graduating with his BA Psychology in April 2017 and is currently doing his Honours in Development Studies; and Ms Siviwe Mbele. Siviwe who is completing a Semester 2 module so she can graduate in 2018.



5. Events

(a) NMMU Trust Annual Golf Days

Three fundraising golf days were held.

Date	Golf Day	Club	Sponsor	Four Balls	Amount Raised (After Costs)
12 April 2016	PE Corporate Golf Day	Humewood Golf Club	Investec	28	R 75 314.12
15 July 2016	Chancellors George Golf Day	Fancourt	Momentum	21	R 155 725.64
4 October 2016	JHB Corporate Golf Day	Wanderers Golf Club	Sanlam	20	R 59 795.65

Figure 8: Details of NMMU Trust Golf Days, 2016

The Johannesburg Golf Day was coordinated and hosted during #FeesMustFall and participation was slightly lower than anticipated. The partnership with the George Campus Principal, Prof. Quinton Johnson, and his staff for the Chancellor's Golf Day is acknowledged.

(b) Accounting Legacy Lecture

The annual Legacy Lecture was hosted on 8 September 2016. Mr Freeman Nomvalo, the former Accountant-General of National Treasury, was the guest speaker. The focus of his lecture was 'Insights into being an effective leader in business who drives sustainable, value-added change.'

6. M and 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

In 2016, 55 detailed bursary reports on the performance of recipients of bursaries were sent to funders requiring reports.

(b) Meet and Greet Functions

The Trust also organises meet and greet sessions for those funders who wish to meet the recipients of their generosity. In 2016, nine such donor functions were hosted with student beneficiaries.

Human Capital



Back left: Dr Denver Webb, Sheree van Rooyen, Shafriek Abrahams.

Front left: Renita Affat, Buyiswa Yaya, Jennilee Bezuidenhout.

During the year under review the NMMU Trust operated with a staff of 11 people:

- Ms Renita Affat (Acting CEO until 30 June 2016)
- Dr Denver Webb (Acting CEO from 1 July 2016)
- Ms Jennilee Bezuidenhout (PA)
- Mr Shafriek Abrahams (Managing Executive for Commercial Enterprises)
- Ms Sheree Gerber (Legacies and Events Officer)
- Ms Buyiswa Yaya (Business Development Officer, Acting Managing Executive for Business Development from 1 August 2016)
- Mr Paul Geswindt (Director for Alumni Relations)
- Ms Santosh Peterson (Alumni Relations Coordinator)
- Ms Liska Hendricks (Alumni Relations Administrative Officer)
- Mr Baakier Abrahams (Alumni Relations Office: Projects, until August 2016 and Alumni Shop Manager)
- Ms Wendy Scheepers (Senior Shop Assistant)
- Ms Shené du Toit (Shop Assistant)

The NMMU Trust cost for compensation of employees, as reflected in the audited 2016 financial statements, was R 5 391 613.

There was one change in the staff establishment in the year with the departure of Mr Baakier Abrahams, who resigned to take up an alternate position. With regards to management, from the end of June the Acting CEO, Ms Renita Affat, took extended maternity leave and Dr Denver Webb was appointed to act as the CEO of the Trust. In her absence Ms Buyiswa Yaya was appointed as the Acting Managing Executive for Business Development. On her return to work in 2017 Ms Affat assumed her post as Managing Executive for Business Development.

In an effort to align recognition with performance in 2016, staff at the Trust voluntarily agreed to utilise the Framework for Recognition of Excellence (FRE) performance management and development system even though this was not compulsory at NMMU in 2016. After a period of training, staff contracted on FRE for 2016.

During 2016 the University continued to provide financial and human resource management services for the Trust on an agency basis. The NMMU Legal Services provided legal advice and support to the NMMU Trust.



Back left: Bongolethu Madlingozi (intern), Liska Hendricks, Santhoshini Petersen, Wendy Scheepers.

Front left: Paul Geswindt, Shené Du Toit.

Independent auditor's report

To the Trustees of Nelson Mandela Metropolitan University Trust

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nelson Mandela Metropolitan University Trust ("the Trust") as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Nelson Mandela Metropolitan University Trust's financial statements set out on pages 19 to 30 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in capital and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Trust in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Other information

The trustees are responsible for the other information. The other information comprises of the Overview by Chairperson of NMMU Trust, Acting CEO report, Governance, Strategic Priorities and Performance, Human Capital, Schedule 1 - Distributions to Nelson Mandela Metropolitan University, Schedule 2 - Statement of funds for the year ended 31 December 2016 and List of Donors. Other information does not include the financial statements and our auditor's report thereon.

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P O Box 27013, Greenacres 6057
T: +27 (41) 391 4400, F: +27 (41) 391 4500, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

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

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

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

Responsibilities of the trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.



- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: A Rathan
Registered Auditor
Port Elizabeth
07 June 2017

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	Notes	2016 R	2015 R
ASSETS			
<i>Non-current assets</i>			
Investments	2	213 541 080	219 735 537
<i>Current assets</i>			
Bank and cash balances		<u>26 156 193</u>	<u>2 445 355</u>
Total assets		<u><u>239 697 273</u></u>	<u><u>222 180 892</u></u>
FUNDS AND LIABILITIES			
Capital and reserves		<u>189 227 318</u>	<u>216 549 676</u>
Current liabilities			
NMMU		<u>50 469 955</u>	<u>5 631 216</u>
Total funds and liabilities		<u><u>239 697 273</u></u>	<u><u>222 180 892</u></u>

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	2016	2015
	R	R
Income		
Donations	56 548 430	38 742 703
Donations in cash	55 473 125	37 847 754
Donations in kind	1 075 305	894 949
Investment income	22 732 826	7 759 954
Dividends received	3 111 216	3 237 125
Interest received	4 090 844	3 253 218
Realised profit on investments	15 530 766	1 269 611
Income before distributions and operating expenses	<u>79 281 256</u>	<u>46 502 657</u>
Operating expenses	9 313 953	8 498 904
Advertising	-	27 535
Audit fees	36 252	34 200
Bank charges	3 040	3 634
Books and journals	-	2 100
Central imaging	6 204	1 667
Conference expenses	4 356	15 363
Consulting fees	246 094	168 936
Equipment	13 287	1 526
Entertainment, functions and workshops	52 806	59 347
Impairment (reversal)/expense	(28 687)	2 797 732
Interest expense	1 784 332	-
Investment management fees	1 580 098	603 158
Membership fees	16 671	1 300
Salaries	5 391 613	4 402 458
Stationery and printing	19 374	32 169
Sundries	10 724	1 950
Telephone, postage and telegrams	47 068	72 988
Travel and subsistence	130 721	272 841
Net surplus for the year	<u>69 967 303</u>	<u>38 003 753</u>
Other comprehensive income		
Revaluation of investments to market value at year end	(26 786 958)	22 257 651
Total comprehensive income for the year	<u><u>43 180 345</u></u>	<u><u>60 261 404</u></u>

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
for the year ended 31 December 2016

	2016	2015
	R	R
Trust capital		
Balance at beginning of year	107 509 381	117 519 177
Surplus for the year	69 967 303	38 003 753
Distribution to NMMU	<u>(70 502 703)</u>	<u>(48 013 549)</u>
Balance at end of year	<u>106 973 981</u>	<u>107 509 381</u>
Revaluation reserve		
Balance at beginning of year	109 040 295	86 782 644
Revaluation of investments to market value	<u>(26 786 958)</u>	<u>22 257 651</u>
Balance at end of year	<u>82 253 337</u>	<u>109 040 295</u>
Capital and reserves	<u>189 227 318</u>	<u>216 549 676</u>

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Note	2016 R	2015 R
Cash flows from operating activities			
Cash generated from operations	4	46 470 737	45 664 142
Distribution to the NMMU in cash		<u>(27 400 000)</u>	<u>(47 188 600)</u>
Net cash generated by operations		<u>19 070 737</u>	<u>(1 524 458)</u>
Cash flows from investing activities			
Purchases of investments at cost		(30 517 505)	(19 729 333)
Proceeds from sale of investments		32 046 390	9 624 859
Dividends received		<u>3 111 216</u>	<u>3 237 125</u>
Net cash from investing activities		<u>4 640 101</u>	<u>(6 867 349)</u>
Net increase/(decrease) in cash and cash equivalents		23 710 838	(8 391 807)
Cash and cash equivalents at beginning of year		<u>2 445 355</u>	<u>10 837 162</u>
Cash and cash equivalents at end of year		<u><u>26 156 193</u></u>	<u><u>2 445 355</u></u>

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016

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 Metropolitan 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 2017 or later periods. These standards have not been early adopted.

Standard/Interpretation	Effective date: Years beginning on or after
• IFRS9 Financial instruments	01 January 2019
• 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 METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (continued)

1. Summary of significant accounting policies (continued)

1.3 Financial assets (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 METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (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 METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (continued)

2. Investments	2016 R	2015 R
At cost:		
Listed shares	61 500 766	58 875 886
International asset swaps	32 361 614	21 602 731
Gilts and bonds	11 022 576	10 332 599
Fixed deposits	19 187 486	19 506 665
Cash on call	7 215 301	377 360
	<u>131 287 743</u>	<u>110 695 241</u>
At market value:		
Listed shares	116 186 903	130 185 096
International asset swaps	59 950 378	57 496 104
Gilts and bonds	11 001 012	12 170 313
Fixed deposits	19 187 486	19 506 665
Cash on call	7 215 301	377 360
	<u>213 541 080</u>	<u>219 735 538</u>
Movement during the year:		
Opening balance	219 735 537	206 046 471
(Loss)/gain in fair value	(6 194 457)	26 336 286
Distributions	-	(12 647 220)
	<u>213 541 080</u>	<u>219 735 537</u>

With the exception of the international asset swaps, all the investments of the Trust are Rand based investments. The international asset swaps are denominated in US dollars, British pounds, Euro and Australian dollars.

Financial instruments are measured in the statement of financial position at fair value in terms of IAS 39. In terms of IFRS 13, the Trust should disclose the fair value measurement of its financial instruments in accordance with the following fair value measurement 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 METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (continued)

2. Investments (continued)

The following table presents the Trust's financial assets at 31 December 2016.

	Level 1	Level 2	Level 3	Total balance
	R	R	R	R
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>
2015				
Assets				
Available-for-sale financial assets				
- Listed shares	130 185 096	-	-	130 185 096
- International asset swaps	-	57 496 104	-	57 496 104
- Gilts and bonds	-	12 170 313	-	12 170 313
- Fixed deposits	19 506 665	-	-	19 506 665
- Cash on call	377 360	-	-	377 360
Total assets	<u>150 069 121</u>	<u>69 666 417</u>	<u>-</u>	<u>219 735 538</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. These instruments are included in level 1.

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.

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (continued)

3. Commitments

At the Ordinary Meeting of the Trust on 3 February 2017, the Trustees agreed to make the following distributions to the NMMU in respect of the 2017 financial year:

	R
Bursaries	<u>15 000 000</u>

4. Cash generated from operations

	2016 R	2015 R
Net surplus for the year before distributions	69 967 303	38 003 753
Adjustments for non-cash items:		
- donations in kind	(1 075 305)	(894 949)
- impairment (reversal)/expense	(28 687)	2 797 732
- realised profit on sale of investments	(15 530 766)	(1 269 611)
- interest expense	1 784 332	-
- dividends received	(3 111 216)	(3 237 125)
Changes in working capital		
- NMMU current account	<u>(5 534 924)</u>	<u>10 264 342</u>
	<u>46 470 737</u>	<u>45 664 142</u>

5. Financial instruments by category

	Category	2016 R	2015 R
Assets			
Investments	Available for sale	213 541 080	219 735 537
Bank and cash balances	Loans and receivables	<u>26 156 193</u>	<u>2 445 355</u>
		<u>239 697 273</u>	<u>222 180 892</u>
Liabilities			
NMMU current account	Other financial liabilities	<u>50 469 955</u>	<u>5 631 216</u>
		<u>50 469 955</u>	<u>5 631 216</u>

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (continued)

6. Financial risk management

6.1 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.

Risk management is carried out by the Trustees and the fund administrator under policies approved by the board of Trustees. There have been no changes in the Trust's risk management policies during the year under review.

(a) Market risk

(i) *Foreign exchange risk*

The Trust investment portfolio includes international asset swaps and is exposed to foreign exchange risk arising from exposure to the US dollar, British pounds, Euro and Australian dollar. Foreign exchange risk arises from transactions which are denominated in a currency which is not the Trust's functional currency. 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 year end would be an increase/decrease of R2 997 519 (2015 : R2 874 805) in value.

(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.

At 31 December 2016, 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 R11.62 million (2015 : R13.02 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.

(iii) *Interest rate risk*

The Trust is exposed to interest rate risk due to its holding of financial assets bearing variable interest rates, being bank balances, fixed deposits and cash on call. 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 5% increase/decrease in the interest rate with all other variables held constant on the comprehensive income of the Trust would be a R3 178 000 (2015 : R1 724 985) 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.

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2016 (continued)

6. Financial risk management (continued)

6.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trustees monitor the Trust's liquidity position on an ongoing basis.

(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 NMMU.

6.2 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.

7. Related party transactions

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

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

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

SCHEDULE 1 – DISTRIBUTIONS TO NELSON MANDELA METROPOLITAN UNIVERSITY

	2016 R	2015 R
Allocations to NMMU Council from NMMU Trust Funds		
NMMU bursaries	<u>15 000 000</u>	<u>10 000 000</u>
Donations from external sources distributed to NMMU	55 502 703	38 013 549
Donations in cash	<u>54 427 398</u>	<u>37 118 600</u>
Donations in kind	<u>1 075 305</u>	<u>894 949</u>
	<u>70 502 703</u>	<u>48 013 549</u>

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

NELSON MANDELA METROPOLITAN UNIVERSITY TRUST

SCHEDULE 2 – STATEMENT OF FUNDS FOR THE YEAR ENDED 31 December 2016

	General R	Student Trust R	Trust Capital Campaign R	Legacy R	Chancellors Fund R	Total R
Balance at beginning of year	98 163 456	2 223 406	6 719 309	103 210	300 000	107 509 381
Income during the year	591 756	160 800	250 000	-	-	1 002 556
Expended during the year	(1 537 956)	-	-	-	-	(1 537 956)
Balance at end of year	97 217 256	2 384 206	6 969 309	103 210	300 000	106 973 981

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

List of Donors

2016 was a successful year for the NMMU Trust. This was only possible because of supporters and donors to whom appreciation is extended.

Individuals

- Adam, M-Y
- Adams, JB
- Andrews, CA
- Barnett, JL
- Barr, A
- Beach, R
- Best Family
- Best, LA
- Betz, HJ
- Black, J
- Black, SW
- Boshoff, R
- Bosire, SM
- Botchway, X
- Botha, S
- Brits, JP
- Cameron, W
- Damons, B
- Dillon, J
- Dlamini, P
- Dolley-Ryneveld, M
- Dyke, Adv B
- Eastwood, K
- Elliott, C
- Els, D
- Erickson, B
- Fensham, M
- Foxcroft, C
- Gerber, K
- Glover, C
- Govindjee, D
- Hilmer, T
- Jansen van Rensburg, M
- John, H
- Mokgatla, M
- Mokoena, MI
- Monaghan, MR
- Muir, M
- Muir, MJM
- Muthwa, S
- Myburgh, J
- Johnson, Q
- Jupilog, O
- Kasongo, K
- King, RP
- Kisten, R
- Kisten, R
- Kula, C
- Liebenberg, H
- Liebenberg, S
- Lubambo, NA
- Mackenzie, AR
- Mahlathini, M
- McCartney
- Meyer, S
- Meyer, S
- Mills, RA
- Naude, R
- Nkadameng, MKM
- Notshe, V
- Oppenheimer, NF
- Ownhouse, G
- Paul, G
- Paul, G
- Phillips, C
- Pillay, P
- Pillay, R
- Plaatjies, JB
- Plaistowe, T
- Potgieter, P
- Radder, G
- Ramji, A
- Rasila, M
- Sauls, RM
- Saunders, GJ
- Scheckle Family
- Singleton, PL
- Smith, BA
- Spies, U
- Stassen, A
- Steenberg, D
- Swartz, Prof D
- Teare, J
- Thennekoon, EE
- Thomas, O
- Townsend, R
- van de Linde, WHG
- van der Vyver, S
- van der Westhuizen, E
- van Niekerk, B
- van Zyl, A
- Vincent, L and S
- Vries, R
- Wait, CVR
- Wasserman, J
- Webb, D
- Wessels, JB
- Westcott, A-R
- Williams, BC
- Williams, C
- Williams, L
- Woodford, GW
- Zinn, D and A

Charitable Organisations

- Abe Bailey Trust
- Albert Wessels Trust
- Charles and Jessie Hill Trust
- Cookhouse Windfarm Trust
- HA Kendall Will Trust
- HA Taylor Will Trust
- HB Webb Trust
- Herman Ohlthaver Trust
- Lex Gutsche Education Trust
- Milde McWilliams Trust
- Nedcor Educational Trust
- Nordex Education Trust
- Raymond Uren Trust
- Ruth and Anita Wise Trust
- Stella and Paul Loewenstein Trust
- Nederduitse Gereformeerde Kerk SA

Corporate Donors

- 4D Health
- ACCA (Association of Chartered Accountants)
- Anonymous
- Aspen Pharmacare
- Auditor General
- BASF Holdings SA
- BASF SA
- Bestmed
- Beyers Joubert
- T Birch & Co
- BK Administrators
- Bornman & Associates
- Botha & Sutherland
- BTKM
- Buffet Investment
- Business Doctor
- Campher and Sebata Investments
- Capitec Foundation Trust
- CEPHEID
- Chevron
- CIMA SA
- Coca Cola
- Continental Tyre SA
- Coronation Asset Management
- Curro Holdings
- Dell
- Deloitte
- Deloitte & Touche
- Dimension Data
- Dis Chem Foundation
- DJ Superboy Trading CC
- Dormehl Cunningham
- Dr Danie Folscher INC
- East Cape MBA
- East Cape Medical Systems
- Edu-Loan
- Edward Nathan Sonnenbergs Inc
- Ernst & Young
- Ford SA
- Fredericks Incorporated
- FREF (First Rand Empower Fund)
- Fuchs Foundation
- GIBB (Pty) Ltd
- Grant Thornton
- Harwood Promotions
- HCI Foundation
- Human Interest
- Hydro-Comp Enterprises
- Investec
- Investec (PR Gutsche) Elca Trust
- Investec Bank
- Joubert Galpin Searle Attorneys
- JSE Ltd
- Karsans Incorporated
- Korbitec
- KPMG
- Kraaibosch
- KSM Distributors
- LDM
- Liberty
- Linde Wiemann
- Lizelle Pretorius Inc
- Marsh
- Masana Petroleum Solutions
- Masinyusane
- Mazars
- Mazi Asset Management
- MBAT
- Mohair
- Moore Stephens
- Moshal Scholarship
- Mustek
- Nedbank Group
- Nelson Attorneys
- NF Oppenheimer
- Ngonyama Okpanum & Associates
- Norton Rose Fulbright
- Office Auditor General
- Old Mutual
- Old Mutual Life Assurance SA
- P.A. & Alize Malan Trust
- Pagdens Attorneys
- PKF
- PPS
- PPS Ins Co
- PWC
- RICS
- Rupert-Onderwysstigting
- SAGE Pastel Accounting
- SAICA
- SAIPA
- SANAS
- Sanlam
- SARS
- Shell SA
- SMS Portal
- Spoor & Fisher
- Standard Bank
- Tata Automobile Corp
- Telkom
- The Image Factor
- Thuthuka
- Tiger Management Services
- Times Media
- Toyota (Albert Wessels)
- Transnet
- Transnet Foundation
- Tsebo Solutions Group
- Unity in Africa Foundation
- VW Community Trust
- Zenex
- Zenex Foundation

Public Sector

- Bankseta
- Cathseta
- Dept Arts and Culture
- Fasset
- Inseta
- Mict Seta

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