

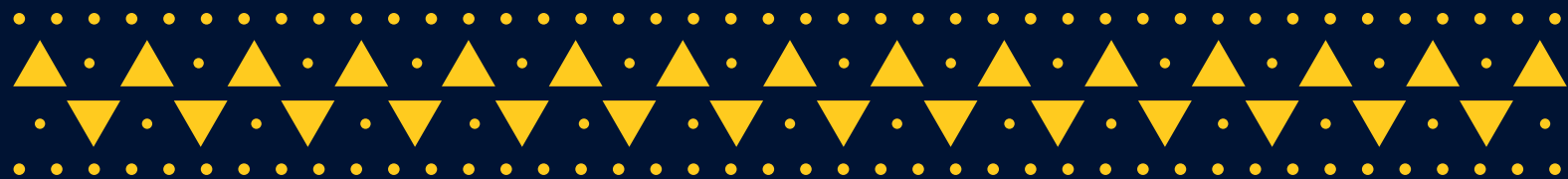
# NELSON MANDELA

UNIVERSITY

Nelson Mandela University Trust

## ANNUAL REPORT

# 2020





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# Foreword

by Chairperson of Nelson Mandela University Trust

This 2020 Annual Report is presented on behalf of the Trustees of the Nelson Mandela University Trust. The year under review has been a difficult year for Higher Education Institutions globally and nationally. The Covid-19 pandemic and related social and economic challenges impacted in different ways. The Nelson Mandela University Trust experienced a dip in donations and other funding due to the economic downturn, but in the latter part of the year Trustees adopted a risk mitigation strategy that saw the Trust regain some of the lost ground and come closer to its resource mobilisation targets. Through our activities we continued to make an important contribution within our mandate to helping the Nelson Mandela University deliver on its vision and mission to provide quality higher education and to be a University in the service of society.

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 2020 and indicate how funds were deployed. On behalf of the Trustees of the Nelson Mandela University Trust I would like to thank all the donors and funders who

contributed resources to the University through the Trust in 2020. Your generosity has helped Mandela University to broaden access and provide quality higher education.

Sadly, on 4 January 2020 Dr Xolani Mkhwanazi, a long-standing Trustee and former chairperson of the Nelson Mandela University Trust, passed away. Dr Mkhwanazi was a very public-spirited person and long-time friend of Nelson Mandela University who served for many years as a Trustee of the Nelson Mandela University Trust. He became a Trustee in July 2001 and chaired the University Trust for more than a decade.

After stepping down as chair in 2015, he still found time amidst his busy work schedule to continue making a valuable contribution to the sustainability of Nelson Mandela University as a Trustee. His dedication, insight and wise counsel is sorely missed.

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**Ambassador Nozipho**

**January-Bardill**

*Chairperson: Nelson Mandela University Trust*

“Through our activities we continued to make an important contribution within our mandate to helping the Nelson Mandela University deliver on its vision and mission to provide quality higher education and to be a University in the service of society.”



# Management 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. The Trust is also registered with the South African Revenue Services as a public benefit organisation (PBO number 130003878). Governance is in the hands of ten 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 the key areas of governance, performance, financial management and human capital. The performance

organisations, NGOs and other relevant structures to address poverty, deprivation and hunger in a pragmatic and practical manner

- Providing the University community with a practical mechanism for expressing solidarity by donating funding to address inequalities in our society
- Giving practical expression to our value of ubuntu
- Helping to foster a more humane society, and
- Advancing the development of Hubs of Convergence at Mandela University.

The Nelson Mandela University Trust served as the resource mobilisation vehicle for the Convergence Fund, details of which are included in this annual report.

The Nelson Mandela University, the Trust and the Nelson Mandela University Investment Company concluded

**“Trustees and staff made a concerted effort to mitigate risks posed by this challenging external environment and to fulfil the Trust mandate.”**


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 revised Vision 2020. This is followed by more detailed information on the different aspects of the Trust's activities in 2020.

The year under review is the second year the Trust was operating in the context of the Covid-19 pandemic, lockdown regulations, economic downturn and related factors. Trustees and staff made a concerted effort to mitigate risks posed by this challenging external environment and to fulfil the Trust mandate. In the latter part of the year trustees adopted a risk mitigation and sustainability strategy which guided management in their resource mobilisation initiatives.

In April 2020, Nelson Mandela University established the Mandela University Convergence Fund. The objectives of this fund include:

- Mobilising resources for the University to contribute directly to challenges facing communities during the pandemic and in its aftermath
- Enabling the University to partner with civil society





a service level agreement in 2018 clarifying roles and responsibilities of the three parties. This agreement also identifies operational support provided to the Trust by the University's Finance Division and the Strategic Resource Mobilisation Office (since 1 January 2020, the Strategic Resource Mobilisation and Advancement office). In terms of this agreement the Trust no longer directly employs staff, but the SRMA undertakes fundraising on behalf of the Trustees. In addition to clarifying the relationship between the three parties, this arrangement has also resulted in considerable savings on operational costs for the Trust.

Total Trust income in 2020 was R103 604 403. Of this, R93 264 287 was funding mobilised in the year under review for bursaries and projects. A total of R89 199 173 in distributions was made to the University.

The spirit of generosity displayed by many private individuals, businesses, government entities and other donors who supported the Trust and University so

assiduously in 2020 is appreciated. To them all we owe a big debt of gratitude.

Operating expenses of the Trust in 2020 (direct operating costs plus the pro rata reimbursement of the University for work undertaken on an agency basis) were R6 011 046 (of which R4 241 699 was the management fee owed to the University for the work done by the SRMA and Finance. This is considerably lower than operational costs of R10 016 154 in 2017 before the 2016-17 restructuring of the Trust. This improved cost effectiveness was largely as a result of the restructuring of the Trust and the service level agreement with the University, which provides the human resources on a cost recovery basis for the Trust to undertake fundraising and for financial management services.

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**Dr Denver A. Webb**

*Senior Director: Strategic Resource Mobilisation and Advancement*



# Governance

The board of Trustees in 2020 consisted of nine members: Ambassador Nozipho January-Bardill (Chairperson), Mr Siyabulela Mhlaluka (Deputy Chairperson), Ms Maureen Manyama, Prof. Sibongile Muthwa, Dr Derrick Swartz, Mr Eric Ratshikopha, Mr Donald Maclean, Ms Zola Tshefu and Mr Luvuyo Mosana.

Five Trustee meetings were held during the year.

Issues requiring decisions by Trustees between meetings were dealt with by means of round-robin communications. Two such round-robin decisions, on were taken in 2020.

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 Trust investments and intervened where necessary.

Name	12 March 2020	11 June 2020	20 August 2020	17 September 2020	19 November 2020
Ambassador Nozipho January-Bardill	✓	✓	✓	✓	✓
Mr Siya Mhlaluka	✓	✓	✓	✓	✓
Dr Derrick Swartz	✓	✓		✓	✓
Prof. Sibongile Muthwa	✓	✓	✓	✓	✓
Mr Donald McLean	✓	✓	✓	✓	✓
Mr Eric Ratshikopha	✓	✓	✓		✓
Ms Maureen Manyama	✓	✓			✓
Ms Zola Tshefu		✓	✓		
Mr Luvuyo Mosana	✓	✓	✓		✓

**Figure 1: Attendance at Trust Meetings**

# Board of Trustees



Chairperson  
**Ambassador Nozipho  
January-Bardill**



Deputy Chairperson  
**Mr Siya Mhlaluka**



**Ms Maureen Manyama**



**Prof Sibongile Muthwa**



**Dr Derrick Swartz**



**Mr Luvuyo Mosana**



**Mr Eric Ratshikopha**



**Ms Zola Tshefu**



**Mr Donald McLean**

# Strategic Priorities and Performance

Within the mandate provided by the Trust Deed, the Trust is guided by, and draws inspiration from, the University's revised Vision 2020. The Trust subscribes to the Nelson Mandela University values. In 2020, it operated in terms of an updated version of its three-year strategic plan, which 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	2020 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"> <li>• Cordial relationships with sponsors established and sustained</li> <li>• Increased number of alumni actively involved in University activities</li> <li>• Established alumni chapters abroad</li> </ul>	<ul style="list-style-type: none"> <li>• No. of partnerships with donors &amp; funding organisations</li> <li>• Rand value of donations and sponsorships from external donors and funding organisations</li> </ul>	<ul style="list-style-type: none"> <li>• 172 partnerships with donors and funders in 2020</li> <li>• R93 264 287 was raised in donations and sponsorships in 2020.</li> </ul>
6: Formulate and implement a financial growth and development strategy to enhance long-term sustainability and competitiveness.	6.2 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"> <li>• Optimised income from 3rd stream revenue</li> <li>• </li> </ul>	<ul style="list-style-type: none"> <li>• 3rd stream income as % of total income</li> <li>• 3rd stream income available for central distribution</li> <li>• </li> </ul>	<ul style="list-style-type: none"> <li>• In total, Trust income for 2020 before distribution and operating expenses was R97 264 000 (i.e. 12% of total University 3rd stream income).</li> <li>• A total of R89 199 173 was distributed to the University in 2020. This includes encumbered donations from external sources distributed to the University; as well as R2 338 227 for the African Centre for Coastal Palaeosciences and R150 000 to the International Office to assist students with their studies..</li> </ul>

**Figure 2: Performance against Vision 2020 performance indicators.**

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; and encumbered funding which is earmarked by the donor for specific purposes. This encumbered funding, intended for specific purposes

in terms of conditions of the donation, was disbursed for the stipulated purposes in liaison with the Executive Director: Finance, Financial Aid section, the Research Development Office and various engagement entities. This encumbered funding is mostly directed to bursaries and scholarships, but a significant amount of donation funding is also directed to University engagement



projects. A total of R89 199 173 was disbursed to the University. This includes R2 338 227 disbursed to the University for the African Centre for Coastal Palaeoscience and R150 000 to the International Office.

The introduction of the expanded NSFAS bursary scheme has not removed the necessity to mobilise resources for so-called 'missing middle' undergraduate students and for postgraduate studies. In the year under review, R72 482 535,31 was mobilised for bursaries and scholarships. This amount was disbursed by the University Financial Aid section and Research Development to qualifying undergraduate and postgraduate students respectively in support of the University's drive for student access and success (as set out in the tables in Figures 3, 4, 5, 6 and 7 below).

In terms of resources mobilised for engagement and other projects contributing to the University being in the served of society,

R20 407 659,56 was mobilised in 2020, as set out in Figures 7, 8, 9, 10 and 11.

In the year under review concerted efforts were made to strengthen collaborative working relationships

with Faculties and entities on resource mobilisation. The amount of donations mobilised in 2020 again demonstrated the effectiveness of an integrated approach to resource mobilisation.

## 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. A total of R72 482 535,31 was raised for bursaries and scholarships, which benefited 1 488 students (1 207 undergraduate students and 281 postgraduates).

The resources mobilised for bursaries contribute to the transformation of Nelson Mandela University by improving access and providing opportunities for academically deserving students from poor and working class backgrounds who would not otherwise be able to register to obtain quality higher education. Bursary resource mobilisation focuses, in particular, on missing middle students and increasingly on post-graduate students. These bursaries complement the expanded NSFAS scheme. The bursary funding was deployed as follows:

Demographic Profile of Bursary Recipients 2020			
	Male	Female	Total
African	552	577	1129
Coloured	103	100	203
White	59	59	118
Asian	1	1	2
Indian	14	22	36
Total	729	759	1488

Figure 3: Demographic analysis of bursary recipients.

The detailed breakdown bursary resource mobilisation is as follows:

TRUSTS & FOUNDATIONS						
#	TRUSTS / FOUNDATION	UNDERGRADUATE (actual)		POSTGRADUATE (actual)		Total
		Value	Number of students	Value	Number of students	
1	A	R981 203,25	13	-	-	R1 050 451,25
2	B	-	0	-	-	R4 000,00
3	C	R50 000,00	2	-	-	R50 000,00
4	D	R226 320,00	10	-	-	R1 000 000,00
5	E	R130 000,00	2	-	-	R130 000,00
6	F	-	-	R941 036,46	12	R941 036,46
7	G	-	-	R1 132 549,00	16	R1 964 658,91
8	H	R149 023,12	5	-	-	R149 023,12
9	I	-	-	R35 600,00	5	R35 600,00
10	J	R185 733,50	10	R61 050,00	3	R246 783,50

TRUSTS & FOUNDATIONS						
#	TRUSTS / FOUNDATION	UNDERGRADUATE (actual)		POSTGRADUATE (actual)		Total
		Value	Number of students	Value	Number of students	
11	K	R1 185 103,00	14	R218 423,00	3	R1 800 000,00
12	L	R512 683,68	8	R62 070,00	1	R580 000,00
13	M	-	-	R127 500,00	4	R200 000,00
14	N	-	-	R50 000,00	2	R75 000,00
15	O	-	-	R238 916,00	9	R238 916,00
		R3 420 066,55	64	R2 867 144,46	55	R8 465 469,24

Figure 4: Bursary funding from Trusts and Foundations.

INDIVIDUALS						
#	INDIVIDUALS	UNDERGRADUATE (actual)		POSTGRADUATE (actual)		Total
		Value	Number of students	Value	Number of students	
1	A	-	-	R25 000,00	1	R25 000,00
2	B	R100 000,00	1	-	-	R100 000,00
		<b>R100 000,00</b>	<b>1</b>	<b>R25 000,00</b>	<b>1</b>	<b>R125 000,00</b>

Figure 5: Bursary funding from Individual Donors.

CORPORATES						
#	NAME	UNDERGRADUATE (actual)		POSTGRADUATE (actual)		Total
		Value	Number of students	Value	Number of students	
1	A	R5 000,00	1	-	-	R5 000,00
2	B	R2 638 132,05	61	-	-	R2 638 132,05
3	C	R314 838,60	12	-	-	R357 010,98
4	D	R931 690,67	9	-	-	R982 563,04
5	E	R692 004,44	14	-	-	R692 004,44
6	F	R1 682 418,00	59	-	-	R2 000 000,00
7	G	R97 906,00	2	-	-	R97 906,00
8	H	R442 986,00	6	-	-	R470 486,00
9	I	R1 089 206,00	13	-	-	R1 145 046,00
10	J	R234 711,71	8	R31 750,00	1	R266 461,71
11	K	R234 661,29	8	-	-	R234 661,29
12	L	-	-	R11 000,00	1	R11 000,00
13	M	R305 912,12	8	-	-	R305 912,12
14	N	R698 022,00	8	-	-	R698 022,00
15	O	R2 250 000,00	38	-	-	R2 250 000,00
16	P	R40 561,26	1	-	-	R40 561,26
17	Q	R157 708,00	2	R42 292,00	1	R200 000,00
18	R	R834 747,10	11			R834 747,10
19	S	-	-	R34 660,00	1	R59 695,42
20	T	-	-	R350 000,00	8	R350 000,00

CORPORATES						
#	NAME	UNDERGRADUATE (actual)		POSTGRADUATE (actual)		Total
		Value	Number of students	Value	Number of students	
21	U	-	-	R60 000,00	1	R60 000,00
22	V	R700 000,00	7	-	-	R700 000,00
23	X	R652 225,00	8	R510 140,00	7	R1 247 755,00
24	Y	R146 721,36	9	-	-	R146 721,36
25	Z	-	-	R160 000,00	2	R160 000,00
26	AA	R285 000,00	5	-	-	R285 000,00
27	AB	R30 430,00	1	-	-	R30 430,00
28	AC	R653 550,00	50	R1 197 660,00	25	R2 599 387,00
29	AD	R504 751,87	22	-	-	R504 751,87
30	AE	R1 120 761,63	16	R24 030,00	1	R1 144 791,63
31	AF	R309 765,00	19	-	-	R309 765,00
		<b>R17 053 710,10</b>	<b>398</b>	<b>R2 421 532,00</b>	<b>48</b>	<b>R20 827 811,27</b>

Figure 6: Bursary funding from Corporates.

PUBLIC SECTOR						
#	NAME	UNDERGRADUATE (actual)		POSTGRADUATE (actual)		Total
		Value	Number of students	Value	Number of students	
1	A	R293 770,00	4	-	-	R293 770,00
2	B	-	-	R141 294,00	1	R141 294,00
3	C	R11 127 351,78	164	R2 788 464,34	47	R13 915 816,12
4	D	R436 220,00	37	-	-	R436 220,00
5	E	R992 872,11	16	-	-	R1 021 967,11
6	F	R943 073,52	19	-	-	R943 073,52
7	G	R247 201,32	4	R8 824,68	1	R256 026,00
8	H	R4 519 857,40	245	R1 590 710,83	99	R8 855 494,73
9	I	-	-	R240 850,00	3	R302 897,05
10	J	R244 417,72	9	-	-	R244 418,00
11	K	R432 000,00	4	R108 000,00	1	R555 000,00
12	L	R274 008,00	2	R84 844,00	1	R358 852,00
13	M	R201 799,86	6	-	-	R201 799,86
14	N	R1 563 765,60	69	-	-	R1 618 056,00
15	O	R1 890 210,74	24	-	-	R1 914 675,49
16	P	R532 668,72	9	-	-	R532 668,72
17	Q	R3 432 776,00	33	R557 907,00	6	R3 990 683,00
18	R	R127 367,00	2	R609 000,35	11	R736 367,35
19	S	R246 360,00	5	R58 760,00	1	R328 690,00
20	T	R6 064 289,85	92	R352 196,00	6	R6 416 485,85
		R33 570 009,62	744	R6 540 851,20	177	R43 064 254,80
		<b>R54 143 786,27</b>	<b>1207</b>	<b>R11 854 527,66</b>	<b>281</b>	<b>R72 482 535,31</b>

Figure 7: Bursary funding from Public Sector.

## 2. Projects

A total of R20 407 659,56 was raised for the University's engagement and other projects, excluding the Mandela University Convergence Fund. Details are as follows:

TRUSTS & FOUNDATIONS				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R100 000,00	Learning Development	SI Programme
2	B	R1 281 000,00	Trust	Unencumbered
3	C	R3 900 000,00	Govan Mbeki Maths Development Unit	Maths & Science
4	D	R2 775 000,00	Govan Mbeki Maths Development Unit	Maths & Science Development
5	E	R735 341,09	Disability Unit	Wheelchair, laptops, recorders, software upgrade
6	F	R1 974 963,54	Disability Unit	Equipment for visually impaired students, laptop sessions
7	G	R2 165,85	Trust	Unencumbered
8	H	R250 000,00	Research Drug Development	Department of Biochemistry and Microbiology
9	I	R200 000,00	Faculty of Education	Maths & Science
10	J	R45 000,00	Faculty of Science	Lion Research Project
11	K	R60 000,00	Faculty of Science	Cheetah Research Project
12	L	R1 920 000,00	Govan Mbeki Maths Development Unit	Maths & Science
13	M	R50 000,00	Arts and Design	Restoration project of Mandela Shirt and 3D printer
14	N	R200 000,00	Academic Awards	RCD & CSL
15	O	R285 000,00	Govan Mbeki Maths Development Unit	Maths & Science
16	P	R409 952,90	Faculty of Education	Book project
		<b>R14 188 423,38</b>		

Figure 8: Project funding from Trusts & Foundations.

INDIVIDUAL DONORS				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R5 000,00	Faculty of Law	Law Awards
2	B	R45 000,00	Emergency Medical Care	
3	C	R5 000,00	Ballroom Society	
4	D	R2 400,00	Alumni Relations	Alumni Bursary Fund
5	E	R1 200,00	Alumni Relations	Alumni Bursary Fund
6	F	R1 200,00	Alumni Relations	Alumni Bursary Fund
7	G	R1 800,00	Alumni Relations	Alumni Bursary Fund
8	H	R15 000,00	Govan Mbeki Maths Development Unit	Maths prizes
9	I	R1 200,00	Alumni Relations	Alumni Bursary Fund
10	J	R1 200,00	Alumni Relations	Alumni Bursary Fund
11	K	R2 400,00	Alumni Relations	Alumni Bursary Fund
12	L	R1 200,00	Alumni Relations	Alumni Bursary Fund
		<b>R82 600,00</b>		

Figure 9: Project Funding from Individual Donors.

CORPORATE DONORS				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R50 000,00	Govan Mbeki Maths Development Unit	Gamma Tutor
2	B	R719 603,62	ICT	35 laptops
3	C	R3 000,00	Faculty of Law	Law Awards
4	D	R1 250,00	Faculty of Law	Law Awards
5	E	R345 000,00	Govan Mbeki Maths Development Unit	Maths & Science Development
6	F	R300 000,00	Faculty of Engineering, the Built Environment & Information Technology	Isuzu Chair of Mechatronics
7	G	R350 000,00	Govan Mbeki Maths Development Unit	Maths & Science Development
8	H	R1 000,00	Faculty of Law	Law Awards
9	I	R500 000,00	Faculty of EBET	PPE Patterns & face masks
10	J	R3 000,00	Faculty of Law	Law Awards
11	K	R75 000,00	Faculty of Science	Conservation Research
12	L	R82 908,00	Student Governance	Student Enterp Prog
13	M	R200 603,23	Faculty of Law	Moot Court Refurbishments
14	N	R2 000,00	Faculty of Law	Law Awards
15	O	R1 771,98	Trust	Unencumbered
16	P	R27 000,00		SMS Messages
17	Q	R1 500,00	Faculty of Law	Law Awards
18	R	R350 000,00	Trust	Unencumbered
19	S	R1 533 775,30	Campus Health Clinic	Food parcels
		<b>R4 547 412,13</b>		

Figure 10: Project Funding from Corporates

PUBLIC SECTOR				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R320 164,05	Faculty of Business and Economic Sciences	Fasset bursary and Academic Support Fund
2	B	R15 000,00	Trust	Unencumbered
3	C	R100 000,00	Govan Mbeki Maths Development Unit	Life Science Textbooks
4	D	R779 770,00	Govan Mbeki Maths Development Unit	Seth Academy
5	E	R54 290,00	Faculty of Education	Admin Fee
6	F	R320 000,00	Govan Mbeki Maths Development Unit	Maths & Science
		<b>R1 589 224,05</b>		

Figure 11: Project Funding from Public Sector.



The Mandela University Convergence Fund was launched in April 2020 as part of the University's response to socio-economic challenges experienced by communities as a result of the Covid-19 the pandemic, lockdown and economic downturn. In effect it is a solidarity fund for the University family (staff, students alumni and supporters) to contribute to addressing hardship and deprivation in communities in which the University is located.

CONVERGENCE FUND	
Category	Amount
Individuals	R164 901,79
Trusts/Foundations	R127 075,39
Corporates	R436 000,00
<b>TOTAL</b>	<b>R 727 977,18</b>

**Figure 12: Summary of Mandela University Convergence Fund Donations**

The utilisation of the funds was managed by the Engagement and Transformation Portfolio in partnership with credible civil society organisations. Full reports on

this can be found at [www.mandela.ac.za/News-and-Events/Coronavirus-Information/Convergence-Fund](http://www.mandela.ac.za/News-and-Events/Coronavirus-Information/Convergence-Fund).

### 3. Monitoring and Reporting

One of Nelson Mandela University 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.

#### (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 2020, we had to adapt to the pandemic risk adjusted strategy and lockdown regulations. Those donor functions that were arranged with student beneficiaries were held virtually.



**Convergence Fund: Colleagues hand over marks to the Yizani Sakhe community kitchen in Wells Estate, Gqeberha.**



# | Human Capital

In terms of the 2018 service level agreement entered into by the Trust, the University and the Nelson Mandela University Investment Company, staff in the SRMA undertook fundraising on behalf of the Trust and the

University's Finance Department provided financial management services on a cost recovery basis. The costs for these services in 2020 were calculated on a pro rata basis, for which the Trust reimbursed the University.

# List of Donors

The success the Trust enjoyed in 2020 was only possible because of supporters and donors to whom appreciation is gratefully extended.

## Individuals

Adriaan, SMA  
Anderson, A  
Aphane, P  
Best, L  
Beyers, P  
Bosire, SM  
Botha, JC  
Botha, R  
Bouwer, A  
Cadle, BS  
Cherry, JM  
Cromsigt, J  
De Koker, E  
Derry, D  
Dos Santos, D  
Ebel, T  
Geswindt, P  
Glenn, S  
Goliath, VM  
Govindjee, A  
Groener, SA  
Hilmer, T  
Jeffery, H  
Jonas, R

Jones, DA  
Keet, A  
Koen, D  
Kupangwa, W  
Laing, SJ  
Levendal, RA  
Mabinya, BV  
Majija, A  
Matiou, R  
Matiso, K  
Mcguire, W  
Meko, MG  
Mgwebi, T  
Monaghan, M  
Mooko, LJ  
Moyo, CZ  
Mtakati, S  
Muthwa, S  
Mvana, ZS  
Naude, RJ  
Ngxabasi, ZS  
Ntholi, T  
Nyeniso, S  
Page, A

Pepeta, L  
Pienaar, M  
Qutywa, V  
Saunders, G  
Schael, DM  
Scheckle, E  
Scheckter, M  
Schneider, P  
Smith, L  
Standard Bank  
Staphorst, J  
Sugden, R  
Swartz, D  
Tserpelis, I  
van der Westhuizen, C  
van Zyl, A  
Veldman, M  
Visser, H  
von Wielligh, L  
Vrancken, P  
Wakah, GWO  
Webb, DA  
Westcott, A  
Wophula, GN

## Corporates

AASEC  
Art Board Creative Nation  
Aberdare Cables  
Afrox  
Armcor  
Aspen Pharmacare  
Banking Association of SA  
Anonymous  
Continental Tyre SA  
Dedisa  
Dell Computers  
Diageo  
Eco Car Hire  
Edward Nathan Sonnenbergs Inc  
Engeli  
Engen  
Environmental Law Association

Eskom  
Exxon Mobil Exploration  
Ford Motor Company  
Fresenius Kabi SA  
Gamma Education Technology  
George Moerasrivier  
Isuzu Motors SA  
JSE Empowerment Fund  
Karsans Incorporated  
Khula  
Kuehne & Nagel  
Kulkoni SA  
Lepogo Lodge  
Liquid Telecom  
MBDA  
McWilliams & Elliott  
Multichoice

My School  
Naxos Baking Technologies  
Old Mutual  
Oppenheimer Generations  
PPS  
Providence Momentum  
Rushmere & Noach Inc  
SAICA (Thuthuka)  
SAP  
Siyaya Skills Development  
SMS Portal  
Spoor & Fisher  
Standard Bank  
St Benedict College/St Johns  
Tiger Consumer Brands  
VWSA  
Widney

## Charitable Organisations

ABSA Foundation  
Abe Bailey Trust  
African Footprint of Hope  
Albert Wessels Trust  
Alumni Association  
Amadlelo  
Annette and Gerd Schwandner  
Foundation  
Capitec Foundation Trust  
Charles & Jessie Hills Trust  
Cookhouse Windfarm Trust  
Dischem Foundation  
First Rand Trust  
FRF Trust  
HA Taylor Will Trust

Hatch Black Womens Trust  
HB Webb Trust  
HCI Foundation  
Herman Ohlthaver Trust  
Hillensberg Trust  
Linde + Wiemann  
Mapula Trust  
Milde McWilliams Trust  
Old Mutual Foundation  
PA & Alize Malan Trust  
Rupert Onderwysstiging  
Tsitsikamma Windfarm Trust  
Utopia Foundation  
Volkswagen Community Trust

## Public Sector

Auditor-General of South Africa  
Bankseta  
Cathseta  
CETA  
CHIETA  
Department of Arts & Culture  
ETDP Seta  
Fasset  
FoodBev Seta  
FP & M Seta

H & W Seta  
IDC  
LG Seta  
Merset  
Mining Qualification Authority  
North West University  
Public Investment Corporation  
Services Seta  
TETA  
W&R Seta  
Walter Sisulu University

**NELSON MANDELA UNIVERSITY TRUST**

**Annual Financial Statements  
for the year ended 31 December 2020**



**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

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**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**General Information**

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**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**

P O Box 77000  
Gqeberha  
6031

**Trustees**

The Trustees of the Nelson Mandela University Trust are:

Ambassador Nozipho January-Bardill	Appointed - October 2017
Mr Siyabulela Mhlaluka	Appointed - October 2017
Dr Derrick Swartz	Appointed - January 2008
Prof Sibongile Muthwa	Appointed - October 2017
Dr Xolani Mkhwanazi	Deceased - January 2020
Mr Eric Ratshikhopha	Appointed - January 2002
Ms Maureen Manyama	Appointed - December 2017
Ms Zola Baba Tshetu	Appointed - July 2018
Mr Donald MacLean	Appointed - January 2019
Mr Luvuyo Mosana	Appointed – 1 April 2019

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Trustees' Statement of Responsibility for the Financial Statements**

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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 2020 set out on pages 6 to 22 were approved by the Trustees on 21 June 2021 and are signed on their behalf.




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Trustee

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21 June 2021



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Chairperson

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21 June 2021

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nelson Mandela University Trust

### Opinion

We have audited the financial statements of Nelson Mandela University Trust set out on pages 6 to 22, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in capital and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nelson Mandela University Trust as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Trust Deed.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the trust in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "Nelson Mandela University Trust Annual Financial Statements for the year ended 31 December 2020" which includes the Trustee's Statement of responsibility for the financial statements as required by the Trust Deed. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Trustees for 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 the requirement of the Trust Deed, and for such internal control as the trustees determines 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 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 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 had identified during our audit.

*Nexia SAB&T*

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**Nexia SAB&T**

Yousuf Moosa CA (SA)

Director

Registered Auditor

21 June 2021

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Statement of Financial Position as at 31 December 2020**

<b>Figures in Rand</b>	<b>Note (s)</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Investments	2	199 756 862	184 304 237
<b>Current Assets</b>			
Bank and cash balances	3	23 000 615	2 803 096
Other financial assets	4	5 631 799	1 397 107
<b>Total Current Assets</b>		<b>28 632 414</b>	<b>4 200 203</b>
<b>Total Assets</b>		<b>228 389 276</b>	<b>188 504 440</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>188 775 765</b>	<b>174 370 534</b>
<b>Current liabilities</b>			
Other financial liabilities	5	39 613 512	14 133 905
<b>Total funds and liabilities</b>		<b>228 389 276</b>	<b>188 504 440</b>

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Note (s)</b>	<b>2020</b>	<b>2019</b>
<b>Income</b>			
Donations		93 264 287	99 370 362
Donations in cash		90 983 908	98 906 327
Donations in kind		2 280 379	464 035
<b>Investment income</b>		3 999 695	5 494 112
Dividends received		1 335 881	2 762 321
Interest received		2 663 814	2 731 791
<b>Income before distributions and operating expenses</b>		<b>97 263 982</b>	<b>104 864 474</b>
<b>Operating expenses</b>		6 011 046	6 759 782
Audit fees		41 262	44 390
Bank charges		3 266	2 130
Interest expense		1 035 951	1 034 871
Investment management fees		688 867	633 022
Management fees	6	4 241 699	5 045 370
<b>Net surplus for the year</b>		91 252 936	98 104 692
<b>Other comprehensive income</b>		-	-
Revaluation of investments to market value at year end		12 351 467	11 654 359
<b>Total comprehensive income for the year</b>		<b>103 604 403</b>	<b>109 759 052</b>

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Statement of Changes in Capital and Reserves**

<b>Figures in Rand</b>	<b>2020</b>	<b>2019</b>
<b>Trust Capital</b>		
Balance at beginning of year	128 272 525	114 951 965
Surplus for the year	91 252 936	98 104 691
Transfer of realised profit on investments from revaluation reserve	4 220 303	17 216 014
Distribution to Nelson Mandela University	(89 199 173)	(102 000 145)
Balance at end of year	134 546 591	128 272 525
<b>Revaluation reserve</b>		
Balance at beginning of year	46 098 009	51 659 664
Transfer of realised profit on investments to trust capital	(4 220 303)	(17 216 014)
Revaluation of investments to market value at year end	12 351 467	11 654 359
Balance at end of year	54 229 173	46 098 009
<b>Capital and reserves</b>	188 775 765	174 370 534

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Statement of Cash Flows for the year ended 31 December 2020**

<b>Figures in Rand</b>	<b>Note (s)</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	68 475 108	87 048 556
Distribution to the Nelson Mandela University in cash		(30 029 378)	(105 188 378)
<b>Net cash generated by operations</b>		<b>38 445 730</b>	<b>(18 139 822)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments at cost	2	(29 114 771)	(25 147 598)
Proceeds from sale of investments	2	9 530 678	37 206 099
Dividends received		1 335 881	2 762 321
<b>Net cash from investing activities</b>		<b>(18 248 212)</b>	<b>14 820 822</b>
Net increase / (decrease) in cash and cash equivalents		<b>20 197 518</b>	<b>(3 319 000)</b>
Cash and cash equivalents at beginning of the year		2 803 096	6 122 096
<b>Cash and cash equivalents at end of the year</b>	3	<b>23 000 614</b>	<b>2 803 096</b>



**Accounting Policies**

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**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 equity instruments under long term investments 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.

**1.2 Current versus non-current classification**

The Trust presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

The Trust classifies all other liabilities as non-current.

**1.3 Fair value measurement**

The Trust measures financial instruments such as investment, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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**Accounting Policies**

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**1.3 Fair value measurement (continued)**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of investments in note 2 of the financial statements.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note 2 of the financial statements.

**1.4 Financial instruments - initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of

**1.4.1 Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

**Accounting Policies**

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**1.4 Financial instruments - initial recognition and subsequent measurement**

**1.4.1 Financial assets (continued)**

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments); and
- Financial assets at fair value through profit or loss.

**Financial assets at amortised cost (debt instruments)**

The Trust measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Trust's financial assets at amortised cost includes other financial assets, liabilities, fixed deposits and cash on call disclosed in investments.

**Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Trust can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Trust benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Trust elected to classify irrevocably its listed shares, international assets swaps, gift and bonds and Unit trust in non-current investments under this category.

**Accounting Policies**

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**1.4 Financial instruments - initial recognition and subsequent measurement**

**1.4.1 Financial assets (continued)**

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

**Impairment of financial assets**

The Trust recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at fair value through OCI, the Trust applies the low credit risk simplification. At every reporting date, the Trust evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Trust reassesses the internal credit rating of the debt instrument. In addition, the Trust considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Accounting Policies**

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**1.4 Financial instruments - initial recognition and subsequent measurement**

**1.4.1 Financial assets (continued)**

The Trust's equity instruments at fair value through OCI comprise solely of quoted equity instruments that are graded in the top investment category by the Credit Rating Agency and, therefore, are considered to be low credit risk investments.

The Trust may also consider a financial asset to be in default when internal or external information indicates that the Trust is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Trust. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**1.4.2 Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Loans and borrowings**

This is the category most relevant to the Trust. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Nelson Mandela University Trust**  
**Annual Financial Statements for the year ended 31 December 2020**

**Accounting Policies**

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**1.4 Financial instruments - initial recognition and subsequent measurement**

**1.4.2 Financial liabilities (continued)**

**1.5 Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

**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.

**Nelson Mandela University Trust**  
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<b>Figures in Rand</b>	<b>2020</b>	<b>2019</b>
<b>2. Investments</b>		
<b>At cost:</b>		
Listed shares	61 956 233	59 034 007
International assets swaps	31 787 929	26 996 688
Gilts and bonds	23 526 224	19 164 955
Fixed deposits	16 031 812	15 215 127
Cash on call	2 225 489	7 795 454
Unit Trust	10 000 000	10 000 000
	<u>145 527 687</u>	<u>138 206 231</u>
<b>At market value:</b>		
Listed shares	78 863 705	78 950 384
International assets swaps	67 094 910	53 728 786
Gilts and bonds	24 797 536	19 293 391
Fixed deposits	16 031 812	15 215 127
Cash on call	2 225 489	7 795 454
Unit Trust	10 743 410	9 321 095
	<u>199 756 862</u>	<u>184 304 237</u>
<b>Movement during the year:</b>		
Opening balance	184 304 237	185 306 971
(Loss) / gain in fair value	(12 351 467)	(11 654 359)
Total purchases of investments	29 114 771	25 147 598
Realised profit on investments	4 220 303	17 216 014
Interest received / dividends received	3 999 695	5 494 112
Proceeds received from disposal of investments	(9 530 678)	(37 206 099)
	<u>199 756 862</u>	<u>184 304 237</u>

These investments comprise a managed portfolio owned by the Nelson Mandela University Trust with a fair value of R199 756 862 (2019 : R184 304 237).

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).



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**2. Investments (continued)**

The following table presents the Trust's assets that are measured at fair value:

**2020**

**Assets**

Fair value through other comprehensive income

	Level 1	Level 2	Level 3	
- Listed shares	78 863 705	-	-	78 863 705
- International assets swaps	-	67 094 910	-	67 094 910
- Gilts and bonds	-	24 797 536	-	24 797 536
- Unit Trust	10 743 410	-	-	10 743 410

**Total**

89 607 115    91 892 446    -    181 499 561

Amortised cost

- Fixed deposits	16 031 812	-	-	16 031 812
- Cash on call	2 225 489	-	-	2 225 489

**Total**

18 257 301    -    -    18 257 301

**Total assets**

107 864 416    91 892 446    -    199 756 862

**2019**

**Assets**

Fair value through other comprehensive income

	Level 1	Level 2	Level 3	
- Listed shares	78 950 384	-	-	78 950 384
- International assets swaps	-	53 728 786	-	53 728 786
- Gilts and bonds	-	19 293 391	-	19 293 391
- Unit Trust	9 321 095	-	-	9 321 095

**Total**

88 271 479    73 022 177    -    161 293 656

Amortised cost

- Fixed deposits	15 215 127	-	-	15 215 127
- Cash on call	7 795 454	-	-	7 795 454

**Total**

23 010 581    -    -    23 010 581

**Total assets**

111 282 060    73 022 177    -    184 304 237

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**2. Investments (continued)**

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.

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**

	2020 R	2019 R
<b>Cash at bank</b>	<u>23 000 615</u>	<u>2 803 096</u>
For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:		
Bank balances	<u>23 000 615</u>	<u>2 803 096</u>

**4. Other financial assets**

	2020 R	2019 R
<b>Nelson Mandela University Investment Company (Pty) Ltd</b>	<u>5 631 799</u>	<u>1 397 107</u>
This loan is interest free, unsecured and no repayment terms have been negotiated.		
The fair value of the current asset equals the carrying amount, as the impact of discounting is not significant.		
Current asset	<u>5 631 799</u>	<u>1 397 107</u>

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**5. Other financial liabilities**

	<b>2020</b>	<b>2019</b>
	<b>R</b>	<b>R</b>
<b>Nelson Mandela University</b>	<u>39 613 512</u>	<u>14 133 905</u>
This loan bears interest as determined on monthly basis by the Trustees, has no repayment terms and is unsecured.		
The fair value of the current liability equals the carrying amount, as the impact of discounting is not significant.		
Current liability	<u>39 613 512</u>	<u>14 133 905</u>

**6. Management fees**

	<b>2020</b>	<b>2019</b>
	<b>R</b>	<b>R</b>
Management fees paid for the SRMA	3 912 227	4 745 370
Management fees paid to Finance	<u>329 472</u>	<u>300 000</u>
	<u>4 241 699</u>	<u>5 045 370</u>

**7. Commitments**

At the Ordinary Meetings of the Trust on 11 March 2021, the Trustees agreed to make a distributions to the Nelson Mandela University of R2.82mil in respect of the Paleoscience projects for the 2021 financial year.

At the Ordinary Meeting of the Trust on 11 March 2021, the Trustees agreed to provide R4.21mil for the Nelson Mandela University Investment Company (Pty) Ltd for the 2021 year.

**8. Cash generated from operations**

	<b>2020</b>	<b>2019</b>
	<b>R</b>	<b>R</b>
Net surplus for the year before distributions	91 252 936	98 104 691
Adjustments for non-cash items:		
- donations in kind	(2 280 379)	(464 035)
- interest expense	1 035 951	1 034 871
- dividends received	(1 335 881)	(2 762 321)
Changes in working capital		
- Nelson Mandela University current account	<u>(20 197 518)</u>	<u>(8 864 650)</u>
	<u>68 475 108</u>	<u>87 048 556</u>

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**9. Financial instruments by category**

	Category	2020 R	2019 R
<b>Assets</b>			
Investments	Fair value through OCI	181 499 561	161 293 656
Investments	Amortised cost	18 257 301	23 010 581
Bank and cash balances	Fair value through P&L	23 000 615	2 803 096
Other financial assets	Amortised cost	5 631 799	1 397 107
		<u>228 389 276</u>	<u>188 504 441</u>
<b>Liabilities</b>			
Other financial liabilities	Amortised cost	39 613 512	14 133 905

**10. Financial risk management**

**10.1 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 R3.355 million (2019: R2.686 million).

**(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.

**Nelson Mandela University Trust**  
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**10. Financial risk management (continued)**

At 31 December 2020, 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 R7.886 million (2019: R7.895million) 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 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 R72 762 (2019: R130 770) increase/decrease.

(b) Interest rate 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. Refer to note 2 for disclosure of the credit risk.

(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 Nelson Mandela University.

**11. 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 Nelson Mandela University loan accounts has accrued interest and has no fixed terms of repayment. It is therefore considered repayable on demand. Refer to note 5 for the disclosure of the balance and the terms and conditions.

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**11. Related party transactions (continued)**

The Nelson Mandela University Trust is the sole shareholder of the Nelson Mandela University Investment Company (Pty) Ltd. Refer to note 4 for the disclosure of balance and the terms and conditions.

**Disclosure of related party transactions**

	<b>2020</b>	<b>2019</b>
	<b>R</b>	<b>R</b>
Interest paid to Nelson Mandela University	1 035 951	1 034 871
Consultation fees paid to Nelson Mandela University	4 241 699	5 045 370
Distributions made to Nelson Mandela University	89 199 173	102 000 145

**12. Consolidation**

The Nelson Mandela University Investment Company (Pty) Ltd is wholly owned by the Trust. Nelson Mandela University, which is the sole beneficiary of the Trust, prepares consolidated financial statements, therefore the Trust opted to exercise the IFRS10:4(a) exemption, and not prepare consolidated financial statements.

**13. Events after the reporting period**

During 2020 and into 2021 staff have continued to work remotely as much as possible in line with the University approach to combatting Covid-19.

Towards the end of 2020 Trustees undertook an in-depth analysis of the impact of the pandemic and related economic downturn on the operations of the Trust. Trustees adopted a strategy and tactics document that sought to mitigate the negative impact on resource mobilisation.

This document, 'Impact of Covid-19 and Related Socio-Economic Issues: risks and Sustainability' included several interventions including:

- Continuing to grow donations income
- Securing an optimal return on investments
- Striving to increase unencumbered funding
- Fast tracking annuity income streams
- Continuing to ensure sound corporate governance and management
- Focusing on positioning, communications and marketing, and
- Intensifying engagement funders and potential funders

This approach yielded improved resource mobilisation in December 2020 and continues to be implemented after the report period.

## Nelson Mandela University Trust

### Schedule 1 - Distributions to Nelson Mandela University

Figures in Rand	2020	2019
Allocations to Nelson Mandela University Council from Nelson Mandela University Trust Funds		
<b>Disbursements to Nelson Mandela University Council</b>	2 488 227	3 550 362
Trust Contribution International Office	150 000	-
Contribution to Paleoscience	2 338 227	3 550 362
<b>Donations from external sources distributed to Nelson Mandela University</b>	86 710 946	98 449 783
Donations in cash	84 430 567	97 985 748
Donations in kind	2 280 379	464 035
	<b>89 199 173</b>	<b>102 000 145</b>



# Nelson Mandela University Trust

## Schedule 2 - Statement of Funds for the year ended 31 December 2020

Figures in Rand

	General	Student Trust	Trust Capital Campaign	Legacy	Chancellors Fund	Unencumbered Donations	Profit on Share Market	Total
	R	R	R	R	R	R		R
Balance at beginning of year	99 362 943	4 890 801	6 969 309	103 761	300 000	4 245 628	12 400 083	128 272 525
Surplus / (deficit)	2 107 978	2 518 143	-	-	-	1 647 938	-	6 274 059
Balance at end of year	101 470 921	7 408 944	6 969 309	103 761	300 000	5 893 566	12 400 083	134 546 584

# Change the World

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