

NELSON MANDELA
UNIVERSITY

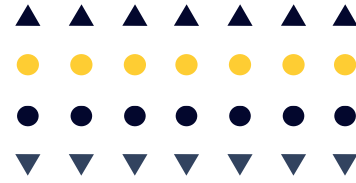


Nelson Mandela University Trust
ANNUAL REPORT
2019



CONTENTS

Overview by Chairperson of Nelson Mandela University Trust	3
Management Report.....	4
Governance.....	5
Strategic Priorities and Performance.....	6
Human Capital	14
List of Donors.....	15
Annual Financial Statements and Audit Report	17
Figure 1: Attendance at Trust Meetings	5
Figure 2: Performance Against Vision 2020 Strategic Priorities.....	7
Figure 3: Funding of Bursaries and Scholarships by Foundations and Charitable Organisations.....	8
Figure 4: Funding of Bursaries and Scholarships by Individuals	9
Figure 5: Funding of Bursaries and Scholarships by Corporates	9
Figure 6: Funding of Bursaries and Scholarships by Public Sector	10
Figure 7: Project Funding from Trusts and Foundations	11
Figure 8: Project Funding from Individuals	11
Figure 9: Project Funding from Corporates	12
Figure 10: Project Funding from Public Sector	13



OVERVIEW

by Chairperson of Nelson Mandela University Trust

It is with considerable pleasure that I present the 2019 Annual Report on behalf of the Trustees of the Nelson Mandela University Trust. 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 2019 and indicate how funds were deployed.

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

The Trust has enjoyed a good year with regards to mobilising funding. As set out in this report, total income before distributions and operating expenses was R104 864 474, compared to R97 041 270 in the previous year. The Trust raised over R99 370 362 in donations in cash and in kind in 2019. Through our activities we made 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.

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 2019. Your generosity has helped Mandela University to broaden access and provide quality higher education.

Nozipho January-Bardill
Chairperson
NelsonMandela University Trust





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 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 2019.

Since its inception, the Trust has evolved and been periodically fine-tuned to be able to achieve its mandate in the rapidly changing high education sector in South Africa. In February 2015, Trustees agreed to embark on a restructuring process that included amendments to the Trust deed. This process formed part of a larger project of re-imagining of resource mobilisation at the University, initiated by Council in 2014. These developments were concluded in 2017. They included revising the Trust Deed, appointing new Trustees, establishing an investment company of which the Trust is the sole shareholder and entering into a service level agreement with the University to define respective roles and responsibilities.

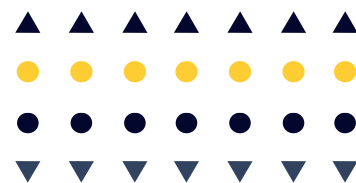
Total Trust income in 2019 was R104 864 474. Of this, R99 370 362 was mobilised as donations in cash and kind in the year under review (against a target of R93 million). This represented an increase on the R91 633 601 raised the previous year. A total of R102 000 145 in distributions was made to the 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 2019 is appreciated. To them all we owe a big debt of gratitude.

Operating expenses of the Trust in 2019 (direct operating costs plus the pro rata reimbursement of the University for work undertaken on an agency basis) were R6 759 783 (of which R5 045 370 was the management fee owed to the University for the work done by the SRMO (now SRMA) and Finance. This is considerably lower than operational costs of R10 016 154 in 2017 before the restructuring. 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.

Dr Denver A. Webb
Senior Director: Strategic Resource Mobilisation and Advancement





GOVERNANCE

The board of Trustees in 2019 consisted of ten members: Ambassador Nozipho January-Bardill (Chairperson), Mr Siyabulela Mhlaluka (Deputy Chairperson), Ms Maureen Manyama, Prof. Sibongile Muthwa, Mr Anthony Biggs, Dr Derrick Swartz, Dr Xolani Mkhwanzi, Mr Eric Ratshikopha, and Ms Charmaine Williams. Ms Charmaine

Williams retired as a Trustee in June 2018 and was replaced by Ms Zola Tshefu. Mr Anthony Biggs was replaced as a Trustee by Mr Donald McLean. Mr Luvuyo Mosana was appointed as a Trustee late in 2019.

Three Trustee meetings were held during the year.

NAME	21 FEBRUARY 2019	29 MAY 2019	25 SEPTEMBER 2019
Ambassador Nozipho January-Bardill	✓	✓	✓
Mr Siya Mhlaluka	✓	✓	✓
Dr Derrick Swartz	✓	✓	
Prof. Sibongile Muthwa	✓	✓	✓
Mr Donald McLean	✓	✓	✓
Dr Xolani Mkhwanazi			
Mr Eric Ratshikopha		✓	✓
Ms Maureen Manyama		✓	
Ms Zola Tshefu	✓	✓	✓
Mr Luvuyo Mosana			

Figure 1: Attendance at Trust Meetings

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 2019.

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.



Board of Trustees



Chairperson
**Ambassador Nozipho
January-Bardill**



Deputy Chairperson
Mr Siya Mhlaluka



Ms Maureen Manyama



Prof Sibongile Muthwa



Ms Zola Tshetu



Dr Derrick Swartz



Dr Xolani Mkhwanzi



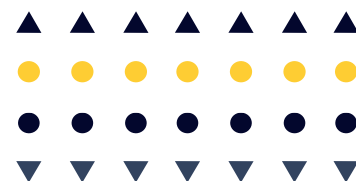
Mr Eric Ratshikophu



Mr Donald McLean



Mr L Mosana



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 2019, 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	2019 PERFORMANCE
4: Position Nelson Mandela University as an engaged institution that contributes to a sustainable future through critical scholarship	4.3: Develop and sustain mutually beneficial local, regional and international partnerships that contribute to a sustainable future.	4.3.4: Foster and sustain partnerships with donors, funding organizations and alumni.	<ul style="list-style-type: none"> • Cordial relationships with sponsors established and sustained • Increased number of alumni actively involved in University activities • Established alumni chapters abroad 	<ul style="list-style-type: none"> • No. of partnerships with donors & funding organisations • Rand value of donations and sponsorships from external donors and funding organisations 	<ul style="list-style-type: none"> • 127 partnerships with donors and funders in 2019 (up from 158 in 2018) • R99 370 362 was raised in donations and sponsorships in 2019.
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"> • 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"> • In total, Trust income for 2019 before distribution and operating expenses was R104 864 474 (i.e. 11,3 % of total University 3rd stream income). • A total of R102 000 145 was distributed to the University in 2019. This includes encumbered donations from external sources distributed to the University; as well as R3 410 000 for the African Centre for Coastal Palaeosciences.

Figure 2: Performance Against Vision 2020 Strategic Priorities

The Nelson Mandela University Trust generally mobilises two main types of resources for the University. Unencumbered funding is raised, which Trustees manage as part of the investment asset and which Trustees disburse to the University strategically; 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 Capacity Development (RCD) 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 R102 000 145 was disbursed to the University. A further R3. 410 000 was disbursed to the University for the African Centre for Coastal Palaeoscience.

In the year under review, R82 930 786.42 was mobilised for bursaries and scholarships. This amount was channelled to the University Financial Aid section and Research Capacity Development to allocate to qualifying undergraduate and postgraduate students respectively in support of the University's drive for student access and success. In total, there were 1 591 beneficiaries of this encumbered funding (as set out in the tables in Figures 3,

4, 5 and 6 below). With the introduction of the expanded NSFAS bursary scheme, the Trust shifted its bursary fundraising to focus on undergraduate students from the so-called missing middle and postgraduate students.

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

R16 438 794,24 was mobilised in 2019, as set out in Figures 7, 8 and 9.

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 2019 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 R82 930 786.42 as raised for bursaries and scholarships, which benefited 1 591 students. The detailed breakdown is as follows:

FOUNDATIONS AND CHARITABLE ORGANISATIONS						
#	TRUSTS / FOUNDATION	UNDERGRADUATE		POSTGRADUATE		TOTAL
		VALUE	NO. OF STUDENTS	VALUE	NO. OF STUDENTS	
1	A	R2 645 460,00	37	-	-	R2 645 460,00
2	B	-	-	-	-	R4 000,00
3	C	R70 000,00	4	-	-	R70 000,00
4	D	R941 950,00	38	R78 050,00	4	R1 020 000,00
5	E	R250 000,00	5	-	-	R250 000,00
6	F	-	-	R37 000,00	5	R37 000,00
7	G	R1 510 276,00	17	R89 724,00	1	R1 600 000,00
8	H	R364 470,70	16	R354 282,41	9	R719 753,11
9	I	R346 740,00	8	-	-	R346 740,00
10	J	R102 000,00	8	R48 000,00	3	R150 000,00
11	K	R228 822,00	11	R42 910,00	2	R271 732,00
	TOTAL	R6 460 718,70	144	R649 966,41	24	R7 111 685,11

Figure 3: Funding of Bursaries and Scholarships by Foundations and Charitable Organisations

INDIVIDUALS						
#	INDIVIDUALS	UNDERGRADUATE		POSTGRADUATE		TOTAL
		VALUE	NO. OF STUDENTS	VALUE	NO. OF STUDENTS	
1	A	-	-	R42 840,00	1	R42 840,00
2	B	R5 000,00	1	-	-	R5 000,00
	TOTAL	R6 460 718,70	144	R649 966,41	24	R7 111 685,11

Figure 4: Funding of Bursaries and Scholarships by Individuals

CORPORATES						
#	NAME	UNDERGRADUATE		POSTGRADUATE		TOTAL
		VALUE	NO. OF STUDENTS	VALUE	NO. OF STUDENTS	
1	A	R2 321 174,87	36	R1 582 038,94	22	R3 903 213,81
2	B	R58 000,00	2	-	-	R58 000,00
3	C	R412 489,45	6	R48 778,17	1	R461 267,62
4	D	R1 041 103,00	21	R40 000,00	1	R1 081 103,00
5	E	R35 000,00	1	-	-	R35 000,00
6	F	R2 357 671,98	62	R600 945,64	29	R2 958 617,62
7	G	R141 000,00	4	-	-	R141 000,00
8	H	R333 526,00	3	-	-	R333 526,00
9	I	R426 194,48	7	-	-	R426 194,48
10	J	R166 000,00	10	-	-	R166 000,00
11	K	R33 631,20	2	-	-	R33 631,20
12	L	R1 756 447,00	26	-	-	R1 756 447,00
13	M	R130 000,00	2			R130 000,00
14	N	R1 735 860,00	24			R1 735 800,00
15	O	R24 786,00	2			R24 786,00
16	P	R113 365,00	1	R125 730,00	1	R239 095,00
17	Q	R48 560,00	2	-	-	R48 560,00
18	R	R70 000,00	1	-	-	R70 000,00
19	S	R598 287,70	10	R101 712,30	2	R700 000,00
20	T	R318 000,00	4	-	-	R318 000,00
21	U	R388 220,00	6	-	-	R388 220,00
22	V	R9 500,00	1	-	-	R9 500,00
23	W	R7 500,00		-	-	R7 500,00
24	X	R5 000,00		-	-	R5 000,00
25	Y	R24 138,43	1	-	-	R24 138,43

26	Z	-	-	R2 694 432,00	23	R2 694 432,00
27	AA	R324 350,00	4	R125 000,00	2	R449 350,00
28	AB	-	-	R556 300,00	15	R556 300,00
29	AC	R42 595,00	2	-	-	R42 595,00
30	AD	R30 553,20	1	-	-	R30 553,20
31	AE	R145 342,46	5			R145 342,46
	TOTAL	R13 098 295,77	246	R5 874 937,05	96	R18 973 172,82

Figure 5: Funding of Bursaries and Scholarships by Corporates

GOVERNMENT						
#	NAME	UNDERGRADUATE		POSTGRADUATE		TOTAL
		VALUE	NO. OF STUDENTS	VALUE	NO. OF STUDENTS	
1	A	R395 569,00	6	R0,00	-	R395 569,00
2	B	R119 790,00	1	R94 500,00	1	R214 290,00
3	C	R6 815 838,79	167	R1 986 225,61	41	R8 802 064,40
4	D	R2 329 920,00	37	R0,00	-	R2 329 920,00
5	E	R2 652 393,80	28	R2 580 710,90	37	R5 233 104,70
6	F	R1 125 000,00	33	-	-	R1 125 000,00
7	G	R5 341 040,06	62	R216 110,00	3	R5 557 150,06
8	H	R687 108,32	21	-	-	R687 108,32
9	I	R5 532 917,08	71	R2 252 530,92	29	R7 785 448,00
10	J	R363 750,00	10	-	-	R363 750,00
11	K	R288 334,82	11	-	-	R288 334,82
12	L	R1 148 000,00	33	R295 000,00	5	R1 443 000,00
13	M	R1 178 050,00	45	R371 845,20	35	R1 549 895,20
14	N	R948 240,00	35	-	-	R948 240,00
15	O	R1 814 366,19	23	-	-	R1 814 366,19
16	P	R0,00	-	R1 024 572,30	13	R1 024 572,30
17	Q	R353 229,27	9	-	-	R353 229,27
18	R	R5 542 896,06	128	R2 646 415,67	28	R8 189 311,73
19	S	R520 313,65	10	-	-	R520 313,65
20	T	R8 170 420,85	157	-	-	R8 170 420,85
	TOTAL	R45 327 177,89	887	R11 467 910,60	192	R56 795 088,49

Figure 6: Funding of Bursaries and Scholarships by Public Sector

¹ Of this amount, R847 461,61 was carried over for allocating in 2020.

² Of this, R564 937,06 was carried forward for allocation in 2020.

A further R100 000 was provided to the Office for International Education to assist 15 international students who needed some assistance to complete their studies.

2. Projects

A total of R16 438 794,24 was raised for University engagement and other projects. Details are as follows:

TRUSTS & FOUNDATIONS				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R364 815,32	Upgrade Student Training	InnoVenton
2	B	R1 220 000,00	Trust	R85 000 for Academic Achievers Awards, balance was Unencumbered
3	C	R3 700 000,00	Govan Mbeki Maths Development Unit	Maths and Science
4	D	R2 775 000,00	Govan Mbeki Maths Development Unit	Maths and Science Development
5	E	R50 000,00	Disability Unit	
6	F	R2 319,42	Trust	Unencumbered
7	G	R150 000,00	Research Drug Development	Department of Biochemistry and Microbiology
8	H	R200 000,00	Faculty of Education	Maths and Science
9	I	R173 345,00	School of Accounting	Accounting Merit Awards
10	J	R72 000,00	Sport	Learn to Swim
11	K	R2 476 918,00	Govan Mbeki Maths Development Unit	Maths and Science
12	L	R45 000,00	Faculty of Science	Lion Research Project
13	M	R60 000,00	Faculty of Science	Cheetah Research Project
14	N	R75 000,00	Architecture	Architecture lecture
15	O	R200 000,00	Academic Achievers' Awards	RCD and CSL
16	P	R736 189,00	Govan Mbeki Maths Development Unit	Sakha Ikamva Maths and Science
17	Q	R100 000,00	Trust	Unencumbered
	TOTAL	R12 400 586,74		

Figure 7: Project Funding from Trusts and Foundations

INDIVIDUAL DONORS				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R5 000,00	Faculty of Law	Law Awards
2	B	R550,00	Bird Street Legacy	
3	C	R20 000,00	Ballroom and Latin Society	
4	D	R43 660,00	Emergency Medical Care	
5	E	R400,00	Alumni Relations	Alumni Bursary Fund
6	F	R4 000,00	School of Accounting	Accounting Awards
7	G	R2 400,00	Alumni Relations	Alumni Bursary Fund
8	H	R10 000,00		

9	I	R1 200,00	Alumni Relations	Alumni Bursary Fund
10	J	R1 437,50	Faculty of Law	Law Awards
11	K	R20 000,00	Faculty of Law	Law Awards
12	L	R1 200,00	Alumni Relations	Alumni Bursary Fund
13	M	R4 000,00	School of Accounting	Accounting Awards
14	N	R1 800,00	Alumni Relations	Alumni Bursary Fund
15	O	R3 300,00	School of Accounting	Accounting Awards
16	P	R1 200,00	Alumni Relations	Alumni Bursary Fund
17	Q	R50,00	Sport	Cricket Legacy
18	R	R1 200,00	Alumni Relations	Alumni Bursary Fund
19	S	R2 400,00	Alumni Relations	Alumni Bursary Fund
20	T	R1 200,00	Alumni Relations	Alumni Bursary Fund
21	U	R600,00	Campus Health	Meal a Day pledge
	TOTAL	R125 597,50		

Figure 8: Project Funding from Individuals

CORPORATE DONORS				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R17 000,00	-	Academic Administration
2	B	R650 000,00	Govan Mbeki Maths Development Unit	Maths & Science Development
3	C	R2 000,00	Faculty of Law	Law Awards
4	D	R135 000,00	Faculty of Science	Lion Research Project
5	E	R3 000,00	Faculty of Law	Law Awards
6	F	R335 000,00	Govan Mbeki Maths Development Unit	Maths and Science Development
7	G	R15 000,00	Academic Awards	CSL
8	H	R5 000,00	Faculty of Law	Law Awards
9	I	R250 000,00	Faculty of Engineering, the Built Environment & Information Technology	Isuzu Chair of Mechatronics
10	J	R200 000,00	Govan Mbeki Maths Development Unit	Maths and Science Development
11	K	R55 000,00	Faculty of Law	Law Awards
12	L	R1 000,00	Faculty of Law	Law Awards
13	M	R7 650,00	School of Accounting	Accounting Awards
14	N	R1 295 000,00	Govan Mbeki Maths Development Unit	Maths & Science Development
15	O	R60 000,00		Cheetah Research Project
16	P	R7 650,00	School of Accounting	Accounting Awards
17	Q	R3 000,00	Faculty of Law	Law Awards

18	R	R7 650,00	School of Accounting	Accounting Awards
19	S	R11 000,00	Faculty of Law	Law Awards
20	T	R3 000,00	Faculty of Engineering, the Built Environment & Information Technology	Computing Science Breakfast
21	U	R15 125,00	School of Accounting	Accounting Awards
22	V	R2 000,00	Faculty of Law	Law Awards
23	W	R3 750,00	School of Accounting	Accounting Awards
24	X	R2 500,00	School of Accounting	Accounting Awards
25	Y	R5 000,00	Sport	Staff Certification Awards
26	Z	R1 500,00	Faculty of Law	Law Awards
27	AA	R50 000,00	Trust	Golf Day
28	AB	R300 000,00	Trust	Unencumbered
29	AC	R464 035,00	Campus Health Clinic	Food parcels
	TOTAL	R3 906 860,00		

Figure 9: Project Funding from Corporates

GOVERNMENT				
#	NAME	VALUE	FACULTY NAME	PROJECT
1	A	R5 750,00	Graduate and Recruitment Programme	Accounting and Law Day
	TOTAL	R5 750,00		

Figure 10: Project Funding from Public Sector

3. Campaigns: Meal-a-Day

The Trust again assisted the University with a special campaign, the Meal-a-Day campaign, over the end of year examination period to address issues of student indigence and hunger. This was a joint project with the Dean of Students in which we focused on resource mobilisation and Campus Health Services undertook the procurement and distribution of assistance. An amount of R353 300 was raised, of which 79% was spent. The balance has been retained for a similar initiative in 2020. A total of 1 651 students identified by Financial Aid and Campus Health received nutritional support.

The Meal-a-Day initiative was prompted by concerns for students who were indigent and in need of nutrition during the end of year examinations. It was intended to provide all qualifying students nutrition over the examination period. This special campaign was not intended to replace the existing interventions to address student indigence and hunger, but was intended as a short-term campaign to assist certain students over the examination period.

4. M & E 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. In 2019, 57 detailed bursary reports on the performance of recipients of bursaries were sent to funders requiring reports.

(b) Donor/Student Sessions

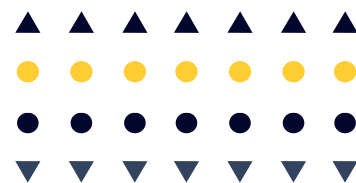
The Trust also organises meet and greet sessions for those funders who wish to meet the recipients of their generosity. In 2019, 22 such donor functions were hosted with student beneficiaries.



HUMAN CAPITAL

In terms of the 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 2019 were calculated on a pro rata basis, for which the Trust reimbursed the University.



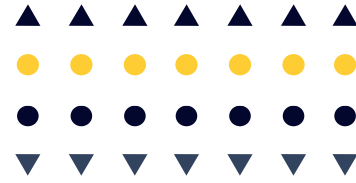
LIST OF DONORS

The success the Trust enjoyed in 2019 was only possible because of supporters and donors to whom appreciation is gratefully extended.

INDIVIDUALS	CHARITABLE ORGANISATIONS	CORPORATES	PUBLIC SECTOR
Botha, R	African Footprints of Hope	ABSA Bank	Auditor General
Dos Santos, D	Albert Wessels Trust	Aberdare Cables	Bankseta
Erickson, B	Annette and Gerd Schwandner	AECI	BK Administrators
Fraser Moleketi, G	Foundation	Alpha Omega	Cathseta
Geswindt, P	Capitec Foundation Trust	Armcor	CETA
Greyling, A	Charles & Jessie Hills Trust	Aspen Pharmacare	CHIETA
Harris, N	Cookhouse Windfarm Trust	Beyers Joubert	ETDP SETA
Jeffery, H	Dischem Foundation	Birchs	EWSETA
Jonas, R	Fuchs Foundation	BLC Attorneys	FASSET
Levendal, RA	HA Kendall Will Trust	Botha & Sutherland	FP & M Seta
Liebenberg, H	Herman Olthaver Trust	Continental Tyre SA	Garden Route District Municipality
Matiso, K	HB Webb Trust	Dell	H & W Seta
Naude, RJ	Hillensberg Trust	Diageo	Inseta
Potgieter, P	Mapula Trust	Ellington Ranch	Merseta
Radder, L	Milde McWilliams Trust	Engen	Mining Qualification Authority
Scheckter, M	Moshal Foundation	Enon Brick	Services Seta
Swartz, D	Nedbank Eyethu Community Trust	Edward Nathan Sonnenbergs Inc	TETA
van der Linde, WHG	PA & Malan Trust	Eskom Holdings	W & R SETA
van Zyl, A	Rupert Onderwysstiging	Exxon Mobil Exploration	
Veldsman, M	VW Community Trust	Ford Motor Company	
Webb, DA	Zenex Foundation	Fredericks Inc	
		Fresenius Kabi SA Pty	
		Investec	
		Isuzu Motors SA	
		Karsans Incorporated	
		KPMG	
		Kuehne & Nagel	

	Kutlwanong Centre MS & T	
	Lapalala Wilderness/ Lepogo Lodge	
	Linklaters	
	Linde N Wiemann	
	Mazars	
	Mc Williams & Elliott	
	Moore Stephens	
	MOSEBONET	
	Norton Rose	
	Old Mutual	
	Open Box Software	
	Ortell Civils & Building	
	Pipe Supply	
	PKF	
	PPS	
	Public Investment Corporation	
	Rushmere & Noach Inc	
	SAICA	
	SAIPA	
	SAP	
	Servest Landscaping	
	Siyaya Khaya Construction	
	Spoor & Fisher	
	Standard Bank	
	Tata Automobile Corporation	
	Tiger Consumer Brands	
	General Electric SA	
	JSE Empowerment Fund	
	ILEX SA	
	Mazi Asset Management	
	My School	
	NG Kerk SA	
	Urhwebo	
	Widney	

ANNUAL FINANCIAL STATEMENTS AND AUDIT REPORT



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 Nelson Mandela 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

POBox 77000
Port Elizabeth
6031

Trustees

The Trustees of the Nelson Mandela University Trust in 2019 were:

Ambassador Nozipho January-Bardill
Mr Siyabulela Mhlaluka
Dr Derrick Swartz
Prof. Sibongile Muthwa
Dr Xolani Mkhwanazi
Mr Eric Ratshikhopha
Ms Maureen Manyama
Ms Zola Baba Tshefu
Mr Donald Maclean
Mr Luvuyo Mosana

Appointed - October 2017
Appointed - October 2017
Appointed - January 2008
Appointed - October 2017
Appointed - July 2001
Appointed - January 2002
Appointed - December 2017
Appointed - July 2018
Appointed - January 2019
Appointed - April 2019

NELSON MANDELA UNIVERSITY TRUST

**TRUSTEES' STATEMENT OF RESPONSIBILITY FOR THE
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2019**

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, in terms of a service level agreement concluded in 2018.

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 2019 set out on pages 6 to 22 were approved by the Trustees on 20 August 2020 and are signed on their behalf.



CHAIRPERSON

28 August 2020

DATE



TRUSTEE

28 August 2020

DATE

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nelson Mandela University Trust

Report on the Audit of the Financial Statements

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 2019, and the statement of comprehensive income, and statement of changes in equity 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 2019, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. 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 2019" 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.

- 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 directors 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.

Nexia SAB&T

Nexia SAB&T

Yousuf Moosa CA (SA)

Director

Registered Auditor

25 August 2020

Port Elizabeth

NELSON MANDELA UNIVERSITY TRUST

STATEMENT OF FINANCIAL POSITION

at 31 December 2019

	Notes	2019 R	2018 R
ASSETS			
Non-current assets			
Investments	2	<u>184 304 237</u>	<u>185 306 971</u>
Current assets			
Bank and cash balances	3	2 803 096	6 122 096
Other financial assets	4	<u>1 397 107</u>	<u>390 763</u>
Total current assets		<u>4 200 203</u>	<u>6 512 859</u>
Total assets		<u>188 504 440</u>	<u>191 819 830</u>
FUNDS AND LIABILITIES			
Capital and reserves		<u>174 370 535</u>	<u>166 611 630</u>
Current liabilities			
Other financial liabilities	5	<u>14 133 905</u>	<u>25 208 199</u>
Total funds and liabilities		<u>188 504 440</u>	<u>191 819 830</u>

NELSON MANDELA UNIVERSITY TRUST
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	2019 R	2018 R
Income		
Donations	99 370 362	91 633 601
Donations in cash	98 906 327	89 824 981
Donations in kind	464 035	1 808 620
Investment income		
	5 494 112	5 407 669
Dividends received	2 762 321	2 842 946
Interest received	2 731 791	2 564 723
Income before distributions and operating expenses	104 864 474	97 041 270
Operating expenses	6 759 783	6 333 049
Audit fees	44 390	19 775
Bank charges	2 130	2 535
Interest expense	1 034 871	2 018 953
Investment management fees	633 022	668 233
Management fees	5 045 370	3 623 553
Net surplus for the year	98 104 691	90 708 221
Other comprehensive income		
Revaluation of investments to market value at year end	11 654 359	(10 244 217)
Total comprehensive income for the year	109 759 051	80 464 004

NELSON MANDELA UNIVERSITY TRUST
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
for the year ended 31 December 2019

	2019 R	2018 R
Trust capital		
Balance at beginning of year	114 951 965	112 275 531
Surplus for the year	98 104 691	90 708 221
Transfer of realised profit on investments from revaluation reserve	17 216 014	12 095 390
Distribution to Nelson Mandela University	<u>(102 000 145)</u>	<u>(100 127 177)</u>
Balance at end of year	<u>128 272 525</u>	<u>114 951 965</u>
Revaluation reserve		
Balance at beginning of year	51 659 664	73 999 272
Transfer of realised profit on investments to trust capital	(17 216 014)	(12 095 390)
Revaluation of investments to market value at year end	<u>11 654 359</u>	<u>(10 244 217)</u>
Balance at end of year	<u>46 098 010</u>	<u>51 659 664</u>
Capital and reserves	<u><u>174 370 535</u></u>	<u><u>166 611 630</u></u>

NELSON MANDELA UNIVERSITY TRUST

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Note	2019 R	2018 R
Cash flows from operating activities			
Cash generated from operations	8	87 048 556	54 970 271
Distribution to Nelson Mandela University in cash		<u>(105 188 378)</u>	<u>(87 700 000)</u>
Net cash generated by operations		<u>(18 139 822)</u>	<u>(32 729 729)</u>
Cash flows from investing activities			
Purchases of investments at cost	2	(25 147 598)	(22 163 334)
Proceeds from sale of investments	2	37 206 099	55 293 315
Dividends received		<u>2 762 321</u>	<u>2 842 946</u>
Net cash from investing activities		<u>14 820 822</u>	<u>35 972 927</u>
Net (decrease)/increase in cash and cash equivalents		(3 319 000)	3 243 198
Cash and cash equivalents at beginning of year		6 122 096	2 878 898
Cash and cash equivalents at end of year	3	<u>2 803 096</u>	<u>6 122 096</u>

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019

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;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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.

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

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 another entity.

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.

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

1.4 Financial instruments – initial recognition and subsequent measurement (continued)

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.

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

1.4 Financial instruments – initial recognition and subsequent measurement (continued)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

1.4 Financial instruments – initial recognition and subsequent measurement (continued)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

1.4 Financial instruments – initial recognition and subsequent measurement (continued)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

2. Investments	2019 R	2018 R
At cost:		
Listed shares	59 034 007	60 503 699
International asset swaps	26 996 688	31 020 627
Gilts and bonds	19 164 955	9 550 370
Fixed deposits	15 215 127	9 530 437
Cash on call	7 795 454	13 042 173
Unit Trust	10 000 000	10 000 000
	<u>138 206 231</u>	<u>133 647 307</u>
At market value:		
Listed shares	78 950 384	82 271 602
International asset swaps	53 728 786	60 660 974
Gilts and bonds	19 293 391	9 650 274
Fixed deposits	15 215 127	9 530 437
Cash on call	7 795 454	13 042 173
Unit Trust	9 321 095	10 151 511
	<u>184 304 237</u>	<u>185 306 971</u>
Movement during the year:		
Opening balance	185 306 971	211 178 109
(Loss)/gain in fair value	(11 654 359)	(10 244 217)
Total purchases of investments	25 147 598	22 163 334
Realised profit on investments	17 216 014	12 095 390
Interest received / Dividends received	5 494 112	5 407 669
Proceeds received from disposal of investments	(37 206 099)	(55 293 315)
	<u>184 304 237</u>	<u>185 306 971</u>

These investments comprise of a managed portfolio owned by the Nelson Mandela University Trust with a fair value of R184 304 237 (2018: R185 306 971).

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

Fair value hierarchy applied to the investments:

- 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 asset or liability that are not based on observable market data (that is, observable inputs) (Level 3).

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

2. Investments (continued)

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

	Level 1	Level 2	Total balance
2019	R	R	R
Assets			
Fair value through other comprehensive income			
Listed shares	78 950 384	-	78 950 384
International asset swaps	-	53 728 786	53 728 786
Gilts and bonds	-	19 293 391	19 293 391
Unit Trusts	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	73 022 177	73 022 177	184 304 237
2018			
Assets			
Fair value through other comprehensive income			
Listed shares	82 271 602	-	82 271 602
International asset swaps	-	60 660 974	60 660 974
Gilts and bonds	-	9 650 274	9 650 274
Unit Trusts	10 151 511	-	10 151 511
Total	92 423 113	70 311 248	162 734 361
Amortised cost			
Fixed deposits	9 530 437	-	9 530 437
Cash on call	13 042 173	-	13 042 173
Total	22 572 610	-	22 572 610
Total assets	114 995 723	70 311 248	185 306 971

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

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.

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.

	2019 R	2018 R
3. Bank and cash balances		
Cash at bank	2 803 096	6 122 096

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

Bank balances	2 803 096	6 122 096
---------------	-----------	-----------

	2019 R	2018 R
4. Other financial assets		
Nelson Mandela University Investment Company (Pty) Ltd	1 397 107	390 763

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	1 397 107	390 763
---------------	-----------	---------

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

	2019 R	2018 R
5. Other financial liabilities		
Nelson Mandela University	<u>14 133 905</u>	<u>25 208 199</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>14 133 905</u>	<u>25 208 199</u>
-------------------	-------------------	-------------------

	2019 R	2018 R
6. Management fees		
Management fees paid for the SRMO	4 745 370	3 323 553
Management fees paid to Finance	<u>300 000</u>	<u>300 000</u>
	<u>5 045 370</u>	<u>3 623 553</u>

7. Commitments

At the Ordinary Meetings of the Trust on 12 March 2020, the Trustees agreed to make distributions to the Nelson Mandela University of R3.41 million in respect of the African Centre for Coastal Palaeoscience entity for the 2019 financial year.

At the Ordinary Meeting of the Trust on 12 March 2020, the Trustees agreed to set aside R2.3 million for the Nelson Mandela University Investment Company (Pty) Ltd for the 2019 year.

	2019 R	2018 R
8. Cash generated from operations		
Net surplus for the year before distributions	98 104 691	90 708 221
Adjustments for non-cash items:		
- donations in kind	(464 035)	(1 808 620)
- interest expense	1 034 871	2 018 953
- dividends received	(2 762 321)	(2 842 946)
Changes in working capital		
- Nelson Mandela University current account	<u>(8 864 650)</u>	<u>(33 105 337)</u>
	<u>87 048 556</u>	<u>54 970 271</u>

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

9. Financial instruments by category

	Category	2019 R	2018 R
Assets			
Investments	Fair value through OCI	161 293 656	162 734 361
Investments	Amortised cost	23 010 581	22 572 610
Bank and cash balances	Fair value through P&L	2 803 096	6 122 096
Other financial assets	Amortised cost	1 397 107	390 763
		<u>188 504 441</u>	<u>191 819 830</u>
Liabilities			
Other financial liabilities	Amortised cost	<u>14 133 905</u>	<u>25 208 199</u>

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 R2.686 million (2018: R3.033 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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

10. Financial risk management (continued)

At 31 December 2019, 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 R7.895 million (2018: R8.227 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 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 R130 770 (2018: R286 947) 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. 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 the 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.

The Nelson Mandela University Investment Company (Pty) Ltd is also a wholly owned company of the Trust. Refer to note 4 for the disclosure of balance and the terms and conditions.

Disclosure of related party transactions

	2019	2018
	R	R
Interest paid to Nelson Mandela University	1 034 871	2 018 953
Management fees paid to Nelson Mandela University	5 045 370	3 623 553
Distributions made to Nelson Mandela University	102 000 145	100 127 177

NELSON MANDELA UNIVERSITY TRUST

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2019 (continued)

12. Consolidation

The Nelson Mandela University Investment Company (Pty) Ltd is a wholly owned subsidiary of the Trust. The Nelson Mandela University, which is the sole beneficiary of the Trust, prepares consolidated financial statements, therefore the Trust opted to exercise the IFRS 10:4(a) exemption and not prepare consolidated financial statements.

13. Events after the reporting period

Since the implementation of the Covid-19 lockdown in South Africa, the operational work of the Trust has been taking place remotely. Staff have been reasonably successful in keeping contact with funders and in continuing to mobilise resources. As at the end of April, R26 385 283 had been mobilised in donations. Trustee meetings are being held as online as planned, so there has not been any disruption of governance.

It is too soon to tell what impact the pandemic and associated socio-economic challenges will have on donations and resource mobilisation, but one can anticipate that the fundraising environment is going to be a lot tougher due both to the economic downturn and competing priorities.

The most significant impact on the Trust has been on the investments. According to a report the Trustees received from the asset manager, as at 30 March 2020, the value of the investments in the Trust decreased from R185 million to R164 million. The latest report received by the Trustees as at 31 May 2020, indicates that the value of the investments in the Trust has recovered to R180 million. The Trustees are continuing to monitor the situation and will look at appropriate mitigation interventions, should the need arise.

NELSON MANDELA UNIVERSITY TRUST

SCHEDULE 1 - DISTRIBUTIONS TO NELSON MANDELA UNIVERSITY

	2019 R	2018 R
Allocations to Nelson Mandela University Council from Nelson Mandela University Trust Funds		
Disbursements to Nelson Mandela University Council	3 550 362	11 360 763
Bursaries	-	10 000 000
Loan to Investment Company	-	390 763
Contribution to Palaeoscience	3 550 362	970 000
Donations from external sources distributed to Nelson Mandela University	98 449 783	88 766 414
Donations in cash	97 985 748	86 957 794
Donations in kind	464 035	1 808 620
	<u>102 000 145</u>	<u>100 127 177</u>

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

NELSON MANDELA UNIVERSITY TRUST

SCHEDULE 2 - STATEMENT OF FUNDS FOR THE YEAR ENDED 31 December 2019

	General	Student Trust	Trust Capital Campaign	Legacy	Chancellors Fund	Unencum- bered Donations	Profit on share market	Total
	R	R	R	R	R	R	R	R
Balance at beginning of year	99 806 550	2 958 369	6 969 309	103 211	300 000	4 814 527	-	114 951 965
Surplus/(deficit) for the year	(443 607)	1 932 432	-	550	-	(568 899)	12 400 083	13 320 559
Balance at end of year	99 362 943	4 890 801	6 969 309	103 761	300 000	4 245 628	12 400 083	128 272 525

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

Change the World

W srma.mandela.ac.za

T 041 504 2228

PO Box 77000
Nelson Mandela University
Gqeberha, 6031, South Africa

info@mandela.ac.za



mandela.ac.za