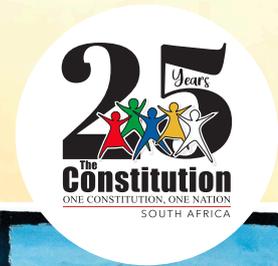


President's Fund **ANNUAL REPORT 2021/22**



Our vision is an accessible justice system in a vibrant
and evolving constitutional democracy



the doj & cd

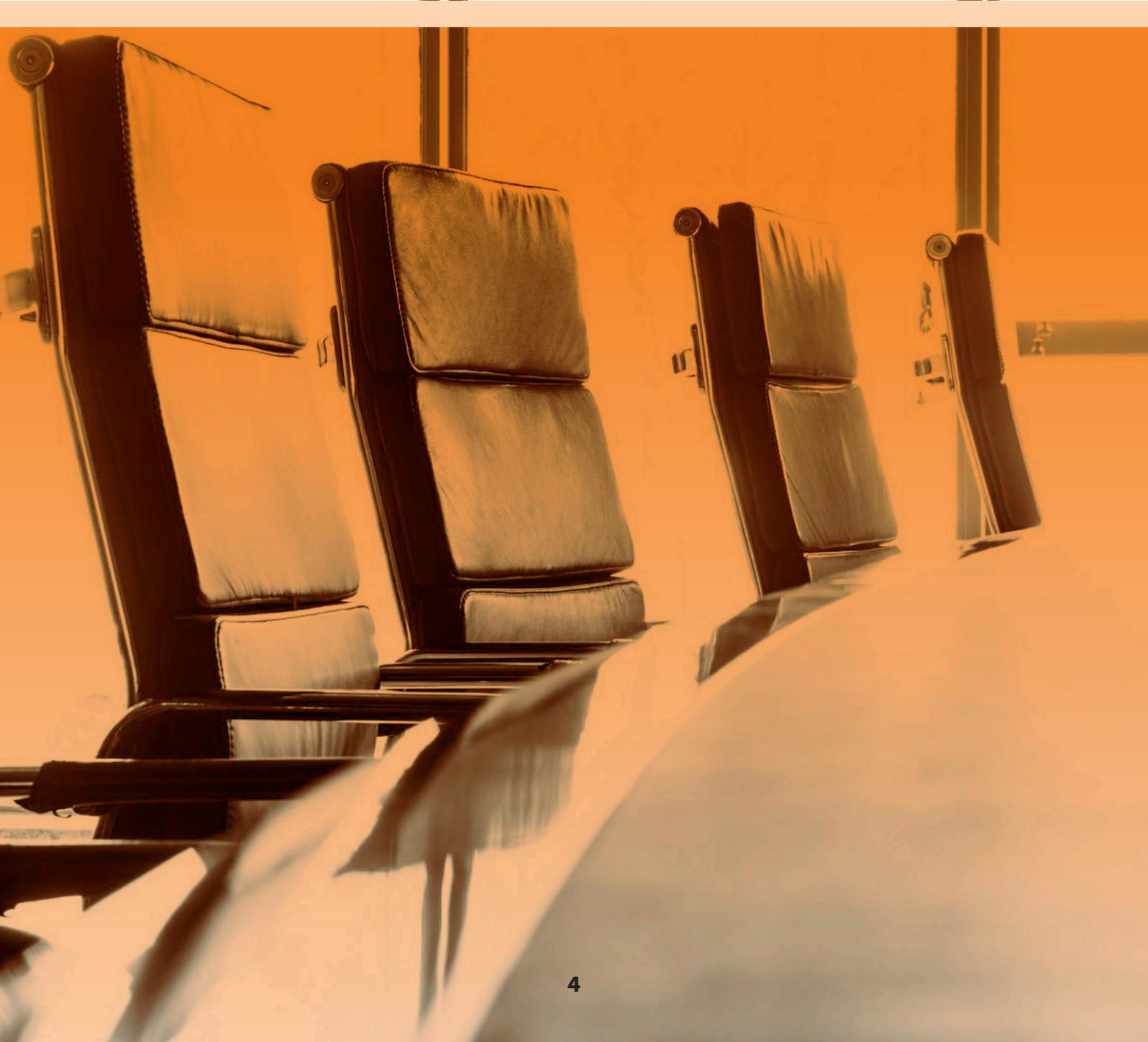
Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA



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REPORT OF THE **ACCOUNTING OFFICER** ON THE ANNUAL FINANCIAL STATEMENTS OF THE PRESIDENT'S FUND FOR THE YEAR ENDED 31 MARCH 2022



REPORT OF THE **ACCOUNTING OFFICER** ON THE ANNUAL FINANCIAL STATEMENTS OF THE PRESIDENT'S FUND FOR THE YEAR ENDED 31 MARCH 2022



1. GENERAL REVIEW

The President's Fund was established in terms of section 42 of the Promotion of National Unity and Reconciliation Act, (Act No 34 of 1995).

Parliament approved the following measures to victims subsequent to the consideration and recommendation of the ad hoc Joint Committee of both Houses of Parliament on the tabling of the final two volumes of the Truth and Reconciliation Commission (TRC) Reports and on the recommendation of the State President:

- A once-off individual grant of R30 000 to those individuals or survivors designated by the TRC.
- Systematic programmes to project academic and formal records of history, cultural and art forms, as well as erecting symbols and monuments that exalt the freedom struggle, including new geographic and place names.
- Medical and other forms of social assistance programmes to provide for medical benefits, education assistance and the provision of housing, as well as other social benefits to address the needs of victims identified by the TRC.
- Whole community rehabilitation, other than individuals linked to the process, which suffered and are still in distress. The need therefore exists for such communities to be rehabilitated through various programmes initiated and supported by government.

Subsection 42(2) of the aforementioned Act states that "there shall be paid from the fund all amounts payable to victims by way of reparation in terms of regulations made by the President". Therefore, interventions are superseded by the promulgation of regulations that enable the Department of Justice and Constitutional Development to ensure the implementation in accordance with such regulations.

Once-off individual grant of R30 000

To give effect to the payment of the once-off individual grant of R30 000, regulations were promulgated and gazetted on 12 November 2003.

With regard to the victims who applied for reparation, this aspect of the reparation measure has been completed. There are thirteen beneficiaries who could not be traced of which seven are declared to be residing abroad. Funds for the outstanding beneficiaries have been reserved in the Fund, should the beneficiaries come forward to claim their reparation grants.

Symbols and monuments

This aspect of the reparation measures is being implemented under the auspices of various municipalities and the Department of Arts and Culture at National and Provincial levels respectively, and is continuing throughout the Republic.

Medical benefits and other forms of social assistance

Regulations on Exhumation, Reburial or Symbolic Burial of Deceased Victims, whose remains were exhumed and reburied, were promulgated and gazetted on 07 May 2010. Assistance to the value of R 3 628 335.13 was granted up to 31 March 2022 to families who applied for contributions towards re-burial expenses in terms of the regulations. The regulations have since been amended to provide for, among others, extended forms of assistance which include the following: Travel and subsistence allowance for family members of a missing person or a deceased TRC victim to attend a cleansing ceremony and a hand-over ceremony (where the remains of such a person is handed over to the family); the payment of an amount of R1 500,00 to purchase an animal to be slaughtered for the purposes of a cleansing ceremony; the provision of a coffin under certain circumstances and funeral items and accessories of R12 000,00 as well as travel and subsistence cost to assist the family members, where needed, to attend the said ceremonies. These amounts increase on an annual basis.

Regulations relating to the assistance to victims in respect of Basic education and Higher education and Training commenced on 07 November 2014 to address educational support to TRC identified beneficiaries through implementation by the relevant education departments. A total amount of R 92 473 674.69 was contributed towards the Department of Basic Education and R 94 174 450.05 towards the Department of Higher Education and Training in relation to claims submitted and advances paid.

In the Accounting Officer's Report for the Financial Year 2013/2014, it was stated that the Department of Health is considering amendments to the National Health Act, 2003 to provide for free health services to the victims, their relatives and dependants. Due to the advert of the White Paper on National Health Insurance, the proposed initiatives will automatically cover the identified TRC beneficiaries. Once the Department of Health promulgates the amendments to the National Health Act, the draft regulations can be proceeded with. In the meantime, a dedicated staff member in the Department of Health assists these beneficiaries in relation to specialised needs.

In the previous Accounting Officer's Report, it was indicated that a list of TRC identified victims in need of housing assistance, including repairs or renovations to existing infrastructure, has been compiled. Following the finalisation of the data clearing process, the Department commenced with a housing needs analysis process for all TRC recommended beneficiaries whose addresses have been established. The analysis was achieved through conducting a countrywide door-to-door survey by means of a questionnaire developed by the TRC Unit in consultation with the Department of Human Settlement (DoHS). Based on the results of the survey, draft regulations on housing assistance have been developed to be published for public comments.

Rehabilitation of Communities

A new Community Rehabilitation Project Team (CRPT) was established in May 2017 to coordinate and fast track the implementation of revised community rehabilitation measures in identified communities.

The Department has over time prepared two sets of Regulations that have already been published in the Gazette for public comments, that is, on 29 November 2013 and 13 July 2018. These regulations were resubmitted to the minister for consideration and consultation with the Minister of finance.

Re-engagements with some of the affected communities and relevant Civil Society Organisations (CSOs) under the umbrella of the South African Coalition for Transitional Justice (SACTJ).

Multi-stakeholder project teams (MPTs) were established in Alexandra (Gauteng), Kwanobuhle (Eastern Cape), Maboloka (North West), Mdantsane (Eastern Cape) and Mpophomeni (Kwazulu-Natal) to prepare for the conceptualisation of desired community projects in line with the new community rehabilitation approach. These conceptualised projects have been submitted to the minister for sign off with a view to enable the next phase of preparations to commence.

2. CORPORATE GOVERNANCE ARRANGEMENTS

The administration cost for the Fund and associated resources is paid by the Department of Justice and Constitutional Development as a related party. The Fund utilises the Department's risk management and fraud prevention approach, relevant policies, and related support services in the achievement of its objectives. It also utilises the governance structures, systems and management processes of the related party including internal audit, the risk committee and the audit committee. The performance indicators for the TRC, are included in the overall performance of the Department.

3. OTHER

The Department shall continue to ensure that the funds available in the President's Fund, as well as any further contributions, are utilised solely for the purpose for which the Fund was established in terms of the founding legislation and by direction of regulations assented to by the State President.

4. APPRECIATION

My appreciation and thanks are accorded to the related departments, agencies and stakeholders who are assisting in attaining the reparation goals of the President's Fund.



Adv D Mashabane

Accounting Officer: President's Fund

Date: 29/07/2022

REPORT OF THE **AUDIT COMMITTEE** ON PRESIDENT'S FUND



REPORT OF THE **AUDIT COMMITTEE** ON PRESIDENT'S FUND

5. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our final report for the financial year ended 31 March 2022.

1.1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of the members listed below and is required to meet at least four times per annum as per its approved terms of reference. During the year six (06) meetings and two (02) special meetings were held and attendance tabled as follows:

Name of members	Number of meetings attended	Number of special meetings attended	Status
Ms Besky Maluleka-Ngunjiri (Chairperson)	6	2	Appointed 24/02/2020
Mr Cedric Boltman	5	2	Retired 30/09/2021
Ms Linda Meyer	5	2	Retired 30/09/2021
Mr Bheki Mkhabela	5	2	Retired 30/09/2021
Mr Eric Nwendo	6	2	Appointed 24/02 /2020
Mr Moholola Johannes Makgokolla	6	2	Appointed 24/02 /2020
Ms Gabisile Simelane	1	0	Appointed 01/10 /2021
Mr Ashley Latchu	1	0	Appointed 01/10 /2021
Dr Lebogang Mphahlele-Ntsasa	1	0	Appointed 01/10 /2021
Mr Thabo Sakasa	1	0	Appointed 01/10 /2021

1.2 AUDIT COMMITTEE RESPONSIBILITY

1.2.1 We report that we have complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of and has discharged all responsibilities as contained in the Audit Committee Charter.

1.3 THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied that key controls remained in place throughout the financial year and that there have been no material findings reported.

The Audit Committee is also pleased to report that the President's Fund has sustained the achievement of positive audit outcomes.

As reported previously, the Audit Committee is concerned that there has been slow progress in the achievement of the Fund's objectives.

1.4 INTERNAL AUDIT

We are satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the entity in its audit. The Internal Audit completed their 2021/2 audit plan as approved by the Audit Committee.

1.5 REPORTS

1.5.1 The quality of in-year management and monthly/quarterly submitted in terms of the PMFA

The Audit Committee has reviewed the monthly and quarterly reports and where concerns were raised management acted on them and the Audit Committee monitored progress throughout the year under review.

1.5.2 Evaluation of financial statements

We have reviewed and discussed the audited annual financial statements with management and also reviewed the Fund's compliance with legal and regulatory provisions. We have also reviewed the Auditor-General South Africa's report, management letter and management's responses to it and the Audit Committee is satisfied with the contents thereof.

1.6 AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee accepts and concurs with the unqualified audit opinion of the AGSA on the Annual Financial Statements of President's Fund for the year ended 31 March 2022.

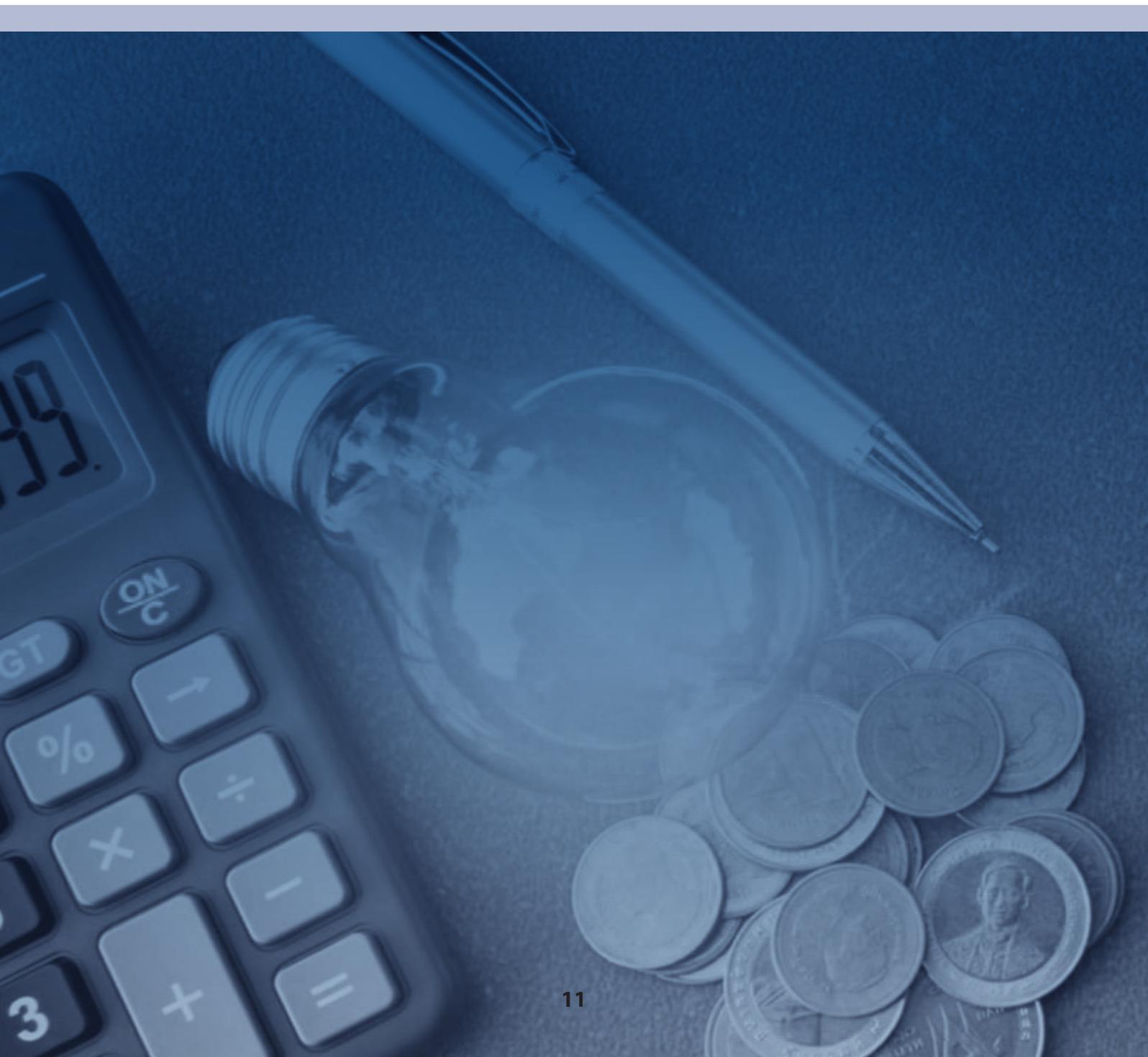


B Maluleka-Ngunjiri

Chairperson of the Audit Committee

Date: 31/07/2022

REPORT OF THE **AUDITOR-GENERAL** TO PARLIAMENT ON PRESIDENT'S FUND



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PRESIDENT'S FUND

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the President's Fund set out on pages 17 to 35, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the President's Fund as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the general notice issued in terms of the Public Audit Act 25 of 2004 (PAA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the fund in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the general notice issued in terms of the PAA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting officer is responsible for assessing the fund'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 appropriate governance structure either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

8. My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Performance information reporting

10. The fund is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act 1 of 1999 (PFMA) and such reporting is not required in terms of the entity's specific legislation.

Report on the audit of compliance with legislation

11. The fund does not fall within the ambit of the PFMA and therefore, no legislation requirements were subject to audit, as set out in the general notice issued in terms of the PAA.

Other information

12. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report.
13. The other information does not include the financial statements and the auditor's report.
14. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
15. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
16. The other information I obtained prior to the date of this auditor's report is the accounting officer's report, and the audit committee report is expected to be made available to us after 31 July 2022.
17. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

18. When I do receive and read the audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

19. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Other reports

20. I draw attention to the following engagement conducted by Public Protector South Africa (PPSA) which had, or could have, an impact on the matters reported in the funds' financial statements and other related matters. This report did not form part of my opinion on the financial statements.
21. An investigation into an allegation of failure to pay the reparation of a beneficiary of a victim that suffered gross human rights violation, is conducted by the PPSA. The incident was lodged in the 2019-20 period and as at 31 March 2022, the investigation was still in progress.

Auditor - General

Pretoria

31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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 fund's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the President's Fund to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a fund to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022	2021
		R'000	R'000
ASSETS			
Current assets		1 879 656	1 818 723
Cash and cash equivalents	3	98 982	67 922
Other current financial assets	4	1 713 416	1 727 593
Prepayments	5	67 258	23 208
TOTAL ASSETS		1 879 656	1 818 723
LIABILITIES			
Current liabilities		7 060	7 146
Trade and other payables from exchange transactions	6	743	750
Current provisions	7	6 317	6 396
TOTAL LIABILITIES		7 060	7 146
Net assets		1 872 596	1 811 577
Accumulated surplus	8	1 872 596	1 811 577
TOTAL NET ASSETS AND LIABILITIES		1 879 656	1 818 723

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		R'000	R'000
REVENUE			
Revenue from exchange transactions		78 939	91 027
Interest earned - external investments	9	78 939	90 477
Unrealised profit/loss	10	0	550
TOTAL REVENUE		78 939	91 027
EXPENSES			
General expenses	11	(1,043)	(1,035)
TRC reparations	11	(35,333)	(22,039)
TOTAL EXPENSES		(36,376)	(23,074)
OTHER GAINS / (LOSSES)		19 008	(19,008)
Gain/(loss) on fair value adjustment		19 008	(19,008)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD		61 571	48 945

STATEMENT OF **CHANGES IN NET ASSETS** AS AT 31 MARCH 2022

	Notes	2022	2021
		R'000	R'000
Accumulated surplus			
Opening balance		1 811 577	1 762 894
Surplus for the year	11	61 571	48 945
Other movement	8 & 10	(552)	(262)
Total net assets		1 872 596	1 811 577

CASH FLOW STATEMENT

AS AT 31 MARCH 2022

	Notes	2022	2021
		R'000	R'000
Cash flows from operating activities			
Receipts		78 939	90 477
Interest received	9	78 939	90 477
Payments		(80,515)	(36,461)
Other payments	12	(80,515)	(36,461)
Net cash flows from operating activities		(1,576)	54 016
Cash flows from investing activities		32 635	(59,684)
Proceeds from sale of investments		32 635	(59,684)
Net cash flows from investing activities		32 635	(59,684)
Net increase/ (decrease) in cash and cash equivalents		31 059	(5,668)
Cash and cash equivalents at beginning of period		67 922	73 589
Other movement: Cost account		1	1
Cash and cash equivalents at end of period	3	98 982	67 922

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

1. Presentation

The President's Fund was established in terms of Section 42 of the Promotion of National Unity and Reconciliation Act, (Act No. 34 of 1995) and domiciled in the Republic of South Africa.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the President's Fund.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that President's Fund will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include the following:

1.4 Contingent liabilities

The basis for calculation of the contingent liability in respect of interim and final reparation is R30 000 being fixed amount for final reparation and an average amount of R2 932 being provision for interim reparation as the interim reparation varies from R2 000 to R5 705 due to number of people in need within the family.

The basis for calculation of the contingent liability in respect of exhumations, reburials or symbolic burials are made in respect of 44 political executed prisoners in cases where the remains were already exhumed, handed over and reburied. The amount payable are determined by the date of the handover/reburial. These families may qualify once they submitted the necessary application forms.

1.5 Compliance

The financial statements of the President's Fund have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice as required by the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA).

2 Summary of significant accounting policies

2.1 Financial instruments

Financial instruments at fair value

Fair value financial assets are measured with consideration that, unrealised gains and losses are recognised directly in surplus or deficit. Interest earned whilst holding fair value financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding fair value financial investments are recognised in the statement of comprehensive income as “other operating income” when the right of the payment has been established.

Gains and losses

A gain or loss arising from a change in the fair value of financial asset measured at fair value shall be recognised in surplus or deficit.

(i) Initial recognition

President`s Fund shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

President’s Fund recognises financial assets using trade date accounting.

(ii) Initial measurement of financial instruments

All financial instruments are measured initially at their fair value.

(iii) Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

(iv) Derecognition

The financial instrument is derecognised when the contractual agreement in respect of the financial assets is terminated.

2.2 Cash and cash equivalents

Cash and cash equivalent demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value are disclosed under another category of financial instrument, depending on their nature as well as amounts included in commercial bank accounts.

Cash and cash equivalents and bank borrowings are recorded at face value at which it remains.

The derecognition of the cash and cash equivalent is when cash has been finally used.

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments.

2.3 Trade and other receivables

The trade and other receivables are recognised when advance payments in respect of educational assistance are made to the Departments of Basic Education and Higher Education and Training.

The trade and other receivables are derecognised when the supporting documents in respect of the amount spent from the advance payments are received.

2.4 Trade and other payables

Trade and other payables are recognised when creditors are identified and measured by the amount owing.

The derecognition of other payables are when monies are paid to the creditors.

2.5 Revenue recognition

The President's Fund recognises revenue when the amount of revenue can be reliably measured. The revenue recognised during the period was derived from interest received and is classified as revenue from exchange transactions as prescribed in GRAP 9. It is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the President's Fund activities as described below.

(i) Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding, and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.6 Expenditure

(i) Reparations

Reparations are initially recognised when a beneficiary's application is approved by the committee on reparation and rehabilitation within the Truth and Reconciliation Commission.

Reparations are processed in terms of the regulations.

(ii) Administration expenditure

Disbursements in respect of administrative expenses: bank charges and management fees are recognised when received and measured at cost.

(iii) Exhumation and reburials

Financial assistance provided to a relative of a missing person, reported to the Truth and Reconciliation Commission (TRC) as a deceased victim, whose remains have been exhumed and handed to the family for reburial or symbolic burial of persons whose physical remains cannot be found. The exhumation and reburials are recognised on application and measured at cost.

(iv) Educational assistance

Educational assistance makes provision for Higher and Basic education.

2.7 Cash flow statement

The cash flow statement is prepared according to the direct method.

2.8 Related parties

Related parties are recognised when they are being controlled by another entity and other entities are subject to common control. This includes key management personnel who exercise significant influence in making decisions on financial investment.

Related party transactions are measured at actual cost and derecognised when the President's Fund is dissolved.

2.9 Provisions

Represents amounts owing to victims who have applied for reparation but could not be located at their given addresses. The timing of these payments is uncertain.

The recognition of the provision is made when interim and final reparation is paid to beneficiaries. The measurement is in terms of regulations governing the payment of interim and final reparation and the amounts remain at an initial recognition.

2.10 Contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; benefits or service potential will be required to settle the obligation. The President's Fund has identified two types of contingent liabilities. 1) People who were declared victims by the TRC and have not applied for reparation. 2) In respect of exhumations, reburials or symbolic burials are made in respect of 44 political executed prisoners in cases where the remains were already exhumed, handed over and reburied. These families qualify once they have submitted the necessary application forms. It is uncertain whether these people will apply for reparation or reburial assistance. Contingent liabilities are included in the disclosure notes.

The basis for calculation of the first contingent liability is R30 000, being a fixed amount for final reparation and an average amount of R2 932 being provision for interim reparation as the interim reparation varies from R2 000 to R5 705 according to the number of people in need within the family. The subsequent measurement of the contingent liabilities reduces on application for interim and final reparation.

The basis for calculation of the second contingent liability in respect of exhumations, reburials or symbolic burials are determined by the date of the handover/reburial and prescribed by the regulations. It will be derecognised when the President's Fund is dissolved and money transferred to the disaster relief fund as per the Promotion of National Unity and Reconciliation Act (Act No.34 of 1995).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

	2022	2021
	R'000	R'000
3 Cash and cash equivalents		
Cash on hand and balances with bank	3 535	8 011
Short-term investments - Trading cash	95 447	59 911
	98 982	67 922
4 Other current financial assets/Financial investments at fair value		
4.1 Public Investment Corporation		
Opening balance	1 727 593	1 686 628
Movement on trading cash	59 911	65 147
Gain/(loss) on fair value adjustment	19 008	0
Movement on unrealised profit	(550)	(261)
	1 805 962	1 751 514
Financial investment as per PIC statement	1 805 962	1 751 514
Investment revenue received during financial year	78 939	90 477
Gain/(loss) on fair value adjustment	0	(19,008)
Unrealised profit/loss	0	550
Drawings during the year	(75,000)	(35,000)
Management expenses	(1,038)	(1,029)
Trading cash(classified as cash and cash equivalent)	(95,447)	(59,911)
Closing balance	1 713 416	1 727 593
Fair value at acquisition date	1 713 416	1 727 593
PIC Investments		
Money market 0 - 3 months	536 832	505 473
Money market 3 - 6 months	635 599	727 479
Money market 6 - 9 months	152 855	175 562
Money market 9 - 12 months	296 594	226 487
Loan instrument	91 536	111 600
Gain/(loss) on fair value adjustment	0	(19,008)
	1 713 416	1 727 593
4.2 Total other current financial assets/financial investments at fair value	1 713 416	1 727 593

	2022	2021
	R'000	R'000
5 Prepayments		
The advance payment amount paid to the Department of Basic Education and Higher Education and Training made in terms of the regulations.		
(i) DHET advance payment		
Carrying amount at the beginning of the year	21 910	12 500
Advance payment during the year	39 500	18 750
Higher education expenditure	(12,739)	(9,340)
Carrying amount at the end of the year	48 671	21 910
(ii) DBE advance payment		
Carrying amount at the beginning of the year	1 298	0
Advance payment during the year	38 750	3 750
Basic education expenditure	(21,461)	(2,452)
Carrying amount at the end of the year	18 587	1 298
6 Trade and other payables from exchange transactions		
Accruals	741	748
Unidentified funds	2	2
	743	750
7 Provisions		
Carrying amount at the beginning of the year	6 396	6 396
Payments on creditors list, exhumation and reburials	(79)	0
Carrying amount at the end of the year	6 317	6 396
The provisions are made in terms of Section 47 of the Promotion of National Unity and Reconciliation Act (Act No 34 of 1995)		
8 Accumulated surplus		
Opening balance at the beginning of the year	1 811 577	1 762 894
Other movement	(552)	(262)
Surplus for the year	61 571	48 945
Balance at the end of the year	1 872 596	1 811 577
9 Revenue from exchange transactions		
Interest earned - external investments (PIC)	78 939	90 477
	78 939	90 477

	2022	2021
	R'000	R'000

10 Unrealised profit/loss

Unrealised profit/(losses) is the difference between “all-in market values” and the “clean book value” plus “market value interest”.

All market value	(1621,880)	(1635,001)
Clean book value	1 591 196	1 605 217
Difference	(30,684)	(29,784)
Plus: market value interest	30 684	29 234
Unrealised profit/losses	0	(550)

11 Surplus for the year

Operating profit has been determined after taking into account the following revenue and expenditure items:

Revenue from exchange transactions

78 939

91 027

Interest earned - external investments (PIC) - See note 9

78 939

90 477

Unrealised profit/loss - See note 10

0

550

Other gains /(losses)

19 008

(19,008)

Gain/(loss) on fair value adjustment

19 008

(19,008)

Expenses

36 376

23 074

Bank charges

5

6

Basic educational assistance

21 461

12 506

Cleansing Ceremony

4

0

Coffin, funeral items and accessories

14

0

Exhumation and reburials

931

58

Final reparation - (new applications)

180

120

Higher educational assistance

12 739

9 340

Interim reparation - (new applications)

4

15

Management fees-PIC

1 038

1 029

Surplus for the year

61 571

48 945

	2022	2021
	R'000	R'000
12 Cash generated from/(utilised in) operations		
Cash receipts on behalf of beneficiaries	0	0
Cash paid to beneficiaries and creditors	80 515	36 461
Bank charges	8	8
Basic educational assistance	555	12 731
Cleansing ceremony	4	0
Coffin, funeral items and accessories	14	0
DBE advance payments	38 750	3 750
DHET advance payments	39 500	18 750
Exhumation and reburials	383	58
Final reparation - (new applications)	180	120
Interim reparation - (new applications)	4	15
Management fees-PIC	1 038	1 029
Provision payments: creditors list, exhumation and reburials	79	0
Cash paid to beneficiaries and creditors	80 515	36 461

13 Related party transactions

13.1 Name of related party:

The President's Fund is administered by the Department of Justice and Constitutional Development; as such the administration costs including the salaries of officials administering the Fund are incurred by the Department. These officials are employed by the Department and do not work exclusively for the Fund.

RELATIONSHIPS	NATURE OF RELATIONSHIP
Controlling entities under the same control	In light of the Department of Justice and Constitutional Development being the administrator, the Fund is considered related to other entities under common control; The Guardian Fund /Justice Administrated Fund (JAF), Special Investigation Unit, Legal Aid South Africa. There are no transactions or balances with these entities in the year under review.
Members of the key management	Key management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Fund as listed below. Their salaries are paid by the Department.
Administration support	These officials are not exclusively performing duties related to this fund alone. They are employees of the Department and also perform other duties related to the Department.

13.2 Name of Related Party:

The Department of Justice and Constitutional Development

Relationship:

Department under common Ministry - . All administration costs of the President's Fund are paid for by the Department of Justice and Constitutional Development. The Department of Justice and Constitutional Development is the principal related party and has under its control the President's Fund and Criminal Asset Recovery Account (CARA), Third Party Fund, Guardian's Fund, National Prosecuting Authority (NPA) , Special Investigating Unit, Legal Aid Board , Correctional Services, The Human Rights Commission, The Public Protector and Office of the Chief Justice and Judicial Administration as entities.

Key management Information		
Class	Description	Number

Director-General	Level 16	1
Chief Financial Officer	Level 15	1

Total administration costs :	2022	2021
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	3 629	3 442
Office of the DG	2 231	1 955
Office of the CFO	1 398	1 487

Key personnel costs disclosed as:	3 629	3 442
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Director General	2 231	-
Acting Director General 1	-	750
Acting Director General 2	-	1 204
Chief Financial Officer	-	273
Acting CFO 1		202
Acting CFO 2	907	1 013
Acting CFO 2	491	-

	Total	Basic salary	Allowances	Employer contributions	Bonuses
Office of the DG					
2022	2 231	1 406	547	278	-
Director-General	2 231	1 406	547	278	-
2021	1 954	1 055	665	153	81
Acting Director-General 1	750	478	204	68	
Acting Director-General 2	1 204	577	461	85	81
Office of the CFO					
2022	1 398	828	396	108	66
Acting CFO 1	907	531	241	69	66
Acting CFO 2	491	297	155	39	
2021	1 488	875	347	114	152
Chief financial Officer	273	191	57	25	-
Acting CFO 1	202	86	19	11	86
Acting CFO 2	1 013	598	271	78	66

13.3 Name of related party:

- (i) Department of Basic Education

Relationship

Related party relationships exist with all the national government departments, national trading entities, state-owned entities, national government business enterprises, and national public entities, within the national sphere of government due to Parliament oversight of these entities. The Department of Basic Education is an administrator in terms of regulations relating to assistance to victims in respect of basic education.

- (ii) Department of Higher Education and Training

Relationship

Related party relationships exist with all the national government departments, national trading entities, state-owned entities, national government business enterprises, and national public entities, within the national sphere of government due to Parliament oversight of these entities. The Department of Higher Education and Training is an administrator in terms of regulations relating to assistance to victims in respect of higher education and training.

(iii) Public Investment Corporation (PIC)

Relationship

PIC is the assets manager to the President's Fund.

Related party transactions are consistent with normal supplier and client relationships on terms and conditions no more or less favourable than those expected when dealing with an individual entity or person in the same circumstances. Transactions with these entities occur within the terms and conditions within the normal operating parameters. Details of transactions with PIC are stated in notes 4 and 11.

Related party balances:**Amounts included in the annual financial statements of the President's Fund**

	2022	2021
	R'000	R'000
Transactions	34 200	21 846
Basic educational assistance (DBE)	21 461	12 506
Higher educational assistance (DHET)	12 739	9 340
Balances	67 258	21 910
DBE advance payment	18 587	1 298
DHET advance payment	48 671	21 910

13.4 All administration costs for the President's Fund and the implementation of the Truth and Reconciliation Commission recommendations are paid for by the Department of Justice and Constitutional Development. The information is provided to give the reader of the report more information with regard to the cost incurred by the Department of Justice and Constitutional Development as part of its legal obligation towards the President's Fund. The costs disclosed are only direct costs.

	2022	2021
	R'000	R'000
Compensation of employees	8 783	8 329
Goods and services	1 477	1 146
	10 260	9 475

14 Restatement of prior period errors

The related party transactions for the prior financial year ended 31 March 2021 were restated to correct the error. An error was made by excluding the Director-General and chief financial officer of the Department of Justice and Constitutional Development as a related party who controls and exercises significant influence over the Fund and including the Director TRC and the Acting Director President's Fund. As the posts of Director-General and the Chief Financial Officer were vacant or the incumbent not able to fulfil the responsibilities (Chief Financial Officer), acting appointments with or without remuneration were appointed from time to time to fulfil the responsibilities attached to these positions in both financial years.

	As disclosed in 2020/2021	Restated balance
Office of the DG	0	1 955
Office of the CFO	0	1 487

15 Contingent liabilities

Contingent liabilities are made up of two categories of reparation that have been approved by the Truth and Reconciliation Commission. The categories are:

Reparation in the form of a once-off individual reparation and;

Reparation for exhumations and reburials.

Individual reparation due to the victims can only be recognised as due and payable when such victims submit an application for reparation, thus the approved list is recognised as a contingent liability before receipt of such applications because there is uncertainty as to how many victims will actually come forward and claim the monies due to them.

The contingent liability for the individual reparation category as at 31 March 2022 was R140 094 576 with a total number of 4254 beneficiaries, whereas at 31 March 2021 it was R 140 278 576 with a total number 4260 beneficiaries. During the 2022 financial year, 6 beneficiaries were paid reparation to the value of R184 000.00.

The contingent liability in respect of exhumations, reburials or symbolic burials is based on 44 political prisoners that were executed and whose remains have been exhumed and reburied by the various families. The reparation monies due for this category are recognised as a contingent liability until the families come forward to claim for the reburial costs incurred, because it is uncertain as to how many families will come forward to claim.

The contingent liability as at 31 March 2022 for this category was R 271 992.20. This balance is made up of an amount of R 202 597.50 for exhumation and reburials and R69 394.70 for cleansing ceremonies (animal). As at 31 March 2021, the balance was R636 000,95 made up of R564 952,50 for exhumation and reburials and R71 048.45 for cleansing ceremonies (animal).

During the 2022 financial year, 20 beneficiaries were paid to the value of R364 008.75, which includes R362 355.00 for exhumation and reburials and R1 653.75 for cleansing ceremonies (animal).

16 Reclassification of expenditure

An amount of R 19 008 000.00 was reclassified from impairment losses (expenditure note 11) to gain/(loss) on fair value adjustment under other gains/losses also in note 11, as well as the renaming of impairment losses to gain/(loss) on fair value adjustment.

17 Risk assessment

17.1 Introduction

As a client of the PIC, the President's Fund specifies its desirable risk parameters in accordance with its own risk appetite. This risk appetite informs the formal investment mandate given to the PIC. The ultimate responsibility for investment risk management oversight lies with the PIC and not with the President's Fund.

17.2 Market risk

Market risk is the potential loss due to adverse movement in the market value of assets. The entity's activities expose it primarily to the risks of fluctuations in interest rates risk. Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

17.3 Interest rate risk management

The President's Fund interest rate profile consists of money market accounts and bank balances which expose the entity to fair value interest rate risk and cash flow interest rate risk, and can be summarised as follows:

17.4 Financial assets

Bank balances linked to South African prime rate.

Money market linked to South African prime rate.

The management of the money market interest rate risk is done by the PIC.

17.5 Interest rate risk

This risk is the potential financial loss as a result of adverse movements in interest rates that affect the value of money market instruments. As a PIC client, the President's Fund has exposure to interest rate risk through investments in money markets.

Sensitivity to interest rate movements is measured by the duration of the fixed interest exposure. Such duration is dictated in the President's Fund client investment mandate to PIC, relative to the appropriate benchmark.

Furthermore, these investment mandates prescribe how the assets should be managed by PIC, in line with President's Fund liquidity needs and its liability profile.

17.6 Credit risk

President's Fund investment portfolios are exposed to the potential for credit-related losses that can result due to an individual, counterparty or issuer being unable or unwilling to honor contractual obligations.

To mitigate this risk and minimise excessive credit exposure to one single counterparty, the President's Fund mandate to PIC states that PIC will only invest with local commercial banks or institutions that have a credit rating of at least "A" from one of the recognised domestic and/or international credit rating agencies.

17.7 Liquidity risk

Liquidity risk arises when there are insufficient liquid assets available to enable the President's Fund to meet its obligations when due.

The President's Fund current liquid asset holdings of less than 3 months maturity amount to R537 million of the total portfolio which ensures sufficient liquidity to pay out monies due to beneficiaries.

17.8 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Fund recognises the significance of the operational risk inherent in all the Fund's activities. This operational risk is managed within acceptable levels through an appropriate level of management focus and resource allocation.

17.9 Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within funds, which can result in undesirable risk exposures.

The President's Fund manages this risk through the PIC investment mandate, which dictates the level of concentration. Money market investments are spread across banks to reduce and diversify the client's concentration risk.

Acknowledgement

The loyal support and valuable contributions of the various stakeholders is hereby appreciated.

The financial statements set out in pages 16 to 35 have been approved by the accounting officer.



Adv D Mashabane

Accounting officer

President's Fund

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