



# PRESIDENT'S FUND 2019/20

*Department of Justice and  
Constitutional Development*



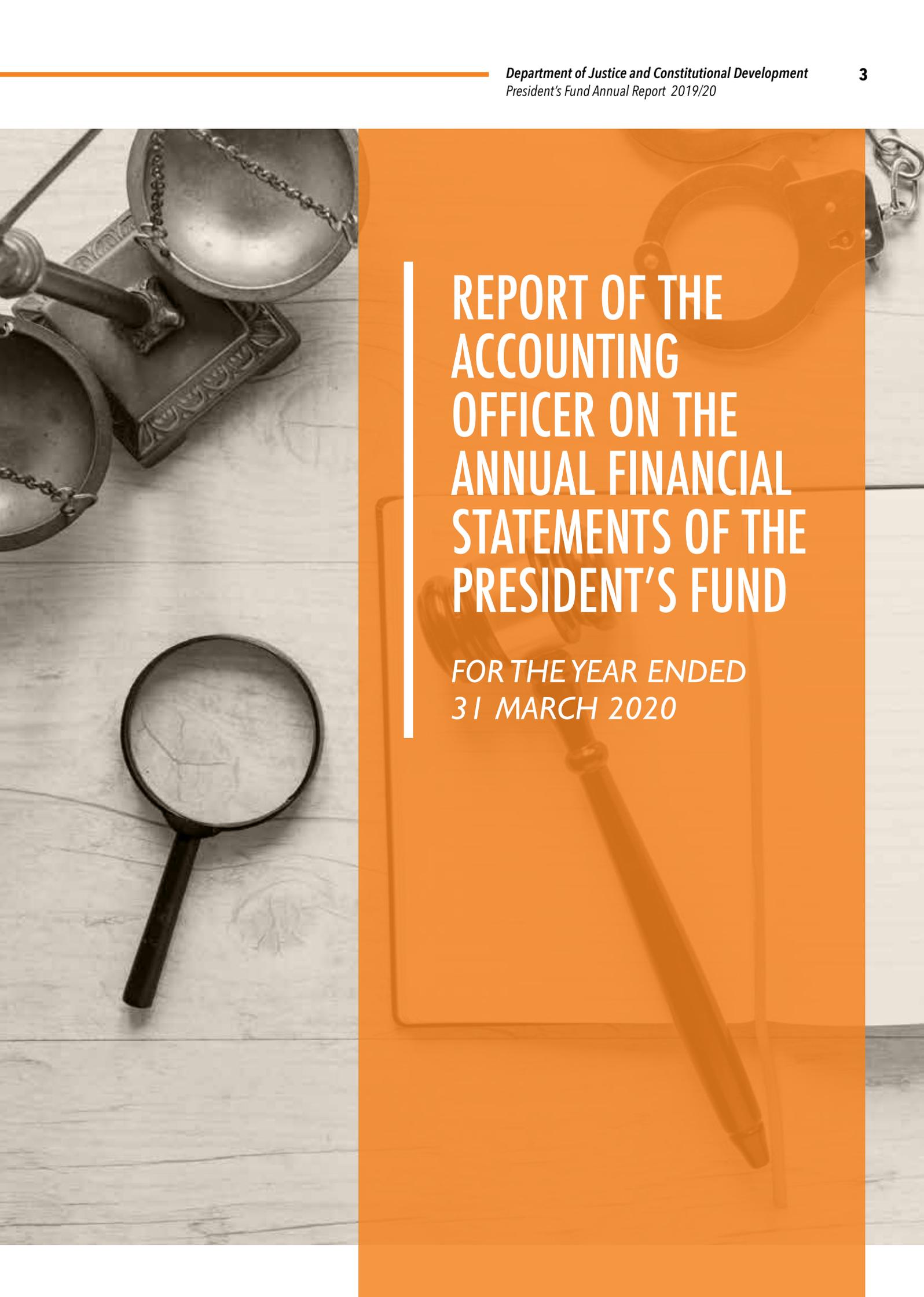
**the doj & cd**

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 2020*

## **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 Therefore interventions are superseded by the promulgation of Regulations that enable the Department of Justice and Constitutional Development to ensure the implementation in accordance with such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 R 30 000, regulations were promulgated and gazetted on 12 November 2003.

With regards 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 R3 104 860.68 was granted up to 31 March 2020 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 handover ceremony (where the remains of such a person are handed over to the family); the payment of an amount of R1500.00 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 member, where needed, to attend the said ceremonies. These amounts increase on an annual basis.

Regulations for both the Departments 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 R36 687 662.66 was contributed towards the Department of Basic Education and R35 924 450.05 towards the Department of Higher Education and Training in relation to claims submitted.

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 advent 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 country-wide door-to-door survey by means of a questionnaire developed by the TRC Unit in consultation with the Department of Human Settlement (DHS). Based on the results of the survey that was completed in May 2018, a draft guideline for housing reparation has been prepared and is currently being costed in preparation for consultation.

### **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, namely on 29 November 2013 and 13 July 2018. These regulations were submitted to the Minister for consideration and consultation with the Minister of Finance.

Re-engagements with the affected communities and relevant Civil Society Organisations (CSOs) under the umbrella of the South African Coalition for Transitional Justice (SACTJ) are set to take place from the beginning of the financial year onwards.

## **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, is included in the overall performance of the Department.

### **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.

### **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.



**Ms K Pillay**

**Accounting officer: President's Fund**

**Date: 30 September 2020**

# REPORT OF THE AUDIT COMMITTEE ON PRESIDENT'S FUND

## 1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our final report for the financial year ended 31 March 2020.

### 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 three (03) meetings were held and attendance was as tabled.

Name of members	Numbers of meetings attended	Status
Mr. Motsamai Karede (Former Chairperson)	3	Retired- 30 September 2019
Mr. Cedric Boltman	3	Reappointed 24 February 2020
Ms. Besky Ngunjiri (Chairperson)	3	Reappointed 24 February 2020
Mr. Wilson Ramabulana	3	Retired- 30 September 2019
Mr Andy Sello	3	Retired- 30 September 2019
Mr Freddy Sinthumule	-	Appointed 24 February 2020
Ms Linda Meyer	-	Appointed 24 February 2020
Mr Bheki Mkhabela	-	Appointed 24 February 2020

### 1.2 AUDIT COMMITTEE RESPONSIBILITY

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 and it has discharged all responsibilities as contained in the Audit Committee Charter.

The end of term of the Audit Committee collided with the retirement of the Accounting Officer whose office would have been responsible for the recruitment of Audit Committees. As a result, a vacuum occurred for a period of four months from October 2019 to January 2020. The non-compliance was rectified during February 2020.

Furthermore, the Department is currently in the process of recruiting a long-term Audit Committee as the current arrangement ends February 2021.

### 1.3 THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied that key controls remained in place throughout the year under review and where shortcomings in the internal controls were identified; management has addressed them through implementation of audit action plans and Internal Audit validates the audit action plans. The Audit Committee has noted that the Fund has been growing over a number of years since it was set up whilst its objectives are not being realised. In this regard, the Audit Committee has impressed on management to ensure that the objectives of the Fund are realised.

## **1.4 INTERNAL AUDIT**

The Department of Justice and Constitutional Development's Internal Audit Unit is responsible for the review of President's Fund and the Unit has also discharged its responsibilities as per the Internal Audit plan.

## **1.5 REPORTS**

### **1.5.1 The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA**

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.

## **1.6 AUDITOR-GENERAL SOUTH AFRICA**

We have 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.

The Audit Committee accepts and concurs with the unqualified audit opinion of the AGSA on the Annual Financial Statements of the President's Fund for the year ended 31 March 2020.



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**B Ngunjiri**

**Chairperson of the Audit Committee**

**Date: 30 September 2020**



# 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 13 to 28, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the 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 2020, 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 general notice issued in terms of the Public Audit Act of South Africa 2004 (Act No. 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 this auditor's report.
4. I am independent of the fund in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.
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 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 a 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 of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and such reporting is also not required in terms of the entity's specific legislation.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

11. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the fund's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
12. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### **Other information**

13. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
14. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
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. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Internal control deficiencies**

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

*Auditor-General*

**Pretoria**  
**30 September 2020**



# 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 and on the fund's compliance with respect to the selected subject matters.

## **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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



# FINANCIAL STATEMENTS

*FOR THE YEAR ENDED  
31 MARCH 2020*

# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
<b>Revenue from Exchange Transactions</b>			
Investment Revenue	3	128 373	120 146
Unrealised Profit/Loss	14	261	0
		<b>128 634</b>	<b>120 146</b>
Less: Expenditure	4	13 988	11 236
<b>Surplus for the year</b>	4	<b>114 646</b>	<b>108 910</b>

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>1 772 717</b>	<b>1 668 110</b>
Financial Investments at Fair Value	6	1 686 628	1 495 398
Cash and Cash Equivalents	8	73 589	172 712
DHET advance payment	16	12 500	0
Trade and Other Receivables - Non Exchange Transactions	5	0	0
<b>Total Assets</b>		<b>1 772 717</b>	<b>1 668 110</b>
<b>LIABILITIES</b>			
<b>Total Liabilities</b>		<b>9 823</b>	<b>19 862</b>
Trade and Other Payables - Non Exchange Transactions	7	3 427	3 241
Provision	13	6 396	16 621
<b>CAPITAL AND RESERVES</b>			
<b>Total Net Assets</b>		<b>1 762 894</b>	<b>1 648 248</b>
Accumulated Surplus	9	1 762 894	1 648 248
<b>Total Net Assets and Liabilities</b>		<b>1 772 717</b>	<b>1 668 110</b>

# STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
<b>Accumulated Surplus</b>			
Opening Balance		<b>1 648 248</b>	<b>1 539 662</b>
<b>Plus:</b> Surplus for the Year	4	114 646	108 910
<b>Less:</b> Movement on Unrealised		0	-294
<b>Less:</b> Prior year error (Creditors list)	15	0	-30
<b>Closing Balance</b>	9	<b>1 762 894</b>	<b>1 648 248</b>
<b>Total Net Assets</b>		<b>1 762 894</b>	<b>1 648 248</b>

# CASH FLOW STATEMENT AS AT 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		0	0
Interest Received	3	128 373	120 146
Other Receipts		0	0
Management Fees (PIC)		-988	-928
Other Payments	10	-35 539	-17 938
<b>Net Cash Flows from Operating Activities</b>		<b>91 846</b>	<b>101 280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments		-190 969	-8 734
<b>Net Cash Flows from Investing Activities</b>		<b>-190 969</b>	<b>-8 734</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		<b>0</b>	<b>0</b>
<b>Net Increase/ (Decrease) in Cash and Cash equivalents</b>		<b>-99 123</b>	<b>92 546</b>
Cash and Cash Equivalents at Beginning of Period		172 712	80 166
<b>Cash and Cash Equivalents at End of Period</b>	8	<b>73 589</b>	<b>172 712</b>

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

## 1. General information

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.

## 2. Principal 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.

### 2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial investments that have been measured at fair value. The financial statements are presented in Rands. The financial statements have been prepared on a going concern and accrual basis.

#### 2.1.1 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:

#### 2.1.2 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 40 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.

#### 2.1.3 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).

## **2.2 Summary of significant accounting policies**

### **2.2.1 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.

### **2.2.2 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, management fees and service provider 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 Educations.

### **2.2.3 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. The losses arising from impairment of such investments are recognised in the income statement in "impairment losses on financial investments".

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**(i) Date of recognition**

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or convention in the marketplace are recognised on the date that the President's Fund commits to purchase or sell the asset.

**(ii) Initial recognition of financial statements**

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value and transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

**(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) De-recognition**

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

**2.3 Trade and other receivables**

The trade and other receivables are recognised when beneficiaries are overpaid and measured by the amount of the overpayment. The trade and other receivables originated by the Fund are stated at fair value.

The de-recognition of the trade and other receivable is when recoveries are made or write off is approved.

**2.3.1 Write-off and provision of irrecoverable debts policy**

Provision for bad debts are made when write off has not been approved but the debts seem irrecoverable.

The President's Fund utilises the Policy: Writing - off of Debt as applicable to the Department of Justice and Constitutional Development and approved by the Director- General on 31 March 2011.

**2.4 Trade and other payables**

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

The de-recognition of other payables are when monies are paid to the creditors.

**2.5 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.

## **2.6 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 de-recognition of the cash and cash equivalent is when cash has been finally used.

## **2.7 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 40 political executed prisoners in cases where the remains were already exhumed, handed over and reburied. These families qualify once they 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 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 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 de-recognised 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).

## **2.8 Related parties**

Related parties are recognised when it is being controlled by another entity and other entities are subject to common control. It includes key management personnel which 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 Cash flow statement**

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

## **2.10** GRAP 1 and GRAP 24 requires the fund to present budget against actual information in the annual financial statements, due to the nature of the President's Fund and the Fund not having a budget, this disclosure has not been made.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2020

	2020 R'000	2019 R'000
<b>3 Investment Revenue from Exchange Transactions</b>		
Interest Received (Fair Value Investments) - PIC	128 373	120 146
	<b>128 373</b>	<b>120 146</b>
<b>4 Surplus for the year</b>		
Operating profit has been determined after taking into account the following revenue and expenditure items:		
<b>Revenue from Exchange Transactions</b>	<b>128 634</b>	<b>120 146</b>
Investment Revenue - See note 3	128 373	120 146
Unrealised Profit/Loss - See note 14	261	0
<b>Less: Expenditure</b>	<b>13 988</b>	<b>11 236</b>
Bank Charges	9	9
Basic Educational Assistance	11 822	9 464
Cleansing Ceremony	23	10
Coffin, Funeral Items and Accessories	115	140
Exhumation and Reburials	830	685
Final Reparation - (New Applications)	180	0
Interim Reparation - (New Applications)	21	0
Management fees-PIC	988	928
<b>Surplus for the year</b>	<b>114 646</b>	<b>108 910</b>
<b>5 Trade and other receivables - Non exchange transactions</b>		
Reparation payments recoverable:	0	0
Accounts receivable	0	277
Less: Provision for bad debts	0	-277
	<b>0</b>	<b>0</b>
Accounts receivable has been written off as bad debt.		

	2020	2019
	R'000	R'000
<b>6 Financial investments at Fair value</b>		
<b>6.1 Public Investment Corporation</b>		
Opening Balance	1 495 398	1 486 959
Plus: Movement on Trading Cash	168 731	78 246
Less: Movement on Unrealised Profit	0	-294
	<b>1 664 129</b>	<b>1 564 911</b>
<b>Financial investment as per PIC statement</b>	<b>1 664 129</b>	<b>1 564 911</b>
Investment revenue received during financial year	128 373	120 146
Unrealised Profit/Loss	261	0
Drawings during the year	-40 000	-20 000
Management expenses	-988	-928
Trading cash(classified as cash and cash equivalent)	-65 147	-168 731
<b>Closing balance</b>	<b>1 686 628</b>	<b>1 495 398</b>
<b>Fair value at acquisition date</b>	<b>1 686 628</b>	<b>1 495 398</b>
Unrealised profit/(losses) is the difference between "All-in market values" and the "Clean book value" plus "Market value interest".		
All Market Value (Excluding Isibaya)	-1 680 628	-1 489 397
Clean Book Value (Excluding Isibaya)	1 635 472	1 444 540
Difference	-45 156	-44 857
Plus: Market Value Interest	44 895	44 857
Unrealised Profit/ Losses	<b>-261</b>	<b>0</b>
<b>PIC Investments</b>		
Money Market 0 - 3 months	597 917	626 786
Money Market 3 - 6 months	684 169	457 977
Money Market 6 - 9 months	259 376	46 257
Money Market 9 - 12 months	139 166	358 378
Isibaya	6 000	6 000
	<b>1 686 628</b>	<b>1 495 398</b>
<b>6.2 Total financial investments at Fair value</b>	<b>1 686 628</b>	<b>1 495 398</b>

	2020 R'000	2019 R'000
<b>7 Trade and other payables - Non exchange transactions</b>		
Accruals	3 425	3 239
Unidentified funds	2	2
	<b>3 427</b>	<b>3 241</b>
<b>8 Cash and cash equivalents</b>		
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Cash on hand and balances with bank	8 442	3 981
Short-term investments- Trading cash	65 147	168 731
	<b>73 589</b>	<b>172 712</b>
The carrying amount of Cash and cash equivalents approximates their fair value due to their short-term maturity.		
<b>9 Accumulated surplus</b>		
Opening balance at the beginning of the year	1 648 248	1 539 662
Unrealised Profit Movement	0	-294
Surplus for the year	114 646	108 910
Prior year error (Creditors list) - Note 15	0	-30
<b>Balance at the end of the year</b>	<b>1 762 894</b>	<b>1 648 248</b>
<b>10 Cash generated from/(utilised in) operations</b>		
Cash receipts on behalf of beneficiaries	0	0
Cash paid to beneficiaries and creditors	-35 539	-17 938
<b>Net cash flows from operating activities</b>	<b>-35 539</b>	<b>-17 938</b>

## **11 Related party transactions**

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. Other related parties include the Department of Higher Education and Training, the Department of Basic Education and the National Student Financial Aid Scheme (NSFAS). The inclusion of the expenditure of the TRC Unit is as a result of the early implementation and adoption of the Accounting Standards Board (ASB) Generally Recognised Accounting Practice (GRAP) 20, while during the previous financial years the International Public Sector Accounting Standards (IPSAS) 20 were used. Although the President's Fund is exempted from this disclosure, the information is provided to give the reader of the report more information with regards 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.

### **11.1 Department of Justice and Constitutional Development**

#### **Relationship:**

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.

	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
Compensation of Employees-President's Fund Unit	2 484	2 451
Compensation of Employees-Truth and Reconciliation Commission Unit	6 676	6 198
Goods and Services - President's Fund Unit	319	30
Goods and Services-Truth and Reconciliation Commission Unit	3 530	2 927
Audit fees	588	588
Printing fees	20	9
	<b>13 617</b>	<b>12 203</b>

### **11.2 Key management personnel**

Compensation of employees-President's Fund Unit	994	1 058
Compensation of employees-Truth and Reconciliation Commission Unit	1 248	1 079
	<b>2 242</b>	<b>2 137</b>

### 11.3 Public Investment Corporation

#### Relationship:

In terms of section 42 of the promotion of national unity and reconciliation Act 34 of 1995, President's Fund invest their monies with PIC. Details of the transaction values as stated in note 3,4,6 and 8.

### 12 Contingent liabilities

Victims identified by the TRC need to apply for reparations before they are recognised as creditors. An uncertainty exist as to how many victims may apply in the future. At 31 March 2020 the estimated amount is R140,316,606 in respect of 4261 beneficiaries, whereas as at 31 March 2019 the estimated amount was R140,517,891 in respect of 4267 beneficiaries. 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. At 31 March 2020 the estimated amount is R621 316.11 for exhumation and reburials and R70 890.95 for cleansing ceremonies (Animal), whereas as at 31 March 2019 the estimated amount was R725 650.50 for exhumation and reburials and R64 023.75 for cleansing ceremonies (Animal).

### 13 Provisions

	2020 R'000	2019 R'000
Carrying amount at the beginning of the year	16 621	23 140
Add: Exhumation and Reburials: Travel and accommodation	400	327
Less: Payments on Creditors list, Higher educational assistance and Exhumation and reburials.	-10 625	-6 876
Prior year error: Creditors list - Note 15	0	30
<b>Carrying amount at the end of the year</b>	<b>6 396</b>	<b>16 621</b>

The Provisions are made in terms of Section 47 of the Promotion of National Unity and Reconciliation Act (Act No 34 of 1995)

### 14 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	-1 680 628	-1 489 397
Clean Book Value	1 635 472	1 444 540
Difference	-45 156	-44 857
Plus: Market Value Interest	44 895	44 857
<b>Unrealised Profit/ Losses</b>	<b>-261</b>	<b>0</b>

**15 Restatement of provisions**

Prior year error: the transaction is due to understated provision on creditors list.

	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
Increase on provision	0	30 000
Decrease on accumulated surplus	0	-30 000

**16 DHET advance payment**

The amount of R 12 500 000,00 paid to the Department of Higher Education and Training is an advance payment in terms of the regulations.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 President 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 R598 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 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**

Our appreciation towards the loyal support and valuable contributions of the various stakeholders is hereby appreciated.

The Financial Statements set out on pages 13 to 28 have been approved by the Accounting Officer.



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**Ms K Pillay**  
**Accounting officer: President's Fund**  
**Date: 30 September 2020**









RP400/20  
ISBN: 978-0-621-48937-8

Tel: 012 315 1111  
Private Bag X81, Pretoria, 0001  
Momentum Centre, 329 Pretorius Street, Pretoria  
[www.justice.gov.za](http://www.justice.gov.za) Follow us on  