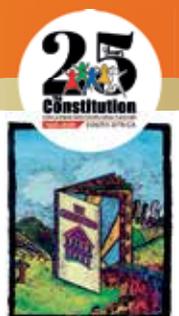


PRESIDENT'S FUND ANNUAL REPORT 2020 | 21



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 2021

REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2021

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 Therefore interventions are superseded by the promulgation of regulations that enable the Department of Justice and Constitutional Development to ensure the implementation in accordance with such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 3 163 009.29 was granted up to 31 March 2021 to families who applied for contributions towards reburial 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 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 costs to assist the family members, where needed, to attend the said ceremonies. These amounts increase on an annual basis.

Regulations relating to 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 53 168 801.79 was contributed towards the Department of Basic Education and R 54 674 450.05 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 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 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 are being developed.

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 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 is 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.

A handwritten signature in black ink, appearing to read 'Adv D Mashabane', written over a horizontal line.

Adv D Mashabane

Accounting Officer: President's Fund

Date: 30 July 2021

FINAL REPORT OF THE AUDIT COMMITTEE ON PRESIDENT FUND

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our final report for the financial year ended 31 March 2021.

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 Ngunjiri (Chairperson)	6	2	Reappointed- 18 March 2021
Mr. Cedric Boltman	6	2	Reappointed-18 March 2021
Mr Freddy Sinthumule	4	2	Resigned-01 October 2020
Ms Linda Meyer	6	2	Reappointed-18 March 2021
Mr Bheki Mkhabela	6	2	Reappointed- 18 March 2021

1.2 AUDIT COMMITTEE RESPONSIBILITY

1. We report that we have complied with its responsibilities arising from Section 38 (!) (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 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 realized. In this regard, the Audit Committee has impressed on management to ensure that the objectives of the Fund are realized.

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 2020/2021 audit plan as approved by the Audit Committee.

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 Funds 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 Fund for the year ended 31 March 2021.



B Maluleka Ngunjiri

Chairperson of the Audit Committee

Date: 17/08/21

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 29, which comprise the statement of financial position as at 31 March 2021, the 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 2021, and its financial performance and cash flows for the year then ended in accordance with 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

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 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. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If 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

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.

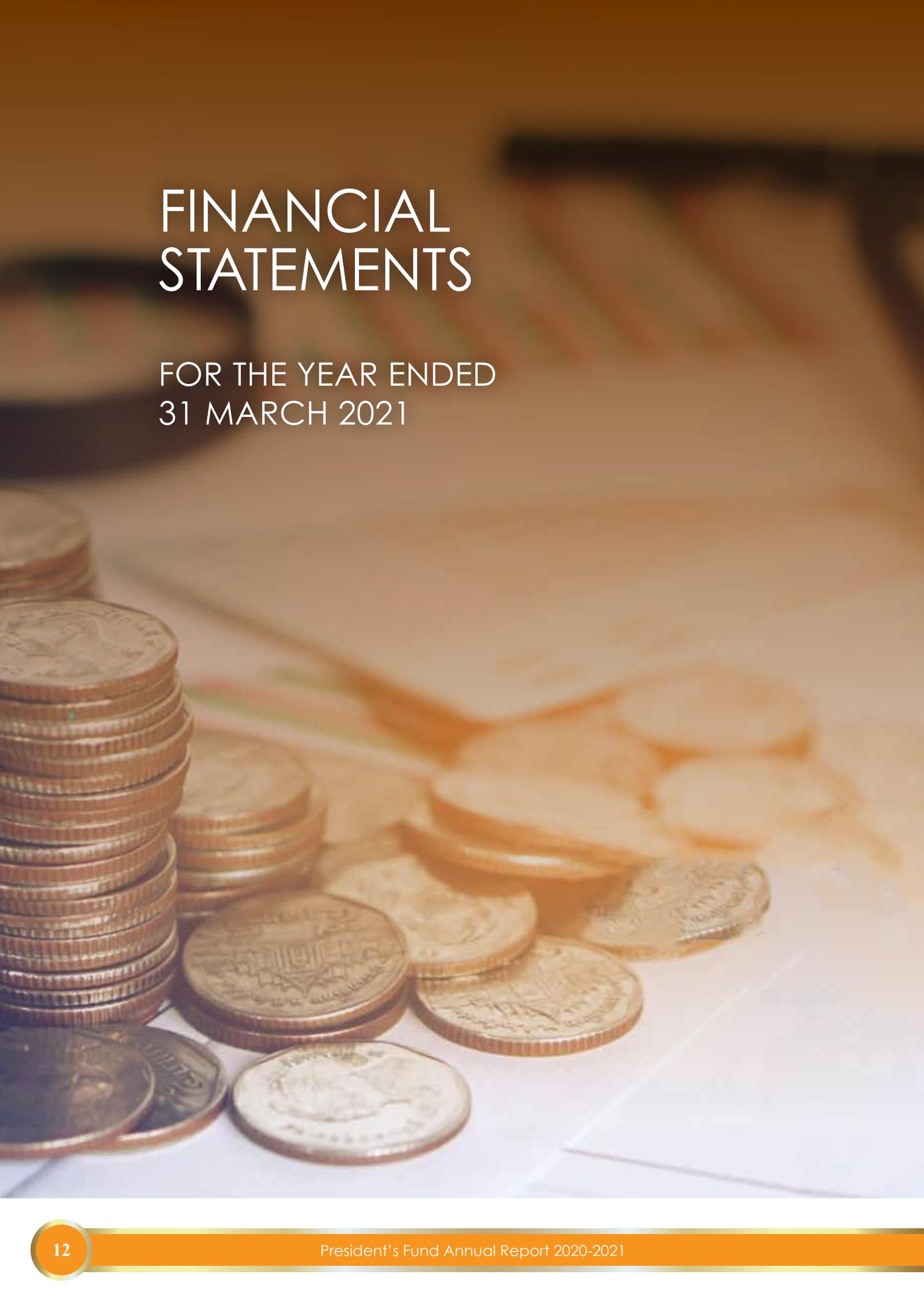
Auditor-General

Pretoria
31 July 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 R'000	2020 R'000
Revenue from Exchange Transactions			
Investment revenue	3	90,477	128,373
Unrealised profit/loss	14	550	261
		91,027	128,634
Less: Expenditure	4	42,082	13,988
Surplus for the year	4	48,945	114,646

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
Current assets		1,818,723	1,772,717
Financial investments at fair value	5	1,727,593	1,686,628
Cash and cash equivalents	7	67,922	73,589
DHET advance payment	13	21,910	12,500
DBE advance payment	13	1,298	0
Total assets		1,818,723	1,772,717
LIABILITIES			
Total liabilities		7,146	9,823
Trade and other payables - Non exchange transactions	6	750	3,427
Provision	12	6,396	6,396
CAPITAL AND RESERVES			
Total net assets		1,811,577	1,762,894
Accumulated surplus	8	1,811,577	1,762,894
Total net assets and liabilities		1,818,723	1,772,717

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2021

	Notes	2021 R'000	2020 R'000
Accumulated surplus			
Opening Balance		1,762,894	1,648,248
Plus: Surplus for the Year	4	48,945	114,646
Less: Movement on Unrealised Profit Less:	14	-261	0
	8	-1	0
Movement on Bank	8	1,811,577	1,762,894
Charges Closing Balance		1,811,577	1,762,894
Total Net Assets			

CASH FLOW STATEMENT AS AT 31 MARCH 2021

	Notes	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		0	0
Interest Received	3	90,477	128,373
Other Receipts		0	0
Management Fees (PIC)		-1,029	-988
Other Payments	9	-35,432	-35,539
Net Cash Flows from Operating Activities		54,016	91,846
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		-59,684	-190,969
Net Cash Flows from Investing Activities		-59,684	-190,969
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Flows from Financing Activities		0	0
Net increase/ (decrease) in cash and cash equivalents		-5,668	-99,123
Cash and cash equivalents at beginning of period		73,589	172,712
Other movement: cost account		1	0
Cash and cash equivalents at end of period	7	67,922	73,589

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021

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 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 a family.

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

2.2.3 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) Derecognition

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 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.

2.3.1 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 derecognition of other payables happen 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 derecognition 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) 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 a 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).

2.8 Related parties

Related parties are recognised when they are being controlled by another entity and other entities are subject to common control. They include 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 Cash flow statement

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

2.10 GRAP 1 and GRAP 24 require 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.

	2021 R'000	2020 R'000
3. Investment revenue from exchange transactions		
Interest received (fair value investments) - PIC	90 , 477	128, 373
	90 , 477	128, 373
4. Surplus for the year		
Operating profit has been determined after taking into account the following revenue and expenditure items:		
Revenue from exchange transactions	91,027	128,634
Investment revenue - See note 3	90 , 477	128, 373
Unrealised profit/loss - See note 14	550	261
Less: expenditure	42,082	13,988
Bank charges	6	9
Basic educational assistance	12,506	11,822
Cleansing ceremony	0	23
Coffin, funeral items and accessories	0	115
Exhumation and reburials	58	830
Final reparation - (new applications)	120	180
Higher educational assistance	9,340	0
Impairment losses on financial investments*	19,008	0
Interim reparation - (new applications)	15	21
Management fees-PIC	1,029	988
Surplus for the year	48,945	114,646
5. Financial investments at fair value		
5.1 Public Investment Corporation		
Opening balance	1,686,628	1,495,398
Plus: movement on trading cash	65,147	168,731
Less: movement on unrealised profit	-261	0
	1,751,514	1,664,129
Financial investment as per PIC statement	1,751,514	1,664,129

	2021 R'000	2020 R'000
Investment revenue received during financial year	90,477	128,373
Impairment losses on financial investments*	-19,008	0
Unrealised profit/loss	550	261
Drawings during the year	-35,000	-40,000
Management expenses	-1,029	-988
Trading cash(classified as cash and cash equivalent)	-59,911	-65,147
Closing balance	1,727,593	1,686,628
Fair value at acquisition date	1,727,593	1,686,628
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)	-1,635,001	-1,680,628
Clean book value (excluding Isibaya)	1,605,217	1,635,472
Difference	-29,784	-45,156
Plus: market value interest	29,234	44,895
Unrealised profit/losses	-550	-261
PIC investments		
Money market 0 - 3 months	505,473	597,917
Money market 3 - 6 months	727,479	684,169
Money market 6 - 9 months	175,562	259,376
Money market 9 - 12 months	226,487	139,166
Isibaya	111,600	6,000
Impairment losses on financial investments*	-19,008	0
	1,727,593	1,686,628
5.2 Total financial investments at fair value	1,727,593	1,686,628
The losses arising from the impairment on the Land Bank investments as disclosed by PIC are recognised.		
6. Trade and other payables - Non-exchange transactions		
Accruals	748	3,425
Unidentified funds	2	2
	750	3,427

2021
R'000

2020
R'000

7. Cash and cash equivalents

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	8,011	8,442
Short-term investments- trading cash	59,911	65,147
	67,922	73,589

The carrying amount of cash and cash equivalents approximates their fair value due to their short-term maturity.

8. Accumulated surplus

Opening balance at the beginning of the year	1,762,894	1,648,248
Unrealised profit movement	-261	0
Bank charges movement	-1	0
Surplus for the year	48,945	114,646
Balance at the end of the year	1,811,577	1,762,894

9. Cash generated from/(utilised in) operations

Cash receipts on behalf of beneficiaries	0	0
Cash paid to beneficiaries and creditors	35,432	35,539
Bank charges	8	10
Basic educational assistance	12,731	11,452
DBE advance payment	3,750	0
DHET advance payments	18,750	12,500
Cleansing ceremony	0	27
Coffin, funeral items and accessories	0	236
Exhumation and reburials	58	686
Final reparation - (new applications)	120	210
Interim reparation - (new applications)	15	21
Provision payments on higher educational assistance	0	10,397
Net cash flows from operating activities	35,432	35,539

10. Related party transactions

2021
R'000

2020
R'000

10.1 Name of related party:

Parliament

Relationship:

Parliament is the ultimate controlling entity.

Parliament has the power to govern and influence the functions and policies of the President's Fund (PF), and is consequently a related party to the entity, along with other entities and departments within the national sphere of government.

The legislative authority of the national sphere of government is vested in Parliament, and Parliament has the power to govern 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. Consequently, public sector entities within the national sphere of government are ultimately controlled by Parliament.

10.2 Name of related party:

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.

Related party transactions are consistent with normal supplier and client relationships on terms and conditions no more or less favourable than those which are reasonable to expect Parliament to have adopted if 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 established by Parliament.

Related party balances:

Amounts included in the Annual Financial Statements of the President's Fund

	22,875	12,810
Expenditure		
Basic educational assistance (DBE)	12,506	11,822
Higher educational assistance (DHET)	9,340	0
Management fees-PIC	1,029	988
Advance payments	23,208	12,500
DBE advance payment	1,298	0
DHET advance payment	21,910	12,500
Investment revenue from exchange transactions	90,477	128,373
Interest received (fair value investment) - PIC	90,477	128,373

2021
R'000

2020
R'000

10.3 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

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 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.

Compensation of employees - President's Fund Unit	2,078	2,260
Compensation of employees - Truth and Reconciliation Commission Unit	6,251	6,676
Goods and services - President's Fund Unit	28	319
Goods and services-Truth and Reconciliation Commission Unit	821	3,530
Audit fees	297	588
Printing fees	0	20
	9,475	13,393

Key management personnel

Compensation of employees - President's Fund Unit	850	874
Compensation of employees - Truth and Reconciliation Commission Unit	1,310	1,191
	2,160	2,065

Management team

The management salaries are included in the total salary figures.

President's Fund

Acting Director	850	874
Basic salary	636	626
Allowances	78	75
Employer contributions	83	81
Bonuses	53	92

2021
R'000

2020
R'000

Truth and Reconciliation Commission Unit (TRC)

Director	1,310	1,191
Basic salary	774	715
Allowances	376	324
Employer contributions	101	93
Bonuses	59	59

11. 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. As at 31 March 2021, the estimated amount is R140 214 576.00 in respect of 4258 beneficiaries, whereas at 31 March 2020 the estimated amount was R140 349 506.00 in respect of 4262 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 have submitted the necessary application forms. At 31 March 2021, the estimated amount is R 563 167,50 for exhumation and reburials and R70 890.95 for cleansing ceremonies (animal), whereas at 31 March 2020 the estimated amount was R621 316.11 for exhumation and reburials and R70 890.95 for cleansing ceremonies (animal).

The increase on the estimated amount and number of beneficiaries at 31 March 2020 is due to the number of beneficiaries understated on contingent liability list for 2019/20 financial year. The estimated amount disclosed at 31 March 2020 was R140,316,606.00 in respect of 4261 beneficiaries instead of R140,349,506.00 in respect of 4262 beneficiaries.

12. Provisions

Carrying amount at the beginning of the year	6,396	16,621
Add: exhumation and reburials: travel and accomodation	0	400
Less: payments on Ccreditors list, higher educational assistance and exhumation and reburials.	0	-10,625
Carrying amount at the end of the year	6,396	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)

2021
R'000

2020
R'000

13. Advance payments

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	12,500	0
Advance payment during the year	18,750	12,500
Less: higher education expenditure	-9,340	0
Carrying amount at the end of the year	21,910	12,500

(ii) DBE advance payment

Carrying amount at the beginning of the year	0	0
Advance payment during the year	3,750	0
Less: basic education expenditure	-2,452	0
Carrying amount at the end of the year	1,298	0

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	-1,635,001	-1,680,628
Clean book value	1,605,217	1,635,472
Difference	-29,784	-45,156
Plus: market value interest	29,234	44,895
Unrealised profit/ losses	-550	-261

15. Impairment losses on financial investments*

On 31 March 2021, the Land Bank confirmed that its continuing default position to creditors and bondholders remains unresolved.

The PIC conducted a valuation on the Land Bank instrument as at 31 March 2021, and concluded that the fair value (R 86 592 000.00) of the Land Bank instrument is less than the carrying value (R 105 600 000.00) and thus warrants the asset to be impaired by an amount of R 19 008 000.00 in line with GRAP 104.

Impairment losses on financial investments*	19,008	0
	19,008	0

NOTES TO THE FINANCIAL STATEMENTS

16. Risk assessment

16.1 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.

16.2 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.

16.3 Interest rate risk management

The President's Fund's 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:

16.4 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.

16.5 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.

16.6 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 honour 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.

16.7 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 R505 million of the total portfolio which ensures sufficient liquidity to pay out monies due to beneficiaries.

16.8 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.

16.9 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 27 have been approved by the Accounting Officer.



Adv D Mashabane
Accounting Officer
President's Fund
Date: 30 July 2021

RP 327/2021
ISBN: 978-0-621-49843-1

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