



The President's Fund
17/18
ANNUAL REPORT



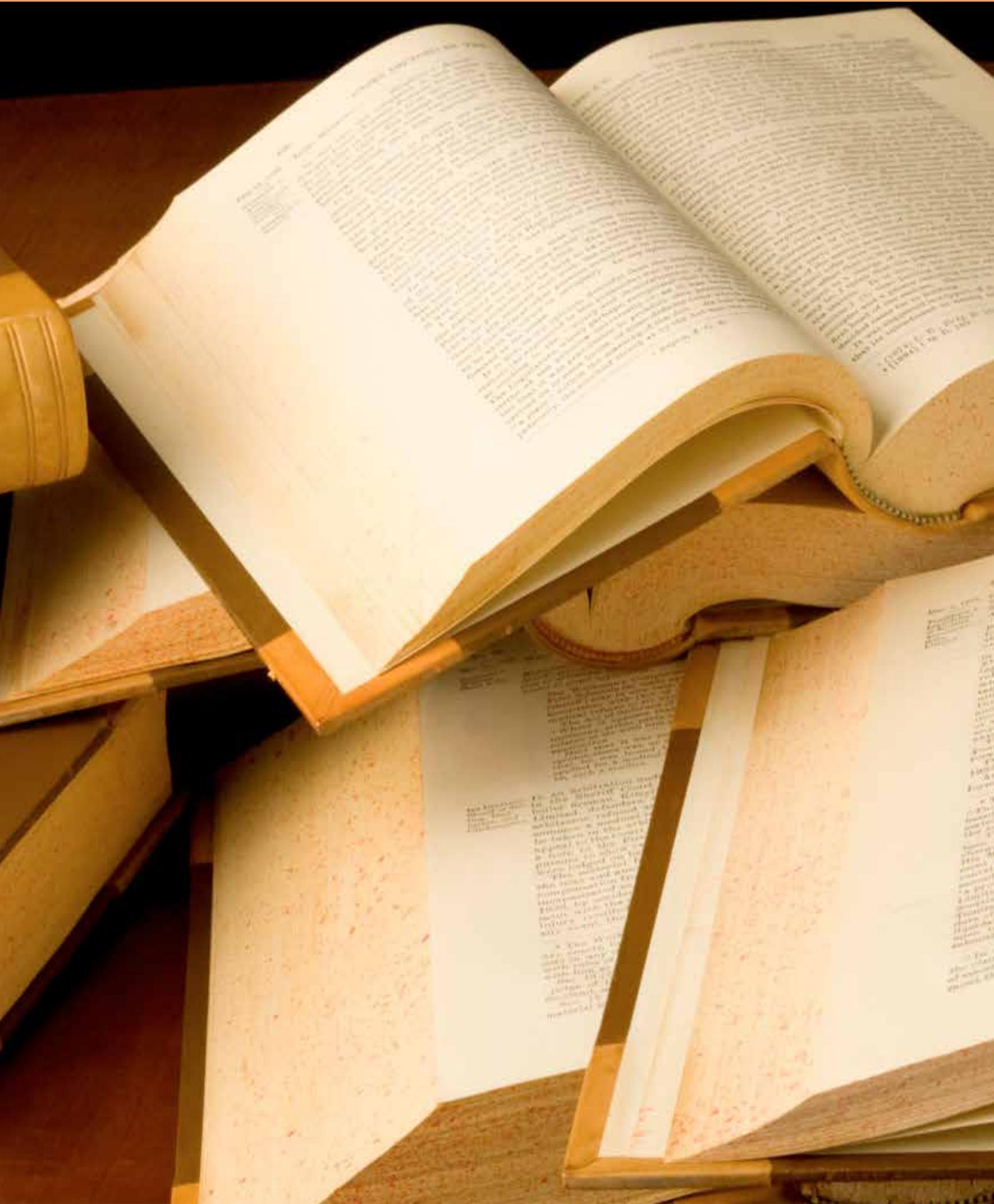
the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA



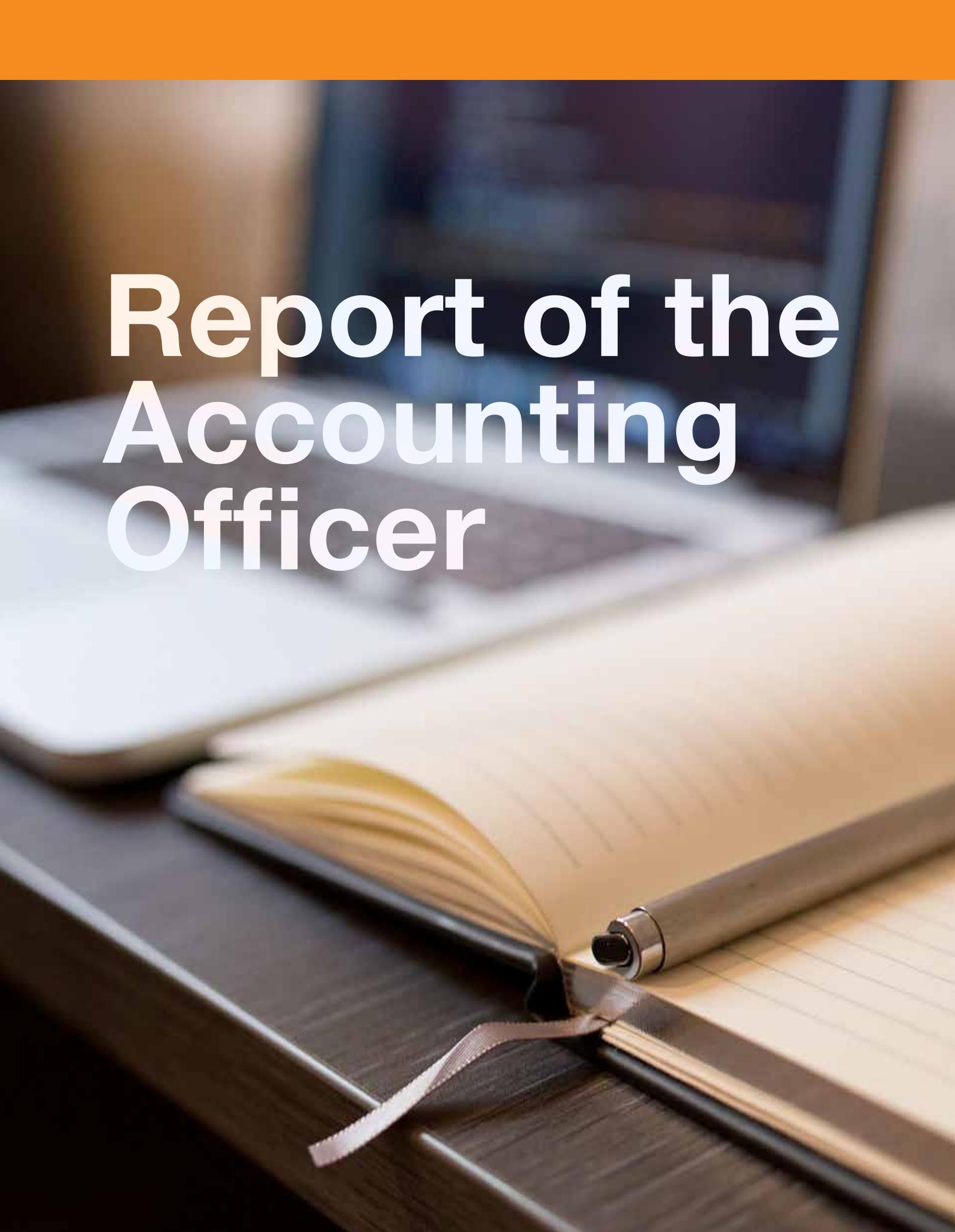


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Report of the Accounting Officer

1. Report of the Accounting Officer on the Annual Financial Statements of the President's Fund

For the year ended 31 March 2018

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 exist 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 Therefore interventions are superseded by the promulgation of Regulations that enable the Department of Justice and Constitutional Development to ensure the implementation in accordance with such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.

This aspect of the reparation measure has been completed except for thirteen beneficiaries who could not be traced of which nine 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 the Department of Arts and Culture and is continuing throughout the Republic.

This recommendation will not be funded by the President's Fund as it is a standard mandate of the Department of Arts & Culture and is funded accordingly.

Medical and other forms of social assistance

Regulations on assistance to families of missing persons, whose remains were exhumed and reburied, were promulgated and gazetted on 07 May 2010. Assistance to the value of R1 905 604 was granted up to 31 March 2018 to families who applied for contributions towards re-burial expenses in terms of the regulations. The Regulations have since been amended to provide for, among others, extended forms of assistance which include the following: Travel and subsistence allowance for family members of a missing person or a deceased TRC victim to attend a cleansing ceremony and a hand-over ceremony (where the remains of such a person is handed over to the family); the payment of an amount not exceeding 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 not exceeding R12 000,00. Amendments to the regulations are being considered to extend the nature of services being provided.

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 R14 507 166.33 was contributed towards the Department of Basic Education and R6 528 664.48 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 dependents. Changes were effected to the draft Regulations to focus on special health services in line with the agreement reached between the Department of Justice and Constitutional Development and the Department of Health. The revised draft Regulations were submitted to the said Department for comments. Due to the advent of the White Paper on National Health Insurance this process has been delayed as 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. The Department of Justice and Constitutional Development verified the completeness of the list during the current financial year and is commencing with the housing needs analysis based on the outcome of the verification process which will inform policy decisions on the scope of the housing assistance to be provided, the size of the house to be provided, criteria and conditions of assistance and the role of the President's Fund. A policy on housing assistance for victims will be prepared in accordance with the data to assist in finalization of the draft regulations.

Rehabilitation of Communities

The Department of Justice and Constitutional Development conducted needs analysis in the following communities: Alexandra, Mamelodi (Gauteng), Bambayi, Mpophomeni (Kwazulu Natal), Tumahole, Thabong (Free State), Paballelo, Seoding (Northern Cape), Lulekani and Ga-Matlala (Limpopo), Maboloka, Taung (North West), Crossroads, Nyanga (Western Cape), Pabello, Seoding (Northern Cape), Ka-Nyamazane, Wesselton (Mpumalanga) The results of the needs analysis have been considered in determining the proposed methodology of rehabilitation and the roll-out thereof.

The final draft Regulations have since been aligned with the envisaged integrated approach to community rehabilitation. The Department submitted the draft Regulations to the Office of the Chief State Law Advisor for certification in preparation of the necessary documents to the Minister for his approval to publish the latest version of the Draft Regulations in the *Gazette* for public comments. The complexity of the matter required extensive legal and technical input from various specialists.

2. Corporate Governance Arrangements

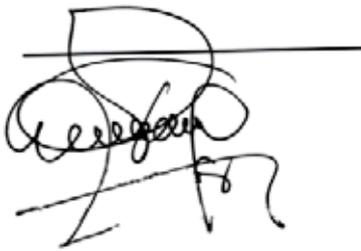
The Administration cost for the Fund and associated resources is paid by the Department of Justice and Constitutional Development as a related party. The Fund utilises the Department's risk management and fraud prevention approach, relevant policies, and related support services in the achievement of 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.

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.



Mr V Madonsela
Accounting Officer: President's Fund

30 July 2018

A close-up photograph of a person's hand holding a black pen over a clipboard. The background is blurred, showing another person's hand in a dark suit jacket. The overall scene suggests a professional or administrative setting.

Report of the Audit Committee

2. Report of the Audit Committee

We are pleased to present our final report for the financial year ended 31 March 2018.

1.1 Audit Committee Members And Attendance

The Audit Committee consists 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 current year five (05) meetings and one (01) special meeting were held as indicated below.

Name of members	Numbers of meetings attended	Number of special meetings attended	Status
Mr. Motsamai Karedi (Chairperson)	5	1	Reappointed- 25 November 2015
Mr. Cedric Boltman	3	1	Reappointed- 25 November 2015
Ms. Besky Ngunjiri	4	1	Reappointed - March 2015
Mr. Wilson Ramabulana	5	1	Reappointed- 25 November 2015
Mr Andrew Sello	5	1	Reappointed- 25 November 2015

1.2 Audit Committee Responsibility

1. We report that we have complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

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. Internal Audit validated the audit action plans and the Audit Committee reviewed same to ensure effective implementation by management.

There has also been an improvement in the risk maturity level within the Department and that had contributed to the effectiveness of controls.

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 Auditor-General South Africa

The Audit Committee accepts and concurs with the unqualified audit opinion of the AGSA on the Annual Financial Statements of President's Fund for the year ended 31 March 2018.

1.6 Reports

1.6.1 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.

1.6.2 Evaluation of financial statements

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

A handwritten signature in black ink, appearing to read 'M Kareedi', is written over a horizontal line.

M Kareedi

Chairperson of the Audit Committee

31 July 2018

Report of the Auditor- General



3. Report of the Auditor-General to Parliament on President's Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the President's Fund set out on pages 17 to 31, which comprise of the statement of financial position as at 31 March 2018, the 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 2018, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice and the requirements of Section 42 of the Promotion of National Unity and Reconciliation Act No. 34 of 1995.

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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 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 Generally Recognised Accounting Practice and the requirements of Section 42 of the promotion of national unity and reconciliation Act No. 34 of 1995, 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 President's 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 Accounting Officer 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.

Report on the audit of the annual performance report

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 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 compliance of the Fund with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
12. I did not raise 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, which includes the Audit Committee's report and the Accounting Officer's report. The other information does not include the financial statements and the auditor's report.
14. My opinion on the financial statements and 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
31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements 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 Officers 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 related to events or conditions that may cast significant doubt on the President’s Funds ability 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 the 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 continuing as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

Annual Financial Statements



1. Statement of Financial Performance

For the year ended 31 March 2018

	Notes	2018	2017
		R'000	R'000
Revenue			
Investment revenue	3	113,555	115,232
Other income: Financial instruments	14	0	6,465
Unrealised profit/loss - Note 15	15	294	295
		113,849	121,992
Less: Expenditure	4	13,065	5,725
Surplus for the year	4	100,784	116,267

2. Statement of Financial Position

As at 31 March 2018

	Notes	2018	2017
		R'000	R'000
ASSETS			
Non-current assets		1,486,959	1,407,251
Financial investments at fair value	6	1,486,959	1,407,251
Current assets		80,166	57,552
Cash and cash equivalents	8	80,166	57,552
Trade and other receivables - Non-exchange transactions	5	0	0
Total assets		1,567,125	1,464,803
LIABILITIES			
Total liabilities		27,463	25,630
Trade and other payables - Non-exchange transactions	7	4,323	2,564
Provision	13	23,140	23,066

CAPITAL AND RESERVES

Total net assets		1,539,662	1,439,173
Accumulated surplus	9	1,539,662	1,439,173
Total net assets and liabilities		1,567,125	1,464,803

3. Statement of Changes in Net Assets

As at 31 March 2018

Notes		2018	2017
		R'000	R'000
Accumulated surplus			
Opening balance		1,439,173	1,322,906
Plus: Surplus for the year		100,784	116,267
Less: Unrealised profit 2017		-295	
Closing balance	9	1,539,662	1,439,173
Total net assets		1,539,662	1,439,173

4. Cash Flow Statement

As at 31 March 2018

Notes		2018	2017
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		0	0
Interest received	3	113,555	115,232
Other income: Financial instruments	14	0	6,465
Other receipts (unidentified fund)		0	1
Management fees (PIC)		-862	-802
Other payments	10	-10,370	-5,721
Net cash flows from operating activities		102,323	115,175

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments		-79,709	-177,841
Net cash flows from investing activities		-79,709	-177,841

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash flows from financing activities		0	0
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Net increase/ (decrease) in cash and cash equivalents		22,614	-62,666
Cash and cash equivalents at beginning of period	8	57,552	120,218
Cash and cash equivalents at end of period	8	80,166	57,552

5. Notes to the Financial Statements

31 March 2018

1. General information

The President's Fund was established in terms of section 42 of the Promotion of National Unity and Reconciliation Act, 1995 (Act 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 is R30 000 being the 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 the number of people in need within the family.

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 Finance Management Act, 1999 (Act 1 of 1999) (PFMA).

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. 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 market place 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) 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 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 derecognition of the trade and other receivables 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 is made when write-off has not been approved but the debt seems 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 is 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 equivalents 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 present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. The President's Fund classifies its contingent liability as people who were declared victims by the TRC and have not applied for reparation. It is uncertain whether these people will apply for reparation. Contingent liabilities are included in the disclosure notes.

The basis for calculation of the contingent liability is R30 000 being the 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 the number of people in need within the family.

The subsequent measurement of the contingent liabilities reduces on application for interim and final reparation. 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, 1995 (Act 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. It includes key management personnel who exercise significant influence in making decisions on financial investment.

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

2.9 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.

3. GRAP amendments and interpretations not yet effective

3.1 GRAP 20: Related-party disclosures

The effective date of the standard is still to be gazetted by the Minister of Finance. We have, however, elected early adoption.

The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

6. Notes to the Financial Statements

31 March 2018

	2018	2017
	R'000	R'000
3. Investment revenue		
Interest received (fair value investments) - PIC	113,555	115,232
	113,555	115,232
4. Surplus for the year		
Operating profit has been determined after taking into account the following revenue and expenditure items:		
Revenue	113,849	121,992
Investment revenue - See Note 3	113,555	115,232
Unrealised profit/loss - Note 15	294	295
Other income on financial instruments - See Note 14	0	6,465
Less: Expenditure	13,065	5,725
Bank charges	8	9
Basic educational assistance	11,019	4,549
Exhumation and reburials	1,143	26
Final reparation (new applications)	30	300
Higher educational assistance	0	0
Interim reparation (new applications)	3	32
Management fees - PIC	862	802
Database management fees - BDB	0	7
Surplus for the year	100,784	116,267
5. Trade and other receivables - Non-exchange transactions		
Reparation payments recoverable:	0	0
Accounts receivable	277	277
Less: Provision for bad debts	-277	-277
	0	0

	2018	2017
	R'000	R'000
6. Financial investments at fair value		
6.1 Public Investment Corporation		
Opening balance as originally stated	1,464,218	1,345,324
Cost	1,464,218	1,345,324
Investment revenue received during financial year	113,555	115,232
Other income: Financial instruments	0	6,465
Unrealised profit/loss - Note 15	294	295
Drawings during the year	-12,000	-2,000
Management expenses	-862	-801
Trading cash (classified as cash and cash equivalent)	-78,246	-57,264
Closing balance	1,486,959	1,407,251
Fair value at acquisition date	1,486,959	1,407,251
Unrealised profit/(loss) is the difference between "All-in market values" and the "Clean book value" plus "Market value interest".		
All market value	-1,480,959	-1,401,250
Clean book value	1,444,354	1,360,909
Difference	-36,605	-40,341
Plus: Market value interest	36,311	40,046
Unrealised profit/loss	-294	-295
PIC investments		
Money market 0 - 3 months	347,027	476,197
Money market 3 - 6 months	649,632	523,224
Money market 6 - 9 months	327,468	83,085
Money market 9 - 12 months	156,832	267,067
Money market 1 - 3 years	0	51,678
Isibaya	6,000	6,000
	1,486,959	1,407,251
6.2 Total financial investments at fair value	1,486,959	1,407,251

	2018	2017
	R'000	R'000
7. Trade and other payables - Non-exchange transactions		
Accruals	4,321	2,562
Unidentified	2	2
	4,323	2,564
8. 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	1,920	288
Short-term investments - Trading cash	78,246	57,264
	80,166	57,552
The carrying amount of cash and cash equivalents approximates their fair value due to their short-term maturity.		
9. Accumulated surplus		
Opening balance at the beginning of the year	1,439,173	1,322,906
Unrealised profit 2017	-295	
Surplus for the year	100,784	116,267
Balance at the end of the year	1,539,662	1,439,173
10. Cash generated from/(utilised in) operations		
Cash receipts on behalf of beneficiaries	0	0
Cash paid to beneficiaries and creditors	-10,370	-5,721
Net cash flows from operating activities	-10,370	-5,721
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 Funds, 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.		

11.1 Department of Justice and Constitutional Development

Relationship:

All administration costs for the President's Fund are paid for by the Department of Justice and Constitutional Development.

	2018	2017
	R'000	R'000
Compensation of employees	2,192	2,152
Goods and services	150	183
	2,342	2,335

11.2 Key management personnel

Compensation of employees	905	961
Households	0	2
	905	963

11.3 Public Investment Corporation

Relationship:

In terms of section 42 of the Promotion of National Unity and Reconciliation Act (Act 34 of 1995), the President's Fund invest their monies with the PIC. Details of the transaction values as stated in Notes 3, 4, 6 and 8.

12. Contingent liabilities

Victims identified by the TRC need to apply for reparations before they are recognised as creditors. It is uncertain how many victims may apply in the future. At 31 March 2018, the estimated amount is R140 517 891 in respect of 4 267 beneficiaries, whereas as at 31 March 2017, the estimated amount was R140 550 791 in respect of 4 268 beneficiaries.

13. Provisions

Carrying amount at the beginning of the year	23,066	24,913
Movement for the year (payments on creditors)	-49	-60
Higher education	-434	-1,787
Gallows projects	557	
Carrying amount at the end of the year	23,140	23,066

The provisions are made in terms of section 47 of the Promotion of National Unity and Reconciliation Act (Act 34 of 1995).

	2018	2017
	R'000	R'000
14. Other income: Financial instruments		
Other income	0	6,465
	0	6,465

This income relates to the recovery of the losses that occurred in the 2014/2015 financial year relating to the economic situation of African Bank Limited.

15. Unrealised profit/loss

Unrealised profit/(loss) is the difference between “All-in market values” and the “Clean book value” plus “Market value interest”.

All market value	-1,480,959	-1,401,250
Clean book value	1,444,354	1,360,909
Difference	-36,605	-40,341
Plus: Market value interest	36,311	40,046
Unrealised profit/loss	-294	-295

16. Restatements of comparatives

	2017 R'000	2017 R'000	R'000	
	As disclosed in 2017	As restated in 2018	Prior year errors for the financial year ending 31 March 2017	
Restatement of Financial Position				
ASSETS				
Financial investments at fair value	1,406,956	1,407,251	295	Unrealised profit
Cash and cash equivalents	57,552	57,552		
Total assets	1,464,508	1,464,803	295	Unrealised profit
LIABILITIES				
Total liabilities	25,630	25,630		
Trade and other payables - Non-exchange transactions	2,564	2,564		
Provision	23,066	23,066		

	2017	R'000	2017	R'000	R'000
	As disclosed in 2017		As restated in 2018		Prior year errors for the financial year ending 31 March 2017
CAPITAL AND RESERVES					
Total net assets		1,438,878		1,439,173	
Accumulated surplus		1,438,878		1,439,173	295 Unrealised profit
Total net assets and liabilities		1,464,508		1,464,803	295 Unrealised profit
Restatement of Financial Performance					
Revenue					
Investment revenue		115,232		115,232	
Other income: Financial instruments		6,465		6,465	
Other income: Unrealised profit				295	295 Unrealised Profit
		121,697		121,992	295 Unrealised Profit
Less: Expenditure		5,725		5,725	
Surplus for the year		115,972		116,267	295 Unrealised Profit
Restatement of change in net assets					
Accumulated surplus					
Opening balance		1,322,906		1,322,906	
Plus: Surplus for the year		115,972		116,267	295 Unrealised profit
Closing balance		1,438,878		1,439,173	295 Unrealised profit
Total net assets		1,438,878		1,439,173	295 Unrealised profit

Notes to the Financial Statements

31 March 2018

15. Risk assessment

15.1 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.

15.2 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.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how net surplus, and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

15.3 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:

15.4 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.

15.5 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 the President's Fund liquidity needs and its liability profile.

15.6 Credit risk

The 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.

15.7 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 R555 million of the total portfolio, which ensures sufficient liquidity to pay out monies due to beneficiaries.

15.8 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.

15.9 Concentration risk

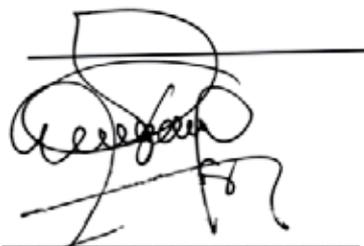
Concentration risk is the risk of losses arising due to poor diversification within funds, which can result in undesirable risk exposures.

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.

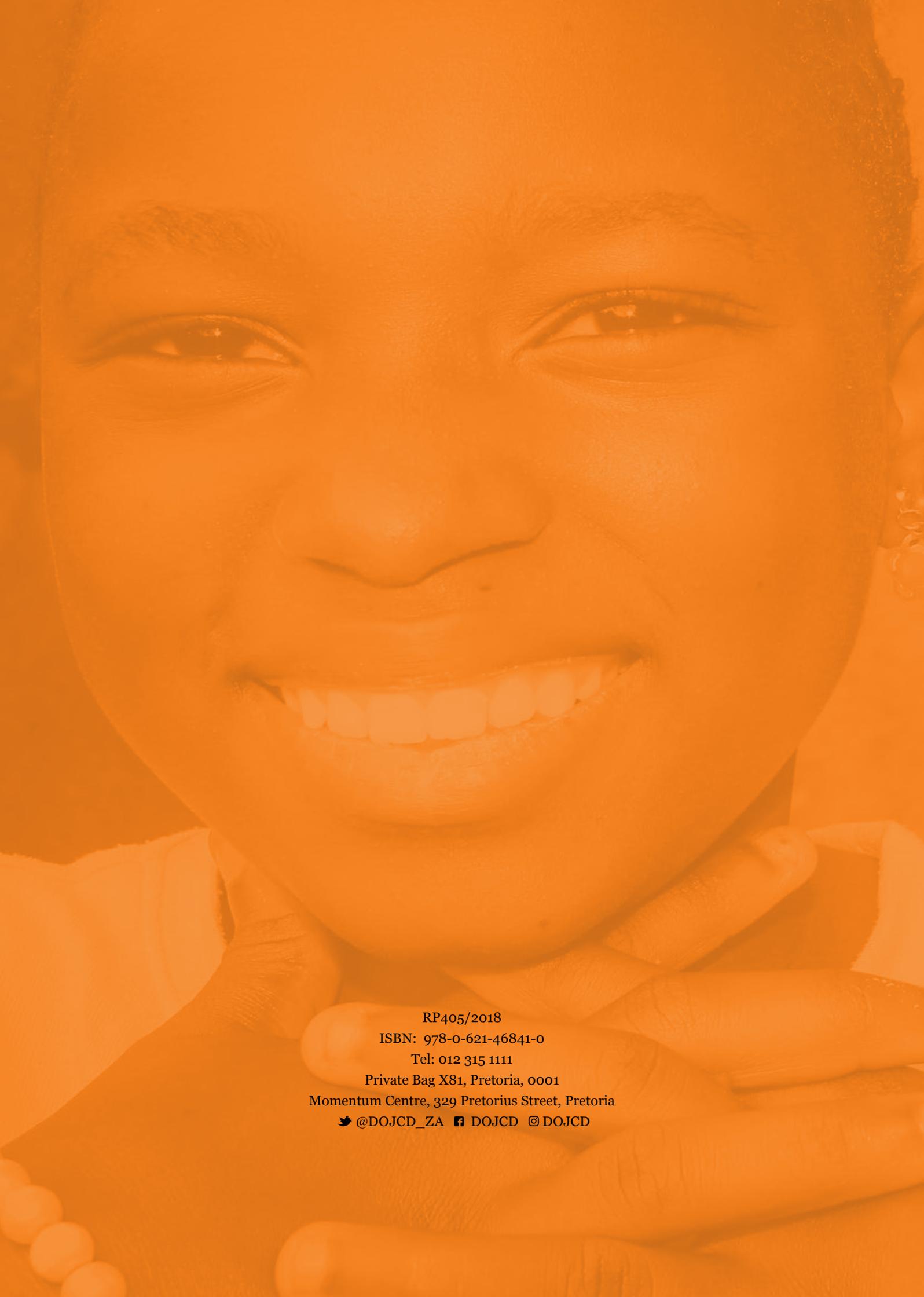
The financial statements set out on pages 17 to 31 have been approved by the Accounting Officer.



Mr V. Madonsela
Accounting Officer

President's Fund

Date: 31 July 2018



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