

ANNUAL REPORT 2019



UNIVERSITY OF
KWAZULU-NATALTM
INYUVESI
YAKWAZULU-NATALI

FOUNDATION



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Message from the Chairperson of the Board of Trustees

Chairperson of the Board of Trustees

Mr Mac Mia



During the year under review, the world economy remained stagnant. However, South Africa reflected a slight improvement which positively impacted the activities of the Foundation. As a result, both the Foundation and the University were able to achieve a number of positive outcomes during the reporting period. It is heartening to note that the budgeted income was exceeded by R9 million despite being under complement of fundraising staff.

A similar trend to the previous year was the distribution of income, the majority (47%) of which was raised for bursaries. The drive to attract funds to assist disadvantaged students has been well received by donors, who also obtain a tax benefit from such donations. It is expected this trend will continue well into the future. Being a research-led institution, it is pleasing that research support received 31% of the income. This is evidence that donors recognize UKZN as a reliable and responsible partner to deliver meaningful and relevant research.

Whilst the focus on disability, introduced in 2017 continues, a number of additional initiatives were introduced to build the image and brand awareness of the Foundation. Health, especially diabetes was a major focus of public based campaigns in the early part of the year. Gender-Based Violence awareness among students was highlighted in the second half of the year through a series of events and campaigns to raise funds. This approach consolidates new fundraising relationships with the public.

New technologies, such as online donations and crowdfunding, have become entrenched among the tools used by the Foundation to extend its reach and to simplify donating to the University.

New challenges emerge all the time, and one cannot overemphasize the impact of Covid19 on the University community and the Foundation's ability to attract donations in 2020 and beyond, as businesses, large and small, and individuals have been negatively affected by the pandemic.

I wish to acknowledge my fellow Trustees for their dedication and commitment to ensure good governance prevails in the Foundation. The achievement in excess of the budgeted income bears testimony to the immense efforts put in by the staff under the able leadership of the Executive Director, and for this, I place on record the Board's appreciation.

The Trustees, staff, beneficiaries, and the university community are grateful to you, our donors, for your loyal support. Your generosity has enhanced the academic endeavor at UKZN and more importantly, it has touched the lives of our staff and students as we aspire to INSPIRE GREATNESS.

A handwritten signature in black ink, appearing to read 'Mac Mia'.

Mr Mac Mia



Message from the Executive Director

Executive Director

Prof Anesh Maniraj Singh



Whilst 2019 was by no means a walk in the park, it was a much better year for fundraising. With the improvement in the economy, many corporate donors were able to generously increase their previous donations. A number of new donors also contributed very generously and pledged to continue supporting the work of the Foundation in the future. Donors have acknowledged the need to provide access to higher education with almost half the income being allocated for bursaries.

Every year the Foundation staff focus on a special cause for fundraising. Whilst disability remains close to our hearts, for 2019 we focused on diabetes and Gender Based Violence. At the beginning of the year, the Foundation in partnership with KRISP (KwaZulu-Natal Research Innovation and Sequencing Platform) hosted a fundraising breakfast focussing on diabetes. The event was well attended and supported by donors.

My intention when I was appointed to the Foundation was to emphasise the “fun” in FUNdraising. A very vibrant and fun filled Women’s Day fundraising lunch was hosted in August. The event was used to raise funds for a student awareness campaign, of the very

serious scourge in society, Gender Based Violence. The panel of experts spoke passionately about the law, their personal experiences and GBV in the workplace. The event and a follow-up campaign raised much needed funds for the UKZN GBV forum.

I would like to extend my heartfelt gratitude to our donors, the Board of Trustees and my colleagues for your support as we INSPIRE GREATNESS at UKZN and beyond.

A handwritten signature in black ink, appearing to read 'A M Singh'.

Prof. A M Singh
Executive Director



REPORT OF THE TRUSTEES

for the year ended 31 December 2019

The Board of Trustees has pleasure in presenting their annual report which accompanies, and should be read in conjunction with, the financial statements and supplementary schedules for the year ended 31 December 2019 which are set out on pages 18 to 36.

The Foundation is a registered charitable trust dedicated to advancing the goals of the University of KwaZulu-Natal ("UKZN") through various fundraising activities by garnering grants, donations and bequests from donors, stakeholders and other partners from within South Africa and abroad. The Foundation is domiciled in the Republic of South Africa. The head office is located at the Howard College Campus in Durban.

Nature of business

The core task of the Foundation is to promote the University and to seek philanthropic income to fund the multifarious activities of the University of KwaZulu-Natal which includes: bursaries, research support, teaching support, community engagement, infrastructure development and any other initiatives that serve to build and strengthen UKZN and assist it to meet its strategic goals.

As part of its outreach programme, the

Foundation also provides pro bono fundraising advice to other university foundations and non-governmental and community-based organisations whose goals and ethos are consistent with, or complementary to, those of UKZN.

Review of activities and results

During the year under review, the Trustees held four meetings. At these meetings they provided guidance and strategic direction to the Foundation. In particular, the Trustees considered various reports from the Executive Director and management of the Foundation dealing with the operating activities and financial results of the Foundation and aspects relating to the administration of the Foundation and the investment of its funds.

The results of the Foundation, its financial position and accounting policies and practices for the year ended 31 December 2019 are comprehensively set out in the attached financial statements and do not, in the opinion of the Trustees, require any further comment.

Subsequent events

Please refer to note 13 on the financial statements for details of the impact of Covid-19.

Trustees

THE FOLLOWING TRUSTEES HELD APPOINTMENT DURING THE YEAR UNDER REVIEW AND TO DATE OF THIS REPORT:

Mr M Mia (Chairperson)	Mr V W Sibisi
Dr P Mnganga (Deputy Chairperson)	Ms H Nyasulu (resigned 31 March 2020)
Prof N Poku (Vice-Chancellor & Principal UKZN) (appointed 1 July 2019)	Mr A Osman
Dr L M Moja (Chair of Council) (appointed 16 September 2019)	Judge N Pillay
Mrs N Mbhele (Chief Finance Officer UKZN)	Prof D Ramjugernath
Rev Dr V Mehana (Chair of Council) (resigned 13 March 2019)	Mr S Mashita

Bankers	Standard Bank SA Limited
Auditors	PricewaterhouseCoopers Inc.
Investment Managers	Investec Asset Management 27Four Investment Managers (Pty) Ltd
Financial Administrators	University of KwaZulu-Natal (Finance Division)



Staff of the Foundation 2019



Prof. Anesh Maniraj Singh
Executive Director



Brendan Boyce
Operations Manager



Rashina Moodley
Finance Manager



Perine Leonard
PA to Executive Director



Monde Mjebeza
Donor Relations Manager



Steve Camp
Donor Relations Manager



Tebbelo Kokoropo
Donor Relations Manager



Bukiwe Ngopiso
Prospect Researcher



Stembiso Hadebe
Assistant Administrative Officer



Reg Brijlal
Senior Administrative Assistant



The University of KwaZulu-Natal:

An Overview

The University of KwaZulu-Natal (UKZN) is one of South Africa's leading research and teaching institutions and embodies the ethos, aspirations and ideals of an African continent asserting its excellence in the knowledge economy. Formed in 2004 as a result of the merger of the former Universities of Natal and Durban-Westville, the University's more than 100-year history captures the richness of its social diversity and the heritage of the political

transformation to democracy. UKZN is a large university spanning five campuses with more than 45 000 students, 27% of whom are postgraduates. It currently employs more than 4 400 staff. The University consists of nineteen schools and a number of research centres organised into four colleges: the College of Agriculture, Engineering and Science; the College of Health Sciences; the College of Humanities and the College of Law and Management Studies. The three largest campuses, Howard College; Pietermaritzburg; and Westville, offer a range of degrees and programmes across most disciplines and are complemented by the Nelson R Mandela School of Medicine in Umbilo and the Edgewood campus in Pinetown which is home to the School of Education. Against the background of the current dynamics in tertiary education, UKZN is steadily pursuing a dual agenda of both excellence and transformation with significant success. The usual measures of excellence for a university focus on research and teaching. In 2019, UKZN has secured the number one spot in Africa on the prestigious Times Higher Education (THE) Young University Rankings which lists the world's best universities that are 50 years old or younger. THE Young University Rankings also includes a subset for Millennial universities (created after 2000) in which UKZN ranked number 25. UKZN staff have been recognized for their impressive research output with some 298 researchers having achieved National Research Foundation (NRF) rating. In terms of teaching, UKZN student success rates meet the Department of Higher Education and Training's target of 80% while UKZN students outperform the national cohort on most measures of



The University of KwaZulu-Natal:

An Overview ...continued

undergraduate degree performance. In order to support and enable all students to achieve their true potential, UKZN uses a sophisticated student monitoring and evaluation system that allows for early identification of 'at risk' students, together with a range of student support initiatives that seek to offer academic assistance as well as holistic life skills and peer mentoring. At the 2019 graduation ceremonies, 11672 graduands were awarded qualifications, of this number 61 percent were women and 107 were disabled. An impressive 510 doctoral degrees were conferred in this period. The majority of these doctorates were awarded to black students, many of whom come from other countries in Africa where UKZN is recognised as a beacon of excellence

As well as achieving excellence in research and teaching, UKZN is recognised as the most transformed university in South Africa. More than half (57%) of students are female and 79% are African. Of the approximately 1 330 academic staff in 2019, 48% were female and 63% were black with more than half being African. When considering the academic leadership of the University, 26% was female and 56% was black compared to 0% and 38% respectively at the time of the merger in 2004. No other South African University can boast demographic and cultural change of this scale and quality. Special emphasis is being placed on supporting and encouraging African academics, especially women, with a number of programmes being directed to this goal including post-doctoral recruitment and UKZN's talent, excellence and equity acceleration programme. This Council-supported programme identifies promising graduates in their final or honours year of study and provides funding for them to stay on for postgraduate

studies through to doctoral level. It also incorporates leadership development programmes and structured mentoring by senior academics to enable them to become productive and self-sustaining academics and future university leaders. UKZN is unique amongst the top research universities in South Africa in that it draws a significant percentage of its students from rural and disadvantaged communities who are reliant on scholarships, bursaries and NSFAS loans to fund their studies. Many of the students attended inadequately resourced schools in impoverished communities with poor facilities, large classes and under-resourced teachers. UKZN's access programmes and student support initiatives are not luxuries but essentials that have proved their worth in enhancing student success and producing graduates who can contribute to the growth of the South African economy. The University places a major emphasis on securing scholarship and bursary funding to recognise excellence and assist students from disadvantaged backgrounds. This funding is sourced largely from generous gifts by corporates, individuals, trusts and deceased estates and is mainly facilitated by the UKZN Foundation Trust. The UKZN Foundation Trust is an independent trust whose primary purpose is to build relationships and source philanthropic funding to further the strategic goals and objectives of its sole beneficiary, the University of KwaZulu-Natal. Established originally in 1932 and with independent legal status as a Trust from 1949, the funds raised by the Foundation enable the University to strive for excellence in its teaching, learning, research and community engagement programmes.



Institutional Donors

27Four Investment Managers	Council for World Mission
ABC Dow Trust	CSIR
Aberdare Cables	Discovery Foundation
Absa Bank Limited	DKA Austria
Ackerman Family Educational Trust	Doble Engineering Company
Adams Booksellers	Dynamic Enterprises
AIDS Foundation of South Africa	Ecotone Telemetry Lech Liziszko
Albaraka Bank Limited	Edward Stanley Murphy Will Trust
Albert Wessels Trust	EM Peachy Trust Fund
Arabic Study Circle Trust	ENACTUS Head Office
Auditor General	Energywise Systems
Avantcore	Eskom Development Foundation
Ayabonga Oil	Estate Late C J Inglis
BANKSETA	Estate Late HK Anderson
Bill & Melinda Gates Foundation	Estate Late JM Hale Trust
C V Projects	Evangelisches Missionswerk
Christian Education Fund	Everest Flexibles
Church of Sweden Mission	Foundation for Human Rights
Claude Leon Foundation	GH Langelier Bursary Trust
Cooke & Son Manufacturing	Goethe-Institut South Africa



Institutional Donors

Hans Hoheisen Charitable Trust	Nedbank Educational Trust
HCI Foundation	NPC Cimpor
Hillensberg Trust	Numsa Investment Company
Industrial Development Corporation of SA	Oxfam
Interchurch Organisation for Development Cooperation	Pelchem
Ismail Bana Charitable Trust	Peso Holdings
James Scott Wylie Trust	Plant Health Products
Joan Margaret Basden Law Will Trust	Professional Provident Society Foundation Trust
Johnson & Johnson Services	Reutech Communications
JSE Limited	Rewardsco Sales
KFC Engineering	Sasol
KwaZulu-Natal Performing Arts Trust	Sasria Soc Ltd
KZN Oils	Seed Co
LDM Consulting	Shargil Construction
Lignotech	Society for Endocrinology, Metabolism and Diabetes of SA
Mangosuthu University of Technology	South African Institute of Electrical Engineers KZN Centre
Modular Mining Systems Africa	South African National Biodiversity Institute
Moses Kotane Institute	
Moshal Scholarship Programme	



Institutional Donors

Southern African Music Rights
Organisation

Standard Bank

Swedish International Development
Cooperation Agency

Tata Automobile Corporation

Telkom Foundation

The Bradlow Foundation

The Cecil Renaud Educational
& Charitable Trust

The ELMA Philanthropies Services

The Feenix Trust

The Fulton Trust

The Global Fund to Fight AIDS, Tuberculosis
and Malaria

The Howard Davis Farm Trust

The Little Tew Charitable Trust

The Minerals Education Trust Fund

The Rufford Foundation

The South African Institute of Chartered
Accountants

The Southern African Coal Processing
Society

The Victor Daitz Foundation

Thelma McDonald Trust Fund

Thuthuka Education Upliftment Fund

Training Force

Tronox KZN Sand

Tropic Plastic

UKSU

UNICEF

University of KwaZulu-Natal UK Trust

University of Stellenbosch

University of Witwatersrand

Western Indian Ocean Marine Science
Association

Zestcor Group



Individual Donors

Badul, C J (Miss)	Moosa, K
Ballim, S (Dr)	Mthethwa, B (Ms)
Bele, L (Mr)	Myataza, C (Mr)
Blaine, P G (Mr)	Nicol, M (Dr)
Boyce, B (Mr)	Nkuna, N (Ms)
Carson, D (Mr)	Nxumalo, P N (Mrs)
Dlamalala, S (Mr)	Patel, V (Mr)
Dods, O T (Mr)	Philp, K (Ms)
Els, J	Price, S (Ms)
Gager, D	Raab, R (Prof)
Gager, W	Reddy, M (Dr)
Goedhals, M (Prof)	Singh, A (Prof)
Halgreen, M (Mrs)	Singh, M S (Mrs)
Johnson, M	Spurrett, D (Prof)
Jones, T E (Mr)	Steinmeyer, E (Dr)
Kathrada, N	Stephens, A (Ms)
Khan, T (Dr)	Tappe, H
Lessells, R	Tucker, A E (Mrs)
Magula, N (Prof)	Tucker, M C (Mr)
Mahomed, S (Dr)	Vermaak, C (Dr)
Masina, M S (Dr)	Wallis, M J D (Justice)
Mhlongo, N S (Mr)	Wessels, M L (Miss)
Mkhwanazi, N (Mr)	Yeoman, R (Mr)



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

TRUST DEED NUMBER: IT 589 / 2003

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Statement of Responsibility by the Board of Trustees and Approval of Financial Statements

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the financial statements of the University of KwaZulu-Natal Foundation Trust ("the Foundation").

The financial statements presented on pages 18 to 34 have been prepared in accordance with International Financial Reporting Standards and in terms of the Foundation's Deed of Trust.

The Board of Trustees considers that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in preparing the financial statements, and that the financial reporting standards relevant to the Foundation have been adopted as far as is practicable. The Board of Trustees is satisfied that the information contained in the financial statements fairly presents the results of the Foundation's operations and cash flows for the year and its financial position at year end.

The "going concern" basis has been adopted in the preparation of the financial statements. The Board of Trustees has no reason to believe that the Foundation will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The viability of the Foundation is supported by the financial statements.

The Foundation operates in a well-established control environment that is comprehensively documented and reviewed regularly. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the Foundation are being controlled. No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

These financial statements have been reported on by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Trustees believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 14 to 17. The supplementary financial information presented on pages 35 to 36 does not constitute part of the audited financial statements.

The financial statements set out on pages 18 to 34 and the supplementary financial information set out on pages 35 to 36 were approved by the Board of Trustees on 5 August 2020 and are signed on its behalf by:



Mr M Mia
Chairperson



Prof. A M Singh
Executive Director



Mrs N Mbhele
Chief Finance Officer
University of KwaZulu-Natal





Independent Auditor's Report

To the Trustees of the University of
KwaZulu-Natal Foundation Trust

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of KwaZulu-Natal Foundation Trust (the Trust) as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The University of KwaZulu-Natal Foundation Trust's financial statements set out on pages 18 to 34 comprise:

- the statement of financial position as at 31 December 2019;
- the statement of profit or loss and comprehensive income for the year then ended;
- the statement of changes in funds and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (JSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing





Independent Auditor's Report

To the Trustees of the University of
KwaZulu-Natal Foundation Trust

(continued...)

audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International **Code of Ethics for Professional Accountants** (including International Independence Standards) respectively.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "University of KwaZulu-Natal Foundation Trust Annual Financial Statements 31 December 2019". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.





Independent Auditor's Report

To the Trustees of the University of
KwaZulu-Natal Foundation Trust

(continued...)

In preparing the financial statements, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users

taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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





Independent Auditor's Report

To the Trustees of the University of
KwaZulu-Natal Foundation Trust

(continued...)

an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Trust to cease to continue 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.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: Y Kharwa

Registered Auditor

Durban

24 August 2020



Statement of Financial Position

as at 31 December 2019

	Notes	2019 R	2018 R
ASSETS			
Non-current Assets			
Property, plant and equipment	2	51 682	41 534
Investments	3.1	222 900 011	206 871 689
		222 951 693	206 913 223
Current Assets			
Cash at bank		4 752 392	681 429
Total Assets		227 704 084	207 594 652
FUNDS AND LIABILITIES			
Funds			
Endowed Funds			
Specified endowment funds		70 365 679	68 536 128
Unspecified endowment fund		65 362 079	67 540 260
Investment reserve	3.2	78 480 738	61 109 453
Total endowed funds		214 208 496	197 185 841
Non-current Liabilities			
Post-retirement health care obligations	4	1 197 054	1 116 540
Current Liabilities		12 298 534	9 292 271
Accounts payable and accrued liabilities		177 312	152 239
Specified donations to be transferred		4 751 933	677 929
Employee benefits	5	196 933	279 338
UKZN current account	6	7 172 356	8 182 765
Total Funds and Liabilities		227 704 084	207 594 652



Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

	Notes	Specified Endowment Fund R	Unspecified Endowment Fund R	Endowed Funds 2019 Total R	2018 Total R
INCOME					
Donations and grants					
Specified purposes		118 985 491	-	118 985 491	109 060 774
Specified University endowments		199 425	-	199 425	109 651
Unspecified endowments		-	2 083 226	2 083 226	2 083 163
Total donations and grants	7	119 184 916	2 083 226	121 268 142	111 253 588
Investment income/(loss)					
Income/(loss) from marketable securities :		12 166 549	12 044 539	24 211 088	(229 224)
Interest and dividends	8	3 437 136	3 402 667	6 839 803	5 900 969
Fair value gains/(losses) in investments	3.1	8 729 413	8 641 872	17 371 285	(6 130 193)
Total investment income/(loss)		12 166 549	12 044 539	24 211 088	(229 224)
Total income		131 351 465	14 127 765	145 479 230	111 024 364
EXPENDITURE					
Administration expenses - local		-	7 548 186	7 548 186	7 603 131
International operations		-	80 579	80 579	180 422
Bursary awards and other disbursements		1 496 777	-	1 496 777	1 344 184
Total expenditure		1 496 777	7 628 766	9 125 543	9 127 737
Net surplus before allocations	9	129 854 688	6 499 000	136 353 688	101 896 626
Allocations					
		119 184 916	-	119 184 916	109 170 425
Grants for specified University purposes		118 316 299	-	118 316 299	108 868 774
Specified Foundation endowment funds		669 192	-	669 192	192 000
Specified University endowment funds		199 425	-	199 425	109 651
NET SURPLUS/(LOSS)		10 669 772	6 499 000	17 168 772	(7 273 798)
Other comprehensive (loss)/income for the year		-	(35 308)	(35 308)	41 004
Remeasurement of post retirement obligations		-	(35 308)	(35 308)	41 004
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		10 669 772	6 463 692	17 133 464	(7 232 794)



Statement of Changes in Funds and Reserves

for the year ended 31 December 2019

Notes	Funds				Restricted Funds	Total Funds
	Specified Funds	Unspecified Endowment Fund	Investment Reserve	Sub-Total Funds	Investment Revaluation Reserve	
	R	R	R	R	R	R
Fund balances at 1 January 2018	43 323 075	44 622 571	-	87 945 646	117 460 988	205 406 634
IFRS 9 opening balance adjustment	-	-	117 460 988	117 460 988	(117 460 988)	-
Total comprehensive loss for the year	(1 456 280)	(5 776 514)	-	(7 232 794)	-	(7 232 794)
Transfer of donations to specified endowment funds	192 000	-	-	192 000	-	192 000
Transfers to University operations	(1 180 000)	-	-	(1 180 000)	-	(1 180 000)
Net fair value movement in investments	27 657 333	28 694 202	(56 351 535)	-	-	-
Fund balances at 31 December 2018	68 536 128	67 540 259	61 109 453	197 185 840	-	197 185 840
Total comprehensive income for the year	10 669 772	6 463 692	-	17 133 464	-	17 133 464
Transfer of donations to specified endowment funds	669 192	-	-	669 192	-	669 192
Transfers to University operations	(780 000)	-	-	(780 000)	-	(780 000)
Net fair value movement in investments	(8 729 413)	(8 641 872)	17 371 285	-	-	-
Fund balances at 31 December 2019	70 365 679	65 362 079	78 480 738	214 208 496	-	214 208 496



Statement of Cash Flows

for the year ended 31 December 2019

	Notes	2019 R	2018 R
Operating activities			
Cash utilised in operating activities:		(2 271 567)	(3 206 075)
Investment income: Interest & dividends		6 839 803	5 900 969
Expenditure and disbursements		(9 125 543)	(9 127 737)
Depreciation		14 172	20 692
Changes in working capital		4 016 672	435 700
Increase in donations to be allocated		4 074 004	586 948
(Decrease) in employee benefits		(82 405)	(87 560)
Increase/(decrease) in accounts payable and accrued liabilities		25 073	(63 688)
Increase in post-retirement health care obligations including remeasurement		45 206	2 085
(Decrease) in UKZN current account		(1 010 409)	(1 442 079)
Net cash generated/(utilised) in operating activities		779 902	(4 210 369)
Investing activities			
Net cash generated from investing activities :		1 318 642	3 702 155
Purchase of property, plant and equipment	2	(29 632)	(21 720)
Loss on disposal of asset		5 312	-
Re-investment of investment income	3.1	(6 839 803)	(5 900 969)
Withdrawals from investments		8 182 765	9 624 844
Financing activities			
Net cash generated from financing activities :		1 972 418	1 095 162
Endowment Funds : donations and grants		2 752 418	2 275 162
Endowment Funds : transfers to UKZN operations		(780 000)	(1 180 000)
Net increase in cash and cash equivalents		4 070 962	586 948
Cash and cash equivalents at beginning of year		681 429	94 481
Cash and cash equivalents at end of year		4 752 391	681 429



Notes to the Financial Statements

for the year ended 31 December 2019

1. Accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Foundation's Deed of Trust. They have been prepared under the historical cost convention, except for available-for-sale financial assets, which are measured at fair value. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous year except for the adoption of IFRS 16. IFRS 16 has had no effect on the Trust, as no leases were in existence and no leases were identified.

These financial statements are prepared and presented in South African Rands.

1.1. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about areas of estimation, uncertainty and critical judgements in applying accounting policies that are likely to have the most significant effects on the amounts recognised in the financial statements are described in the following notes:

- Investments
- Post-retirement health care obligations

1.2. Income recognition

Income comprises donations and grants received and investment income.

Donations are measured at the fair value of the consideration received or receivable.

Donations and grants are brought into the statement of comprehensive income in the year of their receipt and thereafter transferred to the beneficiary University unit, entity, endowment or other fund, as applicable. Donations received in advance of the period of their specified use are disclosed as current liabilities on the statement of financial position.

Investment income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Foundation. Dividends and interest are recognised when the right to receive payment is established.

1.3. Foreign currency transactions

Foreign currency transactions are accounted for at spot rates, being the exchange rates prevailing at the dates of the respective transactions. Gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income in the year in which they arise. Monetary assets and liabilities designated in foreign currencies at the statement of financial position date are translated at the rates of exchange ruling at the statement of financial position date.

1.4. Investments and other financial assets

Classification

The Trust classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Trust has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Trust reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Trust's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Trust classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest

are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

1.4. Investments and other financial assets

Equity instruments

The Trust has elected to present fair value gains and losses on equity investments in profit and loss.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

Dividends and interest from such investments continue to be recognised in profit or loss as other income when the Trust's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Trust assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.5. Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, when it is probable that future economic benefits will flow to the entity and the cost of the item can be measured reliably.

Assets costing less than R5000 are written off in the year of acquisition.

Depreciation is calculated on the straight-line method, at rates calculated to write off the costs or revalued amounts of assets, to their residual values over their estimated useful lives, as follows:

Computer equipment : 3 years
Furniture and other equipment: 5 years

Routine maintenance costs are charged to income as incurred. Costs of major maintenance or refurbishment of items of property, plant and equipment are recognised as expenses, except where the useful lives of the assets concerned have been extended. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the carrying value of the respective assets at disposal to the proceeds on their disposal and are accounted for in the statement of comprehensive income.

1.6. Financial instruments

Financial instruments include investments, cash, receivables and accounts payable. Where material, the particular recognition methods adopted are disclosed in the individual policy statements associated with the respective financial instruments.

Exposure to foreign currency (i.e. exchange rate) and credit risks arises in the normal course of the Foundation's fundraising and investment activities. Exchange rate risks associated with major foreign grants and donations received are managed by the adoption of various strategies designed to minimise these risks as far as practicable. Market and credit risk on investments is prudently managed on behalf of the Foundation's Trustees by externally-appointed asset managers ("counterparties") that have credit ratings equal to or better than those of the Foundation.

1.7. Post-retirement health care obligations

The Foundation provides post-retirement health care benefits for all employees and retirees who were members of the University of KwaZulu-Natal Medical Scheme prior to 1 August 2004. In the case of serving members, the entitlement to these benefits is conditional on employees



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

remaining in service up to retirement age. The expected costs of these benefits are accrued over the periods of employment, using the projected unit credit method. These service costs are charged to income as incurred. Independent actuarial valuations of these obligations are carried out annually on behalf of the University and the Foundation's proportionate share of the total liability, based on the number of its members eligible to receive post-retirement health care benefits, is recognised in the statement of financial position. All actuarial gains/losses are recognised immediately through other comprehensive income.

1.8. Employee benefits

Employee entitlements to annual leave and service bonuses are recognised when they accrue. Accruals are made for the estimated liabilities for leave accumulated up to the statement of financial position date and, in the case of service bonuses paid annually to qualifying employees in the months of their birthdays, to the extent of the pro rata services rendered by each employee prior to the statement of financial position date.

1.9. Accounts payable and accrued liabilities

These amounts represent liabilities for goods and services provided prior to the end of the financial year which are unpaid.

Accounts Payable & accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Accounts Payable & accrued liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

1.10. Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

At each statement of financial position date, an assessment of the carrying amounts of property, plant and equipment, investments and other assets is made to determine indication of impairment. If such indication exists, the estimated recoverable amount of the impaired asset is determined and adjusted accordingly. The resultant impairment losses on the differences between the recoverable and carrying amounts are recognised in the statement of comprehensive income, unless the relevant assets are carried at revalued amounts, in which case the impairment losses are reversed against the revaluation reserve and disclosed in the statement of changes of funds.

1.11. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.12. Related parties

A party is related to the Foundation if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Foundation;
- The party is a member of key management personnel of the Foundation or its parent; and
- The party is a close family member of the family or individual referred to above.

Close family member of the family of an individual includes:

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- Dependents of the individual or the individual's domestic partner.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

2019

R

1.13. Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue, but not yet effective:

Effective date for annual periods beginning on or after indicated below.

Revised

Amendment to IAS1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. 1 January 2020

Amendment to IFRS 3, 'Business combinations' Definition of a business. 1 January 2020 (Published October 2018)

IFRS 17, 'Insurance contracts'. 1 January 2021 - Early application is permitted for entities that apply IFRS 9, 'Financial instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17 (published May 2017)

The Trustees are of the opinion that the amendments to these standards will not have a material effect on the financial statements of the Foundation.

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of property, plant and equipment - 31 December 2019

	Computer Equipment R	Furniture and Equipment R	Total R
At 31 December 2019			
Cost	170 838	85 233	256 071
Accumulated depreciation	(170 838)	(33 551)	(204 389)
Carrying value	-	51 682	51 682
Opening carrying value	-	41 534	41 534
Additions	-	29 632	29 632
Disposal	-	(5 312)	(5 312)
Depreciation charge	-	(14 172)	(14 172)
Closing carrying value	-	51 682	51 682
Reconciliation of property, plant and equipment - 31 December 2018			
Cost	170 838	95 689	266 527
Accumulated depreciation	(170 838)	(54 155)	(224 993)
Carrying value	-	41 534	41 534
Opening carrying value	-	40 506	40 506
Additions	-	21 720	21 720
Depreciation charge	-	(20 692)	(20 692)
Closing carrying value	-	41 534	41 534

Notes to the Financial Statements ...continued

for the year ended 31 December 2019

3 INVESTMENTS

3.1 Financial assets at fair value through profit or loss

The Trust classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI,

The total investments comprise the following category:

Equity Investments :

	2019	2018
	R	R
Investec Opportunity Fund Class	129 359 004	121 611 766
27Four Balanced Prescient Fund	93 541 007	85 259 923
	222 900 011	206 871 689
Market value at beginning of the year	206 871 689	216 725 758
Contributions	-	84 000 000
(Withdrawals)	(8 182 765)	(93 624 845)
Reinvestment of investment income	6 839 803	5 900 969
Fair value gains/(losses) on investments	17 371 285	(6 130 193)
Market value at end of year	222 900 012	206 871 689

Previously financial assets were held as available-for-sale and classified as fair value through other comprehensive income. After the adoption of IFRS 9, classification changed to fair value through profit and loss. Refer to IFRS 9 note for further explanations.

3.2 In order to align the year-end closing values of the investment portfolio with the aggregate endowment fund balances, amounts available to be withdrawn from or, alternatively, added to the investment portfolio managed by Investec Asset Management and 27Four Investment Managers (Pty) Ltd were determined as follows:

Closing market value of investments (as above)	222 900 012	206 871 689
Investment reserve	(78 480 738)	(61 109 453)
Investments, net of revaluation reserve	144 419 274	145 762 236
Closing balance of endowed funds	(135 727 758)	(136 076 388)
Balance at end of the year	8 691 516	9 685 848

4 POST-RETIREMENT HEALTH CARE OBLIGATIONS

Amount accrued in respect of the health care obligation	1 197 054	1 116 540
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The Foundation's obligations towards post-retirement health care obligations in respect of its employees are determined in accordance with International Accounting Standard 19 : Employee Benefits (IAS 19). In terms of its stated accounting policy, the Foundation's liability represents a proportionate share of the total actuarially calculated obligations for members of the University of KwaZulu-Natal Medical Scheme, and is based on the number of serving and former employees eligible for such post-retirement benefits. The actuarial valuation carried out in 2020 in respect of the year ended 31 December 2019 forms the basis for the recognised liability.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

	2019 R	2018 R
Movement in the defined benefit liability over the prior year is as follows:		
Balance at beginning of the year	1 116 540	1 155 460
Current service cost	8 279	11 550
Interest cost	108 096	111 762
Past service cost	-	(56 467)
Benefit payments from plan	(71 169)	(64 761)
Remeasurements during the year	35 308	(41 004)
Gain/loss from financial assumptions	(9 044)	(78 817)
Gain/loss from demographic assumptions	-	-
Other gains/losses	44 352	37 813
Balance at end of the year	1 197 054	1 116 540

The principal actuarial assumptions used for accounting purposes are :

Health care cost inflation (per annum)	7,18%	7.00%
Discount rate (per annum)	10,25%	10.00%
Normal retirement age (years)	65	65
Remaining average working lives of in-service employees (years)	17,3	18,3

5 EMPLOYEE BENEFITS

	Leave Pay R	Service Bonuses R	2019 R	2018 R
Balances at beginning of the year	279 338	-	279 338	366 898
Utilised during the year	(110 019)	-	(110 019)	(262 251)
Charged to the income statement (note 9)	27 614	-	27 614	174 691
Balances at end of the year	196 933	-	196 933	279 338

Employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

	2019	2018
	R	R
6 UKZN CURRENT ACCOUNT		
The Foundation has a related party relationship with UKZN, of which it is a subsidiary entity for the purposes of preparing the University's consolidated financial statements. Transactions between the two parties are summarised below, together with the respective year-end balances owing to and by each other. These transactions and balances are eliminated on consolidation.		
Balance owed to UKZN at beginning of year	8 182 765	9 624 844
Add/(less): Donations and grants received by UKZN on behalf of Foundation	(2 752 418)	(2 275 162)
Funds transferred by Foundation to UKZN : investment withdrawal	(8 182 765)	(9 624 845)
Foundation portion : UKZN post-retirement obligations	(45 206)	(2 085)
Expenses paid and net disbursements by UKZN for the Foundation	9 125 543	9 127 737
Endowment Funds : transfers to UKZN operations	780 000	1 180 000
Purchase of property, plant and equipment by UKZN	29 632	21 720
Loss on disposal of asset	(5 312)	-
Depreciation of property, plant and equipment by UKZN	(14 172)	(20 692)
Bank account : transfers due to UKZN	4 070 962	586 948
Change in working capital	(4 016 672)	(435 700)
Balance owed to UKZN at end of year	7 172 356	8 182 765

7 DONATIONS AND GRANTS INCOME

The Trust recognises revenue at a point in time when donations are received in the Trust's bank account.

Donations and grants comprise international and national donations		
International donations	52 363 122	51 489 456
National donations	68 905 020	59 764 132
Total donations and grants income	121 268 142	111 253 588

8 ENDOWMENT FUNDS : INVESTMENT INCOME

Allocation of investment income		
Specified endowment funds	3 437 136	2 896 238
Unspecified endowment fund	3 402 667	3 004 731
Total endowment funds' portion of investment income	6 839 803	5 900 969
Net fair value movements in investments		
Specified endowment funds	8 729 413	(3 008 334)
Unspecified endowment fund	8 641 872	(3 121 859)
Total net fair value movement in investments	17 371 285	(6 130 193)

The allocation of investment income to the various specified endowment funds is based on the prevailing University treasury management ("pool") rate of return for the year. The purpose of the income stabilisation fund is to enable allocations of income to the specified endowment funds in years of relatively poor investment performance to be maintained at levels closely equivalent to the University "pool" rate. A rate equal to the University ("pool") rate of return of 9.8% was applied in 2019 (2018: 7.3%).



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

	2019	2018
	R	R
9. NET SURPLUS BEFORE ALLOCATIONS IS ARRIVED AT AFTER TAKING THE FOLLOWING INTO ACCOUNT:		
Audit fees	144 617	138 943
Consultancy fees	284 712	150 208
Depreciation	14 172	20 692
Travel and subsistence	283 286	296 848
Personnel costs	6 036 103	6 227 951
Salaries and wages	5 362 574	5 364 726
Accrual for leave pay (note 5)	27 614	174 691
Retirement costs : defined contribution plan	537 819	576 772
Post-retirement health care obligations (note 4)	108 096	111 762

10 TAXATION

The Foundation is registered as a public benefit organisation in terms of Section 30 of the South African Income Tax ("Act") and is exempt from income tax in terms of section 10(1)(cN) of the Act.

11 RELATED PARTIES

Due to the nature of the Foundation's operations and the diverse composition of its stakeholders, the Board of Trustees takes particular care to avoid conflicts of interest. It has, accordingly, adopted a policy requiring declarations of any interests - actual or potential - by members of the Board of Trustees, and by members serving on their committees and officials in attendance at all Board and committee meetings of the Foundation. In terms of this policy, transactions with third parties in which a Board member or any other related party may have a direct or fiduciary interest are required to be disclosed to the Board and, consequently, must be entered into at arm's length and also be in accordance with the University's approved procurement policy.

Payments to Executive Director	1 514 561	1 440 000
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The Foundation has a related party relationship with UKZN, of which it is a subsidiary entity. Transactions with the University are disclosed in note 6.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

2019	2018
R	R

12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk. The Foundation's exposure to market risk relates primarily to its available-for-sale financial assets. These financial assets are invested in terms of a considered strategy adopted by the Board of Trustees. The strategy takes into account the risk profile of the individual endowed funds and allocates investment to appropriate asset classes. The portfolio is then allocated to a selected portfolio manager who operates under a defined mandate. The risk is managed by the portfolio manager.

Price risk

The following table demonstrates the sensitivity of the Foundation's Investments that are subject to price risk to a reasonable possible change in market values, with all other variables held constant.

Price risk changes:

The effect of a 5% increase in price risk	11 145 001	10 343 584
The effect of a 5% decrease in price risk	(11 145 001)	(10 343 584)

Interest rate risk

If the interest rate on balances at banks at year end were to increase / decrease by 50 basis points, the surplus for the year would have increased / decreased by R 23 762 (2018: R 3 407).

Credit risk management

The Foundation deposits only with major banks of high quality credit standing. At year end, the management of the Foundation did not consider there to be any significant concentration of credit risk. The credit quality of financial assets can be assessed by reference to external credit ratings, which are as follows:

Cash at Bank and Short-term			
Deposits	F1+	4 752 392	681 429
Available-for-sale financial assets	AA		0
Financial assets at fair value			
through profit and loss	AA	222 900 011	206 871 689

Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The timing and nature of the Foundation's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the Foundation has access to funds through either its current account with UKZN or the investments portfolio in the event of any unforeseen events occurring.

The table below summarises the maturity profile of the Foundation's financial liabilities at 31 December based on contractual undiscounted payments.



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

	Less than 6 months	6 to 12 months	1 to 5 years	Total
	R	R	R	R
12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES				
31 December 2019				
Accounts payable and accrued liabilities	177 312	-	-	177 312
Specified donations to be transferred	4 751 933	-	-	4 751 933
Employee benefits	-	196 933	-	196 933
UKZN Current account	7 172 356	-	-	7 172 356
Total	12 101 601	196 933	-	12 298 534
31 December 2018				
Accounts payable and accrued liabilities	152 239	-	-	152 239
Specified donations to be transferred	677 929	-	-	677 929
Employee benefits	-	279 338	-	279 338
UKZN Current account	8 182 765	-	-	8 182 765
Total	9 012 933	279 338	-	9 292 271

Fair value estimation

Market values have been used to determine the fair value of financial assets at fair value through profit or loss and is based on quoted market prices at the statement of financial position date which have been summarised in the table below:

Financial assets at fair value through profit or loss :

31 December 2019

	Level 1	Level 2	Level 3
	R	R	R
Equity Securities:			
Investec Opportunity Fund	129 359 004	-	-
27Four Balanced Prescient Fund	93 541 007	-	-

Financial assets at fair value through profit or loss :

31 December 2018

	Level 1	Level 2	Level 3
	R	R	R
Equity Securities:			
Investec Opportunity Fund	121 611 766	-	-
27Four Balanced Prescient Fund	85 259 923	-	-



Notes to the Financial Statements ...continued

for the year ended 31 December 2019

Fair value estimation

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see (iii) below. The Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the trust is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- for interest rate swaps - the present value of the estimated future cash flows based on observable yield curves
- for foreign currency forwards - present value of future cash flows based on the forward exchange rates at the balance sheet date
- for foreign currency options - option pricing models (eg Black-Scholes model), and
- for other financial instruments - discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Capital management

The capital of the Foundation comprises both restricted funds designated for specific purposes and unrestricted funds, being funds that can be employed by the Board of Trustees at its discretion.

Contingent liabilities

The Foundation does not have any contingent liabilities that warrant disclosure in terms of IAS 37.

Commitments

UKZN Council approved the relocation of the GSB to Umhlanga Rocks in order to strategically position itself within the business community which it serves. The Foundation was tasked with purchasing the land for the new site. A R48million guarantee would be required to be furnished to the seller when a Purchase and Sale Agreement is concluded.



Notes to the Financial Statements ...continued

13 SUBSEQUENT EVENTS

Subsequent to the 31 December 2019 financial year-end, but before the date of authorisation of these financial statements, the South African government instituted a nationwide lockdown commencing on the 27 March 2020 in response to the COVID-19 global pandemic. Only certain sectors of the economy, which were considered to be providing essential goods or services were allowed to operate during the initial lockdown at Level 5. The lockdown was then further extended by the President on 9 April 2020 and again on 1 June 2020, together with a planned phasing-in of economic activity thereafter in accordance with risk alerts determined by the government. On 1 June 2020, the government allowed for the easing of the lockdown status to Level 3, which has continued to affect the ability of the Trust to conduct its face-to-face activities.

Technology has improved the situation somewhat. However, Covid-19 has impacted on fundraising activities of the Trust as most donor organisations were forced to suspend/ reduce their philanthropic activities. While investment values have fluctuated there has been no material impact to the income and fair values. For a better part of March and April, fundraising activities slowed down to a few meetings a week as donors were adjusting their budgets and strategies to keep their organisations afloat and provide relief for their staff and immediate communities. Approaches to new donors were met with requests for the fundraisers to make contact after the economy had stabilised. The Trust has run campaigns to raise funds for Covid-19 assistance for PPE, student laptops, student hardship and Covid-19 research. Instead of only asking for donations our revised approach has been to seek partnerships to work on ESD projects with donor prospects. Whilst we haven't seen a slowdown of income from local sources for the first half of 2020, there is every indication that we may need to reduce the 2020 income target to accommodate the changes in donations, the bulk of which are normally received in the second half of the year.

In light of the above, the Trustees have re-assessed the entity's ability to continue its operations in the future and have concluded that the Trust will continue to operate as a going concern. Whilst targets are revised in light of the above events, the Trust still has sufficient reserves to meet all cash flow requirements for the foreseeable future.

The impact of Covid-19 has been assessed as a non-adjusting post reporting period event.



Schedule of Expenditure

	2019	2018
	R	R
A Details of Expenditure		
Administration - local		
Personnel costs	6 036 103	6 227 951
Audit fees	144 617	138 943
Books, manuals and subscriptions	1 824	37 093
Campaign promotion	311 427	286 342
Consultancy fees	284 712	150 208
Depreciation	14 172	20 692
Entertainment and functions	87 445	148 306
Gifts, grants and donations	11 448	28 606
Loss on asset	5 312	-
Office expenses	16 619	15 270
Postages and courier services	17 399	14 855
Printing and stationery	26 934	25 331
Publications	171 262	143 217
Repairs and maintenance - equipment	17 252	17 342
Staff training and development	24 184	49 970
Telephone and communication	60 810	64 544
Travel and subsistence	220 770	169 809
Minor capital equipment	27 369	5 627
Rental of equipment	68 527	59 025
Total	7 548 186	7 603 131
International operations		
Travel and subsistence	62 516	127 039
Entertainment and functions	-	35 917
Marketing and Publicity	-	-
External staff training and development	18 064	17 466
Total	80 579	180 422
Bursary awards and other disbursements	1 496 777	1 344 184
Total expenditure	9 125 543	9 127 737
B Summary of expenditure by category		
Personnel costs	6 036 103	6 227 951
Audit fees	144 617	138 943
Consultancy fees	284 712	150 208
Depreciation	14 172	20 692
Fundraising functions and hospitality	398 872	470 565
Other operating expenses	183 379	214 988
Staff training and development	24 184	49 970
Telephone and communication	60 810	64 544
Travel and subsistence	283 286	296 848
Publications	171 262	143 217
Minor capital equipment	27 369	5 627
Bursary awards and other disbursements	1 496 777	1 344 184
Total expenditure	9 125 543	9 127 737

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Schedule of Endowment Funds

Movements for the year ended 31 December 2019

NAME OF FUND	Fund Balance Beginning Year	Donations And Grants	Income	Transfers	Expenditure and Disbursements	2019	Specified Endowments Principal At End Of Year	
	R	R	R	R	R	R	2019	2018
SPECIFIED ENDOWMENTS								
Academic	7 169 566	-	1 228 647	(430 000)	-	7 968 213	7 101 399	6 575 370
Albert Baumann Fund	3 676 758	-	651 645	(340 000)	-	3 988 403	3 932 853	3 641 531
Mackintosh Gifts	2 316 604	-	379 968	-	-	2 696 572	2 064 704	1 911 763
Murray & Roberts	189 996	-	22 158	-	-	212 154	47 767	44 229
Romatex Limited	986 208	-	174 876	(90 000)	-	1 071 084	1 056 075	977 847
Bursaries and Scholarships	8 289 611	172 703	1 404 743	-	(485 766)	9 381 291	8 165 811	7 404 497
Hajee Rooknoodeen Bursary	52 026	-	8 863	-	(937)	59 952	50 820	47 056
Alumni Bursary Fund	1 433 798	67 918	233 628	-	-	1 735 344	1 324 971	1 163 938
Dr Vasan Govind Legacy Trust	123 242	-	20 670	-	-	143 912	115 987	107 396
Dr Vasan Govind Legacy Bursary Fund	100 000	-	17 800	-	-	117 800	108 000	100 000
Hugh Africa Scholarship	258 392	-	44 140	-	(20 000)	282 532	254 039	235 221
Isadore Gordon Bursary	52 631	-	8 529	-	-	61 160	45 515	42 144
Jessie Campbell Bequest	236 833	-	39 335	-	(35 215)	240 953	213 947	201 568
Keppel Harvey Bursary Fund	274 107	-	47 121	-	(12 500)	308 728	273 490	253 231
Leana Uys Registration Fund	197 910	-	34 156	-	-	232 066	199 267	184 507
Pioneer Educationalist-Charles Harding	17 252	-	2 515	-	-	19 767	11 138	10 313
Prof. AF Hattersley Memorial Bursary	2 463 648	80 585	424 207	-	(195 000)	2 773 440	2 547 965	2 284 611
Pamela Kerry Bursary Fund	2 557 605	-	435 296	-	(207 114)	2 785 787	2 492 784	2 308 134
Tumelo Seliane Education Funds	397 093	24 200	67 602	-	-	488 895	411 473	358 586
Townley Williams Scholarship	125 074	-	20 881	-	(15 000)	130 955	116 415	107 792
Campbell Collections	3 701 005	-	656 244	(350 000)	-	4 007 249	3 962 870	3 669 324
Chairs	12 478 692	-	1 904 498	-	(1 011 011)	13 372 179	9 201 427	8 519 841
First National Bank	3 689 263	-	571 893	-	(11 042)	4 250 114	2 839 666	2 629 321
L. G. Joel Trust	655 157	-	100 810	-	-	755 967	494 170	457 565
Phyllis Lewis Trust	170 560	-	25 191	-	-	195 751	114 437	105 960
S. A. Nursing Association	474 482	-	81 887	-	-	556 369	477 734	442 347
S. A. Sugar Association	7 489 230	-	1 124 717	-	(999 969)	7 613 978	5 275 420	4 884 648
Research	6 543 941	496 489	882 199	-	-	7 922 629	3 748 535	3 011 153
AECI Limited	1 799 897	-	206 494	-	-	2 006 391	406 416	376 311
Anonymous	2 657 369	-	326 266	-	-	2 983 635	888 881	823 038
Kennedy-Potts	2 086 675	-	349 439	-	-	2 436 114	1 956 749	1 811 804
Nigel & Jeannine Grech Plant Pathology	-	496 489	-	-	-	496 489	496 489	-
Income Stabilisation Account	30 041 619	-	34 423 398	-	-	64 465 017	64 465 017	30 041 619
TOTAL SPECIFIED ENDOWMENT FUNDS	68 224 434	669 192	3 437 135	(780 000)	(1 496 777)	70 053 984	96 645 059	59 221 804
UNSPECIFIED ENDOWMENT FUND	67 540 259	2 083 226	3 367 359	-	(7 628 766)	65 362 078		
TOTAL ENDOWMENT FUNDS	135 764 693	2 752 418	6 804 494	(780 000)	(9 125 543)	135 416 063		
SPECIFIED FUNDS								
African Institute for Sustainable Rural Livelihoods	311 696	-	-	-	-	311 696		
TOTAL FUNDS	136 076 389	2 752 418	6 804 494	(780 000)	(9 125 543)	135 727 759		

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