

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements
for the year ended 31 December 2021

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2021

TRUSTEES

M C Hellberg Chairman
P G Rodseth
C J Luman
D J Leisegang
A D Clayton
I M Talke
J F Finnie

NATURE OF BUSINESS

Investment Holding Trust

AUDITORS

PricewaterhouseCoopers Inc.

BANKERS

FNB (A Division of FirstRand Bank Limited)

TRUST DEED NO.

T.572/65

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Responsibility for the Annual Financial Statements

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations for the period then ended, in conformity with appropriate accounting policies specific to the trust. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with note 1 to the Annual Financial Statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The trustees acknowledge they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all trustees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any systems of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.


The trustees are satisfied that the trust has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 3 to 12 which have been prepared on the going concern basis, were approved by the trustees on 21 April 2022 and were signed on their behalf by:



Trustee



Trustee



Independent auditor's report

To the Trustees of Maritzburg College and Old Boys Memorial Trust

Our opinion

In our opinion, the financial statements of Maritzburg College and Old Boys Memorial Trust (the Trust) for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements.

What we have audited

Maritzburg College and Old Boys Memorial Trust's financial statements set out on pages 3 to 12 comprise:

- The statement of financial position as at 31 December 2021;
- the statement of income and expenditure 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 (ISAs). 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Emphasis of Matter – Basis of Accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the trust's own accounting policies to satisfy the financial information needs of the trustees of the trust. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled “Maritzburg College and Old Boys Memorial Trust Annual Financial Statements for the year ended 31 December 2021”. 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 of these financial statements in accordance with the basis of accounting described in note 1 to the financial statements and for determining that the basis of preparation is acceptable in the circumstances 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.

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 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.

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: BS Carshagen

Registered Auditor

Date: 21 April 2022

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2021

Statement of Financial Position as at 31 December 2021

	Note	2021 R	2020 R
ASSETS			
Non-current assets			
Investments	3	28 642 918	25 367 767
Land and Buildings	4	5 230 000	5 230 000
Current assets			
Inter-group debtors	3&6	187 161	1 842 434
TOTAL ASSETS		34 060 079	32 440 201
FUNDS			
125th ANNIVERSARY APPEAL FUND	2	14 412 668	13 516 324
BOARDING ESTABLISHMENT FUND	2	5 230 000	5 230 000
SPECIFIC TRUST FUNDS			
J R Lundy Will Trust	2	4 336 019	3 707 554
Colin Inglis	2	3 405 244	2 826 964
Other	2	2 073 453	1 730 275
SH Porritt	2	3 222 259	2 714 808
Frank Jackson	2	653 193	559 107
100M4C	2	303 160	253 193
		33 635 996	30 538 225
LIABILITIES			
Current liabilities			
Creditors and accruals	3	31 600	31 600
Inter-group creditors	6	205 322	27 942
FNB overdraft	3&6	187 161	1 842 434
TOTAL FUNDS & LIABILITIES		34 060 079	32 440 201

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2021

**Statement of Income and Expenditure for the year ended 31 December 2021
(Excluding Capitalised Income)**

	Note	2021 R	2020 R
INCOME			
Income	2	291 075	485 369
Interest income		208 549	245 731
Dividend income		82 526	239 638
FUNDING EXPENDITURE			
Audit Fees		(30 475)	(30 350)
Legal Fees		(1 547)	(978)
Bursaries and scholarships	5	(138 200)	(138 200)
		<u>(170 222)</u>	<u>(169 528)</u>
TOTAL EXPENDITURE		<u>(170 222)</u>	<u>(169 528)</u>
NET SURPLUS		<u>120 853</u>	<u>315 841</u>

Notes to the Annual Financial Statements

1. Summary of Significant 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.

1.1 Basis of preparation

The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

1.2 Land and buildings

Land and buildings are shown at market value.

1.3 Investments and investment income

Investments, which the Trust intends to hold for longer than a year, are revalued to market value on an annual basis. Both increases and decreases in the carrying value of the investments are transferred to the specific fund to which the specific investment relates.

1.4 Financial instruments

Financial instruments recognised on the Statement of Financial Position include cash and cash equivalents, investments, trade receivables and borrowings.

1.5 Revenue recognition

Interest is recognised on an accrual basis, and donations received are recognised on a cash basis.

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2021

Notes to the Annual Financial Statements

2. MOVEMENT ON FUNDS

	125TH APPEAL R	BE DWELLING R	JR LUNDY R	COLIN INGLIS R	OTHER SPECIFIC R	SH PORRITT R	FRANK JACKSON R	100M4C R	TOTAL R
2021									
Balance at beginning of year	13 516 324	5 230 000	3 707 554	2 826 964	1 730 275	2 714 808	559 107	253 193	30 538 225
Opening balance cleared	-	-	-	-	-	-	-	-	-
Adjusted opening balance	13 516 324	5 230 000	3 707 554	2 826 964	1 730 275	2 714 808	559 107	253 193	30 538 225
INCOME									
Capital Growth	2 630 199	-	731 384	588 444	349 205	548 220	113 094	50 845	5 011 391
Dividend income	2 408 012	-	688 911	555 028	329 083	516 763	106 494	47 957	4 652 248
Donations received	42 780	-	11 920	9 378	5 561	8 828	1 852	2 206	82 525
Other income – interest on BE loan	1 328	-	-	-	308	-	-	-	1 636
Interest income	66 433	-	-	-	-	-	-	-	66 433
	111 646	-	30 553	24 038	14 253	22 629	4 748	682	208 549
EXPENDITURE									
Audit fees	(1 733 856)	-	(102 919)	(10 164)	(6 027)	(40 769)	(19 008)	(878)	(1 913 622)
Bank charges	(30 475)	-	-	-	-	-	-	-	(30 475)
Bursaries paid	(2 437)	-	-	-	-	-	-	-	(2 437)
Donations paid	-	-	(90 000)	-	-	(31 200)	(17 000)	-	(138 200)
Legal fees	(1 500 000)	-	-	-	-	-	-	-	(1 500 000)
Fund managers fees	(1 547)	-	-	-	-	-	-	-	(1 547)
Interest paid on BE loan	(133 103)	-	(12 919)	(10 164)	(6 027)	(9 569)	(2 008)	(878)	(174 669)
	(66 294)	-	-	-	-	-	-	-	(66 294)
NET MOVEMENT ON FUNDS									
	896 345	-	628 465	578 280	343 178	507 451	94 086	49 967	3 097 771
Balance at the end of year	14 412 668	5 230 000	4 336 019	3 405 244	2 073 453	3 222 259	653 193	303 160	33 635 996

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Notes to the Annual Financial Statements

2. MOVEMENT ON FUNDS (CONTINUED)

	125TH APPEAL R	BE DWELLING R	JR LUNDY R	COLIN INGLIS R	OTHER SPECIFIC R	SH PORRITT R	FJF R	100M4C R	TOTAL R
2020									
Balance at beginning of year	12 681 053	5 230 000	3 461 075	2 704 162	1 882 675	2 532 656	537 808	-	29 029 429
Opening balance cleared	221 366	-	-	19 129	(271 695)	31 200	-	-	-
Adjusted opening balance	12 902 419	5 230 000	3 461 075	2 723 291	1 610 980	2 563 856	537 808	-	29 029 429
INCOME									
Capital Growth	860 582	-	270 716	212 609	132 479	199 887	42 065	253 193	1 971 531
Dividend income	478 797	-	200 161	157 484	93 291	148 258	31 102	-	1 109 093
Donations received	127 686	-	34 850	27 228	18 957	25 502	5 415	-	239 638
Other income – interest on BE loan	1 250	-	-	-	809	-	-	253 193	255 252
Interest income	121 818	-	-	-	-	-	-	-	121 818
	131 031	-	35 705	27 897	19 422	26 127	5 548	-	245 730
EXPENDITURE									
Audit fees	(246 679)	-	(24 235)	(108 936)	(13 184)	(48 935)	(20 766)	-	(462 735)
Bank charges	(30 350)	-	-	-	-	-	-	-	(30 350)
Bursaries paid	(5 162)	-	-	-	-	-	-	-	(5 162)
Legal fees	-	-	-	(90 000)	-	(31 200)	(17 000)	-	(138 200)
Fund managers fees	(978)	-	-	-	-	-	-	-	(978)
Interest paid on BE loan	(88 801)	-	(24 235)	(18 936)	(13 184)	(17 735)	(3 766)	-	(166 657)
	(121 388)	-	-	-	-	-	-	-	(121 388)
NET MOVEMENT ON FUNDS	613 903	-	246 481	103 673	119 295	150 952	21 299	253 193	1 508 796
Balance at the end of year	13 516 322	5 230 000	3 707 556	2 826 964	1 730 275	2 714 808	559 107	253 193	30 538 225

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
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Notes to the Annual Financial Statements

3. Investments, Funds & Liabilities 2021

	125 th Appeal	JR Lundy	Colin Inglis	Other specific	SH Porrit	FJF	100M4C	Total
Investments								
Unit Trusts	14 256 687	4 352 909	3 508 531	2 080 251	3 265 964	672 818	303 160	28 440 320
FNB	392 903	(16 891)	(103 286)	(6 798)	(43 705)	(19 625)	-	202 598
Total investments	14 649 590	4 336 018	3 405 245	2 073 453	3 222 259	653 193	303 160	28 642 918
Other								
Inter-group debtor	187 161	-	-	-	-	-	-	187 161
	187 161	-	-	-	-	-	-	187 161
Total	14 836 751	4 336 018	3 405 245	2 073 453	3 222 259	653 193	303 160	28 830 079
Funds								
Fund	14 412 668	4 336 018	3 405 245	2 073 453	3 222 259	653 193	303 160	28 405 996
Inter-group creditor	205 322	-	-	-	-	-	-	205 322
Creditors	31 600	-	-	-	-	-	-	31 600
Total funds	14 649 590	4 336 018	3 405 245	2 073 453	3 222 259	653 193	303 160	28 642 918
Other liabilities								
FNB Loan	187 161	-	-	-	-	-	-	187 161
	187 161	-	-	-	-	-	-	187 161
Total funds	14 836 751	4 336 018	3 405 245	2 073 453	3 222 259	653 193	303 160	28 830 079

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Notes to the Annual Financial Statements

3. Investments, Funds & Liabilities 2020

	125 th Appeal	JR Lundy	Colin Inglis	Other specific	SH Porritt	FJF	100M4C	Total
Investments								
Unit Trusts	13 367 280	3 724 444	2 930 251	1 737 381	2 758 513	578 732	253 193	25 349 794
FNB	208 585	(16 890)	(103 286)	(7 105)	(43 706)	(19 625)	-	17 973
Total investments	13 575 865	3 707 554	2 826 965	1 730 276	2 714 807	559 107	253 193	25 367 767
Other								
Inter-group debtor	1 842 434	-	-	-	-	-	-	1 842 434
Total	15 418 299	3 707 554	2 826 965	1 730 276	2 714 807	559 107	253 193	27 210 201
Funds								
Fund	13 516 323	3 707 554	2 826 965	1 730 276	2 714 807	559 107	253 193	25 308 225
Inter- group Creditor	27 942	-	-	-	-	-	-	27 942
Creditors	31 600	-	-	-	-	-	-	31 600
Other liabilities								
FNB Loan	1 842 434	-	-	-	-	-	-	1 842 434
	1 842 434	-	-	-	-	-	-	1 842 434
Total funds	15 418 299	3 707 554	2 826 965	1 730 276	2 714 807	559 107	253 193	27 210 201

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
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Notes to the Annual Financial Statements

	2021 R	2020 R
3. Investments (Cont)		
Bank and Liquid Investments		
Allan Gray Money Market Fund	155 290	333 284
First National Bank	<u>202 599</u>	<u>17 973</u>
	357 889	351 257
Equity Funds		
Allan Gray Equity Fund	1 616 656	1 365 725
BCI Fundsmith Equity Feeder Fund (Class A)	3 018 581	2 445 435
Nedgroup Investments Global Equity Feeder Fund (Class B2)	4 304 415	3 676 396
Ninety one Global Franchise Feeder Fund (Class H)	<u>2 963 558</u>	<u>2 423 006</u>
	11 903 210	9 910 562
Income Funds		
Coronation Strategic Income Fund (Class P)	992 051	985 571
Prescient Income Provider Fund (Class A2)	<u>1 488 512</u>	<u>1 478 384</u>
	2 480 563	2 463 955
Multi Asset Funds		
Allan Gray Balanced Fund	2 980 790	2 631 728
Coronation Global Optimum Growth [ZAR] Feeder Fund (Class P)	3 618 123	-
Coronation Optimum Growth Fund (Class P)	-	3 722 379
Nedgroup Investments Global Flexible Feeder Fund (Class B2)	2 937 122	2 529 548
Ninety One Managed Fund (Class E)	<u>2 781 323</u>	<u>2 570 811</u>
	12 317 358	11 454 466
Property Funds		
Reitway BCI Global Property Feeder Fund (Class C)	1 583 898	1 187 527
	<u>1 583 898</u>	<u>1 187 527</u>
Total market value	<u>28 642 918</u>	<u>25 367 767</u>

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Notes to the Annual Financial Statements

	2021 R	2020 R
4. Buildings		
The buildings are stated at market values		
Boarding Establishment		
42 College Road	1 000 000	1 000 000
44 College Road	950 000	950 000
7 Verbena Road	730 000	730 000
40 College Road	2 550 000	2 550 000
	<u>5 230 000</u>	<u>5 230 000</u>
The buildings have the following original cost		
42 College Road	242 202	242 202
44 College Road	177 781	177 781
7 Verbena Road	139 340	139 340
40 College Road	2 500 000	2 500 000
	<u>3 059 323</u>	<u>3 059 323</u>
5. Bursaries and Scholarships		
Colin Inglis - Old Boys' Sons bursaries	90 000	90 000
SH Porritt	31 200	31 200
Frank Jackson Fund	17 000	17 000
	<u>138 200</u>	<u>138 200</u>
6. Related Parties		
Related parties exist between the Trust and the following entities:		
▪ Maritzburg College Boarding Establishment		
Account balances at year end		
Inter-group debtors		
- New Shepstone House Loan	187 161	1 842 434
	<u>187 161</u>	<u>1 842 434</u>
• Maritzburg College School Fund		
Account balances at year end		
- Inter-group creditors	(205 322)	(27 942)
Total Inter-group	<u>(18 161)</u>	<u>1 814 492</u>
Transactions during the period		
- Donations made	1 500 000	-
- Finance charges	66 294	121 388

Notes to the Annual Financial Statements

6. Related Parties (Cont)

The loan to the Maritzburg College Boarding Establishment is a back-to-back loan with the Maritzburg College and Old Boys Memorial Trust's overdraft from FNB of R 4 million and is secured by a pledge of investments in the 125th Appeal Fund held at Allan Gray. The FNB overdraft facility bears interest at a rate of prime minus one percent. The back-to-back loan bears the same interest rate and is payable by the Maritzburg College Boarding Establishment over a period of five years. The MCOBA executive donated R1 million to the BE and it was paid to the trust in 2020. In January 2021, the amount was transferred from the trust to the BE.

7. Taxation

The trust has been approved as a Public Benefit Organisation in terms of Section 30 of the Income Tax Act and the receipts and accruals are exempt from income tax in terms of Section 10(1)(cN) of the Act.

8. Distribution in terms of Trust Deed

When income is not sufficient to match expenditure, capital is realised from growth to fund the deficit.