

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements
for the year ended 31 December 2019

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2019

TRUSTEES	M C Hellberg P G Rodseth J B Lesur M C Mackenzie K H Guise - Brown C J Luman D J Leisegang	Chairman
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.

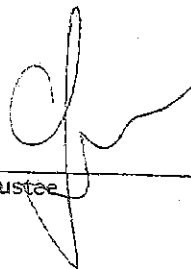
The trustees acknowledge they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal 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 11 which have been prepared on the going concern basis, were approved by the trustees on 3 August 2020 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 the Maritzburg College and Old Boys' Memorial Trust (the "Trust") for the year ended 31 December 2019, 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 2019;
 - the statement of income and expenditure for the year then ended;
 - 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 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 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.

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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. 1998/012053/21, VAT reg.no. 4950174682.

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 Trust's Trustees. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 2019", which includes the Trustees' Report. 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 the 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.
- 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: BS Carshagen

Registered Auditor

Pietermaritzburg

Date: 03/08/2020

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2019

Statement of Financial Position as at 31 December 2019

	<i>Note</i>	2019 R	2018 R
ASSETS			
Non-current assets			
Investments	3	23 574 758	21 003 645
Land and Buildings	4	5 230 000	5 230 000
Current assets			
Inter-group debtors	3&6	2 697 294	3 485 086
Sundry debtors	3&8	1 478	-
TOTAL ASSETS		<u>31 503 530</u>	<u>29 718 731</u>
FUNDS			
125th ANNIVERSARY APPEAL FUND	2	12 681 053	10 422 902
BOARDING ESTABLISHMENT FUND	2	5 230 000	5 230 000
SPECIFIC TRUST FUNDS			
J R Lundy Will Trust	2	3 461 075	3 154 689
Colin Inglis	2	2 704 162	2 342 874
Other	2	1 882 675	1 447 104
SH Porritt	2	2 532 656	2 265 030
Frank Jackson	2	537 808	482 498
		<u>29 029 429</u>	<u>25 345 097</u>
LIABILITIES			
Non-current liabilities			
Nedbank loan 1	8	-	772 072
Current liabilities			
Nedbank loan 1	3&8	-	87 443
Creditors and accruals	3	30 000	28 402
Nedbank Loan 2	3	-	631
FNB overdraft	6	2 444 101	3 485 086
TOTAL FUNDS & LIABILITIES		<u>31 503 530</u>	<u>29 718 731</u>

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2019

**Statement of Income and Expenditure for the year ended 31 December 2019
(Excluding Capitalised Income)**

	<i>Note</i>	2019 <i>R</i>	2018 <i>R</i>
INCOME			
Income	2	663 851	486 506
Interest income		379 161	281 947
Dividend income		284 690	204 559
FUNDING EXPENDITURE			
Own expenses		28 738	26 970
Bursaries and scholarships	5	131 200	134 825
		159 938	161 795
TOTAL EXPENDITURE		159 938	161 795
NET SURPLUS		503 913	324 711

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 2019

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	FJF R	TOTAL R
2019								
Balance at beginning of year	10 422 902	5 230 000	3 154 689	2 342 874	1 447 104	2 265 030	482 498	25 345 097
Opening balance cleared	82 820	-	50 001	(100 000)	2 005	(34 826)	-	-
Adjusted opening balance	10 340 082	5 230 000	3 104 688	2 442 874	1 445 099	2 299 856	482 498	25 345 097
INCOME								
Capital Growth/(Loss)	2 787 559	-	369 325	371 468	443 599	273 584	57 320	4 302 855
Dividend income	1 201 293	-	271 010	213 240	126 143	200 756	42 043	2 054 485
Donations received	151 849	-	42 193	33 199	19 639	31 255	6 555	284 690
Other income – interest on BE loan	955 016	-	-	80 870	271 695	-	-	1 307 581
Interest income	276 938	-	-	-	-	-	-	276 938
	202 463	-	56 122	44 159	26 122	41 573	8 722	379 161
	(446 588)	-	(12 938)	(110 180)	(6 023)	(40 784)	(2 010)	(618 523)
EXPENDITURE								
Audit fees	28 738	-	-	-	-	-	-	28 738
Bank charges	8 665	-	-	-	-	-	-	8 665
Bursaries paid	-	-	-	100 000	-	31 200	-	131 200
Donations paid	-	-	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Fund managers fees	46 563	-	12 938	10 180	6 023	9 584	2 010	87 298
Interest paid on BE loan	276 938	-	-	-	-	-	-	276 938
Interest paid	85 684	-	-	-	-	-	-	85 684
NET MOVEMENT ON FUNDS								
	2 340 971	-	356 387	261 288	437 576	232 800	55 310	3 684 332
Balance at the end 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

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2019

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	TOTAL R
2018								
Balance at beginning of year	13 750 617	2 590 000	3 135 680	2 425 779	1 472 449	2 369 628	481 013	26 225 166
INCOME	773 560	140 000	39 978	32 845	(14 882)	(64 479)	4 701	911 723
Capital Growth/(Loss)	(433 147)	140 000	(75 780)	(16 625)	(63 474)	(137 749)	(12 639)	(599 414)
Dividend income	94 820	-	30 039	21 288	19 422	31 889	7 101	204 559
Donations received	559 542	-	50 000	-	1 002	-	-	610 544
Other income -- interest on BE loan	414 087	-	-	-	-	-	-	414 087
Interest income	138 258	-	35 719	28 182	28 168	41 381	10 239	281 947
EXPENDITURE	(4 101 275)	2 500 000	(20 969)	(115 750)	(10 463)	(40 119)	(3 216)	(1 791 792)
Audit fees	24 887	-	-	-	-	-	-	24 887
Bank charges	102 094	-	-	-	-	-	-	102 094
Bursaries paid	-	-	-	100 000	-	34 825	-	134 825
Donations paid	984 000	-	-	-	-	-	-	984 000
Legal fees	2 084	-	-	-	-	-	-	2 084
Transfer	2 500 000	2 500 000	-	-	-	-	-	-
Fund managers fees	74 123	-	20 969	15 750	10 463	5 294	3 216	129 815
Interest paid	414 087	-	-	-	-	-	-	414 087
NET MOVEMENT ON FUNDS	(3 327 715)	2 640 000	19 009	(82 905)	(25 345)	(104 598)	1 485	(880 069)
Balance at the end of year	10 422 902	5 230 000	3 154 689	2 342 874	1 447 104	2 265 030	482 498	25 345 097

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

3. Investments, Funds & Liabilities 2019

	Total	125 th Appeal	JR Lundy	Colin Inglis	Other specific	SH Porritt	FJF
Investments							
Unit Trusts	23 554 015	12 657 005	3 461 075	2 723 291	1 610 981	2 563 855	537 808
Nedbank	5	5	-	-	-	-	-
FNB	20 738	(200 627)	-	(19 129)	271 694	(31 200)	-
Total investments	23 574 758	12 456 383	3 461 075	2 704 162	1 882 675	2 532 655	537 808
Other							
Sundry debtors - Nedbank	1 478	1478	-	-	-	-	-
Inter-group debtor - School	253 193	253 193	-	-	-	-	-
Inter-group debtor - BE	2 444 101	2 444 101	-	-	-	-	-
	2 698 772	2 698 772	-	-	-	-	-
Total	26 273 530	15 155 155	3 461 075	2 704 162	1 882 675	2 532 655	537 808
Funds							
Fund	23 799 429	12 681 053	3 461 075	2 704 162	1 882 675	2 532 656	537 808
Creditors	30 000	30 000	-	-	-	-	-
	23 829 429	12 711 053	3 461 075	2 704 162	1 882 675	2 532 656	537 808
Other liabilities							
FNB Loan	2 444 101	2 444 101	-	-	-	-	-
	2 444 101	2 444 101	-	-	-	-	-
Total funds	26 273 530	15 155 154	3 461 075	2 704 162	1 882 675	2 532 656	537 808

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2019

Notes to the Annual Financial Statements

3. Investments, Funds & Liabilities 2018

	Total	125 th Appeal	JR Lundy	Colin Inglis	Other specific	SH Porrit	FJF
Investments							
Unit Trusts	20 948 463	11 173 449	3 104 689	2 442 874	1 445 098	2 299 855	482 498
FNB	55 182	138 001	50 000	(100 000)	2 006	(34 825)	-
Total investments	21 003 645	11 311 450	3 154 689	2 342 874	1 447 104	2 265 030	482 498
Other							
Inter-group debtor	3 485 086	3 485 086	-	-	-	-	-
	3 485 086	3 485 086	-	-	-	-	-
Total	24 488 731	14 796 536	3 154 689	2 342 874	1 447 104	2 265 030	482 498
Funds							
Fund	20 115 097	10 422 902	3 154 689	2 342 874	1 447 104	2 265 030	482 498
Creditors	28 402	28 402	-	-	-	-	-
	20 143 499	10 451 304	3 154 689	2 342 874	1 447 104	2 265 030	482 498
Other liabilities							
LT Loan Nedbank 1	772 072	772 072	-	-	-	-	-
ST Loan Nedbank1	87 443	87 443	-	-	-	-	-
ST Loan Nedbank 2	631	631	-	-	-	-	-
FNB Loan	3 485 086	3 485 086	-	-	-	-	-
	4 345 232	4 345 232	-	-	-	-	-
Total funds	24 488 731	14 796 536	3 154 689	2 342 874	1 447 104	2 265 030	482 498

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2019

Notes to the Annual Financial Statements

	2019 R	2018 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>

There are two mortgage bonds over 42 and 44 College road in favour of Nedbank Ltd for R600 000 each. The bonds are over a period of 10 years at a fluctuating prime interest rate.

5. Bursaries and Scholarships

Colin Inglis - Old Boys' Sons bursaries	100 000	100 000
SH Porritt	31 200	34 825
Other	-	-
	<u>131 200</u>	<u>134 825</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	<u>2 444 101</u>	<u>3 485 086</u>
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▪ **Maritzburg College School Fund**

Account balances at year end

Inter group debtors

- Funds raised 100M4C	<u>253 193</u>	<u>-</u>
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Transactions during the period

- Finance charges	<u>276 938</u>	<u>414 087</u>
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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 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.

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

	2019 R	2018 R
7. Taxation		
<p>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.</p>		
8. Loan from Nedbank		
<p>Mortgage Bond</p>		
Non-current portion	-	772 072
Current portion	<u>(1 478)</u>	<u>87 443</u>
	<u>(1 478)</u>	<u>859 515</u>

This loan bears interest at 10.5% (2018: 10.25%) per annum and is secured by a bond over the trust's properties (42 and 44 College Road). The loan has been fully repaid as at 31 December 2019.

9. Distribution in terms of Trust Deed

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

10. Events after the reporting period

On 30 January 2020, the World Health Organisation announced COVID-19 as a Public Health Emergency of International Concern. On 5 March 2020, the first positive COVID-19 case was announced in South Africa. On 11 March 2020, the World Health Organisation declared COVID-19 as a pandemic. On 15 March 2020, South Africa declared a national state of disaster. On 23 March 2020, a 21 day lock-down was announced in South Africa. On 9 April 2020, the lock-down was extended by a further two weeks.

The effects of the COVID-19 did not materially affect the going concern of the entity. The event is therefore considered to be a non-adjusting subsequent event.