

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements
for the year ended 31 December 2020

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2020

TRUSTEES

M C Hellberg Chairman
P G Rodseth
C J Luman
D J Leisegang
D M Mundell
G S Little
I M Talke

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.

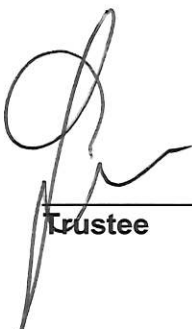
The trustees are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any systems of internal financial 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 6 MAY 2021 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 present fairly, in all material respects, the financial position of Maritzburg College and Old Boys Memorial Trust (the Trust) as at 31 December 2020, and its financial performance for the year then ended 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 11 comprise:

- the statement of financial position as at 31 December 2020;
 - 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 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 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.

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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 2020”, 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 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.
- 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: 06/05/2021

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2020

Statement of Financial Position as at 31 December 2020

	<i>Note</i>	2020 <i>R</i>	2019 <i>R</i>
ASSETS			
Non-current assets			
Investments	3	25 367 767	23 574 758
Land and Buildings	4	5 230 000	5 230 000
Current assets			
Inter-group debtors	3&6	1 842 434	2 697 294
Sundry debtors	3&8	-	1 478
TOTAL ASSETS		<u>32 440 201</u>	<u>31 503 530</u>
FUNDS			
125th ANNIVERSARY APPEAL FUND	2	13 516 324	12 681 053
BOARDING ESTABLISHMENT FUND	2	5 230 000	5 230 000
SPECIFIC TRUST FUNDS			
J R Lundy Will Trust	2	3 707 554	3 461 075
Colin Inglis	2	2 826 964	2 704 162
Other	2	1 730 275	1 882 675
SH Porritt	2	2 714 808	2 532 656
Frank Jackson	2	559 107	537 808
100M4C		253 193	-
		<u>30 538 225</u>	<u>29 029 429</u>
LIABILITIES			
Current liabilities			
Creditors and accruals	3	31 600	30 000
Inter-group creditors	6	27 942	-
FNB overdraft	6	1 842 434	2 444 101
TOTAL FUNDS & LIABILITIES		<u>32 440 201</u>	<u>31 503 530</u>

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
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**Statement of Income and Expenditure for the year ended 31 December 2020
(Excluding Capitalised Income)**

	<i>Note</i>	2020 R	2019 R
INCOME			
Income	2	485 369	663 851
Interest income		245 731	379 161
Dividend income		239 638	284 690
FUNDING EXPENDITURE			
Audit Fees		(30 350)	(28 738)
Legal Fees		(978)	-
Bursaries and scholarships	5	(138 200)	(131 200)
		(169 528)	(159 938)
TOTAL EXPENDITURE		(169 528)	(159 938)
NET SURPLUS		315 841	503 913

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 2020

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
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	860 582	-	270 716	212 609	132 479	199 887	42 065	253 193	1 971 531
Capital Growth	478 797	-	200 161	157 484	93 291	148 258	31 102	-	1 109 093
Dividend income	127 686	-	34 850	27 228	18 957	25 502	5 415	-	239 638
Donations received	1 250	-	-	-	809	-	-	253 193	255 252
Other income – interest on BE loan	121 818	-	-	-	-	-	-	-	121 818
Interest income	131 031	-	35 705	27 897	19 422	26 127	5 548	-	245 730
EXPENDITURE	(246 677)	-	(24 237)	(108 936)	(13 184)	(48 935)	(20 766)	-	(462 735)
Audit fees	(30 350)	-	-	-	-	-	-	-	(30 350)
Bank charges	(5 160)	-	-	-	-	-	-	-	(5 160)
Bursaries paid	-	-	-	(90 000)	-	(31 200)	(17 000)	-	(138 200)
Legal fees	(978)	-	-	-	-	-	-	-	(978)
Fund managers fees	(88 801)	-	(24 237)	(18 936)	(13 184)	(17 735)	(3 766)	-	(166 659)
Interest paid on BE loan	(121 388)	-	-	-	-	-	-	-	(121 388)
NET MOVEMENT ON FUNDS	613 905	-	246 479	103 673	119 295	150 952	21 299	253 193	1 508 796
Balance at the end 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

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

2. MOVEMENT ON FUNDS (CONTINUED)

	125TH APPEAL R	BE DWELLING R	J R 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	42 041	2 054 483
Donations received	151 849	-	42 193	33 199	19 639	31 255	6 557	284 692
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
EXPENDITURE								
Audit fees	(446 588)	-	(12 938)	(110 180)	(6 023)	(40 784)	(2 010)	(618 523)
Bank charges	28 738	-	-	-	-	-	-	28 738
Bursaries paid	8 665	-	-	-	-	-	-	8 665
Donations paid	-	-	-	100 000	-	31 200	-	131 200
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
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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 Porrit	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
Total funds	13 575 865	3 707 554	2 826 965	1 730 276	2 714 807	559 107	253 193	25 367 767
Other liabilities								
FNB Loan	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

	2020 R	2019 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		
Mortgage Bond		
Non-current portion	-	-
Current portion	-	(1 478)
	<u>-</u>	<u>(1 478)</u>

This loan bears interest at 10.5% (2019) 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.