

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements
for the year ended 31 December 2017

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

TRUSTEES

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

NATURE OF BUSINESS

Investment Holding Trust

AUDITORS

PricewaterhouseCoopers Inc.

BANKERS

FNB (A Division of FirstRand Bank Limited)

TRUST DEED NO.

T.572/65

CONTENTS

	Page
Approval of annual financial statements	1
Report of the independent auditors	2
Statement of Financial Position	3
Income and Expenditure statement	4
Notes to the Financial Statements	5 - 11

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.

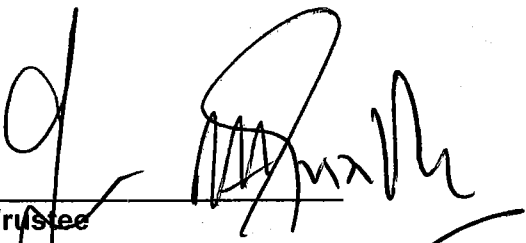
The trustees are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any systems of internal financial 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 26 - 4 - 2018 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 2017 and its financial performance the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

What we have audited

Maritzburg College and Old Boys Memorial's financial statements set out on pages 3 to 11 comprise:

- the statement of financial position as at 31 December 2017;
- 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Other information

The Trustees are responsible for the other information. The other information comprises the Trustees' report. 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.

PricewaterhouseCoopers Inc., Block C, 21 Cascades Crescent, Cascades, Pietermaritzburg, 3201

P O Box 13884, Cascades, 3202

T: +27 (0) 33 343 8600, F: +27 (0) 33 347 5957, www.pwc.co.za

Chief Executive Officer: T D Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

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.



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 the International Financial Reporting Standard for Small and Medium-sized Entities, 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: Brendan Carshagen

Registered Auditor

Block C, 21 Cascades Crescent

Pietermaritzburg

3201

Date: 26/4/2018

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

Statement of Financial Position

	<i>Note</i>	2017 <i>R</i>	2016 <i>R</i>
ASSETS			
Non-current assets			
Investments	3	22 116 056	21 556 056
Land and Buildings	4	2 590 000	2 590 000
Current assets			
Inter-group debtors	6	11 290	-
Property Deposit	10	2 500 000	-
TOTAL ASSETS		<u>27 217 346</u>	<u>24 146 056</u>
FUNDS			
125th ANNIVERSARY APPEAL FUND	2	13 750 617	11 899 030
BOARDING ESTABLISHMENT FUND	2	2 590 000	2 590 000
SPECIFIC TRUST FUNDS			
J R Lundy Will Trust	2	3 135 680	2 813 272
Colin Inglis	2	2 425 779	2 266 842
Other	2	1 472 449	1 332 341
SH Porritt	2	2 369 628	2 167 596
Frank Jackson	2	481 013	-
GENERAL FUND	2	-	-
		<u>26 225 166</u>	<u>23 069 081</u>
LIABILITIES			
Non-current liabilities			
Nedbank loan	8	875 354	962 041
Current liabilities			
Nedbank loan	8	89 160	89 160
Creditors and accruals	3	27 666	25 774
TOTAL FUNDS & LIABILITIES		<u>27 217 346</u>	<u>24 146 056</u>

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

**Income and Expenditure
(Excluding Capitalised Income)**

	<i>Note</i>	2017 R	2016 R
INCOME			
Income	2	485 224	392 110
Interest income		302 748	224 447
Dividend income		182 476	167 663
FUNDING EXPENDITURE			
Own expenses		27 200	25 600
Bursaries and scholarships	5	180 000	181 660
		207 200	207 260
TOTAL EXPENDITURE		207 200	207 260
NET SURPLUS		278 024	184 850

Notes to the 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 2017

Notes to the 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
2017								
Balance at beginning of year	11 899 030	2 590 000	2 813 272	2 266 842	1 332 341	2 167 596	-	23 069 081
Transfers at beginning of year	(136 064)	-	60 000	56 163	4 031	15 870	-	-
Additions	-	-	-	-	-	-	429 476	429 476
INCOME	2 178 080	-	342 817	201 132	147 602	233 673	53 161	3 156 465
Capital Growth	1 123 971	-	285 221	184 290	98 049	161 993	39 433	1 892 957
Dividend income	87 816	-	29 379	8 724	19 371	32 163	5 023	182 476
Donations received	777 280	-	-	-	1 004	-	-	778 284
Interest income	189 013	-	28 217	8 118	29 178	39 517	8 705	302 748
EXPENDITURE	(190 429)	-	(80 409)	(98 358)	(11 525)	(47 511)	(1 624)	(429 856)
Audit fees	27 200	-	-	-	-	-	-	27 200
Bank charges	6 985	-	-	-	-	-	-	6 985
Bursaries paid	-	-	60 000	83 000	1 000	36 000	-	180 000
Legal fees	11 725	-	-	-	-	-	-	11 725
Fund managers fees	86 432	-	20 409	15 358	11 525	11 511	1 624	146 859
Transfer	1 000	-	-	-	(1 000)	-	-	-
Interest paid	57 087	-	-	-	-	-	-	57 087
NET MOVEMENT ON FUNDS	1 987 651	-	262 408	102 774	136 077	186 162	51 537	2 726 609
Balance at the end 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

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

Notes to the Financial Statements

2 MOVEMENT ON FUNDS (CONTINUED)

	125TH APPEAL	BE DWELLING	JR LUNDY	COLIN INGLIS	OTHER SPECIFIC	SH PORRITT	GENERAL	TOTAL
	R	R	R	R	R	R	R	R
2016								
Balance at beginning of year	12 455 931	2 555 000	2 882 009	2 363 013	1 321 467	2 020 775	34 551	23 632 746
Transfers at beginning of year	(128 860)	-	24 000	68 860	-	36 000	(34 551)	(34 551)
INCOME								
Capital Growth	(142 583)	35 000	(19 883)	(74 817)	17 352	155 305	-	(29 626)
Dividend income	(524 013)	35 000	(73 364)	(99 278)	(49 117)	91 392	-	(619 380)
Donations received	79 379	-	28 581	12 127	18 348	29 228	-	167 663
Interest income	181 641	-	-	-	16 004	-	-	197 645
	120 410	-	24 900	12 334	32 117	34 685	-	224 446
EXPENDITURE								
Audit fees	285 458	-	72 854	90 214	6 478	44 484	-	499 488
Bank charges	25 600	-	-	-	-	-	-	25 600
Bursaries paid	4 451	-	-	-	-	-	-	4 451
Legal fees	9 000	-	60 000	76 660	-	36 000	-	181 660
Donation	2 850	-	-	-	-	-	-	2 850
Fund managers fees	68 404	-	-	-	-	-	-	68 404
Interest paid	61 219	-	12 854	13 554	6 478	8 484	-	102 589
	113 934	-	-	-	-	-	-	113 934
NET MOVEMENT ON FUNDS								
	(556 901)	35 000	(68 737)	(96 171)	10 874	146 821	(34 551)	(563 665)
Balance at the end of year	11 899 030	2 590 000	2 813 272	2 266 842	1 332 341	2 167 596	-	23 069 081

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

Notes to the Financial Statements

3. Investments, Funds & Liabilities 2017

	Total	125 th Appeal	JR Lundy	Colin Inglis	Other specific	SH Porrit	FJF
Investments							
Unit Trusts	21 137 469	11 253 923	3 135 680	2 425 779	1 471 446	2 369 628	481 013
Nedbank	315	315	-	-	-	-	-
FNB	978 272	977 269	-	-	1 003	-	-
Total investments	22 116 056	12 231 507	3 135 680	2 425 779	1 472 449	2 369 628	481 013
Funds							
Fund	21 123 876	11 239 327	3 135 680	2 425 779	1 472 449	2 369 628	481 013
Creditors	27 666	27 666	-	-	-	-	-
	21 151 542	11 266 993	3 135 680	2 425 779	1 472 449	2 369 628	481 013
Other liabilities							
LT Loan Nedbank	875 354	875 354	-	-	-	-	-
ST Loan Nedbank	89 160	89 160	-	-	-	-	-
	964 514	964 514	-	-	-	-	-
Total funds	22 116 056	12 231 507	3 135 680	2 425 779	1 472 449	2 369 628	481 013

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

Notes to the Financial Statements

3. Investments, Funds & Liabilities 2016

	Total	125 th Appeal	JR Lundy	Colin Inglis	Other specific	SH Porrit
Investments						
Unit Trusts	21 210 401	12 494 286	2 873 272	2 323 006	1 336 372	2 183 465
Nedbank	1 109	1 109	-	-	-	-
FNB	344 546	480 610	(60 000)	(56 164)	(4 031)	(15 869)
Total investments	21 556 056	12 976 005	2 813 272	2 266 842	1 332 341	2 167 596
Funds						
Fund	20 479 081	11 899 030	2 813 272	2 266 842	1 332 341	2 167 596
Creditors	25 774	25 774	-	-	-	-
	20 504 855	11 924 804	2 813 272	2 266 842	1 332 341	2 167 596
Other liabilities						
LT Loan Nedbank	962 041	962 041	-	-	-	-
ST Loan Nedbank	89 160	89 160	-	-	-	-
	1 051 201	1 051 201	-	-	-	-
Total funds	21 556 056	12 976 005	2 813 272	2 266 842	1 332 341	2 167 596

MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST
Annual Financial Statements at 31 December 2017

Notes to the Financial Statements

	2017 R	2016 R
4. Buildings		
The buildings are stated at market values		
Boarding Establishment		
42 College Road	970 000	970 000
44 College Road	930 000	930 000
7 Verbena Road	690 000	690 000
	<u>2 590 000</u>	<u>2 590 000</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
	<u>559 323</u>	<u>559 323</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

Special bursaries	-	9 000
Colin Inglis - Old Boys' Sons bursaries	83 000	76 660
J R Lundy for Teacher Training Program Bursary Fund	60 000	60 000
SH Porritt	36 000	36 000
Other	1 000	-
	<u>180 000</u>	<u>181 660</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	11 290	-
---------------------	--------	---

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.

Notes to the Financial Statements

	2017 R	2016 R
8. Loan from Nedbank		
Mortgage Bond		
Non-current portion	875 354	962 041
Current portion	89 160	89 160
	<u>964 514</u>	<u>1 051 201</u>

This loan bears interest at 10.25% (2016: 10.5%) per annum and is secured by a bond over the trust's properties (42 and 44 College Road). This loan is repayable in monthly instalments of R16 036.

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. Property Deposit

This relates to a deposit which was placed with the Trust's attorneys for a purchase of a property in College Road. The property was subsequently purchased in the 2018 period.