The Mandela Rhodes Foundation Trust
(Registration Number : IT5164/2003)
Annual Financial Statements
for the year ended 31 December 2021

General Information

Trust registration number	IT 5164/2003
Country of establishment and domicile	South Africa
Nature of business and principal activities	To contribute to the development of exceptional leadership capacity in Africa
Founding person	Late Nelson Rolihlahla Mandela
Chair	Njabulo Ndebele
Prescribed Officers	Chief Executive Officer Judy Sikuza Operations Director Ernst Gerber
Trustees	**Mandela Nominees** Mohamed Ibrahim Phumzile Mlambo- Ngcuka Osmond Mlonyeni Yvonne Mokgoro Njabulo Ndebele (Chair) **Rhodes Nominees** Janet Kabiru Elizabeth Kiss John McCall MacBain Catherine O'Regan
Registered office	The Mandela Rhodes Building 150 St Georges Mall Cape Town 8001
Business address	The Mandela Rhodes Building 150 St Georges Mall Cape Town 8001
Postal address	P O Box 15897 Vlaeberg 8018 Cape Town South Africa
Bankers	Nedbank Limited Nedbank Private Wealth
Auditors	PricewaterhouseCoopers Inc.
Level of assurance	These annual financial statement have been audited

General Information (continued)

Preparer
As agreed by the Board of Trustees

The annual financial statements were compiled under the supervision of Ernst Gerber

Investments Managers and funds in which the Foundation was invested during the year

- Abax investments Proprietary Limited - Abax Equity Prescient Fund Class B2
- Allan Gray Limited - Allan Gray Equity Fund Class C
- Alpha Equity Hedge IDS Fund
- Arnott Opportunities - Arnott Capital
- Blackrock - iShares Core FTSE 100 UCITS ETF
- Blackrock - iShares Core S&P 500 ETF
- BSF Blackrock UK Emerging Markets Absolute Return Fund
- Catalyst Alpha Prescient QI Hedge Fund A Series
- Chrysalis Capital Proprietary Limited - Chrysalis Credit Arbitrage Fund
- Credo Capital PLC - Cash
- Fairtree Capital - Fairtree Flexible Income Plus Prescient fund
- Invesco Captial Management - Invesco QQQ Trust Nasdaq 100
- Matrix Fund Managers Limited - Matrix Multi Strategy Fund and Matrix NCIS Fixed Income Hedge Fund
- Mclnory & Wood Limited - Mclnroy & Wood Smaller Companies Fund
- Morgan Stanley Investment Limited - Morgan Stanley Global Brands Strategy
- Optis Global Opportunities Fund - Optis Global
- Peregrine Holdings Limited - Peregrine High Growth Fund
- Polar Star Management Proprietary Limited - Polar Star Fund Lead Series
- Polygon Global Partners LLP - Polygon Convertible Opportunity Fund
- Portland Hill Capital LLP - Portland Hill Fund Sicav Catalyst Driven Strategy
- Prescient Global Qualified Investor Fund plc - Orient Opportunities Fund.
- Ranmore Global Equity Fund PLC - Retail CL
- Russell Clark Investment Management - Horseman Global Fund Limited Class B
- SPDR Gold Trust - SPDR Gold Shares
- Tangible Segregated Portfolio Class A

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Trustees' Responsibilities and Approval

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 and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Trustees acknowledge that 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 board of trustees sets 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 employees 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 behaviour 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 system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Trustees have reviewed the Trust’s cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, they are satisfied that the Trust has or had 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 pages 8 to 10.

The annual financial statements set out on pages 11 to 38, which have been prepared on the going concern basis, were approved by the board of directors on 24 March 2022 and were signed on their behalf by:

Njabulo Ndebele (Chair)	John McCall MacBain

Trustees' Report

The Trustees have pleasure in submitting their report on the annual financial statements of The Mandela Rhodes Foundation Trust for the year ended 31 December 2021.

1. Nature of business

The Mandela Rhodes Foundation Trust was formalised on 9 June 2003 as a joint initiative between the late Nelson Rolihlahla Mandela and the Rhodes Trustees (hereinafter jointly referred to as 'the Founders'). The Rhodes Trust pledged a benefaction over time of Ten Million Pounds Sterling (£10 000 000.00) for the purposes envisaged by the Trust Deed.

The central purpose of the Foundation is to build exceptional leadership in Africa. This objective is advanced through the implementation of programmes, the flagship programme being the Mandela Rhodes Scholarships, which became operational in 2005. Details of the programme are to be found in the foundation's annual yearbooks and on the website www.mandelarhodes.org. The Board of Trustees reviews strategy and implementation annually.

2. Review of financial results and activities

Full details of the financial position, results of operations and cash flows of the Trust are set out in these annual financial statements.

3. Going concern

The Trustees believe that the Trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Trustees have satisfied themselves that the Trust is in a sound financial position and that it has sufficient liquid assets and together the cash flow forecast for the next 12 months to meet its foreseeable cash requirements. The Trustees are not aware of any new material changes that may adversely impact the Trust. The Trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Trust.

4. Events after the reporting period

There have been no adjusting events which have occurred after the financial year-end.

5. Investment policy and performance

The investment of the Foundation's assets is overseen by the Investment Committee on behalf of the board. The Investment Committee meets at least four times a year. It also receives periodic information and advice from the appointed asset consultants (AlphaWealth) as to the appropriate asset allocation targets and exposures as well as the choice of investment managers and funds to invest in. However the decisions on these matters remain the responsibility of the Investment Committee.

Scholarships are funded from two sources: The Endowment Reserves (which resulted from donors having contributed sufficient capital to fund one or more scholarships each year in perpetuity) and from the Annual Funding Reserves (which holds the aggregate of smaller donations that were sufficient only to fund part or all of one or more scholarships at a time over a limited number of years).

Trustees' Report (continued)

5. Investment policy and performance

The Investment Portfolio comprises the Endowment Reserves and that portion of the Annual Funding Reserves that are not expected to be used in the short run. The balance of the Annual Funding Reserves is held in bank deposits.

In the case of the Endowment Reserves, the investment objective for these funds is to achieve a real return (i.e.: the nominal return less the inflation rate) of at least 4.5% p.a. over the long run within acceptable degrees of risk. This is in line with the Board's intention to maintain the Foundation's 'spend rate' from these Endowment Reserves (i.e.: the total expenses covered by the Endowment Reserves as a percentage of the Endowment Reserves) at or below 4.5% per year over time, thus ensuring the ability to sustainably support the Foundation's work and the scholarships funded from this source of donations in perpetuity.

The portion of the Annual Funding Reserves which is held in the Investment Portfolio is also invested under the same mandate as the Endowment Reserves.

The assets in the Investment Portfolio are invested in a suitable mix of equities, property, bonds and cash as well as in hedged or absolute-return funds. These investments are typically made via collective investment vehicles managed by leading asset managers. The array of funds and their respective investment managers is reproduced elsewhere in this document.

Since inception of the Investment Portfolio's mandate in 2009, the Investment Portfolio has performed very well relative to the investment objectives, achieving an annualised return of 11.4% compared to the investment target of 9.6% p.a. This equates to a real return of 6.3% p.a. (cf: target of 4.5% p.a.).

We have continued to see a steady trend of outperformance in recent years with a 3-year annualised return of the portfolio of 14.4% p.a. compared to our targeted return of 8.7% p.a. over that period. (i.e.: a substantial real return of 10.2% p.a.).

Building on strong performance of 14% total return in 2020, in 2021 we experienced an even better outcome with the Investment Portfolio achieving an outstanding nominal return of 20.1%% against a targeted return of 10.2% for the year. This equates to an outstanding real return of 14.4%.

Much of this strong performance was due to some exceptional returns achieved by both SA and International hedge fund and absolute-return managers combined with the Fund's high exposure to foreign currency priced assets. Long-only equity investment funds also did especially well over the year.

At the end of December 2021, the investment portfolio had a 42% exposure to South African securities (2020: 51%), comprising 0% in SA long-only equity funds and preference shares (2020: 10%); 23% in equity hedged multi-strategy funds (2020: 24%); 9% in SA credit assets (2020: 9%) and 10% in cash and cash-alternatives (2020: 8%).

58% of the investment exposure was international (not including the international exposure within the SA-listed equity funds) (2020: 49%) - of which 21% was invested in international long-only equity funds (2020: 25%); 36% in absolute return/hedged funds (2020: 24%); 2% in Gold ETFs (2020: 2%); 0% in international real-estate (2020: 0%) and 0% in managed-cash (2020: 0%).

Recognising that the Foundation's expenses are in Rands, we typically hedge the currency exposure to be 50% Rand : 50% Dollar unless extreme currency swings suggest holding exposures more or less than this split.

Trustees' Report (continued)

6. Trustees

The Trustees in office during the year and at the date of this report are as follows:

Name	**Nominees**
Mohamed Ibrahim	Mandela Nominee
Phumzile Mlambo- Ngcuka	Mandela Nominee
Osmond Mlonyeni	Mandela Nominee
Yvonne Mokgoro	Mandela Nominee
Njabulo Ndebele (Chair)	Mandela Nominee
Janet Kabiru	Rhodes Nominee
Elizabeth Kiss	Rhodes Nominee
John McCall MacBain	Rhodes Nominee
Catherine O'Regan	Rhodes Nominee

7. Executive Committee

Elizabeth Kiss
Yvonne Mokgoro
Njabulo Ndebele (Chair)

8. Remuneration Committee

Mustaq Brey
Elizabeth Kiss (Chair)
Njabulo Ndebele

9. Investment Committee

Jacques Conradie
Tim Cumming (Chair)
Osmond Mlonyeni
Judy Sikuza
Muitheri Wahome

10. Finance, Audit and Risk Committee

Mustaq Brey (Chair)
Janet Kabiru
Thobela Mfeti
Nkazi Sokhulu

11. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the Trust for 2021.

Independent auditor's report

To the Trustees of The Mandela Rhodes Foundation Trust

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Mandela Rhodes Foundation Trust (the Trust) as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Mandela Rhodes Foundation Trust's financial statements set out on pages 11 to 38 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity 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 (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 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. 1998/012055/21, VAT reg.no. 4950174682

Other information

The Trustees are responsible for the other information. The other information comprises of information included in the document titled “The Mandela Rhodes Foundation 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 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.

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: Viresh Harri
Registered Auditor
Cape Town
24 March 2022

Statement of Financial Position as at 31 December 2021

	Notes	2021 R	2020 R
ASSETS			
Non-current assets			
Property and equipment	6	12,024,511	12,068,819
Other financial assets	8	893,431,264	731,263,587
		905,455,775	**743,332,406**
Current assets			
Other financial assets	8	15,249,409	14,642,924
Trade and other receivables	9	390,465	378,520
Cash and cash equivalents	10	5,199,294	36,128,425
		20,839,168	**51,149,869**
Total assets		**926,294,943**	**794,482,275**
EQUITY AND LIABILITIES			
Equity			
Trust Fund	11	6,728,943	6,728,943
Retained Surplus		153,036,011	143,845,780
Investment Reserve	12	245,670,327	138,277,726
Other reserves	12	519,560,089	504,560,089
		924,995,370	**793,412,538**
Liabilities			
Current Liabilities			
Trade and other payables	13	1,299,573	872,365
Related party payable	22	-	197,372
		1,299,573	**1,069,737**
Total equity and liabilities		**926,294,943**	**794,482,275**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 R	2020 R
Revenue	15	16,110,060	1,947,547
Other operating expenses	16	(31,869,035)	(34,632,201)
Operating deficit	16	**(15,758,975)**	**(32,684,654)**
Investment income	17	5,014,044	22,072,424
Finance cost	18	(3,701)	(3,690)
Deficit for the year		**(10,748,632)**	**(10,615,920)**
Other comprehensive incomce:			
Items that will not be reclassified to surplus or deficit:			
Changes in the fair value of investments at fair value through other comprehensive income	8	142,331,464	70,707,801
Other comprehensive income for the year		**142,331,464**	**70,707,801**
Total comprehensive income for the year		**131,582,832**	**60,091,881**

Statement of changes in Equity

	Notes	Trust Fund R	Retained income R	Investment reserve R	Other reserves R	Total Equity R
Balance at 01 January 2020		**6,728,943**	**130,878,889**	**91,152,736**	**504,560,089**	**733,320,657**
Deficit for the year		-	(10,615,920)	-	-	(10,615,920)
Other comprehensive income		-	-	70,707,801	-	70,707,801
Total comprehensive income for the year		**-**	**(10,615,920)**	**70,707,801**	**-**	**60,091,881**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	8	-	23,582,811	(23,582,811)	-	-
Balance at 31 December 2020		**6,728,943**	**143,845,780**	**138,277,726**	**504,560,089**	**793,412,538**
Deficit for the year		-	(10,748,632)	-	-	(10,748,632)
Other comprehensive income		-	-	142,331,464	-	142,331,464
Total comprehensive income for the year		**-**	**(10,748,632)**	**142,331,464**		**131,582,832**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	8	-	34,938,863	(34,938,863)	-	-
Transfer between reserves		-	(15,000,000)	-	15,000,000	
Balance at 31 December 2021		**6,728,943**	**153,036,011**	**245,670,327**	**519,560,089**	**924,995,370**

"Other reserves" comprise of:	2021 R	2020 R
Property Maintenance Reserve	11,688,544	11,688,544
Other Endowment Reserve	365,515,925	350,515,925
Property Endowment Reserve	12,437,356	12,437,356
Rhodes Endowment Reserve	129,918,264	129,918,264
	519,560,089	**504,560,089**

Statement of Changes in Equity

Trust Fund

The capital represented by the initial donation stipulated in clause 4.1 of the Notarial Deed of Trust, together with such capital and revenue as may from time to time become vested in the Trustees for the purposes of this Trust, whether by reason of donation bequest, accrual or otherwise. The funds originated from the Rhodes Trust. Any additional funds received were applied to other reserves (refer below).

Rhodes Endowment Reserve

The Rhodes endowment reserve is the aggregate amount received from the Rhodes Trust, one of the Founders, and invested in the endowment investment portfolio (refer to note 6). This amount was transferred to other endowments in the prior years. The balance breakdown is as follows:

	2021 R	2020 R
Rhodes Trust	**129,918,264**	**129,918,264**

Other Endowment Reserve

The other endowment reserve is the actual amount received from donors other than the Rhodes Trust and invested in the endowment investment portfolio (refer to note 6). The balance breakdown is as follows:

	2021 R	Movement	2020 R
OUP (via The Mandela Rhodes Foundation Trust Two)	**88,631,270**	**15,000,000**	**73,631,270**
The Leverhulme Trust	**74,460,596**	-	**74,460,596**
McCall MacBain Foundation	**57,842,932**	-	**57,842,932**
Friends of the Mandela Rhodes Foundation (USA)	**51,119,618**	-	**51,119,618**
ABSA Bank Limited	**16,000,000**	-	**16,000,000**
Old Mutual	**10,176,000**	-	**10,176,000**
Peter Cundhill Foundation	**8,499,500**	-	**8,499,500**
The Hunter Foundation	**7,964,200**	-	**7,964,200**
46664	**7,136,090**	-	**7,136,090**
David Cohen (via the Friends of Mandela Rhodes Foundation)	**6,500,000**	-	**6,500,000**
British American Tobacco	**6,000,000**	-	**6,000,000**
The Rupert Group of Companies	**6,000,000**	-	**6,000,000**
Sibanye-Stillwater	**6,000,000**	-	**6,000,000**
Isaac Shongwe	**4,000,000**	-	**4,000,000**
Oxford University Press SA	**3,500,000**	-	**3,500,000**
Unilever	**3,500,000**	-	**3,500,000**
The making a difference charitable trust	**3,285,720**	-	**3,285,720**
Northam Platinum	**2,400,000**	-	**2,400,000**
Anglo American Chairman's Fund	**1,500,000**	-	**1,500,000**
Friends of the Mandela Rhodes Foundation (EGG Foundation)	**1,000,000**	-	**1,000,000**
	365,515,925	**15,000,000**	**350,515,925**

There have been several substantial contributions to the operational expenses of the Foundation over the years. These donors included De Beers, Anglo American, the Royal Embassy of Norway, Friends of the Mandela Rhodes Foundation USA, Earthquake South Africa, Louis Vuitton, Mo Ibrahim Foundation, McCall MacBain Foundation, and others.

Statement of Cash Flows

	Notes	2021 R	2020 R
Cash flows from operating activities			
Cash used in operations	20	(21,975,978)	(14,414,390)
Finance income	17	822,192	1,285,889
Finance costs	18	(3,701)	(3,690)
Net cash from operating activities		**(21,157,486)**	**(13,132,191)**
Cash flows from investing activities			
Purchase of financial assets at fair value through other comprehensive income	8	(234,281,077)	(154,287,731)
Proceeds from disposal of financial assets at fair value through other comprehensive income	8	225,115,922	157,140,532
Movement in short-term other financial assets		(606,490)	43,060,292
Net cash from investing activities		**(9,771,645)**	**45,913,093**
Total cash movement for the year		**(30,929,131)**	**32,780,902**
Cash at the beginning of the year		36,128,425	3,347,523
Total cash at the end of the year	10	**5,199,294**	**36,128,425**

Accounting policies

1. Significant accounting policies

The Mandela Rhodes Foundation Trust is a Trust established and domiciled in South Africa. The address of its registered office and principal place of business is The Mandela Rhodes Building, 150 St Georges Mall, Cape Town, 8001. Their principal activity is to contribute to the development of exceptional leadership capacity in Africa.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis , and incorporate the principal accounting policies set out below. They are presented in South African Rands.

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The 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.

Key sources of estimation uncertainty

Financial assets through other comprehensive income

Financial assets at fair value through other comprehensive income are equity investments which are not held for trading and for which the Trust has made an irrecoverable election at initial recognition to recognise changes in fair value in other comprehensive income. These assets are classified as non-current.

Fair value of investments
The fair value of financial instruments traded in an active market is based on unquoted market prices as at balance sheet date.

The fair value of financial instruments which are unlisted are determined through estimates made.

Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the obligation can be made.

Accounting policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Critical accounting estimates

Government Grant
Judgement was applied in determining when all contractual stipulations for the grant from the Western Cape Provincial Government for the purchase of the Bishopscourt land had been met.

Donation Contracts
Judgement was applied in determining when ultimate authority for the use of donation income transfers to the Foundation.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Trust holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Trust, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Trust. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Office equipment	Straight line	6 years
Computer equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Accounting policies

1.2 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Acquired computer software licences are written off in full in the year of purchase. Development costs associated with the Trust's website are capitalised and amortised over its useful life.

1.4 Financial instruments

Financial instruments held by the Trust are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Trust, as applicable, are as follows:

Financial assets which are equity instruments:

- Designated as at fair value through other comprehensive income.

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

The financial instruments held by the Trust based on their specific classifications are shown in note 4 below.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Trust are presented below:

Accounting policies

1.4 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Trust's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Trust becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Trust recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Trust measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. The Trust applies the simplified approach.

Investments in equity instruments

Classification

Investments are classified as mandatorily at fair value through other comprehensive income. As an exception to this classification, the Trust may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the Trust becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in surplus or deficit.

Accounting policies

1.4 Financial instruments (continued)

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) , depending on their classification. Details of the valuation policies and processes are presented in note 5.

Dividends received on equity investments are recognised in surplus or deficit when the Trust's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 17).

Investments denominated in foreign currencies

When an investment in an equity instrument is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 4).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Trade and other payables

Classification

Trade and other payables (note 13), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Trust becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest rate method results in the recognition of interest expense, then it is included in surplus or deficit in finance costs (note 18).

Trade and other payables expose the Trust to liquidity risk and possibly to interest rate risk. Refer to note 4 for details of risk exposure and management thereof.

Accounting policies

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership at every reporting date.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in surplus or deficit.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

The Trust recognises revenue from the following major sources:

- General donations
- Government grants
- Specific purpose donations
- Rental income
- Interest income
- Dividend income

Donations and programme funding

Revenue is recognised when the entity satisfies performance obligations under a contract with donors.

Government grant

Government grant is only recognised as income once all contractual obligations relating to the non-depreciable assets have been met.

Accounting policies

1.6 Revenue (continued)

Rental income

Rental income from operating leases are recognised on a straight line basis in the statement of comprehensive income.

Interest income

Interest income earned is recognised on a time-proportion basis. The entity calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired the entity calculates interest income by applying the effective interest rate to the net amortised cost (gross carrying amount less the allowance for expected credit losses) of the financial asset. If the financial asset is no longer deemed to be credit-impaired, the entity reverts to calculating interest income on a gross basis.

Dividend income

Dividends are recognised in surplus or deficit, when the Trust's right to receive payment has been established.

1.7 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the Trust has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	01-Jan-21

4. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Notes	Fair value through other comprehensive income equity instruments	Amortised cost	Total
Financial assets at FVOCI	**8**	893,431,264	-	893,431,264
Trade and other receivables	**9**	-	63,726	63,726
Cash and cash equivalents	**10**		5,199,294	5,199,294
		893,431,264	5,263,020	898,694,284

2020

	Notes	Fair value through other comprehensive income equity instruments	Amortised cost	Total
Financial assets at FVOCI	**8**	731,263,587	-	731,263,587
Trade and other receivables	**9**	-	205,866	205,866
Cash and cash equivalents	**10**		36,128,425	36,128,425
		731,263,587	36,334,291	767,597,878

Categories of financial liabilities

	Notes	Amortised cost	Total
2021			
Trade and other payables	**13**	1,299,573	1,299,573
2020			
Trade and other payables	**13**	872,365	872,365

Notes to Annual Financial Statements

4. Financial instruments and risk management (continued)

Gains and losses on financial assets

2021

	Notes	Fair value through other comprehensive income equity instruments	Amortised cost	Total
Recognised in surplus or deficit:				
Interest income	**18**	-	822,192	822,192
Dividend income	**18**	4,191,852	-	4,191,852
Net gains		4,191,852	822,192	5,014,044

2020

	Notes	Fair value through other comprehensive income equity instruments	Amortised cost	Total
Recognised in surplus or deficit:				
Interest income	**18**	-	1,285,889	1,285,889
Dividend income	**18**	20,786,535	-	20,786,535
Net gains		20,786,535	1,285,889	22,072,424

Gains and losses on financial liabilities

2021

	Notes	Amortised cost	Total
Recognised in surplus or deficit:			
Finance costs	**19**	3,701	3,701

2020	**Notes**	Amortised cost	Total
Recognised in surplus or deficit:			
Finance costs	**19**	3,690	3,690

Notes to Annual Financial Statements

4. Financial instruments and risk management (continued)

Capital risk management

Consistent with others in the sector, the Foundation monitors its current ratio. This ratio is calculated as current assets divided by current liabilities.

The current ratio at 2021 and 2020 respectively were as follows:	2021	2020
Current ratio	16.04	47.82

	2021 R	2020 R
Current assets	20,839,168	51,149,869
Current liabilities	1,299,573	1,069,737

Financial risk management

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to donors, including outstanding receivables. There is no independent rating of the credit risk for donors, so the Trust assesses the credit quality of the donors by taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk is presented in the table below:	2021 R	2020 R
Financial instrument		
Credo - offshore cash	2,836,535	1,856,097
Nedbank	17,612,169	48,915,252
Trade receivables	63,726	205,866
	20,512,429	50,977,215

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions.

The foundation does not have any long-term obligations, and has no utilised facilities with financial institutions.

The short-term payable are due within 1 year.

2021	Notes	Less than 1 year
Current liabilities		
Trade and other payables	13	1,299,573
2020		
Current Liabilities		
Trade and other payables	13	872,365

Notes to Annual Financial Statements

4. Financial instruments and risk management (continued)

Foreign currency risk

Foreign exchange risk arises when future commercial transactions (mainly donation income, endowment funds and investments) are denominated in a currency that is not the Foundation's functional currency (South African Rand).The Trust invests internationally and is exposed to foreign exchange risk with respect to the US dollar, Euro and the UK pound.

When there are extreme foreign currency fluctuations, the Investment Committee will consider appropriate hedging strategies.

The Trust has certain investments in foreign instruments, whose net assets are exposed to foreign currency translation risk, as highlighted below.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

	2021 (FC)	2021(ZAR)	2020 (FC)	2020(ZAR)
USD exposure:				
Non-current assets	27,598,493	440,195,964	17,856,543	297,627,353
Current assets	26,938	429,661	9,239	135,629
Net USD exposure	**27,625,431**	**440,625,625**	**17,865,782**	**297,762,982**
GBP exposure:				
Non-current assets	3,625,490	78,201,819	3,901,674	78,345,614
Current assets	51,033	1,100,781	8,645	173,592
Net GBP exposure	**3,676,523**	**79,302,600**	**3,910,319**	**78,519,206**
Euro exposure:				
Non-current assets	-	-	-	-
Current assets	71,961	1,306,086	86,177	1,546,877
Net Euro exposure	**71,961**	**1,306,086**	**86,177**	**1,546,877**

Exchange rates

The following closing exchange rates were applied at reporting date:	2021	2020
Rand per unit of foreign currency:		
US Dollar	15.95	14.68
GBP	21.57	20.08
Euro	18.15	17.95

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Trust to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Notes to Annual Financial Statements

4. Financial instruments and risk management (continued)

	2021	2021	2020	2020
Increase or decrease in rate (2%): US Dollar	Increase	Decrease	Increase	Decrease
Post-tax surplus:	8,812,513	(8,812,513)	5,955,260	(5,955,260)
Increase or decrease in rate (2%): UK Pound				
Post-tax surplus:	1,586,052	(1,586,052)	1,570,384	(1,570,384)

The surplus is more sensitive to movements in exchange rates in 2021 than 2020 because of the higher exposure to foreign denominated assets in its overall portfolio. Foreign denominated assets comprises 58% (2020:49%) of the total investment portfolio.

Interest rate risk

The Trust has significant interest bearing assets and its income operating cash flows can be affected by changes in market interest rates. The Trust has no interest bearing payables or borrowings.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The surplus is more sensitive to movements in exchange rates in 2021 than 2020 because of the lower exposure to foreign denominated assets in its overall portfolio. Foreign denominated assets comprises 58% (2020:49%) of the total investment portfolio.

Price risk

The Trust is exposed to equity securities price risk because of investments held by the Trust and classified on the statement of financial position either as fair value through other comprehensive income. The Trust is not directly exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Trust diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Trust.

Price risk sensitivity analysis

The Trust is exposed to equity securities price risk because of investments held by the Trust and classified on the statement of financial position either as fair value through Other Comprehensive Income. The Trust is not directly exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Trust diversifies its portfolio. Diversification of the portfolios done in accordance with the limits set by the Trust. A change in the value of the equity securities of 5% attached to investments, with all other variables held constant, would affect other comprehensive income for the year as follows

	2021	2021	2020	2020
Increase or decrease in rate (5%)	**Increase**	**Decrease**	**Increase**	**Decrease**
Investment: R 269,614,132 (2020: R281,831,672)	13,819,098	13,819,098	14,091,584	(14,091,584)

Notes to Annual Financial Statements

5. Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Trust can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements
Recurring fair value measurements
Assets

	2021 R	2020 R
Level 1		
Equity investments at fair value through other comprehensive income		
Equity securities (local)	159,776,117	95,421,449
Unit trusts (local and foreign)	116,605,836	186,410,223
Total equity investments at fair value through other comprehensive income	**276,381,953**	**281,831,672**
Level 3		
Equity investments at fair value through other comprehensive income		
Hedge funds	**617,049,311**	**449,431,914**

The following table presents the changes in level 3 instruments for the year ended 31 December 2021 and 2020.

	2021 R	2020 R
Opening balance 1 January	449,431,914	453,948,541
Additions	149,826,607	82,513,972
Disposals	(87,880,951)	(119,246,379)
Gains recognised in other comprehensive income	105,671,741	32,215,780
	617,049,311	449,431,914
Total Level 1 and Level 3 investments	**893,431,264**	**731,263,586**

Notes to Annual Financial Statements

6. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,200,000	-	5,200,000	5,200,000	-	5,200,000
Buildings	7,380,490	(562,656)	6,817,834	7,380,490	(525,753)	6,854,737
Office equipment	858,391	(851,713)	6,677	858,391	(844,306)	14,084
Computer equipment	121,494	(121,494)	-	121,494	(121,494)	-
Total	13,560,375	(1,535,864)	12,024,511	13,560,375	(1,491,554)	12,068,821

Reconciliation of property, plant and equipment - 2021

	Opening balance	Depreciation	Total
Land	5,200,000	-	5,200,000
Buildings	6,854,737	(36,903)	6,817,834
Office equipment	14,084	(7,407)	6,677
Computer equipment	-	-	-
	12,068,821	(44,310)	12,024,511

Reconciliation of property, plant and equipment - 2020

	Opening balance	Depreciation	Total
Land	5,200,000	-	5,200,000
Buildings	6,891,641	(36,904)	6,854,737
Office equipment	24,544	(10,460)	14,084
Computer equipment	9,617	(9,617)	-
	12,125,802	(56,981)	12,068,821

Details of properties

The land and buildings relates to two properties. The Mandela Rhodes Building, ERF 3653 Western Cape, was donated to The Mandela Rhodes Foundation by De Beers Consolidated Mines Limited, the official registration of the building took place in March 2005. The Bishopscourt property, ERF 56359 Western Cape was purchased during 2008. Certain items of furniture are on loan from De Beers Consolidated Mines Limited. These assets have not been included, as the ownership vests with the respective owners.

	2021	2020
ERF 3653 Western Cape (the Mandela Rhodes Building)	R	R
- cost	4,503,134	4,503,134
ERF 56359 Western Cape (the Bishopscourt Property)		
- cost	8,077,356	8,077,356

Notes to Annual Financial Statements

7. Intangible assets	2021 Cost	2021 Accumulated amortisation	2021 Carrying value	2020 Cost	2020 Accumulated amortisation	2020 Carrying value
Computer software	110,650	(110,650)	-	110,650	(110,650)	-

8. Other financial assets	2021 R	2020 R
Opening balance	731,263,587	660,537,742
Total additions	234,281,077	154,287,731
Total disposals	(225,115,922)	(157,140,532)
Total fair value (loss) gain (including exchange rate differences)	142,331,464	70,707,801
Reinvestment of dividends	10,671,058	2,870,846
	893,431,264	731,263,587

Equity investments at fair value through other comprehensive income (FVOCI) comprise the following individual investments:

Marketable securities

A) Domestic equity fund	49,325	35,920,236
B) Domestic hedge funds	284,781,716	280,479,865
C) Domestic Securities - Preference and equity shares	44,903,286	38,890,518
D) Domestic Securities - Government bonds	45,299,154	-
E) Foreign Investment equity fund	217,274,254	207,020,918
F) Foreign Investment hedge fund	301,123,529	168,952,049
Total investments	893,431,264	731,263,586

A listed security is a financial instrument that is traded through a public exchange, such as JSE or Nasdaq.

Upon disposal of these equity investments, any balance within the OCI reserve for these equity investments is reclassified within equity and is not reclassified to surplus or deficit.

Disposal of marketable investments
The Trust has sold investments in certain marketable investments as these investments no longer suited the Trust's investment strategy. The shares were sold at their fair values with gains and losses transferred to retained surplus as per the table below.

Notes to Annual Financial Statements

8. Other financial assets (continued)

Investment - 2021	Disposal amount	Gains / (Losses) previously recognised in other reserves, transferred within equity
Domestic funds	48,000,000	8,876,902
Domestic equity fund	45,222,150	4,824,948
Foreign Investment hedge fund	24,385,868	(6,955,864)
Foreign equity	72,498,303	28,192,876
	190,106,321	**34,938,862**

Investment - 2020

Domestic funds	38,500,000	5,518,153
Domestic equity fund	3,528,321	(453,946)
Foreign Investment hedge fund	80,746,379	18,518,604
	122,774,700	**23,582,811**

Other Current financial assets	2021	2020
Credo - offshore cash	2,836,535	1,856,097
Investments - Nedbank Fixed Capital Fund (Previously: BoE Fixed Capital Fund)	12,412,875	12,786,827
	15,249,410	**14,642,924**

9. Trade and other receivables

	2021 R	2020 R
Financial instruments:		
Trade receivables	63,726	205,866
Non-financial instruments:		
VAT	154,444	69,840
Prepayments	172,295	102,814
Total trade and other receivables	**390,465**	**378,520**

Notes to Annual Financial Statements

9. Trade and other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2021 R	2020 R
At amortised cost	63,726	205,866
Non-financial instruments	326,739	172,654
	390,465	**378,520**

There are no customer receivables. However, receivable arise from the timing of the donation being committed and the donation received in the bank account. The cash flows happen soon after the commitment is made by the donor and there is no significant delay in the expected future cash flows. No loss allowance is considered necessary due to the nature of the receivables and the expected payment to be received from the donors.

Exposure to credit risk

Trade receivables inherently expose the Trust to credit risk, being the risk that the Trust will incur financial loss if customers fail to make payments as they fall due.

The Trust's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

No loss allowance provision has been recognised as the credit risk is not considered significant

Exposure to currency risk

Refer to note 4 for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

Notes to Annual Financial Statements

10. Cash and cash equivalents

	2021 R	2020 R
Cash and cash equivalents consist of:		
Cash on hand	2,000	2,000
Bank balances	1,495,943	3,200,275
Nedbank - local cash	3,701,351	32,926,150
	5,199,294	36,128,425
Total cash and cash equivalents	5,199,294	36,128,425

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating - Moody's Investor Services		
Nedbank Limited: Ba2	16,114,226	45,712,977
Credo Group: No rating available	2,836,535	1,856,097
	18,950,761	47,569,074

11. Trust capital

Capital account / Trust capital		
Balance at beginning and end of year	6,728,943	6,728,943

Trust fund
The capital represented by the initial donation stipulated in clause 4.1 of the Notarial Deed of Trust, together with such capital and revenue as may from time to time become vested in the Trustees for the purposes of this trust, whether by reason of donation bequest, accrual or otherwise.

12. Funds and reserves

Rhodes Endowment Reserve
The Rhodes endowment reserve is the actual amount received from the Rhodes Trust, one of the Founders, and invested in the endowment. In 2006 a donation from Oxford University Press had been disclosed in the Rhodes Endowment reserve as at the time no separate reserve for other endowments had been arranged. This amount was transferred to other endowments in 2007.

Other Endowment Reserve
The other endowment reserve is the actual amount received from donors other than the Rhodes Trust and invested in an endowment.

Notes to Annual Financial Statements

12. Funds and reserves (continued)

Property Endowment Reserve
The land and building reserve relates to two properties, the Mandela Rhodes Building ERF 3653 Western Cape and the Bishopscourt property ERF 56359 Western Cape. The Mandela Rhodes Building was donated to the Mandela Rhodes Foundation Trust by De Beers Consolidated Mines Limited at the formation of the Trust. The Bishopscourt property was funded by the Western Cape Provincial Government (R4,000,000) and Friends of Mandela Rhodes Foundation (USA) (R4,077,356). Refer to note 6.

Property Maintenance Reserve
Two donations were received in 2008, R6,000,000 from the Western Cape Provincial Government and R5,688,544 from Friends of The Mandela Rhodes Foundation (USA) and will be held to earn interest for the maintenance of the Bishopscourt property.

Appropriation of Funds
The entire capital and income of the Trust shall be applied solely towards the promotion of its stated objectives, and no portion thereof shall be paid or transferred, directly or indirectly, (whether by way of salary, dividend, bonus or otherwise howsoever) to any of the Trustees or any other person (save in the course of undertaking its public benefit activity), by way of surplus, distribution, or otherwise howsoever, provided that nothing herein contained shall prevent the payment in good faith to any person (including a Trustee) for:

- remuneration for services actually rendered to the Trust, having regard to what is generally considered reasonable in the sector and in relation to the service rendered;
- reimbursement of actual costs, expenses and commitments incurred on behalf of the Trust,

and provide further that no Donor, Trustee or relative of a Donor or Trustee, shall receive any benefits from the Trust Fund, except to the extent and in the circumstances envisaged by the clauses above, nor shall any of the Trustees have any rights in the property or other assets of the Trust by virtue of their being office bearers of the Trust.

Dissolution
In the event of the dissolution of the Trust, any assets remaining after all its liabilities have been satisfied shall not be paid or distributed to the Trustees but shall be transferred to a non-profit public benefit organisation/ organisations having similar objects and which has/ have been approved by the Commissioner in terms of the Income Tax Act No. 58 of 1962.

Investment reserve
The following table shows a breakdown of the balance sheet line item ‘investment reserve’ and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table:

Notes to Annual Financial Statements

12. Funds and reserves (continued)

	Investment reserve
At 1 January 2020	**91,152,736**
Revaluation - gross	70,707,801
Fair value gains released to retained earnings upon sale	(23,582,811)
Net movement in reserve	47,124,990
At 1 January 2021	**138,277,726**
Revaluation - gross	142,331,464
Fair value gains released to retained earnings upon sale	(34,938,863)
At 31 December 2021	**245,670,327**

13. Trade and other payables

	2021 R	2020 R
Financial instruments:		
Trade payables	98,383	98,383
Accruals, provisions and other liabilities	418,351	80,837
Accrual for leave pay	782,838	693,144
	1,299,573	**872,365**

Exposure to currency risk

Refer to note 4 Financial instruments and financial risk management for details of currency risk management for trade payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

14. Retirement benefits

As at 31 December 2021, 11 people (2020: 11 people) were employed by the Foundation.

The total contributions to the provident fund was R 1,273,592.34 (2020: R 1,184,334) for the year. The Foundation has no further obligations to provide retirement benefits to its current employees.

Notes to Annual Financial Statements

		2021	2020
15.	**Revenue recognition**	**R**	**R**
	Revenue from donors		
	Donations	15,551,200	1,380,500
	Revenue other than from donors		
	Other sources	558,860	567,047
		16,110,060	1,947,547

16. Operating surplus (deficit)

16.1 Operating deficit for the year is stated after charging the following, amongst others:

	2021	2020
Audit fees	416,430	429,320
Portfolio management fees	20,662	27,319
Consulting fees	1,616,013	1,702,379
Employee costs	11,362,091	10,537,987
Depreciation of property, plant and equipment	44,309	56,981
Advertising costs	37,565	39,903
Bank charges	33,029	36,363
Repairs and maintenance	683,815	566,849
Scholarship costs	12,070,842	14,502,985
Travel costs	48,606	82,132
COVID-19 relief project	-	527,576
Insurance	189,445	181,750
Other expenses	5,346,230	5,940,657
	31,869,035	34,632,201

16.2 Scholarship costs included in the above are made up of the following:

	2021	2020
Tuition & registration fees	2,706,224	3,390,474
Scholarships - Stipend	3,680,460	4,254,610
Scholarships - Accomodation	5,172,708	5,931,410
Leadership courses	511,450	926,491
	12,070,842	14,502,985

16.3 Employee costs included in the above are made up of the following:

	2021	2020
Wages and salaries	8,357,804	7,713,275
Provident fund	1,273,592	1,184,334
Bonus	1,315,495	1,207,045
Other employee benefits	415,200	433,333
Total employee costs	11,362,091	10,537,987

Notes to Annual Financial Statements

17 Investment income

	2021 R	2020 R
Dividend income		
Equity instruments at fair value through other comprehensive income:		
Financial assets	4,191,852	20,786,535
Total dividend income	**4,191,852**	**20,786,535**
Interest received		
Investments in financial assets:		
Bank and other cash	822,192	1,285,889
Total investment income	**5,014,044**	**22,072,424**

18 Finance costs

Related party interest expense	3,701	3,690

19 Income tax expense

The Mandela Rhodes Foundation is, in terms of S10 (1) (cN) of the Income Tax Act of 1962, exempt from South African normal tax.

20 Cash used in operations

Deficit for the year	(10,748,632)	(10,615,920)
Adjustments for:		
Depreciation	44,309	56,981
Finance income	(822,192)	(1,285,889)
Finance costs	3,701	3,690
Investment income (non-cash flow)	(10,671,055)	(2,673,261)
Changes in working capital:		
Trade and other receivables	(11,944)	210,632
Trade and other payables	427,208	(51,504)
Related party payable	(197,372)	(59,119)
	(21,975,978)	(14,414,390)

21 Contingencies

In terms of the contract entered into between the Trust and the Western Cape Provincial Government, a liability of R3,000,000 would arise should the Bishopscourt property be sold. The Foundation has recorded that the property has been purchased to preserve the legacy of Mr Mandela, and it has no intention now or in the future of disposing of the said property.

Notes to Annual Financial Statements

22 Related parties

	2021 R	2020 R
The Mandela Rhodes Foundation Trust and The Mandela Rhodes Foundation Trust Two have common Trustees.		
Related party transactions		
Donation received from Mandela Rhodes Foundation Trust Two	15,000,000	-
Mandela Rhodes Foundation Trust Two		
Payable	-	197,372
Scatterlinks Proprietary Limited - Owned by Investment Committee member		
Service fees	360,000	360,000
Compensation to Prescribed Officers		
Salaries	3,961,102	3,778,401
Provident fund	674,583	530,246
Bonuses	750,718	706,765
	5,386,403	5,015,412

Prescribed Officers include, J Sikuza and E Gerber.

23 Going concern

The Trustees believe that the Trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Trustees have satisfied themselves that the Trust is in a sound financial position and that it has sufficient liquid assets and together the cash flow forecast for the next 12 months to meet its foreseeable cash requirements. The Trustees are not aware of any new material changes that may adversely impact the Trust.

The Trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Trust.

The emergence and spread of the coronavirus has affected business and economic activity globally and is now impacting the market values of domestic and foreign funds (equity, bonds and hedge funds).

Pursuant to this, the Trustees have re-assessed the going concern principle, and is still satisfied that the trust is able to continue as a going concern for the foreseeable future as it has sufficient liquid assets (Refer to note 10) to meet its foreseeable cash requirements. Furthermore, the Trustees have the ability to amend the discretionary costs to ensure that these liquid assets are sufficient to meet its future commitments without negatively affecting the operations of the Trust. The Trustees' will re-assess, on a continuous basis, the Trust's 'spend rate' from these Endowment Reserves (i.e.: the total expenses covered by the Endowment Reserves as a percentage of the Endowment Reserves) and to ensure the ability to sustainably support the Trust's work and the scholarships funded from this source of donations in perpetuity.

24 Events after the reporting period

The Trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.