

The Mandela Rhodes Foundation Trust Two  
(Registration number IT1639/2008)  
Annual Financial Statements  
for the year ended 31 December 2021

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## General information

<b>Trust registration number</b>	IT1639/2008	
<b>Country of establishment and domicile</b>	South Africa	
<b>Type of trust</b>	To contribute to the development of exceptional leadership capacity in Africa	
<b>Founding patron</b>	Late Nelson Rolihlahla Mandela	
<b>Chair</b>	Njabulo Ndebele	
<b>Prescribed officers</b>	Chief Executive Officer Operations Director	Judy Sikuza Ernst Gerber
<b>Trustees</b>	<b>Mandela Nominees</b> Phumzile Mlambo-Ngcuka Osmond Mlonyeni Yvonne Mokgoro Njabulo Ndebele (Chair)	
	<b>Rhodes Nominees</b> Janet Kabiru Elizabeth Kiss John McCall MacBain Catherine O'Regan	
<b>Registered office</b>	The Mandela Rhodes Building 150 St Georges Mall Cape Town 8001	
<b>Business address</b>	The Mandela Rhodes Building 150 St Georges Mall Cape Town 8001	
<b>Postal address</b>	P O Box 15897 Vlaeberg 8018 Cape Town South Africa	
<b>Bankers</b>	Nedbank Limited Nedbank Private Wealth	
<b>Auditors</b>	PricewaterhouseCoopers Inc	
<b>Level of assurance</b>	These annual financial statements have been audited.	
<b>Preparer As agreed by the Board of Trustees</b>	The annual financial statements were compiled under the supervision of Ernst Gerber	

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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 7 to 9.

The annual financial statements set out on pages 10 to 26, which have been prepared on the going concern basis, were approved by the board of trustees 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 Two for the year ended 31 December 2021.

### 1. Nature of business

The Mandela Rhodes Foundation Trust Two was established on 11 April 2008 to enable and allow donors and partners in The Mandela Rhodes Foundation to have the choice that funds or other assets that they contribute to the goals of The Mandela Rhodes Foundation, be utilised exclusively for the benefit of young black South African

The Founders wish to contribute to the development of exceptional leadership capacity in Africa. This objective shall be advanced through the development and implementation of the Mandela Rhodes programmes.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 2.

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 access to sufficient borrowing facilities 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

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

### 5. Investment

The Foundation holds 25.1% of the shares of Oxford University Press Southern Africa Proprietary Limited, of which a dividend of R3,586,539 (2020:R5,522,000) was received in the current year.

### 6. Trustees

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

<b>Name</b>	<b>Nominees</b>
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

**Trustees' Report (continued)**

**7. Donation Income and Donation expenses**

No donations were received by the Foundation during the 2021 financial year (2020: Rnil).

The Foundation made a donation to The Mandela Rhodes Foundation Trust of R 15 million (2020: Rnil) into endowment reserves to fund more scholarships in perpetuity.

**8. Trustees' interests in contracts**

No material contracts in which Trustees have an interest were entered into.

**9. Executive Committee**

The Executive Committee at 31 December 2021 were:

Elizabeth Kiss  
Yvonne Mokgoro  
Njabulo Ndebele (Chair)

**10. Finance, Audit and Risk Committee**

The Finance, Audit and Risk Committee at 31 December 2021 were:

Mustaq Brey (Chair)  
Janet Kabiru  
Thobela Mfeti  
Nkazi Sokhulu

**11. Investment Committee**

The Investment Committee at 31 December 2021 were:

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

**12. Remuneration Committee**

Mustaq Brey  
Elizabeth Kiss (Chair)  
Njabulo Ndebele

**13. Auditors**

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



## *Independent auditor's report*

To the Trustees of The Mandela Rhodes Foundation Trust Two

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Mandela Rhodes Foundation Trust Two (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 Two's financial statements set out on pages 10 to 26 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.

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### *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.

PricewaterhouseCoopers Inc.,  
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8001  
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, www.pwc.co.za



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### *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 Two 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.

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### *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.

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### *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.

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*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
<b>Assets</b>			
<b>Non-current asset</b>			
Financial assets at fair value through other comprehensive income	4	9,108,539	5,522,000
		<u>9,108,539</u>	<u>5,522,000</u>
<b>Current assets</b>			
Trade and other receivables	5	82,849	1,072
Related party receivable	6	-	200,417
Cash and cash equivalents	7	5,908,454	17,029,468
		<u>5,991,303</u>	<u>17,230,957</u>
<b>Total assets</b>		<u>15,099,842</u>	<u>22,752,957</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital	8	1,000	1,000
Revaluation reserve		9,108,288	5,521,749
Accumulated surplus		5,941,704	17,181,358
		<u>15,050,992</u>	<u>22,704,107</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	48,850	48,850
		<u>48,850</u>	<u>48,850</u>
<b>Total equity and liabilities</b>		<u>15,099,842</u>	<u>22,752,957</u>

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**Statement of Profit or Loss and Other Comprehensive Income**

	<b>Notes</b>	<b>2021 R</b>	<b>2020 R</b>
Revenue	10	3,586,539	5,522,000
Other operating expenses		<u>(15,055,999)</u>	<u>(51,824)</u>
<b>Operating (deficit) / surplus</b>	11	<b>(11,469,460)</b>	<b>5,470,176</b>
Finance income	12	<u>229,806</u>	<u>764,030</u>
<b>(Deficit) / Surplus for the year</b>		<b>(11,239,654)</b>	<b>6,234,206</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Changes in the fair value of equity instruments at fair value through other comprehensive income		3,586,539	3,012,000
<b>Total comprehensive (deficit) / income for the year</b>		<u><b>(7,653,115)</b></u>	<u><b>9,246,206</b></u>

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**Statement of Changes in Equity**

	Trust capital R	Revaluation reserve R	Accumulated surplus R	Total equity R
<b>Balance at 01 January 2020</b>	<b>1,000</b>	<b>2,510,000</b>	<b>10,947,152</b>	<b>13,458,152</b>
Profit for the year	-	-	6,234,206	6,234,206
Other comprehensive income	-	3,011,749	-	3,011,749
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,011,749</b>	<b>6,234,206</b>	<b>9,245,955</b>
<b>Balance at 1 January 2021</b>	<b>1,000</b>	<b>5,521,749</b>	<b>17,181,358</b>	<b>22,704,107</b>
Deficit for the year	-	-	(11,239,654)	(11,239,654)
Other comprehensive income	-	3,586,539	-	3,586,539
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,586,539</b>	<b>(11,239,654)</b>	<b>(7,653,115)</b>
<b>Balance at 31 December 2021</b>	<b>1,000</b>	<b>9,108,288</b>	<b>5,941,704</b>	<b>15,050,992</b>

Note 8

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**Statement of Cash Flows**

	Notes	2021 R	2020 R
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	14	(11,350,820)	5,729,027
Finance income		229,806	563,613
<b>Net cash from operating activities</b>		<b><u>(11,121,014)</u></b>	<b><u>6,292,640</u></b>
<b>Total cash movement for the year</b>		(11,121,014)	6,292,640
Cash at the beginning of the year		17,029,468	10,736,828
<b>Total cash at end of the year</b>	7	<b><u>5,908,454</u></b>	<b><u>17,029,468</u></b>

## **Accounting Policies**

### **1. Significant accounting policies**

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.

#### **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.

#### **Critical judgements in applying accounting policies**

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

#### **Key sources of estimation uncertainty**

##### **Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and securities held for capital appreciation) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Trust is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

## Accounting Policies

### 1.2 Financial instruments: IFRS 9

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:

#### Equity instruments at fair value through other comprehensive income

##### Classification

The Trust holds certain investments in unlisted securities which are classified as subsequently measured at fair value through other comprehensive income (note 5).

They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the objectives of the Trust's business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

##### Recognition and measurement

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

Even though they are measured at fair value, the Trust determines the amortised cost of each instrument as if they were measured at amortised cost. The difference, at reporting date, between the amortised cost and the fair value of the debt instruments, is recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

The amortised cost is the amount recognised on the loan 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.

## Accounting Policies

### 1.2 Financial instruments: IFRS 9 (continued)

#### Application of the effective interest method

Interest income is calculated using the effective interest rate method, and is included in surplus or deficit in finance income (note 14).

The application of the effective interest method to calculate interest income on debt instruments at fair value through other comprehensive income is dependent on the credit risk of the instrument as follows:

- The effective interest rate is applied to the gross carrying amount of the instrument, provided the instrument is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a debt instrument is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the instrument, even if it is no longer credit-impaired.
- If a debt instrument was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the instrument in the determination of interest. If, in subsequent periods, the instrument is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

#### 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 6).

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.

#### Related party receivable

##### Classification

Related party receivable (note 7), is classified as financial assets.

##### Recognition and measurement

Related party receivable is recognised when the Trust becomes a party to the contractual provisions of the loan. The loan is 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.



## **Accounting Policies**

### **1.2 Financial instruments: IFRS 9 (continued)**

#### **Related party payable**

##### **Classification**

Related party payable (note 11), is classified as financial liabilities subsequently measured at amortised cost.

##### **Recognition and measurement**

Related party payable is recognised when the Trust becomes a party to the contractual provisions of the loan. The loan is 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.

Borrowings expose the Trust to liquidity risk and interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

#### **Trade and other payables**

##### **Classification**

Trade and other payables (note 10), 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.

Trade and other payables expose the Trust to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

#### **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 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.

## Accounting Policies

### 1.3 Trust capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Trust capital is classified as equity.

### 1.4 Revenue recognition

#### Revenue from contracts with donors

Revenue is recognised when the entity satisfies performance obligations under a contract with donors. Revenue is measured at the fair value of consideration received or receivable.

The main categories of revenue and the basis of recognition are as follows:

#### Donations and dividends

Donations and dividends are recognised, in profit or loss, when the trust's right to receive payment has been established.

## 2. New Standards and Interpretations

### Standards and interpretations effective and adopted in the current year

#### 2.1

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:

- |   | <b>Effective date:</b> |
|---|------------------------|
| • Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) | 1 January 2021         |

## 3. Financial instruments and risk management

### Categories of financial instruments

#### Categories of financial assets

2021	Notes	Fair value through other comprehensive income	Amortised cost	Total
Financial assets at fair value through other comprehensive income	4	9,108,539	-	9,108,539
Trade and other receivables	5	-	82,849	82,849
Related party receivable	6	-	-	-
Cash and cash equivalents	7	-	5,908,454	5,908,454
		9,108,539	5,991,303	15,099,842

**Notes to the Annual Financial Statements**

**3. Financial instruments and risk management (continued)**

<b>2020</b>	Notes	Fair value through other comprehensive income	Amortised cost	Total
Financial asset at fair value through other comprehensive income	4	5,522,000	-	5,522,000
Trade and other receivables	5	-	1,072	1,072
Related party receivable	6	-	200,417	200,417
Cash and cash equivalents	7	-	17,029,468	17,029,468
		<u>5,522,000</u>	<u>17,230,957</u>	<u>22,752,957</u>

<b>2021</b>	Note	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance income	15	<u>229,806</u>	<u>229,806</u>
<b>2020</b>	Note	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance income	15	<u>563,613</u>	<u>563,613</u>

**Notes to the Annual Financial Statements**

**3. Financial instruments and risk management (continued)**

**Capital risk management**

The capital structure of the Trust consists of equity and cash and cash equivalents.

The entity manages its capital to ensure that it will be able to continue as a going concern.

**Financial risk management**

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Trust only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The maximum exposure to credit risk is presented in the table below:

	2021			2020			
	Gross carrying amount	Credit loss	Amortised	Gross carrying amount	Credit loss	Amortised	
Financial assets at fair value through other comprehensive income	4	251	-	251	5,522,000	-	5,522,000
Trade and other receivables	6	82,849	-	82,849	1,072	-	1,072
Cash and cash equivalents	8	5,908,454	-	5,908,454	17,029,468	-	17,029,468
		<u>5,991,554</u>	<u>5,991,554</u>	<u>28,544,094</u>	<u>22,552,540</u>	<u>22,552,540</u>	<u>22,552,540</u>

## Notes to the Annual Financial Statements

### 3. Financial instruments and risk management (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close our market positions.

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

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Notes	Less than 1 year
<b>2021</b>		
<b>Current liabilities</b>		
Trade and other payables		<u>48,850</u>
<b>2020</b>		Less than 1 year
<b>Current liabilities</b>		
Trade and other payables		<u>48,850</u>

#### 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.

At 31 December 2021, if interest rates on floating rate bank accounts had been 2% per annum (2020: 2% per annum) higher or lower during the period, with all other variables held constant, surplus for the year would have been R 119 831 (2020: R 174 115) higher or lower.

#### Fair value information

##### Fair value hierarchy

The table below for level 2 equity instrument analyses assets and liabilities carried at fair value. There are no level 1 or 3 instruments. 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.

**Notes to the Annual Financial Statements**

**2021**  
**R**

**2020**  
**R**

**Fair value hierarchy (continued)**

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.

**Assets**

**Financial assets at fair value through other comprehensive income**

Unlisted securities	251	5,522,000
<b>Total</b>	<u>251</u>	<u>5,522,000</u>

The following table presents the changes in level 3 instrument:

Opening balance 1 January	5,522,000	2,510,251
Gains (Losses) recognised in other comprehensive income	<u>3,586,539</u>	<u>3,012,000</u>
	<u>9,108,539</u>	<u>5,522,251</u>

**Valuation techniques used to derive level 3 fair values**

At 31 December 2021, the fair value of the investment which is not traded in an active market was determined using a valuation technique. This is considered an estimate and will by definition rarely equal the related actual results.

**4. Financial assets at fair value through other comprehensive income**

Unlisted securities	<u>9,108,539</u>	<u>5,522,000</u>
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**Fair value information**

Refer to note 3 Fair value information for details of valuation policies and processes.

The equity instruments at fair value through other comprehensive income included an unlisted security (Oxford University Press Southern Africa Proprietary Limited in South Africa) denominated in Rands.

The Foundation acquired 251 shares out of 1,000 shares of Oxford University Press Southern Africa Proprietary Limited from Oxford Nominees.

The Foundation may only sell the unlisted shares in terms of the call and put options noted below.

The Foundation has granted Oxford Nominees an option to acquire all the unlisted shares as above from the Foundation. Oxford Nominees may acquire these shares upon providing at least 2 years written notice. The purchase price shall be the aggregate dividends of the 2 years preceding the transfer of shares.

Oxford Nominees has granted the Foundation an option to sell all the shares as above to Oxford Nominees. The option is exercisable by a 2 year written notice for R251 and no deemed cost.

**Notes to the Annual Financial Statements**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>5. Trade and other receivables</b>		
<b>Financial instruments:</b>		
Sundry debtors	1,000	1,000
Interest accrued	81,714	-
<b>Non-financial instruments:</b>		
VAT	135	72
<b>Total trade and other receivables</b>	<b><u>82,849</u></b>	<b><u>1,072</u></b>

**Categorisation of trade and other receivables**

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

At amortised cost	82,714	1,000
Non-financial instruments	<u>135</u>	<u>72</u>
	<b><u>82,849</u></b>	<b><u>1,072</u></b>

**Fair value of trade and other receivables**

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

**6. Related party receivable**

The Mandela Rhodes Foundation Trust	<u>-</u>	<u>200,417</u>
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The receivable is unsecured, interest free and has no fixed terms of repayment.

**7. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cheque account	300,284	155,928
Nedbank call account	<u>5,608,170</u>	<u>16,873,540</u>
	<b><u>5,908,454</u></b>	<b><u>17,029,468</u></b>

Call accounts are valued at market value. The investments have been classified as cash and cash equivalents, as the funds are available within 24 hours of a request being made at no significant cost to the Trust.

**Notes to the Annual Financial Statements**

<b>8. Trust capital</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Balance at beginning and end of year	<u>1,000</u>	<u>1,000</u>

**Appropriation of Funds**

The entire capital and income of the Trust shall be applied solely towards the promotion of its stated objects, 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 profit, distribution, or otherwise howsoever, provided that nothing herein contained shall prevent the payment in good faith to any person (including a Trustee) of:

- reimbursement of actual costs, expenses and commitments incurred on behalf of the Trust, and with its authority;

- 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 them 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.

<b>9. Trade and other payables</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>Financial instruments:</b>		
Accruals	<u>48,850</u>	<u>48,850</u>
<b>Total trade and other payables</b>	<u><b>48,850</b></u>	<u><b>48,850</b></u>

**Fair value of trade and other payables**

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

**10. Revenue**

<b>Revenue other than from donors</b>		
Dividends received	<u>3,586,539</u>	<u>5,522,000</u>



The Mandela Rhodes Foundation Trust Two  
 (Registration number IT1639/2008)  
 Annual Financial Statements for the year ended 31 December 2021

**Notes to the Annual Financial Statements**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>11. Operating (deficit) / surplus</b>		
Operating (deficit) / surplus for the year is stated after charging (crediting) the following, amongst others:		
<b>Auditors' remuneration - external</b>		
Audit fees	<u>48,760</u>	<u>51,198</u>
<b>Other</b>		
Legal fees	6,613	-
Scholarship cost - Donation: Related party; Mandela Rhodes Foundation Trust	15,000,000	-
Bank charges	<u>626</u>	<u>626</u>
<b>12. Finance income</b>		
<b>Interest received</b>		
<b>Investments in financial assets:</b>		
Related party receivable	-	200,417
Bank and other cash	<u>229,806</u>	<u>563,613</u>
	<u>229,806</u>	<u>764,030</u>
<b>13. Income tax expense</b>		
The Mandela Rhodes Foundation Trust Two is, in terms of S10 (1) (cN) of the Income Tax Act of 1962, exempt from South African normal tax.		
<b>14. Cash (used in) / generated from operations</b>		
(Deficit) / Surplus before taxation	<b>(11,239,654)</b>	<b>6,236,644</b>
<b>Adjustments for:</b>		
Finance income	<u>(229,806)</u>	<u>(563,613)</u>
<b>Changes in working capital:</b>		
Trade and other receivables	(81,777)	-
Related party receivable - The Mandela Rhodes Foundation Trust	<u>200,417</u>	<u>-</u>
	<b><u>(11,350,820)</u></b>	<b><u>5,673,031</u></b>

## Notes to the Annual Financial Statements

### 15. Related parties

Relationships	
Common Trustees	The Mandela Rhodes Foundation Trust
Board of Trustees	<b>Mandela Nominees</b>
	Phumzile Mlambo-Ngcuka
	Osmond Mlonyeni
	Yvonne Mokgoro
	Njabulo Ndebele (Chair)
	<b>Rhodes Nominees</b>
	Janet Kabiru
	Elizabeth Kiss
	John McCall MacBain
	Catherine O'Regan

### 16. 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 access to sufficient resources 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. 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 6 and 8) 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 to ensure the ability to sustainably support the Trust's work and the scholarships funded from the dividends received in future.

### 17. 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.