



AUDITOR-GENERAL

R E P O R T

of the **AUDITOR-GENERAL** on the

FINANCIAL STATEMENTS OF THE
PRESIDENT'S FUND FOR THE FINANCIAL
YEAR ENDED 31 MARCH 2005

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**REPORT OF THE AUDITOR-GENERAL ON THE
FINANCIAL STATEMENTS OF THE PRESIDENT'S FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005**



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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PRESIDENT'S FUND FOR THE YEAR ENDED 31 MARCH 2005.

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 4 to 11, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 10 April 2006 and *General Notice 808 of 2006*, issued in *Government Gazette* no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the President's Fund at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed, attention is drawn to the following matter:

4.1 Late submission of financial statements

Audit Circular 1 of 2003, paragraph 4.3a, requires that the financial statement must be submitted to the Auditor-General within two months after the end of the financial year, by 31 May 2005. A signed set of financial statements was only received on 31 May 2006.

5. APPRECIATION

The assistance rendered by the staff of the President's Fund during the audit is sincerely appreciated.



S Cele for Auditor-General

Pretoria

31 July 2006



REPORT OF THE ACCOUNTING OFFICER OF THE PRESIDENT'S FUND

The President's Fund was established in terms of section 42 of the Promotion of National Unity and Reconciliation Act No 34 of 1995.

The Fund derives its income mainly from money appropriated by Parliament as well as from donations and contributions from any other source. In the financial year under review (2004/05), Government did not make any contribution to the Fund and donations to the amount of R140 was received.

Parliament has approved the following reparation measures to victims:

- Once-off individual grant of R30.000 to those victims or their survivors identified by the TRC.
- Symbols and monuments.
- Medical benefits and other forms of social assistance.
- Rehabilitation of Communities.

A decision was taken by my Department that the once-off individual grant of R30.000 will form Phase one of the approved measures and be given immediate attention.

As at the end of the financial year under review, of the 16.837 applicants identified by the TRC 14.354 have been paid their individual grants. There are 2.483 beneficiaries still to be paid of which 524 had received interim reparation and are now deceased. We are corresponding with the families of the deceased to establish the next of kin in accordance with the Regulations directing such payments.

The President's Fund has enlisted the assistance of the Government Communication and Information System (GCIS) and their provincial structures to trace the 1959 unpaid beneficiaries who have either relocated from their last known addresses or have supplied poor addresses to the TRC especially in rural areas. The GCIS are on a "door to door" campaign in tracking the beneficiaries as the usage of both the print and electronic media were not successful.

With regard to the other approved measures termed phase two, it is envisaged that the Department of Justice and Constitutional Development as the lead government department in terms of the implementation of the TRC recommendations will appoint a dedicated Unit to drive the implementation process in conjunction with other government departments involved and facilitate regular reporting to Parliament.

My appreciation and thanks is accorded to the Government Communication and Information System (GCIS) for their continued assistance in tracing victims/beneficiaries who have not been paid their final reparation grant.



ADVOCATE MENZI SIMELANE:
Accounting Officer

31 July 2006

DATE

PRESIDENT'S FUND

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005	2004
		R	R
ASSETS			
Non-current assets			
Investments	3 & 8	644,347,122	702,995,801
Current assets			
Bank		39,586,762	28,991,048
Accounts receivables	4 & 8	3,538,545	859,548
Total Assets		683,933,884	731,986,849
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated profit		607,967,748	565,447,649
Current liabilities			
Accounts payable	5 & 8	75,966,136	166,539,200
Total equity and liabilities		683,933,884	731,986,849

PRESIDENT'S FUND

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005	2004
		R	R
Income		43,953,439	122,601,120
Donations		140	1,010,440
Royalties		678	18,666
Interest		43,952,621	121,572,014
Less: Expenses		1,433,340	487,671,110
Interim reparations		676,477	(55,727)
Final reparations		728,313	487,667,870
Service provider-BDB		22,060	
Bank charges		6,490	58,967
NET OPERATING PROFIT/LOSS	2	<u>42,520,099</u>	<u>(365,069,990)</u>



PRESIDENT'S FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2005

RETAINED EARNINGS

	Notes	2005 R
Balance as at 31 March 2003		929,900,232
Net loss for the year (restated)		<u>(364,452,582)</u>
Balance as at 31 March 2004		565,447,649
Net profit for the year		42,520,099
Balance as at 31 March 2005		<u><u>607,967,748</u></u>



PRESIDENT'S FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005	2004
		R	R
Operating activities			
Cash generated (utilised in) operations	6	(94,684,583)	(321,705,485)
Interest received		43,952,621	121,572,014
Net cash (used in) operating activities		(50,731,962)	(200,133,471)
Cash flow from investing activities			
Decrease in investments		58,648,679	227,307,004
Net cash from investing activities		58,648,679	227,307,004
Net increase in cash and cash equivalents			
		7,916,717	27,173,533
Cash and cash equivalent at the beginning of the year		28,131,500	957,967
Cash and cash equivalent at the end of the year		36,048,217	28,131,500



PRESIDENT'S FUND

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2005

1. BASIS OF PRESENTATION

The financial statements are compiled on the historical cost basis in accordance with the undermentioned policies which are in conformity with the Statements of Generally Accepted Accounting Practice and were applied consistently in every material respect, except where stated otherwise.

The financial statements are presented in South African Rand

1.1 Income

Grants from the Department of Justice are accounted for in the period to which the allocations relate. Donations are accounted for on receipt. Interest received on investments is capitalised.

1.2 Expenditure

Reparation as approved by the Committee on Reparation and Rehabilitation within the Truth and Reconciliation Commission is accrued on approval. Disbursements in respect of administrative expenses are borne by the Department of Justice and do not form part of grants as stated in subparagraph 1.1.

1.3 Investments - held to maturity

Investments are accounted for on a cost basis. Interest earned daily is capitalised monthly at a negotiated rate taking into account fluctuation of the market rate.

1.4 Financial instruments

1.4.1 Trade and other receivables

Trade and other receivables originated by the Fund are stated at fair value less provision for doubtful debts.

1.4.2 Trade and other payables

Trade and other payables incurred by the Fund are stated at present liability

1.4.3 Cash and cash equivalents

Cash and cash equivalents are measured at fair value and are defined as cash on hand and bank balance.

1.5 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in the presentation of financial statements.

PRESIDENT'S FUND

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING PROFIT

Operating profit has been determined after taking into account the following income and expenses:

	2005	2004
	R	R
Income	43,953,439	122,601,120
Donations and Royalties	818	1,029,106
Anonymous	-	1,000
Anonymous	-	300
Juta & co (royalties)	-	571
Anonymous	-	2,200
Anonymous	-	4,000
Anonymous	-	150
Anonymous	-	1,000
Anonymous	-	500
Anonymous	-	1,000
Juta & co (royalties)	-	12,675
Anonymous	-	50
Anonymous	-	150
Anonymous	-	30
Anonymous	-	30
Juta & co (royalties)	-	5,420
Macsteel	-	1,000,000
Anonymous	-	30
Stelala Tsie	40	-
Juta & co (royalties)	678	-
Theko Tsie	70	-
Theko Makhaola	30	-
Interest received	43,952,621	121,572,014
Less: Expenses	1,433,340	487,671,110
Interim reparation	676,477	(55,727)
Final reparation	728,313	487,667,870
Service provider-BDB	22,060	-
Bank charges	6,490	58,967
Operating profit/(loss)	42,520,099	(365,069,990)

PRESIDENT'S FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2005	2004
	R	R
3. INVESTMENTS - HELD TO MATURITY	644,347,122	702,995,801
32 days notice	-	307,642,721
Call account	107,587,012	395,353,080
Fixed deposit	536,760,110	-
4. ACCOUNTS RECEIVABLE	3,538,545	859,548
Accrued interest	3,328,443	727,193
Reparation payments recoverable	209,355	132,355
Unauthorised expenditure	747	-
5. ACCOUNTS PAYABLE	75,966,136	166,539,200
Reparation payments approved	75,965,490	166,538,257
Accruals	646	943
6. CASH FLOW FROM OPERATING ACTIVITIES		
Reconciliation of profit/(loss) to cash generated from operations		
Profit/(Loss)	42,520,099	(364,452,582)
Adjustment for: Interest received	(43,952,621)	(121,572,014)
Operating cash flows before working capital changes	(1,432,522)	(486,024,596)
Working capital changes	(93,252,061)	164,319,111
Decrease/(Increase) in Accounts receivable	(2,678,997)	(622,915)
(Decrease)/Increase in Accounts payable	(90,573,064)	164,942,026
Cash generated from/ (utilised by) operations	<u>(94,684,583)</u>	<u>(321,705,485)</u>
7. CASH AND CASH EQUIVALENTS		
Cash at bank	36,048,217	28,131,500
8. FUNDAMENTAL ERROR		
8.1 Correction of error in respect of accounts receivables overstated		
<i>An overstatement of accounts receivables made it necessary to restate the 2004 figures as follows:</i>		
(a) An amount of R103,238 for interest accrued relating to 31 March 2003 was incorrectly included in the Accounts Receivable of R345,378 as at 31 March 2004		
(b) Duplication of debtors		109,785

PRESIDENT'S FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

2005

2004

8.2 Correction of error in respect of Accounts Payable overstated

The overstated amount was due mainly to creditors files being duplicated and rectification of creditors not accounted for. The effect of the correction of this error on the results of 2004 is as follows:

Decrease in Accounts Payable	2,442,496
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9 CONTINGENT LIABILITY

Victims identified by the TRC need to apply for reparation to be made to them, before they are recognised as creditors.

An uncertainty exists as to how many victims may apply in the future.

We are therefore unable to make an estimate regarding the amount to be reflected as contingent liability in the current year.





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