



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 2006

south



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*[Signature]*  
DIRECTOR GENERAL: JUSTICE  
DIREKTOR-GENERAAL: JUSTISIE

**TABLE OF CONTENTS**

Page

1.	REPORT OF THE AUDITOR GENERAL FOR THE YEAR ENDED 31 MARCH 2006	1
2.	REPORT OF THE ACCOUNTING OFFICER OF THE PRESIDENT'S FUND	2
3.	FINANCIAL STATEMENTS	3



## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PRESIDENT'S FUND FOR THE YEAR ENDED 31 MARCH 2006.

### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 3 to 9, for the year ended 31 March 2006, 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) and section 40 of the PFMA (Act No. 1 of 1999). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### 2. 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.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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 2006 and the results of its operations and cash flows for the year then ended, in accordance with the South African Statement 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. 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. For the financial year under review i.e. 2005/2006, Government did not make any contribution to the Fund and no donations were received.

Parliament approved the following measures as final reparation to victims:

- Once-off individual grant of R30.000 to those individuals or survivors designated by the TRC.
- Symbols and Monuments: Systematic programmes to project the symbolism of struggle and the ideal of freedom through records of history, erecting symbols and monuments that exalt the freedom struggle, including new geographic and place names.
- Medical Benefits and other forms of Social assistance: Programmes to provide for medical benefits, education assistance and provision of housing as well as other social benefits to address the needs of individual identified victims.
- Rehabilitation of Communities: Whole communities, other than individuals linked to the TRC process, suffered and are still in distress. Therefore the need for such communities to be rehabilitated through various programmes initiated and supported by Government.

As at the end of the financial year under review, of the 16.837 applicants for reparation as approved by the TRC, 15.330 (91%) have been paid the once-off individual grant of R30.000. There are 1507 beneficiaries still to be paid of which 1157 are being traced by the Regional Structures of Government Communication and Information System (GCIS) and 350 applicants who received interim reparations and died before receiving final reparations. The President's Fund is negotiating with families of the deceased to establish the next of kin in terms of regulations directing disbursements of final reparation.

The other forms of reparation as approved by Parliament are being pursued by the recently established TRC Unit at the Department of Justice and Constitutional Development in conjunction with other concerned Departments and stakeholders.

My appreciation and thanks is once again accorded to the Government Communication and Information System (GCIS) in tracing most of the unpaid beneficiaries.



**ADVOCATE MENZI SIMELANE**  
ACCOUNTING OFFICER

31 July 2006

**DATE**

## PRESIDENT'S FUND

BALANCE SHEET AS AT 31 MARCH 2006

	Notes	2006	2005
		R	R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	3	689,932,351	644,347,122
<b>Current assets</b>			
Bank	6	4,171,583	36,048,217
Accounts receivables	4	3,750,673	3,538,545
<b>Total Assets</b>		<b>697,854,607</b>	<b>683,933,884</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Retained earnings		651,052,753	607,967,748
<b>Current liabilities</b>			
Accounts payable	5	46,801,854	75,966,136
<b>Total equity and liabilities</b>		<b>697,854,607</b>	<b>683,933,884</b>

## PRESIDENT'S FUND

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006	2005
		R	R
<b>Income</b>		45,706,542	43,953,439
Donations		-	140
Royalties		3,251	678
Interest		45,703,291	43,952,621
<b>Less: Expenses</b>		2,621,537	1,433,340
Interim reparations		259,610	676,477
Final reparations		2,347,650	728,313
Service provider-BDB		10,616	22,060
Bank charges		3,661	6,490
<b>Profit for the period</b>	2	<u>43,085,005</u>	<u>42,520,099</u>



**PRESIDENT'S FUND**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

**RETAINED EARNINGS**

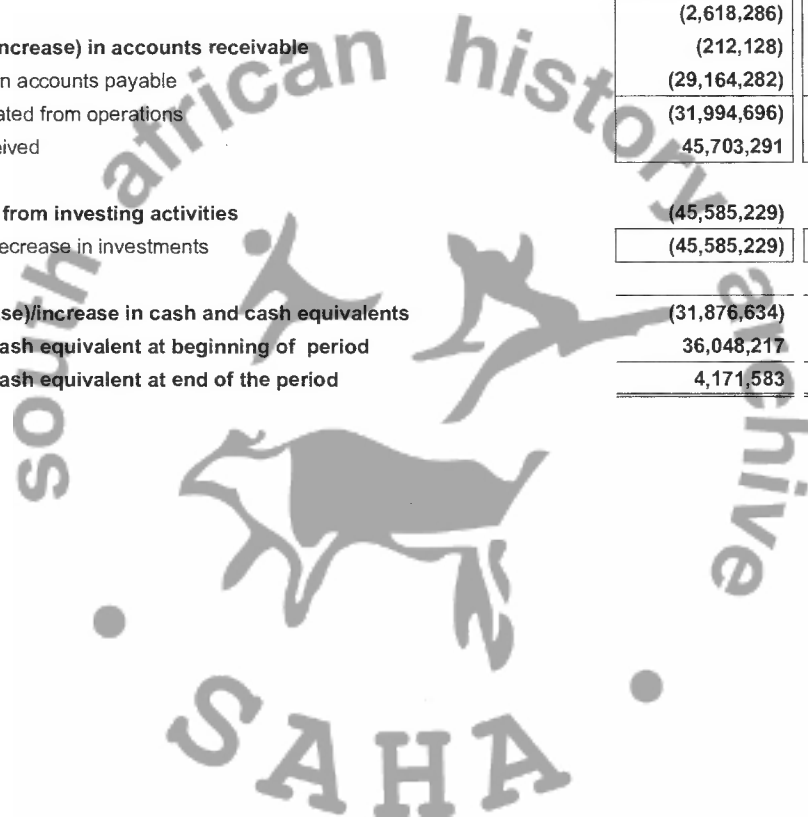
	2006 R
Balance as at 31 March 2004	565,447,649
Profit for the period	<u>42,520,099</u>
Balance as at 31 March 2005	607,967,748
Profit for the period	<u>43,085,005</u>
Balance as at 31 March 2006	<u><u>651,052,753</u></u>



## PRESIDENT'S FUND

CASH-FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	2006	2005
	R	R
<b>Cash flows from operating activities</b>	<b>13,708,595</b>	<b>(50,731,962)</b>
Profit for the period	43,085,005	42,520,099
Adjustments for: Interest received	(45,703,291)	(43 952 621)
	(2,618,286)	(1,432,522)
<b>Decrease/(increase) in accounts receivable</b>	<b>(212,128)</b>	<b>(2,678,997)</b>
(Decrease) in accounts payable	(29,164,282)	(90,573,064)
Cash generated from operations	(31,994,696)	(94,684,583)
Interest received	45,703,291	43,952,621
<b>Cash flows from investing activities</b>	<b>(45,585,229)</b>	<b>58,648,679</b>
(Increase)/decrease in investments	(45,585,229)	58,648,679
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(31,876,634)</b>	<b>7,916,717</b>
Cash and cash equivalent at beginning of period	36,048,217	28,131,500
Cash and cash equivalent at end of the period	4,171,583	36,048,217





## **PRESIDENT'S FUND**

### **ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006**

#### **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., except bank charges and service provider fees for electronic payments to beneficiaries.

##### **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**

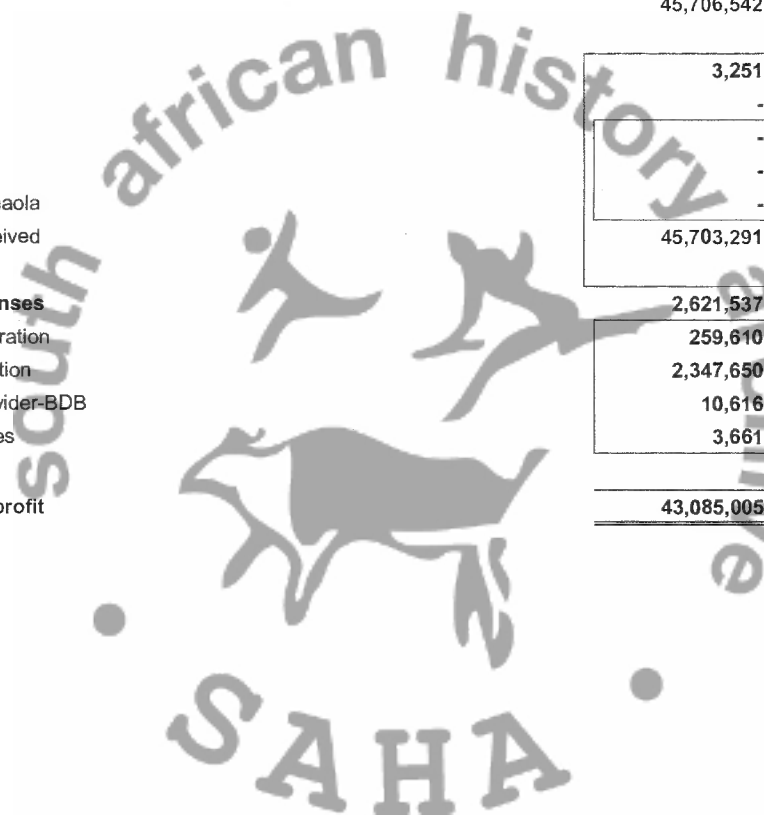
Cash and cash equivalents are measured at fair value and are defined as cash on hand and bank balance.

**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:

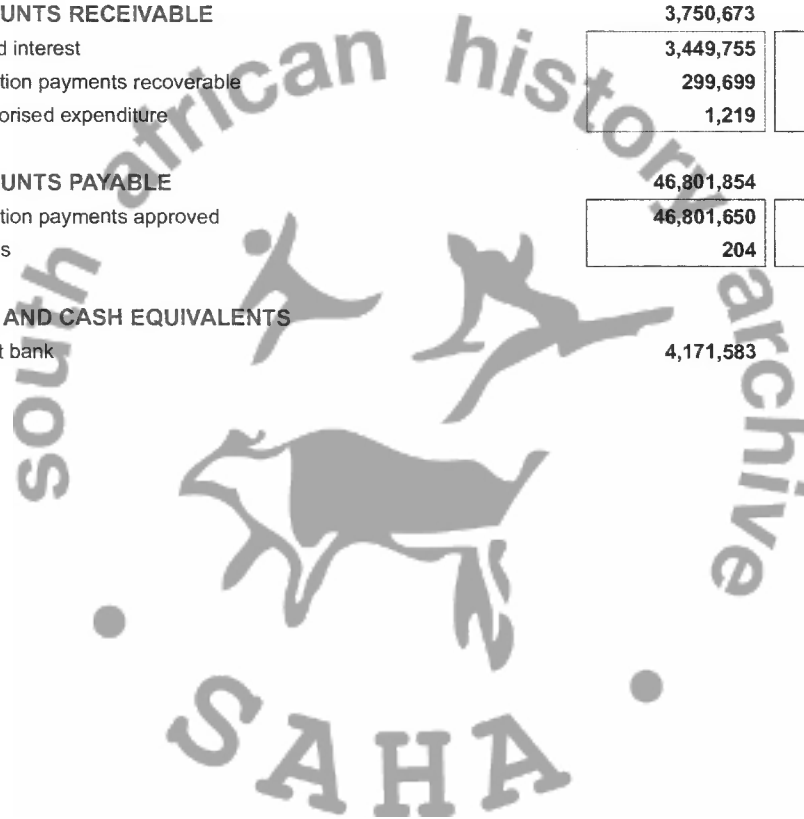
	2006	2005
	R	R
<b>Income</b>	45,706,542	43,953,439
Royalties	3,251	678
Donations	-	140
Stelala Tsie	-	40
Theko Tsie	-	70
Theko Makhaola	-	30
Interest received	45,703,291	43,952,621
<b>Less: Expenses</b>	2,621,537	1,433,340
Interim reparation	259,610	676,477
Final reparation	2,347,650	728,313
Service provider-BDB	10,616	22,060
Bank charges	3,661	6,490
<b>Operating profit</b>	<b>43,085,005</b>	<b>42,520,099</b>



## PRESIDENT'S FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2006	2005
	R	R
<b>3. INVESTMENTS - HELD TO MATURITY</b>	<b>689,932,351</b>	<b>644,347,122</b>
Call account	113,965,654	107,587,012
Fixed deposit	575,966,697	536,760,110
<b>4. ACCOUNTS RECEIVABLE</b>	<b>3,750,673</b>	<b>3,538,545</b>
Accrued interest	3,449,755	3,328,443
Reparation payments recoverable	299,699	209,355
Unauthorised expenditure	1,219	747
<b>5. ACCOUNTS PAYABLE</b>	<b>46,801,854</b>	<b>75,966,136</b>
Reparation payments approved	46,801,650	75,965,490
Accruals	204	646
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	4,171,583	36,048,217





AUDITOR - GENERAL



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