

THE NELSON MANDELA FOUNDATION TRUST GROUP

**CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

THE NELSON MANDELA FOUNDATION TRUST GROUP
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010

CHAIRMAN:	Prof GJ Gerwel
CHIEF EXECUTIVE OFFICER:	Mr AE Dangor
BUSINESS ADDRESS:	107 Central Street Houghton 2198
FINANCIAL INSTITUTION:	Nedbank Limited Johannesburg
AUDITORS:	PricewaterhouseCoopers Inc. Registered auditors Gauteng
COUNTRY OF INCORPORATION:	South Africa

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THE NELSON MANDELA FOUNDATION TRUST GROUP
STATEMENT OF RESPONSIBILITY OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 28 FEBRUARY 2010

The trustees are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

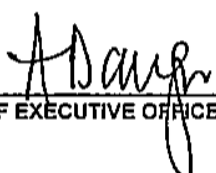
The trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated financial statements and related information. The auditors are responsible to report on the fair presentation of the consolidated financial statements.

The trustees are also responsible for the group's system of internal financial control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatements and losses. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

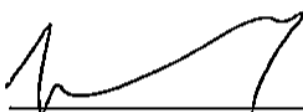
The consolidated financial statements have been prepared on the going concern basis. The trustees are assured that the group has adequate sources of funding to continue the work of the Founder and will secure sufficient donations to continue in operation for the foreseeable future.

APPROVAL

The annual consolidated financial statements set out on pages 4 to 26 were approved by the Board of Trustees on 23/11/2010 and signed on their behalf by:



CHIEF EXECUTIVE OFFICER



CHAIRMAN: BOARD OF
TRUSTEES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE NELSON MANDELA FOUNDATION TRUST GROUP

We have audited the group annual financial statements and annual financial statements of the Nelson Mandela Foundation Trust, which comprise the consolidated and separate statements of financial position as at 28 February 2010 and the consolidated and separate statements of comprehensive income, changes in funds and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, and the report of the trustees, as set out on pages 4 to 24.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trust's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the trust to institute accounting controls over collections from donations prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the consolidated and separate financial position of the Nelson Mandela Foundation Trust as at 28 February 2010, and its consolidated and separate financial performance and its consolidated and separate 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 Companies Act of South Africa.

Unaudited supplementary information

The supplementary information set out on pages 25 to 26 do not form part of the group annual financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc
Director: N Ayob
Registered Auditor

PRETORIA
Date: 04/02/2011

THE NELSON MANDELA FOUNDATION TRUST GROUP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 28 FEBRUARY 2010

The trustees herewith present their report for the year ended 28 February 2010.

1. STRATEGIC CHANGE

A business plan was implemented during January 2007 with an emphasis on the Centre of Memory and Dialogue whilst the programme work of the group, such as the direct provision of health and education, will gradually be channelled through a range of strategic partners. The vision of the group is about "telling stories of a continuing walk to freedom through the sharing of memory" and the project is now in the second implementation phase. The Trust Deed has been amended to incorporate the strategic change. The group is currently in discussions with the South African Revenue Service (SARS) on how the different revenue streams and activities should be treated for normal income tax and value-added-tax purposes.

The strategic change resulted in the group being given the responsibility to safeguard certain artefacts and memorabilia of the Founder through a formal deed of donation agreement dated 20 March 2007. Certain books are published and exhibitions hosted in order to share this valuable material with the public.

2. GENERAL OVERVIEW

In terms of the current effective Trust Deed, the objective of the group is to promote and develop the cause of peace, human rights and democracy within South Africa, elsewhere on the African continent and in other parts of the world. Furthermore, it is also the objective of the group to increase the level of education and promote HIV awareness in South Africa. The objectives of the group include:

- the creation, promotion, establishment, protection, and preservation of a Centre of Memory of the Founder which contains an archive of the life and times and the works and writings of the Founder;
- convening dialogue around critical social issues including in particular issues regarding human rights and democracy in order to contribute to a just society;
- the promotion of or engaging in philosophical activities including discussions regarding issues pertaining to human rights and democracy;
- the raising of funds in and outside the Republic in respect of the group and other Public Benefit Organisations in furtherance of its main objectives; and
- the provision of support services to or the promotion of the common interests of Public Benefit Organisations including the provision of funds or other resources by way of donation to other Public Benefit Organisations.

3. TRUSTEES

The trustees in office during the year and up to the date of this report are as follows:

Trustee

Gerwel, G J
Kathrada, A M
Ramphela, M A
Sexwale, T G
Liebenberg, C F
Menell, I
Njabulo, S N
Mottlanthe, K P (appointed 6 November 2009)
Mtoba, N T (appointed 6 November 2009)

The changes to the Board of Trustees have been registered with the Master's Office on 6 November 2009.

4. SUBSEQUENT EVENTS

No material matters or circumstance have occurred between the date of the balance sheet and the date of approval of the financial statements.

5. SUBSIDIARY

Avance Investment and Holding (Pty) Ltd ("the company") is controlled by the Nelson Mandela Foundation Trust which owns 100% of the company's shares.

THE NELSON MANDELA FOUNDATION TRUST GROUP
REPORT OF THE TRUSTEES FOR THE YEAR ENDED
28 FEBRUARY 2010

6. PRINCIPAL OPERATING ACTIVITIES OF THE SUBSIDIARY

The country of incorporation is South Africa. The following matters of importance with regard to the property of the company are in the process of being finalised:

6.1 Lease

In terms of the lease agreement, the lease will end:

- if the Nelson Mandela Foundation Trust ceases to exist;
- on the successful exercise of the option to purchase the property within fourteen (14) years and not less than two months before the expiry date of the lease; or
- on 30 November 2026 by effluxion of time.

6.2 Outstanding matters from the previous financial year

- The formal approval of building plans.
- A certificate of occupation.
- No sublease between the company and The Nelson Mandela Foundation Trust exists.
- Registration of the lease agreement signed between the City of Johannesburg Metropolitan Municipality and the company against the title deed of the property.
- The change of the domicilium address of the company in the lease.
- The change of the postal and registered office address of the company.

6.3 Director of subsidiary

Mr A E Dangor was appointed as director with effect from 7 September 2006.

6.4 Going concern

The company is dependent on the continued support of its holding entity. A subordination agreement exists between the Nelson Mandela Foundation Trust and the company.

7. FINANCIAL RESULTS

The financial results for the year under review are detailed in the annexed group annual financial statements and notes thereto. The downturn in the global economy led to the decrease in undesignated donations for the year under review.

8. GOING CONCERN

The group annual financial statements were prepared on a going concern basis, as the Trustees have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. For this reason they continue to adopt the going concern basis in preparing the group annual financial statements.

9. AUDITORS

The audit committee will make a recommendation to the Board of Trustees on the appointment of auditors.

THE NELSON MANDELA FOUNDATION TRUST GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2010

		Group		Trust	
	Notes	2010 R	2009 R	2010 R	2009 R
ASSETS					
NON-CURRENT ASSETS		52 975 858	36 011 380	54 773 947	37 514 443
Property, plant and equipment	2	17 392 388	18 261 513	4 662 520	5 237 188
Intangible assets	3	334 169	-	334 169	-
Investment in subsidiary		-	-	14 537 058	14 537 058
Available-for-sale financial assets	4	35 240 200	17 740 197	35 240 200	17 740 197
Prepaid rent for land		9 101	9 670	-	-
CURRENT ASSETS		153 604 011	179 143 734	153 568 792	179 108 515
Receivables and prepayments	5	565 737	2 442 391	565 737	2 442 391
Cash and cash equivalents	6	153 003 055	176 666 124	153 003 055	176 666 124
Prepaid rent		569	569	-	-
Deposit		34 650	34 650	-	-
TOTAL ASSETS		206 579 869	215 155 114	208 342 739	216 622 958
CONTRIBUTION, RESERVES AND LIABILITIES					
CONTRIBUTION AND RESERVES		168 796 070	148 143 227	170 558 940	149 611 072
Contribution		1 000	1 000	1 000	1 000
Accumulated funds		168 795 070	148 142 227	170 557 940	149 610 072
NON - CURRENT LIABILITIES					
Finance lease liabilities	7	441 063	827 548	441 063	827 548
CURRENT LIABILITIES		37 342 736	66 184 338	37 342 736	66 184 338
Trade and other payables	8	7 260 320	7 132 456	7 260 320	7 132 456
Deferred grants	9	30 082 416	59 051 882	30 082 416	59 051 882
TOTAL CONTRIBUTION, RESERVES AND LIABILITIES		206 579 869	215 155 114	208 342 739	216 622 958

THE NELSON MANDELA FOUNDATION TRUST GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group		Trust	
	Notes	2010 R	2009 R	2010 R	2009 R
INCOME		55 780 105	107 158 317	55 780 105	107 158 317
Grants received:		55 700 748	105 612 167	55 700 748	105 612 167
Designated grants	9	50 587 454	45 778 249	50 587 454	45 778 249
Other donations	10	5 113 294	59 833 918	5 113 294	59 833 918
Dividends received		9 600	1 129 127	9 600	1 129 127
Other income		69 757	417 023	69 757	417 023
EXPENDITURE		(61 939 270)	(52 134 204)	(61 644 245)	(51 839 178)
Operating expenses		17 559 903	13 746 643	17 264 877	13 451 617
Project expenses	11	44 379 367	38 387 561	44 379 367	38 387 561
Net (deficit)/surplus before finance income	12	(6 159 165)	55 024 113	(5 864 140)	55 319 139
Finance income		9 451 311	8 849 642	9 451 311	8 849 642
Total finance income		11 823 435	12 811 882	11 823 435	12 811 882
Less: Finance income allocated to designated funds	9	(2 372 124)	(3 962 240)	(2 372 124)	(3 962 240)
Finance cost	13	(139 296)	(182 136)	(139 296)	(182 136)
Impairment loss	4	-	(15 264 126)	-	(15 264 126)
Net surplus for the year before tax		3 152 850	48 427 492	3 447 875	48 722 519
Normal income tax	14	-	-	-	-
Net surplus for the year		3 152 850	48 427 492	3 447 875	48 722 519
Other comprehensive income		17 499 993	(2 625 947)	17 499 993	(2 625 947)
Available-for-sale financial assets		17 499 993	(2 625 947)	17 499 993	(2 625 947)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		20 652 843	45 801 545	20 947 868	46 096 572

THE NELSON MANDELA FOUNDATION TRUST GROUP

**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR
ENDED 28 FEBRUARY 2010**

Group	Notes	Contribution R	Available- for-sale Investments R	Accumulated funds R	Total R
Balance as at 1 March 2008		1 000	2 801 907	99 538 775	102 341 682
Net surplus for the year		-	-	48 427 492	48 427 492
Other comprehensive income - Fair value adjustment	4	-	(2 625 947)	-	(2 625 947)
Balance at 1 March 2009		1 000	175 960	147 966 267	148 143 227
Other comprehensive income - Fair value adjustment	4	-	17 499 993	-	17 499 993
Net surplus for the year		-	-	3 152 850	3 152 850
Balance at 28 February 2010		1 000	17 675 953	151 119 117	168 796 070
Trust					
Balance as at 1 March 2008		1 000	2 801 907	100 711 593	103 514 500
Net surplus for the year		-	-	48 722 519	48 722 519
Fair value adjustment		-	(2 625 947)	-	(2 625 947)
Balance at 1 March 2009		1 000	175 960	149 434 112	149 611 072
Other comprehensive income - Fair value adjustment	4	-	17 499 993	-	17 499 993
Net surplus for the year		-	-	3 447 875	3 447 875
Balance at 28 February 2010		1 000	17 675 953	152 881 987	170 558 940

THE NELSON MANDELA FOUNDATION TRUST GROUP

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2010

		Group		Trust	
	Note	2010 R	2009 R	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash (utilised by)/generated from operating activities	15	(31 746 381)	65 360 048	(31 746 381)	65 360 048
Finance income		9 451 311	8 849 642	9 451 311	8 849 642
Finance cost		(139 296)	(182 136)	(139 296)	(182 136)
Dividends received		9 600	1 129 127	9 600	1 129 127
<i>Net cash (outflow)/inflow from operating activities</i>		<u>(22 424 766)</u>	<u>75 156 681</u>	<u>(22 424 766)</u>	<u>75 156 681</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Intangible assets acquired	3	(394 483)	-	(394 483)	-
Fixed assets acquired	2	(457 334)	(733 133)	(457 334)	(733 133)
<i>Net cash outflow from investing activities</i>		<u>(851 817)</u>	<u>(733 133)</u>	<u>(851 817)</u>	<u>(733 133)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(Decrease)/Increase in finance lease liabilities		(386 486)	107 982	(386 486)	107 982
<i>Net cash (outflow)/inflow from financing activities</i>		<u>(386 486)</u>	<u>107 982</u>	<u>(386 486)</u>	<u>107 982</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(23 663 069)	74 531 530	(23 663 069)	74 531 530
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		176 666 124	102 134 634	176 666 124	102 134 634
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		153 003 055	176 666 164	153 003 055	176 666 164

THE NELSON MANDELA FOUNDATION TRUST GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies adopted in the preparation of the group annual financial statements of The Nelson Mandela Foundation Trust ("the Trust") and the subsidiary Avance Investment and Holding (Proprietary) Limited ("the company"), together the Nelson Mandela Foundation Trust Group. These policies have been consistently applied.

1.1 Basis of preparation

The group annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and are presented in South African Rands. These group annual financial statements have been prepared under the historical cost convention.

The financial statements are prepared on the going concern basis.

The preparation of group annual financial statements in conformity with SA GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the group annual financial statements, are disclosed in note 1.17.

a) *Standards, amendments and interpretations effective in 2010 but not relevant to the group's operations:*

The following interpretations to published standards is mandatory for accounting periods beginning on or after 1 March 2009 but is not relevant to the group's operations:

- IFRIC 12 (AC 445) Service concession arrangements
- IFRIC 14 (AC 447) IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction.

b) *Standards, amendments and interpretations early adopted*

No standards, amendments or interpretations have been early adopted by the group.

c) *Standards, amendments and interpretations to existing standards that are not yet effective and not relevant to the group's operations:*

IFRS 3 (AC 140) - Business combinations

IFRS 8 (AC 145) - Operating segments

IAS 14 (AC 115) - Segment reporting

IAS 23 (AC 114) - Borrowing costs

IAS 27 (AC 132) - Consolidated and separate financial statements

Amendment to IAS 32 (AC 125): Financial instruments presentation

Amendment to IAS 39 (AC 133): Financial instruments recognition and measurement

IFRIC 7 (AC 440) - Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 8 (AC 441) - Scope of IFRS 2

IFRIC 9 (AC 442) - Reassessment of embedded derivatives

IFRIC 10 (AC 442) - Interim financial reporting and impairment

IFRIC 11 (AC 444) - IFRS 2 - Group and treasury share transactions

IFRIC 13 (AC 446) - Customer loyalty programmes

IFRIC 15 - Agreements for the construction of real estate

IFRIC 16 (AC 449) - hedges of a net investment in a foreign operation

IFRIC 17 - Distributions of non-cash assets to owners

IFRIC 18 - Transfers of assets from customers

THE NELSON MANDELA FOUNDATION TRUST GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2010

1.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

1.3 Property plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Land is not depreciated as it is deemed to have an indefinite useful life and is therefore stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Assets donated are recorded at fair value (replacement values) on date of receipt and depreciated from date of receipt.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost item can be measured reliably. All other repairs and maintenance are recognised in the statement of comprehensive income in the year it is incurred.

Depreciation on assets is calculated using the straight-line method to write down the cost over their estimated useful lives, as follows:

Buildings	20 years
Computer equipment	3 years
Computer software	2 years
Office equipment, furniture and fittings	6 years
Vehicles	5 years
Leased assets	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of assets are determined by comparing proceeds with the carrying amounts. Gains and losses are included in the statement of comprehensive income in the year they occur.

Repairs and maintenance are charged to expenses during the financial year it is incurred.

1.4 Intangible assets

Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 15 to 20 years.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
- the expenditure attributable to the software product can be reliably measured.

THE NELSON MANDELA FOUNDATION TRUST GROUP
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 28 FEBRUARY 2010

1.4 Intangible assets (continued)

Directly attributable costs that are capitalised as part of the software product include employee costs relating to the development and implementation of the software.

Other development expenditures that do not meet the criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

1.5 Artefacts and memorabilia

The group has been given the responsibility to safeguard artefacts and memorabilia of the Founder. Artefacts and memorabilia donated to the group are recognised at a nominal value of R1.

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised.

1.7 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the current value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The finance cost element is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

1.8 Financial instruments

Financial instruments carried on the statement of financial position include, available-for-sale financial assets, cash and bank balances, receivables and payables. The fair value of receivables and payables approximate the cost thereof, due to the short term nature thereof.

1.9 Financial assets

The group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets. The group's loans and receivables comprise receivables and cash and cash equivalents in the statement of financial position (note 1.10).

THE NELSON MANDELA FOUNDATION TRUST GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2010

1.9 Financial assets (continued)

b) Available-for-sale financial assets

Available-for-sale assets are non-derivatives designated in this category and included in non-current assets.

Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices. In the case of equity securities classified as available-for-sale, a significant decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

1.9 Other receivables

Trade and other receivables are carried at anticipated realisable value. A provision for impaired receivables is calculated based on a review of all outstanding amounts at the year-end. Bad debts are written off in the year in which they are identified.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and short-term investments, and are initially recognised at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks and net of bank overdrafts.

1.11 Trade payables

Trade payables are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest rate method.

1.12 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 a reliable estimate of the amount of the obligation can be made.

1.13 Foreign currency transactions

The functional currency is that of the South African Rand. Any other currency is seen as a foreign currency. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any foreign exchange differences are dealt with in the statement of comprehensive income in the year in which the difference occurs.

1.14 Recognition of income

Grants received are recorded as income once the conditions of the grants have been met. General (undesigned) donations are recorded as income when cash is received.

Assets donated to the group at no cost are recorded at fair value (replacement values) on date of receipt. Use of assets at no charge are valued at the fair value of the consideration received. These donations are disclosed as donations in kind.

Finance income is accounted for on an accrual basis and excludes that portion which relates to designated funds. Finance income on designated funds depend on the timing and extent of utilisation of designated funds.

Royalty income is recorded on an accrual basis.

Dividend income is recognised when the right to receive payment is established.

1.15 Retirement benefits

The group's contributions to the defined contribution plan are recognised as employee benefit expenses in the statement of comprehensive income in the year to which they relate. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The group pays contributions to publicly administered pension plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid.

THE NELSON MANDELA FOUNDATION TRUST GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2010

1.16 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.17 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

a) Depreciation

During each financial year, management reviews the assets within property, plant and equipment to assess whether the useful lives and residual values applicable to each asset are appropriate.

b) Provision for impairment of receivables

At year-end management makes an estimate of the amount it expects to recover from outstanding balances. A provision for impairment is raised based on these estimates.

c) Impairment of available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates the duration and extent to which the fair value of an investment is less than its cost and the industry and sector performance. If the decline in fair value is considered significant or prolonged, the accumulated fair value adjustment recognised in equity on the impaired available-for-sale financial asset is transferred to the statement of comprehensive income.

d) Allocation of operating expenditure

Operating expenditure and overhead costs are only allocated to projects when agreed with the donor in the grant agreement.

1.18 Contingent liabilities

Contingent liabilities are disclosed when the group has a possible obligation that arose from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

THE NELSON MANDELA FOUNDATION TRUST GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010

2. PROPERTY, PLANT AND EQUIPMENT

Group	Leased assets (note 2.1) R	Land and buildings (note 2.2 and 2.3) R	Motor vehicle R	Computer equipment R	Office equipment, furniture and fittings R	Total R
Cost - 2010						
Opening balance	2 152 679	18 222 802	177 900	3 613 054	2 727 303	26 893 738
Additions	-	-	132 100	154 568	170 666	457 334
Disposal of leased assets	(157 926)	-	-	-	-	(157 926)
	1 994 753	18 222 802	310 000	3 767 622	2 897 969	27 193 146
Accumulated depreciation	(1 305 009)	(1 992 934)	(118 329)	(3 640 431)	(2 744 055)	(9 800 758)
Opening balance	(917 017)	(1 698 477)	(71 257)	(3 602 785)	(2 342 689)	(8 632 225)
Depreciation	(545 918)	(294 457)	(47 072)	(37 646)	(401 366)	(1 326 459)
Disposals	157 926	-	-	-	-	157 926
Carrying value	689 744	16 229 868	191 671	127 191	153 914	17 392 388
Cost - 2009						
Opening balance - restated	826 519	18 222 802	177 900	3 541 481	3 063 273	25 831 975
Additions	1 363 941	-	-	71 573	41 940	1 477 454
Transfers	-	-	-	-	(377 910)	(377 910)
Disposals	(37 781)	-	-	-	-	(37 781)
	2 152 679	18 222 802	177 900	3 613 054	2 727 303	26 893 738
Accumulated depreciation	(917 017)	(1 698 477)	(71 257)	(3 602 785)	(2 342 689)	(8 632 225)
Opening balance - restated	(444 705)	(1 404 020)	(35 677)	(3 472 050)	(2 273 994)	(7 630 446)
Depreciation	(494 405)	(294 457)	(35 580)	(130 735)	(411 566)	(1 366 743)
Disposals	22 093	-	-	-	342 871	364 964
Carrying value	1 235 662	16 524 325	106 643	10 269	384 614	18 261 513

THE NELSON MANDELA FOUNDATION TRUST GROUP

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

2. PROPERTY, PLANT AND EQUIPMENT (continue)

Trust	Leased assets (note 2.1) R	Land and buildings (note 2.2 and 2.3) R	Motor vehicle R	Computer equipment R	Office equipment, furniture and fittings R	Total R
Cost - 2010						
Opening balance	2 152 679	3 500 000	177 900	3 613 054	2 727 303	12 170 936
Additions	-	-	132 100	154 568	170 666	457 334
Disposals	(157 926)	-	-	-	-	(157 926)
	1 994 753	3 500 000	310 000	3 767 622	2 897 969	12 470 344
Accumulated depreciation	(1 305 009)	-	(118 329)	(3 640 431)	(2 744 055)	(7 807 824)
Opening balance	(917 017)	-	(71 257)	(3 602 785)	(2 342 689)	(6 933 748)
Depreciation	(545 918)	-	(47 072)	(37 646)	(401 366)	(1 032 002)
Disposals	157 926	-	-	-	-	157 926
Carrying value	689 744	3 500 000	191 671	127 191	153 914	4 662 520
Cost - 2009						
Opening balance	826 519	3 500 000	177 900	3 541 481	3 063 273	11 109 173
Additions	1 363 941	-	-	71 573	41 940	1 477 454
Disposals	(37 781)	-	-	-	(377 910)	(415 691)
	2 152 679	3 500 000	177 900	3 613 054	2 727 303	12 170 936
Accumulated depreciation	(917 017)	-	(71 257)	(3 602 785)	(2 342 689)	(6 933 748)
Opening balance	(444 705)	-	(35 677)	(3 472 050)	(2 273 994)	(6 226 426)
Depreciation	(494 405)	-	(35 580)	(130 735)	(411 566)	(1 072 286)
Disposals	22 093	-	-	-	342 871	364 964
Carrying value	1 235 662	3 500 000	106 643	10 269	384 614	5 237 188

2.1 Leased assets

Leased assets consist of computer equipment and office equipment. Leased assets are encumbered by finance lease liabilities in the amount of R852 341 (2009: R1 356 838) (Note 7).

2.2 Improvements to leasehold property

Land, held by a 25 year lease that will end on 31 January 2027, comprising Erf 1889 Houghton Estate, IR approximately 6821 square metres in extent and Portion of the remaining extent of Erf 1890 Houghton Estate, IR approximately 6559 square metres in extent, excluding the off-ramp to the M1 Freeway. The land has been rezoned and consolidated into Erf 2510. The land is leased from the City of Johannesburg Metropolitan Council by the company for a period of 25 years, commencing on 1 February 2002. The lease will end on 31 January 2027. The lessee has been given an option to acquire the land from the 23rd year for an amount of R1 000. The option, if not exercised, will lapse on 30 November 2026.

The property was valued at R17,7 million on 7 May 2007 by Van Zyl Valuers, an independent professional valuer, using the income capitalisation approach. The building cannot be sold without the approval of the Board of Trustees.

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

2. PROPERTY, PLANT AND EQUIPMENT - continued

2.3 Land and buildings

Buildings consist of the house previously occupied by the Founder, on portion 1 of Lot 1857 Houghton Estate Township Registration Division I.R in the province of Gauteng and measuring 2461 square metres. Management estimates the fair value of the property to approximate the cost thereof. No information is available yet to disclose the value of the land separately.

2.4 Artefacts and memorabilia

The group has been entrusted with the responsibility to safeguard certain artefacts and memorabilia of the Founder through a formal deed of donation agreement dated 20 March 2007. Artefacts and memorabilia consist of approximately 1 999 (2009: 1 698) items which are recorded at a nominal value of R1. Due to the historical and unique nature of these items, it is not feasible to determine a fair value. These assets may not be sold.

3. INTANGIBLE ASSETS

Year ended 28 February 2010
Opening balance - 1 March 2009
Additions
Amortisation
Carrying value

Group and Trust		
Software R	Trademarks R	Total R
-	-	-
291 453	103 030	394 483
(56 671)	(3 643)	(60 314)
<u>234 782</u>	<u>99 387</u>	<u>334 169</u>

Year ended 28 February 2009
Opening balance - 1 March 2008
Additions
Carrying value

-	-	-
-	-	-
-	-	-

Computer software consists of all cost incurred with regard to the implementation of the SAP accounting system. Trademarks mainly consists of legal costs incurred with regard to the registration of the trademarks in the name of the Trust.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed Investments
4.1 Mvelaphanda Group Limited

Opening balance
Fair value adjustment
Impairment loss

Group and Trust	
2010 R	2009 R
17 564 197	35 630 230
17 146 003	(2 801 907)
-	(15 264 126)
<u>34 710 200</u>	<u>17 564 197</u>

These shares are held by a nominee company Reb Nominees (Pty) Limited. The following conditions to this investment are listed in the voting pool agreement:

- Mvela Holdings (Pty) Limited have irrevocable power of attorney to vote at annual general meetings on behalf of the vendors.
- The vendors remain the beneficial shareholder.
- The shares may only be sold to Mvela Holdings (Pty) Limited. The shares may not be sold before 31 March 2011, unless it is approved by and offered to Mvela Holdings (Pty) Limited and sold to Historically Disadvantaged South Africans.

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group and Trust	
		2010	2009
		R	R
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continue)			
4.2 Brimstone Investment Corporation Limited			
Opening balance		176 000	40
Donation - 10 000 shares		10	-
Fair value adjustment		353 990	175 960
		<u>530 000</u>	<u>176 000</u>
The investment is administered by the Brimstone Equity Share Trust and beneficiaries have vested rights with regard to capital and income distributions of the Trust.			
TOTAL		<u>35 240 200</u>	<u>17 740 197</u>
The movement in available-for-sale financial assets may be summarised as follows:			
Donation of shares received		10	40
Fair value adjustment		17 499 993	(2 625 947)
Impairment loss		-	(15 264 126)
		<u>17 500 003</u>	<u>(17 890 033)</u>

The investments in Brimstone Investment Corporation Limited and Mvelaphanda Group Limited are not impaired.

	Group		Trust	
	2010	2009	2010	2009
	R	R	R	R
5. RECEIVABLES AND PREPAYMENTS				
Recoverable advances and other receivables	2 261 853	1 204 647	2 261 853	1 204 647
Royalty income receivable	-	189 397	-	189 397
Sundry receivables	107 337	63 083	107 337	63 083
Value Added Tax receivable	-	985 264	-	985 264
Less: Provision for impairment of receivables	(1 803 453)	-	(1 803 453)	-
	<u>565 737</u>	<u>2 442 391</u>	<u>565 737</u>	<u>2 442 391</u>

An adjustment for impairment of receivables has been made for estimated irrecoverable amounts and consist of receivables outstanding for more than 120 days.

The movement in the provision for impairment during the year was as follows:

Balance at 1 March 2009	-	-	-	-
Increase in provision	1 803 453	-	1 803 453	-
Balance at 28 February	<u>1 803 453</u>	<u>-</u>	<u>1 803 453</u>	<u>-</u>

	Group		Trust	
	2010	2009	2010	2009
	R	R	R	R
6. CASH AND CASH EQUIVALENTS				
Bank balances	673 770	1 175 873	673 770	1 175 873
Cash on hand	5 000	5 000	5 000	5 000
Short-term bank deposits:				
- Designated funds	133 627 343	146 020 734	133 627 343	146 020 734
- Other funds	18 696 942	29 464 517	18 696 942	29 464 517
	<u>153 003 055</u>	<u>176 666 124</u>	<u>153 003 055</u>	<u>176 666 124</u>

The average return on these investments was 7.17% (2009: 9.69%). The designated funds amounting to R133 627 343 (2009: R146 020 734) may only be utilised for specific purposes.

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

7. FINANCE LEASE LIABILITIES

Some computer and office equipment are leased under non-cancellable lease agreements. The lease terms are between three and five years. As the lease terms transfer substantially all the risks and rewards of ownership to the group, these leases are classified as finance leases.

Group and Trust			
	2010 R	2009 R	
Total liabilities	852 341	1 356 838	
Less: Short term portion disclosed as trade and other payables (note 8)	(411 278)	(529,290)	
	<u>441 063</u>	<u>827 548</u>	
	Minimum payments R	Interest cost R	Present value R
Reconciliation of minimum lease payments			
As at 28 February 2010			
Less than one year	494 695	83 417	411 278
Two to five years	519 373	78 310	441 063
	<u>1 014 068</u>	<u>161 727</u>	<u>852 341</u>
As at 28 February 2009			
Less than one year	672 544	143 254	529 290
Two to five years	989 447	161 899	827 548
	<u>1 661 991</u>	<u>305 153</u>	<u>1 356 838</u>

8. TRADE AND OTHER PAYABLES

	Group		Trust	
	2010 R	2009 R	2010 R	2009 R
Accruals	1 192 328	1 812 160	1 192 328	1 812 160
Sundry creditor	891 395	76 950	891 395	76 950
Accrual for leave	695 508	716 655	695 508	716 655
Short term portion of finance lease liabilities	411 278	529 290	411 278	529 290
South-African Revenue Service - Employees' Tax	3 997 401	3 997 401	3 997 401	3 997 401
Value-Added-Tax payable	72 410	-	72 410	-
	<u>7 260 320</u>	<u>7 132 456</u>	<u>7 260 320</u>	<u>7 132 456</u>

THE NELSON MANDELA FOUNDATION TRUST GROUP

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

	Group		Trust	
	2010	2009	2010	2009
	R	R	R	R
9. DEFERRED GRANTS				
Opening balance	59 051 882	48 581 180	59 051 882	48 581 180
Grants allocated to designated programmes	19 245 864	52 286 711	19 245 864	52 286 711
Interest and VAT refunds allocated to designated funds	2 372 124	3 962 240	2 372 124	3 962 240
Deferred grants recognised	(50 587 454)	(45 778 249)	(50 587 454)	(45 778 249)
Closing balance	30 082 416	59 051 882	30 082 416	59 051 882
10. OTHER DONATIONS				
Undesignated donations	3 223 483	58 141 422	3 223 483	58 141 422
Donation of royalty income	1 826 910	1 413 816	1 826 910	1 413 816
Listed shares	10	40	10	40
Fair value of use of assets	62 891	278 640	62 891	278 640
	5 113 294	59 833 918	5 113 294	59 833 918
11. PROJECT EXPENSES				
Centre of Memory	10 450 150	10 109 818	10 450 150	10,109,818
Dialogue and Leadership Series	9 074 924	8 524 529	9 074 924	8,524,529
Other project expenses	24 854 293	19 753 214	24 854 293	19 753 214
	44 379 367	38 387 561	44 379 367	38 387 561
12. EXPENSES BY NATURE				
Amortisation	60 314	-	60 314	-
Depreciation	1 327 126	1 367 312	1 032 002	1 072 285
Legal fees	1 688 709	777 236	1 688 709	777 236
Project related costs	26 508 941	27 223 011	26 508 941	27 223 011
Repairs and maintenance	437 314	385 468	437 314	385 468
Audit fees	1 448 755	949 024	1 448 755	949 024
Personnel remuneration	17 483 898	15 098 475	17 483 898	15 098 475
Loss on disposal of fixed assets	-	50 272	-	50 727
Contribution to defined contribution plan	4 529 086	3 671 095	4 529 086	3 672 095
Foreign exchange loss	-	906	-	906
Penalties - VAT	17 235	-	17 235	-
Rent on land	-	569	-	569

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

13. FINANCE COST

	Group		Trust	
Current account	-	346	-	346
Finance lease liabilities	139 296	181 790	139 296	181,790
	<u>139 296</u>	<u>182 136</u>	<u>139 296</u>	<u>182 136</u>

14. INCOME TAX

In terms of section 10(1)(cN) of the South African Normal Income Tax Act, 1962 (Act No 58 of 1962), the Trust is registered as a Public Benefit Organisation and exempt from normal income tax, subject to certain conditions. The Trust is currently in discussions with the South African Revenue Service (SARS) on how the different revenue streams and activities should be treated for normal income tax and value-added-tax purposes.

Royalty income received is regarded as trading activities and subject to normal income tax when the royalty income exceeds 5% of total receipts. Royalty income for the year under review amounts to R1 826 910 (2009: R1 413 816) which is less than 5% of total receipts for the year and therefore no normal income tax is payable for the year under review.

15. CASH (UTILISED BY)/GENERATED FROM OPERATING ACTIVITIES

Cash (utilised by)/generated from operating activities

	Group		Trust	
	2010 R	2009 R	2010 R	2009 R
Net surplus	3 152 850	48 427 492	3 447 875	48 722 519
Adjustments for:				
Amortisation	60 314	-	60 314	-
Depreciation	1 327 126	1 367 312	1 032 002	1 072 286
Finance income	(9 451 311)	(8 849 642)	(9 451 311)	(8 849 642)
Finance cost	139 296	182 136	139 296	182 136
Dividends received	(9 600)	(1 129 127)	(9 600)	(1 129 127)
Loss on disposal of fixed assets	-	50 727	-	50 727
Impairment loss	-	15 264 126	-	15 264 126
Available for sale financial assets	(10)	(40)	(10)	(40)
	<u>(4 781 335)</u>	<u>55 312 984</u>	<u>(4 781 434)</u>	<u>55 312 985</u>
Movements in working capital:				
Decrease/(increase) in accounts receivable	1 949 064	(1 220 882)	1 949 064	(1 220 882)
(Decrease)/increase in payables and deferred grants	(28 913 443)	11 267 905	(28 914 012)	11 267 905
	<u>(31 745 714)</u>	<u>65 360 007</u>	<u>(31 746 381)</u>	<u>65 360 008</u>

16. RELATED PARTY TRANSACTIONS

The following transactions were incurred with related parties:

Related party	Relationship	Nature of transaction	Group and Trust	
			2010 R	2009 R
1. 46664 Concerts (Association Incorporated in terms of Section 21)	Associated with Founder	Other receivable Donation received	978 593 -	507 867 (33 322 340)

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

16. RELATED PARTY TRANSACTIONS (continue)		Relationship	Nature of transaction	Group and Trust	
				2010	2009
2.	46664 Concerts UK Limited	Associated with Founder	Other receivable	824 860	268 032
3.	The Founder	The Founder	Remuneration and employees' tax	2 891 675	2 907 274
			Reimbursement of expenditure	89 718	55 621
4.	Nelson Mandela Family	Relatives of Founder	Reimbursement of expenditure	29 160	22 865
5.	Key management personnel	Key management personnel	Remuneration	4 758 890	4 197 286
6.	Key management personnel (Refer note 4 for the terms and conditions related to the donation)	Member of Board of Trustees	Donation of listed shares in Mvelaphanda Group Limited Available-for-sale Investment	- 34 710 201	40 17 564 197

17. RETIREMENT BENEFITS

As at 28 February 2010, 37 (2009: 39) people were employed by the group. The group contributes to a defined contribution plan for some of the employees. The total contribution for the year amounted to R4 529 086 (2009: R3 671 095) and was charged to the statement of comprehensive income. The group has no further obligation to provide retirement benefits to its employees.

18. COMMITMENTS

The following contractual commitments exist at year-end:

	Group and Trust		
	Payable not later than 1 year R	Payable later than 1 year R	Total payable R
Service providers			
- Praxis	728 551	-	728 551
- Siemens	414 865	-	414 865
- Perpetual Finance	545 222	-	545 222
- Nashua and Gestetner	329 500	-	329 500
- Spartan	400 176	-	400 176
- E- Technologies	190 366	-	190 366
Project implementing agents			
- Flow Communications	410 083	-	410 083
- Shoeshoe Mohaladitoe and Associates	165 000	-	165 000
- K Mutuma	259 745	-	259 745
- L Nkosi	90 000	-	90 000
- Vision Africa CC	364 161	-	364 161
- Reratile Investment	852 692	-	852 692
- Communication for social change	56 972	-	56 972
Total commitments	4 807 333	-	4 807 333

These consist of contractual commitments relating to projects and the Centre of Memory for services to be rendered and are not recorded as a liability for this financial year. These will be funded by deferred grants and income generated in the normal course of business.

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

19. FINANCIAL RISK MANAGEMENT

Exposure to foreign exchange risk and credit risk arises in the normal course of business. The group does not use derivative financial instruments as a means of reducing exposure to fluctuations in foreign exchange rates.

19.1. Market Risk

Interest rate risk

The group's income and operating cash flows are independent of changes in market interest rates. At the reporting date the interest rate profile of the group's interest bearing financial instruments was as follows:

	Group and Trust	
	2010	2009
	R	R
<i>Variable rate instruments</i>		
Cash and cash equivalents	153 003 055	176 666 124

Sensitivity analysis

An increase or decrease of one percentage in interest rates at the reporting date would have increased and decreased surplus or deficit by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	Surplus or deficit	
	2010	2009
	R	R
Increase of one percentage	1 530 031	1 766 661
Decrease of one percentage	(1 530 031)	(1 766 661)

Foreign exchange risk

The group incurs foreign exchange risk as a result of certain donations received in US dollar and UK Pound Sterling.

Price risk

The group is exposed to equity securities price risk because of the investments classified as available-for-sale.

Available-for-sale financial assets	35 240 200	17 740 197
-------------------------------------	------------	------------

Sensitivity analysis

Components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale. An increase or decrease of one percentage in the listed price at the reporting date would have increased and decreased equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	Equity	
	2010	2009
Increase of one percentage	352 402	177 402
Decrease of one percentage	(352 402)	(177 402)

19.2. Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding receivables. The group only deals with reputable financial institutions and the maximum exposure amounts to R153 003 055 (2009: R176 666 124).

19.3. Capital risk

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure. In order to maintain the capital structure, an Investment Committee has been established to develop long term investment strategies.

THE NELSON MANDELA FOUNDATION TRUST GROUP

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 28 FEBRUARY 2010**

19.4. Liquidity risk

Sufficient cash is maintained to manage the group's liquidity risk. The table below analyses the group's financial liabilities into maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	28 February 2010		28 February 2009	
	Less than 1 year	Two to five years	Less than 1 year	Two to five years
Finance lease liabilities	411 278	441 063	672 544	989 447
Trade and other payables	1 192 328	-	5 809 561	-

20. SUBSEQUENT EVENTS

There have been no facts or circumstances of a material nature that occurred between the accounting date and the date of this report.

21. CONTINGENT LIABILITY

21.1. Penalties and interest on late payment of employees' tax

The group may be liable for penalties and interest on the late payment of employees' tax. Management estimates the maximum exposure in respect of penalties and interest to be R1 849 680 (2009: R1 339 957).

21.2. Change in strategic objectives and VAT implications

The Foundation is not allowed to claim input VAT on activities relating to the Centre of Memory as this objective is not listed in the VAT Act as a welfare activity. The amount of the obligation cannot be measured with sufficient reliability, as some expenditure incurred relate to all strategic objectives of the Foundation and the portion relating to the Centre of Memory cannot be isolated and quantified. The possibility exists that VAT input claimed might have to be repaid after the South African Revenue Services issues a ruling on the matter.

THE NELSON MANDELA FOUNDATION TRUST GROUP

SCHEDULE OF DONATIONS RECEIVED FOR THE FINANCIAL YEAR ENDED
28 FEBRUARY 2010

	Amount received R	Amount recognised - transfer from deferred grants R	Unexpended grants - Transferred to deferred grants R	Net grants recognised R
DESIGNATED	19 245 864	35 686 346	(4 184 256)	50 587 454
DESIGNATED TO DIALOGUE AND EDUCATION	15 946 413	19 752 660	(4 177 287)	31 361 286
Better World Funds - Education	-	2 170	-	2 170
Australia High Commission	-	84 021	-	84 021
ICAP	-	800 208	-	800 208
Macsteel	-	4 656	-	4 656
Radisson SAS	-	7 388	-	7 388
Vodacom	134 000	292 349	-	426 349
SAP Africa	1 050 000	-	(1 015 980)	34 020
UNICEF	1 817 116	390 852	-	2 207 968
Hasso Plattner	-	957 433	-	957 433
Merck & Co	-	496 234	-	496 234
UNAIDS - WHO	1 647 931	26 117	-	1 674 048
Coca Cola I	-	2 945 187	-	2 945 187
GTZ GmbH	9 765 948	-	(2 838 409)	6 927 539
Friends III	-	2 647 924	-	2 647 924
De Beers International	-	9 933	-	9 933
ABSA Bank	1 158 335	793 156	-	1 790 993
Zain Mobile Communication	-	134 393	-	134 393
Embassy of Belgium	231 898	3 192	-	235 089
Dept of Arts and Culture	-	-	(17 520)	(17 520)
MINDS	141 185	-	(204 307)	(63 122)
Swordspoint	-	149 896	-	149 896
Friends	-	7 403 271	-	7 403 271
DFID	-	-	(101 072)	(101 072)
Founders Remuneration	-	2 409 398	-	2 409 398
General	-	194 882	-	194 882
DESIGNATED TO CENTRE OF MEMORY	3 299 451	15 933 686	(6 969)	19 226 168
Ford Foundation II	-	4 098	-	4 098
Friends II PPE	-	1 379 406	-	1 379 406
Friends II	-	8 208 681	-	8 208 681
Friends II 32 day investment	-	-	-	-
Coca Cola Friends	-	-	-	-
Nelson Mandela Legacy Trust	-	-	-	-
DFID	2 606 260	-	(6 969)	2 599 291
Friends III	-	294 376	-	294 376
Coca Cola II	-	5 550 425	-	5 550 425
UNESCO	693 191	496 700	-	1 189 891
OTHER (UNDESIGNATED)	3 223 483	-	-	3 223 483
General funds	3 223 483	-	-	3 223 483
	22 469 347	35 686 346	(4 184 256)	53 810 937

**THE NELSON MANDELA FOUNDATION TRUST
AND ITS SUBSIDIARY**

**CONSOLIDATED SCHEDULE OF TOTAL EXPENSES FOR THE YEAR ENDED
28 FEBRUARY 2010**

	Operating expenses 2010 R	Operating expenses 2009 R	Centre of Memory 2010 R	Dialogue expenses 2010 R	Other Project expenses 2010 R	Total Project expenses 2010 R	Total Project expenses 2009 R	Total expenses 2010 R	Total expenses 2009 R
Audit fee	804,864	537,760	442,675	201,216	-	643,891	411,244	1,448,755	949,024
Advertising, marketing and promotions	206,918	17,079	406,978	932,860	257,406	1,597,244	506,128	1,804,162	523,207
Amortisation	60,314	-	-	-	-	-	-	60,314	-
Bad debts	189,397	-	-	-	-	-	-	189,397	-
Bank charges	5,064	5,250	-	-	-	-	-	5,064	5,250
Courier and postage	47,751	24,243	18,783	12,266	7,185	38,224	38,330	85,975	62,573
Conference Fees	-	-	-	128,044	-	128,044	141,160	128,044	141,160
Depreciation	1,327,126	1,367,312	-	-	-	-	-	1,327,126	1,367,312
Workshops and meetings / Dialogue activities	23,927	600,346	61,973	2,393,880	-	2,455,853	685,112	2,479,780	1,285,458
Office expenditure	123,932	123,806	68,162	30,983	-	99,145	96,054	223,077	219,860
Project Implementation cost	443,667	1,336,289	1,636,303	1,811,214	22,617,757	26,085,274	25,886,722	26,508,941	27,223,011
Insurance	88,306	112,695	48,569	22,077	-	70,645	93,575	158,952	206,270
Repairs and maintenance	242,853	208,001	133,732	60,729	-	194,461	177,467	437,314	385,468
Gifts and flowers	8,618	18,302	907	75	-	982	6,918	9,600	25,220
Rates and taxes	240,553	115,921	-	-	-	-	82,151	240,553	198,072
Publications, Printing and stationery	76,827	30,765	470,606	5,783	66,977	543,366	181,486	620,194	212,251
Personnel remuneration	9,166,225	7,020,813	5,461,585	2,074,483	781,605	8,317,673	8,077,662	17,483,898	15,098,475
Provision for credit losses	1,803,453	-	-	-	-	-	-	1,803,453	-
Telephone and communication	586,233	413,380	322,527	146,574	3,684	472,785	534,252	1,059,018	947,532
Travel and accommodation	378,189	967,296	353,761	655,753	1,119,678	2,129,192	993,494	2,507,382	1,960,790
Legal fees	938,107	321,315	516,058	234,543	-	750,601	455,921	1,688,709	777,236
License fees	-	182,239	-	-	-	-	-	-	182,239
Penalty - VAT	17,235	-	-	-	-	-	-	17,235	-
Technical support and security	590,482	-	437,698	332,711	-	770,409	1,926	1,360,891	1,926
Operating leases	126,970	13,538	69,833	31,742	-	101,575	17,959	228,545	31,497
Forex exchange losses	-	906	-	-	-	-	-	-	906
Loss on disposal of assets	-	50,727	-	-	-	-	-	-	50,727
Fair value of free use of vehicles	62,891	278,640	-	-	-	-	-	62,891	278,640
Subtotal	17,559,903	13,746,643	10,450,150	9,074,924	24,854,293	44,379,367	38,387,561	61,939,270	52,134,204
Finance cost	133,049	182,136	6,247	-	-	6,247	-	139,296	182,136
Fair value adjustment	-	15,264,126	-	-	-	-	-	-	15,264,126
Total	17,692,952	29,192,905	10,456,397	9,074,924	24,854,293	44,385,614	38,387,561	62,078,566	67,580,466