

THE NELSON MANDELA FOUNDATION TRUST
CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2013

THE NELSON MANDELA FOUNDATION TRUST

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2013**

ACTING CHAIRMAN:	Prof NS Ndebele
CHIEF EXECUTIVE OFFICER:	Mr AE Dangor
BUSINESS ADDRESS:	107 Central Street Houghton 2198
FINANCIAL INSTITUTION:	Nedbank Limited Johannesburg
AUDITOR:	PricewaterhouseCoopers Inc. Registered Auditors Gauteng
COUNTRY OF INCORPORATION:	South Africa
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THE NELSON MANDELA FOUNDATION TRUST

STATEMENT OF RESPONSIBILITY OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 28 FEBRUARY 2013

The trustees are responsible for the preparation and fair presentation of these group (consolidated and separate) 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 group 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 group financial statements and related information. The auditors are responsible to report on the fair presentation of the group 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 group 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 and separate 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 and separate financial statements set out on pages 6 to 26 were approved and authorised for issue by the Board of Trustees on 27 August 2013 and signed on their behalf by:


CHIEF EXECUTIVE OFFICER

ACTING CHAIRMAN: BOARD OF TRUSTEES

THE NELSON MANDELA FOUNDATION TRUST
REPORT OF THE TRUSTEES FOR THE YEAR ENDED
28 FEBRUARY 2013

The trustees herewith present their report for the year ended 28 February 2013.

1. STRATEGIC INTENT AND OBJECTIVE

The Nelson Mandela Centre of Memory contributes to a society which remembers its pasts, listens to all its voices, and pursues social justice in order to promote peace, human rights and democracy. The emphasis is 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 group was given the responsibility to create an archive on the life and times of the Founder and 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 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. It is also the objective of the group to increase the level of education and promote awareness around critical social issues 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:

Trustee

Kathrada, A M
Ramphela, M A
Sexwale, T G
Liebenberg, C F
Menell, I
Ndebele, N S
Motlanthe, K P
Mtoba, N T
Moloko, S (appointed 28 May 2013)

4. 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.

5. SUBSEQUENT EVENTS

Subsequent to year end, effective 5 March 2013, the property lease between the City of Johannesburg Metropolitan Municipality and Avance Investment and Holding (Pty) Ltd ("the company"), was transferred to the Nelson Mandela Foundation Trust. A decision has been taken by the board of trustees to close down and deregister the company and to transfer all the assets and liabilities to the holding entity.

THE NELSON MANDELA FOUNDATION TRUST
REPORT OF THE TRUSTEES FOR THE YEAR ENDED
28 FEBRUARY 2013

6. PRINCIPAL OPERATING ACTIVITIES OF THE SUBSIDIARY

The company is incorporated in South Africa. The following matters of importance with regard to the property of the company are being addressed:

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 thirteen (13) years and not less than two months before the expiry date of the lease; or
- on 30 November 2026 by effluxion of time.

Subsequent to year end, effective 5 March 2013, the lease was transferred to The Nelson Mandela Foundation Trust. The original terms of the lease remain the same.

6.2 Outstanding matters from the previous financial year

- 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.

As a result of the transfer of the property lease to the Nelson Mandela Foundation Trust post year end, the above matters will be resolved during the process.

6.3 Director of subsidiary

Mr A E Dangor was the sole director of the company during the year under review.

6.4 Going concern

Subsequent to year end, effective 5 March 2013, the property lease between the City of Johannesburg Metropolitan Municipality and Avance Investment and Holding (Pty) Ltd ("the company"), was transferred to the Nelson Mandela Foundation Trust. A decision has been taken by the board of trustees to close down and deregister the company.

7. FINANCIAL RESULTS

The financial results for the year under review are detailed in the annexed annual financial statements and notes thereto.

In the current year the Nelson Mandela Foundation Trust disposed of a significant portion of listed investments and invested the proceeds in unit trust investments with Coronation and Prescient Fund Managers.

8. GOING CONCERN

The consolidated annual financial statements and annual financial statements of the Nelson Mandela Foundation Trust 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

PricewaterhouseCoopers Inc is the appointed auditor of the group.



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

We have audited the consolidated and separate financial statements of the Nelson Mandela Foundation Trust and its subsidiary set out on pages 6 to 24, which comprise the statements of financial position as at 28 February 2013, and the statements of comprehensive income, statements of changes in funds and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 entity'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 entity'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.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Nelson Mandela Foundation Trust and its subsidiary as at 28 February 2013, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa.

Other matter

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

Other reports required

As part of our audit of the financial statements for the year ended 28 February 2013, we have read the Trustees' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: N Ayob

Registered Auditor

Pretoria

25 / 10 / 2013

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Africa Senior Partner: S P Kana
Management Committee: H Boegman, T P Blandin de Chalaïn, B M Deegan, J G Louw, P J Mothibe, N V Mletwa, T D Shango, S Subramoney, A R Tilakdari, F Tonelli
The Company's principal place of business is at 2 Eglon Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg. no. 4950174682

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2013

		Group		Trust	
	Notes	2013 R	2012 R	2013 R	2012 R
ASSETS					
NON-CURRENT ASSETS		184 618 064	77 152 827	187 301 227	79 540 964
Property, plant and equipment	2	26 497 456	18 554 457	14 650 955	6 413 499
Intangible assets	3	1 029 255	696 912	1 029 255	696 912
Investment in subsidiary		-	-	14 537 058	14 537 058
Available-for-sale financial assets	4	157 083 959	57 893 495	157 083 959	57 893 495
Prepaid rent for land		7 394	7 963	-	-
CURRENT ASSETS		103 103 921	182 253 630	103 068 702	182 218 411
Receivables and prepayments	5	2 288 051	6 306 807	2 252 832	6 271 588
Cash and cash equivalents	6	100 815 870	175 946 823	100 815 870	175 946 823
TOTAL ASSETS		287 721 985	259 406 457	290 369 929	261 759 375
CONTRIBUTION, RESERVES AND LIABILITIES					
CONTRIBUTION AND RESERVES		258 432 370	236 453 758	261 080 314	238 806 676
Contribution		1 000	1 000	1 000	1 000
Accumulated reserves		258 431 370	236 452 758	261 079 314	238 805 676
NON - CURRENT LIABILITIES					
Finance lease liabilities	7	699 714	1 364 668	699 714	1 364 668
Deferred revenue	9	9 447 668	-	9 447 668	-
CURRENT LIABILITIES		19 142 233	21 588 031	19 142 233	21 588 031
Trade and other payables	8	7 582 032	4 804 489	7 582 032	4 804 489
Normal income tax	14	942 511	1 833 612	942 511	1 833 612
Deferred revenue	9	10 617 690	14 949 930	10 617 690	14 949 930
TOTAL CONTRIBUTION, RESERVES AND LIABILITIES		287 721 985	259 406 457	290 369 929	261 759 375

THE NELSON MANDELA FOUNDATION TRUST

**CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2013**

	Notes	Group		Trust	
		2013 R	2012 R	2013 R	2012 R
INCOME		26 265 151	54 845 631	26 265 151	54 845 632
Grant income		25 624 502	53 249 363	25 624 502	53 249 364
Designated grants	9	19 314 730	43 557 822	19 314 730	43 557 822
Other donations	10	6 309 772	9 691 541	6 309 772	9 691 541
Dividend income		572 792	1 585 541	572 792	1 585 541
Other income		67 857	10 727	67 857	10 727
EXPENDITURE		(31 676 006)	(37 096 747)	(31 380 979)	(36 801 722)
Operating expenses		5 775 213	9 621 337	5 686 762	9 326 431
Project expenses	11	25 900 793	27 475 410	25 694 217	27 475 291
Net (deficit) / surplus before finance income	12	(5 410 855)	17 748 884	(5 115 829)	18 043 910
Finance income		6 808 245	6 594 847	6 808 245	6 594 847
Total finance income		7 959 200	7 329 134	7 959 200	7 329 134
Less: Finance income allocated to designated funds	9	(1 150 955)	(734 287)	(1 150 955)	(734 287)
Finance cost	13	(193 828)	(297 168)	(193 828)	(297 168)
Net surplus for the year before tax		1 203 562	24 046 562	1 498 588	24 341 588
Normal income tax	14	(1 728 345)	(1 278 191)	(1 728 345)	(1 278 191)
Net (deficit) / surplus for the year		(524 783)	22 768 372	(229 757)	23 063 397
Other comprehensive income		22 503 395	10 292 530	22 503 395	10 292 530
Fair-value adjustment - Available-for-sale financial assets	4	22 503 395	10 292 530	22 503 395	10 292 530
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21 978 612	33 060 902	22 273 638	33 355 927

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN FUNDS FOR THE YEAR
ENDED 28 FEBRUARY 2013

<i>Group</i>	<i>Notes</i>	<i>Contribution R</i>	<i>Available- for-sale investments R</i>	<i>Accumulated funds R</i>	<i>Total R</i>
Balance as at 1 March 2011		1 000	30 036 718	173 355 138	203 392 856
Other comprehensive income - Fair value adjustment	4		10 292 530		10 292 530
Net surplus for the year				22 768 372	22 768 372
Balance at 1 March 2012		1 000	40 329 248	196 123 510	236 453 758
Other comprehensive income - Fair value adjustment	4		22 503 395		22 503 395
Net deficit for the year				(524 783)	(524 783)
Balance at 28 February 2013		1 000	62 832 643	195 598 727	258 432 370
<i>Trust</i>					
Balance as at 1 March 2011		1 000	30 036 718	175 413 031	205 450 749
Other comprehensive income - fair value adjustment	4		10 292 530		10 292 530
Net surplus for the year				23 063 397	23 063 397
Balance at 1 March 2012		1 000	40 329 248	198 476 428	238 806 676
Other comprehensive income - Fair value adjustment	4		22 503 395		22 503 395
Net deficit for the year				(229 757)	(229 757)
Balance at 28 February 2013		1 000	62 832 643	198 246 671	261 080 314

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2013

		Group		Trust	
	Notes	2013 R	2012 R	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash generated from operating activities	15	7 803 588	13 902 740	7 803 588	13 902 740
Finance cost		(193 828)	(297 168)	(193 828)	(297 168)
Taxation paid		(2 619 447)	(1 278 191)	(2 619 447)	(1 278 191)
Dividends received		572 792	1 585 541	572 792	1 585 541
<i>Net cash flow from operating activities</i>		5 563 105	13 912 922	5 563 105	13 912 922
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	3	(592 681)	(358 967)	(592 681)	(358 967)
Acquisition of property, plant and equipment	2	(9 348 537)	(696 485)	(9 348 537)	(696 485)
Finance income		6 808 245	6 594 847	6 808 245	6 594 847
Acquisition of investments	4	(143 993 755)	-	(143 993 755)	-
Proceeds from disposal of investments	4	67 306 687	-	67 306 687	-
<i>Net cash (out)/in flow from investing activities</i>		(79 820 041)	5 539 395	(79 820 041)	5 539 395
CASH FLOW FROM FINANCING ACTIVITIES					
Decrease in finance lease liabilities		(874 017)	(305 313)	(874 017)	(305 313)
<i>Net cash flow from financing activities</i>		(874 017)	(305 313)	(874 017)	(305 313)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(75 130 953)	19 147 004	(75 130 953)	19 147 004
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		175 946 823	156 799 819	175 946 823	156 799 819
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	100 815 870	175 946 823	100 815 870	175 946 823

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies adopted in the preparation of the group financial statements of The Nelson Mandela Foundation Trust ("the Trust") and its subsidiary Avance Investment and Holding Proprietary Limited ("the company"), together the Nelson Mandela Foundation Trust Group ("the 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. The group annual financial statements have been prepared under the historical cost convention, as modified by accounting for available for sale investments at fair value.

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 1.19.

a) *Standards, amendments and interpretations effective in 2013 but not relevant to the group's operations:*

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 March 2012 but are not relevant to the group's operations:

- Amendment to IFRS 1 - Limited exemption from comparative IFRS 7 disclosures for first-time adopter
- Improvements to IFRSs (Issued May 2010)

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 to the group's operations:*

The following standards, amendments or interpretations to existing standards have been identified that are not yet effective to the group's operations:

- Amendment to IFRS 7 - Financial Instruments: disclosures on transfer of financial assets
- Amendment to IFRS 7 - Financial Instruments: disclosures – asset and liability offsetting
- Amendment to IAS 12 - Income taxes on deferred tax
- Amendments to IAS 1 - Presentation of Financial Statements on presentation of items of other comprehensive income
- IAS 19 - Employee benefits
- IFRS 9 – Financial instruments
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosures of interests in other entities
- IFRS 13 – Fair value measurement
- IAS 27 (revised 2011) – Separate financial statements
- IAS 28 (revised 2011) – Associates and joint ventures
- Amendments to IAS 32 – Financial Instruments: Presentation

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.

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

1.3 Property plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

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. 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 to their residual values, as follows:

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

Depreciation for each period is recognised in surplus or deficit.

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date. If the estimates differ from previous estimates, the change is accounted for as a change in accounting estimate.

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.

Property, plant and equipment that are in process of being constructed and not yet available for use at year end are classified as assets in progress.

1.4 Intangible assets

Trademarks

Separately acquired trademarks are shown at historical cost less accumulated amortisation. 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.

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.

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

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 asset's 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.

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 and 1.11).

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 the available-for-sale investment reserve as part of 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.

THE NELSON MANDELA FOUNDATION TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 28 FEBRUARY 2013

1.10 Receivables

Trade and other receivables are recognised at fair value and subsequently carried at amortised cost using the effective interest rate method less impairment. 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. Trade receivables are classified as current assets if collection is expected in one year or less. If not, they are presented as non-current assets.

1.11 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.

1.12 Trade payables

Trade payables are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

1.13 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.

1.14 Foreign currency transactions

The functional currency is 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 reporting date. Any foreign exchange differences are dealt with in the statement of comprehensive income in the year in which the difference occurs.

1.15 Recognition of income

Designated grants received are recorded as income in the statement of comprehensive income once the conditions of the grants have been met. Undesignated and general 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 using the effective interest method. Finance income on designated funds are deferred till the conditions of the grants have been met. Finance income on designated funds depend on the timing and extent of utilisation of designated funds.

Donated royalty income is recorded on an accrual basis.

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

1.16 Grants received

Grants received are recognised as income when cash is received and the conditions of the grant have been met. Grants received are matched to expenditure incurred in that particular period and any grants received but not expensed in that particular period are deferred to the following financial year. Where expenditure in a particular period exceeds grants received, income is accrued to the value of expenditure in that particular period. Grants relating to property, plant and equipment are included in non-current liabilities as deferred grants and are credited to the statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

1.17 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.

1.18 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.

1.19 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 (AC 133) 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 allocated to projects when agreed with the donor in the grant agreement and based on the approved budget of the group.

1.20 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.

1.21 Related parties

Parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control. Related parties also include key management personnel which are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

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	Assets in progress R	Leasehold improve- ments R	Total R
Cost - 2013								
Opening balance	3 433 626	18 222 802	310 000	3 905 680	3 018 271	-	-	28 890 379
Additions	-	-	-	225 014	341 355	701 754	8 080 414	9 348 537
Disposals at cost	(964 623)	-	-	(1 898 348)	(350 677)	-	-	(3 213 648)
	2 469 003	18 222 802	310 000	2 232 346	3 008 949	701 754	8 080 414	35 025 268
Accumulated depreciation	(1 420 079)	(2 876 300)	(243 207)	(1 802 805)	(2 185 421)	-	-	(8 527 812)
Opening balance	(1 739 569)	(2 581 844)	(220 032)	(3 500 041)	(2 294 436)	-	-	(10 335 922)
Depreciation	(645 133)	(294 456)	(23 175)	(201 112)	(236 662)	-	-	(1 400 538)
Disposals	964 623	-	-	1 898 348	345 677	-	-	3 208 648
Carrying value at 28/02/2013	1 048 924	15 346 502	66 793	429 541	823 528	701 754	8 080 414	26 497 456
Cost - 2012								
Opening balance	3 338 994	18 222 802	310 000	3 852 314	2 917 525	-	-	28 641 635
Additions	542 373	-	-	53 366	100 746	-	-	696 485
Disposals at cost	(447 741)	-	-	-	-	-	-	(447 741)
	3 433 626	18 222 802	310 000	3 905 680	3 018 271	-	-	28 890 379
Accumulated depreciation	(1 739 569)	(2 581 844)	(220 032)	(3 500 041)	(2 294 436)	-	-	(10 335 922)
Opening balance	(1 309 248)	(2 287 388)	(177 045)	(3 362 680)	(2 119 060)	-	-	(9 255 421)
Depreciation	(878 062)	(294 456)	(42 910)	(254 384)	(220 712)	-	-	(1 690 524)
Disposals	447 741	-	-	-	-	-	-	447 741
Re-estimation of useful lives	-	-	(77)	117 023	45 336	-	-	162 282
Carrying value at 29/02/2012	1 694 057	15 640 958	89 968	405 639	723 835	-	-	18 554 457

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

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	Assets in progress R	Leasehold improve- ments R	Total R
Cost - 2013								
Opening balance	3 433 626	3 500 000	310 000	3 905 680	3 018 271	-	-	14 167 577
Additions	-	-	-	225 014	341 355	701 754	8 080 414	9 348 537
Disposals at cost	(964 623)	-	-	(1 898 348)	(350 677)	-	-	(3 213 648)
	2 469 003	3 500 000	310 000	2 232 346	3 008 949	701 754	8 080 414	20 302 466
Accumulated depreciation	(1 420 079)	-	(243 207)	(1 802 806)	(2 185 419)	-	-	(5 651 511)
Opening balance	(1 739 569)	-	(220 032)	(3 500 041)	(2 294 436)	-	-	(7 754 078)
Depreciation	(645 133)	-	(23 175)	(201 113)	(236 660)	-	-	(1 106 082)
Disposals	964 623	-	-	1 898 348	345 677	-	-	3 208 649
Carrying value at 28/02/2013	1 048 924	3 500 000	66 793	429 540	823 530	701 754	8 080 414	14 650 955
Cost - 2012								
Opening balance	3 338 994	3 500 000	310 000	3 852 314	2 917 525	-	-	13 918 833
Additions	542 373	-	-	53 366	100 746	-	-	696 485
Disposals	(447 741)	-	-	-	-	-	-	(447 741)
	3 433 626	3 500 000	310 000	3 905 680	3 018 271	-	-	14 167 577
Accumulated depreciation	(1 739 569)	-	(220 032)	(3 500 041)	(2 294 436)	-	-	(7 754 078)
Opening balance	(1 309 248)	-	(177 045)	(3 362 680)	(2 119 060)	-	-	(6 968 033)
Depreciation	(878 062)	-	(42 910)	(254 384)	(220 712)	-	-	(1 396 068)
Disposals	447 741	-	-	-	-	-	-	447 741
Re-estimation of useful lives	-	-	(77)	117 023	45 336	-	-	162 282
Carrying value at 29/02/2012	1 694 057	3 500 000	89 968	405 639	723 835	-	-	6 413 499

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 R1 318 135 (2012: R2 192 152) (Note 7 and 8).

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 lease was transferred to the Foundation with effect from 5 March 2013.

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.

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

2. PROPERTY, PLANT AND EQUIPMENT - continued

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 2 843 (2012: 2 198) 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.

2.5 Re-assessment of useful lives

The group has assessed the useful lives of property, plant and equipment for the 2013 financial year end, and considered the useful lives to be appropriate. In the prior year the re-estimation resulted in a decrease in accumulated depreciation amounting to R162 282.

3. INTANGIBLE ASSETS

	Group and Trust			
	Publications	Software	Trademarks	Total
	R	R	R	R
<i>Year ended 28 February 2013</i>				
Opening balance - 1 March 2012	4	207 009	489 899	696 912
Additions	-	154 732	437 949	592 681
Amortisation	-	(209 307)	(51 031)	(260 338)
Carrying value	4	152 434	876 817	1 029 255
<i>Year ended 29 February 2012</i>				
Opening balance - 1 March 2011	4	170 639	335 186	505 829
Additions	-	174 853	184 114	358 987
Amortisation	-	(138 483)	(29 401)	(167 884)
Carrying value	4	207 009	489 899	696 912

Computer software consists of all cost incurred with regard to the implementation of the SAP accounting system. Trademarks mainly consist of legal costs incurred with regard to the registration of the trademarks in the name of the Trust. Publications consist of books published by the Trust and from which royalty income is received.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed investments

4.1 Mvelaphanda Group Limited

	Group and Trust	
	2013	2012
	R	R
Opening balance	14 553 193	13 047 690
Fair value adjustment	(1 480 712)	1 505 503
Disposal of shares	(13 072 481)	-
	-	14 553 193

The 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 Trust remains the beneficial shareholder.

In the current year the investment was disposed of at fair value.

4.2 Brimstone Investment Corporation Limited

Opening balance	437 500	290 000
Fair value adjustment	187 500	147 500
	625 000	437 500

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.

THE NELSON MANDELA FOUNDATION TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 28 FEBRUARY 2013

		Group and Trust	
		2013	2012
		R	R
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continue)			
4.3 Life Healthcare Group Holdings Limited			
Opening balance		30 863 337	21 072 209
Fair value adjustment		15 387 467	9 791 128
Disposal of shares		(45 575 804)	-
		<u>675 000</u>	<u>30 863 337</u>

The investment is administered by the nominee company Reb Nominees (Pty) Limited.

4.4 Mvelaserve Limited			
Opening balance		12 039 465	13 191 066
Fair value adjustment		(3 381 064)	(1 151 601)
Disposal of shares		(8 658 401)	-
		<u>-</u>	<u>12 039 465</u>

The investment is administered by the nominee company Reb Nominees (Pty) Limited. In the current year the investment was disposed of at fair value.

The investments in Brimstone Investment Corporation Limited, Mvelaphanda Group Limited, Mvelaserve Limited, Life Healthcare Group Holdings Limited, Coronation Investments and Prescient Investments are not impaired.

Unit trust investments

4.5 Coronation Asset Management (Pty) Ltd			
Opening balance		-	-
Investment		75 000 000	-
Fair value adjustment		8 481 217	-
		<u>83 481 217</u>	<u>-</u>

The investment was made in the Coronation's Balanced Defensive Fund "A". A total of 56,755,195 units were acquired, and the fair value amounted to 147.09 cents per unit as of 28 February 2013.

THE NELSON MANDELA FOUNDATION TRUST
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4.6 Prescient Limited

Opening balance	-	-
Investment	68 993 755	-
Fair value adjustment	3 308 987	-
	<u>72 302 742</u>	<u>-</u>

The investment was made in a Prescient positive return unit trust. A total of 31,070,978 units were acquired, and the fair value amounted to 232.68 cents per unit as of 28 February 2013.

TOTAL	<u>157 083 959</u>	<u>57 893 495</u>
The movement in available-for-sale financial assets may be summarised as follows:		
Fair value adjustment	<u>22 503 395</u>	<u>10 292 530</u>
	<u>22 503 395</u>	<u>10 292 530</u>

The maximum exposure to credit risk at the reporting date in respect of available-for-sale assets is the carrying value of the investments classified as available-for-sale. Management of credit risk is discussed in Note 19.

	Group		Trust	
	2013	2012	2013	2012
	R	R	R	R
5. RECEIVABLES AND PREPAYMENTS				
Advances and other receivables	426 530	780 108	426 530	780 108
Royalty income receivable	1 056 078	5 215 359	1 056 078	5 215 359
Sundry receivables	38 392	61 281	38 392	61 281
Value-Added-Tax receivable	402 810	214 840	402 810	214 840
Prepaid rent for land	569	569	-	-
Deposit	34 650	34 650	-	-
Prepayments of assets in progress	329 022	-	329 022	-
	<u>2 288 051</u>	<u>6 306 807</u>	<u>2 252 832</u>	<u>6 271 588</u>
6. CASH AND CASH EQUIVALENTS				
Bank balances	5 411 242	2 051 559	5 411 242	2 051 559
Cash on hand	10 800	10 800	10 800	10 800
Short-term bank deposits:				
- Designated funds	76 290 554	152 386 193	76 290 554	152 386 193
- Other funds	19 103 274	21 498 271	19 103 274	21 498 271
	<u>100 815 870</u>	<u>175 946 823</u>	<u>100 815 870</u>	<u>175 946 823</u>

The average return on these investments was 10.25% (2012: 4.81%). The designated funds amounting to R76 290 554 (2012: R152 386 193) may only be utilised for specific purposes.

THE NELSON MANDELA FOUNDATION TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE
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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	
	2013	2012
	R	R
Total liabilities	1 318 135	2 192 152
Less: Short term portion disclosed as trade and other payables (note 8)	(618 421)	(827 484)
	<u>699 714</u>	<u>1 364 668</u>

	Minimum payments R	Interest cost R	Present value R
Reconciliation of minimum lease payments			
As at 28 February 2013			
Less than one year	720 881	102 460	618 421
Two to five years	750 897	51 183	699 714
	<u>1 471 778</u>	<u>153 643</u>	<u>1 318 135</u>
As at 29 February 2012			
Less than one year	1 012 832	185 348	827 484
Two to five years	1 520 300	155 632	1 364 668
	<u>2 533 132</u>	<u>340 980</u>	<u>2 192 152</u>

8. TRADE AND OTHER PAYABLES

	Group		Trust	
	2013	2012	2013	2012
	R	R	R	R
Accruals and other creditors	4 534 744	1 086 989	4 534 744	1 086 989
Outstanding cheques	1 557 802	2 160 349	1 557 802	2 160 349
Accrual for leave	871 065	729 667	871 065	729 667
Short term portion of finance lease liabilities (note 7)	618 421	827 484	618 421	827 484
	<u>7 582 032</u>	<u>4 804 489</u>	<u>7 582 032</u>	<u>4 804 489</u>

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

	Group		Trust	
	2013 R	2012 R	2013 R	2012 R
9. DEFERRED REVENUE				
Opening balance	14 949 930	16 217 195	14 949 930	16 217 195
Grants allocated to designated programmes	23 279 202	41 556 270	23 279 202	41 556 270
Interest allocated to designated funds	1 150 955	734 287	1 150 955	734 287
Designated grants recognised as revenue	(19 314 730)	(43 557 822)	(19 314 730)	(43 557 822)
Closing balance	20 065 358	14 949 930	20 065 358	14 949 930
The closing balance consists of:				
- Unspent grant funds - current liability	10 617 690	14 949 930	10 617 690	14 949 930
- Unamortised capital expenditure - non-current liability	9 447 668	-	9 447 668	-
	20 065 358	14 949 930	20 065 358	14 949 930
10. OTHER DONATIONS				
Undesignated donations	1 091 768	2 117 914	1 091 768	2 117 914
Donated royalty income	5 218 004	7 573 627	5 218 004	7 573 627
	6 309 772	9 691 541	6 309 772	9 691 541
11. PROJECT EXPENSES				
Centre of memory	12 403 098	7 258 126	12 285 201	7 258 006
Dialogue	10 222 575	7 710 878	10 133 896	7 710 878
Other project expenses	3 275 120	12 506 406	3 275 120	12 506 407
	25 900 793	27 475 410	25 694 217	27 475 291
12. EXPENSES BY NATURE				
The following items are included in net surplus for the year:				
Amortisation	260 338	167 884	260 338	167 884
Bad debts	740 936	-	740 936	-
Depreciation	1 400 538	1 690 524	1 106 082	1 396 067
Gain on re-estimation of useful lives	-	(162 282)	-	(162 282)
Legal fees	747 864	827 031	747 864	827 031
Loss on disposal of assets	5 000	-	5 000	-
Project related costs	4 815 753	5 931 538	4 815 753	5 931 538
Repairs and maintenance	368 309	443 913	368 309	433 846
Audit fees	1 123 384	1 701 119	1 123 384	1 701 119
Personnel remuneration	13 829 738	16 387 194	13 829 738	16 387 194
Penalties - SARS	27 529	2 833	27 529	2 833
Rent on land	569	569	-	-
13. FINANCE COST				
Finance lease liabilities	193 828	297 168	193 828	297 168
	193 828	297 168	193 828	297 168

THE NELSON MANDELA FOUNDATION TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE
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14. INCOME TAX

The Trust has been approved as a public benefit organisation as contemplated in section 30 of the Income Tax Act and enjoys partial tax exemption in terms of section 10(1)(cN) of the Income Tax Act. Royalty income received is regarded as income derived from taxable trading activities and is subject to income tax to the extent that it exceeds 5% of the total receipts and accruals of the Trust. Royalty income for the year under review amounts to R5 218 004 (2012: R7 573 627), which exceeds the 5% basic exclusion amount and as such the following income tax has been included:

	Group		Trust	
	2013	2012	2013	2012
	R	R	R	R
Normal income tax	1 728 345	1 278 191	1 728 345	1 278 191
- Current year	942 511	1 278 191	942 511	1 278 191
- Prior period overpayment	785 834	-	785 834	-
Reconciliation of the income tax expense				
Surplus for the year	1 203 562	24 046 562	1 498 588	24 341 588
Tax payable	942 511	1 278 191	942 511	1 278 191
Tax as a percentage of income before tax	78%	5%	63%	5%
Tax rate reconciliation				
Statutory rate	28%	28%	28%	28%
Total non-temporary differences	(19%)	(23%)	(19%)	(23%)
Effective rate	9%	5%	9%	5%

15. CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operating activities

Net surplus for the year before tax	1 203 562	24 046 562	1 498 588	24 341 588
Adjustments for:				
Amortisation	260 338	167 884	260 338	167 884
Depreciation	1 400 538	1 690 524	1 106 082	1 396 068
Re-estimation of useful lives	-	(162 282)	-	(162 282)
Finance income	(6 808 245)	(6 594 847)	(6 808 245)	(6 594 847)
Finance cost	193 828	297 168	193 828	297 168
Loss on disposal of assets	5 000	-	5 000	-
Dividends received	(572 792)	(1 585 541)	(572 792)	(1 585 541)
	(4 317 771)	17 859 469	(4 317 201)	17 860 039
Movements in working capital:				
Decrease/(Increase) in accounts receivable	4 018 756	(2 448 207)	4 018 756	(2 448 207)
Decrease in payables and deferred grants	8 102 603	(1 508 522)	8 102 033	(1 509 092)
	7 803 588	13 902 740	7 803 588	13 902 740

16. RELATED PARTY TRANSACTIONS

The following transactions were incurred with related parties:

			Group and Trust	
Related party	Relationship	Nature of transaction	2013	2012
			R	R
1. 46664 Concerts (Non-profit company)	Associated with Founder	Other receivable	6 238	736 440
2. Ahmed Kathrada Foundation	Member of Board of Trustees	Donation received on behalf of Foundation	-	1 080 961
		Donation reimbursed	-	(1 080 961)
3. The Founder	The Founder	Remuneration	3 001 374	2 996 367
		Reimbursement of expenditure	688 235	156 381
4. Nelson Mandela Family	Relatives of Founder	Reimbursement of expenditure	-	14 939
5. Key management personnel	Key management personnel	Remuneration	4 191 677	5 224 686
6. Key management personnel (Refer note 4 for the terms and conditions related to the donation)	Member of Board of Trustees	Available-for-sale investment	-	14 553 193
7. Thembeke and Associates	Associated with Founder	Travel and accommodation	-	161 437

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

17. RETIREMENT BENEFITS

As at 28 February 2013: 31 (2012: 31) 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 R6 558 044 (2012: R5 657 870) 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	Payable later than 1 year	Total payable
	R	R	R
- Perpetual Power Systems	382 972	159 572	542 544
- Nashua - Printers	337 910	408 550	746 460
- Diaho Social Technologies	1 079 979	-	1 079 979
- Jill Phillips	110 000	-	110 000
- Praxis	205 200	-	205 200
- Abdul Bemath	90 000	-	90 000
- Centracom	17 690	11,797	29 487
- Chandre Gould	126 000	-	126 000
- Imani Media	114 048	-	114 048
- Jill Ruby	105 000	-	105 000
- Memecast	29 166	-	29 166
- Trace	455 306	-	455 306
- Capital commitment for leasehold improvements	2 700 230	-	2 700 230
Total commitments	5 753 501	579 918	6 333 421

These consist of contractual commitments relating to projects as well as 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.

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	
	2013	2012
	R	R
<i>Variable rate instruments</i>		
Cash and cash equivalents	100 815 870	175 946 823

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 2012.

	Surplus or deficit	
	2013	2012
	R	R
Increase of one percentage/hundred basis points	1 008 159	1 759 468
Decrease of one percentage/hundred basis points	(1 008 159)	(1 759 468)

THE NELSON MANDELA FOUNDATION TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

19.1. Market risk (continue)

Group and Trust

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

Surplus or deficit	
2013	2012
R	R

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets because of changes in market prices (other than changes in interest rates and currencies). To manage its other market price risk arising from the available-for-sale financial assets, the investments are managed on an individual basis and the buy and sell decisions are approved by the Investment Committee.

Available-for-sale financial assets

157 083 959	57 893 495
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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 2012.

	Equity	
	2013	2012
Increase of one percentage	1 570 840	578 935
Decrease of one percentage	(1 570 840)	(578 935)

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 R103 103 921 (2012: R182 218 411).

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.

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.

	Group and Trust			
	28 February 2013		29 February 2012	
	Less than 1 year	Two to five years	Less than 1 year	Two to five years
Finance lease liabilities	618 421	699 714	827 484	1 364 668
Trade and other payables	4 534 744	-	1 086 989	-

19.5. Fair value of financial instruments

Management is of the opinion that the carrying amounts reported in the statement of financial position for financial assets and financial liabilities approximate their fair values. The fair value of investments is given in Note 4.

20. SUBSEQUENT EVENTS

Subsequent to year end, effective 5 March 2013, the property lease between the City of Johannesburg Metropolitan Municipality and Avance Investment and Holding (Pty) Ltd ("the company"), was transferred to the Nelson Mandela Foundation Trust. A decision has been taken by the board of trustees to close down and deregister the company.

ANNEXURE "A"

THE NELSON MANDELA FOUNDATION TRUST GROUP

SCHEDULE OF DONATIONS RECEIVED FOR THE FINANCIAL YEAR ENDED
28 FEBRUARY 2013

	Amount received R	Net grants recognised R
DESIGNATED	23 279 202	19 314 730
DESIGNATED TO DIALOGUE AND EDUCATION	8 023 524	10 335 210
SAP Southern Africa	1 000 000	292 514
UNICEF	-	639
GIZ	4 678 407	3 781 798
DFID	1 451 023	1 462 000
Swedish lottery - 2nd grant	-	30 734
Swedish lottery - 3rd grant	659 934	-
Friends V	-	4 754 243
GIZ Global Leadership Academy	134 160	13 284
Houston Trust Will	100 000	-
DESIGNATED TO MANDELA DAY	10 747 668	767 509
RM Biker's Tour (Spar and Vodacom)	-	63 363
46664 Concerts	1 300 000	704 146
National Lottery	9 447 668	-
DESIGNATED TO CENTRE OF MEMORY	3 163 483	6 867 484
DFID	1 843 615	1 855 215
Swedish lottery - 2nd grant	-	263 710
Swedish lottery - 3rd grant	1 319 868	6 082
Google / Tides Foundation	-	2 723 503
Friends V	-	2 018 975
DESIGNATED TO THE ANNUAL LECTURE	1 344 527	1 344 527
City of Cape Town - Annual lecture	1 344 527	1 344 527
OTHER (UNDESIGNATED)	1 091 768	1 091 768
General funds	1 091 768	1 091 768
	24 370 970	20 406 498

THE NELSON MANDELA FOUNDATION GROUP
CONSOLIDATED SCHEDULE OF TOTAL EXPENSES FOR THE YEAR ENDED
28 FEBRUARY 2013

	Support Services				Centre of memory		Dialogue		Special Projects		Total Project expenses 2013 R	% of total project expenses 2013	Total Project expenses 2012 R	% of total project expenses 2012	Total expenses 2013 R	Total expenses 2012 R
	Operating expenses 2013 R	% of total expenses 2013	Operating expenses 2012 R	% of total expenses 2012	Content Development 2013 R	% of total expenses 2013	Outreach expenses 2013 R	% of total expenses 2013	Other Project expenses 2013 R	% of total expenses 2013						
RECURRING																
Audit fee	224,677	20%	340,224	20%	449,354	40%	449,354	40%	-	0%	888,707	80%	1,350,895	80%	1,123,384	1,701,119
Advertising, marketing and promotions	146,118	20%	71,265	10%	292,236	40%	292,236	40%	-	0%	584,472	80%	641,389	80%	730,590	712,655
Amortisation	78,101	30%	167,884	100%	104,135	40%	78,101	30%	-	0%	182,236	70%	-	0%	260,338	167,884
Bank charges	54,611	100%	33,251	100%	-	0%	-	0%	-	0%	-	0%	-	0%	54,611	33,251
Courier and postage	1,921	9%	1,678	9%	7,382	41%	7,382	42%	1,440	8%	16,385	91%	16,964	91%	18,006	18,642
Conference Fees	-	0%	-	0%	-	0%	-	0%	-	100%	-	100%	391,931	100%	391,931	391,931
Depreciation	420,161	30%	1,690,523	100%	560,215	40%	420,161	30%	-	0%	980,377	70%	-	0%	1,400,638	1,690,523
Gifts and flowers	1,457	100%	27,638	100%	-	0%	-	0%	-	0%	-	0%	-	0%	1,457	27,638
Insurance	73,516	35%	47,529	30%	73,516	35%	63,014	30%	-	0%	136,531	65%	110,901	70%	210,047	158,430
Legal fees	224,359	30%	198,487	24%	261,753	35%	261,753	35%	-	0%	523,505	70%	628,543	76%	747,864	827,031
Office expenditure	38,628	20%	86,348	40%	115,883	60%	38,628	20%	-	0%	154,511	80%	98,522	60%	183,138	168,871
Operating leases	33,547	20%	(6,756)	79%	33,547	20%	100,841	60%	-	0%	134,188	80%	(1,796)	21%	134,188	(9,552)
Publications, printing and stationery	28,493	33%	111,684	33%	16,405	19%	41,444	48%	-	0%	57,849	67%	226,711	67%	86,342	338,376
Personnel remuneration	2,074,461	15%	5,407,774	33%	6,914,869	50%	4,840,408	35%	-	0%	11,755,277	85%	10,979,420	67%	13,829,738	16,387,194
Project implementation cost	385,518	20%	183,450	3%	771,036	40%	771,036	40%	-	0%	1,542,073	80%	5,931,538	97%	1,927,591	6,114,988
Rates and taxes	86,724	20%	131,193	20%	266,171	60%	88,724	20%	-	0%	354,895	80%	524,774	80%	443,618	553,967
Repairs and maintenance	73,662	20%	443,918	100%	220,985	60%	73,662	20%	-	0%	294,647	80%	-	0%	368,309	443,918
Security	13,866	20%	247,228	17%	41,598	60%	13,866	20%	-	0%	55,464	80%	1,207,056	83%	69,330	1,454,284
System Operation - IT	398,744	20%	-	0%	996,960	50%	598,116	30%	-	0%	1,594,975	80%	-	100%	1,993,719	-
Telephone and communication	152,951	40%	246,606	36%	114,713	30%	114,713	30%	-	0%	229,426	60%	402,357	52%	382,377	646,962
Travel and accommodation	-	0%	205,064	8%	627,517	50%	827,517	50%	-	0%	1,255,034	100%	2,356,239	92%	1,255,034	2,563,303
Workshops and meetings / Dialogue activities	-	0%	136,682	5%	218,380	50%	218,380	50%	-	0%	436,760	100%	2,596,967	95%	436,760	2,733,649
Subtotal	4,513,214	18%	9,751,652	26%	12,086,566	47%	9,099,316	35%	1,440	0%	21,187,312	82%	27,475,410	74%	25,700,626	37,227,061
NON RECURRING																
Bad debts	740,936	100%	29,134	100%	-	0%	-	0%	-	0%	-	0%	-	0%	740,936	29,134
Brokerage fees	47,243	20%	-	0%	94,485	40%	94,485	40%	-	0%	188,970	80%	-	100%	236,213	-
Gain on re-estimation of useful lives	-	30%	(162,282)	100%	-	0%	-	0%	-	0%	-	0%	-	0%	-	(162,282)
Annual lecture project cost	134,453	100%	-	0%	201,679	15%	1,008,395	75%	-	0%	1,210,074	90%	-	100%	1,344,527	-
Penalty - SARS	27,529	100%	2,833	100%	-	0%	-	0%	-	0%	-	0%	-	0%	27,529	2,833
Recruitment Cost	27,170	40%	-	0%	20,378	30%	20,378	30%	-	0%	40,756	60%	-	100%	67,926	-
Special Project Cost (GIZ)	284,666	8%	-	0%	-	0%	-	0%	3,273,680	92%	3,273,680	92%	-	100%	3,558,347	-
Subtotal	1,261,999	21%	(130,315)	100%	316,542	5%	1,123,258	19%	3,273,680	55%	4,713,480	79%	-	0%	5,975,478	(130,315)
Finance cost	36,766	20%	297,168	100%	77,531	40%	77,531	40%	-	0%	-	0%	-	0%	193,828	297,168
Total	5,813,979	19%	9,918,505	27%	12,480,629	39%	10,300,105	32%	3,275,120	10%	25,900,793	81%	27,475,410	73%	31,868,833	37,393,915