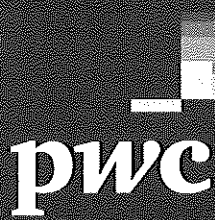


THE NELSON MANDELA FOUNDATION TRUST GROUP

**CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**



THE NELSON MANDELA FOUNDATION TRUST GROUP
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011

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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Consolidated statement of changes in funds	8
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 The following supplementary schedules do not form part of the financial statements and are unaudited:	
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THE NELSON MANDELA FOUNDATION TRUST GROUP

STATEMENT OF RESPONSIBILITY OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 28 FEBRUARY 2011

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 25 were approved by the Board of Trustees on 30 August 2011 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 Group, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 4 to 23.

Trustees' responsibility for the financial statements

The trust's 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 a manner required by the Companies Act of South Africa, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 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.

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 possible effects of the matter described 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 Group as at 28 February 2011, 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 24 to 25 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: 30/9/2011.

THE NELSON MANDELA FOUNDATION TRUST GROUP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 28 FEBRUARY 2011

The trustees herewith present their report for the year ended 28 February 2011.

1. STRATEGIC INTENT AND OBJECTIVE

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". The Trust Deed has been amended to incorporate the strategic change.

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 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 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 as follows:

Trustee

Gerwel, G J
Kathrada, A M
Ramphela, M A
Sexwale, T G
Liebenberg, C F
Menell, I
Ndebele, N S
Motlanthe, K P
Mtoba, N T

4. SUBSEQUENT EVENTS

No material matters or circumstance have occurred between the date of the statement of financial position 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 2011

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 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.

The Foundation is currently in negotiations to cancel the lease between the City of Johannesburg Metropolitan Municipality and Avance and thereafter enter into a new lease agreement between the City of Johannesburg Metropolitan Municipality and the Nelson Mandela Foundation Trust.

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.

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.

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

PricewaterhouseCoopers Inc was reappointed as auditors.

THE NELSON MANDELA FOUNDATION TRUST GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2011

	Notes	Group		Trust	
		2011 R	2010 R	2011 R	2010 R
ASSETS					
NON-CURRENT ASSETS		67 501 541	52 975 858	69 594 652	54 773 947
Property, plant and equipment	2	19 386 214	17 392 388	6 950 800	4 662 520
Intangible assets	3	505 829	334 169	505 829	334 169
Investment in subsidiary		-	-	14 537 058	14 537 058
Available-for-sale financial assets	4	47 600 965	35 240 200	47 600 965	35 240 200
Prepaid rent for land		8 533	9 101	-	-
CURRENT ASSETS		159 941 137	153 604 011	159 905 918	153 568 792
Receivables and prepayments	5	3 823 381	565 737	3 823 381	565 737
Cash and cash equivalents	6	156 082 537	153 003 055	156 082 537	153 003 055
Prepaid rent for land		569	569	-	-
Deposit		34 650	34 650	-	-
TOTAL ASSETS		227 442 678	206 579 869	229 500 570	208 342 739
CONTRIBUTION, RESERVES AND LIABILITIES					
CONTRIBUTION AND RESERVES		203 392 857	168 796 070	205 450 749	170 558 940
Contribution		1 000	1 000	1 000	1 000
Accumulated reserves		203 391 857	168 795 070	205 449 749	170 557 940
NON - CURRENT LIABILITIES					
Finance lease liabilities	7	1 669 981	441 063	1 669 981	441 063
CURRENT LIABILITIES		22 379 840	37 342 736	22 379 840	37 342 736
Trade and other payables	8	3 784 849	7 260 320	3 784 849	7 260 320
Provision for restructuring	9	1 822 375	-	1 822 375	-
Income tax	15	555 421	-	555 421	-
Deferred revenue	10	16 217 195	30 082 416	16 217 195	30 082 416
TOTAL CONTRIBUTION, RESERVES AND LIABILITIES		227 442 678	206 579 869	229 500 570	208 342 739

THE NELSON MANDELA FOUNDATION TRUST GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	Group		Trust	
		2011 R	2010 R	2011 R	2010 R
INCOME		64 100 487	55 780 105	64 100 487	55 780 105
Grant income		63 658 000	55 700 748	63 658 000	55 700 748
Designated grants	10	50 181 014	50 587 454	50 181 014	50 587 454
Other donations	11	13 476 986	5 113 294	13 476 986	5 113 294
Dividend income		427 511	9 600	427 511	9 600
Other income		14 976	69 757	14 976	69 757
EXPENDITURE		(49 802 797)	(61 939 270)	(49 507 774)	(61 644 245)
Operating expenses		8 714 111	17 559 903	8 419 088	17 264 877
Project expenses	12	41 088 686	44 379 367	41 088 686	44 379 367
Net surplus/(deficit) before finance income	13	14 297 690	(6 159 165)	14 592 713	(5 864 140)
Finance income		8 929 011	9 451 311	8 929 011	9 451 311
Total finance income		9 723 230	11 823 435	9 723 230	11 823 435
Less: Finance income allocated to designated funds	10	(794 219)	(2 372 124)	(794 219)	(2 372 124)
Finance cost	14	(435 259)	(139 296)	(435 259)	(139 296)
Net surplus for the year before tax		22 791 442	3 152 850	23 086 465	3 447 875
Income tax expense	15	(555 421)	-	(555 421)	-
Net surplus for the year		22 236 021	3 152 850	22 531 044	3 447 875
Other comprehensive income		12 360 765	17 499 993	12 360 765	17 499 993
Fair-value adjustment -Available-for-sale financial assets		12 360 765	17 499 993	12 360 765	17 499 993
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		34 596 786	20 652 843	34 891 809	20 947 868

THE NELSON MANDELA FOUNDATION TRUST GROUP

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR
ENDED 28 FEBRUARY 2011

Group	Notes	Contribution R	Available- for-sale Investments R	Accumulated funds R	Total R
Balance as 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 1 March 2010		1 000	17 675 953	151 119 117	168 796 070
Other comprehensive income - unbundling and fair value adjustment	4	-	12 360 765	-	12 360 765
Net surplus for the year		-	-	22 236 021	22 236 021
Balance at 28 February 2011		1 000	30 036 718	173 355 138	203 392 857
Trust					
Balance as 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 1 March 2010		1 000	17 675 953	152 881 987	170 558 940
Other comprehensive income - unbundling and fair value adjustment	4	-	12 360 765	-	12 360 765
Net surplus for the year		-	-	22 531 044	22 531 044
Balance at 28 February 2011		1 000	30 036 718	175 413 031	205 450 749

THE NELSON MANDELA FOUNDATION TRUST GROUP

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2011

		Group		Trust	
	Note	2011 R	2010 R	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash utilised by operating activities	16	(5 257 653)	(31 746 381)	(5 257 652)	(31 746 381)
Finance income		8 929 011	9 451 311	8 929 011	9 451 311
Finance cost		(435 259)	(139 296)	(435 259)	(139 296)
Dividends received		427 511	9 600	427 511	9 600
Net cash inflow/(outflow) from operating activities		3 663 610	(22 424 766)	3 663 611	(22 424 766)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	3	(364 558)	(394 483)	(364 558)	(394 483)
Acquisition of property, plant and equipment	2	(1 448 489)	(457 334)	(1 448 489)	(457 334)
Net cash outflow from investing activities		(1 813 047)	(851 817)	(1 813 047)	(851 817)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase/(decrease) in finance lease liabilities		1 228 919	(386 486)	1 228 919	(386 486)
Net cash inflow/(outflow) from financing activities		1 228 919	(386 486)	1 228 919	(386 486)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3 079 481	(23 663 069)	3 079 482	(23 663 069)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		153 003 055	176 666 124	153 003 055	176 666 124
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		156 082 537	153 003 055	156 082 537	153 003 055

THE NELSON MANDELA FOUNDATION TRUST GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2011

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 1.18.

a) *Standards, amendments and interpretations effective in 2011 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 2010 but is not relevant to the group's operations:

- IFRS 3 (revised) 'Business combinations'
- Amendment to IFRS 2, 'Share based payments – Group cash-settled share-based payment transactions'
- IFRIC 17, 'Distributions of non cash assets to owners'
- IFRIC 18, 'Transfer of assets from customers'
- Amendment to IAS 32 - 'Classification of rights issues'
- IAS 19 (AC 504) - 'The limit on a defined benefit asset'

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 1 (AC 138) - Limited exemption for comparative IFRS 7 disclosures for first-time adopters
- Amendment to IAS 24 (AC 126) - Related party disclosures
- Amendments to IFRS 1 (AC 138), 'First time adoption' on hyperinflation and fixed dates
- Amendment to IFRS 7 (AC 144) Disclosures – Transfer of financial assets
- Amendment to IAS 12 (AC 102), 'Income taxes' on deferred tax
- IFRS 9 (AC 146) – Financial Instruments
- IFRIC 19 (AC 452): Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IFRIC 14 (AC 447): Pre-payments of a Minimum Funding Requirement

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 GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2011

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 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

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting 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 the statement of comprehensive income during the 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.

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 GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2011

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 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 GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2011

1.10 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.

1.11 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.

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 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 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

Grants received are recorded as income once the conditions of the grants have been met. General (undesignated) 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 and excludes that portion which relates to designated funds. Finance income on designated funds depends 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.

1.16 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.

1.17 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.

THE NELSON MANDELA FOUNDATION TRUST GROUP

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2011

1.18 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 only allocated to projects when agreed with the donor in the grant agreement.

1.19 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 2011

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 - 2011						
Opening balance	1 994 753	18 222 802	310 000	3 767 622	2 897 969	27 193 146
Additions	1 344 241	-	-	84 692	19 556	1 448 489
	3 338 994	18 222 802	310 000	3 852 314	2 917 525	28 641 635
Accumulated depreciation	(1 309 248)	(2 287 389)	(1 777 045)	(3 362 680)	(2 119 060)	(9 255 420)
Opening balance	(1 305 009)	(1 992 933)	(1 118 329)	(3 640 431)	(2 744 055)	(9 800 757)
Depreciation	(4 239)	(294 455)	(58 716)	(100 765)	(81 005)	(1 539 180)
Re-estimation of useful lives	-	-	-	378 516	706 000	1 084 516
Carrying value at 28/02/2011	2 029 746	15 935 413	132 955	489 634	798 465	19 386 214
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
Transfers/Disposals	(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)	(1 118 329)	(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 at 28/02/2010	689 744	16 229 868	191 671	127 191	153 914	17 392 388

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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 - 2011						
Opening balance	1 994 753	3 500 000	310 000	3 767 622	2 897 969	12 470 344
Additions	1 344 241	-	-	84 692	19 556	1 448 489
	3 338 994	3 500 000	310 000	3 852 314	2 917 525	13 918 833
Accumulated depreciation						
	(1 309 248)	-	(177 045)	(3 362 680)	(2 119 060)	(6 968 033)
Opening balance	(1 305 009)	-	(118 329)	(3 640 431)	(2 744 055)	(7 807 824)
Depreciation	(4 239)	-	(58 716)	(100 765)	(81 005)	(244 725)
Re-estimation of useful lives	-	-	-	378 516	706 000	1 084 516
Carrying value at 28/02/2011	2 029 746	3 500 000	132 955	489 634	798 465	6 950 800
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						
	(1305 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 at 28/02/2010	689 744	3 500 000	191 671	127 191	153 914	4 662 520

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 R2 487 002 (2010: R852 341) (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.

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 GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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 2 051 (2010: 1 999) 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. The re-estimation resulted in a decrease in accumulated depreciation amounting to R 1 084 516.

3. INTANGIBLE ASSETS

Year ended 28 February 2011

Opening balance - 1 March 2010

Additions

Amortisation

Carrying value

Year ended 28 February 2010

Opening balance - 1 March 2009

Additions

Amortisation

Carrying value

Group and Trust			
Publications	Software	Trademarks	Total
R	R	R	R
-	234 782	99 387	334 169
4	112 093	252 461	364 558
-	(176 236)	(16 662)	(192 898)
4	170,639	335 186	505 829
-	-	-	-
-	291 453	103 030	394 483
-	(56 671)	(3 643)	(60 314)
-	234 782	99 387	334 169

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. Publications consists of books published by the Foundation and from which royalty income is received.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed investments

4.1 Mvelaphanda Group Limited

Opening balance

Restructuring/unbundling

Fair value adjustment

Group and Trust	
2011	2010
R	R
34 710 200	17 564 197
(21 662 510)	17 146 003
-	-
13 047 690	34 710 200

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 Trust remains 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.

4.2 Brimstone Investment Corporation Limited

Opening balance

Donation of shares

Fair value adjustment

530 000	176 000
-	10
(240 000)	353 990
290 000	530 000

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 GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011

		Group and Trust	
		2011	2010
		R	R
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continue)			
4.3 Life Healthcare Group Holdings Limited			
Opening balance		-	-
Restructuring/unbundling		18 092 301	-
Fair value adjustment		2 979 908	-
		<u>21 072 209</u>	<u>-</u>
<p>The investment is administered by the nominee company Reb Nominees (Pty) Limited. The investment was obtained by way of an unbundling of shares held in the Mvelaphanda Group Limited. Initially, the unbundling took place on 20 August 2010, resulting in ownership of shares in Health Strategic Investments Limited (HSI). The unbundling was effective at close of business on 20 August 2010 and resulted in 1 419 004 shares received in Health Strategic Investments Limited (HSI). At this date the share price was R12.75. However, subsequent to that, HSI unbundled their shareholding in Life Healthcare Group Holdings Ltd (LHC) on 17 December 2010 (on a one for one basis), resulting in the NMF owning shares in LHC at year-end and not in HSI. The substance of the transaction reflect a re-packaging of the group structure and as such the original investment in Mvelaphanda Group Limited was split between the Mvelaphanda Limited Group and LHC.</p>			
4.4 Mvelaserve Limited			
Opening balance		-	-
Restructuring/unbundling		13 505 139	-
Fair value adjustment		(314 073)	-
		<u>13 191 066</u>	<u>-</u>
<p>The investment is administered by the nominee company Reb Nominees (Pty) Limited. The investment was obtained by way of an unbundling of shares in Life Strategic Investments Limited. The unbundling was effective at close of business on 3 December 2010 and resulted in 1 046 910 shares received in Mvelaserve Limited. At this date the share price was R12.90. The substance of the transaction reflect a re-packaging of the group structure and as such the original investment in Mvelaphanda Group Limited was split between the Mvelaphanda Limited Group and Mvelaserve Limited.</p>			
TOTAL		<u>47 600 965</u>	<u>35 240 200</u>
The movement in available-for-sale financial assets may be summarised as follows:			
Restructuring/unbundling		31 597 440	10
Fair value adjustment		(19 236 675)	17 499 993
		<u>12 360 765</u>	<u>17 500 003</u>

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

	Group		Trust	
	2011	2010	2011	2010
	R	R	R	R
5. RECEIVABLES AND PREPAYMENTS				
Advances and other receivables	1 208 088	2 261 853	1 208 088	2 261 853
Royalty income receivable	1 833 635	-	1 833 635	-
Sundry receivables	767 048	107 337	767 048	107 337
Value-Added-Tax receivable	14 610	-	14 610	-
Less: Provision for impairment of receivables	-	(1 803 453)	-	(1 803 453)
	<u>3 823 381</u>	<u>565 737</u>	<u>3 823 381</u>	<u>565 737</u>
The provision for impairment consists of receivables outstanding for more than 120 days.				
The movement in the provision for impairment during the year was as follows:				
Opening balance	1 803 453	-	1 803 453	-
(Decrease)/increase in provision	(1 803 453)	1 803 453	(1 803 453)	1 803 453
Balance at 28 February	<u>-</u>	<u>1 803 453</u>	<u>-</u>	<u>1 803 453</u>

THE NELSON MANDELA FOUNDATION TRUST GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011

	Group		Trust	
	2011 R	2010 R	2011 R	2010 R
6. CASH AND CASH EQUIVALENTS				
Bank balances	953 266	673 770	953 266	673 770
Cash on hand	10 800	5 000	10 800	5 000
Short-term bank deposits:				
- Designated funds	147 612 938	133 627 343	147 612 938	133 627 343
- Other funds	7 505 533	18 696 942	7 505 533	18 696 942
	<u>156 082 537</u>	<u>153 003 055</u>	<u>156 082 537</u>	<u>153 003 055</u>

The average return on these investments was 6.32% (2010: 7.17%). The designated funds amounting to R147 612 938 (2010: R133 627 343) may only be utilised for specific purposes.

	Group and Trust	
	2011 R	2010 R

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.

Total liabilities	2 487 002	852 341
Less: Short term portion disclosed as trade and other payables (note 8)	(817 021)	(411 278)
	<u>1 669 981</u>	<u>441 063</u>

	Minimum payments R	Interest cost R	Present value R
Reconciliation of minimum lease payments			
As at 28 February 2011			
Less than one year	1 058 663	241 642	817 021
Two to five years	1 913 210	243 229	1 669 981
	<u>2 971 873</u>	<u>484 871</u>	<u>2 487 002</u>
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>

	Group		Trust	
	2011 R	2010 R	2011 R	2010 R
8. TRADE AND OTHER PAYABLES				
Accruals	1 373 322	1 192 328	1 373 322	1 192 328
Sundry creditor	828 540	891 395	828 540	891 395
Accrual for leave	765 966	695 508	765 966	695 508
Short term portion of finance lease liabilities	817 021	411 278	817 021	411 278
South-African Revenue Service - Employees' Tax	-	3 997 401	-	3 997 401
Value-Added-Tax payable	-	72 410	-	72 410
	<u>3 784 849</u>	<u>7 260 320</u>	<u>3 784 849</u>	<u>7 260 320</u>

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

9. PROVISION FOR RESTRUCTURING

Reconciliation of provision - 2011

Restructuring Provision

The provision for restructuring consist of the estimated retrenchment costs for 5 employees. A formal restructuring plan was approved and communicated to employees before year end.

Group and Trust			
R Opening Balance	R Provision for the year	R Utilised during the year	R Total
-	1 822 375	-	1 822 375

10. DEFERRED REVENUE

Opening balance
Grants allocated to designated programmes
Interest and VAT refunds allocated to designated funds
Deferred revenue recognised (Designated grants)

Closing balance

Group		Trust	
2011 R	2010 R	2011 R	2010 R
30 082 416	59 051 882	30 082 416	59 051 882
35 521 574	19 245 864	35 521 574	19 245 864
794 219	2 372 124	794 219	2 372 124
(50 181 014)	(50 587 454)	(50 181 014)	(50 587 454)
16 217 195	30 082 416	16 217 195	30 082 416

11. OTHER DONATIONS

Undesignated donations
Donated royalty income
Listed shares
Fair value of use of assets

8 535 127	3 223 483	8 535 127	3 223 483
4 941 859	1 826 910	4 941 859	1 826 910
-	10	-	10
-	62 891	-	62 891
13 476 986	5 113 294	13 476 986	5 113 294

12. PROJECT EXPENSES

Centre of Memory
Dialogue and Leadership Series
Other project expenses

8 834 343	10 450 150	8 834 343	10 450 150
9 246 813	9 074 924	9 246 813	9 074 924
23 007 530	24 854 293	23 007 530	24 854 293
41 088 686	44 379 367	41 088 686	44 379 367

13. EXPENSES BY NATURE

The following items are included in net surplus for the year:

Amortisation	192 898	60 314	192 898	60 314
Depreciation	539 181	1 327 126	244 725	1 032 002
Gain on re-estimation of useful lives	(1084 516)	-	(1084 516)	-
Legal fees	919 337	1 688 709	919 337	1 688 709
Project related costs	15 579 856	26 508 941	15 579 856	26 508 941
Repairs and maintenance	298 742	437 314	298 742	437 314
Audit fees	1 640 500	1 448 755	1 640 500	1 448 755
Bad debt recovered	(978 593)	-	(978 593)	-
Personnel remuneration	18 932 778	17 483 898	18 932 778	17 483 898
Contribution to defined contribution plan	4 454 326	4 529 086	4 454 326	4 529 086
Penalties - VAT	2 036	17 235	2 036	17 235
Rent on land	569	569	-	-

14. FINANCE COST

Finance lease liabilities

435 259	139 296	435 259	139 296
435 259	139 296	435 259	139 296

THE NELSON MANDELA FOUNDATION TRUST GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011

15. 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.

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 R5 506 727 (2010: R1 826 910) which is more than 5% of total receipts for the year as such the following income tax has been included:

	Group		Trust	
	2011 R	2010 R	2011 R	2010 R
Normal tax	555 421	-	555 421	-
- Current year	555 421	-	555 421	-
Reconciliation of the income tax expense				
Surplus	22 531 044	3 447 875	22 531 044	3 447 875
Tax payable at 28%	555 421	-	555 421	-
Tax as a percentage of income before tax	2.47%	-	2.47%	-
Tax rate reconciliation				
Statutory rate	28.00%	28.00%	28.00%	28.00%
Total non-temporary differences	(23.43%)	-28.00%	(23.43%)	-28.00%
Effective rate	2.47%	0.00%	2.47%	0.00%

16. CASH UTILISED BY OPERATING ACTIVITIES

Cash utilised by operating activities				
Net surplus	22 791 442	3 152 850	23 086 465	3 447 875
Adjustments for:				
Amortisation	192 898	60 314	192 898	60 314
Depreciation	539 180	1 327 028	244 723	1 032 002
Re-estimation of useful lives	(1 084 516)	-	(1 084 516)	-
Finance income	(8 929 011)	(9 451 311)	(8 929 011)	(9 451 311)
Finance cost	435 259	139 296	435 259	139 296
Dividends received	(427 511)	(9 600)	(427 511)	(9 600)
Taxation	(555 421)	-	(555 421)	-
Available for sale financial assets	-	(10)	-	(10)
	12 962 319	(4 781 433)	12 962 886	(4 781 434)
Movements in working capital:				
(Increase)/Decrease in accounts receivable	(3 257 644)	1 949 064	(3 257 644)	1 949 064
Decrease in payables and deferred grants	(14 962 329)	(28 914 012)	(14 962 896)	(28 914 012)
	(5 257 653)	(31 746 381)	(5 257 652)	(31 746 381)

17. RELATED PARTY TRANSACTIONS

The following transactions were incurred with related parties:

Related party	Relationship	Nature of transaction	Group and Trust	
			2011 R	2010 R
1. 46664 Concerts (Association Incorporated in terms of Section 21)	Associated with Founder	Other receivable	1 315 048	978 593
2. 46664 Concerts UK Limited	Associated with Founder	Other receivable	-	824 860
3. Ahmed Kathrada Foundation	Associated Founder	Donations received on behalf of Donation reimbursed	1 862 268 (1 862 268)	- -
4. The Founder	The Founder	Remuneration Reimbursement of expenditure	2 819 822 181 553	2 891 675 89 718
5. Nelson Mandela Family	Relatives of Founder	Reimbursement of expenditure	24 169	29 160
6. Key management personnel	Key manage-	Remuneration	4 818 821	4 758 890
7. Key management personnel (Refer note 4 for the terms and conditions related to the donation)	Member of Board of Trustees	Donation received	13 047 690	34 710 201

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

18. RETIREMENT BENEFITS

As at 28 February 2011, 42 (2010: 37) 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 R 4 454 326 (2010: R4 529 086) and was charged to the statement of comprehensive income. The group has no further obligation to provide retirement benefits to its employees.

19. COMMITMENTS

The following contractual commitments exist at year-end:

Service providers

	Payable not later than 1 year R	Payable later than 1 year R	Total payable R
- Siemens	123 270	81 178	204 448
- Perpetual Finance	277 140	809 477	1 086 617
- Nashua	126 900	554 357	681 258
- Spartan	289 711	224 968	514 679

Project implementing agents

- Blue Media Photography	2 964	-	2 964
- Communication for social change	113 724	-	113 724
- David Brown Harris	29 181	-	29 181
- Leandra Community Centre	5 000	-	5 000
- Mike Nicol	6 250	-	6 250
- Zethu Mtsheni	32 450	-	32 450
- Peter Machegecheke	75 000	-	75 000
- Internet Solutions	25 536	-	25 536
- Samuel Shakong	22 500	-	22 500
- Sonke Gender Justice Network	5 000	-	5 000
- Eastern Cape Provincial Council of Churches	5 000	-	5 000

Total commitments

1 139 625 - 2 809 607

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.

20. 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.

20.1. 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:

Variable rate instruments

Cash and cash equivalents

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 2010.

Increase of one percentage/hundred basis points

Decrease of one percentage/hundred basis points

Group and Trust	
2011 R	2010 R
156 082 537	153 003 055

Surplus or deficit	
2011 R	2010 R
1 560 825	1 530 031
(1 560 825)	(1 530 031)

THE NELSON MANDELA FOUNDATION TRUST GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

20.1. 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
2011 2010
R R

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

Available-for-sale financial assets	47 600 965	35 240 200
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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 2010.

Equity

Increase of one percentage	476 010	352 402
Decrease of one percentage	(476 010)	(352 402)

20.2. 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 R156 076 737 (2010: R153 003 055).

20.3. 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.

20.4. 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 2011		28 February 2010	
	Less than 1 year	Two to five years	Less than 1 year	Two to five years
Finance lease liabilities	817 021	1 669 981	411 278	441 063
Trade and other payables	1 373 322	-	1 192 328	-

21. 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.

22. CONTINGENT LIABILITY

22.1. 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 (2010: R1 849 680).

ANNEXURE "A"

THE NELSON MANDELA FOUNDATION TRUST GROUP

**SCHEDULE OF DONATIONS RECEIVED FOR THE FINANCIAL YEAR ENDED
28 FEBRUARY 2011**

	Amount received R	Amount recognised - transfer from deferred revenue R	Unexpended grants - Transferred to deferred revenue R	Net grants recognised R
DESIGNATED	35 521 577	26 243 456	(11 584 019)	50 181 014
DESIGNATED TO DIALOGUE AND EDUCATION	8 978 624	22 303 268		31 281 892
Friends III	-	4 526 181	-	4 526 181
Vodacom	-	4 650	-	4 650
SAP southern africa	1 000 000	(290 961)	-	709 039
UNICEF	4 437 858	160 933	-	4 598 791
Swordspoint	-	7 636	-	7 636
Hasso plattner	-	1 515 518	-	1 515 518
UNAIDS/WHO	(842 215)	1 948 164	-	1 105 949
GTZ gmbh	2 854 492	2 590 153	-	5 444 645
Coca Cola II	-	1 843 945	-	1 843 945
ABSA foundation	-	557 443	-	557 443
Zain - mobile telecomm	-	38 900	-	38 900
Embassy of belguim	326 920	6 151	-	333 071
Dept. of arts & culture	-	11 735	-	11 735
DFID	-	111 054	-	111 054
MINDS	-	212 428	-	212 428
Swedish lottery	535 764	(535 764)	-	-
Friends IV	665 805	(665 805)	-	-
Hospice	-	2 434	-	2 434
Friends per prior year	-	9 698 487	-	9 698 487
Founders remuneration	-	559 988	-	559 988
DESIGNATED TO CENTRE OF MEMORY	26 542 953	3 940 188	(11 584 019)	18 899 122
Friends III	-	1 566 572	-	1 566 572
Coca Cola II	-	887 577	-	887 577
UNESCO	-	190 815	-	190 815
DFID	1 046 311	-	(15 172)	1 031 140
Swedish lottery	3 989 823	-	(1 202 555)	2 787 268
Friends IV	13 085 212	-	(1 944 685)	11 140 527
Google / Tides Foundation	8 421 607	-	(8 421 607)	-
Primedia	-	1 295 224	-	1 295 224
OTHER (UNDESIGNATED)	8 535 127	-	-	8 535 127
General funds	8 535 127	-	-	8 535 127
	44 056 704	26 243 456	(11 584 019)	58 716 141

THE NELSON MANDELA FOUNDATION GROUP
CONSOLIDATED SCHEDULE OF TOTAL EXPENSES FOR THE YEAR ENDED
28 FEBRUARY 2011

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	Operating expenses 2011	% of total expenses 2011	Operating expenses 2010	% of total expenses 2010	Centre of Memory 2011	% of total expenses 2011	Dialogue expenses 2011	% of total expenses 2011	Other Project expenses 2011	% of total expenses 2011	Total Project expenses 2011	% of total expenses 2011	Total Project expenses 2010	Total expenses 2011	Total expenses 2010
	R		R		R		R		R		R		R	R	R
1 Audit fee	328,100	20%	804,864	56%	656,200	40%	656,200	40%	-	-	1,312,400	80%	643,891	1,640,500	1,448,755
2 Advertising, marketing and promotions	226,517	10%	206,818	11%	346,425	15%	509,853	23%	1,165,280	52%	2,021,347	90%	1,587,244	2,247,854	1,804,162
3 Amortisation	192,898	100%	60,314	100%	-	-	-	-	-	-	-	-	-	192,898	60,314
4 Bad debts	11,508	100%	189,397	100%	-	-	-	-	-	-	-	-	-	11,508	189,397
5 Bad debts recovered	(978,593)	0%	-	0%	-	-	-	-	-	-	-	-	-	(978,593)	-
6 Bank charges	14,787	100%	5,064	100%	-	-	-	-	-	-	-	-	-	14,787	5,064
7 Courier and postage	45,869	9%	47,751	56%	204,105	41%	206,412	42%	40,041	8%	450,558	91%	38,224	496,428	85,975
8 Conference Fees	-	0%	-	0%	399,355	57%	-	-	298,369	45%	698,724	100%	128,044	698,724	128,044
9 Depreciation	1,344,460	100%	1,327,126	100%	-	-	-	-	-	-	-	-	-	1,344,460	1,327,126
10 Gain on re-estimation of useful lives	(1,084,516)	0%	-	0%	-	-	-	-	-	-	-	-	-	(1,084,516)	-
11 Workshops and meetings / Dialogue activities	168,728	5%	23,927	1%	582,938	18%	928,006	28%	1,507,104	49%	3,118,048	95%	2,455,853	3,286,777	2,479,780
12 Office expenditure	64,893	40%	123,892	56%	48,670	30%	48,670	30%	-	-	97,339	60%	99,145	162,232	223,077
13 Project implementation cost	453,654	3%	443,667	2%	378,218	2%	579,168	4%	14,922,470	91%	15,579,856	97%	26,065,274	16,033,509	26,508,941
14 Insurance	46,985	30%	88,308	56%	54,698	35%	54,698	35%	-	-	109,399	70%	70,845	158,284	158,952
15 Repairs and maintenance	298,742	100%	242,853	85%	-	-	-	-	-	-	-	-	194,461	298,742	437,314
16 Gifts and flowers	20,836	100%	8,618	90%	-	-	-	-	-	-	-	-	982	20,836	9,600
17 Rates and taxes	81,218	20%	240,553	100%	243,654	60%	81,218	20%	-	-	324,873	80%	-	408,091	240,553
18 Publications, Printing and stationery	30,906	33%	76,827	12%	17,886	19%	45,680	48%	-	-	63,566	67%	543,366	84,472	620,194
19 Personnel remuneration	6,170,645	33%	9,166,225	52%	4,627,984	24%	4,627,984	24%	3,508,166	19%	12,762,133	67%	8,317,873	18,932,778	17,483,898
20 Provision for credit losses	-	-	1,803,453	100%	-	-	-	-	-	-	-	-	-	-	1,803,453
21 Telephone and communication	376,112	38%	586,233	55%	301,236	31%	301,236	31%	1,960	0%	604,432	62%	472,785	880,544	1,059,018
22 Travel and accommodation	194,808	8%	378,188	15%	172,155	7%	215,609	9%	1,765,159	76%	2,152,933	92%	2,129,192	2,337,741	2,507,382
23 Legal fees	215,374	23%	938,107	56%	351,982	38%	351,982	38%	-	-	703,963	77%	750,601	919,337	1,688,709
24 Penalty - VAT	2,035	100%	17,235	100%	-	-	-	-	-	-	-	-	-	-	17,235
25 Security	203,247	17%	590,461	43%	370,304	31%	640,287	53%	-	-	1,010,591	83%	770,409	1,213,836	1,360,891
26 Operating leases	294,998	79%	126,870	56%	78,524	21%	-	-	-	-	78,524	21%	101,575	373,524	228,545
27 Fair value of free use of vehicles	-	0%	62,891	100%	-	-	-	-	-	-	-	-	-	-	62,891
Subtotal	8,714,111	17%	17,559,903	28%	8,834,343	18%	9,246,813	19%	23,007,530	46%	41,088,686	83%	44,379,367	49,802,797	61,939,270
Finance cost	435,259	-	133,048	-	-	-	-	-	-	-	-	-	6,247	435,259	139,286
Total	9,149,371	-	17,692,952	-	8,834,343	-	9,246,813	-	23,007,530	-	41,088,686	-	44,385,614	50,238,057	62,078,556