THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

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CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

CHAIRMAN:	Prof GJ Gerwel
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

CONTENTS **PAGE**

THE NELSON MANDELA FOUNDATION TRUST

STATEMENT OF RESPONSIBILITY OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 29 FEBRUARY 2012

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 4 to 25 were approved and authorised for issue by the Board of Trustees on__________________________ and signed on their behalf by:

____

CHIEF EXECUTIVE OFFICER

____

CHAIRMAN: BOARD OF TRUSTEES

THE NELSON MANDELA FOUNDATION TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 29 FEBRUARY 2012

The trustees herewith present their report for the year ended 29 February 2012.

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 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

Gerwel, G J
Kathrada, A M
Ramphele, 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.

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.

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 annual financial statements and notes thereto.

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 was re-appointed as auditor of the group.

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AT 29 FEBRUARY 2012

		Group		Trust	
	Notes	2012 R	2011 R	2012 R	2011 R
ASSETS					
NON-CURRENT ASSETS		77 152 827	67 501 541	79 540 964	69 594 652
Property, plant and equipment	2	18 554 457	19 386 214	6 413 499	6 950 800
Intangible assets	3	696 912	505 829	696 912	505 829
Investment in subsidiary		-	-	14 537 058	14 537 058
Available-for-sale financial assets	4	57 893 495	47 600 965	57 893 495	47 600 965
Prepaid rent for land		7 963	8 533	-	-
CURRENT ASSETS		182 253 630	160 658 419	182 218 411	160 623 200
Receivables and prepayments	5	6 271 588	3 823 381	6 271 588	3 823 381
Cash and cash equivalents	6	175 946 823	156 799 819	175 946 823	156 799 819
Prepaid rent for land		569	569	-	-
Deposit		34 650	34 650	-	-
TOTAL ASSETS		259 406 457	228 159 960	261 759 375	230 217 852
CONTRIBUTION, RESERVES AND LIABILITIES					
CONTRIBUTION AND RESERVES		236 453 758	203 392 857	238 806 676	205 450 749
Contribution		1 000	1 000	1 000	1 000
Accumulated reserves		236 452 758	203 391 857	238 805 676	205 449 749
NON - CURRENT LIABILITIES					
Finance lease liabilities	7	1 364 668	1 669 981	1 364 668	1 669 981
CURRENT LIABILITIES		21 588 031	23 097 122	21 588 031	23 097 122
Trade and other payables	8	4 804 489	4 502 131	4 804 489	4 502 131
Provision for restructuring	9	-	1 822 375	-	1 822 375
Income tax		1 833 612	555 421	1 833 612	555 421
Deferred revenue	10	14 949 930	16 217 195	14 949 930	16 217 195
TOTAL CONTRIBUTION, RESERVES AND LIABILITIES		259 406 457	228 159 960	261 759 375	230 217 852

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	Group 2012 R	Group 2011 R	Trust 2012 R	Trust 2011 R
INCOME		54 845 631	64 100 487	54 845 632	64 100 487
Grant income		53 249 363	63 658 000	53 249 364	63 658 000
Designated grants	10	43 557 822	50 181 014	43 557 822	50 181 014
Other donations	11	9 691 541	13 476 986	9 691 541	13 476 986
Dividend income		1 585 541	427 511	1 585 541	427 511
Other income		10 727	14 976	10 727	14 976
EXPENDITURE		(37 096 747)	(49 802 797)	(36 801 722)	(49 507 774)
Operating expenses		9 621 337	8 714 111	9 326 431	8 419 088
Project expenses	12	27 475 410	41 088 686	27 475 291	41 088 686
Net surplus before finance income	13	17 748 884	14 297 690	18 043 910	14 592 713
Finance income		6 594 847	8 929 011	6 594 847	8 929 011
Total finance income		7 329 134	9 723 230	7 329 134	9 723 230
Less: Finance income allocated to designated funds	10	(734 287)	(794 219)	(734 287)	(794 219)
Finance cost	14	(297 168)	(435 259)	(297 168)	(435 259)
Net surplus for the year before tax		24 046 562	22 791 442	24 341 588	23 086 465
Income tax expense	15	(1 278 191)	(555 421)	(1 278 191)	(555 421)
Net surplus for the year		22 768 372	22 236 021	23 063 397	22 531 044
Other comprehensive income		10 292 530	12 360 765	10 292 530	12 360 765
Fair-value adjustment - Available-for-sale financial assets		10 292 530	12 360 765	10 292 530	12 360 765
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		33 060 902	34 596 786	33 355 927	34 891 809

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 29 FEBRUARY 2012

Group	Notes	Contribution R	Available-for-sale investments R	Accumulated funds R	Total R
Balance as at 1 March 2010		1 000	17 675 953	151 119 117	168 796 070
Other comprehensive income - Fair value adjustment	4		12 360 765		12 360 765
Net surplus for the year				22 236 021	22 236 021
Balance at 1 March 2011		1 000	30 036 718	173 355 138	203 392 856
Other comprehensive income - unbundling and fair value adjustment	4		10 292 530		10 292 530
Net surplus for the year				22 768 372	22 768 372
Balance at 29 February 2012		1 000	40 329 248	196 123 510	236 453 758
Trust					
Balance as at 1 March 2010		1 000	17 675 953	152 881 987	170 558 940
Other comprehensive income - fair value adjustment	4		12 360 765		12 360 765
Net surplus for the year				22 531 044	22 531 044
Balance at 1 March 2011		1 000	30 036 718	175 413 031	205 450 749
Other comprehensive income - unbundling and fair value adjustment	4		10 292 530		10 292 530
Net surplus for the year				23 063 397	23 063 397
Balance at 29 February 2012		1 000	40 329 248	198 476 428	238 806 676

THE NELSON MANDELA FOUNDATION TRUST

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2012

		Group		Trust	
	Notes	2012 R	2011 R	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash generated from/(utilised in) operating activities	16	12 624 549	(4 540 371)	12 624 549	(4 540 370)
Finance cost		(297 168)	(435 259)	(297 168)	(435 259)
Dividends received		1 585 541	427 511	1 585 541	427 511
Net cash flow from operating activities		13 912 922	(4 548 119)	13 912 922	(4 548 118)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	3	(358 967)	(364 558)	(358 967)	(364 558)
Acquisition of property, plant and equipment	2	(696 485)	(1 448 489)	(696 485)	(1 448 489)
Finance income		6 594 847	8 929 011	6 594 847	8 929 011
Net cash flow from investing activities		5 539 395	7 115 964	5 539 395	7 115 964
CASH FLOW FROM FINANCING ACTIVITIES					
(Decrease)/increase in finance lease liabilities		(305 313)	1 228 919	(305 313)	1 228 919
Net cash flow from financing activities		(305 313)	1 228 919	(305 313)	1 228 919
INCREASE IN CASH AND CASH EQUIVALENTS		19 147 004	3 796 764	19 147 004	3 796 764
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		156 799 819	153 003 055	156 799 819	153 003 055
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	175 946 823	156 799 819	175 946 823	156 799 819

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 it's 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 1.18.

a) *Standards, amendments and interpretations effective in 2012 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 that one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date control ceases.

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

1.3 Property plant and equipment

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.

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.

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.

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 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.

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.

1.20 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.

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 - 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
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)	(2 287 388)	(177 045)	(3 362 680)	(2 119 060)	(9 255 421)
Opening balance	(1 305 009)	(1 992 933)	(118 329)	(3 640 431)	(2 744 055)	(9 800 757)
Depreciation	(4 239)	(294 455)	(58 716)	(100 765)	(81 005)	(539 180)
Re-estimation of useful lives	-	-	-	378 516	706 000	1 084 516
Carrying value at 28/02/2011	2 029 746	15 935 414	132 955	489 634	798 465	19 386 214

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 - 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 at cost	(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
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

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 192 152 (2011: R2 487 002) (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.

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 2 198 (2011: 2 051) 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 R162 282.

3. INTANGIBLE ASSETS

	Group and Trust			
	Publications	**Software**	**Trademarks**	**Total**
Year ended 29 February 2012	**R**	**R**	**R**	**R**
Opening balance - 1 March 2011	4	170 639	335 186	505 829
Additions	-	174 853	184 114	358 967
Amortisation	-	(138 483)	(29 401)	(167 884)
Carrying value	4	207 009	489 899	696 912
Year ended 28 February 2011	**R**	**R**	**R**	**R**
Opening balance - 1 March 2010	-	234 782	99 387	334 169
Additions	4	112 093	252 461	364 558
Amortisation	-	(176 236)	(16 662)	(192 898)
Carrying value	4	170 639	335 186	505 829

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

	Group and Trust	
	2012	**2011**
4.1 Mvelaphanda Group Limited	**R**	**R**
Opening balance	13 047 690	34 710 200
Restructuring/unbundling	-	(21 662 510)
Fair value adjustment	1 505 503	-
	14 553 193	13 047 690

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.

4.2 Brimstone Investment Corporation Limited

	2012	2011
Opening balance	290 000	530 000
Fair value adjustment	147 500	(240 000)
	437 500	290 000

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.

	Group and Trust	
	2012 R	2011 R
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continue)		
4.3 Life Healthcare Group Holdings Limited		
Opening balance	21 072 209	-
Restructuring/unbundling	-	18 092 301
Fair value adjustment	9 791 128	2 979 908
	30 863 337	21 072 209

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 Trust 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.

	2012 R	2011 R
4.4 Mvelaserve Limited		
Opening balance	13 191 066	-
Restructuring/unbundling	-	13 505 139
Fair value adjustment	(1 151 601)	(314 073)
	12 039 465	13 191 066

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.

	2012 R	2011 R
TOTAL	57 893 495	47 600 965
The movement in available-for-sale financial assets may be summarised as follows:		
Restructuring/unbundling	-	31 597 440
Fair value adjustment	10 292 530	(19 236 675)
	10 292 530	12 360 765

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

	Group		Trust	
	2012 R	2011 R	2012 R	2011 R
5. RECEIVABLES AND PREPAYMENTS				
Advances and other receivables	780 108	1 208 088	780 108	1 208 088
Royalty income receivable	5 215 359	1 833 635	5 215 359	1 833 635
Sundry receivables	61 281	767 048	61 281	767 048
Value-Added-Tax receivable	214 840	14 610	214 840	14 610
	6 271 588	3 823 381	6 271 588	3 823 381
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)
Balance at 29 February	-	-	-	-

6. CASH AND CASH EQUIVALENTS

	Group 2012 R	Group 2011 R	Trust 2012 R	Trust 2011 R
Bank balances	2 051 559	1 670 548	2 051 559	1 670 548
Cash on hand	10 800	10 800	10 800	10 800
Short-term bank deposits:				
- Designated funds	152 386 193	147 612 938	152 386 193	147 612 938
- Other funds	21 498 271	7 505 533	21 498 271	7 505 533
	175 946 823	156 799 819	175 946 823	156 799 819

The average return on these investments was 4.81% (2011: 6.32%). The designated funds amounting to R152 386 193 (2011: R147 612 938) may only be utilised for specific purposes.

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 2012 R	Group and Trust 2011 R
Total liabilities	2 192 152	2 487 002
Less: Short term portion disclosed as trade and other payables (note 8)	(827 484)	(817 021)
	1 364 668	1 669 981

Reconciliation of minimum lease payments	Minimum payments R	Interest cost R	Present value R
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
	2 533 132	340 980	2 192 152
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
	2 971 873	484 871	2 487 002

8. TRADE AND OTHER PAYABLES

	Group 2012 R	Group 2011 R	Trust 2012 R	Trust 2011 R
Accruals and other creditors	1 086 989	2 201 862	1 086 989	2 201 862
Outstanding cheques	2 160 349	717 282	2 160 349	717 282
Accrual for leave	729 667	765 966	729 667	765 966
Short term portion of finance lease liabilities	827 484	817 021	827 484	817 021
	4 804 489	4 502 131	4 804 489	4 502 131

9. PROVISION FOR RESTRUCTURING

Reconciliation of provision - 2012

	Group and Trust			
	Opening balance R	**Provision for the year R**	**Utilised during the year R**	**Total R**
Restructuring provision	1 822 375	-	(1 822 375)	-

Retrenchment costs were settled during the year under review.

Reconciliation of provision - 2011

	Opening balance R	**Provision for the year R**	**Utilised during the year R**	**Total R**
Restructuring provision	-	1 822 375	-	1 822 375

	Group		Trust	
	2012 R	**2011 R**	**2012 R**	**2011 R**
10. DEFERRED REVENUE				
Opening balance	16 217 195	30 082 416	16 217 195	30 082 416
Grants allocated to designated programmes	41 556 270	35 521 574	41 556 270	35 521 574
Interest allocated to designated funds	734 287	794 219	734 287	794 219
Designated grants recognised as revenue	(43 557 822)	(50 181 014)	(43 557 822)	(50 181 014)
Closing balance	14 949 930	16 217 195	14 949 930	16 217 195
11. OTHER DONATIONS				
Undesignated donations	2 117 914	8 535 127	2 117 914	8 535 127
Donated royalty income	7 573 627	4 941 859	7 573 627	4 941 859
	9 691 541	13 476 986	9 691 541	13 476 986
12. PROJECT EXPENSES				
Centre of Memory	7 258 126	8 834 343	7 258 006	8 834 343
Dialogue and Leadership Series	7 710 878	9 246 813	7 710 878	9 246 813
Other project expenses	12 506 406	23 007 530	12 506 407	23 007 530
	27 475 410	41 088 686	27 475 291	41 088 686
13. EXPENSES BY NATURE				
The following items are included in net surplus for the year:				
Amortisation	167 884	192 898	167 884	192 898
Depreciation	1 690 524	539 181	1 396 067	244 725
Gain on re-estimation of useful lives	(162 282)	(1 084 516)	(162 282)	(1 084 516)
Legal fees	827 031	919 337	827 031	919 337
Project related costs	5 931 538	15 579 856	5 931 538	15 579 856
Repairs and maintenance	443 913	298 742	433 846	298 742
Audit fees	1 701 119	1 640 500	1 701 119	1 640 500
Bad debt recovered	-	(978 593)	-	(978 593)
Personnel remuneration	16 387 194	18 932 778	16 387 194	18 932 778
Penalties - VAT	2 833	2 036	2 833	2 036
Rent on land	569	569	-	-
14. FINANCE COST				
Finance lease liabilities	297 168	435 259	297 168	435 259
	297 168	435 259	297 168	435 259

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 R7 059 850 (2011: R4 941 859) which is more than 5% of total receipts for the year and as such the following income tax expense has been included:

	Group		Trust	
	2012	2011	2012	2011
	R	R	R	R
Normal tax	1 278 191	555 421	1 278 191	555 421
- Current year	1 278 191	555 421	1 278 191	555 421
Reconciliation of the income tax expense				
Surplus for the year	24 046 562	22 531 044	24 341 588	22 531 044
Tax payable at 28%	1 278 191	555 421	1 278 191	555 421
Tax as a percentage of income before tax	5%	2%	5%	2%
Tax rate reconciliation				
Statutory rate	28%	28%	28%	28%
Total non-temporary differences	(23%)	(26%)	(23%)	(26%)
Effective rate	5%	2%	5%	2%

16. CASH FROM OPERATING ACTIVITIES

	Group 2012 R	Group 2011 R	Trust 2012 R	Trust 2011 R
Cash generated from/(utilised in) operating activities				
Net surplus for the year before tax	24 046 562	22 791 442	24 341 588	23 086 465
Adjustments for:				
Amortisation	167 884	192 898	167 884	192 898
Depreciation	1 690 524	539 180	1 396 068	244 723
Re-estimation of useful lives	(162 282)	(1 084 516)	(162 282)	(1 084 516)
Finance income	(6 594 847)	(8 929 011)	(6 594 847)	(8 929 011)
Finance cost	297 168	435 259	297 168	435 259
Dividends received	(1 585 541)	(427 511)	(1 585 541)	(427 511)
Taxation	(1 278 191)	(555 421)	(1 278 191)	(555 421)
	16 581 278	12 962 320	16 581 848	12 962 886
Movements in working capital:				
Increase in accounts receivable	(2 448 207)	(3 257 644)	(2 448 207)	(3 257 644)
Decrease in payables and deferred grants	(1 508 522)	(14 245 047)	(1 509 092)	(14 245 614)
	12 624 549	(4 540 371)	12 624 549	(4 540 370)

17. RELATED PARTY TRANSACTIONS

The following transactions were incurred with related parties:

	Related party	**Relationship**	**Nature of transaction**	**Group and Trust 2012 R**	**Group and Trust 2011 R**
1.	46664 Concerts (Non-profit company)	Associated with Founder	Other receivable	736 440	1 315 048
2.	Ahmed Kathrada Foundation	Member of Board	Donation received on behalf of Foundation	1 080 961	1 862 268
			Donation reimbursed	(1 080 961)	(1 862 268)
3.	The Founder	The Founder	Remuneration	2 996 367	2 819 822
			Reimbursement of expenditure	156 381	181 553
4.	Nelson Mandela Family	Relatives of Founder	Reimbursement of expenditure	14 939	24 169
5.	Key management personnel	Key management personnel	Remuneration	5 224 686	4 818 821
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	13 047 690
7.	Thembeka and Associates	Associated with Founder	Travel and accommodation	161 437	-

18. RETIREMENT BENEFITS

As at 29 February 2012: 32 (2011: 42) 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 R5 657 870 (2011: R4 454 326) 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:

	Group and Trust		
	Payable not later than 1 year	**Payable later than 1 year**	**Total payable**
	R	**R**	**R**
- Siemens	453 155	-	453 155
- Perpetual Finance	382 972	542 543	925 515
- Nashua	391 242	875 903	1 267 145
- Spartan	202 930	47 961	250 891
- Diaho Technologies	1 860 000	465 000	2 325 000
- Jill Phillips	16 000	-	16 000
- Praxis	109 834	-	109 834
- Flow Communications	593 712	-	593 712
- Internet Solutions	223 531	-	223 531
Total commitments	4 233 376	1 931 407	6 164 783

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:

	Group and Trust	
	2012	**2011**
	R	**R**
Variable rate instruments		
Cash and cash equivalents	175 946 823	156 799 819

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 2011.

	Surplus or deficit	
	2012	**2011**
	R	**R**
Increase of one percentage/hundred basis points	1 759 468	1 567 998
Decrease of one percentage/hundred basis points	(1 759 468)	(1 567 998)

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

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

	Surplus or deficit	
	2012	**2011**
	R	**R**
Available-for-sale financial assets	57 893 495	47 600 965

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 2011.

	Equity	
Increase of one percentage	578 935	476 010
Decrease of one percentage	(578 935)	(476 010)

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 R 175 946 823 (2011: R156 799 819)

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			
	29 February 2012		**28 February 2011**	
	Less than 1 year	**Two to five years**	**Less than 1 year**	**Two to five years**
Finance lease liabilities	827 484	1 364 668	817 021	1 669 981
Trade and other payables	1 086 989	-	2 201 862	-

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.