

The Mandela Rhodes Financial Results

for the eighteen months ended 31 December 2004

This is an abridged version of the financial statements for the eighteen months ended 31 December 2004, audited by PricewaterhouseCoopers. Full statements are available from the Mandela Rhodes Foundation on request. Financial statements for 2005 are expected to be available by March 2006.

Trust Information

for the eighteen months ended 31 December 2004

| | | | |
|--------------------------|---------------------------|-----------------|-----------------|
| Life patron: | Nelson Rolihlahla Mandela | Postal address: | PO Box 15897 |
| Chairperson: | Prof Gert Johannes Gerwel | | Vlaeberg |
| Chief executive officer: | Shaun Athol Johnson | | 8018 |
| Business address: | The Rhodes Building | | Cape Town |
| | 150 St George's Mall | | South Africa |
| | Cape Town | Bankers: | Nedbank Limited |
| | 8001 | | BoE Limited |

Report of the Trustees

for the eighteen months ended 31 December 2004

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the financial statements of The Mandela Rhodes Foundation Trust. The financial statements have been prepared in accordance with statements of generally accepted accounting practice, and include amounts based on judgements and estimates made by management. The Board of Trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. The Board of Trustees has no reason to believe that the

Foundation will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Trust.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, which was given unrestricted access to all financial records and related data. The Board of Trustees believes that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of PricewaterhouseCoopers incorporated is presented on page 74.

Approval of the Financial Statements

The financial statements have been approved by the Trustees and are signed on their behalf by:



G. J. Gerwel
Trustee



N. Ndebele
Trustee



J. S. Rowett
Trustee

Report of the Independent Auditors

to the Trustees of The Mandela Rhodes Foundation Trust

We have audited the annual financial statements for the period ended 31 December 2004. These financial statements are the responsibility of the trustees of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Qualification

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

Qualified audit opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the trust at 31 December 2004, and the results of its operations and cash flows for the period then ended in accordance with generally accepted accounting practice.

PricewaterhouseCoopers Inc
Chartered Accountants SA
Registered Accountants and Auditors
Cape Town
November 2005

Trustees' Report

for the eighteen months ended 31 December 2004

1. Nature of activities

The Mandela Rhodes Foundation Trust was established on 9 June 2002 as a joint initiative between Nelson Rolihlahla Mandela and the Rhodes Trustees (hereinafter jointly referred to as 'the Founders').

The Founders wish to contribute to the development of exceptional leadership capacity in Africa. This object shall be advanced through the development and implementation of the various Mandela Rhodes Programmes more fully described in the Strategy Plan approved by Trustees in February 2004.

2. Financial results

The financial results of the Foundation for the eighteen months can be summarised as follows:

| | R |
|---------------------------------------|-------------|
| Donations received | 1 195 261 |
| Rent received | 76 973 |
| Total income | 1 272 234 |
| Total expenses (after finance income) | (3 745 160) |
| Net loss for the period | (2 472 926) |

3. Trustees

The Trustees at 31 December 2004 were:

The Mandela Nominees

| | |
|----------------------|------------------------|
| Gert Johannes Gerwel | Phumzile Mlambo-Ngcuka |
| Yvonne Mokgoro | Njabulo Ndebele |
| John Samuel | |

The Rhodes Nominees

| | |
|---------------------------|-----------------|
| William Arthur Waldegrave | Robert Fellowes |
| Julian Ogilvie Thompson | Ruth Lynn Deech |
| John Rowett | |

The Investment Committee at 31 December 2004 were:

| | |
|-------------------------|----------------------|
| Tim Cumming (Chairman) | Gert Johannes Gerwel |
| Julian Ogilvie Thompson | Shaun Athol Johnson |

The Audit and Risk Committee at 31 December 2004 were:

| | |
|------------------------|-----------------|
| Mustaq Brey (Chairman) | Tim Cumming |
| Gert Johannes Gerwel | Njabulo Ndebele |

4. Material events after year-end

No matter which is material to the financial affairs has occurred between the balance sheet date and the date of approval of the financial statements.

Balance Sheet

as at 31 December 2004

| | 2004 R |
|-------------------------------------|-------------------|
| Assets | |
| Non-current assets | |
| Property and equipment | 4 823 668 |
| | 4 823 668 |
| Current assets | |
| Receivables and prepayments | 102 394 |
| Cash and cash equivalents | 19 635 840 |
| | 19 738 234 |
| Total assets | 24 561 902 |
| Equity and Liabilities | |
| Capital and reserves | |
| Trust fund | 6 728 943 |
| Endowment Reserve | 15 258 782 |
| Initial donation: Building | 4 360 000 |
| Accumulated deficit | (2 472 926) |
| | 23 874 799 |
| Current liabilities | |
| Payables | 687 103 |
| Total equity and liabilities | 24 561 902 |

Income Statement

for the eighteen months ended 31 December 2004

| | 2004 R |
|---------------------------------------|-------------|
| Gross Revenue | 1 272 234 |
| Donations received | 1 195 261 |
| Rent received | 76 973 |
| Operating Expenses | (4 876 451) |
| Net Loss Before Finance Income | (3 604 217) |
| Net Finance Income | 1 131 291 |
| Net Loss for the Period | (2 472 926) |

Cash Flow Statement

for the eighteen months ended 31 December 2004

| | 2004 R |
|--|-------------------|
| Cash Flows from Operating Activities | |
| Cash utilised in operations | (2 924 505) |
| Interest paid | (422) |
| Interest received | 1 131 713 |
| Net cash utilised in operating activities | (1 793 214) |
| Cash Flows from Investing Activities | |
| Acquisition of equipment | (558 671) |
| Net cash utilised in investing activities | (558 671) |
| Cash Flows from Financing Activities | |
| Increase in Trust Capital | 6 728 943 |
| Increase in Endowment Reserve | 15 258 782 |
| Net cash flow from financing activities | 21 987 725 |
| Net increase in cash and cash equivalents | 19 635 840 |
| Cash and cash equivalents at end of year | 19 635 840 |