



Nelson Mandela
CHILDREN'S FUND



CHANGING THE WAY SOCIETY TREATS ITS CHILDREN AND YOUTH

OUR CHILDREN TODAY OUR LEADERS TOMORROW

**NELSON MANDELA CHILDREN'S FUND
ANNUAL REPORT 2018**

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OUR CHILDREN TODAY
OUR LEADERS TOMORROW

2018



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VISION, MISSION AND ORGANISATIONAL VALUES



VISION

Changing the way society treats its children and youth

MISSION

Give voice and dignity to the African child by building a rights-based movement

ORGANISATIONAL VALUES

- The absolute belief that all children should enjoy the absence of hunger, abuse, exploitation and homelessness, underpinned by a clear notion that the eradication of poverty and its systemic causes are the ultimate desired change as opposed to ameliorating difficult circumstances in which targeted beneficiaries find themselves.
- The belief that it is possible to have a world where children live with dignity, are safe, nurtured and their voices heard and that the transformation needed to create such a world needs every part of society to play its role.
- A commitment to applying holistic and integrated approaches that recognise and treat children as part of families and communities, with institutional placements applied as the exception.
- Children, youth and communities must participate in making decisions that affect their lives.
- The viable application of service delivery approaches that are informed by children's constitutional rights and, specifically with reference to the notion that all children have dreams and aspirations and should thus be afforded the opportunity to reach their full potential.
- The promotion of a culture of best practices, innovation and openness to new learning and professionalism in achieving targeted, measurable results.

CHAIRPERSON'S MESSAGE



Yvonne Mokgoro
Chairperson

THE LEGACY LIVES ON

"There can be no keener revelation of a society's soul than the way in which it treats its children," Nelson Mandela.

It seems South Africa and the region remain fundamentally challenged by this Statement of our Founder Mr Mandela. The South African child should be the most protected and nurtured child given the fact that SA is a signatory to the UN Children's Charter and the Africa Children's Charter. It would seem, however that the commitments contained in these documents, and are further articulated in the National Development Plan, remain largely unhonoured. Our in-depth knowledge and engaged view on the lives of families and children acquired through implementing and research partners across the country have proved it to be so. Despite great attempts by community organisations we are seeing a deepening of the crisis in the life world of children. We are quite convinced that the challenges we face are primarily because of our socio-economic status. We are in a reflective mode understanding that something has to change if we are to continue to make a difference.

Nelson Mandela cared deeply for the well-being of our children, our future leaders. This year we celebrate his centenary and nothing would make more sense than to ensure that we reorganise ourselves as a society and as a community of organisations to ensure that, our children are safe, nurtured, growing, and enjoy the hard won freedom. We have committed to ensuring greater safety at schools, supportive



and nurturing environments at home and school. We further committed to ensuring to introducing Sustainable Livelihoods Programmes in every village we touch and in every community that our partners meet. Sustainable Livelihoods is what makes the biggest difference because it enhances community bonds and restores the dignity of the family.

The Fund could not have achieved its successes in the year under review on its own. Living up to the commitment announced last year, it has successfully formed partnerships with learning institutions, government at local community levels, civil society and individuals to achieve great results. The graciousness, efforts and good faith placed upon us by all parties to bring change to the lives of many families, communities and children reminds us that Nelson Mandela's vision for our children is achievable in our lifetime. Our joint efforts with our partners give us confidence

that poverty, and vulnerability can be significantly reduced and violence against children can STOP in our society.

Despite a challenging funding environment, the organisation remains sustainable, taking care not to spend beyond its means. I must thank our offshore offices who continue to raise awareness and funds in their different geographies, keeping us top of mind in many parts of the world. Thank you to Kathi Scott our Director in the UK and Mary Zients who has kept the brand alive in the USA.

The Fund is able to produce such sterling work because of a committed group of men and women who volunteer their time, skills and often money. I am grateful for the committed Board of Trustees that I lead. I can confirm that all Sub-Committees of the Board met as per schedule and this gives me assurance that the Board has oversight to all aspects of the organisation.

Recently, one of our Management Trustees, Ms Irene Menell retired from the Fund. I would like to thank her for her tremendous work and commitment to the Fund since its inception. For serving diligently, the Fund will always honour you.

I would also like to express my sincere gratitude to all our partners on the ground and donors for their unwavering faith in the Fund. Your efforts, time and resources have not gone unnoticed. To the CEO and her staff, we recognise the hard work you put in daily, and we are thankful.

YVONNE MOKGORO

MESSAGE FROM THE CEO



Sibongile Mkhabela
Chief Executive Officer

ELEVATING SUSTAINABILITY AND ADVOCATING FOR OUR CHILDREN

We took some brave steps with our 2016 – 2021 strategy. We understood that “business as usual” was under severe pressure as issues of Child Mortality, Youth unemployment, Child abuse were not relenting. There was even concern that these are rising. With the assistance of Deloitte, we conducted a comprehensive analysis of the life cycle of a child and identified some of the stress points and challenges that children face at different times of their lives. The study also pointed out various interventions, which assisted us as an organisation to identify possible partners as we positioned ourselves where our voice would make the biggest difference.

Understanding that the challenges that children and families faced could not be solved by any individual organisation or even a single sector, we used the outcomes of our studies to compile a report titled ‘The Status of the South African Child’ and shared it with various organisations as well as with government and Business sector.

We are now more confident in the implementation of the strategy. We have organised for action. In the Child Survival, Development and Thriving Programme, we have found our particular niche, which exploits our strengths of family strengthening, community organising work. We have seen the value of placing emphasis on information management systems, strengthening families and nutrition programs and increasing treatment compliance. Guided by research we have rolled out the programme to the worst affected seven provinces; Eastern Cape, KwaZulu Natal, Northern Cape, Mpumalanga, Free State, Western Cape and North West. We have been able to achieve a broader reach and impact through the relationships that we have developed with several government departments, civil societies, private sector and traditional leadership.

Our work with clinics as part of strengthening health systems has resulted in a better and functional health record management system that provide an early warning system.

The training of Health Care workers, data capturers and clinic committees has helped to ensure that mothers and babies access health care, remain in the care system and complete immunisation and treatments requirements. This work has empowered pregnant women and new mothers to better care for themselves and their babies for babies to survive, develop and thrive. We are excited that The Department of Health, OR Tambo District in the Eastern Cape has adopted our data management model which starts with an in-depth file auditing system.

At family level, we are seeing stability and comfort, support, provision of information and education on nutrition, early learning and stimulation and economic strengthening efforts. These initiatives are creating a community demand for services for mother and child health and thereby improving levels of care.

Through community dialogues and training for clinic committees, communities have been mobilised and empowered to identify, prioritise and be part of improving access to and quality of health services. Our next phase will focus on Documenting Lessons learnt for purposes of sharing; Advocacy to amplify our voices and convening the sector for continued engagement on issues affecting the survival, development and chances to thrive of our youngest citizens.

Issues of child safety continue to be challenging. We have continued to use schools as focal points for interventions. We remain committed to creating safe environments within the school with the hope that the services translate to the family and community. We are now ready to share some of the lessons learnt in this work. Our interventions make sense only when we share lessons and interest government to take the initiatives to scale.

Sustainable Livelihoods Programme (SLP) has proved to be the anchor of the organisation. In everything, we do, poverty alleviation is crucial. In the last few years we have seen a significant number of very poor families gather their monies together and make substantial savings. Through these savings, we have seen more children stay in school, new homes built and a significant improvement in the quality of life of ordinary people. This programme also ensures the provision of better nutrition through vegetable gardens and more ambitious agricultural programmes.

Income-generating activities that were launched by our beneficiaries in different communities range from poultry farming,

bakeries, branding, and filming services to sunflower farming. Communities are looking to grow these projects from the current small-scale that they are today. It is however, important to note the limitations that the agricultural projects face; the exorbitant prices of equipment hire or purchase to grow their endeavours.

Nevertheless, the projects are an indication that the communities we serve are willing to be productive members of society, contribute to the economy, and reduce the cycles of poverty. Given the general advantages of bettering people's lives through entrepreneurship and employment, this programme links all the Fund's different projects. It cements how better socio-economic conditions can lead to safer environments for children to thrive, for our youth to take their destinies into their own hands, and potentially reduce vulnerability to "sexual dangers" amongst female teenagers.

On the youth front, we revived the leadership programme, Efeng Bacha. The programme provides youths from all walks of life with innovative and relevant platforms that will enable them to lead and become agents of their own change. Social media indicates that the youth around the world are yearning to be heard. They want to contribute to decisions that affect their future.

Given that background, the period under review saw 3 000 children attend the Nelson Mandela Children's Parliament (NMCP). They convened in October 2017 to give their views and experiences on government policies and programmes. Their voices painted a picture of how both government and society can improve their care and protection of children. Because we base all of our interventions on research, their insights are of great value to the Fund. We identified gaps relating to policy implementation, and we are working on how to close them. We are exploring ways to forge strategic partnerships with businesses, municipal and provincial leaders, funders and government at large to ensure that the youth's voices are heard.

The Fund continues to offer remarkable operational resilience in the backdrop of an ongoing challenging economic environment; a very volatile investment market and a fundraising space, which is largely characterised by donor fatigue. Financial results for the year ended 31 March 2018 reflect the Fund's continued prudent financial management principles and practices, at the same time making significant strides in its unwavering efforts to deliver on its mandate.

The Fund's expenditures during the past year have been kept under control. An expenditure to income ratio of 43% was maintained in



2018, allowing the Fund to plough back parts of the income earned from investments for greater sustainability. The Fund's operating budget is strictly monitored in line with available funding and operating overheads are kept under control.

Programme objectives continue to be the Fund's primary focus, as they translate into the core of the Fund's mandate. Despite a decrease in grants made during the year under review, programme capacity building and support costs increased by 17%, reflecting the Fund's commitment to its mandate.

The Fund's balance sheet remains strongly supported by the endowment. For the year ended 31st March 2018, the Fund's endowment grew by 4.4% (R31million) from R702million in 2017 to R733million in 2018. The Fund had a target of maintaining the endowment balance above R600million, after investing a third of its endowment (R250million) towards the Hospital project. The Fund was able to grow the endowment beyond the R600million target by 22% (R133million). The investment market continues to be very volatile and during the year under review, huge swings were experienced causing a huge knock on the performance of certain stocks.

The growing challenges in the fundraising space have prompted management to rethink their fundraising models, with a focus on strategic partnerships and development

of innovative fundraising solutions. In recent years we have seen a huge decline in designated programme funding, mainly due to donor fatigue coupled with a challenging economic environment. The Fund continues to leverage on its long-term partnerships with corporate entities such as Nedbank, which over the years, has contributed towards the Fund's sustainability through its innovative banking products. The same appreciation goes to Comic Relief for their unwavering support in programme funding. Through the SeViSSA partnership with Comic Relief, the Fund has made significant strides in its Child Safety and Protection initiative in schools.

To conclude, I would like to extend my sincerest gratitude to our Chairperson and the Board of Trustees for their leadership, governance and support. They have remained faithful to the Fund through the best and most challenging moments. Donors, partners and the community of young people carrying out the Fund's work to each corner of the country, I am indebted to your generosity. My staff, for always rising to the challenge and ensuring we continue to honour and grow our institution, thank you.

SIBONGILE MKHABELA

Programme review

CHILD SAFETY AND PROTECTION PROGRAMME (CSP)

Impressive numbers were achieved in the year under review. The Fund worked successfully with a total of 22 implementing partners to reach 8 000 beneficiaries in five provinces in about 100 schools in rural and urban areas, and farms.

Using data collected by the Centre for Justice and Crime Prevention (CJCP), the Fund continues to work with different NGOs across the country to reduce high incidences of violence, support initiatives with the same objectives, and ensure authorities are notified of incidences. Recently there has been a greater push for perpetrators to be brought to book thereby creating safer environments for learning and teaching in schools.

IMPACT

The campaign, **I AM Possible** was launched by three schools in Alexander, Gauteng through the Fund's partner, ADAPT. Intended to raise awareness on bullying and rape, the learners took it upon themselves to be leaders and change makers through the campaign. By making use of arts and video, they are raising awareness on the effects of violence and bullying. Fathers of the learners were also included in the campaign as ambassadors to increase awareness. An inspiring move!

By including fathers, the campaign allows them to work together with their sons in improving their relations. Together, they also tackle community issues to protect the more vulnerable gender

in society, women and girls. The success indicator; more men becoming part of the solution to help others heal. Further, the campaign supports and empowers the men with skills and tools to deal with anger issues. This is to reduce conflict within the home. Conflict that could end in any form of abuse.

South Africa currently needs men to take on this role and reduce the numbers of women and children being abused. The Fund is honoured to play its part.

In continuously encouraging; and supporting initiatives that intend to promote and nurture children, the Fund continues to work with the SeVISSA Coalition and the mentorship intervention they run. The Coalition consists of Women on Farms Project based in Stellenbosch, Goedgedacht based in Malmesbury and FASFacts based in Worcester.

The mentorship intervention has helped pregnant women to stop drinking during their pregnancy. 68% of pregnant women recruited stopped drinking during their pregnancy. This foetal alcohol syndrome (FAS) reduction is a success story for the Fund. It is also one of the Fund's goals under Child Safety and Protection programme (CSP).

The intervention has also created sacred spaces for pregnant teenage girls to have someone they can trust to discuss challenges they face and future prospects such as finishing school after the pregnancy. The testimonials by the women

that have been through the programme reflect successful work by the Fund. One young pregnant woman had this to say about her mentor, "...my mentor never gave up. I could share things with her. She walked along with me and shared my hurt... Her assistance helped a lot".

The Coalition also implements the mother and daughter intervention aimed at improving relations between mothers and daughters. The intervention, like the mentorship one, continues to successfully close the gap between two generations and strengthen bonds. Young girls are now able to open up and confide to their mothers when facing difficulties. Their self-esteem has also improved. Better communication continues to be established. The beautiful end results are healthy family environments beneficial to girls and their siblings.

Shaundre Kaydene van der Westhuizen, 15 years of age, a beneficiary of this intervention had this to say, "... I attended the mother and daughter sessions at school with my mother. Our relationship was broken... My mother cried a lot at the session and I realised that she was also abused by her family and had her own problems. The session improved our relationship, and we are communicating better now."

To add sustainability to the programme, the Fund applied the Grameen Bank Microfinance's approach to micro loans. There were a few changes to bring it to the South African context and be in alignment with the socio-economic needs of the communities we serve. Women establish groups of at least twenty in their communities and save R2.00 each per week. These finances are to be loaned amongst each other.

Or as capital to start income generating activities such as sewing, baking, etc.

Merging the micro loans adapted model with our Self Help Groups (SHG) approach, we've successfully ended the period under review with 14 Self Help Groups in Tshisaulu and Madodonga, with 115 women, 3 men and 132 children benefiting from the loans.

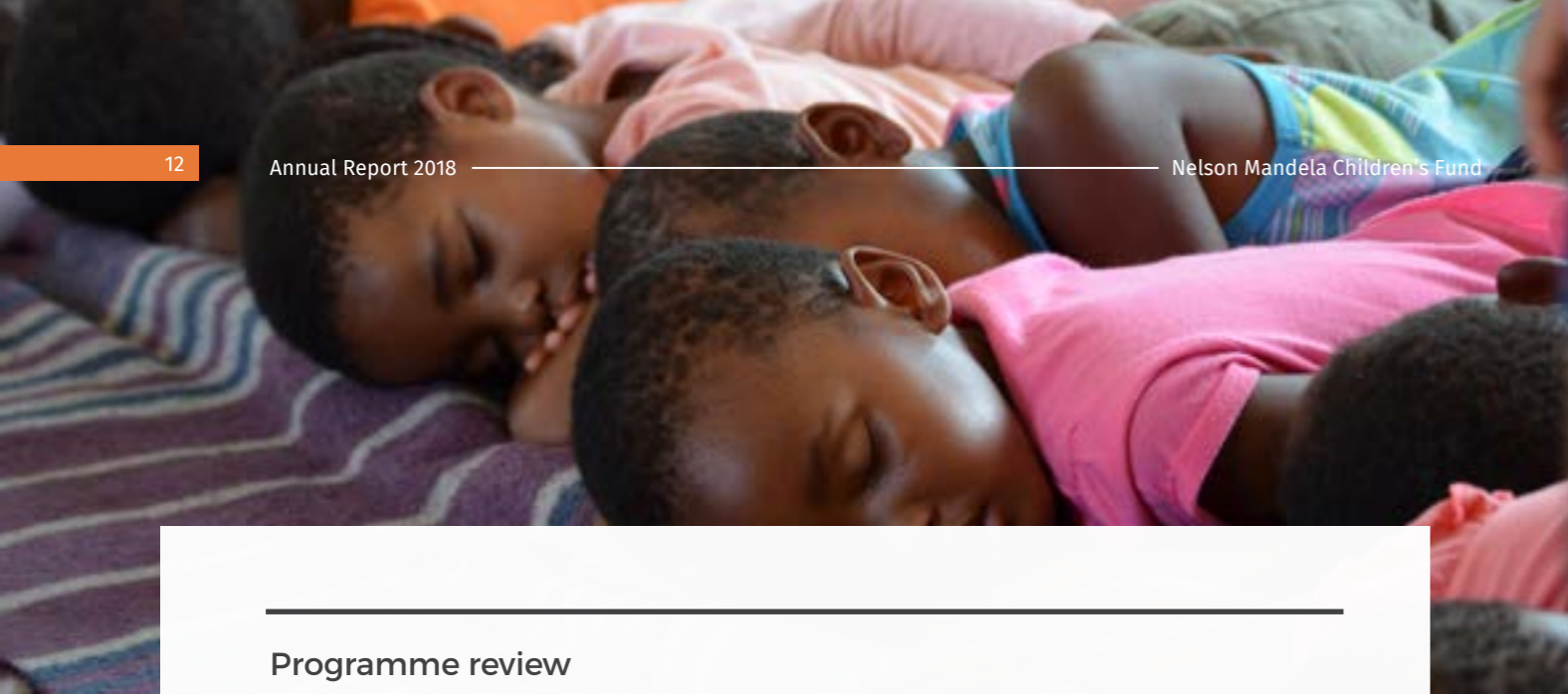
In Limpopo, the Dauvhone Cooperative's 8 members now have their own small income generating activities like growing maize meal, butternut and tomatoes using income from their savings of R2.00 to generate capital. The income generating initiatives have generated R11 350.00 with a profit of R8 490.00.

By helping the women to be economically and socially empowered, the programme goes beyond alleviating the intergenerational cycle of poverty, reduce vulnerability and create involvement of individuals in their own growth amongst children, mother and grandmother. This in turn contributes to keeping children safe and protected within their family environments.

The Fund endeavours to increase awareness on how everyone in society needs to play their part in transforming the world into a place where children live with dignity, are safe, nurtured and have their voices heard.

Going forward, the Fund is looking to increase their involvement in ensuring children are kept safe by working with different justice organisations to ensure perpetrators are brought to book.





Programme review

CHILD SURVIVAL AND DEVELOPMENT AND THRIVING PROGRAMME (CSD)

The work we have done with (a field worker) has been guided by our 2016-2021 strategy. The strategy has directed us to go back to basics and contribute towards ensuring that children live, develop and thrive. This was informed by the shocking statistics of Child mortality rates in SA. We positioned ourselves to ensuring that the health care system is sensitive to pregnant mothers and their children, to supporting Health care workers and to ensuring that data drives interventions. We chose to work in some of the worst affected sites as well as sites that would ensure quicker results for children. We are in seven of the nine provinces, which are Eastern Cape, KwaZulu Natal, Northern Cape, Mpumalanga, Free State, Western Cape and North West.

This is early days but working with our NGO/CBO Research Organisations as well as FBOs partners we are already seeing some improvements. Data shows significant progress in the areas of provision of quality primary health care, improvement in good health outcomes, improved malnutrition, strong and empowered families and the strengthening of community safety nets. Observations show the benefits of quality training provided to both clinics and community health-care workers, appropriate support to pregnant women as well as support to new and young mothers. We are seeing an increase in exclusive breastfeeding which will certainly improve our outcomes. We have implemented some non-traditional interventions to support and encourage the right behaviours.

One of the initiatives impacted on the life of Nonceba Manjati. Nonceba is a beneficiary of early childhood development practitioner training, she learnt the importance of a strong bond between a mother and a child and how it contributes towards development and thriving of a child. ELRU (Early Learning Resource Unit) a primary partner based in Cape Town provides an accredited skills training to 40 Field Workers known as Family and Community Motivators or FCM's. This initiative, reached out to vulnerable children and their families and ensured that they benefited from quality early childhood development and learning opportunities. Home visits were used to support pregnant mothers, babies, young children and their caregivers. A big part of the training was about revising the direction of the programme towards a first 1000 days' focus. Key messages to caregivers now include the fact that early childhood stimulation lays a good foundation for children and it starts from conception through caregiver child interaction. This was affirmed by those who were trained and are now fully understanding the importance of health elements including nutrition.

Key to our initiatives are the strong relationships that were developed with various government departments, civil societies, private sector partners and traditional leadership which has enabled a broader reach and impact.

In Nyandeni, Eastern Cape, traditional leaders were instrumental in encouraging men to be active in the first 1000 days of life of their children. It is through those community meetings that more than 500 men volunteered to be tested for HIV and AIDS.

This report has drawn from experiences, lessons, practices and innovations on how to better provide care, support and stimulation for first 1000 days of a child. Information is clustered and grouped according to three critical areas of child survival programme, which are family outreach, strengthening of health systems and community outreach. The programme is currently implemented by 10 primary partners in seven provinces.

1. Approach

Child survival and development and thriving programme is implemented through the following core activities:

The programme is also reaching out to 800 families through poverty alleviation initiative using a cross-cutting sustainable livelihood programme, which is one of the Fund's champion

1.1. Family outreach focuses on psychosocial support, nutrition, economic empowerment, early learning and stimulation, building knowledge in child health, compliance to immunisation, access to social services and supporting young mothers to bond with their babies and help them to go back to school;

1.2. Strengthening of health systems include activities such as training of community health workers, clinic committees, setting up of data capturing systems at clinics for better understanding of profiling of services being provided, patient data management; and

1.3. Community outreach initiatives include community awareness activities, road-shows on child health, dialogues with men on role of men on child and maternal health.

The programme is also reaching out to 800 families through a poverty alleviation initiative using a cross-cutting sustainable livelihood programme, which is one of the Fund's champion programmes. This component is being integrated into child survival to assist families to cope with vulnerable situations and improve their economic situation. The intention is to support these families to restore and gain back their dignity, assist them to unlock their potential and improve their own life. Through a group work approach and saving schemes, women are able to generate income for their families and this space is also used to address challenges they face in their homes and communities.



2. Progress to date

29
mentor mom's clubs



have formed
with **1 221 members**.

Here pregnant women and new moms learn about child and maternal health.

158
community health workers trained.



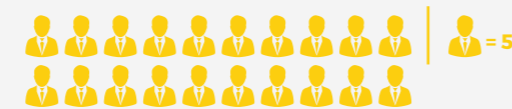
Including on family based early childhood development with a special emphasis on first 1 000 days.

339
new moms counselled on
exclusive breastfeeding.



2 107 pregnant women
and mothers cared for.

100
clinic committee
members trained.



19
clinics.



in **7 Provinces** trained on
systematic and functional data
capturing and giving health
talks

3. Impact

3.1. TABLE

For this financial year, effort was concentrated on testing different interventions and models and most importantly a deliberate capacity building to primary partners. Data is beginning to report on what is being improved, increased or decreased due to different activities implemented. The new financial year is going to focus on intense gathering of baseline data for monitoring and evaluation purposes.

IMPROVED	INCREASE	DECREASE
quality of services with specific reference to child health	in percentage of children under 5 with full immunization	in the mother and child mortality rates in project wards
child health (resistance against diseases), 87% children dewormed and given vitamin A	in number of women exclusively breastfeeding for at least six months	in the HIV transmission rate from mother to child
patient record and data management at clinics to improve services and identify and return defaulters to care	in number of pregnant women attending all antenatal care visits	in HIV/AIDS related deaths in the district for under-5s
knowledge among communities on child health	in the well-being of mothers	in defaults

3.2. REPORTS ARE ALSO SHOWING THAT THERE IS:

- Stability in the family
- Families are connected among themselves and different resources are being mobilized for them
- A good socio-economic environment is built whereby children live in good health, security and comfort
- Increased knowledge (positive parenting) around nutrition/food security, social services/grants, maternal and child health
- Early learning and stimulation
- Strong connection between the baby and mother

4. THERE IS ALSO AN OBSERVATION OF THE FOLLOWING EMERGING TRENDS

- The quality and value of training received by the community health workers (CHWs) gives them improved confidence, sets them on a career path and incentivises them to progress with their careers. It also increases their standing in their communities, giving them a sense of pride;
- The concept of mentor mom clubs has ensured regular attendance which in turn has led to improved maternal and health outcomes;
- The Feeding Buddies programme, where breastfeeding mothers are partnered with a pregnant woman, to provide mentorship and support has led to increased rates of exclusive breastfeeding;

- The holding of a baby competition was an innovative way to reach younger parents and raise awareness on key maternal and child health issues and interventions; and
- Developing strong relationships with various government, civil society, private sector partners and traditional leaders has enabled broader reach and impact and to call in partners to support advocacy, awareness raising and other activities.

5. TO DATE, SOME OF THE LESSONS LEARNED INCLUDE:

- Engaging with key stakeholders in the community before setting up projects helps with a smoother and quicker start up and buy-in and support for interventions;
- Working through traditional leaders and getting them involved helps to boost male and community involvement;
- It is important to get an understanding of how the community would like to receive and access information and services to improve reach. For example, offering HIV testing at home rather than in public access points increases participation and reduces fear of stigma;
- There is a need to tailor interventions to reach a younger audience; and
- Need to understand the cultural contexts partners are working in and adapt programmes accordingly.

6. ADVOCACY ISSUES IDENTIFIED:

- Need to engage and collaborate with Department of Health (DOH) and other government structures for support, participation and collaboration, or even just approvals for projects in the areas partners are working in;
- Need for improved sharing of information on projects and achievements with DOH and other departments to highlight the linkages between our work and improve buy-in and support;
- Need to advocate for DOH to take over community health workers (CHWs) trained under our projects so these skilled personnel are not lost. Emphasis to also include standardised coordination, supervision and training;
- Need to advocate with larger commercial entities (like supermarkets) to support income generating schemes by buying their products or offering them a platform to sell their goods;
- Need to strengthen community participation with emphasis on clinic committees, exclusive breastfeeding and possibility of a breastfeeding campaign; and
- Need to advocate for more integration of early childhood development interventions in development and health projects and programmes.



Programme review

SUSTAINABLE LIVELIHOODS PROGRAMME (SLP)

SLP Programme Savings continue to meet the expectations of the targeted families. In 2017, we reported a cumulative savings of R6.1 million generated from SHGs. This year the cumulative savings are up to R6.3million.

SLP thrives because of its partners that continue to implement its objectives. Of those partners, this year, three of them were brought together to form a Coalition. These are Boikhuco OVC Project from Thaba-Nchu, Free State; KwaNgcolosi Child and Family Care from Kranskop, KwaZulu Natal; and KwaZulu Regional Christian Council from Eshowe, KwaZulu Natal.

The Coalition will serve to strengthen SLP work in communities benefiting from the Fund's Child Survival and Development and thriving Programme (CSD). To date the Coalition has met and crafted an implementation plan that will be the guiding tool in delivering CSD's objectives.

It will also look at opportunities to bring into the system Community Facilitators and Coordinators' field work experience. Community Facilitators and Coordinators are ground managers of our Self Help Groups. Their experience is much-needed in both supporting and empowering families economically, psychologically, socially and otherwise in the interest of children's well-being in the CSD targeted areas.

SLP Savings continue to increase. In 2017, we reported a cumulative savings of R5.1 million generated from SHGs. In 2017, we reported a cumulative savings of R6.1 million generated from SHGs. This year the cumulative savings are up to R6.3million. The increase means the number of children entering tertiary institutions is on the up. Funds from Savings are used to pay for registration fees and day-to-day costs for the students. Currently, we have 2 students at Wits University, 4 at the University of the Free State, 3 at the University of Kwa Zulu Natal, and 16 at TVET colleges. The parents and guardians of the students are active members of our SHGs in the Fund's targeted communities.

The success of Self Help Groups (SHGs) lies in how action beyond words empowers and encourages children to emulate their parents and guardians' behaviours. Their children have embarked on income-generating initiatives of their own using skills they've learnt from their elders. One such initiative is by children from Thaba-Nchu whose parents and guardians have been SHG members since 2014. They have started a sewing group with the intention to eventually open a sewing factory in the village of Woodbridge 2. In so doing, they will become productive members of society, create employment and contribute to the country's economy.

Youth Self Help Groups are succeeding as well. Successful projects were launched in different communities this year;

- Agriculture and poultry projects by the Siyakhanya Youth Group of Eshowe, Kwa Zulu Natal,
- Branding; creation of sign boards and flyers by the Later Glory Youth Group of Mogwase, North West,
- SLP work documentation through data capturing and voice recording by the New Mind Innovation Youth Group from the Free State, and
- Bakery opening by Arise and Shine, our partner in the North West. Within their mix is also a group of youth small scale farmers that have produced 40 bags of sunflower and are looking to expand it. Unfortunately one of their challenges are the exorbitant costs in hiring tractors.

Partnerships and collaborations are the foundation for ensuring SLP continues to make an impact, reach wider audiences and attract future participation beyond currently-served communities. There is therefore a deliberate move to nurture relations with local communities with the aim of targeting their Local Economic Development Units.

In January and February, officers from Umlalazi, Moses Kotane, and Kwa-Maphumulo municipalities visited our Self Help Groups and presented on their roles in building communities' economies and Cooperatives. The Fund trusts that positive results will be yielded from such presentations in the future.

In celebrating the Nelson Mandela 100 Year Centenary, SLP held a successful acknowledgement event in Thaba-Nchu, Free State in March. Groups showcased their work, emanating from the Fund's SLP. Stories from children that benefited from the Fund made the day more magical. Also in attendance were potential on-the-ground future supporters such as the SABC Foundation, Thabo Trust and a local civilian organisation, Association of Retired Teachers and Nurses.

The Fund's SLP received a positive response from the South African National Apex Cooperative (SANACO) under the Department of Trade and Industry in Pretoria to train our graduated Self Help Groups to Cooperatives in cooperative management disciplines and organised skills in running income generating activities. They will also assist them in seeking funding to strengthen their businesses.

THE ROLE OF SLP IN THE FUND'S CURRENT NEW STRATEGY

In the Fund's current and new strategy, SLP is an overarching programme run through the main programmes, Child Safety and Protection Programme (CSP), Child Survival and Development and thriving Programme (CSD), and Youth Leadership (YL).



1. Child Survival and Development and thriving Programme (CSD)

Under CSD, SLP will use its Group Approach programme to organise young pregnant mothers to become active members of our Self Help Groups. The emphasis will be on the nutritional needs of mothers and their children.

SLP will support initiatives such as food gardens. Self Help Groups' meetings will be used as platforms by local health centres to deliver education on the importance of the first 1 000 days of life. We anticipate that this will also help solidify relations between local health centres and the communities they serve.

2. Child Safety and Protection Programme (CSP)

Under CSP, SLP will continue to work closely with the Fund's partners that are currently active in the SeVISSA programme. In this area, SLP will ensure children's school attendance is as expected and maintain school retention in the targeted areas.

Via its Savings Mobilisation Programme, SLP ensures there is adequate income to assist families break the poverty cycle. SLP will also support initiatives implemented by Education with Enterprise Trust (EWET) in promoting entrepreneurship among school-going-age children. This is to lay a good foundation for financial independence especially among young girls as they are the most vulnerable to social ills because of their socio-economic status.

3. Youth Leadership Programme (YL)

Under YL, SLP will actively participate in their consultation forums to identify challenges they face and assist in coming up with solutions. The Self Help Groups Approach Programme will also be used in organising youths on the ground to enable them to address socio-economic challenges. SLP has the potential to expose youths we serve to other stakeholders, widen their network and present an opportunity to become entrepreneurs and responsible, productive citizens of South Africa.

SLP will continue to empower existing Youth Self Help Groups in the different provinces, so they can do well in their small businesses; and other community social responsibilities.

Going forward, SLP will increase efforts to ensure each and every generation that has benefited from the programme, live a better life, are proud of positive results achieved and pay the spirit of "service" forward.

In the Fund' current and new strategy, SLP is an overarching programme run through the main programmes, Child Safety and Protection Programme (CSP), Child Survival and Development and thriving Programme (CSD), and Youth Leadership (YL).

Programme review

YOUTH LEADERSHIP PROGRAMME (YL)



300 children attended the Nelson Mandela Children's Parliament in the year under review. To elevate young people's voices, tomorrow's leaders, the Fund facilitated and participated in more consultations than before as it works on incorporating the programme into its 2016 – 2021 strategy.

The Fund's current strategy has resulted in the revival of Efeng Bacha, a leadership programme created to provide youth from all walks of life with innovative and relevant platforms that will enable them to lead and become agents of their own change. Efeng Bacha operated within the Fund from 2006 to 2016.

The Fund is reviving it to create think tanks for youth passionate about social justice and change. To achieve this, the programme is working with the outgoing Efeng Bacha members to recruit 30 young people between 12 – 22 years who will be responsible for implementing youth led projects in their communities.

The 2017 Nelson Mandela Children's Parliament (NMCP) took place in October, in Kimberly, Northern Cape. Attended by 300 children, the aim of the parliament was to obtain their views, experiences and how they are affected by government policies and programmes. Their voices helped paint a picture of how government can improve their care and protection to ensure a better quality of life for children. The children's voices were heard. The success was the assistance that the Fund got

in identifying gaps relating to implementation of policies and programmes at the service delivery levels.

From the 9 consultations facilitated by the Fund; the youth leadership programme conversation held in July on "Envisioning the Africa We want to live in"; to participation in the National Children's Consultation meeting organised by Save the Children SA, it is very clear that many enthusiastic young leaders already demonstrate active change agency roles by leading development initiatives in their communities.

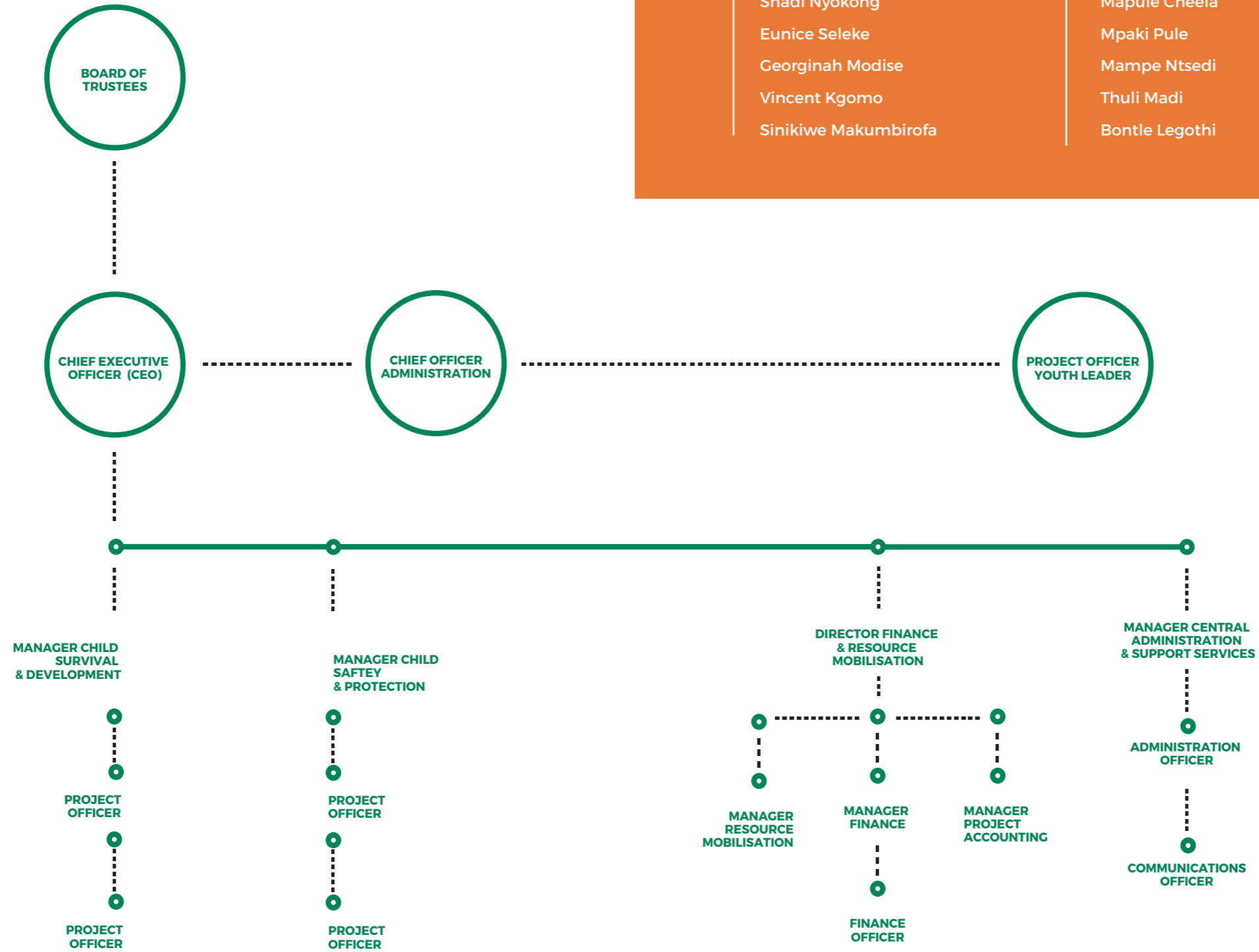
The young people are very cognisant of the challenges they face in their different communities. They are willing to be a part of the solution, or already are.

The Fund is exploring ways to partner with business leaders, funders, and municipal/ provincial officers. It would like to use these partnerships to create capacity of child ambassadors and parliamentarians to strengthen youth work in all provinces.

Work is also being done to get parliamentarians from the Nelson Mandela Children's Parliament to lead advocacy projects in their respective provinces. All provinces received the child ambassador and parliamentarian induction training from the Fund, ORCs, Department of Social Development and Save the Children South Africa.

MANAGEMENT AND STAFF

Organogram



STAFF AND MANAGEMENT

As at 31 March 2018

Sibongile Mkhabela
 Kagiso Bonoko
 Shadi Nyokong
 Eunice Seleke
 Georinah Modise
 Vincent Kgomo
 Sinikiwe Makumbirofa

Phumla Dyantyi
 Zandile Tshabalala
 Mapule Cheela
 Mpaki Pule
 Mampe Ntsedi
 Thuli Madi
 Bontle Legothi

Eunice Motsepa
 Leona Sequiera
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 Kholiswa Ramokadi
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FOUNDER

Mr Nelson Mandela

PATRON

Mrs Graca Machel

CHAIRPERSON

Judge Yvonne Mokgoro

CHIEF EXECUTIVE OFFICER

Ms Sibongile Mkhabela

TRUSTEES

Adv. Michael Mervyn Katz

Mr Jacob Modise

Ms Lulama Patricia Mokhobo

Adv. Kgomotso Moroka

Ms Barbara Joan Nell

Mr Jan Gabudhla Tugwana

Judge Johann Kriegler

Mrs Graca Machel

Ms Barabara Masekela

Ms Irene Menell

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Dr Richard Maponya

Mr Owen Maubane

Mr Moss Mashishi

Mr Kashan Maharaj

Ms Onkgodisitse Mokonyane

Mr Sakhile Masuku

MANAGEMENT TRUSTEES



MANAGEMENT TRUSTEES



JUDGE JENNIFER YVONNE MOKGORO

Judge Mokgoro is a retired Constitutional Court of South Africa Judge and a human rights activist.

JUDGE DION BASSON

Judge Basson assisted in the New South African Constitution writing process and a human rights activist.

DR WARREN MORTEN CLEWLOW

Dr. Clewlow is a retired Business Management Executive human rights activist.

MS EVANGELINE SHIRLEY MABUSELA

Ms Mabusela is a social worker, businesswoman and child rights activist

MS EDITH MAGOMOLA

Ms. Magomola is a lawyer and leading businesswoman. She is a human rights activist.

MS SIBONGILE SUSAN MKHABELA

Ms Mkhabela is a social worker by profession, an activist by orientation and an author.

ADV. MARUMO TSATSI KHABELE MOERANE

Adv. Moerane is a lawyer and formerly, was both an Attorney and Advocate in the Supreme Court of South. Africa.

MR VICTOR NOSI

Mr. Nosi is a communications and marketing executive and a managing partner at the Sponsorship Company. Serves on several boards.

MR CHARLES DAVID PRIEBATSCH

Mr. Priebatsch is a businessman and serves on several boards.

JUDGE KATHLEEN SATCHWELL

Judge Satchwell is a lawyer and human rights activist. She serves on a number of boards.

MR MPHONGO MAKWANA

Mr. Makwana is Chairman and Chief Executive Officer at enX Group Ltd. He serves on several boards as non-executive.



Together with the staff, management trustees ensure the Fund's work contributes to the goals of both the United Nations' and Africa's Children Charters for which South Africa is a signatory. These are;

Goal 1: End poverty in all its forms everywhere

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5: Achieve gender equality and empower all women and girls

Goal 6: Ensure availability and sustainable management of water and sanitation for all

CHILDREN'S RIGHTS

Children have the right...

To a name & citizenship.

To protection from abuse or neglect.

To meet with others and to join or set up associations.

To protection from abuse or neglect.

If not with family, to appropriate care, taking into account the child's cultural background.

If mentally or physically disabled, to special care, education and training.

To the enjoyment of the highest possible standard of health.

To an adequate standard of living.

To education that develops the child's personality and talents.

To enjoy their own culture, to practice their own religion and to use their own language.

To rest and to engage in leisure, play and recreational activities.

To participate in cultural and artistic activities.

To be protected from child labour.

To be protected from illicit drugs.

To be protected from sexual exploitation or abuse.

To be protected from trafficking.

To protection from all other forms of exploitation prejudicial to their welfare.

To be protected from torture, cruel, inhuman or degrading treatment or punishment.

To be protected from pornography.

To rehabilitation if a victim of violation of the rights.

CENTENARY PROGRAMME

PROGRAMME SUMMARY

2018 is the Nelson Mandela 100-Year Centenary. To celebrate the legacy of Mandela, the Fund will be participating in initiatives/ programmes that will be reported on in the next annual report.

The programme summary is as follows:

INITIATIVE	OBJECTIVE/DETAIL
100 Transformed Lives	100 Stories of transformed lives through the work of the NMCF inspired by Nelson Mandela.
Schools Campaign	Keeping Madiba's legacy alive to children, involving them via schools, promoting literacy... Promoting and encouraging a culture giving/sharing.
NMCF - Ipeleng "The Crutch Runner" Khunou Fundraiser: Promoting community initiatives	Raise disability awareness, inspire and bring hope to others by participating in various sporting events.
Nelson Mandela Children's Hospital	The hospital will be celebrating one year since it received its first patients and the launch of NMCH book.
Children's Celebration hosted by the French Embassy	Continuing with Madiba's legacy of celebrating his birthday with children.
Youth Summit in partnership with Dept of Tourism (0-22yrs)	Youth addressing the issues affecting children & youth, i.e., Social Justice, Social Entrepreneurship, Freedom of expression and Social Tourism.
Children's Race	Launch of the first children's' dedicated Race (in partnership with Runsharp). Encourage children & youth to get active, develop a lifetime passion for health, and realise their potential through the sport of running.
Luminance Fashion Gala Fundraiser	Use the legacy of Mandela as a tool in promoting active civic participation and dialogue between the different generations.
Children's Parliament	Gala Dinner Fundraiser sponsored and hosted by Luminance.
Benefit Concert @ Nirox	Ladysmith Black Mambazo concert hosted by Nirox.
Commemoration Celebration	Commitment pledge campaign in keeping the work Madiba initiated alive (passing on the torch/keep the light burning). Call to action from all Stakeholders.



THE MEANING OF MANDELA

The Fund views itself as a facilitator to positively impacting the lives of its beneficiaries. Therefore, it doesn't own the stories of success, the beneficiaries do and the choice to share those stories remain solely theirs.

We have, however, started receiving stories that we are documenting to share with the world and some to be captured in next year's annual report under the theme, "A Mandela in Every Generation."

Leading to that report, in the year under review, as people prepared for the 100-Year centenary celebrations, we posed the question to our young learners, "What Does Mandela Mean To Me?" We would like to share with you some of the responses we received.

NSIKELELO THABETHE - KRCC (BAGIBILE HIGH SCHOOL)

Mandela means leadership. Among African leaders, Mandela is one of few statesmen who have achieved almost universal respect around the world and across the political spectrum.

His role in fighting apartheid, his imprisonment in Robben Island where he came to symbolise the struggle of our people around the world and his ability to steer South African through its rebirth earned the international reputation of benevolent negotiator and quintessential peacemaker.

When he was imprisoned for 27 years for opposing apartheid. Mandela came out of prison in 1990 expressing no bitterness towards his tormentors. Instead, he championed reconciliation among South African polarised races espousing the principles

of nation building and co-operative governance.

Mandela was one of the leaders who were capable of inspiring confidence both inside and outside the country. He managed to unite disparate warring parties and steer South Africa from what seemed to be the edge of civil war.

Mandela also had a near omnipotent at the negotiating table carrying with him an indubitable moral authority and firm sense of fairness.

I consider Mandela as a revolutionary leader, because he helped to organise the fight against racism and apartheid in South Africa.

ANDILE SHANGE - KRCC (BAGIBILE HIGH SCHOOL)

Nelson Mandela is the world's icon and his character is a motivation to all upcoming young stars to always strive for their goals and dreams of a better life.

To me Nelson Mandela means something that is worth more than millions of jewellery, something that is worth more than the world's best coin. In short, Nelson Mandela is an inspiration to me because he proved that success does not require a visa. He grew up in the rural areas of Qunu but that did not stop him saving South Africa and that taught me there is no excuse for not doing well, also that as a person you must try, and at least fail but do not fail to try.

He was a gift from above, whom Jesus sent to save the people of South Africa because spending 27 years in jail and 19 of those in Robben Island, only few individuals can do that and not come out bitter and revengeful. Nelson Mandela cared much for the nation

and in the process he had to neglect his own family in search of freedom. That taught me many good things come at a price and sometimes you will feel like giving up is the solution but, you must learn to resist hard times for your dreams to be fulfilled.

All in all, Nelson Mandela is everything to me. Through his life I can learn the correct way of doing things like, being fatherless is not an excuse to give up on your dreams. He once said, "education is the most powerful that you can use to change the world," and, "courageous people do not fear forgiving, for the sake of peace." Mandela is like my second God, a person who looks out for better outcomes every time.

ZAMAGUGU CEBEKHULU - KRCC (BAGIBILE HIGH SCHOOL)

Dr. Mandela played a vital role in our lives as Africans. During apartheid Mandela fought for education, equal rights. He obtained a degree in law and became a lawyer. Mandela was also a professional boxer that means he was the fighter who always wanted to become a champion and never give up.

He was the father, the leader and the hero of our nation and the world. He taught us to fight and get education to lead South Africa and live harmonically with others. If we are united we can conquer all the problems facing us as Africans that is poverty, HIV & AIDS and unemployment. "It always seems impossible until it's done."

Mandela means the wise man known for his wisdom, inspiring words and actions which remains evergreen to us. "Difficulties breaks some men but make others. No axe is sharp enough to cut the soul of a sinner who keeps on trying and armed with the hope he will rise even in the end."

OWAMI ZIQUBU - KRCC (LITTLE FLOWER PRIMARY SCHOOL)

I am a born-free because of Tata Nelson Mandela Nelson. If it wasn't for Nelson Mandela we wouldn't be here. We wouldn't be free as we are today. If it wasn't for him and his peers we wouldn't have rights and freedom that we enjoy today.

Today there is no difference between other races and I because of him. If it had not been for Nelson Mandela, my parents would have had nowhere to keep me safe. We also thank KRCC for

helping us together with the Nelson Mandela Children's Fund. Now, in our community some children get funds to go to school. We also have schools built by the Fund.

Nelson Mandela was a father, a father to his children and grandchildren and a father to our nation.

ANONYMOUS

To me Nelson Mandela means kindness and opportunity giver because after the long walk to freedom he became the President, but left the position after five years and that shows, as much as people loved him and wanted him to continue to lead them, he chose to give others a chance. Many presidents fail to do that. He won the Nobel Peace Prize for all good reasons and that teaches me to always excel because I can never know who is watching my actions.

ANONYMOUS

To me Nelson Mandela is an irreplaceable icon. A person would rather have his happiness ignored just to make others happy. He used a huge percentage of his salary building Nelson Mandela Children's Fund, which has brought change to many children. "It always seems impossible until it's done," that quote always motivate me to be a better version of myself. Thanks to Nelson Mandela for leading by example during his reign as a president. The country was much motivated to prove that sports could bring different races together. The country won major trophies like AFCON Cup and Rugby World Cup 95 and the Madiba Magic was behind that.

ANONYMOUS

To me Nelson Mandela is an inspiration. He believed that we are all equal since we are all humans. He built a rainbow nation instead of fighting amongst each other. Mandela was forgiving and proved that even though whites mistreated him, he forgave their wrong doings and gave them a second chance. Only few people could do that. This taught me that violence does not solve problems.



NELSON MANDELA CHILDREN'S FUND: ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CHIEF EXECUTIVE OFFICER:

Sibongile Mkhabela

REGISTERED OFFICE:

21 Eastwold Way
Saxonwold
Johannesburg
2196

TRUST REGISTRATION NUMBER:

IT 2801/95 (Discretionary intervivos trust)

NON-PROFIT ORGANISATION REGISTRATION NUMBER:

004-638 NPO

AUDITOR:

PricewaterhouseCoopers Inc.
Johannesburg

INCOME TAX NUMBER:

0720/090/84/4

SECTION 18A PBO REGISTRATION NUMBER:

18/11/13/694

VAT REGISTRATION NUMBER:

4110179175

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36.	STATEMENT OF THE MANAGEMENT TRUSTEES' RESPONSIBILITY
37. -38.	INDEPENDENT AUDITOR'S REPORT
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40.	STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME
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NELSON MANDELA CHILDREN'S FUND REPORT OF THE FINANCE AND AUDIT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

We are pleased to present our report for the financial year ended 31 March 2018.

1. FINANCE AND AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Finance and Audit Committee consists of non-executive Trustees listed hereunder.

- Dr Warren Clewlow (Chairman)
- Mr Jacob Modise
- Judge Kathy Satchwell
- Mr Sakhile Masuku
- Mr Kashan Maharaj

All members act independently. During the current year, three Finance and Audit Committee meetings were held.

2. FINANCE AND AUDIT COMMITTEE RESPONSIBILITY

The committee reports that it has:

- complied with its responsibilities arising from the Fund's Deed of Trust;
- adopted appropriate formal terms of reference as its audit committee charter;
- regulated its affairs in compliance with this charter; and
- discharged all its responsibilities as contained therein.

**3. THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK
MANAGEMENT**

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with King IV Report on Corporate Governance requirements, the Finance and Audit Committee has discharged the functions in terms of its charter and ascribed to it in terms of the Deed of Trust as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the Board of Trustees to adopt them. In the course of its review the committee:
 - took appropriate steps to ensure the financial statements were prepared in accordance with

- International Financial Reporting Standards (IFRS);
- considered and, where appropriate, made recommendations on internal financial controls;
- dealt with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls; and
- reviewed legal matters that could have a significant impact on the Fund's financial statements.

4. EXTERNAL AUDIT

The committee has satisfied itself that the external auditor of the Fund is independent. The committee, in consultation with management, agreed to an audit fee for the financial year ended 31 March 2018. The fee is considered appropriate. Meetings were held with the auditor where management was not present, and also with management where the auditor was not present. The committee has nominated, for approval at the annual general meeting, PricewaterhouseCoopers Inc, as the external auditor for the year ending 31 March 2019.

5. ANNUAL FINANCIAL STATEMENTS

The committee has recommended the annual financial statements as set out on *pages 39 to 66* for approval of the Board. The Board has subsequently approved the annual financial statements.



WARREN CLEWLOW
Chairman of the Finance and Audit Committee

NELSON MANDELA CHILDREN'S FUND STATEMENT OF THE MANAGEMENT TRUSTEES' RESPONSIBILITY
FOR THE YEAR ENDED 31 MARCH 2018

The Management Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Nelson Mandela Children's Fund. The annual financial statements, for the year ended 31 March 2018, presented on *pages 39 to 66* have been prepared in accordance with International Financial Reporting Standards (IFRS), and include amounts based on judgements and estimates made by management.

The Management Trustees consider that in preparing the annual financial statements, they have used the most appropriate policies, consistently applied and supported by reasonable prudent judgments and estimates, and that all IFRS that they consider to be applicable, have been followed. The annual financial statements fairly present the results of operations for the year and the financial position of the Fund at year end in accordance with IFRS.

The Management Trustees have a responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy, the financial position and results of the Fund to enable the Management Trustees to ensure that the annual financial statements comply with relevant legislation.

The Fund operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the operations are being controlled. Nothing has come to the attention of the Management Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Management Trustees have reviewed the Fund's budget and cash flow forecast for the financial year to 31 March 2019. On the basis of this review, and in light of the current financial position, the Management Trustees are satisfied that the Fund has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern and have continued to adopt the going concern basis in preparing the annual financial statements. These annual financial statements support the viability of the Fund.

The annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data, including minutes of all meetings of management, Board of Trustees and Committees of the Board. The audit report of PricewaterhouseCoopers Inc. is presented on *pages 37 - 38*.

The annual financial statements were approved by the Management Trustees on 7 August 2018 and are signed on their behalf by:



YVONNE MOKGORO
Chairperson



SIBONGILE MKHABELA
Chief Executive Officer



Independent auditor's report

To the Trustees of Nelson Mandela Children's Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nelson Mandela Children's Fund (the Trust) as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Nelson Mandela Children's Fund's financial statements set out on pages 39 to 66 comprise:

- the statement of financial position as at 31 March 2018;
- the statement of surplus and other comprehensive income for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Trust in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*.

Other information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the Nelson Mandela Children's Fund Annual Report 2018. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

*PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za*

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: MM Mokone
Registered Auditor
Johannesburg
7 August 2018

NELSON MANDELA CHILDREN'S FUND STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Notes	2018 R'000	2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	4 651	4 822
Available for sale financial assets	5	732 836	701 977
Current assets			
Inventory	6	-	76
Other receivables	7	224	223
Receivables due from related parties	18.1	13 284	4 012
Cash and cash equivalents	8	46 354	60 464
TOTAL ASSETS		797 349	771 574
RESERVES AND LIABILITIES			
Reserves			
Income resources		575 149	538 188
Mott endowment reserve	16	23 676	23 775
Fair value reserve		179 503	186 028
Current liabilities			
Trade and other payables	9	3 294	3 297
Approved grants payable	10	3 573	8 051
Unutilised designated programme funding	11	12 154	12 235
TOTAL RESERVES AND LIABILITIES		797 349	771 574

**NELSON MANDELA CHILDREN'S FUND STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 R'000	2017 R'000
Donations			
Programme designated funds		17 069	30 541
Unutilised prior year funds		12 235	17 021
Funds received during the year		4 834	13 520
Non-designated funds		3 803	7 128
		20 872	37 669
Programme designated funds carried forward to the following year	11	(12 154)	(12 235)
Net donations received		8 718	25 434
Investment income			
Finance income	13	22 018	25 753
Dividends received	14	10 077	10 428
Realised surplus on investments	5	17 899	44 087
		49 994	80 268
Other income			
Fund-raising initiatives		6 651	9 281
		6 651	9 281
Total income resources		65 363	114 983
Resources utilised			
Grants made		6 677	15 436
Programme development expenses		7 493	6 402
Overhead recoveries – programme funding	21	-	15
Special projects		124	108
Operating and administration expenses	12, 22	14 108	14 302
		28 402	36 263
Net surplus for the year		36 961	78 720
Other comprehensive income			
Item that will be reclassified into surplus			
Fair value losses on available-for-sale investments		(6 624)	(40 900)
Reversal of foreign translation loss		-	5 101
Total comprehensive surplus for the year		30 337	42 921

**NELSON MANDELA CHILDREN'S FUND STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2018**

	Income resources R'000	Mott endowment R'000	Fair value reserve R'000	Total R'000
Balance at 1 April 2016	454 367	29 373	226 431	710 171
Total comprehensive surplus for the year	83 821	(497)	(40 403)	42 921
Net surplus for the year	78 720	-	-	78 720
Reversal of foreign translation losses	5 101	-	-	5 101
Fair value losses on available-for-sale investments	-	(497)	(40 403)	(40 900)
Transfer from income reserves	-	(5 101)	-	(5 101)
Balance at 31 March 2017	538 188	23 775	186 028	747 991
Total comprehensive surplus for the year	36 961	(99)	(6 525)	30 337
Net surplus for the year	36 961	-	-	36 961
Fair value losses on available-for-sale investments	-	(99)	(6 525)	(6 624)
Balance at 31 March 2018	575 149	23 676	179 503	778 328

NELSON MANDELA CHILDREN'S FUND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 R'000	2017 R'000
Cash flow from operating activities			
Net surplus for the year		36 961	78 720
Adjusted for:			
- Depreciation		244	221
- Loss on scrapped assets		-	7
- Investment portfolio management costs		631	634
- Finance income		(22 018)	(25 753)
- Dividends received		(10 077)	(10 428)
- Realised surplus on investments		(17 899)	(44 087)
Net cash outflow before working capital changes		(12 158)	(686)
Increase in other receivables		(9 273)	(3 358)
Decrease in inventory		76	227
Decrease in trade and other payables		(3)	(461)
(Decrease)/increase in approved grants payable		(4 478)	4 626
Decrease in grant payable to NMCHT		-	(150 000)
Decrease in unutilised designated programme funds		(81)	(4 786)
Cash utilised by operating activities		(25 917)	(154 438)
Finance income	13	1 934	2 123
Net cash utilised by operating activities		(23 983)	(152 315)
Cash generated from investing activities		9 873	161 690
Purchase of property, plant and equipment	3	(73)	(265)
Investment portfolio management fees		(533)	(566)
Drawdown from investments	5	10 479	162 521
Net (decrease)/increase in cash and cash equivalents		(14 110)	9 375
Cash and cash equivalents at the beginning of the year		60 464	51 089
Cash and cash equivalents at the end of the year	8	46 354	60 464

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

Nelson Mandela Children's Fund (the Fund) is a discretionary inter vivos trust and is registered in terms of the Non-Profit Organisations Act, 1997 (Act 71 of 1997). The primary aim of the Fund is to change the way society treats its children and youth.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1. BASIS OF PREPARATION

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis of accounting, except for the fair value of investments classified as available-for-sale. The financial statements are presented in South African Rand, the functional currency of the Fund, and all values are rounded to the nearest thousand (R'000), except otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.16.

2.2. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost, or, in the case of donations-in-kind, at fair value, if it is probable that any future economic benefits associated with the items will flow to the Fund and the costs of the items can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings are classified as owner occupied property.

Subsequent expenditure is capitalised to carrying amount of items of property, plant and equipment if it is measurable and it is probable that it increases the future economic benefits associated with the item. All other expenses are recognised in the statement of profit or loss and other comprehensive income as an expense during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment, except land, are carried at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other items of property, plant and equipment is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the items of property, plant and equipment to their residual values at the end of their useful lives. Where an item of property, plant and equipment comprises major components with different useful lives, the components are depreciated separately.

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2018

2.2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The major categories of items of property, plant and equipment are depreciated over their applicable useful lives as follows:

• Computer equipment	3 years
• Furniture and fittings	4 years
• Motor vehicles	4 years
• Buildings	50 years

The residual values and useful lives of items of property, plant and equipment are reviewed and adjusted, if appropriate, at each statement of financial position date.

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The gain or loss on derecognition of property, plant and equipment is recognised in the statement of profit or loss and other comprehensive income.

2.3. IMPAIRMENT

The carrying amounts of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the greater of its fair value less cost to sell and its value in use. The fair value less cost to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the statement of profit or loss and other comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent from those of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of profit or loss and other comprehensive income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

2.4. INVENTORIES

Inventories are stated at the lower of historical cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any selling expenses. The cost of inventories is based on the weighted average principal and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.5. FINANCIAL INSTRUMENTS

Financial instruments, as recognised on the statement of financial position, include cash and cash equivalents, available for sale financial assets, and trade and other payables, approved grants payable and amounts due to related parties.

2.5.1. FINANCIAL ASSETS

The Fund classifies its financial assets in the following categories: 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) Receivable financial assets

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Fund's receivables comprise 'trade and other receivables' in the statement of financial position.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the reporting period.

2.5.2. RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Receivables are initially recognised at cost and are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amounts of the security. The translation differences on monetary securities are recognised in surplus or deficit, while translation differences on non-monetary securities are recognised as reserves.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in reserves are included in the statement of surplus or deficit as realised surplus on investments.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of surplus or deficit as part of investment income. Dividends on available-for-sale equity instruments are recognised in the statement of surplus or deficit when the Fund's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018

instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.5.3. IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

The Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of surplus or deficit. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of surplus or deficit.

(b) Assets classified as available for sale

The Fund assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Fund uses the criteria referred to in (a) above. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit is removed from reserves and recognised in the statement of surplus or deficit and other comprehensive income.

Impairment losses on equity instruments recognised in the statement of surplus or deficit are not reversed subsequently. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases

and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed through the statement of surplus or deficit. Impairment testing of financial assets is described in note 2.17.

2.6. OTHER RECEIVABLES

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of surplus or deficit and other comprehensive income within 'resources utilised'. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against resources utilised in the statement of surplus or deficit and other comprehensive income.

2.7. LEASES

Leases in which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of surplus or deficit and other comprehensive income on a straight-line basis over the period of the lease after taking into account any fixed escalation clauses.

2.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.9. TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10. EMPLOYEE BENEFITS

a) Post-retirement obligations

The Fund provides benefits to employees through a defined contribution plan in terms of the Pension Fund Act, 1956 (Act 24 of 1956). A defined contribution plan is a pension plan under which the Fund pays fixed contributions into a separate entity. The Fund has no legal or constructive obligations to pay further contributions beyond those already paid.

Obligations arising from the defined contribution plan are recognised as an expense when they are due.

b) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

Provision for employee entitlement to annual leave represents the present obligation which the Fund has to pay as a result of employees' services provided to the statement of financial position date. The provision has been calculated at undisclosed amounts based on current salary rates.

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018

2.11. CURRENT AND DEFERRED INCOME TAX

The Fund is exempt from income tax by South African Revenue Service (SARS).

2.12. INCOME

Income comprises the fair value of the consideration received or receivable from donations, fundraising activities and investments. Income is recognised as follows:

- a) **Non-designated funds (Donations)**
Donations are accounted for on a cash receipt basis.
- b) **Designated programme funds (Donations)**
Designated programme funds received are deferred and recognised in the statement of surplus or deficit and other comprehensive income when utilised. Designated funds are those funds the use of which is restricted by the donor for specified projects.
- c) **Donations in kind**
Donations in kind (asset or service) are recognised at fair value on the date of receipt.
- d) **Interest income (Investment income)**
Interest income is recognised on a time-proportion basis using the effective interest method.
- e) **Dividend income (Investment income)**
Dividend income is recognised when the right to receive payment is established.

2.13. FOREIGN CURRENCY TRANSLATION

(a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of surplus or deficit

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost and other changes in carrying amount are recognised in surplus or deficit.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in surplus or deficit.

2.14. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks. These risks include market risk, liquidity risk and credit risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk management oversight is carried out by the Finance and Audit Committee as well as by the Investment Committee under policies approved by the Board of Trustees. The Board identifies, evaluates and hedges financial risks in close co-operation with the Fund's operating units. The Fund has written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

2.14.1. MARKET RISK

a) **Foreign exchange risk**

The Fund's individual investments operate internationally and are exposed to foreign exchange risk arising from various currency exposures.

Management has set up a policy to require Fund Managers to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

b) **Price risk**

The Fund is exposed to equity securities price risk because of listed investments held by the Fund and classified on the statement of financial position as available-for-sale. The Fund is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

c) **Interest rate risk**

The Fund's interest rate risk arises from short-term investments. Investments issued at variable rates expose the Fund to cash flow interest rate risk. Investments issued at fixed rates expose the Fund to fair value interest rate risk.

The Fund and its Investment Portfolio Managers analyse its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Fund and its Investment Portfolio Managers calculate the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Below is a table illustrating the impact on the Fund's surplus for the financial year ended 31 March 2018, if interest rates were to increase or decrease:

	Increase in base points	Sensitivity of net interest income	Decrease in base points	Sensitivity of net interest income
Investments, and cash and cash equivalents	100	R3 719 259	-100	-R3 719 259

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018

2.14.2. **LIQUIDITY RISK**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

Management monitors rolling forecasts of the Fund's liquidity reserve comprised of cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the Fund in accordance with practice and limits set by the Management Trustees. These limits vary to take into account the liquidity of the market in which the Fund operates. In addition, the Fund's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these by monitoring liquidity ratios against internal requirements.

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period on the statement of financial position to the contractual maturity date. The amounts disclosed in the table below are the contractually undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Amounts included in the table are the contractual undiscounted cash flows, these amounts may not reconcile to the amounts disclosed on the statement of financial position for trade and other payables.

	Less than 1 year R'000	Over 1 year R'000
At 31 March 2018		
Trade and other payables	616	-
Approved grants payable	3 573	-
Accruals	2 678	-
	6 867	-
At 31 March 2017		
Trade and other payables	1 245	-
Approved grants payable	8 051	-
Accruals	2 052	-
	11 348	-

2.14.3. **CREDIT RISK**

Credit risk is managed by the Fund. Credit risk arises from cash and cash equivalents, available-for-sale financial instruments and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables (excluding VAT and prepayments) and committed transactions. For banks and financial institutions, only independently rated parties are accepted. The Fund has no significant concentration of credit risk, due to the nature of its activities. There is no independent rating, therefore management assesses the quality of the donors taking into account its financial position, past experience and other factors.

2.14.4. **FOREIGN EXCHANGE RISK**

Below is a table illustrating the impact on the Fund's surplus for the financial year ended 31 March 2018, if the Rand to Dollar exchange rate were to increase or decrease from the closing rate of R11.7855:

	Increase in exchange rate (base points)	Sensitivity of net exchange loss	Decrease in exchange rate (base points)	Sensitivity of net exchange gains
Foreign investments, and cash and cash equivalents	100	R1 213 372	-100	-R1 213 372

2.15. **CAPITAL RISK MANAGEMENT**

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns to beneficiaries and to maintain an optimal reserve structure. In order to maintain or adjust this reserve structure, the Fund constantly monitors this structure. Currently the required reserves are funded by the operational activities of the Fund.

The Management Trustees monitor the level of reserves, which the Fund defines as its Capital. However, funding for the Fund is mostly received from grants, donations and interest and dividends earned on investments.

There were no changes to the Fund's approach to capital management during the year.

2.16. **FAIR VALUE ESTIMATION**

The fair value of financial instruments in active markets – level 1 (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Fund is the current bid price.

The fair value of level 2 financial instruments is based on inputs other than level 1 inputs such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

The carrying values less impairment provision of receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2018

The table below presents the Fund's financial assets and liabilities that are measured at fair value. The different levels are based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

- Level 1 : Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

The following table presents the Fund's financial assets and liabilities that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Total R'000
2018			
Assets			
Available-for-sale investments	434 836	297 990	732 836
2017			
Assets			
Available-for-sale investments	443 578	258 399	701 977

2.17. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

2.17.1. CRITICAL JUDGMENTS IN APPLYING THE FUND'S ACCOUNTING POLICIES

a) Impairment of available-for-sale financial assets

The Fund follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Fund evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2.18. PROVISIONS

Provisions are recognised for a present legal or constructive obligation when, 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 obligation can be made.

2.19. ADOPTION OF NEW AND REVISED STANDARDS

In the current financial year, the Fund has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) that are relevant to its operations and effective for annual reporting periods beginning 1 April 2017. The adoption of these new and revised standards and interpretations has not resulted in changes to the Fund's accounting policies.

At the date of authorisation of these financial statements for the year ended 31 March 2018, the following standards and interpretations were effective for the first time. These pronouncements had no significant effect on the Fund's financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS AND AMENDMENTS EFFECTIVE FOR THE FIRST TIME.		
Number	Effective date	Executive summary
Amendment to IAS 7 – Cash flow statements	Annual periods beginning on or after 1 January 2017	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.
Statement of cash flows on disclosure initiative	(published Feb 2016)	The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

At the date of authorisation of these financial statements for the year ended 31 March 2018, the following standards and interpretations were in issue but not yet effective. The Fund continues to evaluate the effects of these standards and interpretations which have not been early adopted.

NELSON MANDELA CHILDREN'S FUND ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018

INTERNATIONAL FINANCIAL REPORTING STANDARDS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE FOR 31 MARCH 2018 YEAR-END

<p>IFRS 9 – Financial Instruments (2009 & 2010)</p> <ul style="list-style-type: none"> • Financial liabilities • Derecognition of financial instruments • Financial assets 	<p>Annual periods beginning on or after 1 January 2018 (published July 2014)</p>	<p>This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.</p>
<p>General hedge accounting</p> <p>Amendment to IFRS 9 -'Financial instruments',</p> <ul style="list-style-type: none"> • on general hedge accounting 	<p>Annual periods beginning on or after 1 January 2018</p>	<p>The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Effective 1 January 2018.</p> <p>Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:</p> <ul style="list-style-type: none"> • The own credit risk requirements for financial liabilities. • Classification and measurement (C&M) requirements for financial assets. • C&M requirements for financial assets and financial liabilities. • The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). Effective 1 January 2018.
<p>Amendment to IFRS 9 -'Financial instruments',</p> <ul style="list-style-type: none"> • prepayment features with negative compensation and modification of financial liabilities 	<p>Annual periods beginning on or after 1 January 2019</p>	<p>The narrow-scope amendment covers two issues:</p> <ul style="list-style-type: none"> • The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. <p>How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.</p>
<p>IFRS 15 – Revenue from contracts with customers.</p>	<p>Annual periods beginning on or after 1 January 2018 (published May 2014)</p>	<p>The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.</p>
<p>Amendment to IFRS 15 – Revenue from contracts with customers.</p>	<p>Annual periods beginning on or after 1 January 2018 (published April 2016)</p>	<p>The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.</p>
<p>IFRS 16 – Leases</p>	<p>Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)</p>	<p>This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.</p> <p>Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.</p> <p>For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.</p> <p>At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.</p>

NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	Computer Equipment R'000	Furniture and fittings R'000	Motor Vehicles R'000	Land R'000	Buildings R'000	Total R'000
3. Property, plant and equipment						
Year ended 31 March 2018						
Opening carrying amount	250	55	-	881	3 636	4 822
Additions	73	-	-	-	-	73
Disposals	(398)	-	-	-	-	(398)
Accumulated depreciation on disposals	398	-	-	-	-	398
Depreciation charge	(117)	(29)	-	-	(98)	(244)
Closing carrying amount	<u>206</u>	<u>26</u>	<u>-</u>	<u>881</u>	<u>3 538</u>	<u>4 651</u>
At 31 March 2018						
Cost	1 106	2 265	384	881	4 913	9 549
Accumulated depreciation	(900)	(2 239)	(384)	-	(1 375)	(4 898)
Carrying amount	<u>206</u>	<u>26</u>	<u>-</u>	<u>881</u>	<u>3 538</u>	<u>4 651</u>

Land and buildings comprise of Erf 419, Saxonwold Township measuring 4 194m², with office buildings thereon.

NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	Computer equipment R'000	Furniture and fittings R'000	Motor Vehicles R'000	Land R'000	Buildings R'000	Total R'000
3. Property, plant and equipment (continued)						
Year ended 31 March 2017						
Opening carrying amount	101	69	-	881	3 734	4 785
Additions	242	23	-	-	-	265
Disposals	(9)	-	-	-	-	(9)
Accumulated depreciation on disposals	2	-	-	-	-	2
Depreciation charge	(86)	(37)	-	-	(98)	(221)
Closing carrying amount	250	55	-	881	3 636	4 822
At 31 March 2017						
Cost	1 431	2 266	384	881	4 913	9 875
Accumulated depreciation	(1 181)	(2 211)	(384)	-	(1 277)	(5 053)
Carrying amount	250	55	-	881	3 636	4 822

Land and buildings comprise of Erf 419, Saxonwold Township measuring 4 194m², with office buildings thereon.

NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2018 R'000	2017 R'000
Financial assets		
Cash and cash equivalents	46 354	60 464
Available-for-sale financial assets	732 836	701 977
Other receivables (excluding statutory assets)	218	102
Amounts due from related parties	13 284	4 012
Total	792 692	766 555
Financial liabilities		
Trade and other payables (excluding statutory liabilities)	3 168	2 551
Approved grants	3 573	8 051
	6 741	10 602
Cash at bank and short-term deposits		
Nedbank	29 493	33 142
Standard Bank	16 859	27 320
Petty cash	2	2
Total	46 354	60 464

THE FUND'S BANKERS WERE RATED BY MOODY'S AS FOLLOWS:

Nedbank	Baa3	Baa3
Standard Bank	Baa3	Baa3

NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 R'000	2017 R'000
Endowment		
Balance at the beginning of the year	701 977	827 321
Dividends received	10 077	10 428
Interest received	20 084	23 630
Net realised gain	17 899	44 087
Drawings	(10 479)	(162 521)
Portfolio management transaction expenses	(98)	(68)
Fair value losses on available-for-sale investments	(6 624)	(40 900)
Balance at the end of the year	732 836	701 977

Available for sale investments were not considered to be impaired, therefore there is no impairment provision on available-for-sale investments in 2018 and in 2017.

The endowment fund comprises of investments held as available-for-sale and includes the following:

Listed securities:		
Equities	312 114	308 040
Gilts and semi-gilts	122 732	135 538
Unlisted securities:		
Liquid funds	269 031	230 997
Mott endowment	28 959	27 402
Total	732 836	701 977

All investments are administered by Coronation Fund Managers and Melville Douglas Investment Management (Pty) Ltd.

Available-for-sale financial assets are denominated in the following currencies:

	2018 R'000	2017 R'000
Rand	611 499	582 960
US Dollar:	121 337	119 017
Total	732 836	701 977

6. INVENTORIES

Television sets	-	76
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NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Television sets relate to Sony TVs that were donated by FIFA in 2010 for distribution to various partners. The remaining 10 TVs valued at R76k, were distributed to various organisations during the financial year ended 31 March 2018 thus leaving nil (2017: 10).

	2018 R'000	2017 R'000
7. OTHER RECEIVABLES		
VAT receivable	6	121
Sundry debtors	50	48
Other receivables	168	54
	<u>224</u>	<u>223</u>
Receivables due from related parties	18.1 <u>13 284</u>	4 012
Total	<u>13 508</u>	<u>4 235</u>

These amounts are all interest free and except for amounts due from related parties, all other receivables are normally recovered within a three-month cycle. The fair value is considered equal to the carrying value.

8. CASH AND CASH EQUIVALENTS

Call deposits	46 352	60 462
Cash on hand	2	2
Total	<u>46 354</u>	<u>60 464</u>

The effective interest rate on short-term deposits was 5.92% (2017: 6.45%). These deposits have an average maturity of 30 days.

9. TRADE AND OTHER PAYABLES

Accounts payable	490	993
VAT liability	126	252
Accruals	2 678	2 052
Total	<u>3 294</u>	<u>3 297</u>

These amounts are all interest free and the fair value is considered to be equal to the carrying value. Accounts payable are normally paid within a three-month cycle.

10. APPROVED GRANTS PAYABLE

Designated programme funding	1 601	5 688
Non-designated funding	1 972	2 363
Total	<u>3 573</u>	<u>8 051</u>

Approved grants are paid according to the programme contracts and are normally paid within 12 months.

11. UNUTILISED DESIGNATED PROGRAMME FUNDING

	2018 R'000	2017 R'000
Opening balance	12 235	17 021
Funds received during the year	4 834	13 520
- Designated programmes	<u>4 834</u>	<u>13 520</u>
Funds utilised during the year	(4 915)	(18 306)
- Programme development expenses	(1 439)	(1 636)
- Overhead recoveries	-	(740)
- Transfer to non-designated funding	-	(6 867)
- Unspent funds returned by projects	-	306
- Grants written back	2 164	-
- Grants approved in the current year	(5 640)	(8 812)
- Funds returned to donor	-	(557)
Designated programme funding not yet approved for programme allocation	<u>12 154</u>	<u>12 235</u>
Restricted for:		
- Designated programmes	12 154	12 235
Closing balance	<u>12 154</u>	<u>12 235</u>

Designated programme funding is comprised of amounts received that are restricted for building capacity and specified programmes. Any amounts unspent are treated as deferred income and classified as a current liability.

	2018 R'000	2017 R'000
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12. OPERATING AND ADMINISTRATION EXPENSES

Operating and administration expenses include the following:

Depreciation		
- Computer equipment	117	86
- Furniture and fittings	29	37
- Buildings	98	98
Total	<u>244</u>	<u>221</u>
Operating lease rentals		
- Office equipment	189	106
Auditor's remuneration	783	756

50% of the audit services is offered on a pro-bono basis. The related donation of R397 500 is included in non-designated income (2017: R378 000). At the last AGM, Trustees agreed to have the full audit fees disclosed in the annual financial statements and the related donation for pro-bono services be accounted for in income.

Employee benefits	7 346	6 709
- Key management remuneration	3 164	2 816
- Staff costs	4 182	3 893

NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13. **FINANCE INCOME**

Finance income on cash balances	1 934	2 123
Finance income on available-for-sale investments	<u>20 084</u>	<u>23 630</u>
Total	<u>22 018</u>	<u>25 753</u>

14. **DIVIDEND INCOME**

Dividends received on available-for-sale securities	10 077	10 428
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15. **TAXATION**

In terms of section 10(1)(cN) of the Income Tax Act 1962, as amended, the Fund has been approved by the Commissioner for the South African Revenue Service as a public benefit organisation. Accordingly, the Fund is exempt from income taxation.

	2018 R'000	2017 R'000
16. MOTT ENDOWMENT RESERVE		
Balance at beginning of year	23 775	29 373
Fair value gains on available-for-sale investment	(99)	(497)
Reversal of foreign exchange	-	(5 101)
Balance at end of year	<u>23 676</u>	<u>23 775</u>

In 2002 a grant amounting to US\$2 million was received from the Charles Stewart Mott Foundation. This grant was recorded in accordance with the grant agreement as a permanent endowment and shown as a separate reserve. The amount has been invested in a separate portfolio with Coronation Fund Managers. If, at any time, the principal amount of this grant is not maintained in a segregated fund or should the Fund cease to exist, the Fund will be obliged to return the capital portion of this endowment to the Charles Stewart Mott Foundation forthwith. The Fund may only utilise the income earned on the capital amount to fund its charitable activities.

The agreement with Charles Stewart Mott Foundation was renegotiated in 2017. The principal amount was changed from US\$2million to a Rand denominated amount of R17.055million. The result of this is that the cumulative foreign exchange movements have been reversed.

17. **EMPLOYEE BENEFIT OBLIGATIONS**

The Fund's employees belong to the Pension Fund administered by Alexander Forbes (Pty) Limited. This is a defined contribution fund. Currently, 20 (2017: 21) employees belong to this fund.

	2018 R'000	2017 R'000
Current contributions charged to the statement of surplus or deficit and other comprehensive income	1 442	1 310

18. **RELATED PARTY TRANSACTIONS**

The following related parties exist due to common Founder, Nelson Mandela: Nelson Mandela Foundation, Mandela Rhodes Foundation, Nelson Mandela Children's Hospital, 46664, Nelson Mandela Children's Fund – US (Affiliate) and Nelson Mandela Children's Fund – UK (Affiliate). No transactions or balances exist with the respective related parties as at year end other than as disclosed in Notes 18.1 and 18.2.

18.1. **NELSON MANDELA CHILDREN'S HOSPITAL PROJECT (THE HOSPITAL TRUST)**

The Nelson Mandela Children's Hospital is an initiative of Nelson Mandela Children's Fund. The primary aim of the Hospital Trust is to raise funds and accept donations to initiate, promote and support the provision of paediatric health care, training and research.

As at 31 March 2018, recorded in trade receivables was an amount of R13 283 643 (2017: R4 012 327) owed by Nelson Mandela Children's Hospital Trust.

An amount of R250 million was donated to the Hospital Trust for the financial year ended 31 March 2017. R100 million was paid in 2016. The balance of R150 million was paid out in 2017.

18.2. **KEY MANAGEMENT REMUNERATION**

	2018 R'000	2017 R'000
Salaries	3 164	2 816

Salaries paid to senior executive management. No salaries are paid to Trustees.

19. **COMMITMENTS**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
Office equipment		
Not later than 1 year	55	72
Later than 1 year and not later than 5 years	<u>224</u>	<u>9</u>
Total	<u>279</u>	<u>81</u>

20. **EVENTS AFTER THE REPORTING PERIOD**

No material fact or circumstance has occurred between the reporting period and the date of this report.

21. **GOING CONCERN**

These annual financial statements were prepared on the going concern basis. There are no plans or intentions to dispose off the business or cease operations, that may materially alter the carrying value of assets and liabilities reflected in these annual financial statements, in the foreseeable future.

NELSON MANDELA CHILDREN'S FUND NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 R'000	2017 R'000
22. OPERATING AND ADMINISTRATION EXPENSES		
Audit fees	783	756
Depreciation	244	221
Employee benefits	7 346	6 709
Equipment, IT and services	783	539
Fundraising costs	1 028	1 667
Insurance	101	79
Investment portfolio management fees	631	634
Legal fees	132	26
Operational costs	1 814	1 402
Overhead recoveries	-	(15)
Professional fees	203	434
Publicity and communication expenses	483	947
Travel and transport costs	250	354
Organisational development costs	162	564
Strategic plan review	148	-
Total expenses	14 108	14 317
Made up of:		
Operating and administration	14 108	14 302
Overhead recovery – programme funding	-	15
	14 108	14 317

GOVERNANCE

As at 31 March 2018

In line with the King IV Report on Corporate Governance, the Management Trustees ensure that the Fund's policies continue to meet current requirements and the terms and covenants of the Trust Deed approved by the Master of the Supreme Court. These policies relate to the duties of the full Board of Trustees, and to the delegation of authority to the Management Trustees Committee (MTC) and to various sub-committees, as well as the Chief Executive Officer, and they specify responsibilities and levels of authority.

CURRENT FINANCIAL STATUS

The Fund is in a sound financial position with total assets of R797million. This provides a reasonable base to sustain and grow the Fund into the future. R733million is invested with the appointed investment managers in shares and gilts, while R46million is invested with the Fund's bankers.

FINANCIAL POLICY

The financial policy is designed to achieve the twin objectives of providing a reasonable flow of funds to be available for current grant making while still creating and increasing base for future sustainability of the Fund and its grantees. Each year the MTC reviews and agrees by resolution the financial parameters of the Fund set to achieve the objective stated above.

It must be noted that these parameters more than fulfil the tax exemption requirements of the South African Revenue Services in terms of note 15 of the annual financial statements.

INVESTMENT POLICY

The investment policy includes detailed guidelines and parameters for the two current investment managers – Coronation Fund Managers and Melville Douglas Investment (Pty) Ltd.

BOARD OF TRUSTEES

The Board of Trustees is the ultimate governing body of the Fund. In implementing this responsibility, the Board of Trustees has delegated

authority to MTC to act for and on behalf of the Fund in every respect, while retaining for itself the following functions:

- Approving overall policy and strategy concerning the objectives of the Fund.
- Receiving and adopting the financial statements of the Fund.
- Ratifying and confirming the resolutions passed by the MTC since the previous annual general meeting.

In addition, it is the responsibility of each and every Trustee to:

- Promote the objectives of the Fund at all times,
- Advance the general and financial well-being of the Fund, and
- Maintain and enhance the capital of the Fund.

The Board of Trustees must meet at least once in each calendar year and at intervals not exceeding 18 months.

MANAGEMENT TRUSTEES COMMITTEE (MTC)

The MTC is responsible to all stakeholders in general, and the Trustees, donors and beneficiaries in particular, for the performance and therefore the overall management of the Fund.

The MTC's major responsibilities include ensuring that the Fund:

- Works towards achieving the goals and ideals set down in the founding document and agreed by the Board of Trustees, which include managing the affairs of the Fund in such a manner so as to ensure the greatest possible benefits for the beneficiaries and protection of the assets of the Fund.
- Operates within the Fund's Trust Deed.
- Operates within the confines of the Non-profit Organisation Act, Property Control Act, the Merchandising Marks Act and the Common Law.
- Operates within the resolutions passed at meetings of the Trustees and at meetings of the MTC.

In discharging its duties the MTC is responsible for:

- The overall strategy and structure of the Fund.
- The Fund's assets and distributions and therefore the Fund's operations.

In implementing this responsibility the MTC has delegated authority to the Chief Executive Officer of the Fund to manage the day-to-day operations, while retaining certain authority and responsibilities for itself.

The most important of these are:

- The development of the Fund's objectives, policies and budgets (annuals as well as long-term) and the appraisal and monitoring of performance against these.
- Taking appropriate corrective action when performance does not, after consideration of all the circumstances involved, meet these approved standards.

In addition, and without detracting from the above, the MTC has retained the responsibilities detailed below:

- Financial policies and caveats
- Investment policy
- Fundraising initiative policy and caveats
- Principles guiding the formulation of the Fund's grant making.

The MTC meets at least four times a year.

SUBCOMMITTEES OF THE MTC

FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee comprises Dr Warren Clewlow (Chair), Mr Jacob Modise, Judge Kathy Satchwell, Mr Kashan Maharaj and Mr Sakhile Masuku.

The Committee is responsible for monitoring the adequacy of the Fund's financial controls, accounting policies and financial reporting. It provides a forum through which the external auditors report to the MTC. The mandate to the Finance and Audit Committee is in line with the provisions of The Fund's Trust Deed. The Finance and Audit Committee meets three times a year.

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE

The Human Resources, Remuneration and Nominations Committee comprises Judge Yvonne Mokgoro (Chair), Professor Michael Katz, Advocate Kgomotso Moroka and Ms Barbara Nell.

The Committee considers and approves remuneration for the management of the Fund in line with the relevant market indicators. It is further responsible for determining the remuneration policy and employee benefits applicable to the Fund's staff. It also considers and approves senior management appointments. The mandate to this Committee is in line with The Fund's Trust Deed. The Committee meets three times a year.

DEVELOPMENT COMMITTEE

The Development Committee comprises Ms Irene Menell (Chair),

Judge Dion Basson, Judge Johann Kriegler, Ms Shirley Mabusela and Ms Barbara Nell.

In line with the current strategy of the Fund, the mandate to this committee is to identify strategic and long term partners for the current strategic period, to approve funding to identified partners, and monitor impact made upon the lives of children within their communities.

The Committee continually reviews the status of development funding philosophy, policy and criteria in terms of appropriateness and ensures the Fund operates within a restricted budget. The Committee meets at least twice a year.

INVESTMENT COMMITTEE

The Investment Committee comprises Dr Warren Clewlow (Chair), Mr Joe Maswanganyi, Mr Jacob Modise, Mr Owen Maubane, Mr Charles Priebsch, Mr Kashan Maharaj, Ms Onkgoditse Mokonyane and Mr Sakhile Masuku.

The Committee determines, in discussion with the Fund's approved investment advisors, the overall investment strategy and structure for the Fund, within the limits of the prudent investment guidelines as set by the Registrar of Financial institutions from time to time.

The Investment Committee receives reports from the Fund's advisors and fund managers, and monitors their performances on a regular basis.

It has the delegated power to reduce or increase the quantum of funds under each investment advisor's control. The Committee meets three times a year.

BRANDING AND MARKETING COMMITTEE

The Branding and Marketing Committee comprises Mr Charles Priebsch (Chair), Ms Nana Magomola, Ms Zindzi Mandela, Ms Irene Menell, Ms Lulama Mkhobo, Mr Mpho Makwana and Mr Maseda Ratshikuni.

Its mandate is to advise management on all aspects of business development, monitor management of the brand, and monitor the implementation of the Fund's communication strategy and fundraising strategy as well as the performance and compliance of affiliates in line with the signed Licensing Agreements concluded with each affiliate. The Committee meets four times a year. with each affiliate. The Committee meets four times a year.

TRUSTEES

The names of the Trustees appears on pages 26 to 28 of this report. In terms of paragraph 6.7 of the Trust Deed, one third of the Trustees retire from office at each annual general meeting but, being eligible, may be re-elected by the remaining Trustees. In 2017, 13 Trustees retired, determined by alphabetical rotation. 13 Trustees were re-elected. At the 2018 Annual General Meeting, a further 13 Trustees, determined by alphabetical rotation, will retire but may be re-elected.

THANK YOU

The Fund would like to thank both Ms Kathi Scott and Ms Mary Tiseo for tirelessly running our United Kingdom and USA offices running smoothly for so many years. Their efforts, time and hard work do not go unnoticed. Below are their profiles;

MS KATHI SCOTT

Ms Scott helped establish the Fund's UK office in 1996 and has steered its extensive contribution to the Fund since then. Educated in Ireland, Scott has a background in media, sports management and development. She has contributed to a number of books including, "Reflections on Nelson Mandela Icon of Peace" and more recently "Purpose" by Jessica Huie. Scott is also a volunteer and mentor for a number of UK charitable organisations.

MS MARY TISEO

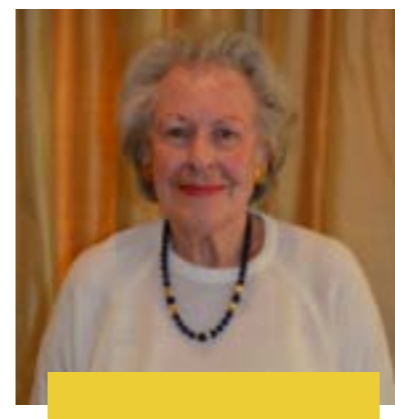
Ms Scott served as Founding Executive Director of South Africa Partners, a non-profit organization facilitating mutually beneficial partnerships between U.S. and South Africa in the areas of health and education until her retirement in 2017.

Originally from Detroit, Michigan she studied acting and theatre at Wayne State University and later produced social documentaries that focused on topics such as school desegregation and domestic violence.

FAREWELL

The Fund would like to say thank you and farewell to Ms Irene Menell who recently retired from the Fund. Menell was an asset to the Fund and worked closely with the late Nelson Mandela, even before the Fund existed.

Her dedication and generosity knew no bounds and contributed greatly to the growth of the Fund. Beyond the Fund, she was involved in a number of public benefit organisations including among others, the Institute for Advancement of Journalism, the Read Foundation and the Human Rights Institute of South Africa. She's had a life-long interest in the performing arts, education and issues relating to children's rights.



CONTACT DETAILS

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Nelson Mandela
CHILDREN'S FUND



CHANGING THE WAY SOCIETY TREATS ITS CHILDREN AND YOUTH