Annual Financial Statements

for the year ended 31 March 2006

The reports and statements set out below comprise the annual financial statements presented to trustees:

The financial statements which appear on pages 34 to 50 were approved on 18 August 2006.

Dr MW Serote
Chief Executive Officer

Pretoria

Ms G Shope
Chairperson

Pretoria

Report of the Auditor-General

for the financial year ended 31 March 2006

1. AUDIT ASSIGNMENT

The financial statements set out on pages 34 to 50 for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Finance Management Act, 2004 (Act no. 25 of 2004) (PAA) and section 55 (1C) of the Public Finance Management Act 1999 (Act no. 1 of 1999) (PFMA). These financial statements are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 on 10 April 2006, and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards ensure that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- Examining on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Assessing the accounting principles used and significant estimates made by management
- Evaluating the overall financial statement presentation

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1 of the financial statements.

4. AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Freedom Park Trust, at 31 March 2006, and the results of its operations and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements, and in the manner required by the PFMA.

5. EMPHASIS OF MATTER

Without qualifying the audit opinion, attention is drawn to the following matters:

5.1 Non-compliance with laws and regulations

Due to the lack of a policy framework, The Freedom Park Trust did not fully comply with:

- Section 51(a) of the PFMA: Policies and procedures were not developed, updated or approved regularly; and
- A risk management policy was not developed for the financial year under review as required by Treasury Regulation 27.2.

5.2 Internal audit

Section 51(1)(a)(ii) of the PFMA requires that an accounting authority for a public entity must ensure that a public entity has and maintains a system of internal audit under the control and direction of an audit committee.

According to section 27.2 of the Treasury Regulations, the accounting authority should implement an internal audit function. No internal audit work was performed for the 2005-06 financial year.

6. APPRECIATION

The assistance rendered by the staff of The Freedom Park Trust during the audit is sincerely appreciated.

A.H. Muller

AH Muller
for the Auditor-General
Pretoria
26 July 2006

AUDITOR-GENERAL

Statement of the Audit Committee

for the year ended 31 March 2006

This report has been prepared according to the Treasury Regulations for public entities issued in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Freedom Park Trust is listed as a national public entity in Schedule 3A of the Act.

1. Audit Committee members and attendance

As at 31 March 2006 the Audit Committee comprised the following members:

Dr F Ginwala	Chairperson	Appointed on 27 July 2005
Mr I van Niekerk	Deputy Chairperson	Re-appointed on 27 July 2005
Prof W Esterhuyse	Member	Re-appointed on 27 July 2005
Mr T Sparks	Member	Appointed on 20 July 2005

Mr S Dongwana resigned as a member on 26 May 2005.

During the year under review the Audit Committee met on 26 May 2005, 26 July 2005, 27 October 2005 and 8 February 2006. Persons in attendance at the Audit Committee meetings regularly include the CEO, Deputy CEO, Chief Financial Officer, the internal auditors, representatives of the Auditor-General and the Company Secretary as Secretariat.

2. Audit Committee responsibility

The Audit Committee adopted appropriate and formal Terms of Reference, which were approved by the Board of Trustees. The Audit Committee confirms that it has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

3. The effectiveness of internal control

The system of internal control was not entirely effective for the year under review as compliance with prescribed policies and procedures was lacking in certain instances. Accentuating these weaknesses in areas of control during the year under review included the termination of the contract with the Internal Auditors of the Trust. A lengthy process ensued to appoint new Internal Auditors, which resulted in the Trust being without an Internal Audit function until November 2005, when PricewaterhouseCoopers was appointed as the Internal Auditors. The resignation of the Chief Financial Officer in the previous financial year also had a significant impact on control measures and an Interim Chief Financial Officer was appointed until October 2005, when the new Chief Financial Officer commenced work. The control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter.

The Audit Committee, however, feels satisfied that reasonable efforts have been made and corrective actions have been taken to address the identified control weaknesses.

4. Evaluation of Annual Financial Statements

The Audit Committee has reviewed the Trust's Annual Financial Statements as audited by the Auditor-General and is satisfied that these statements are reasonable and accurate.

Dr. F Ginwala
Chairperson: Audit Committee
The Freedom Park Trust
Pretoria
31 May 2006

Statement of the Board of Trustees' Responsibilities

for the year ended 31 March 2006

The Board of Trustees are responsible for the maintenance of adequate accounting records and for the preparation of the Annual Financial Statements which fairly present the state of affairs of the Trust as at the financial year-end, the results of its operations and cash flow information for that year, in conformity with South African Statements of Generally Accepted Accounting Practice (GAAP). The Annual Financial Statements are the responsibility of the Board of Trustees, and the responsibility of the Auditor-General is to report on these Annual Financial Statements. His report to the members of the Trust covers pages 28 to 29.

To enable the Board to meet these responsibilities, they set out standards and implement systems of internal control aimed at reducing the risk of error or loss in a cost-effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation, and all employees are required to maintain the highest ethical standards in ensuring that the business practices of the Trust are conducted in a manner which in all reasonable circumstances, is above reproach. The Board is of the opinion, based on the information and explanations given by management and on the comment by the Auditor-General on the result of their audit, that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the Annual Financial Statements and maintaining accountability for assets and liabilities.

Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Trust has complied with South African GAAP and Generally Recognised Accounting Practice (GRAP) 1, 2 and 3, in preparing the Annual Financial Statements, which are based on appropriate accounting policies, consistently applied, and which have been supported by reasonable and prudent judgements and estimates. The Board is of the opinion that the Annual Financial Statements fairly present the financial position of the Trust, as at 31 March 2006, and the results of its operations and cash flow information for the year then ended.

The Annual Financial Statements have been prepared on a going concern basis and the Board has every reason to believe that the business will continue to operate on a going concern basis in the year ahead.

Report of the Trustees

for the year ended 31 March 2006

The Trustees of Freedom Park Trust have pleasure in presenting their report on the activities of the Trust for the period ended 31 March 2006.

1. BUSINESS AND OPERATIONS

The Trust's major activity is to coordinate the establishment of The Freedom Park, which will reflect the history of South Africa from pre-colonial, colonial, Apartheid, to post-Apartheid, for all South Africans, and to ensure its development within parameters set by the principles of the National Legacy Project as well as the White Paper on Arts, Culture and Heritage.

2. REVIEW OF THE AFFAIRS OF THE TRUST

2.1 Operating results

Total operational grants and other income for the year was R52 972 606 (2005: R46 954 547). This includes income of R8 134 393 transferred from Deferred Income (2005: R25 883 618).

The organisation shows a surplus of R7 097 392 (2005: 0) for the year as a result of financial commitments for services delayed during the 2005/2006 year.

Figures for the prior years have been restated to correct errors from prior years. The major operational activities in 2006 financial year were: nation building, research and development, workshops for design and development of the structures on the site, building of the next phase on the site and advertising and promotion.

The utilisation of funds by these activities is displayed in Figure 1.

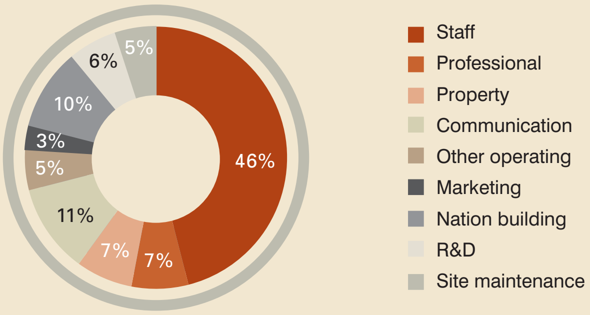

Figure 1: Expense analysis for the financial year ended 31 March 2006

2.2 Capital expenditure

The capital expenditure for the year amounted to R50 417 916 (2005: R18 590 610). This includes:

- Building under construction to the value of R50 000 916 (2005: R7 573 439) and the balance to operational assets.
- Building under construction includes all cost incurred in respect of consultancy services for pre-construction consultations.
- These costs were previously reflected as "Set-up costs", capitalised and written off over a period of five years. This treatment was not compliant with General Accepted Accounting Practice and was corrected retrospectively this year.
- During the year a tender of R188 million was awarded to the Concor/Trencor joint venture for the construction of the next phase on the site. Forty-five percent of capital expenditure to date is attributable to payments in favour of this contract.

Report of the Trustees

for the year ended 31 March 2006

3. REGISTRATION DETAILS

- The Trust was registered on 23 April 2001 – Registration Number: I TRUST 3058/01
- Patron-in-Chief: Dr. Nelson Rolihlahla Mandela

Trustees and Secretary: The following individuals were members of the Board of Trustees at 31 March 2006

- Ms Getrude Shope (Chairperson)
- Dr Frene Ginwala
- Prof Itumeleng Mosala
- Prof Willie Esterhuyse
- Ms Luli Callinicos
- Mr Ahmed Kathrada
- Ms Helen Makgaba Sebidi
- Prof Derek Ian Swartz
- General Lehlohonolo Moloi
- Mr Mafison Murphy Morobe
- Dr M Adonisi
- Mr Thulani Gcabashe
- Ms Beryl Rose Simelane
- Dr Edna van Harte
- Ms ES Mabusela

Management

• Chief Executive Officer	Dr MW Serote
• Deputy Chief Executive Officer	Ms P Photolo
• Company Secretary	Adv. V Mhlongo
• Chief Financial Officer	Ms A Stapelberg

Business address

Glen Manor Office Park
Frikkie de Beer Street
Menlyn
Pretoria

Postal address

PO Box 2710
Pretoria
0001

Bankers: Nedbank – Business Pretoria Branch

Registration Number
I Trust 3058/01

Statement of Financial Position

at 31 March 2006

	Note	2006 R	2005 R
Assets			
Non-current assets			
Property, plant and equipment	2	111 000 800	67 145 280
Current assets		115 218 029	134 685 326
Accounts receivable	3	905 200	5 638 326
Cash and cash equivalents	4	114 312 829	129 047 000
Total assets		226 218 829	**201 830 606**
Capital and liabilities			
Capital and reserves			
Reserves		7 097 392	0
Non-current liabilities		197 704 445	184 243 399
Long-term liabilities	5	783 243	1 041 805
Other liabilities	6	196 921 202	183 201 594
Current liabilities		21 416 992	17 587 207
Accounts payable		7 031 961	12 022 492
Accruals		12 854 299	4 638 664
Provisions	7	1 272 170	695 722
Current portion of long-term liabilities	5	258 562	230 329
Total capital and liabilties		226 218 829	201 830 606

Statement of Financial Performance

for the year ended 31 March 2006

	Note	2006 R	2005 R
Revenue	8	46 136 393	45 883 618
Other operating income		44 705	29 070
Expenditure		(45 875 214)	(46 954 547)
Staff costs	9	(16 731 796)	(11 893 433)
Depreciation	2 & 10	(6 562 396)	(4 785 292)
Other operating expenses		(22 581 023)	(30 275 822)
Operating surplus	11	305 883	(1 041 859)
Interest received		6 791 509	1 041 859
Surplus for the period		7 097 392	0

Statement of Changes in Net Assets

for the year ended 31 March 2006

	Accumulated surplus R
Balance at 1 April 2004	4 887 388
Net surplus for the year	(4 887 388)
Balance at 1 April 2005	0
Net surplus for the year	0
Balance at 1 April 2005	0
Net surplus for the year	7 097 392
Surplus at 31 March 2006	7 097 392

Cash Flow Statement

for the year ended 31 March 2006

	Note	2006 R	2005 R
Cash flows from operating activities		**14 113 909**	(3 502 278)
Cash receipts from donors		**46 181 098**	45 912 688
Cash paid to suppliers and employees		**(38 858 698)**	(50 456 825)
Cash generated by/funded to operating activities	12	**7 322 399**	(4 544 136)
Interest received		**6 791 509**	1 041 859
Cash flows from investing activities		**(50 417 916)**	(18 299 987)
Expenditure to maintain operating capacity			
Property, plant and equipment acquired		**(50 417 916)**	(18 652 846)
Proceeds of assets incorrectly capitalised in prior year			352 859
Cash flows from financing activities			
Capital grant received		**21 854 000**	121 718 883
Long-term liability raised			1 272 134
Long-term liability payment		**(284 164)**	
(Decrease)/increase in cash and cash equivalents		**(14 734 171)**	101 188 753
Cash and cash equivalents at beginning of the year		**129 047 001**	27 858 248
Cash and cash equivalents at end of the year		**114 312 830**	129 047 001

Notes to the Financial Statements

for the year ended 31 March 2006

1. ACCOUNTING POLICIES

1.1 Basis for preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Recognised GRAP issued by the Accounting Standards Board replacing the equivalent GAAP Statements are as follows:

GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statement	AC118: Cash flow statement
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements:

1. Terminology differences

Standard of GRAP	**Replaced Statement of GAAP**
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit for the period	Profit/loss for the period
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

2. The cash flow statement can only be prepared in accordance with the direct method.
3. Specific information such as
   (a) receivables from non-exchange transactions, including taxes and transfers;
   (b) taxes and transfers payable;
   (c) trade and other payables from non-exchange transactions; must be presented separately on the statement of financial position.
4. The amount and nature of any restrictions on cash balances is required to be disclosed.

Paragraph 11 – 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

The following are the principal accounting policies which are in all material respects consistent with those applied in the previous year, except as otherwise indicated:

Note 18 details a deviation from the requirements of AC105: Leases paragraph 33 to achieve fair presentation

The financial statements have been prepared on the historical cost basis.

1.2 Revenue recognition

Grants received for operational activities are recognised as revenue in the period received. Grants relating to capital expenditure are included in non-current liabilities as other liabilities and are credited to the income statement over the expected useful life of the related assets in line with the depreciation policy.

Revenue from tenders is recognised at the time of tender issue and revenue from the provision of information is recognised at the time of service delivery.

Interest income on investments is recognised on an accrual basis taking into account the period of investment and the rate of the investment. Other interest is recognised as and when it becomes due and payable.

Capital grants were previously included in revenue. This change is necessary to comply with South African Generally Accepted Accounting Practice.

1. ACCOUNTING POLICIES (continued)

1.3 Provisions

Provisions are recognised when the Trust has a present and legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised in the income statement, but only if the reimbursement is certain.

Employee entitlement to annual leave is recognised when it accrues to employees.

1.4 Research and development

Research and development expenditure is recognised as an expense as incurred.

1.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation.

Property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the use of the asset will flow to the Trust and the cost of the item can be reliably measured. Assets under construction will not be depreciated until completion and all costs attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by the Trustees, will be capitalised as part of the cost of the asset. Property, plant and equipment is stated at historical cost less accumulated depreciation.

All costs associated with development and maintenance of computer software programmes are recognised as an expense when incurred and costs related to the upgrades of existing computer software by developers is capitalised when incurred and the amount is above the threshold for capitalisation.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	20 years
Furniture and fittings	10 years
Office equipment	5 years
Computer equipment	3 years
Computer software	2 years
Motor vehicles	5 years

Preparation costs attributable to buildings under construction are now reflected as Building under construction and no longer as Set up cost and depreciated over five years. This change is necessary to comply with South African Generally Accepted Accounting Practice.

1.6 Investments

All surplus cash is invested in accordance with the Treasury regulations and approval. All funds are invested with one of the five major financial institutions and no investment period exceeds 12 months.

All investments are initially recognised at cost, transaction costs included.

Costs and amortised costs are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each reporting date.

1.7 Retirement benefit costs

Retirement benefit costs

The Trust contributes to a defined contribution plan for its employees which is a provident fund. A defined contribution plan is a pension plan under which the Trust pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the employee benefits relating to the employee service in the current and prior periods.

For the defined contribution plan the Trust pays contributions to a publicly administered provident fund on a mandatory, contractual or voluntary basis. Once the contribution has been paid, the company has no further obligations. The regular contributions constitute net periodic costs for the year in which they are due, and as such are included in staff costs.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other provisions when there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amount expected to be paid when they are settled.

1. ACCOUNTING POLICIES (continued)

1.8 Leases

Leases where a significant portion of the risk and reward of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of financial performance over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

1.9 Receivables

Receivables are carried at original invoice amount less provisions made for impairments of these receivables. A provision for impairment is established when there is objective evidence that the Trust will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried at statement of finanical position cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank current accounts. Bank overdrafts are included within borrowings in the current liabilities of the statement of financial position.

1.11 Risk management

Interest rate risk is managed by investing excess cash in short dated financial instruments at approved financial institutions. The Trust's exposure to credit risk is insignificant. Liquidity risk is managed by keeping sufficient cash available for funding through an adequate amount of committed credit facilities and the ability to move funds from short dated financial instruments.

1.12 Currency

These financial statements are presented in South African Rand since that is the currency in which the majority of the transactions are denominated.

1.13 Foreign currencies

Transactions in currencies other than the Trust’s reporting currency (Rand) are initially recorded at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the statement of financial performance.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the reporting date. Unrealised differences on monetary assets and liabilities are recognised in the statement of financial performance in the period in which they occurred.

1.14 Impairment

At each reporting date, the Trust reviews the carrying amounts of its assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1. ACCOUNTING POLICIES (continued)

1.15 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Trust becomes a party to the contractual provisions of the instrument.

1.16 Government grants

Grants related to assets

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the useful life of the specific property, plant and equipment funded by the grant.

Grants related to income

Core funding is accounted for in the year of receipt.

Compliance with this policy resulted in the correction of an error. The correction was done retrospectively

1.17 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

2. PROPERTY, PLANT AND EQUIPMENT

	Cost/ valuation 2006 R	Accumulated depreciation 2006 R	Carrying value 2006 R	Cost/ valuation 2005 R	Accumulated depreciation 2005 R	Carrying value 2005 R
Owned assets						
Buildings under construction	65 595 534	–	65 595 533	15 594 617	–	15 594 617
Buildings	46 613 433	5 272 505	41 340 928	46 613 433	2 941 833	43 671 600
Motor vehicles	480 418	86 135	394 283	480 418	38 052	442 366
Furniture and fittings	1 350 137	515 599	834 538	1 306 522	404 564	901 958
Office equipment	436 267	164 375	271 892	279 874	86 036	193 838
Computer equipment	1 493 233	803 976	689 258	1 377 414	379 948	997 467
Computer software	7 323 187	5 448 819	1 874 368	7 222 015	1 878 580	5 343 434
	123 292 209	12 291 409	111 000 800	72 874 293	5 729 013	67 145 280

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year 2006 R	Additions 2006 R	Depreciation 2006 R	Carrying value at end of year 2006 R
Owned assets				
Buildings under construction	15 594 617	50 000 916	–	65 595 533
Buildings	43 671 599	–	2 330 671	41 340 928
Motor vehicles	442 367	–	48 084	394 283
Furniture and fittings	901 959	43 615	111 036	834 538
Office equipment	193 838	156 393	78 339	271 892
Computer equipment	997 466	115 820	424 028	689 258
Computer software	5 343 434	101 172	3 570 238	1 874 368
	67 145 280	50 417 916	6 562 396	111 000 800

Refer to note 23 for restatement of prior year figures.

		2006 R	2005 R
3.	**ACCOUNTS RECEIVABLE**		
		2 487	–
	Debtors	7 854	5 600
	Less: Provision for bad debt	(5 367)	(5 600)
	Deposits	447 911	1 333 823
	Prepayments	348 721	299 712
	Advances	91 706	–
	Staff loans	14 375	46 699
	VAT	–	3 958 092
		905 200	5 638 326
4.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank and on hand	784 056	127 599 465
	Short-term bank deposits	113 528 773	1 447 535
	Overnight call account	715 896	1 447 535
	60 days' fixed deposit	35 135 018	–
	90 days' fixed deposit	77 677 859	–
		114 312 829	129 047 000
5.	**LONG-TERM LIABILITY**		
	Current portion	258 562	230 329
	Long-term portion	783 243	1 041 805
	Total	1 041 805	1 272 134

This long-term liability relates to computer software and hardware acquired through an outsource agreement for information and telecommunication services. These services went out to tender and the agreement was entered into in September 2004. The actual assets were acquired in October 2004 and will be repaid over a period of 60 months at a rental with an annual escalation equivalent to the CPI index. The current rental is R35 389 and 42 payments remain.

Refer to note 23 for restatement of prior year figures.

6. OTHER LIABILITIES

Deferred income

Deferred income represents capital grants received. Capital grants are recognised as income over the useful life of the assets it represents.

Grant received from Department of Arts and Culture 2003	12 860 000
Recognised as income 2003	(258 047)
	12 601 953
Grant received from Department of Arts and Culture 2004	110 849 000
Recognised as income 2004	(36 084 623)
	87 366 330
Grant received from Department of Arts and Culture 2005	119 989 258
Grant received from the City of Tshwane	1 729 625
Recognised as income 2005	(25 883 618)
	183 201 595
Grant received from Department of Arts and Culture 2006	19 804 000
Grant received from the City of Tshwane	2 050 000
Recognised as income 2006	(8 134 393)
Deferred income to be recognised in future periods	196 921 202

6. OTHER LIABILITIES (continued)

Available cash

Total capital grants received	267 281 883
	(181 545 312)
Less: Cost of property, plant and equipment disposed	(375 181)
Cost of property, plant and equipment	(123 292 209)
Site maintenance cost and research and development transferred to operational income	(6 772 000)
Funds utilised for operational expenses	(51 105 922)
Available cash from capital grants as at 31 March 2006	85 736 571
Capital grants were utilised for operational expenditure as follows:	
Year ending 2004	35 213 624
Year ending 2005	21 092 301
Year ending 2006	(5 200 003)
	51 105 922

Refer to note 23 for prior year adjustment.

	2006 R	2005 R
7. PROVISIONS		
Balance 1 April 2005	695 722	289 628
Plus: Additional provisions	1 882 850	406 094
Less: Provisions utilised during the year	1 306 402	–
Balance 31 March 2006	1 272 170	695 722
8. REVENUE		
Revenue comprises:		
Current grants received from Department of Arts and Culture	38 002 000	20 000 000
Capital grants transferred from deferred income	8 134 393	25 883 618
	46 136 393	45 883 618
Refer to note 23 for the prior year adjustment.		
9. STAFF COSTS		
Salaries	13 913 458	10 564 856
Acting allowances	115 475	–
Annual bonuses	1 582 641	293 069
Unemployment contributions	47 023	74 586
Provident fund contributions	1 073 199	960 922
	16 731 796	11 893 433

Notes to the Financial Statements

for the year ended 31 March 2006 (continued)

	2006 R	2005 R
10. DEPRECIATION		
Buildings	2 330 671	2 433 762
Motor vehicles	48 084	38 052
Furniture and fittings	111 036	289 735
Office equipment	78 339	36 007
Computer equipment	424 028	218 836
Computer software	3 570 238	1 768 900
	6 562 396	4 785 292
Refer to note 23 for prior year adjustment.		
11. OPERATING SURPLUS		
Operating surplus is stated after:		
Expenditure		
Auditors' remuneration	386 167	1 131 687
– External audit fees	222 571	360 744
– Internal audit fees	163 596	770 943
Depreciation	6 562 396	4 785 292
Assets written off	–	189 856
Lease rentals	2 168 589	1 453 858
– Premises	1 887 220	1 163 021
– Land	281 369	290 837
12. NOTES TO THE CASH FLOW STATEMENT		
Cash generated by operating activities		
Net income	7 097 392	–
Adjustments for:		
Realisation of deferred income	(8 134 393)	(25 883 618)
Depreciation	6 562 396	4 785 292
Assets written off	–	189 856
Interest received	(6 791 509)	(1 041 859)
Finance costs	53 835	–
	(1 212 278)	(21 950 328)
Movements in working capital		
Decrease in accounts receivable	4 733 126	3 352 895
(Decrease)/Increase in accounts payable	(4 990 531)	9 078 134
Increase in accruals	8 215 635	4 569 069
Increase in provisions	576 449	406 094
	7 322 399	(4 544 136)
Refer to note 23 for prior year adjustments.		

13. RETIREMENT BENEFIT COSTS

Retirement benefits are provided by a public provident fund to which the Trust contributes. The provident fund is governed by the Pension Fund Act and is a defined contribution plan. The fund is administered by Momentum Employee Benefits.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs relate to expenses incurred in collecting information, recordings and historical research for the Wall of Names, Pan African Archives and //Hapo (museum). All expenses are taken to the statement of financial performance when incurred.

	2006 R	2005 R
Research and development	2 741 911	447 870

15. DIRECTORS AND EXECUTIVE MEMBERS' EMOLUMENTS AND RELATED PARTY TRANSACTIONS

	Fees for services as Trustees 2006 R	Basic salary 2006 R	Contri-butions to approved funds 2006 R	Travel allowance and reimbur-sement 2006 R	Annual bonus 2006 R	Total 2006 R
Board of Trustees						
Ms G Shope (Chairperson)				4 015		4 015
Ms B Masekela (Deputy Chairperson)				1 690		1 690
Prof DI Swatrz				1 260		1 260
Dr F Ginwala				11 879		11 879
Prof W Esterhuyse				–		–
Ms L Callinicos				–		–
Mr A Kathrada				7 058		7 058
Ms H M Sebidi				2 769		2 769
General L Moloi				1 056		1 056
Mr T Gcabashe				–		–
Ms B R Simelane				300		300
Dr E van Harte				894		894
Ms ES Mabusela				–		–
Dr M Adonisi				–		–
Mr MM Morobe				–		–
Prof IK Mosala				–		–
Executives and Management						
Dr M W Serote (Chief Executive Officer)		501 180	99 709	112 728	59 663	773 280
Ms PK Photolo (Deputy Chief Executive Officer)		427 164	74 625	113 272	33 902	648 963
Mr M M Kekana (Chief Operating Officer)		142 388	27 434	33 588	34 360	237 770
Ms A Stapelberg (Chief Financial Officer)		187 068	28 901	54 937	24 497	295 403
Adv V Mhlongo (Company Secretary)		374 136	62 181	102 783	66 809	605 909
Mr H Prinsloo		374 136	58 869	102 660	66 809	602 474
Mr J Nkwana		374 136	62 421	97 920	71 263	605 740
Ms S Chavalala		374 136	57 801	95 084	71 263	598 284
Prof Y Seleti		374 136	98 244	62 100	71 263	605 743
LM Mofokeng		153 054	14 846	50 289	15 589	233 778
	–	3 281 534	585 031	856 282	515 416	5 238 264

15. DIRECTORS AND EXECUTIVE MEMBERS' EMOLUMENTS AND RELATED PARTY TRANSACTIONS (continued)

	Fees for services as Trustees 2005 R	Basic salary 2005 R	Contri- butions to approved funds 2005 R	Travel allowance and reimbur- sement 2005 R	Annual bonus 2005 R	Total 2005 R
Board of Trustees						
Ms G Shope (Chairperson)	60 000					60 000
Ms B Masekela (Deputy Chairperson)	15 000					15 000
Dr F Ginwala	30 000					30 000
Prof W Esterhuyse	50 000					50 000
Ms L Callinicos	86 000					86 000
Ms F Gasa	10 000					10 000
Mr A Kathrada	42 000					42 000
Ms H.M Sebidi	42 000					42 000
Dr R Fox	12 000					12 000
Prof IK Mosala	–					–
Executives and Management						
Dr M W Serote (Chief Executive Officer)		461 133	115 202	101 060	42 215	719 610
Mr M M Kekana (Chief Operating Officer)		393 039	90 507	84 383	35 981	603 910
Mr E Phiri (Chief Financial Officer)		344 238	67 039	82 498	31 514	525 289
Adv V Mhlongo (Company Secretary)		319 240	64 569	77 377	31 514	492 700
Mr H Prinsloo		324 414	51 526	92 737	31 514	500 191
Mr J Nkwana		319 240	72 915	69 031	31 514	492 700
Ms S Chavalala		247 951	39 865	66 149	31 514	385 479
Ms G Petje		289 828	49 342	79 513	31 514	450 197
Prof Y Seleti		283 841	54 410	52 148	24 511	414 910
	347 000	2 982 924	605 375	704 896	291 791	4 931 986

Transactions with other related parties

During the year the entity, in the ordinary course of business, entered into the following transactions with related parties:

Related party	Nature of relationship	Transaction type	2006 Amount of transaction	2005 Amount of transaction
Department of Arts & Culture	Principal sponsor	Operational grant	38 002 000	20 000 000
Department of Arts & Culture	Principal sponsor	Capital grant	19 804 000	119 989 258
City of Tshwane	Public sector	Capital grant	2 050 000	1 729 625
Northern Flagship	Public sector	Workshop attendance fee	(14 297)	

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

16. CONTINGENT LIABILITIES

The CCMA has awarded a claim by a previous employee against Freedom Park Trust. The claim was in terms of an argument for 'unfair dismissal' and the Trust has decided to defend this claim after extensive consultation. Should the defence not be successful the payment will be R575 699 plus costs which cannot be estimated at this time.

The amended Deed of Trust is still at the Master of the High Court at the date of the Financial Statements. The amended Deed of Trust makes provision for payment of honoraria to the Board of Trustees. The proposed amounts that will be approved as payment has been submitted to the Minister of Arts and Culture at the reporting date. Once approval of the amended Deed of Trust has been registered and approval from the Mininster of Arts and Culture has been received, payment of honoraria will be effected retrospectively. An amount of R712 000 was committed for this expense in the 2006 budget and is still carried forward as reserves.

	2006 R	2005 R
17. CAPITAL COMMITMENTS		
Capital expenditure		
Contracted for	241 967 660	55 913 612
Approved by the Trustees but not contracted for	357 823 373	509 086 388
Total future capital commitments	599 791 033	565 000 000

This committed expenditure relates to construction of Phase 2 of Freedom Park. The Trustees intend to finance this expenditure from grants received from the principal sponsor and donors.

18. OPERATING LEASE COMMITMENTS

The operating lease for premises is in respect of offices occupied by the Trust in Pretoria and Cape Town. The Pretoria lease is payable in monthly instalments of R173 163 over a period of nine months subject to an annual escalation of 11% and an option to extend and the Cape Town lease is payable in monthly instalments of R3 423 over a period of 15 months subject to an annual escalation of 10% and an option to extend.

The operating lease for office equipment comprises a photocopier which is repayable in equal monthly instalments of R2 106 over a period of 34 months and a switchboard which is repayable in equal monthly instalments of R4 392 over a period of 38 months.

The Trust has entered into a 99 year non-renewable lease agreement for land commencing on 24 June 2002. Rental commenced at R3 500 per month, escalating at 12% per annum.

In terms of AC105: Leases, this arrangement should be classified as an operating lease. Paragraph 33 of AC105 requires lease payments under an operating lease to be recognised as an expense on a straight-line basis over the lease term.

Should AC105:33 be applied, a lease expense of R263,639,980 per annum needs to be recognised in the net surplus/deficit for the year with a resulting deferred liability in the statement of financial position for the difference between the equalised lease expense and the actual cash lease expense.

Management concluded that compliance with AC105:33 would be so misleading that it would conflict with the objectives of the financial statements set out in the Framework. Recording an average expense calculated over 99 years will distort the entity's performance for the period under review due to the lengthy future period taken into consideration.

Consequently management decided to only recognise the cash rental expense of R59 479 (2005: R53 106) in the statement of performance.

Despite this deviation, management has concluded that the financial statements fairly present the entity's financial position, financial performance and cash flows. The entity has complied with all other applicable Standards and Interpretations.

The future minimum lease payments under non-cancellable operating leases for equipment and premises are as follows:

	2006 R	2005 R
Payable within one year	1 759 488	2 805 885
– Premises	1 599 396	2 654 589
– Office equipment	77 976	77 976
– Land	82 116	73 320
Payable within two to five years	650 033	2 300 848
– Premises	64 520	1 796 678
– Office equipment	158 418	153 740
– Land	427 095	350 430
Payable after five years		
– Land	11 675 147	9 658 578

Notes to the Financial Statements

for the year ended 31 March 2006 (continued)

19. TAXATION

Freedom Park Trust is exempted from taxation in terms of section 10(1)(cA)(1) of the Income Tax Act

20. FUTURE COMMITMENTS

The following budget commitments were in place at 31 March 2006 and will be carried forward as reserves.

Internal audit fees	329 795
External audit fees	141 628
Trustees' honoraria	712 000
Research and development costs	3 500 000
Marketing campaign for the release of names for the Wall of Names	2 000 000
System development costs	300 000
Consultants fee for development of supply chain management	
Policy and procedures	80 000
	7 063 423

21. FRUITLESS AND WASTEFUL EXPENDITURE

Non-attendance college	3 495
Market research advert	67 994
Input VAT disallowed	149 425
Interest late payment Telkom	443
Interest prior year late payment PAYE	5 543
Interest prior year late payment RSC levies	35
Interest paid bank overdraft	1 334
	228 269

22. FINANCIAL INSTRUMENTS

Liquidity risk management

The Trust manages liquidity risk by reviewing the bank balances on a daily basis. All bank accounts are held with registered financial institutions.

Maturity profile of financial instruments

All financial instruments will mature within one year.

Fair value of financial instruments

At 31 March 2006 the carrying amounts of bank and cash, staff loans, deposits, prepayments, VAT and payables approximate their fair values due to the short-term maturity of these assets and liabilities.

23. PRIOR YEAR ERRORS

Capital grants received were disclosed as revenue in prior years. These receipts represent liabilities and have now been recorded as such. The prior year figures have been adjusted accordingly. The following items in the financial statements were affected:

Long-term liabilities (deferred income) increased	183 201 586
Revenue decreased 2005	95 832 198
Revenue decreased prior years	87 369 388
Net income decreased	93 900 415
Net income decreased prior years	86 209 997
Reserves decreased	180 110 412

Buildings under construction were disclosed as Setup cost and depreciated over five years. These costs represent Building under construction and are now recorded as such. Prior year figures have been adjusted accordingly. The following items in the financial statements have been affected:

Accumulated depreciation decreased	3 318 996
Depreciation decreased	2 162 664
Depreciation prior to 2005 decreased	1 156 333
Reserves increased	3 318 996
Net asset value increased	3 318 996

Computer software acquired under a long-term finance transaction was understated, instalments were worked on the incorrect values and payment written off against computer expenses. The costs should be capitalised under Assets, the depreciation adjusted accordingly, overpayment allocated to prepayments and have now been recorded as such. All relevant records have been corrected as such. The prior year figures have been adjusted accordingly. The following items in the financial statements have been affected:

Computer equipment increase	52 996
Accumulated depreciation computer equipment increase	13 249
Depreciation increase	13 249
Long-term liabilities increase	349 358
Short-term portion of the long-term liability increase	32 487
Capital grant statement of financial performance increase	13 249
Deferred income decrease	13 249
Operating expenses increased	231 308
Finance cost increase	30 640
Prepayments increased	66 900
Deferred income decrease	275 197
Capital grant statement of financial performance increase	275 197

Motor vehicle depreciation was not adjusted for residual values. The depreciation value has now been adjusted by the residual value and the depreciation adjusted accordingly. Prior year figures have been adjusted accordingly.

Accumulated depreciation decrease	47 384
Depreciation decrease	47 384
Deferred income increase	47 384
Capital grant statement of financial performance decrease	47 384

The full value of a golf cart was not accrued in full. Assets should increase with the value as well as Accruals, all the entries were recorded as such. There was no depreciation on this item as the vehicle was purchased late in the last month of the financial year. The prior year figures have been adjusted accordingly.

Motor vehicles increased	9 240
Accruals increased	9 240

Detailed Statement of Performance

for the year ended 31 March 2006

	2006 R	2005 R
Revenue	46 136 393	45 883 618
Other operating income	6 836 213	1 070 929
Tender fees	44 355	29 070
Other income	350	–
Interest received	6 791 509	1 041 859
Total income	52 972 606	46 954 547
Expenditure	45 875 214	46 954 547
Advertising	1 921 921	6 415 993
Assets written off	–	189 856
Auditors' remuneration - external audit	222 571	360 744
Auditors' remuneration - internal audit	163 596	770 943
Bank charges	22 061	18 948
Cleaning	460 390	413 677
Cleansing and healing ceremonies	329 847	2 125 638
Computer expenses	2 835 110	1 686 700
Conferences and meeting expenses	143 235	1 430 032
Consulting fees	1 400 500	3 283 626
Depreciation	6 562 396	4 785 292
Dispute and labour relations expenses	649 840	–
Electricity and water	165 723	123 791
Entertainment	3 215	31 350
Fruitless and wasteful expenses	228 270	204 535
Hire of equipment	128 283	158 105
Insurance	208 932	140 470
Finance costs	53 835	30 640
Lease rentals	2 168 589	1 453 858
Legal expenses	278 122	544 221
Motor vehicle expenses	103 878	33 893
Nation building and Reconciliation Day	3 519 941	2 280 524
Occupational Health and Safety materials	3 982	–
Postages	79 706	115 201
Printing and stationery	450 850	769 888
Provision for bad debt	(233)	–
RSC – levies	47 509	25 761
Recruitment fees	275 279	229 220
Repairs and maintenance	254 169	105 968
Research and development	2 741 911	447 870
Salaries	16 731 796	11 893 433
Security	1 684 821	706 170
Staff welfare	94 311	42 252
Subscriptions	42 087	4 171
Telephone and fax	922 111	718 317
Training	235 377	391 389
Travel and accommodation	741 283	4 675 070
Trustees' honorarium	–	347 000
Surplus for the period	7 097 392	–

Tenders

for the year ended 31 March 2006

Tenders awarded during the financial year.

Services	Company	Term	Amount of contract R
Screening of reservoir	Real Landscape	Est. 6 months	942 164
Construction of guard houses	Nedzhanani	Est. 3 months	387 303
Intermediary phase construction	Concor/Trencon	1 year	188 899 881
Internal auditor	PWC	3 years	560 897
Travel agent	Sure Supersonic Travel	1 year	
Mechanical engineers	Uhuru Wetu Consulting	3 years	1 330 970
Plant rescue nursery	Real Landscape	Est 3 months	1 734 345
Exhibition design tender	Joint Venture Company Mkhize and Van Den Berg	3 years	6 544 162
Public participation company	Felehetsa Environmental and Mawatsan JV	3 years	905 746
ICT services	SITA	Est 3 months	649 513
International consultants	Visual Acuity Limited	Est 1 year	£282 950

Operational Expenses Committed

for the year ended 31 March 2006

In line with the budget for the year ending March 2006, funds have been committed for specific operational expenses. Due to unforeseen delays in deliverance or requirement of the services, funds for these expenses will be carried forward into the new year as reserves. The funds will be applied according to the original commitment.

Funds will be applied as follows:

Internal auditors	141 628
External auditors	329 795
Research and development – Name collection	3 500 000
Advertising campaign for release of collected names	2 000 000
System development	300 000
Supply chain management policy and procedures development outsourced.	80 000
Trustees' honoraria	712 000
	7 063 423

Notes

Administration Details

Registration Number: I TRUST 3058/01

Patron-in-Chief: Dr. Nelson Rolihlahla Mandela

Executive management

Chief Executive Officer	Dr MW Serote
Deputy Chief Executive Officer	Ms P Photolo
Company Secretary	Adv. V Mhlongo
Chief Financial Officer	Ms A Stapelberg

Business address

Building No. 3
Glen Manor Office Park
Cnr. of Frikkie de Beer & Glen Manor Avenue
Menlyn
Pretoria East
South Africa

Tel: +27 (12) 470-7400 / +27 (12) 361-0021
Fax: +27 (12) 361-1675
E-mail: info@freedompark.co.za

Postal address

PO Box 2710
Pretoria
0001

Bankers: Nedbank – Business Pretoria Branch

Financial year-end: 31 March annually

Website: www.freedompark.co.za

Copies of this report can be obtained from the Marketing Manager, Ashton Bodrick, or downloaded from the website:

Tel: +27 (12) 470-7446
ashton@freedompark.co.za

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