

2011-2012



TELKOM FOUNDATION ANNUAL REPORT

Seamlessly connecting people
to a better life



Telkom
Foundation

ABOUT THE FOUNDATION

The Telkom Foundation was established in 1998 and registered as a trust in 2002 with the primary objective of contributing to the transformation of disadvantaged communities through sustainable social investment programmes. The Foundation focuses its support primarily on education programmes, across the board, and continues to make an impact in communities through its programmes.

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LETTER FROM THE CHAIRPERSON



The World Economic Forum's Global Competitiveness Report 2012-13 showed how poorly South Africa's education system is performing, in particular when it comes to the quality of Maths and Science education. This unsatisfactory performance impacts quite dramatically on the economy, especially in the ICT sector where severe skills shortages seem to contradict South Africa's rising unemployment rate.

We, at the Telkom Foundation, have held this issue close to our hearts for many years, expressed through our vision to 'make a measurable impact on education and employment within the ICT industry in South Africa and support initiatives beyond South Africa'. This year we've spent 80% of our R35 million CSI budget on education, largely focused on Maths and Science skills, with 10% going to each of entrepreneurship and disaster alleviation.

In the last year, we have begun implementing our new CSI strategy, developed in 2011, and made great strides towards a more coherent, impactful development approach. Our new, long-term focus on education, entrepreneurship, social development and staff volunteerism is better aligned with the broader business strategy of our primary partner, Telkom, as well as with government imperatives. We've taken a good look at our initiatives in each focus area to assess how we can make a valuable impact on society. We've also spent time determining what initiatives are already being implemented and what government is doing in each area. This has led us to make changes to some of the projects we've been supporting over the years, but also to make some tough decisions to terminate projects that were not aligned with our vision and strategy.

As part of this refocusing, we've had to implement new policies, procedures, processes and systems to strengthen the Foundation internally. We've decided to build more strategic partnerships, such as with the Department of Basic Education, the Central University of Technology in the Free State, and with a number of NPOs and corporates. This approach, combined with the recruitment of additional internal staff, is aimed at building our capacity to deliver meaningful development work.

We are very proud of our ongoing contribution to education in South Africa, and we plan to continue to support South Africa's development and bridge the digital divide by maintaining a focus on effective education initiatives.

A handwritten signature in black ink, appearing to read 'Ouma Rasethaba', written in a cursive style.

Advocate Ouma Rasethaba
Chairperson

LETTER FROM THE HEAD: TELKOM FOUNDATION



Nelson Mandela once said that “there can be no keener revelation of a society’s soul than the way in which it treats its children”. At the Telkom Foundation, we believe that meaningful change in society can and will be achieved when sustained investment is made in the children of this country – our future leaders.

The Foundation’s continued investment in education is based on this long-term view and, for this reason, the biggest component of our budget goes into education initiatives. Our interventions aim to empower teachers, especially in the fields of Maths, Science, Technology and English; recognise teachers who excel in different teaching areas; provide learning materials to learners who are needy; provide supplementary classes for learners in disadvantaged areas; provide bursaries to learners with great academic and leadership potential; and, importantly, to promote e-learning to advance the quality of teaching and learning.

Over the years we have seen the results of our investment. For example, children who have benefited from our programmes have gone through their grades with ease and learned how to use computers to seek more knowledge and advance themselves.

The second pillar of our social investment strategy is to address other national priorities such as poverty alleviation.

In the coming year, we will increase the number of schools that benefit from our Schools Connectivity Programme and we will strengthen our teacher development programmes with a continued focus on Maths, Science, Technology and English. In addition, we will broaden our social development programme to include organisations with diverse social needs and strengthen our entrepreneurship programme to target youth and women in disadvantaged areas.

We believe that through targeted and sustained investment, we can make a difference to the nation’s children.

A handwritten signature in black ink, appearing to be 'S Mthintso', written in a cursive style.

Sarah Mthintso
Head: Telkom Foundation

TRUSTEES PROFILE



Advocate Ouma Rasethaba

Chairperson of the Board of Trustees

BProc, LLB and LLM. Higher Diploma in Company Law

Ouma joined Telkom SA Limited as Group Executive for Regulatory and Public Policy in February 2006. In November 2007, she was promoted to Chief of Corporate Governance. In this capacity she is responsible for ensuring overall compliance of Telkom with governance requirements. Ouma is very active in community projects and offers free legal advice to these communities. She is admitted as an attorney and an advocate in the Supreme Court of South Africa.



Iqbal Moolla

Masters in Business Leadership

Iqbal is Chairman of the Foundation's Finance, Audit and Risk Management Committee. He currently holds the position of Executive for Shared Services under Group Finance at Telkom SA Limited and is tasked with establishing a multifunctional shared services centre for the company. He held the position as Senior Manager in the Internal Audit where he was responsible primarily for the company's revenue audit. Iqbal has extensive experience in the financial, informational technology and commercial facets thereof.



Sarah Mthintso

BA Social Work (Hon), Postgraduate certificate in Organisational Design and Strategic Management

Sarah was appointed as the Head of Telkom Foundation in December 2011. She is a social worker by training and has worked in the NGO, government and private sectors. She joined Telkom in November 2008 as an Executive: Stakeholder and Government Relations. Sarah has extensive experience in working with people, she has worked as an HR and training specialist, community development worker and is passionate about making a difference in people's lives.



Manelisa Mavuso

A degree in finance and marketing from Rhodes

Manelisa was appointed Managing Director: Consumer Services and Retail in 2009. Prior to that, he was an Account Director, Deputy MD for the Cape business and Group Business Director at Ogilvy. He also worked as a marketing manager at Levi Strauss. Manelisa became the head of marketing in August 2005 for retail banking at Nedbank. He was subsequently appointed as Divisional Director for marketing for the retail division. He has overseen the increased profile of Nedbank retail product propositions in the market and has improved product sales and general relevance of Nedbank in the total market.



Thami Magazi

BSc (Business Administration) and MBA

Thami holds the position of Managing Executive in the Enterprise Division in Telkom SA Limited. Before Thami joined Telkom he was a Director of Fedics Botswana and Lesotho. He has vast management experience and has worked for companies such as IBM Corporation, New South Africa Management (Pty) Limited, Chemonics International Consulting, Community Bank and New Age Beverages/Pepsi.



Letta Mosuoe

BA (Unisa) Higher Education Diploma, Honours BA (Unisa) Master of Arts

Sister Letta is serving in private practice providing counselling, conducting workshops on stress management and wellness programmes at the University of Pretoria as a clinical psychologist. She has vast experience working with children and communities in providing theory and counselling.



Rebone Mabusela

BCom Honours, CA (SA)

Rebone holds a number of other board positions including the board of Hyperbola Investments (Pty) Limited and Hyberbola Ventures (Pty) Limited. She is also highly committed to corporate social investment and is one of the founders and directors of Reikantse Bothale, a foundation that focuses on education through the provision of additional lessons to high school students and a bursary scheme for higher education for good performing students. Rebone also has an interest in a number of businesses. She is an ambitious, determined individual who is passionate about life and embraces every opportunity to make a difference.



Makole Maponya

BCom, Certificate of Theory in Accountancy, Higher Diploma in Financial Management, CA (SA)

Makole has been the Portfolio Manager for Infrastructure and Development Assets at Old Mutual Investment Group SA since 2004. She serves as the Chairperson of the Audit Committee for Women Investment Portfolio Holdings. She also serves as non-executive director on the boards of Rainprop (Pty) Limited, Sethekgo (Pty) Limited, Matola Gas Company (Mozambique), Bloemfontein Correctional Concessions (Pty) Limited and Kelvin Power Station.

STRATEGIC OVERVIEW

The Telkom Foundation was established in 1998 and registered as a trust in 2002. The Foundation aims to make meaningful contributions to disadvantaged communities by improving their livelihoods through a range of structured programmes.



In 2011/12, the Foundation focused its efforts on four core areas; namely **education**, **entrepreneurship** (also referred to as economic development), **social development** (including Blue Flag) and **staff volunteerism**. The Foundation believes that in order to eradicate social inequalities, a long-term approach must be adopted to assist with the development of critical skills for the economic benefit of the country. As a result, education has received the bulk of CSI expenditure over the past few years. This is also aligned with Telkom's broader business strategy and the South African Government's socio-economic development priorities.

In May 2011, the Foundation developed its new strategy and shifted its focus to ensure a closer alignment of its support programmes with the needs of the South African Government and Telkom's overall business strategy. This enables the Foundation to show measurable impact on beneficiary communities and to provide volunteer opportunities for Telkom staff. The four key objectives of the strategy include building strong and sustainable partnerships, strengthening the Foundation as an organisation, clearly understanding the environment in which we work, and developing the capacity to deliver.

This focus is better aligned with Telkom's overall business strategy and the needs of the South African Government. As a result of this strategic review, the Foundation has decided to rely more actively on partnerships and recruited additional staff in 2012 to increase its national footprint. The Foundation's increased capacity will be used to improve its post-intervention project evaluation process to ensure that project sustainability is enhanced and that the Foundation is effectively targeting the most relevant projects, in line with its mandate.

Selection and funding of projects

The project selection process is largely driven by community needs. Project ideas and proposals are brought to the Foundation by the communities themselves, non-profit organisation (NPO) partners, customers, suppliers, Telkom Foundation employees identifying potential beneficiaries, referrals by Telkom staff, and direct approaches from third parties. In order to be considered, projects must fall within the Foundation's mandated scope and should directly benefit disadvantaged communities and individuals.

THE VISION

Make a measurable impact on education and employment within the ICT industry in South Africa and support initiatives beyond South Africa.

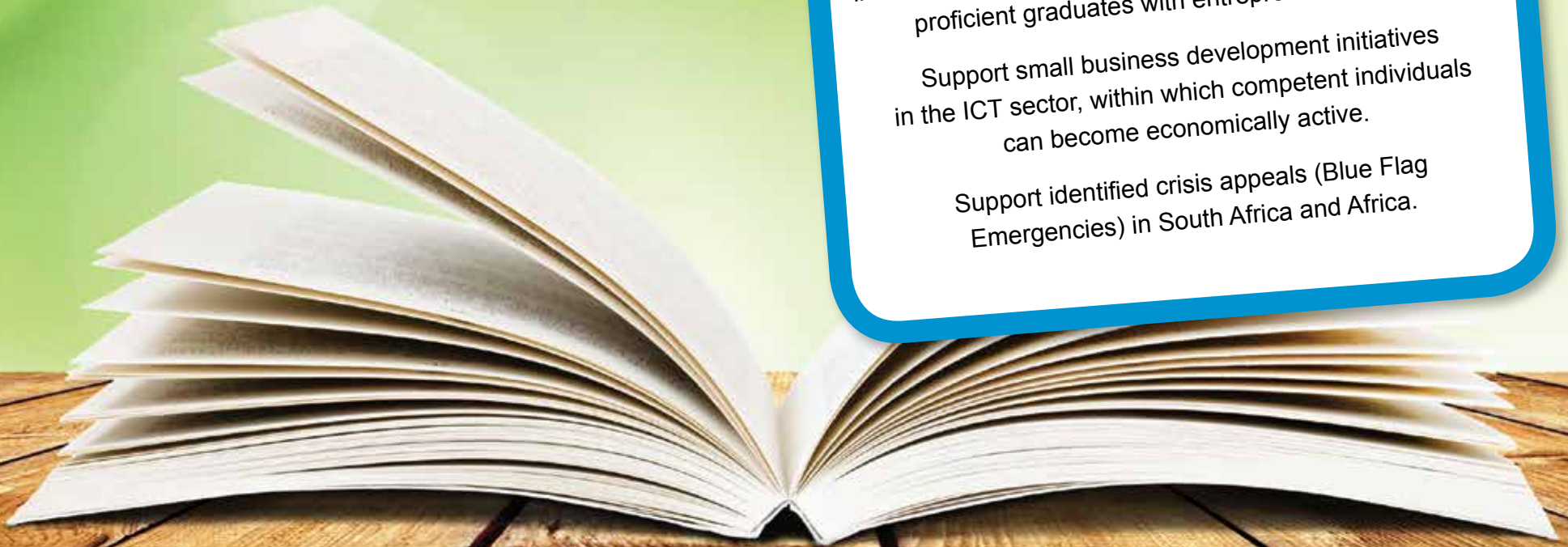
THE MISSION

Support primary school-level institutions in their ability to provide a foundation for producing Maths, Science and Technology students, through numeracy and literacy programmes.

Support secondary and tertiary educational institutions in their ability to produce Maths, Science and Technology-proficient graduates with entrepreneurial ability.

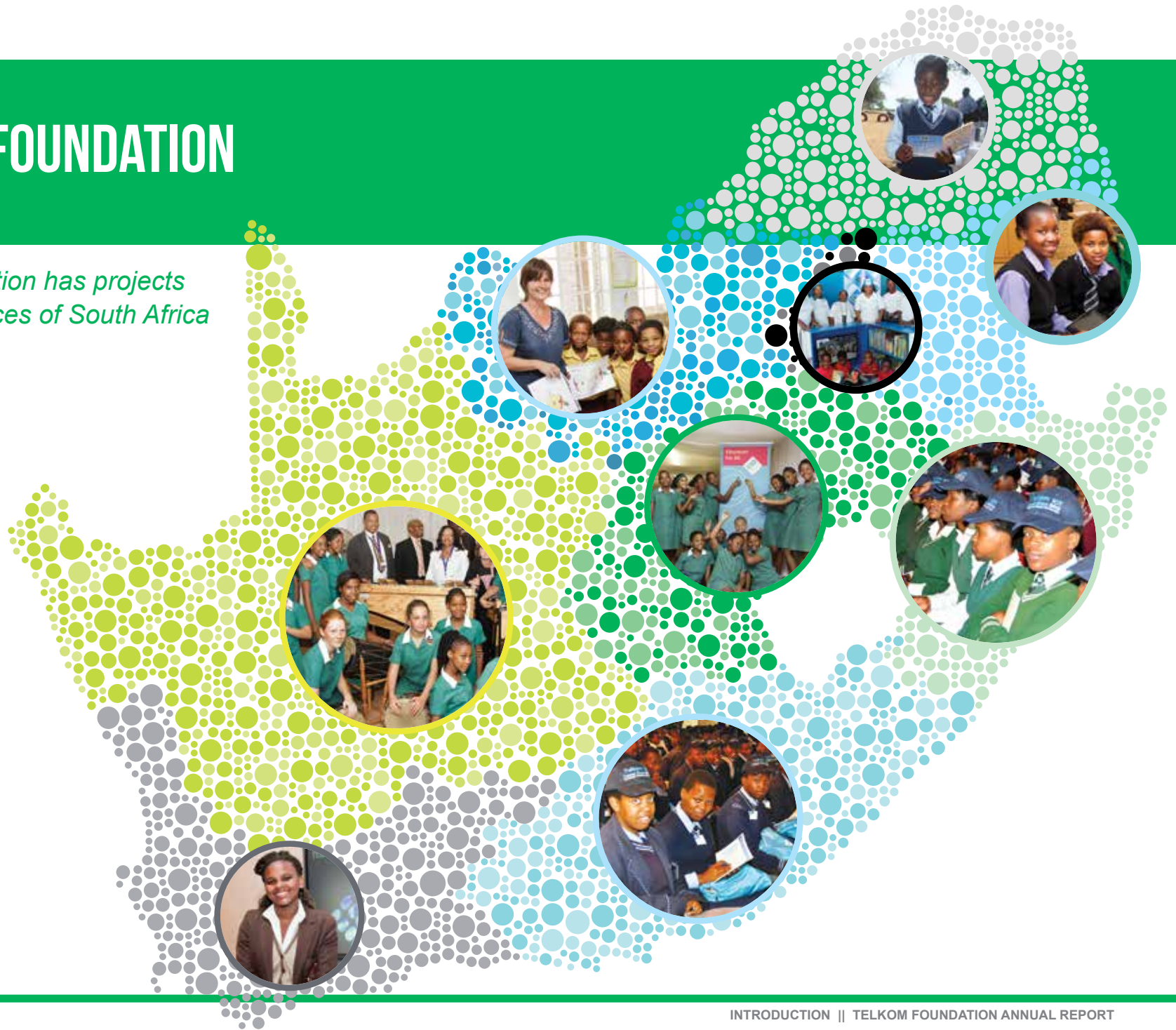
Support small business development initiatives in the ICT sector, within which competent individuals can become economically active.

Support identified crisis appeals (Blue Flag Emergencies) in South Africa and Africa.



TELKOM FOUNDATION

Telkom Foundation has projects in all the provinces of South Africa





TEACHER DEVELOPMENT

Educator Mentorship and Development Programme

South Africa faces a significant skills shortage in the fields of Maths and Science. Recognising the imperative for more graduates in these fields, the Telkom Foundation partnered with the Central University of Technology (CUT) and the Free State Department of Basic Education to address this issue through the Educator Mentorship and Development Programme (EMDP).

Empowering STEM educators

Launched in March 2012, the EMDP is a developmental project aimed at addressing the shortage of skills among teachers in the specific areas of Science, Technology, English and Maths (STEM), with a focus on the foundation and intermediate stages.

The disadvantaged schools in the Mangaung area, Bainsvlei Combined School, Grassland Primary School and Kamohelo Primary School, were selected by the Free State Department of Education. Primary schools were chosen on the basis that learning in these subjects should be stimulated early in children's lives. To ensure continuity, high schools will be included later and high school learners who choose to study further in Maths, Science and Technology will be encouraged to do so at CUT.

For the past year, six renowned, retired educators in these subjects mentored 25 Grade 1 to 7 teachers from the beneficiary schools. The mentors provided at least three contact sessions per week and continuously provided their guidance and support to their assigned teachers. In addition, the three beneficiary schools were resourced with 28 laptops, 12 data projectors, three photocopier machines, books and educational toys. Each teacher participating in the programme also received a laptop and cell phone. Over a period of six weeks, the teachers attended computer skills classes provided by CUT's School of Information Technology. The aim of the classes was to encourage the use of technology-aided teaching methods for greater engagement between learners and teachers.



Teachers appreciate the assistance they receive from the Foundation-supported initiative. Ms Marlize Viljoen, a teacher at Bainsvlei School, recognises the benefits that the educators bring to her classroom: "I have only been teaching for one and half years. I am very fortunate that the CUT people are with us at Bainsvlei because I can use their knowledge because they are old teachers. And when they visit me they bring so much to my classroom. They bring exercises to me and different exercises that I do not have resources for. I just use the knowledge they have because they have been teachers for so long."

A further component of the project was collaboration with neighbouring schools to share knowledge, best practice methods and facilities. For example, learners had an opportunity to use science laboratories at neighbouring schools to conduct experiments.



“ I am very fortunate that the CUT people are with us at Bainsvlei because I can use their knowledge because they are old teachers. And when they visit me they bring so much to my classroom. ”

Ms Marlize Viljoen, a teacher at Bainsvlei School

TEACHER DEVELOPMENT

Sediba



The Sediba project is a joint venture between the North West University's Faculties of Natural and Education Sciences, the North West Department of Basic Education and the private sector.

A fountain of knowledge for teachers and students

The Telkom Foundation has been funding the project for over 10 years. The project aims to improve the quality of teaching in Science and Mathematics and involves training maths and science educators from Free State, North West and Limpopo provinces.

“Academic performance for the last three years shows an encouraging picture, with students scoring more than 80% per subject each year.”

Dr Justus Röscher from the NWU

Sediba is a Setswana word for 'fountain' and symbolises the fountain of knowledge that is made available to students through improved teaching. The selection of teachers is based on guidance from the Department of Basic Education as well as principals at participating schools and more than 1 000 teachers have been enrolled in the programme. Training is provided by dedicated Sediba staff, experienced in teaching high school Physical Science and Mathematics. It takes place during school holidays and requires educators to attend four contact sessions annually at the Potchefstroom campus of the NWU. Upon completion of the training, teachers receive Advanced Certificates in Education (ACE).

Now in its final year, the programme has shown tangible results. “Academic performance for the last three years shows an encouraging picture, with students scoring more than 80% per subject each year,” enthuses Dr Justus Röscher from the NWU. The students themselves are excited about the positive impact of the

programme. “Sediba not only provides students with an opportunity to develop their content and conceptual knowledge, but also to grow as individuals,” explains Serongwa William Tshwale, a second year science student. Government also recognises the success of the programme. Mrs Amelia Mokawape from the North West Department of Basic Education reports: “One teacher impacts about 175 learners annually, which means that more than 17 500 learners are exposed to the Sediba teachers currently funded by the Foundation.”





TEACHER DEVELOPMENT

National Teachers Awards

In support of the National Department of Basic Education (DBE) initiative to develop and recognise excellent teachers, the Telkom Foundation sponsored the National Teachers Awards (NTA) for the first time in 2012.

Rewarding excellence among teachers

Now in its 13th year, the NTA aims to recognise and reward teachers for their efforts to deliver quality education in public schools at a national level. For the 12 years the programme has been running, it has received support from corporates, including the Telkom Foundation and SABC in partnership with the DBE.

The categories of awards include Excellence in Primary School Teaching, Excellence in Secondary School Teaching, Excellence in Primary School Leadership, Excellence in Secondary School Leadership, and Excellence in Grade R Teaching. Additional categories include the Lifetime Achievement and Professor Kader Asmal awards. In 2012, the Foundation sponsored three of the seven awards, namely the Excellence in Primary School Teaching, Excellence in Secondary School Teaching and the Lifetime Achievement awards.

The process of selecting nominees starts every October at a district level and is conducted by schools, communities, organisations, district and provincial officials. District and provincial awards are the responsibility of the provinces that forward the names of finalists for the national awards by November each year. The winner of each category at a district level becomes one of the finalists at a provincial level, while the winners at the provincial level in turn are the finalists at the national level awards.

■ ■ *The Telkom Foundation presented two of the Excellence awards and one Lifetime Achievement award at the event.* ■ ■

The national adjudication of the awards took place from 14 to 20 January 2012. The adjudicating panel comprised representatives from the DBE, unions, the Education Labour Relations Council, the South African

Council of Educators and sponsors, including the Telkom Foundation. The Telkom Foundation presented two of the Excellence awards and one Lifetime Achievement award at the event.

The NTA has a national geographical reach of 25 000 schools and 420 000 teachers. The awards ceremony was broadcast on SABC 2, reaching 1.16 million viewers.



LEARNER SUPPORT

Rally to Read

Telkom partners with READ in a journey of hope



In 2011, the Minister of Education released the first Annual National Assessment Report highlighting literacy as one of the big challenges facing education and calling for a concerted effort by multiple stakeholders to improve literacy levels. The Telkom Foundation recognises the need for companies to play a role in addressing this challenge and, as a result, has partnered with other corporates and government on a literacy programme called Rally to Read. The programme – led by Bidvest and READ Educational Trust – encourages corporate sponsors to make a contribution towards the improvement of literacy among rural children, especially at primary school level, and to promote a culture of reading at rural schools throughout the country. The objective is to make a difference in rural education where resources are severely limited and teachers are among the least qualified, working under immense pressure in very challenging circumstances.

The Telkom Foundation's involvement with Rally to Read started in 2011 with rallies in the Eastern Cape, Free State, KwaZulu-Natal (Drakensberg and Weenen),

Mpumalanga (Malelane and White River) and the Northern Cape. The Foundation sponsored the Grade R classes with the training of teachers and provision of resources in these seven areas reaching 86 schools and 2 102 learners. The Foundation also contributed to the training of teachers and the provision of classroom libraries for the rest of the primary school from Grades 1 – 7 through participation in the Rally to Read programme.

Rally to Read poem brings tears to adult eyes

An 11 year old brought tears to the eyes of people attending the recent Rally to Read event in Malelane, Mpumalanga. Siyabonga Ntfangwane, a Grade 6 learner at Ndlemane Primary School, greeted the Rally to Read convoy as a praise singer, wearing traditional Swati regalia. Speaking proudly in a bold, confident voice, he welcomed the sponsors and all the families who were visiting his school to promote a culture of reading.

"The poem summed up what Rally to Read is about and the difference we can make in the lives of those less fortunate," says Bongani Mosimanga, a Telkom employee who joined the Rally to Read convoy. "Siyabonga's poem was one of the many gestures made to the Rally to Read participants at the schools they visited, showing that there are still people who appreciate the things we sometimes take for granted, such as a good education," he says. "Thank you to Telkom for making me part of an exciting and fulfilling journey."

Telkom employees are involved in the Rally to Read through the Telkom Foundation, which sees education as the most powerful tool to develop the economic potential of South Africans, especially young people. This is why the Foundation spends the biggest slice of its social investment budget on education, from early childhood development to tertiary education.



WHAT A FORTUNE! WHAT A PRIVILEGE!

Never mind, my dear
 We are very tiny
 Tiny and unnoticed sometimes
 Very calm and respectful
 In favour of humanity

Come one, come all
 Let's join our hands
 Together we shout
 What a fortune! What a privilege!

Today we walk tall
 Because of you Rally to Read
 You have made us proud
 You have come to make people know us
 You have come to enlighten our future
 You have come to make us meet the standard of our curriculum
 You have come to open our eyes

Not forgetting our beloved sponsors
 Previously when we thought of sponsors
 We only thought of money
 We never thought that one day
 You may come and present us with everlasting
 wealth through reading
 I mean the treasure of life, the spear of life
 Undismantled gift, the gift that will last a lifetime
 Tandlula leto tinsuku lapho liqhawe
 Kwakungumuntu lolwe wancoba emphini
 Lichawe lanamuhla sifundziswa.

Siyabonga Ntfangwane, Grade 6, Ndlemane Primary School,
 Mpumalanga

LEARNER SUPPORT

Beacon of Hope

The Telkom Foundation established Beacon of Hope, its flagship project, in 2006 in response to South Africa's high youth unemployment and the shortage of skills in Maths, Science, Technology and English.

A hand-up of hope for promising learners

Active in all nine provinces of South Africa, the initiative is aimed at developing future leaders of the country by providing financial support to Grades 8 to 12 learners. Beneficiaries of the programme are selected from disadvantaged backgrounds on the basis of academic excellence in the target subjects and good leadership skills. These learners are placed in well-resourced private or boarding schools and supported for their high school years.

The support package includes school fees, boarding fees, uniforms, sports equipment, pocket money and other welfare needs over a period of five years.

“To see the learners excelling in their studies, given their disadvantaged backgrounds, really fills me with joy.”

Judy Poo, the Foundation's Project Manager

In addition, the programme incorporates a mentorship component to assist learners in making career choices. The sponsorship agreement is between the Foundation and the school and no cost obligation is placed on the parents and the learners. The first batch of approximately 200 Grade 7 learners was identified in 2006, and at the start of the academic year in 2007, the project was in full swing. Out of these 200 learners, 35 matriculated in 2011 with a 100% pass rate and 80% with distinctions. There are currently 99 learners in the programme across all nine provinces, 26 in Grade 11 and 73 in Grade 12. The last matriculants on the programme will complete their schooling career in 2013 as these learners are on the Cambridge system that extends schooling to 13 years, one year more than the 12 years of the South African education system.

Academic reviews are performed quarterly and any challenges that are identified are addressed through tailored interventions. For example, if a learner is struggling in a particular subject area, extra tutors are brought in to assist. In 2011, the Foundation introduced matric send-off events. In addition, it introduced Grade 12 learners to the world of ICT by taking them on a tour of the Telkom Network Operations Centre.





The project enables learners to excel in areas where they previously struggled. Rob McCauley, Principal at St Patricks College in Kokstad, points to the changes in the learners' experience saying, "There are a number of things that the children need to adjust to when they first arrive. They are very worried about speaking, they feel second best, but develop into confident individuals and integrate into the school. After their time at the school they are ready to go into the big world." There has been a noted all-round improvement in the performance of beneficiaries at their respective schools, with some holding positions of authority, such as head prefect or prefect, and others excelling in sports or representing their school in a foreign country.

The learners acknowledge the positive change the Foundation has brought to their lives through the Beacon of Hope project. Nwabisa Mgquba, a Grade 12 learner at Wynberg Girls High School in the Western Cape, says: "I wouldn't care for school as much as I do now and would still be in an overcrowded classroom. I am now different and independent. I am at a good school and have more chance of getting into a good university. My mum does not have to struggle so much to raise my school fees so the Beacon of Hope has also helped my family. "The project has been designed and largely implemented in-house through a dedicated project manager. "To see the learners excelling in their studies, given their disadvantaged backgrounds, really fills me with joy," expresses Judy Poo, the Foundation's Project Manager.

The programme is nearing the end and an independent evaluation will be used to decide whether or not to proceed with a second five year programme cycle in 2014.

“There are a number of things that the children need to adjust to when they first arrive. They are very worried about speaking, they feel second best, but develop into confident individuals and integrate into the school. After their time at the school they are ready to go into the big world.”

Rob McCauley, Principal at St Patricks College in Kokstad



Tshepo Phadi's story

Second year student, Vaal University of Technology, Gauteng

Among the first batch of Beacon of Hope matriculants in 2011, one learner qualified for the Telkom Foundation bursary in 2012. The bursary is part of a more holistic approach to providing support through the Beacon of Hope programme. Tshepo Phadi earned the bursary as he was the best 2011 matric learner with distinctions in Sesotho (First Language), Geography and Life Orientation and above 70% in all of his other subjects. He is now a second year electronic engineering student at Vaal University of Technology (VUT). He was enrolled in the Beacon of Hope programme in 2007 and was placed in New Horizon College, a private boarding school in the Free State.

Originating from QwaQwa in the Free State, and from a disadvantaged background, Tshepo did not have an easy entry into his new school. He expressed the difficulty he

faced in adjusting to the new school saying, "Being in an English medium school was difficult for me. It took me two years to adapt because in my home school we were usually taught in our mother language." On top of this, he also lost both his parents during his first year in the programme. Although his performance in his first two years was negatively affected, he still managed to excel in his final matric exams. When he qualified for university, Tshepo intended to study geology at Free State University but financial challenges led him to relocate to Vaal to join his uncle and he was grateful to be able to enrol for electronic engineering at VUT.

The bursary opportunity gave him another lease on life as he was still struggling financially. Tshepo recognises the opportunities he was given saying, "The Beacon of Hope gave me life because if I compare my life with all the people I grew up with, they are just idling in the township. It showed me a vision that there is still life after matric."

"The Beacon of Hope gave me life because if I compare my life with all the people I grew up with, they are just idling in the township. It showed me a vision that there is still life after matric."



Busisiwe Cingo's story

Grade 12, St Patricks College, Kokstad, Eastern Cape

Coming from an informal settlement in East London, Busisiwe Cingo did not know what high school she was going to and what she would do when she left school. Her mother was rarely at home, working long hours as a domestic cleaner in order to provide for Busisiwe and her five siblings. Busisiwe was selected for the Beacon of Hope programme in 2007 and was enrolled at St Patricks College in Kokstad.

As a 2012 matriculant, Busisiwe acknowledges the life-changing experience she gained through the Beacon of Hope programme. She describes her experience of arriving at St Patricks College without much confidence. "When I came to St Patricks College I wasn't very confident. Now I am confident and I feel like I am worth something. I think I am much happier. I also like the feeling when I go back home and people look at me and think, 'she is going to be something big someday'," she says.

Busisiwe talks about the challenges she faced when she first arrived at the school. "The first day was just hectic. I was not wearing a uniform and you know if you wear uniform you blend in with everyone and you are on the same level. And then when I went to the hostel everything was different from home – I had to eat with a knife and fork and I had to speak in English every day and I would just sit there and keep quiet," she says.

As with the other learners on the programme, Telkom paid for Busisiwe's tuition, boarding fees, uniform, books, stationery, sports equipment and pocket money. Busisiwe doesn't know what her life would have been like without the Foundation's support. "The Telkom Foundation pays for everything I need. If Telkom was not paying for this, I don't know where I would be because my mother always said she didn't know what high school I was going to go to and what I was going to do. I am very grateful when I think of the friends from the community where I lived. Their future is not very bright; some are pregnant and some are no longer going to school. But with me it's different. I have got hope and it has changed my life a lot. I am very grateful for everything," she says.

"When I came to St Patricks College I wasn't very confident. Now I am confident and I feel like I am worth something. I think I am much happier. I also like the feeling when I go back home and people look at me and think, 'she is going to be something big someday.'"

LEARNER SUPPORT

Ikateleng

The Telkom Foundation, in partnership with North West University, has been supporting the successful Ikateleng programme since its inception.

Empowering learners to reach for their dreams

This high-quality programme provides extra tuition in Maths, Science and English for disadvantaged Grades 10 to 12 learners in the Potchefstroom, Vanderbijlpark, Mafikeng and Kimberley areas. The aim of the programme is to improve overall examination results and ensure that learners meet the admission requirements of tertiary institutions, empowering them to pursue their dreams. Ikateleng is a Tswana word meaning 'empower yourself', and the Telkom Foundation believes that those who help themselves need to be motivated further. "Ikateleng ties in very well with our education strategy because it ensures that we support learners through a supplementary teaching programme aimed at helping them improve, in particular, Maths, Science and English to achieve the best that they can in their final results," says Sarah Mthintso, Head of the Telkom Foundation.

“The programme does not only focus on the above-average learners, but also assists the average pupils. The performance is amazing.”

Judy Poo, the Foundation's Project Manager

The project identifies underperforming schools and offers tuition during school holidays. The holiday programme is taught by well-educated teachers in these subjects and held on the campus in Mafikeng, Vanderbijlpark, Potchefstroom and Kimberley. The Foundation provides the learning materials, a stipend for the educators, and breakfast and lunch for learners.

POSITIVE IMPACT

The programme has had a positive impact on learners. Thabang Kgomokae was one of the top performers in Kimberley in 2012 and obtained a matric average of 78.5%.

Now studying chemical engineering at the North West University, Kgomokae is grateful for the programme and how it prepared him for university.



“The programme does not only focus on the above-average learners, but also assists the average pupils. The performance is amazing,” reflects Judy Poo, the Foundation’s Project Manager. The pass rate in Maths and English has been above 95%. In 2011, the overall matric pass rate for the programme was 93% and some of these students have gone on to receive financial assistance through the Telkom SA bursary programme.

The programme has had a positive impact on learners. Thabang Kgomokae was one of the top performers in Kimberley in 2012 and obtained a matric average of 78.5%. Now studying Chemical Engineering at the North West University, Kgomokae is grateful for the programme and how it prepared him for university. “The reason why they wanted us to do the programme was so that when you move from high school to university, you are already used to the university environment and better prepared” says Kgomokae.



“The programme opened our minds. If you did not understand something at school then they would try to make it clearer there. This helped our marks and allowed us to get accepted into university.”

Thabang Kgomokae, 2012 learner



LEARNER SUPPORT

Student Sponsorship Programme

Since Telkom Foundation's inception in 1998, education has been one of its key focus areas.

Priming talented learners for a bright future

Aligned with its core business value of preparing young South Africans for their future, the Foundation has sponsored eight Grade 8 learners through its Student Sponsorship Programme (SSP) of the Umfundaze Trust. Started in 2012, the sponsorship is for a five year period spanning Grades 8 to 12.

Eight academically distinguished, economically disadvantaged learners from urban townships have been provided with an opportunity to be educated at South Africa's exclusive high schools in Gauteng and the Eastern Cape. In addition, the students will be developed and nurtured through Umfundaze's Scholars Development Programme and support services.

The sponsorship is such that the Foundation pays the SSP, not the schools. In 2012, it spent a total of R900 000, with R400 000 allocated to the high school scholarships and R500 000 for programme funding.

To assess student sponsorship impact, the Foundation tracks learner performance every quarter. The programme boosts confidence among learners and they appreciate the privilege of being included on the programme. One learner who expressed her appreciation is Chuma-Nande Zuzani, a Grade 8 learner at Clarendon High School for Girls. Chuma-Nande has proved to be a high achiever, obtaining three distinctions and an overall aggregate of 76% in her final exams last year. At the SSP prize-giving, Chuma-Nande received three merit awards for Afrikaans, Life Orientation and Arts and Culture. Apart from enjoying extracurricular activities such as netball during the winter and power walking during the summer, Chuma-Nande was elected as class captain in the third term.

Chuma-Nande expressed her appreciation for the scholarship in a letter to the Foundation.



18 February 2012

Dear Telkom Foundation

In the past terms I have accomplished a lot of things, I have enjoyed being a pupil at Clarendon Girls High School.

I have been writing exams and have studied very hard for them. I played netball for the C team and I played many positions! We only lost 2 games in our whole season (2&3 term). I also received a green badge which is an academic award that you receive if you average 70% to 74%. This term I am aiming for a silver badge.

We have had multiple meetings with Robyn every Tuesday and she keeps us informed. When Mrs Turner left as our school co-ordinator Mrs Volker took over and she has been treating us very well.

I would just like to express my gratitude for your kind donation and paying for my studies. I am truly grateful.

Yours faithfully,

Chuma-Nande Zuzani

LEARNER SUPPORT

ICT Career Expo



As part of the Foundation's efforts to demystify Maths and Science, it successfully hosted two major ICT Career Expo events in rural Eastern Cape and KwaZulu-Natal.



Grooming learners for a future in ICT

The expos were targeted at Grade 10 learners from disadvantaged backgrounds to ensure that their subject choices are geared towards higher level career paths. Over 2 500 learners attended the expos and a number of companies participated, besides Telkom, to better explain ICT and to provide information about ICT-related career opportunities.

Not only are Maths and Science critical building blocks for a successful economy, but these subjects open up a wider range of career choices once leaving school. In her address to the learners at the Expo, Head of the Foundation, Sarah Mthintso, emphasised the importance of Maths and Science in the ICT field saying, "I call on you to master Maths and Science and involve yourself in the world of ICT. If you do, you will equip yourself to excel in the workplace of tomorrow and you will transform yourself into a very valuable member of team South Africa." Honourable Stella Ndabeni, the Deputy Minister

of Communications, reiterated the importance of ICT skills saying, "It is a simple truth that without adequate appropriation of e-skills, there can be no sustainable development going forward and there can be no sustainable employment."

The ICT Career Expo was a partnership event hosted by the Telkom Foundation, Department of Communications and Department of Basic Education. In 2012, the Expo attracted learners in both the Eastern Cape and KwaZulu-Natal who were eager to learn more about the opportunities available to them in the ICT sector once they leave school. The Expo events were attended by mayors, trustees, teachers, principals, chiefs, professors from the universities, as well as the Department of Education. A range of exhibitions – all with an ICT focus – from tertiary education institutions and local businesses were on display to whet the appetites of young minds looking to find out what career opportunities are available to them.

SCHOOL CONNECTIVITY

Connectivity, equipment and training

Thanks to the technology that is available today, such as ADSL, satellite and broadband, living in a remote rural village is no longer a barrier to accessing information via the internet.

Opening the doors of learning through ICT

The broad vision of the Telkom Foundation is to bridge the digital divide for learners, educators and communities from disadvantaged backgrounds. Recognising the importance of digital learning and what a powerful tool it can be in the classroom, the Foundation, in support of the Department of Basic Education's (DBE) efforts to connect schools, has focused on improving learners' access to ICT by providing equipment, connectivity and training of the educators in ICT.

In doing so, the Foundation, in partnership with the DBE, identified 45 schools across the country to work with. Each school has received a fully fledged ICT lab with 21 computers, internet connectivity, lab chairs and tables, DSTv satellite dish, a plasma screen, a DVD player, educational DVDs and access to seven educational channels. Also included is the installation and security of the equipment (depending on the location of the school) as well as maintenance for a full year.

The educational content, provided by Mindset Network, provides learners with life lessons from a team of subject experts and assists learners to deal with challenges in these subjects. The results speak for themselves. Since the installation of the equipment and the screening of the educational videos, the pass rate has increased by over 30% in the 45 schools. Mr Tsholo, Principal of Sapphire Secondary School, confirms the improvement: "The learners can watch DVDs in Maths, Science and Technology. If there

“The teachers in the DVDs help us with areas that we struggle with. Difficult concepts in Maths are made easy and if we still don't understand them we rewind the DVD and watch it again until we do.”

Tshidi Mofokeng, Grade 9, Mohloli Secondary School



are areas that they struggle with, the DVDs help the learners to understand them better and their marks have improved.” The learners also recognise the benefits of the intervention. “The teachers in the DVDs help us with areas that we struggle with. Difficult concepts in Maths are made easy and if we still don’t understand them we rewind the DVD and watch it again until we do,” says Tshidi Mofokeng a Grade 9 pupil at Mohloli Secondary School.

The project has not been without its challenges. Although Telkom installed state-of-the art technology, the equipment was not optimally utilised by the schools due to poor levels of computer literacy among educators. To solve the problem, the Foundation, in partnership with the Telkom Centre for Learning, initiated an Internet and Computing Core Certificate (IC3) programme to improve the computer literacy levels of approximately 90 educators

MORE ABOUT MINDSET NETWORK

Mindset Network recognises that the quality of education a person receives has a direct bearing on their position on the socio-economic ladder. Better educated people are more likely to be more economically productive than those less educated, and in turn this provides them with a better quality of life.

Mindset Network has developed educational resources for both learners and educators. The content is designed in two formats. The first provides content that supports classroom teaching during regular school sessions. It includes live teacher support shows, the provision of learner workbooks and teacher guides, as well as a newspaper supplement. The second is content that assists with revision (regularly and specifically for examination preparation) and includes the Learn Xtra video lessons that are broadcast on Mindset’s schooling channels and the X-sheet revision sheets that are provided as part of the programme.

from Gauteng, Mpumalanga, North West, Limpopo and Eastern Cape. The two-week training course, delivered over two months, targeted two educators from each of the 45 schools supported by the Foundation. The Foundation also provides ongoing monitoring of usage and impact.

Recognised worldwide as the global standard for digital literacy, the IC3 programme builds basic computer skills as well as proficiency in using the internet. On completion of the programme, educators have core skills and the knowledge necessary to use some computer applications and the internet and are able to deliver educational content with the aid of technology in their day-to-day teaching. Dimakatso Ditlhakanyane, a Grade 8 teacher at Sapphire Secondary School in Bophelong, Gauteng, describes the training as having really improved her teaching: “Before I did not know how to use a computer properly. Now I do and I use it for my lessons.”

To ensure sustainability of the project, the Foundation provides training and technical support to ensure that beneficiary schools are able to operate and support the ICT facilities. To this end, the Foundation works with the schools to develop technical support models and income-generating projects.

ENTREPRENEURSHIP

Centre for Small Business Development (CSBD)



In partnership with the University of Johannesburg (UJ), the Telkom Foundation funded an ICT training programme for emerging and micro enterprises.

Equipping micro business owners with ICT skills

Targeting micro businesses in various sectors in Soweto, the programme was held at the Centre for Small Business Development (CSBD) at UJ in 2011. The aim of the programme, which included typing skills and MS Word 2010, was to equip entrepreneurs with the basic computer skills required to grow and strengthen their existing businesses.

Trainees were recruited through an advert placed in the local newspaper and, to ensure commitment to the programme, each applicant paid a R100 fee. The training was practical and assessment was through practical exercises throughout the learning process. Upon successful completion of the programme, each participant was awarded a certificate of attendance, issued by UJ. To date, the Foundation's sponsorship has enabled 348 micro business owners to acquire ICT skills in order to improve their business operations.

Participants acknowledged that the programme is critical for micro entities as it gives an entrepreneur some basic computer skills which are so necessary in running a business in today's market. Participants also felt privileged that they were nominated to participate in the programme. Ms Hazel Maluka, an entrepreneur in the construction industry remarked: "The programme affected me positively in that it enabled me to do research on the latest technology of warming houses using minimal electricity. I would recommend it to other small businesses because we all need to move from doing things manually to doing things the IT route."

“The programme affected me positively in that it enabled me to do research on the latest technology of warming houses using minimal electricity.”

OTHER SOCIAL PROJECTS

Blanket donation

In an ad hoc donation, 5 000 blankets were made available to needy communities in KwaZulu-Natal in support of a programme initiated by the former Minister of Communications, Roy Padayachie.

Lifeline and Childline

Telkom has pledged infrastructure through initiatives such as LifeLine and Childline that offer free support to abused women and children.

The Foundation believes that women and children are central to society, hence our continuous sponsorship of LifeLine and Childline, which serve as platforms for women and children to raise issues and discuss challenges with experienced counsellors across the country. These organisations have an extensive network of telephone counselling centres and other services, offering support to those experiencing emotional distress. The Foundation funds the LifeLine and Childline Trusts as well as the telephone account.

SOCIAL DEVELOPMENT

Blue Flag programme

The Telkom Foundation provides assistance in emergency situations through our Blue Flag programme. This programme allows the Foundation to assist communities when it is needed most.



Extending a helping hand to those in need

In October 2011, two small towns, Ficksburg in the Free State and Duduza near Johannesburg, fell victim to freak tornadoes leaving hundreds homeless.

In Ficksburg, approximately 120 homes were destroyed and a young boy of nine was killed. A number of companies and government organisations responded to the appeal for help, including the Telkom Foundation, which donated 500 blankets and 500 food parcels to tornado victims in the Meqheleng area.

In Duduza, east of Johannesburg, the Telkom Foundation team assisted 97 families who were accommodated at the Duduza Multipurpose Centre as a result of the tornado. The team provided 500 blankets and food parcels with basic necessities such as maize meal, sugar, tea bags and canned food.

One of the disaster victims, Minky Mokoena, expressed gratitude to Telkom for the help that it provided. "I have five children and have lost everything. We all sleep at the shelter and rely on donations from companies and the community," she said. "We are happy today to have companies like Telkom to assist us. The hurt that we felt is getting less every day. We are very relieved to still be seen as people."

This type of disaster relief falls under the Foundation's Blue Flag programme, which allows the Foundation to assist communities when they need it most. "As part of our strategy, we have a budget that specifically allows for assisting people who find themselves in these kinds of emergency situations. The Foundation team was there to oversee the handing over of aid to the affected communities," said Sarah Mthintso, Head of Telkom Foundation.

MR MANELISA MAVUSO

Mr Manelisa Mavuso, Telkom's Managing Director for Consumer Services and Retail supports the Othandweni Family Care Centre (Othandweni). His financial assistance contributes to education and recreation activities for the children, the provision of training for children on Independent Living Skills programmes, school uniforms and stationery, and the installation of CCTV cameras for the safety purposes. In addition, Mavusa's belief that access to technology will advance the quality of education at the centre motivated him to form a partnership with Huawei Technologies to use technology to help the children to socialise and prepare them for employment in an increasingly digital world.

Othandweni is situated in Mfolo South, Soweto and offers residential care for children who have been abused, abandoned or neglected. It caters for 90 children from birth to 18 years of age.



SOCIAL DEVELOPMENT

Adopt-A-Project

The Telkom Foundation supports organisations that work with disadvantaged communities in deep rural areas of the country. Focus areas included poverty alleviation, chronic diseases, HIV and Aids, orphaned and vulnerable children (OVC), and people living with disabilities.

Embedding selflessness among executives through giving

In 2012, the Foundation donated around R3.2 million to charity organisations working in vulnerable communities through its Adopt-A-Project programme. The programme was launched in 2011 as a voluntary initiative that encourages senior executives to select a community project of their choice that is in need of support. Sarah Mthintso, Head of the Telkom Foundation, explains: "We specifically decided to do this project with executives because we know that in the midst of their 'busy-ness' they also have a passion and would like to do something to give back to communities. They offer some time, some offer particular skills, and in some instances they also make personal financial contributions." Executives are encouraged to choose projects that they are passionate about that address the issue of poverty eradication and are not confined to the Foundation's identified focus areas.

Adopt-A-Project is a voluntary programme. In 2012, of the 37 Telkom executives, there were 32 adopted projects that were supported. Executives are allocated R100 000 per financial year for their project. In addition to time, skills and financial support, the senior managers invest other resources such as personal interventions, mentoring, facilitation of access to additional resources, and on-site motivational visits.



MS MARENA VAN ZYL

Ms Marena Van Zyl, Managing Executive Finance Business Partner 'adopted' the Lefika la Botshabelo OVC Centre (Lefika). Lefika is a community project that supports initiatives in Stinkwater Namo Primary School in Tshwane. The project aims to improve literacy and numeracy in foundation phase learners at the school. By the end of March 2012, there were 360 children in the foundation phase.

Van Zyl donated R100 000 to Lefika that was used to purchase four laptops and eight USB flash drives, as well as stationery for the learners and the funding of transport services. The funding also supported three reading clinics, an orientation meeting and three workshops. To cushion the learners against cold during winter, Lefika used part of Telkom's donation to buy school uniforms for 30 OVCs, including shoes, socks and jerseys.

Part of the donation was used for a feeding scheme where 300 children in six primary schools are fed three times a week at Namo Primary School. Teachers and principals of the schools, child care workers and guardians reported an improvement in the children's weight, academic performance and morale. The children are reportedly more confident as observed during end-of-year functions and campaigns. For example, on 21 March 2012 on Human Rights Day, they participated in drama, poetry and dance as well as discussions regarding their rights and responsibilities.

Organisations and projects adopted by executives included the following:

- **Akani Diepsloot Foundation** – Provision of nutritional meals to 620 children.
- **Bergville Primary School** – Started a food garden for vegetable production to feed children at the school.
- **Bethany Children's Home** – Upgrade of the orphanage dormitory.
- **Central Gauteng Mental Health Society** – Provision of training for physically challenged children.
- **Lefika la Botshelo OVC Centre** – Education and training on children's rights, supporting the feeding scheme project and provision of IT equipment, school uniforms and stationery.
- **Mansgenoeg** – Provision of nutritional food to abandoned babies.
- **Mphatlhose Community Development and Poverty Alleviation Project** – Provision of skills training.
- **Ntataiseng Crèche** – Donation of a mobile library and purchase of stimulating books.
- **Otandweni Children's Home** – Provision of school uniforms, stationery, nutritional food and milk formula for babies and CCTV cameras for safety.
- **Sapphire Road Primary School** – Provision of skills development, community outreach, health and education support.
- **Sol Plaatjie School** – Supporting the school's feeding scheme project.
- **St Johan's College** – Provision of a generator to assist learners to complete projects and homework during black-out periods.
- **St Raphael's School** – Provision of stimulating toys and wheelchairs to physically challenged children.
- **St Theresa's Home** – Payment of school fees for physically challenged learners who were unable to afford fees.
- **Sunshine Preschool** – Donation of a mobile library to the crèche and purchase of stimulating books.
- **Tembisa Child and Family Welfare** – Provision of clothing and nutritional support for orphaned children.
- **The Ghetto Geniuses Project** – Provision of life orientation books to the youth in Garankuwa and Mmakau villages, as well as time spent reading to and playing with the children.
- **Tondalushaka Secondary School** – Reward programme in Maths, Science and Technology.
- **Ubuhle Bezwe** – Supporting OVC with food, clothing, educational books and toys.



ANNUAL FINANCIAL STATEMENTS

Trustees' responsibility

The trustees are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report.

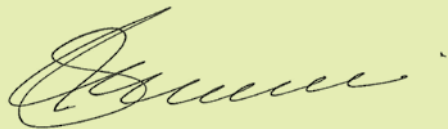
In order for the trustees to discharge their responsibilities, management has developed and continues to maintain a system of internal controls. The trustees have ultimate responsibility for the system of internal controls and reviews its operation on an ongoing basis.

The internal controls include a risk-based system of accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Trust's policies and procedures.

The financial statements are prepared in accordance with International Financial Reporting Standards and incorporate disclosure policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees have made an assessment of the Trust's ability to continue as a going concern and have no reason to believe that the Trust will be not a going concern in the year ahead.

The annual financial statements for the year ended 31 March 2012 set out on pages 6 to 12 were approved by the trustees on 23 May 2012 and are signed on their behalf by:



Adv. GJ Rasethaba
Chairperson

Report of the independent auditors to the trustees of the Telkom Foundation Trust We have audited the annual financial statements of the Telkom Foundation Trust, which comprise the trustees' report, statement of financial position as at 31 March 2012, the statement of comprehensive income, the statement of changes in funds and statement of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 12.

Trustees' responsibility for the financial statements The Trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards. This responsibility included: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend

on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion In our opinion, the financial statements present fairly, in all material respects, the financial position of the Telkom Foundation Trust as of 31 March 2012, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Business and operations The principle activity of the trust is a non-profit making organisation contributing to the transformation of disadvantaged communities in the Republic of South Africa through sustainable development programmes.

There has been no significant change in the objectives and operations of the Telkom Foundation Trust since formation.

Financial results The results of the Trust and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

Trust funding The trust has no share capital.

Trustees and secretary Particulars of the present trustees and secretary are given on page 3.

Use of surplus funds In accordance with the trust deed, all surplus funds retained are carried forward for exclusive use by the Trust in the promotion of the Trust's mission and objective.

Going concern The Trust's ability to continue as a going concern is dependent on the continued support from Telkom SA Limited. Telkom SA agreed to continue to support the Trust for the next 12 months. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets, or to the amounts and classification of liabilities that might be necessary if the Trust is unable to continue as a going concern.

Events after the reporting period There were no significant events after the reporting period.

ANNUAL FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 31 March 2012

	Note	2012 R	2011 R
REVENUE		46 360 364	43 680 268
Donations received/pledges	1.2	46 282 986	43 627 752
Interest received		77 378	52 516
EXPENSES		35 852 501	43 224 393
Donations		30 166 192	36 754 927
Staff expenditure	1.3	3 301 116	4 831 215
Legal expenses	1.4	1 246 343	-
Office administration expenses		1 138 850	1 638 251
Surplus for the period		10 507 863	455 875
Other comprehensive income		-	-
Total comprehensive income		10 507 863	455 875

Statement of Financial Position as at 31 March 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1.5	2 506 685	2 372 025
Accounts receivable	1.6	10 373 204	-
Total assets		12 879 889	2 372 025
EQUITY			
Funds and reserves			
Funds and reserves		12 879 889	2 372 025
Total equity		12 879 889	2 372 025

Statement of Cash Flow as at 31 March 2012

	Note	2012 R	2011 R
Cash flows from operating activities		134 660	455 875
Cash generated by operations	1.7	57 282	403 359
Interest received		77 378	52 516
Net increase in cash and cash equivalents		134 660	455 875
Cash and cash equivalents at beginning of period		2 372 026	1 916 150
Cash and cash equivalents at end of period		2 506 686	2 372 025

Statement of Changes in Funds and Reserves as at 31 March 2012

	Programme Funds R
Balance at 31 March 2010	1 916 150
Surplus for the year	455 875
Balance at 31 March 2011	2 372 026
Surplus for the year	10 507 863
Balance at 31 March 2012	12 879 889

ANNUAL FINANCIAL STATEMENTS

1.1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards on the historical cost basis and incorporate the following principle accounting policies.

1.1.1 Income

Income from donations is recognised at the cash value.

Donations in the form of goods or services are recognised at the open market value of the goods or services being received.

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

Income is stated at amounts excluding value added tax (VAT) up to December 2011. From January 2012, the Foundation was registered for VAT and therefore income received from Telkom SA was recorded inclusive of VAT.

1.1.2 Financial instruments

Financial instruments are initially recognised when the company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value.

Financial assets, or a portion of financial assets, are derecognised when the company loses

control of the contractual rights that comprise the financial asset. The company loses such control if it realises the rights to benefits specified in the contract, the rights expire, or if the company surrenders those rights.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

At each balance sheet date financial assets are assessed for objective evidence of impairment. If any such evidence exists the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS39.

Subsequent measurement of financial instruments carried on the balance sheet is on the following basis:

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash in banks, short-term deposits and bank overdrafts. These are at amortised cost where fixed maturity dates exist, otherwise these amounts are measured at cost. For cash flow purposes cash equivalents consist of cash at bank and on hand and instruments which are readily convertible to known amounts of cash.

1.1.3 Adoption of new accounting standards during the year

There were no changes in the International

Financial Reporting Standards that materially affected the Telkom Foundation Trust's financial statements.

1.2 DONATIONS RECEIVED

	2012 R	2011 R
Donations from Telkom	40 539 395	37 158 519
Donations from other sources	57 282	
In kind		
Services provided by Telkom	5 464 653	6 267 727
Use of Telkom facilities		
Office space	221 656	201 506

1.3 STAFF EXPENSES

The Trust does not employ staff in its own capacity. Staff costs represent the cost of all employment by Telkom SA Limited staff dedicated to the activities of the Trust. All benefits are provided by Telkom SA Limited and are regarded as donations in kind.

1.4 LEGAL EXPENSES

Legal settlement cost to the total value of R1 246 343 were paid to two former employees.

1.5 CASH AND CASH EQUIVALENTS

	2012	2011
	R	R
Bank	2 506 685	2 372 025

1.6 ACCOUNTS RECEIVABLE

	2012	2011
	R	R
Donations pledged by Telkom SA	9 899 450	-
VAT receivable	473 754	-

1.7 CASH GENERATED FROM OPERATIONS

	2012	2011
	R	R
Surplus for the year	10 507 863	455 875
<i>Adjustments for items that must appear on the cash flow</i>		
Interest received	(77 378)	(52 516)
Adjustments for non-cash items:		
Non-cash donations received	(46 225 704)	(43 627 752)
Non-cash operating expenses	35 852 501	43 627 752
Cash generated from operations	57 282	403 359

1.8 RELATED PARTIES

A related party relationship exists between the Telkom Foundation Trust and Telkom SA Limited. Through representation on the board of trustees, Telkom SA Limited is able to exercise significant influence over the financial and operating policy decisions of the Telkom Foundation Trust. In terms of the trust deed, the board of trustees consists of four Telkom trustees and three public trustees.

Related party transactions:

Most of the operations of Telkom Foundation Trust are financed by Telkom SA Ltd, through value in kind donations to the Foundation.

1.9 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the year, the Trust changed from South Africa Generally Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS). This change results in no material effect to the financial statements.

1.10 TAXATION

The Trust is a registered Public Benefit Organization is exempt from the provisions of the Income Tax Act, as per section 30 and as approved by the South African Revenue Services. No income taxation has been provided for.

The Telkom Foundation is registered for VAT (Value Added Tax) as from January 2012.

ADMINISTRATION

Founder:	Telkom SA Limited
Trustees:	GJ Rasethaba S Mthintso MI Moolla MJ Mavuso TH Magazi RM Mabusela LM Mosuoe M Maponya
Head of Telkom Foundation:	S Mthintso
Nature of business:	Charitable trust
Secretary:	PP Moremi
Auditors:	Nkoki Inc.
Trust registration number:	IT5262/02
Non-profit organisation registration number:	029-558-NPO
Registered office:	Telkom Towers East 152 Proes Street Pretoria 0001



Telkom
Foundation