SHUTTLEWORTH
FOUNDATION

Shuttleworth Foundation Trust Group consolidated financial statements for the period ended 31 December 2011

Shuttleworth Foundation Trust Group

Settlor	Mr M R Shuttleworth
Established	7 January 2010
Trustee	Orbital Administration Limited
Initial trust funds	GB£10
Business address	Standard Bank House One Circular Road Douglas IM1 1SB

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Trust information
for the period ended 31 December 2011

Statement of trustees' responsibilities

The trustees are responsible for preparing the consolidated financial statements which give a true and fair view of the state of affairs of the Trust and of its profit or loss for the year then ended.

In preparing these consolidated financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of Orbital Administration Limited.

Authorised signatory

Authorised signatory

Independent auditors' report to the trustees of Shuttleworth Foundation Trust Group for the period ended 31 December 2011

We have audited the consolidated financial statements of the Shuttleworth Foundation Trust Group for the period ended 31 December 2011 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated capital account, consolidated income account and related notes on pages 10 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) as adopted by the European Union.

This report is made solely to the trustees, as a body. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 1, the trustees are responsible for the preparation of consolidated financial statements that give a true and fair view.

Our responsibility is to audit, and express an opinion on, the consolidated financial statements in accordance with applicable law and International Standards on Auditing. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on the consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2011 and of its result for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities; and
- have been properly prepared in accordance with applicable law.

Auditmann LLC

Auditmann LLC
16 Hope Street
Douglas
Isle of Man

SHUTTLEWORTH FOUNDATION

Consolidated statement of comprehensive income for the period ended 31 December 2011

	Notes	2011 USD	2010 USD
Operating expenses		**(3 174 009)**	**(1 556 548)**
Fellowship grants		(721 287)	(485 967)
Fellowship project expenses		(1 996 959)	(689 026)
Fellowship management expenses		(426 699)	(332 182)
Trust management and administration expenses		(11 938)	(24 771)
Company management and administration expenses		(17 126)	(24 602)
Loss from operations		**(3 174 009)**	**(1 556 548)**
Net finance (costs)/income	5	(10 349)	17 734
Other net income		5 329	–
Share of profit of associate		4 415	2 531
Loss before taxation		**(3 174 614)**	**(1 536 283)**
Taxation	6	–	–
Loss for the period		**(3 174 614)**	**(1 536 283)**
Other comprehensive income		–	–
Total comprehensive loss for the period		**(3 174 614)**	**(1 536 283)**

The notes on pages 10 to 19 form part of these accounts.

Consolidated statement of financial position as at 31 December 2011

	Notes	2011 USD	2010 USD
Assets			
Non-current assets			
Fixed assets	7	20 413	24 396
Investment in associate	8	6 976	2 561
Loans receivable	8	3 054	3 059
		30 443	**30 016**
Current assets			
Prepayments and other receivables	9	51 038	5 014
Bank balance and cash	10	3 022 148	731 408
		3 073 186	**736 422**
Total assets		**3 103 629**	**766 438**
Equity and liabilities			
Equity			
Capital account	14	2 958 984	646 022
Income account	15	23 657	2 711
		2 982 641	**648 733**
Current liabilities			
Trade and other payables	11	110 225	109 921
Leave pay provision	12	9 140	7 120
Operating lease accrual		1 623	664
Total equity and liabilities		**3 103 629**	**766 438**

The accounts were approved by the trustees on 6th August 2013 and signed by the auditors 13th September 2013

Authorised signatory

Authorised signatory

The notes on pages 10 to 19 form part of these accounts.

SHUTTLEWORTH FOUNDATION

Consolidated statement of cash flow for the period ended 31 December 2011

	2011 USD	2010 USD
Cash flow from operating activities		
Income account	20 946	2 711
Capital account	2 312 962	646 022
	2 333 908	**648 733**
Adjustments for:		
Depreciation	9 075	4 408
Share of profit of associate	(4 415)	(2 531)
Increase in creditors	3 283	117 705
Increase in debtors	(46 024)	(5 014)
Net cash flow from operating activities	**2 295 827**	**763 301**
Cash flows from investing activities		
Purchase of tangible fixed assets	(5 092)	(28 804)
Purchase of non-current investments	–	(30)
Loan to non-current investment	5	(3 059)
Net cash flow after investing activities	2 290 740	731 408
Net increase in cash and cash equivalents	2 290 740	731 408
Cash and cash equivalents at the beginning of the period	731 408	–
Cash and cash equivalents at the end of the period	**3 022 148**	**731 408**

The notes on pages 10 to 19 form part of these accounts.

Consolidated statement of changes in equity for the period ended 31 December 2011

	Capital account USD	Income account USD	Total USD
At 7 January 2010	–	–	–
Initial settled funds	16	–	16
Additional funds settled during the period	2 185 000	–	2 185 000
Allocation of (deficit)/surplus for the period	(1 538 994)	2 711	(1 536 283)
Other comprehensive income	–	–	–
At 31 December 2010	646 022	2 711	648 733
Additional funds settled during the period	5 508 522	–	5 508 522
Allocation of (deficit)/surplus for the period	(3 195 560)	20 946	(3 174 614)
	2 958 984	**23 657**	**2 982 641**

The notes on pages 10 to 19 form part of these accounts.

Consolidated capital account for the period ended 31 December 2011

	Notes	2011 USD	2010 USD
Initial settled funds		**–**	**16**
Additions to capital			
Cash settled		5 508 522	2 185 000
		5 508 522	**2 185 016**
Expenses		(3 174 009)	(1 556 548)
Fellowship grants		(721 287)	(485 967)
Fellowship project expenses		(1 996 959)	(689 026)
Fellowship management expenses		(426 699)	(332 182)
Trust management and administration expenses		(11 938)	(24 771)
Company management and administration expenses		(17 126)	(24 602)
		2 334 513	628 468
Share of profit of associate		4 415	2 531
Foreign exchange (losses)/gains	5	(25 966)	15 023
Balance brought forward		**646 022**	**–**
Balance carried forward	**14**	**2 958 984**	**646 022**

The notes on pages 10 to 19 form part of these accounts.

Consolidated income account for the period ended 31 December 2011

	Notes	2011 USD	2010 USD
Income			
Bank interest	5	15 617	2 711
Other net income		5 329	–
Expenses		**20 946**	**2 711**
Administration expenses		–	–
Balance brought forward		2 711	–
Balance carried forward	**15**	**23 657**	**2 711**

The notes on pages 10 to 19 form part of these accounts.

SHUTTLEWORTH FOUNDATION

Notes to the consolidated financial statements for the period ended 31 December 2011

1 General

Shuttleworth Foundation Trust (the "Trust") was established with the trust deed dated 7 January 2010.

The consolidated financial statements were approved by the trustees on 6th August 2013 and signed by the auditors 13th September 2013

2 Summary of significant accounting policies

2.1 Basis of preparation of financial statements

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. They are presented in US Dollars.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries. All intragroup transactions and balances are eliminated.

Investments in associates
Investments in associates are accounted for at cost adjusted to reflect the profit or loss and other comprehensive income. Distributions from investments in associates are recognised when the Group's right to receive payment has been established. They are deducted from the carrying amount of the investment.

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following revenue recognition criteria must also be met before revenue is recognised.

Foreign currency translation
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income.

Finance income
Revenue is recognised as interest accrues (using the effective interest rate method that is the rate that exactly discounts the future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

2.3 Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the cost of day-to-day services, less accumulated depreciation and accumulated impairment. Such cost includes all costs directly attributable to bringing the assets into working condition for their intended use and the cost of replacing part of the asset if the recognition criteria are met.

Property, plant and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets to their expected residual values. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The depreciation rates of fixed assets are as follows:

Leasehold improvements	33,33%
Computer equipment	33,33%
Furniture and fittings	16,67%
Office equipment	20,00%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income in the year that the impairment arises.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Notes to the consolidated financial statements for the period ended 31 December 2011

2 Summary of significant accounting policies (continued)

2.4 Financial instruments

Trade and other receivables
Trade and other receivables, which generally have 30 days' terms, are recognised and carried at amortised cost using the effective interest rate method less an allowance for impairment. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Evidence of impairment may include indications that the debtors or a group or debtors is experiencing significant difficulty or defaulting on payments. Bad debts are recognised in the statement of comprehensive income when identified.

Cash and cash equivalents
Cash and cash equivalents comprises cash on hand and time, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

Trade and other payables
Trade and other payables are earned at amortised cost using the effective interest rate method. On initial recognition the invoice value equates to amortised cost.

Impairment
All financial assets are reviewed (individually or collectively) for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying value of these instruments exceeds recoverable amount, the asset is written down to the recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Derecognition of financial assets and liabilities
Financial assets
A financial asset is derecognised where:

- the contractual rights to receive cash flows from the asset have expired or are settled; or

- the Group transfers to another party all of the significant risks and rewards relating to the financial asset; or

- the Group, despite having retained some significant risks and rewards relating to the financial asset, has transferred control of the asset to another party and that other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.5 Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2.6 Taxes
Income taxes include all taxes based upon the taxable profits of the Group.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.7 Fair values

Fair value is the amount for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques. The fair values at the end of the reporting period are approximately in line with their reported carrying values unless specifically mentioned in the notes to the financial statements.

Notes to the consolidated financial statements for the period ended 31 December 2011

2 Summary of significant accounting policies (continued)

2.8 Borrowings

Borrowings are classified as originated loans and are recognised initially at an amount equal to the proceeds received, net of transaction costs incurred. In subsequent periods they are stated at amortised cost using the effective yield method: any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

3 Significant accounting judgements and estimates

Judgements
In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are discussed below.

Going concern
In the process of preparing the financial statements, the trustees agreed that the Group was a going concern due to the following reasons:

- There is no intention to cease the operations of the Group.
- Should the Group require additional funding to continue operating, the funding would be provided by the ultimate controlling party (see note 20).

	2011 USD	2010 USD
4 Auditors' remuneration		
Fees payable for the audit of the Group's annual accounts	47 831	37 128
5 Net finance (costs) income		
(Loss)/profit on foreign exchange	(25 966)	15 023
Bank interest	15 617	2 711
	(10 349)	**17 734**
6 Taxation		
Domestic current year tax		
Isle of Man tax at 0%	–	–
Current tax charge	–	–

In the opinion of the trustees, the Group has no direct liability for taxation in the Isle of Man or Jersey.

Notes to the consolidated financial statements for the period ended 31 December 2011

7 Fixed assets

	Furniture and fittings USD	Office equipment USD	Computer equipment USD	Leasehold improvements USD	Total USD
Cost					
As at 1 January 2011	12 959	1 454	7 010	7 381	28 804
Additions	1 416	–	1 771	1 905	5 092
As at 31 December 2011	14 375	1 454	8 781	9 286	33 896
Depreciation					
As at 1 January 2011	(1 030)	(134)	(1 944)	(1 300)	(4 408)
Depreciation charge	(2 349)	(269)	(3 266)	(3 191)	(9 075)
As at 31 December 2011	(3 379)	(403)	(5 210)	(4 491)	(13 483)
Net book value					
As at 31 December 2011	10 996	1 051	3 571	4 795	20 413
As at 31 December 2010	11 929	1 320	5 066	6 081	24 396

8 Investment in associate

	2011 USD	2010 USD
Cost		
Investment in associate at cost	30	30
Share of profit of associate b/f	2 531	–
	2 561	30
Share of profit of associate	4 415	2 531
Share of equity in associate	6 976	2 561
Loans carried at amortised cost		
Loans receivable from associate	3 054	3 059

The above represents a 30% interest in Village Telco Limited, a company incorporated in Mauritius.

	2011 USD	2010 USD
9 Prepayments and other receivables		
Prepayments	49 060	2 575
Other receivables	1 978	2 439
	51 038	**5 014**

Prepayments and other receivables are non-interest-bearing and are generally subject to 30-day settlement terms.

10 Bank balance and cash

	2011 USD	2010 USD
Cash at bank and on hand	3 022 148	719 944
Short-term deposits	–	11 464
	3 022 148	**731 408**

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents equates to the values disclosed above.

11 Trade and other payables

	2011 USD	2010 USD
Loans	25 164	–
Trade and other payables	85 061	109 921
	110 225	**109 921**

Trade and other payables are non-interest-bearing and are generally subject to 30-day settlement terms.

12 Leave pay provision

	2011 USD	2010 USD
As at 1 January 2011	7 120	–
Provided during the period	2 020	7 120
	9 140	**7 120**

SHUTTLEWORTH FOUNDATION

Notes to the consolidated financial statements for the period ended 31 December 2011

	2011 USD	2010 USD

13 Operating lease

	2011 USD	2010 USD
Premises' rental	24 776	20 800
	24 776	**20 800**

SF Advisors South Africa (Pty) Ltd lease premises from a third party. This lease is for a three-year period.

Future minimum rentals payable under the non-cancellable operating lease as at 31 December 2011 are as follows:

	2011 USD	2010 USD
Within one year	25 827	29 257
After one year but not more than five years	13 469	48 522
More than five years	–	–
	39 296	**77 779**

14 Capital account

	2011 USD	2010 USD
Initial settled funds	–	16
Capital contributions	5 508 522	2 185 000
Capital income and expenditure	(3 195 560)	(1 538 994)
	2 312 962	646 022
As at 1 January 2011	646 022	–
Balance as at 31 December 2011	2 958 984	646 022

15 Income account

	2011 USD	2010 USD
As at 1 January 2011	2 711	–
Surplus of income	20 946	2 711
Balance as at 31 December 2011	23 657	2 711

16 Financial instruments' risk management

Credit risk management
The Group only deposits cash surpluses with major banks of high-quality standing.

Liquidity risk management
The Group has minimised its liquidity risk by obtaining funds and support from the controlling party (see note 20).

17 Contingent liabilities

There were no known contingent liabilities as at 31 December 2011.

18 Capital commitments

There were no major capital commitments as at 31 December 2011.

19 Financial instruments' risk management

Credit risk management
The Group only deposits cash surpluses with major banks of high-quality standing.

Liquidity risk management
The Group has minimised its liquidity risk by obtaining funds and support from its controlling party.

20 Control relationships

The ultimate controlling party is Mr M R Shuttleworth.