“We support exceptional people to change the world in extraordinary ways.”
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“Give me a lever long enough and a fulcrum on which to place it, and I shall move the world.”
Archimedes

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Since the beginning of 2007, the Shuttleworth Foundation has invested a significant amount of time, money and intellectual resources into developing a truly innovative and highly effective way of working. The past 12 months have seen the realisation of this vision, and have been a period of evolution for the organisation. Consequently, while our vision remains one of driving and enabling an open knowledge society with limitless possibilities and innovation, the scope of this vision has grown considerably.

The Foundation has long recognised the global imperative that exists to create a truly open knowledge society. To achieve this, we must be structured in a way that enables us to operate efficiently across the globe, react to opportunities and challenges wherever and whenever they arise, and effectively harness intellectual capital in order to drive the change we envisage.

Our roots remain firmly and proudly anchored in South Africa, but we have taken steps to realise our vision of reaching, and touching, the entire world. As a result, while the Shuttleworth Foundation still has an office located in Cape Town, South Africa, the organisation is now incorporated and domiciled in the Isle of Man.

In addition to facilitating a far greater international reach and streamlining the processes involved in sourcing and supporting the Fellows who are at the heart of the work being done by the Foundation, this structural change affords the organisation a greater potential for global engagement and will, we believe, serve to strengthen the Shuttleworth Foundation brand, as well as the impact it has on the world.

The incorporation of the Shuttleworth Foundation in the Isle of Man has also had the minor implication of changing the organisation’s financial year end to 31 December. This report, therefore, is intended to offer an interim view of the financial standing of the Foundation as at the end of February 2010, being the end of the old financial year for the foundation. A full Annual Report, covering the financial year from January to December 2010 will be provided in 2011.

Helen Turvey
CEO: Shuttleworth Foundation
A Focus on Fellowships

The Shuttleworth Foundation continues to be powered by a dedicated team of individuals who are brought together by a common vision and shared commitment.

The effectiveness of the work done by the Foundation is ensured by means of a unique operating model based on supporting the efforts of talented and passionate individuals to change the world via our global Fellowship Programme, which provides funding for dynamic leaders who are at the forefront of social change. Ultimately, the Foundation identifies remarkable people, supports their change efforts via a fellowship grant, and multiplies the investment they make into their projects by a factor of ten or more.

This approach of supporting individuals through co-investment fellowships, rather than project funding, is founded on the belief that people are the true change agents that the world needs. The Shuttleworth Foundation Fellows are champions of change. They are willing to invest their time, talents and even funds entirely into creating the change they want to see, and the drive, passion and motivation to realise their vision.

In addition to affording these Fellows the freedom and financial ability to bring about the change they envisage, the Shuttleworth Foundation gives them access to an extensive international support structure, an established network of social change agents, and comprehensive technological, financial, and legal support. This is our investment, not just into each individual and his or her vision, but into the lasting positive impact their work will have on the world.

“The Foundation identifies remarkable people and supports their change efforts via a fellowship grant.”
Currently, the Shuttleworth Foundation supports the following Fellows:

Steve Song
Steve Song is a Shuttleworth Foundation Telecommunications Fellow. His work focuses on the promotion and facilitation of connectedness via access to communications infrastructure and technologies, as well as addressing the impact of such connectedness on cost factors and policy. Steve worked at the International Development Research Centre for 10 years prior to which he was a Senior Programme Officer with the Bellanet International Secretariat. He was involved in the early development of the Internet for the non-profit community in South Africa, including developing some of the first websites for non-profits and pioneering the first on-line searchable newspaper archive in Africa.

Current Projects:
The Village Telco
The project is aimed at developing a low-cost, scalable, standards-based Wi-Fi telephone company toolkit using open source software and open hardware. The Village Telco focuses on the creation of a sustainable business model for entrepreneurs to provide competitive voice services in areas where there is limited or no access.

Open Spectrum
Policy regulating the use of wireless spectrum has not kept pace with the evolution of the technology. In fact, in most countries, spectrum policy and regulation has not changed much since it was conceived in the late 1920s. This project represents a new way of thinking about spectrum policies and assignment models in order to radically change the connectivity landscape by allowing innovative wireless solutions to spur competition and to deliver affordable access where it was previously impractical.

Steve Vosloo
Steve is a 21st Century Learning Fellow for the Shuttleworth Foundation. His work focuses on the application of mobile communication devices in education and exploring alternative approaches to developing learning skills. He has a Masters degree in Information Systems from the University of Cape Town and completed a one-year Research Fellowship at Stanford University, where he researched youth and digital media. Steve has a passion for enabling the use of mobile technologies in education to drive socio-economic development and has presented at numerous conferences on education, digital content, and ICTs.

Current Projects:
m4Lit (mobile phones for literacy)
As part of this pilot project, Steve created a mobile novel (m-novel) and published it on a mobisite and on Mxit, a free instant messaging software application developed in South Africa. The project explores the role of mobile media in supporting teen leisure reading and writing and increasing youth literacy.
Mark Horner
Mark works in the area of Open and Collaborative Educational Resources and is committed to enabling the liberation of information and supporting education in South Africa. He is one of the co-founders of the Free High School Science Texts (FHSST) project, launched in 2002. He also heads up Siyavula, FullMarks and OpenPress, a suite of complementary projects aimed at making quality open educational resources for the South African school curriculum available to teachers. Mark has a PhD in physics from the University of Cape Town and conducted his research at Lawrence Berkeley National Laboratory in California on the results from the STAR experiment at Brookhaven National Laboratory in New York.

Current Projects:
Siyavula
A project to support teachers to work collaboratively in sharing and developing openly licensed and freely available educational resources. These resources can be printed, adapted and refreshed freely without the barriers associated with restrictive copyright licences.

FullMarks
An assessment bank aimed at lightening the load of teachers and improving the assessment standard across the board by enabling educators to share assessment items, generate tests, and capture and analyse the results. This project will support the continuous improvement of teaching and learning in South African by helping teachers identify and develop targeted support for learners.

OpenPress
A web service for the aggregation of print orders, offering users the benefit of economies of scale achieved through collaborative purchasing. The ultimate benefit of this model will be the affordable dissemination of printed open educational resources where digital access in not appropriate, or not yet widespread.

Philipp Schmidt
Philipp has a passion for open education, particularly as it applies to the future of higher education models in South Africa and internationally. He is a co-founder of Peer 2 Peer University, a project that uses open educational resources to create high quality learning communities for self learners. Philipp previously worked as an IT consultant in the Accenture Center for Strategic Technology, led the research activities of Cape Town based NGO bridges.org and, for the past few years, spearheaded open education activities at the University of the Western Cape and the United Nations University, MERIT. He has a background in computer science and economics and has written and spoken widely on free software in Africa, open technology standards, collaborative peer production, and open education.

Current Projects:
The Peer 2 Peer University (P2PU)
P2PU is an online community of open study groups for short university-level courses. The aim of P2PU is to assist students to navigate the wealth of online open education materials, form groups of motivated learners, and support the design and facilitation of courses.
The financial results in this Annual Report are based on the consolidated results of the Shuttleworth Foundation Trust, the Shuttleworth Foundation Fundraising Trust No. 1 and the Shuttleworth Foundation Fundraising Trust No. 2 for the financial year ended 28 February 2010. The Shuttleworth Foundation’s Trustees meet annually to review the progress of the activities of the various trusts.”
The Shuttleworth Foundation Trusts

Abridged Aggregated Annual Financial Statements
At February 28 2010

Trustees
S M Kirkman
J M Fourie
R D Shuttleworth

Nature of Business
Drives social and policy innovation in the fields of education and technology, through policy dialogue and practical projects

Auditors
Ernst & Young Inc.

Bankers
Standard Bank of South Africa Limited

Registered Office
12 Plein Street
Durbanville
7550

P O Box 4163
Durbanville
7551

Incorporated in
South Africa

Trust Numbers
The Shuttleworth Foundation Trust
IT582/2001
The Shuttleworth Foundation Fundraising No 1 Trust
IT490/2003
The Shuttleworth Foundation Fundraising No 2 Trust
IT434/2001

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Approval of Annual Financial Statements

The annual financial statements set out on pages 8 to 17 were approved by the trustees on 30 September 2010.

[Signatures of Trustees]
Independent Auditor’s Report to the Trustees

We have audited the annual financial statements of the Shuttleworth Foundation Trusts for the year ended February 28 2010, from which the abridged aggregated financial statements were derived, in accordance with International Standards on Auditing.

In our report dated September 30 2010 we expressed an unqualified opinion on the financial statements from which the abridged aggregated financial statements were derived.

In our opinion, the accompanying abridged aggregated financial statements are consistent, in all material respects, with the financial statements from which the abridged aggregated financial statements were derived and are prepared in accordance with the presentation and disclosure requirements of the Statement of Generally Accepted Accounting Practice for Small and Medium Enterprises.

For a better understanding of the trusts’ financial position and the results of their operations for the year ended February 28 2010 and of the scope of our audit, the abridged aggregated financial statements should be read in conjunction with the financial statements from which the abridged aggregated financial statements were derived and our audit report of those financial statements.

Without qualifying our opinion, we draw your attention to note 1.4 in the financial statements. This indicates the existence of a material uncertainty which may cast doubt about the Shuttleworth Foundation Fundraising No. 2 Trusts’ ability to continue as a going concern, as a result of the trustees considering to discontinue the operations of the trust subsequent to year end.

Ernst & Young Inc.
Registered Auditor

September 30 2010
Cape Town
## Abridged Aggregate Statement of Comprehensive Income
For the year ended February 28 2010

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>2</td>
<td>1 094 010</td>
<td>485 345</td>
<td>1 579 355</td>
<td>3 987 482</td>
<td>2 632 870</td>
</tr>
<tr>
<td><strong>Turnover</strong></td>
<td></td>
<td></td>
<td>485 345</td>
<td>485 345</td>
<td></td>
<td>2 632 870</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
<td>(1 911 593)</td>
<td>(1 911 593)</td>
<td></td>
<td>(6 970 902)</td>
</tr>
<tr>
<td><strong>Gross Loss</strong></td>
<td></td>
<td></td>
<td>(1 426 248)</td>
<td>(1 426 248)</td>
<td></td>
<td>(4 338 032)</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td></td>
<td>14 747 297</td>
<td>775 671</td>
<td>15 522 968</td>
<td>133 193</td>
<td>29 498</td>
</tr>
<tr>
<td><strong>Profit on disposal of subsidiary</strong></td>
<td>7</td>
<td>14 394 590</td>
<td></td>
<td>14 394 590</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td>171 854</td>
<td>775 671</td>
<td>947 525</td>
<td>133 193</td>
<td>29 498</td>
</tr>
<tr>
<td><strong>Derecognition of prior year payables</strong></td>
<td></td>
<td>180 853</td>
<td></td>
<td>180 853</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td></td>
<td>1 094 010</td>
<td></td>
<td>1 094 010</td>
<td>3 987 482</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15 841 307</td>
<td>(650 577)</td>
<td>15 190 730</td>
<td>4 120 675</td>
<td>(4 308 534)</td>
<td>(187 859)</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td>(19 271 252)</td>
<td>(1 233 842)</td>
<td>(20 505 094)</td>
<td>(27 237 467)</td>
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<tr>
<td><strong>Administrative expenses</strong></td>
<td></td>
<td>7 242 530</td>
<td>1 233 842</td>
<td>8 476 372</td>
<td>4 073 543</td>
<td>2 509 047</td>
</tr>
<tr>
<td><strong>Communication campaign expenses</strong></td>
<td></td>
<td>452 324</td>
<td></td>
<td>452 324</td>
<td>732 177</td>
<td></td>
</tr>
<tr>
<td><strong>Distributions to projects and related expenses</strong></td>
<td>5</td>
<td>11 576 398</td>
<td></td>
<td>11 576 398</td>
<td>22 431 747</td>
<td></td>
</tr>
<tr>
<td><strong>Loss before taxation</strong></td>
<td></td>
<td></td>
<td>(3 429 945)</td>
<td>(1 884 419)</td>
<td>(5 314 364)</td>
<td>(23 116 792)</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loss for the year</strong></td>
<td></td>
<td></td>
<td>(3 429 945)</td>
<td>(1 884 419)</td>
<td>(5 314 364)</td>
<td>(23 116 792)</td>
</tr>
</tbody>
</table>
### Abridged Aggregated Statement of Financial Position

At February 28 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

### Assets

#### Current assets

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>28 176</td>
<td>395 148</td>
</tr>
<tr>
<td>Loans to related parties</td>
<td>3 219 164</td>
<td>–</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>12 359 625</td>
<td>23 427 882</td>
</tr>
<tr>
<td></td>
<td>15 606 965</td>
<td>23 823 030</td>
</tr>
</tbody>
</table>

**Total assets**

15 606 965 ------------ 23 823 030

### Funds and Liabilities

#### Capital and funds

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust capital</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>10 343 749</td>
<td>15 658 113</td>
</tr>
<tr>
<td></td>
<td>10 344 049</td>
<td>15 658 413</td>
</tr>
</tbody>
</table>

#### Current liabilities

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>5 262 916</td>
<td>8 008 567</td>
</tr>
<tr>
<td>Leave pay provision</td>
<td>–</td>
<td>156 050</td>
</tr>
<tr>
<td></td>
<td>5 262 916</td>
<td>8 164 617</td>
</tr>
</tbody>
</table>

**Total funds and liabilities**

15 606 965 ------------ 23 823 030
### Abridged Aggregated Statement of Changes in Trust Funds
For the year ended February 28 2010

<table>
<thead>
<tr>
<th></th>
<th>Trust capital R</th>
<th>Accumulated surplus R</th>
<th>Total R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at February 29 2008</strong></td>
<td>300</td>
<td>45 592 486</td>
<td>45 592 786</td>
</tr>
<tr>
<td><strong>Total comprehensive income comprises:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>—</td>
<td>(29 934 373)</td>
<td>(29 934 373)</td>
</tr>
<tr>
<td><strong>Balance at February 28 2009</strong></td>
<td>300</td>
<td>15 658 113</td>
<td>15 658 413</td>
</tr>
<tr>
<td><strong>Total comprehensive income comprises:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>—</td>
<td>(5 314 364)</td>
<td>(5 314 364)</td>
</tr>
<tr>
<td><strong>Balance at February 28 2010</strong></td>
<td>300</td>
<td>10 343 749</td>
<td>10 344 049</td>
</tr>
<tr>
<td>Note</td>
<td>2010</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash utilised by operations</td>
<td>1</td>
<td>(3 444 424)</td>
<td>(33 888 018)</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>2</td>
<td>(2 378 679)</td>
<td>896 413</td>
</tr>
<tr>
<td>Cash utilised by operating activities</td>
<td></td>
<td>(5 823 103)</td>
<td>(32 991 605)</td>
</tr>
<tr>
<td>Finance income</td>
<td></td>
<td>1 094 010</td>
<td>3 987 482</td>
</tr>
<tr>
<td>Net cash outflow from operating activities</td>
<td></td>
<td>(4 729 093)</td>
<td>(29 004 123)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan to related parties</td>
<td></td>
<td>(6 339 164)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(6 339 164)</td>
<td>–</td>
</tr>
<tr>
<td>Net movement in cash and cash equivalents</td>
<td></td>
<td>(11 068 257)</td>
<td>(29 004 123)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td></td>
<td>23 427 882</td>
<td>52 432 005</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td></td>
<td>12 359 625</td>
<td>23 427 882</td>
</tr>
</tbody>
</table>

**Notes to the cash flow statements**

1. Cash utilised by operations
   Deficit before taxation | (5 314 364) | (29 934 373) |

   **Adjustments:**
   Finance income | (1 094 010) | (3 987 482) |
   Provisions | (156 050) | 33 837 |
   Impairment | 6 | 3 120 000 | – |
   | | (3 444 424) | (33 888 018) |

2. Movement in working capital
   Decrease in trade and other receivables | 366 972 | 473 364 |
   *(Decrease)/increase in trade and other payables* | (2 745 651) | 423 049 |
   | | (2 378 679) | 896 413 |
1 Accounting Policies

This report is prepared in accordance with the Statement of Generally Accepted Accounting Practice for Small and Medium Enterprises. In accordance with this framework, IAS 34/AC127 has been applied to prepare the abridged aggregated financial statements. The results shown are the aggregation of The Shuttleworth Foundation Trust, The Shuttleworth Foundation Fundraising No. 1 Trust and The Shuttleworth Foundation Fundraising No. 2 Trust, for all of which Mark Shuttleworth is the Founder. All transactions and balances between these entities have been removed for the purposes of preparing the abridged aggregated financial statements. The information presented in this report has been audited by the external auditors. The accounting policies used in the preparation of these financial statements are consistent with those used in the The Shuttleworth Foundation Trust Group financial statements.

1.1 Basis of preparation

The abridged aggregated financial statements has been prepared on the historical cost basis, except where stated otherwise, and in accordance with the accounting policies which were applied in the preparation of the individual trusts’ annual financial statements for the year ended February 28 2010. The accounting policies and methods used are consistent with those used in prior periods.

1.2 Revenue recognition

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 specific recognition criteria must also be met before revenue is recognised. Revenue is measured at the fair value of the consideration received or receivable net of any discounts, rebates and related taxes.

Finance income
Revenue is recognised as interest accrues (using the effective interest 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).

Donations received
Revenue from donations is recognised when the payment is received, or if in terms of an agreement, the right to receive a donation has been established.

Advertising income
Revenue from advertising income is recognised when the advert to which it relates is published in the HIP2B² magazine.

1.3 Financial instruments

Financial assets and financial liabilities are initially recognised on the statement of financial position when the trust becomes party to the contractual provisions of the instrument. When financial assets and financial liabilities are recognised initially they are measured at cost, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The trust determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.
1 Accounting Policies (continued)

1.3 Financial instruments (continued)

Trade and other receivables
Trade and other receivables, which generally have 30 days’ terms, are initially recognised at cost and subsequently 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 trust will not be able to collect the debts. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty or defaulting on payments. Bad debts are recognised in profit or loss when identified.

Bank balances and cash
Bank balances and cash in the statement of financial position are initially recognised at cost and subsequently measured at amortised cost, and comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

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

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 trust transfers to another party all of the significant risks and rewards relating to the financial asset; or
• The trust, 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.

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

1.4 Significant accounting judgements and estimates

Going concern
Subsequent to year end, the Trustees have considered discontinuing the operations of the Shuttleworth Foundation Fundraising No. 2 Trust. The trustees’ consideration indicates that the entity may not be in operation in the next financial year. This consideration gives rise to a material uncertainty, which may cast significant doubt about the trust’s ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis assumes that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance income</td>
<td>1 094 010</td>
<td>0</td>
<td>1 094 010</td>
<td>3 987 482</td>
<td>0</td>
<td>3 987 482</td>
</tr>
<tr>
<td>Magazine income</td>
<td>485 345</td>
<td>485 345</td>
<td>1 579 355</td>
<td>2 632 870</td>
<td>2 632 870</td>
<td>6 620 352</td>
</tr>
</tbody>
</table>

Turnover represents magazine income.

3 Other Income
Other income includes an amount of R152 588 (2009: RNIl) as a reversal of the leave pay provision in The Shuttleworth Foundation Trust as well as income earned on projects of R775 000 (2009: R23 940) in BSquare Communications (Proprietary) Limited.

4 Additional Information
The current year statement of comprehensive income has been split into two columns, HIP2B² and Aggregated Trusts, in order to differentiate between the revenue generated from the HIP2B² magazine used to communicate the Foundations message and from the utilisation of donor and third party donations.

5 Distributions to Projects and Related Expenses
Distributions exceeding the limit imposed on the management team of the trusts, are approved by the trustees. All distributions are authorised on signature of a memorandum of understanding between the beneficiary of the distribution and the trust.
### 6 Related Parties

Related party relationships exist between the donor, Mr M R Shuttleworth, 12 Plein Street Durbanville (Proprietary) Limited, HBD Management Services (Proprietary) Limited and SF Advisors South Africa (Proprietary) Limited.

Transactions for the year

<table>
<thead>
<tr>
<th>12 Plein Street Durbanville (Proprietary) Limited</th>
<th>2010 R</th>
<th>2009 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>– premises, equipment rental and share of running costs</td>
<td>(538 252)</td>
<td>(433 666)</td>
</tr>
<tr>
<td>HBD Management Services (Proprietary) Limited</td>
<td>(742 811)</td>
<td>(1 019 795)</td>
</tr>
<tr>
<td>– management fees</td>
<td>(283 213)</td>
<td>(285 742)</td>
</tr>
</tbody>
</table>

Loans to related parties

| BSquare Communication (Proprietary) Limited | 3 143 498 |
| Loan | 6 263 498 |
| Impairment of loan | (3 120 000) |

| SF Advisors South Africa (Proprietary) Limited | 75 666 |
| Total | 3 219 164 |

All transactions between related parties are entered into at arms’ length.
7. Investment in Subsidiary

Disposal of BSquare Communications (Proprietary) Limited.

During the current year, the trustees of The Shuttleworth Foundation Trust decided to sell BSquare Communications (Proprietary) Limited to a related party, HBD Business Holdings (Proprietary) Limited for R10 consideration.

On July 22 2009, The Shuttleworth Foundation Trust disposed of 100% of the voting shares of BSquare Communications (Proprietary) Limited, an unlisted company based in South Africa which was involved in the distribution of the HIP2B² magazine and the management of the HIP2B² brand. BSquare Communications (Proprietary) Limited was consolidated into The Shuttleworth Foundation Trust Group for the 5 months leading up to the date of disposal.

The proceeds received was R10 at the date of disposal. BSquare Communications (Proprietary) Limited has contributed a loss of R1 884 419 (2009: R6 841 581) to the comprehensive income of the group for the year. The profit that arose on disposal of BSquare Communication (Proprietary) was R 14 394 590.

The disposal of BSquare Communications (Proprietary) Limited resulted in a net cash inflow of R10 to the group during the current year.

8 Audited Annual Financial Statements
The audited annual financial statements of The Shuttleworth Foundation Trust and The Shuttleworth Foundation Fundraising No. 1 and No. 2 Trusts can be obtained from the Trusts registered office via postal address as indicated below:

Registered office and postal address
12 Plein Street P O Box 4163
Durbanville Durbanville
7550 7551
Tell me and I forget.
Teach me and I remember.
Involve me and I learn.”

Benjamin Franklin