

Mothers2Mothers South Africa NPC

Registration Number: 2002/013453/08

ANNUAL FINANCIAL STATEMENTS

31 December 2013

**Audited in compliance with Companies Act
of South Africa (2008)**

Mothers2Mothers South Africa NPC
Registration Number: 2002/013453/08

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The provision of education and support to HIV infected pregnant women and women who recently delivered HIV infected babies.
Directors	D Lubner M J Besser F K Beadle S A Gwarinda K Schmitz B Mthembu (Resigned 1 July 2013) G Mthandi (Appointed 1 March 2014)
Registered office	P O Box 841 Cape Town 8000
Business address	5 th Floor 33 Martin Hammerschlag Way Foreshore Cape Town 8001
Postal address	P O Box 841 Cape Town 8000
Bankers	Standard Bank Limited
Auditors	Deloitte & Touche Chartered Accountants (S.A.) Registered Auditors
Secretary	C Mawer
Company registration number	2002/013453/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008
Preparation of annual financial statements	These annual financial statements have been prepared under the supervision of S Kotze (Financial Director)

ANNUAL FINANCIAL STATEMENTS
31 December 2013

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

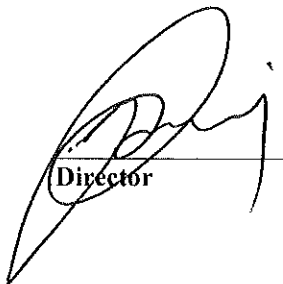
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2014 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 and 5.

The annual financial statements set out on pages 6 to 23 and the detailed statement of comprehensive income set out on page 24 were approved by the board of directors on 26 September 2014 and are signed on its behalf by,



Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Mothers2Mothers South Africa NPC

We have audited the annual financial statements of Mothers2Mothers South Africa NPC, set out on pages to 8 to 23, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
Mothers2Mothers South Africa NPC (Continued)**

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for Mothers2Mothers South Africa NPC to institute accounting controls over cash collections from minor donations and certain fund raising projects prior to the initial entry of these collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Mothers2Mothers South Africa NPC as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa.

Other Matter

Without further qualifying our opinion, we draw attention to the fact that the detailed statement of comprehensive income set out on page 24 do not form part of the annual financial statements and are presented as additional information. We have not audited this information and accordingly we do not express an opinion on it.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the preparer. Based on reading this report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on it.


Deloitte & Touche
Registered Auditors

Per S Tyranes
Partner
30 September 2014

Mothers2Mothers South Africa NPC

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2013.

1. Review of activities

Main business and operations

The company is engaged in the provision of education and support to HIV infected pregnant women and women who recently delivered HIV infected babies and operates principally in South Africa.

Main branches are allocated in the following countries: Kenya, Malawi, Lesotho, Swaziland, Tanzania and Uganda. During the year the company discontinued operations in Tanzania, with the intention of closing this branch once all outstanding legal matters have been concluded.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Total comprehensive loss (income) for the year was R2 270 042 (2012: (R4 252 191)).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Non-current assets

There were no major changes in the nature of the non-current assets of the company during the year.

5. Directors

Name

D Lubner	
MJ Besser	
FK Beadle	
SA Gwarinda	
K Schmitz	
B Mthembu	(Resigned 1 July 2013)
G Mthandi	(Appointed 1 March 2014)

Mothers2Mothers South Africa NPC

DIRECTORS' REPORT (Continued)

6. Secretary

The secretary of the company is C Mawer of:

Business address 5th Floor
33 Martin Hammerslag Way
Foreshore
Cape Town
8001

Postal address P O Box 841
Cape Town
8000

7. Branch Entities

Name of entity	Country of incorporation if not the RSA
Mothers2Mothers Kenya	Kenya
Mothers2Mothers Lesotho	Lesotho
Mothers2Mothers Malawi	Malawi
Mothers2Mothers Swaziland	Swaziland
Mothers2Mothers Tanzania	Tanzania
Mothers2Mothers Uganda	Uganda

8. Auditors

Deloitte & Touche was appointed into office in accordance with section 90 of the Companies Act 71 of 2008.

9. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

Mothers2Mothers South Africa NPC

STATEMENT OF FINANCIAL POSITION at 31 December 2013

	<u>Notes</u>	<u>2013</u> R	<u>2012</u> R
ASSETS			
Non-current assets		1 841 939	1 606 398
Plant and equipment	2	1 837 595	1 515 947
Intangible asset	3	4 330	90 437
Other financial asset	4	14	14
Current assets		31 995 168	27 864 029
Trade and other receivables	5	9 554 633	15 082 242
Cash and cash equivalents	6	22 440 535	12 781 787
Total assets		<u>33 837 107</u>	<u>29 470 427</u>
EQUITY AND LIABILITIES			
Equity		12 683 042	14 953 084
Foreign currency translation reserve		722 269	1 587 907
Retained income		11 960 773	13 365 177
Current liabilities		21 154 065	14 517 343
Operating lease liability		259 449	91 119
Trade and other payables	7	3 799 478	3 517 445
Deferred income	8	15 036 389	9 690 833
Provisions	9	2 058 749	1 217 946
Total equity and liabilities		<u>33 837 107</u>	<u>29 470 427</u>

Mothers2Mothers South Africa NPC

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> R	<u>2012</u> R
Revenue	10	119 140 897	119 161 709
Other income		247 581	435 732
Operating expenses		(120 944 885)	(114 303 937)
		<hr/>	<hr/>
Operating (loss) profit	11	(1 556 407)	5 293 504
Interest income	12	158 123	35 832
Interest expense		(6 120)	-
		<hr/>	<hr/>
Net (loss) profit for the year		(1 404 404)	5 329 336
Other comprehensive income			
Exchange rate differences on translating foreign operations		(865 638)	(1 077 145)
		<hr/>	<hr/>
Total comprehensive (loss) income for the year		<hr/> (2 270 042) <hr/>	<hr/> 4 252 191 <hr/>

Mothers2Mothers South Africa NPC

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Foreign currency translation <u>reserve</u> R	Retained <u>income</u> R	<u>Total</u> R
Balance at 31 December 2011	2 665 052	8 035 841	10 700 893
Total comprehensive income for the year	(1 077 145)	5 329 336	4 252 191
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	1 587 907	13 365 177	14 953 084
Total comprehensive loss for the year	(865 638)	(1 404 404)	(2 270 042)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013	<hr/> <hr/> 722 269	<hr/> <hr/> 11 960 773	<hr/> <hr/> 12 683 042

Mothers2Mothers South Africa NPC

STATEMENT OF CASH FLOWS for the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> R	<u>2012</u> R
Cash flows from operating activities			
Cash receipts from donors		134 177 286	128 906 461
Cash paid to suppliers and employees		(123 554 304)	(127 371 584)
		<hr/>	<hr/>
Cash generated from operations	14	10 622 982	1 534 877
Interest income		158 123	35 832
Dividend income		-	70 000
Interest paid		(6 120)	-
		<hr/>	<hr/>
<i>Net cash inflow from operating activities</i>		<hr/> 10 774 985	<hr/> 1 640 709
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of plant and equipment	2	(1 116 237)	(346 387)
Net proceeds on sale of plant and equipment		-	777 165
Net proceeds on sale of other intangible assets		-	75 746
		<hr/>	<hr/>
<i>Net cash (outflow) inflow from investing activities</i>		<hr/> (1 116 237)	<hr/> 506 524
		<hr/>	<hr/>
Net increase in cash and cash equivalents		9 658 748	2 147 233
Cash and cash equivalents at beginning of the year		12 781 787	10 634 554
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	6	<hr/> 22 440 535	<hr/> 12 781 787

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 December 2013

1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands and rounded off to the closest Rand (R1).

1.1 Significant judgements and sources of estimation

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade and other receivables

The company assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data including a measureable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Residual values and useful lives of property, plant and equipment

The residual values and useful lives of property, plant and equipment are based on management estimates.

1.2 Property, plant and equipment

Property, plant and equipment is initially measured at cost, and subsequently at cost less accumulated depreciation and accumulated impairment.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 to 6 years
IT equipment	2 to 3 years
Containers	6 to 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

1. ACCOUNTING POLICIES (Continued)

1.3 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment.

Amortisation is provided to write down the intangible asset, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.4 Tax

The company is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act, 1962.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

1. ACCOUNTING POLICIES (Continued)

1.7 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.8 Revenue

Government grants

Grants from the government are recognised at their fair value in profit or loss where there is reasonable assurance that the grant will be received and the company has complied with all attached conditions. Grants received where the company has yet to comply with all attached conditions are recognised as a liability and released to income when all attached conditions have been complied with. Government grants received are included in "revenue" in profit or loss.

Government grants that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised in income in the period in which it becomes receivable.

Donations

Contributions are recorded at the fair value on the earlier of the receipt of cash or an unconditional promise to give, as increases in net assets in the period they are received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are recognised as deferred revenue. Contributions with no restrictions that those that are met prior to fiscal year end and are recognised in profit and loss as "revenue".

A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, temporarily restricted assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which restrictions are met are recorded as an increased to restricted support at the time of receipt and as net assets released from restrictions.

Unconditional promises to give are recognised as contributions receivable only if there is a legally enforceable written agreement or promissory notes and collection is reasonably assured.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

1. ACCOUNTING POLICIES (Continued)

1.8 Revenue (Continued)

Contributions in kind

Contributions in kind received, that meets the criteria for recognition are recorded at estimated fair value when received.

Contribution services

Contributed services are only recognised if contributed services create or enhance financial assets and if they require specialised skills which would have to be bought in if they were not contributed. Donated services are recognised as an expense and revenue to the extent of the expenses at fair value of contributed services.

Contributed goods/materials

Recognises contributed goods/materials as assets or expenses and revenue to the extent that a liability is not also recognised.

Bequests

Contributions obtained via bequests are recorded as contribution revenue when the amounts are determinable and collection is reasonably assured.

Other revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The results and financial position of all the branches that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the exchange rates at the dates of the transactions, in which case income and expense items are translated at the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

1. ACCOUNTING POLICIES (Continued)

1.9 Translation of foreign currencies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at each reporting date. These adjustments are taken through the foreign currency translation reserve through the statement of comprehensive income.

1.10 Financial instruments

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

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

Investment in unlisted entity

The investment in the unlisted entity does not have a quoted market price and the fair value cannot be measured. The investment has been measured at cost less impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

2. PLANT AND EQUIPMENT

	Cost/ valuation R	2013 Accumulated depreciation R	Carrying value R	Cost/ valuation R	2012 Accumulated depreciation R	Carrying value R
Furniture and fixtures	168 635	(127 528)	41 107	159 734	(98 458)	61 276
Motor vehicles	1 891 566	(1 126 420)	765 146	1 782 086	(790 678)	991 408
Office equipment	380 164	(226 852)	153 312	465 422	(259 555)	205 867
IT equipment	1 580 219	(771 811)	808 408	638 105	(499 516)	138 589
Containers	381 203	(311 581)	69 622	381 203	(262 396)	118 807
	<u>4 401 787</u>	<u>(2 564 192)</u>	<u>1 837 595</u>	<u>3 426 550</u>	<u>(1 910 603)</u>	<u>1 515 947</u>

Reconciliation of plant and equipment

2013	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Furniture and fixtures	61 276	8 901	-	(29 070)	41 107
Motor vehicles	991 408	109 480	-	(335 742)	765 146
Office equipment	205 867	55 742	(21 437)	(86 860)	153 312
IT equipment	138 589	942 114	-	(272 295)	808 408
Containers	118 807	-	-	(49 185)	69 622
	<u>1 515 947</u>	<u>1 116 237</u>	<u>(21 437)</u>	<u>(773 152)</u>	<u>1 837 595</u>
2012	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Furniture and fixtures	360 583	-	(194 511)	(104 796)	61 276
Motor vehicles	1 502 234	-	(131 535)	(379 291)	991 408
Office equipment	1 782 017	56 683	(1 462 088)	(170 745)	205 867
IT equipment	785 152	258 116	(332 720)	(598 949)	138 589
Containers	240 210	4 588	(65 627)	(60 364)	118 807
	<u>4 670 196</u>	<u>346 387</u>	<u>(2 186 491)</u>	<u>(1 314 145)</u>	<u>1 515 947</u>

Included in the categories above, are assets with cost of R938 193 (2012: R125 002) which were purchased with donor specific funding. Upon completion of the donor project the assets belong to the donor and may be retained by the entity at the discretion of the donor.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

3. INTANGIBLE ASSET

	Cost/ <u>valuation</u> R	2013 Accumulated <u>amortisation</u> R	Carrying <u>value</u> R	Cost/ <u>valuation</u> R	2012 Accumulated <u>amortisation</u> R	Carrying <u>value</u> R
Computer software	1 478 002	(1 473 672)	4 330	1 478 002	(1 387 565)	90 437

Reconciliation of intangible asset

	Opening <u>balance</u> R	<u>Disposals</u> R	<u>Amortisation</u> R	Closing <u>balance</u> R
Computer software	90 437	-	(86 107)	4 330

	<u>2013</u> R	<u>2012</u> R
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4. OTHER FINANCIAL ASSET

Available-for-sale

Unlisted shares - Sakhikamvva Investments Proprietary Limited	14	14
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Non-current assets

Available-for-sale	14	14
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Available-for-sale equity investments not at fair value

Fair value information has not been provided for equity instruments that do not have a quoted market price and for which a fair value cannot be measured reliably. The investment is disclosed at cost.

Mothers2Mothers South Africa NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 December 2013

	<u>2013</u> R	<u>2012</u> R
5. TRADE AND OTHER RECEIVABLES		
Grants receivable	7 663 215	13 014 669
Allowance for doubtful grants	(846 970)	-
Net grants receivable	<u>6 816 245</u>	<u>13 014 669</u>
Employee allowances in advance (due from employees)	367 760	307 504
Accounts payable with debit balances	455 887	228 979
Other receivables	183 557	149 022
Prepayments	729 554	672 657
Deposits	525 879	228 717
Value Added Taxation	475 751	480 694
	<u>9 554 633</u>	<u>15 082 242</u>
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1 940	1 769
Bank balances	17 227 520	11 476 096
Short-term deposits	5 211 075	1 303 922
	<u>22 440 535</u>	<u>12 781 787</u>
7. TRADE AND OTHER PAYABLES		
Trade payables	1 629 213	1 883 581
Accrued employee costs	361 327	391 268
Accrued expenses	1 691 779	1 030 540
Accounts receivables with credit balances	117 159	212 056
	<u>3 799 478</u>	<u>3 517 445</u>
8. DEFERRED INCOME		
Unearned revenue	<u>15 036 389</u>	<u>9 690 833</u>

At 31 December 2013, the company deferred the income of R15 036 389 (2012: R9 690 833) related to various government grants and donations/contributions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

9. PROVISIONS

Reconciliation of provisions - 2013

	Opening balance R	Additions R	Utilised during the year R	Closing balance R
Leave pay provision	1 354 607	1 130 545	(477 519)	2 007 633
Indirect cost under-recovery	(136 661)	187 777	-	51 116
	<u>1 217 946</u>	<u>1 318 322</u>	<u>(477 519)</u>	<u>2 058 749</u>

	2013 R	2012 R
10. REVENUE		
Grants and donations from affiliated organisation	40 905 891	23 306 553
Grants and donations received	77 623 435	95 361 574
Individual, small businesses and gifts in kind	611 571	423 582
Dividends received from investment in unlisted shares	-	70 000
	<u>119 140 897</u>	<u>119 161 709</u>

11. OPERATING (LOSS) PROFIT

Operating (loss) profit for the year is stated after accounting for the following:

Operating lease charges

Premises		
Contractual amounts	2 399 167	2 113 662
	<u>2 399 167</u>	<u>2 113 662</u>
(Gains) loss on sale of property, plant and equipment	(17 031)	933 726
Gains on exchange differences	(230 551)	(435 732)
Depreciation and amortisation	859 259	1 408 431
Employee costs	69 951 541	73 102 259
	<u>69 951 541</u>	<u>73 102 259</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 December 2013

	<u>2013</u> R	<u>2012</u> R
12. INTEREST INCOME		
Bank	158 123	35 832
	<hr/>	<hr/>
13. AUDITORS' REMUNERATION		
Fees	1 284 459	1 618 288
	<hr/>	<hr/>
14. CASH GENERATED FROM OPERATIONS		
Net (loss) profit for the year	(1 404 404)	5 329 336
Adjustments for:		
Depreciation and amortisation	859 259	1 408 430
Dividend income	-	(70 000)
(Gains) loss on sale of assets	(17 031)	933 726
Interest income	(158 123)	(35 832)
Interest paid	6 120	-
Movements in operating lease liability	168 330	(49 787)
Movements in provisions	840 803	(3 191 473)
Other non-cash items	(827 170)	(601 545)
Changes in working capital:		
Trade and other receivables	5 527 609	(4 050 487)
Trade and other payables	282 033	(1 483 742)
Deferred income	5 345 556	3 346 251
	<hr/>	<hr/>
	10 622 982	1 534 877
	<hr/>	<hr/>
15. RELATED PARTIES		
Relationships		
Affiliated organisations	Mothers2Mothers International Mothers2Mothers UK	
Related party transactions and balances		
Grants and donations received from related parties		
Mothers2Mothers International	(38 701 840)	(19 943 648)
Mothers2Mothers UK	(2 204 051)	(3 362 904)
Amount due from Mothers2Mothers International (included in grants receivable - refer note 5)	4 431 328	3 454 651
Amount due from Mothers2Mothers UK (included in grants receivable - refer to note 5)	271 288	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

	<u>2013</u> R	<u>2012</u> R
16. DIRECTORS' EMOLUMENTS		
Non-executive	-	-
Executive	2 485 039	2 704 661
	<u>2 485 039</u>	<u>2 704 661</u>

The directors at Mothers2Mothers NPC also form the key management personnel.

17. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Financial assets at amortised <u>cost</u> R	Financial liabilities at amortised <u>cost</u> R	Available for sale financial <u>assets</u> R	<u>Total</u> R
2013 - Assets				
Other financial assets	-	-	14	14
Trade and other receivables	9 078 882	-	-	9 078 882
Cash and cash equivalents	22 440 535	-	-	22 440 535
	<u>31 519 417</u>	<u>-</u>	<u>14</u>	<u>31 519 431</u>
2013 - Liabilities				
Trade and other payables	-	3 799 478	-	3 799 478
Operating lease liability	-	259 449	-	259 449
	<u>-</u>	<u>4 058 927</u>	<u>-</u>	<u>4 058 927</u>
2012 - Assets				
Other financial assets	-	-	14	14
Trade and other receivables	14 933 220	-	-	14 933 220
Cash and cash equivalents	12 781 787	-	-	12 781 787
Loans from affiliated organisation	149 022	-	-	149 022
	<u>27 864 029</u>	<u>-</u>	<u>14</u>	<u>27 864 043</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
31 December 2013

17. CLASSIFICATION OF FINANCIAL INSTRUMENTS (Continued)

	Financial assets at amortised <u>cost</u> R	Financial liabilities at amortised <u>cost</u> R	Available for sale financial <u>assets</u> R	<u>Total</u> R
2012 - Liabilities				
Trade and other payables	-	3 463 526	-	3 463 526
Operating lease liability	-	91 119	-	91 119
	<hr/>	<hr/>	<hr/>	<hr/>
	-	3 554 645	-	3 554 645
	<hr/>	<hr/>	<hr/>	<hr/>
			<u>2013</u> R	<u>2012</u> R

18. COMMITMENTS

Minimum lease payments for the year		
- Contractual amounts	2 399 167	2 113 662
	<hr/>	<hr/>

At year end the outstanding commitments under operating lease falls due as:

Within one year	1 153 681	956 071
Later than one year but within five years	7 309 642	-
Later than five years	1 346 138	-
	<hr/>	<hr/>
	9 809 461	956 071
	<hr/>	<hr/>

19. CONTINGENT LIABILITIES

The company has a possible liability related to a claim made by former employees in Tanzania on the grounds of unfair dismissal. The outcome of the legal proceedings are unclear, however, should the entity fail in its defense it would be liable for an amount of R1 578 650 (TZS 245 132 037, translated at an exchange rate of TZS/R 0,00644 as at 31 December 2013).

Mothers2Mothers South Africa NPC

DETAILED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2013

	Notes	2013 R	2012 R
Revenue	10	119 140 897	119 161 710
Grants and donations from affiliated organisations		40 905 891	23 306 553
Grants and donations received		77 623 435	95 361 575
Individual, small businesses and gifts in kind		611 571	423 582
Dividends from investment in unlisted entity		-	70 000
Other income		405 705	471 564
Interest received		158 123	35 832
Profit on exchange differences		230 551	435 732
Profit on sale of assets		17 031	-
Operating expenses		(120 951 006)	(114 303 938)
Allowance for doubtful grants		846 970	-
Auditors remuneration	13	1 284 459	1 618 288
Bank charges		364 724	321 160
Cleaning		79 235	56 174
Computer expenses		1 193 422	898 255
Conferences, conventions and meetings (training)		2 555 019	1 559 369
Consulting fees		8 340 463	7 214 264
Delivery expenses		195 320	299 575
Depreciation, amortization and impairments		859 259	1 408 431
Employee costs		69 951 541	73 102 259
Gifts and flowers		42 022	2 687
Grants to affiliated organisations		2 723 591	1 210 109
Insurance		408 181	279 944
Interest expense		6 120	-
Lease rentals on operating lease		2 399 167	2 113 662
Legal expenses		488 509	1 650
Loss on disposal of assets		-	933 726
Motor vehicle expenses		1 820 646	1 678 036
Office supplies and equipment		1 275 582	270 638
Other expenses		340 420	1 992 114
Printing and stationery		2 250 058	733 030
Repairs and maintenance		876 135	655 829
Security		55 467	33 464
Site supplies		3 332 939	5 007 708
Staff development and training		1 023 566	90 981
Subscriptions		241 865	48 394
Telephone and fax		2 389 104	2 581 121
Travel expenses		15 272 162	9 860 742
Utilities		335 060	332 328
(Loss) profit for the year		(1 404 404)	5 329 336