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mothers2mothers (UK) Limited
(A Company Limited by Shares)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

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Reference and administrative details

The registered name of the charity is mothers2mothers (UK) Limited (herein referred to as m2mUK). It is registered with the Charity Commission in England and Wales with the number 1119721 and registered with Companies House with the number 5981078.

Full name and registered address:

mothers2mothers (UK) Ltd
St Mark's Studios
14, Chillingworth Road
London
N7 8QJ

Charity Registration Number: 1119721

Company Registration Number: 5981078

Trustees:

Carl Stewart - Chair
Claudio Descalzi (appointed 9 October 2018)
Dr. Timothy Evans
Derek Lubner
Carolina Manhusen Schwab
Ngozi Nnenna Orji (resigned 11 February 2019)
Louise Palmer
Stephanie Power (resigned 11 February 2019)

Senior member of staff

Emma France (m2mUK Director and m2m Global Development & Strategic Engagement Director)

Solicitors:

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Bankers:

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
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Statutory auditor:

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

**REPORT OF THE TRUSTEES
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The Trustees have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2018. The Trustees have adopted the provisions of the Charities SORP (FRS 102) – Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (effective 1 January 2015) in preparing the annual report and financial statements of the charity. The accounts have been prepared in accordance with the Companies Act 2006.

Organisational structure

mothers2mothers (UK) Limited (m2mUK) is part of the mothers2mothers ‘family’ which consists of three separate entities, each located in a different geographical location: m2mUK, which is based in London, mothers2mothers South Africa NPC (herein referred to as m2mSA), based in Cape Town, South Africa; and mothers2mothers International, Inc. (herein referred to as m2mI), based in New York, USA. These three entities together are known as the mothers2mothers family and are collectively referred to as “mothers2mothers” (m2m). The relationship between the three entities is operational, based on a shared mission and commitment to unlocking the potential of mothers and families through scalable, high-impact interventions in the developing world. m2mUK is principally engaged in advocacy, strategic engagement, and mobilising resources for m2m programmes in Africa.

About mothers2mothers

m2m is an international non-governmental organisation (NGO) that unlocks the potential of women to eliminate paediatric AIDS and create healthy families. We employ, train, and pay women living with HIV as frontline community health workers. These “Mentor Mothers” work in local communities and at health facilities to ensure that women, children, families, and their communities get the health advice and medication they need, are linked to the right clinical services, and are supported on their treatment journey. Our work has saved hundreds of thousands of lives, created thousands of jobs, and given health and hope to some of the most marginalised in communities across ten African countries.

Started in Cape Town, South Africa in 2001 with an initial focus on preventing mother-to-child transmission (MTCT) of HIV, m2m has innovated and expanded into related areas to deliver benefits for women and their families at all stages of life. As well as a continued focus on HIV-prevention and education, the family-centred services provided by m2m Mentor Mothers now also tackle related health challenges including maternal health, early childhood development, paediatric care and support, and adolescent mentoring. We also partner with governments and other non-governmental organisations (NGOs) on the adoption of our programme to spread the Mentor Mother Model and its benefits.

Since 2001, we have served more than 10.5M women and children under two in Southern and Eastern Africa and have created job opportunities for over 10,000 HIV-positive women. The reach of our model is such that, in 2017 alone, 1 in 6 of the world’s HIV-positive pregnant women was seen by a Mentor Mother employed by m2m or our partners. In 2018, we served 22.5% more clients directly compared to 2017 and contributed to the virtual elimination of MTCT of HIV among our clients for the fifth year in a row.

m2m currently has operations and affiliated operating entities in Eswatini, Kenya, Lesotho, Malawi, Mozambique, South Africa, Uganda, and Zambia.

Governing document

mothers2mothers (UK) Limited is a registered charitable company limited by shares, which was initially incorporated on 27 October 2006 and registered as a charity on 19 June 2007. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

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Since its initial incorporation, the organisation filed to change its name from the Friends of Mothers' Programmes (UK) Limited to mothers2mothers (UK) Limited, effective with Companies House on 9 June 2011.

Objectives and activities

Purposes and aims

m2mUK is required by charity and company law to act within the objects of its Memorandum of Association, which are as follows:

- To promote the advancement of education, the relief of poverty, and such other purposes as are exclusively charitable under the laws of England and Wales.

More specifically, m2mUK's main objective is to support the elimination of mother-to-child transmission of HIV and improve the health and wellbeing of mothers, their families and communities in sub-Saharan Africa by both raising funds and increasing awareness of our cause in Europe and beyond. We therefore seek to maximise resource mobilisation by generating both restricted and unrestricted funds, as well as seeking gifts in kind, collaborations and partnerships and raising awareness of our cause through advocacy and strategic engagement.

Ensuring our work delivers our aims

We review our objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to our beneficiaries. The review also helps us to ensure our aim, objectives and activities remained focused on our stated purposes. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities.

The focus of our work

Our main objectives for the year were:

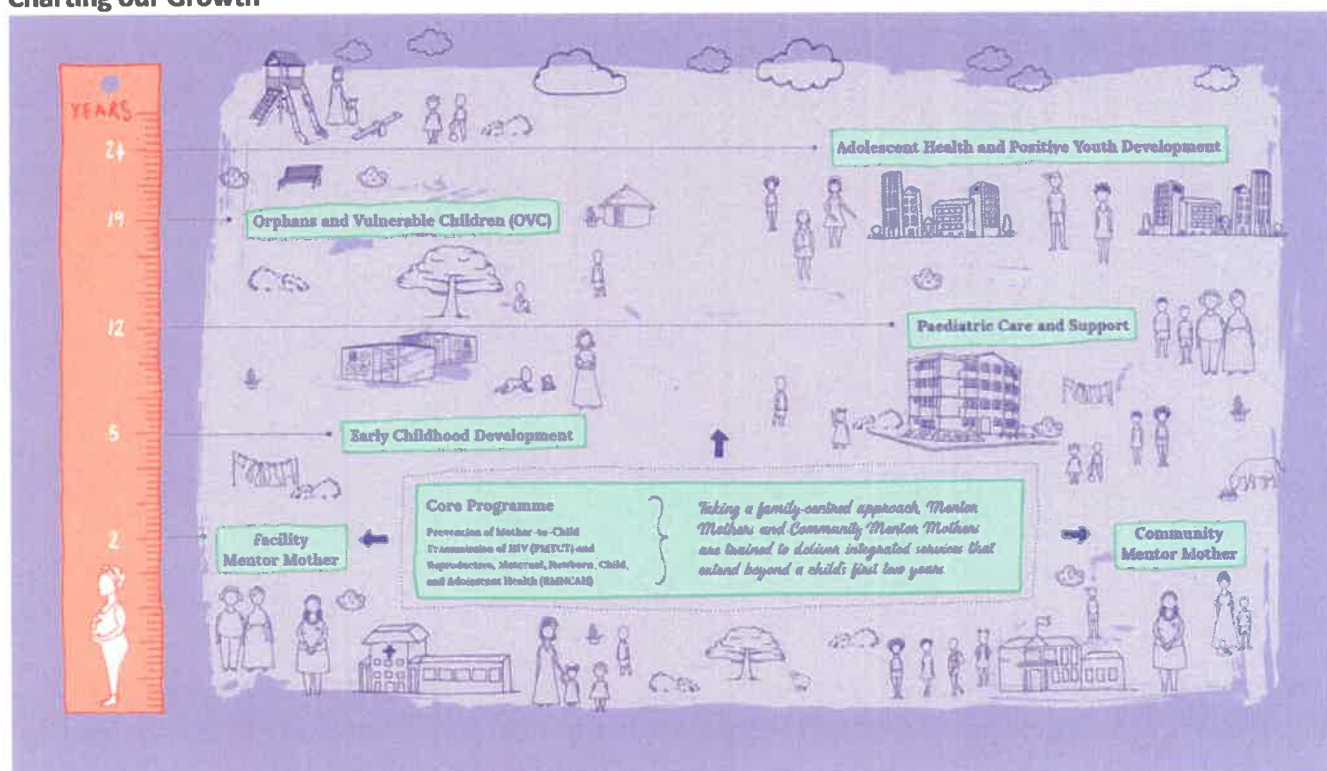
- To raise awareness of m2m's work through strategic engagement, public relations, advocacy, and campaigns.
- To raise funds to help m2m deliver its strategic plan (2018-2021) and create an HIV-free generation, and to support m2m to grow its income globally.

While we are still primarily focused on preventing the transmission of HIV from mother-to-child, we recognise that paediatric AIDS will only be eliminated when HIV-exposed children are given the opportunity to thrive and reach reproductive age with the skills and knowledge necessary to make the right choices to protect the next generation from HIV. That is why m2m is taking a family-centred approach that extends well beyond pregnancy, birth, and a child's early years. Our services include:

- Prevention of Mother-to-Child Transmission (PMTCT), HIV Care and Treatment
- Reproductive, Maternal, Newborn and Child Health (RMNCH)
- Early Childhood Development (ECD)
- Paediatric Case Finding and Support
- Adolescent Health and Positive Youth Development.

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Charting our Growth



Prevention of Mother-to-Child Transmission (PMTCT)

This was our initial focus. Mentor Mothers encourage women living with HIV to get on treatment and to stick to it. They do this by providing essential health education and peer support in health facilities, households, and communities to women and their partners. They also educate HIV-negative women on how to remain negative. m2m is playing a key role in primary prevention. In 2018, just 0.12% of women who were HIV-negative at enrolment into the m2m programme became HIV-positive – 30 times lower than the African benchmark of 3.6% in 2014. We have reached over 1.7 million HIV-positive women since inception. Transmission rates among our clients have continued to drop – from 3.7% in 2014, to 2.1% in 2015, to 1.6% in 2016, to 1.6% in 2017, and 1.3% in 2018.

Reproductive, Maternal, Newborn, and Child Health (RMNCH)

The trusted relationships between Mentor Mothers and their clients make them uniquely effective in providing essential RMNCH services critical for clients and their families – services that extend far beyond our initial PMTCT focus. This includes linkages to care and referrals for reproductive health, family planning, cervical cancer screening, child immunisation, gender-based violence support, neonatal male circumcision, malaria, nutrition, and tuberculosis. Internal 2017 research showed that clients who engage with an m2m Mentor Mother two or more times are more likely to show a range of positive behaviours, including disclosure of HIV status, uptake of any family planning, using antibiotics to prevent infections in infants, and getting infants and children tested for HIV.

Early Childhood Development (ECD)

The first three years of a child's life are critical to their future development, and Mentor Mothers have unique access to be able to make an impact and ensure that children thrive, not just survive. Since 2016, m2m has been training selected Mentor Mothers to provide an essential package of ECD services to children and their parents or caregivers at their homes or within health facilities. This intensive intervention is designed to improve children's cognitive, social, emotional, motor, and language development, and physical growth. m2m provides integrated ECD services in Kenya, Malawi, Eswatini, and South Africa from conception to age three,

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and in some areas up to age 5, which will be scaled further in 2019. In 2018, more than 30,000 children and caregivers benefitted from our ECD services across Malawi, Eswatini, South Africa and Kenya.

Our ECD programme is showing very promising results, with a very high proportion of children enrolled in the programme hitting key development milestones. In 2017, 97% of our ECD clients (children 0-5) achieved their developmental milestones at 12 months, and more than 99% did in Eswatini.

Paediatric Care and Support

We work to prevent mother-to-child transmission, and also help children who are already infected or exposed. Using a family-centred approach, Mentor Mothers are trained to identify HIV-positive and HIV-exposed children at health facilities and in communities, link them to care and treatment, and deliver ongoing follow up and adherence support to the children and their families.

Adolescent Health and Positive Youth Development

Studies show that adolescents are at highest risk of infection. Preventing this is critical to achieving an HIV-free generation. m2m provides age-appropriate, sensitive, and empathetic support to adolescents in safe and confidential environments, promoting access to sexual and reproductive health services, building their skills and competencies, and fostering healthy relationships and greater resilience through role modelling and involving youth in decision making. We employ adolescent peer mentors to deliver services in spaces such as youth clubs and via support groups in schools, communities, and health facilities. In 2018, m2m reached almost 290,000 adolescent girls and young women (AGYW), an 18% rise over the previous year. Our focus on adolescents means this group (10-24) now make up 32% of our client base.

Volunteers

m2mUK would like to take the opportunity presented in this Trustees' Report to recognise the indispensable contribution made by volunteers in 2018, including those individuals who volunteer their time either on a regular or one-off basis or in providing us with much needed extra assistance during our larger scale fundraising events. We do not underestimate the tireless efforts of this dedicated group of people in organising, attending and supporting our fundraising events throughout the year, and extend our heartfelt thanks to them all.

Public benefit statement

m2ms' public benefit is enshrined in its charitable objects as outlined previously.

The Charity Commission in its "Charities and Public Benefit Guidance" requires that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: first, there must be an identifiable benefit and secondly, the benefit must be to the public or a section of the public.

The Trustees confirm that in setting m2mUK's objectives and planning its activities, they have given careful consideration to the Charity Commission's guidance on public benefit and consider each year how it meets the public benefit objectives outlined in the Charities Act 2011. The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

The Trustees are satisfied that m2mUK meets the requirements and conforms with the Act's definition of a charity meeting all elements of the two key principles.

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Strategic report

The information below, including the achievements and performance, financial review, risk management statement and summary of future plans, forms the Strategic report for the purpose of the Companies Act 2006.

Achievements and performance

mothers2mothers (UK)'s main achievements during the year are both our success in mobilising resources on behalf of m2m, as well as increasing awareness of and advocating for the work that m2m does globally. These are discussed further in the 'Financial review and review of other UK activities' section following.

In terms of programmatic achievements, m2m's Mentor Mother Model continues to be proven effective in improving the health and wellbeing of mothers and children, families and entire communities. We have also demonstrated our ability to help achieve the Global Goals of ending the AIDS epidemic by 2030 and ensuring good health for all.

Since our founding at one Cape Town hospital in 2001, m2m has reached more than 10.5 million women and children under two in Southern and Eastern Africa and have created job opportunities for over 10,000 HIV-positive women, with over 1,500 employed in 2018. We consider that our programmatic platform is well aligned with current global health priorities – UNAIDS' 90-90-90 targets and the Sustainable Development Goals – and through our work in 2018 we have seen not only that m2m's Peer Mentor Approach is effective, but also that it is transferrable to multiple audiences and is able to deal with multiple health priorities. Furthermore, m2m's facility-to-community platform is effective in reaching a greater number and variety of clients than ever before.

In 2018:

- Our direct service delivery programme grew in scale:
 - We served 22.5% more clients directly in 2018 vs 2017 (894,837 vs 730,261).
 - We delivered these services from 317 geolocations, up from 237 in 2017 (a 34% rise).
 - We launched operations in Mozambique, and scaled up our programmes in Malawi and Zambia.
- We continued to reach our core client groups:
 - 186,488 women (aged 20+) living with HIV were enrolled, a 184% rise on 2017.
 - 30,775 children and caregivers were reached with ECD services in Eswatini, Malawi, South Africa and Kenya.
 - 289,500 adolescents and young adults (aged 10-24) were enrolled, an 18% rise over the previous year.
- Our model drove access to services, retention in care, and adherence—and played a major role in stopping new HIV infections:
 - m2m achieved virtual elimination of mother-to-child transmission of HIV among our clients for the fifth year in a row, with a transmission rate of just 1.3% in 2018.
 - 97% of our clients were on treatment, compared to a 93% benchmark in Eastern and Southern Africa.
 - 94% of our clients who started antiretroviral therapy for the first time were alive and remained on treatment after a year, compared to a 75% retention rate in Eastern and Southern Africa at 12 months.
 - 99% of our clients were adherent to their treatment more than 80% of the time, a critical threshold to achieving viral suppression.

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What is more, because we employ, train and professionalise HIV-positive women as Mentor Mothers, our work has delivered employment and empowerment opportunities for women who might otherwise have been amongst society's most marginalised. In 2018, we employed over 1,500 Mentor Mothers.

Financial review and review of other UK activities

The Trustees and management team are pleased to report that m2mUK has enjoyed a busy and successful year, which has included a variety of awareness raising initiatives, significant fundraising events, partnerships, collaborations, campaigns, and grants.

We have continued to consolidate our various income streams in 2018 and have continued to work hard to raise awareness and advocate for m2m in a number of ways, including within the online and social media space. m2mUK helps to manage the global m2m website and various social media platforms, including Instagram, which continues to be a fast-growing platform for us.

Following the creation of certain new staff posts in 2018, including more specific fundraising roles, our breadth and variety of income streams has continued to grow in 2018 and the Trustees and management hope that the full impact of these new posts will come to fruition in 2019 and beyond. While our overall income has decreased slightly in 2018 when compared to 2017, the Trustees and management are confident that m2mUK's strategy of creating more consistent and predictable income streams will continue to prove successful.

We were excited to welcome one new Trustee to the Board in October 2018 taking our total Trustee numbers to eight until early 2019 when two of our existing Trustees stepped down. However, we are absolutely delighted that they will both continue to support m2m moving forwards. We believe our Trustees bring a broad and varied wealth of knowledge and experience to the organisation. We continue to want to build the breadth and depth of our Trustees' experience and hope to increase our number over the coming months and years.

Advocacy and strategic engagement

Advocacy and communications were a major focus for m2mUK in 2018.

Various Spokeswomen from our country programmes attended and spoke at a number of high-level meetings, conferences and events in Europe, South Africa, and the United States (US). Our advocacy work kicked off in January when Juliet Nalumu, a Mentor Mother from Uganda, and m2m's Uganda Country Director, Dr. Betty Mirembe, attended the 9th Annual Summit of the African Union (AU) in Addis Ababa in Ethiopia. They celebrated the launch of the Organisation of African First Ladies' (recently renamed as the 'Organisation of African First Ladies for Development') *Free to Shine* campaign to end paediatric AIDS. Juliet delivered a thought-provoking and powerful speech on the strength and effectiveness of m2m's approach in tackling the pandemic.

We were also actively involved in the 22nd International AIDS Conference in Amsterdam, the Netherlands, held in July. m2m's Malawi Country Director Chileshe Chilangwa, and Spokeswoman Irene Nkosi from South Africa, spoke on an m2m-led panel discussion on retention in care, sponsored by Johnson & Johnson, which included speakers from UNICEF, UNAIDS, the Elizabeth Glaser Pediatric AIDS Foundation, and Médecins Sans Frontières.

Our inaugural 'Impact Roadshow' took place in September 2018 and included ten events in the UK, Switzerland, and the US during which we presented our latest Impact Data from our 2017 Annual Evaluation. Joining a number of m2m's senior staff members, Spokeswoman Babalwa Mbono from South Africa brought the data to life for guests from foundations, corporations, and institutional partners. We were also invited by

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Cartier Philanthropy, who fund some of our work in Uganda, to celebrate their 5th anniversary and showcase the lasting impact that community-led solutions such as the Mentor Mother model are having.

We continued to expand our Patrons portfolio and unveiled two new Patrons earlier in the year, Television and Radio Host Rochelle Humes and actress Samantha Bond. Both Patrons attended various fundraising and awareness raising events throughout the year and have engaged with social media campaigns. We are delighted to have them as part of the m2m family and hope to continue to grow the Patrons' programme globally with a new strategy to implement in 2019 to support our strategic engagement and resource mobilisation objectives.

Throughout the year we held a number of exciting events to continue to raise awareness of our work and demonstrate our impact. International Women's Day in March was a busy time for m2m, as we co-hosted a panel discussion with Female Narratives at the W Hotel in London. Celebrations continued with an inspirational Wonder Women Brunch at the Devonshire Club in the City of London, where a diverse panel helped navigate stimulating conversations around women's rights. For International Day of the Girl in October, we held another panel event which brought together m2m Patron Rochelle Humes, award-winning activist Mercy Ngulube, Grl Pwr Gang Founder Kirsti Nicole-Hadley, Italian entrepreneur and activist Paola Diana, and m2m's very own Emma France to inspire action and champion girls' rights.

In June, we held our *Midsummer Soirée*, where guests heard from Liako Serobanyane, an m2m Spokeswoman from Lesotho. Long-standing and new friends of m2m came together to raise funds and vital awareness and we were delighted to have m2m co-Founder Dr. Mitch Besser and m2m Patron Annie Lennox join us for the occasion.

In December, over 400 m2m supporters heard from Mentor Mother Khanyisile Mavimbela from Eswatini during our annual *Carols by Candlelight* who spoke about the importance of knowing one's HIV status, highlighting this year's World AIDS Day theme. Guests enjoyed a performance from St. Paul's Choir, readings from m2m Patrons Samantha Bond and Rochelle Humes and other m2m friends. It was a wonderful opportunity to thank our supporters and we hope next year's event will be even more well attended.

We were also incredibly excited to reveal that m2m is now featured in British Airways' seatback video for their "Flying Start" initiative, the airline's global partnership with Comic Relief. Narrated by BAFTA, Oscar and Golden Globe-winning British actress Olivia Colman, the video was filmed in Khayelitsha, in Cape Town, South Africa and highlights our ECD work. Earlier in the year, we were also proud to share that we had taken centre-stage in an international marketing campaign for LGT Group Foundation, a Liechtenstein-based private banking and asset management company that has been a valued m2m supporter since 2009.

Visiting Spokeswomen secured press coverage in a variety of publications, including Marie Claire UK, Metro, Independent Online, The Independent, Vogue and Huffington Post UK, and we received airtime on Sky News and the BBC (World News and World Service).

Throughout the year we have continued to use our social media platforms to engage with new audiences and showcase events, programmatic updates and advocacy messaging. Instagram continues to be our fastest growing platform, exposing m2m to new fundraisers as well as generating new fundraising partnerships.

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Unrestricted income

mothers2mothers (UK) raised unrestricted income in 2018 from a variety of different sources which we discuss in more detail below.

Cycle2Zero – South Africa 2018

One of the largest contributors to unrestricted income during 2018 was from our biennial overseas challenge event, 'Cycle2Zero South Africa 2018'. In October 2018, 30 intrepid cyclists from around the world set out on an epic 250km adventure through the beautiful landscape of the Eastern Cape of South Africa taking in the magnificent coastal scenery, whilst also raising funds and awareness for m2m's lifesaving work.

Cycle2Zero not only gave our donors and their families a unique opportunity to see the impact that m2m Mentor Mothers have in health clinics and their communities each and every day, it also allowed them to visit the beautiful Eastern Cape of South Africa, meeting some of the m2m South Africa team, our Mentor Mothers, and members of the local communities along the way. This was the third time we have organised this event and it remains a much enjoyed event in our calendar. We are so proud of our cyclists and all of their supporters for their immense fundraising efforts. We are extremely grateful to this dedicated group of individuals who supported us and would like to thank them all for their support and enthusiasm before, throughout and since the challenge. We would also like to extend our great thanks to our corporate supporters of the event and also to our colleagues in the m2m South Africa office who ensured the logistics of the event ran smoothly. We are very excited to announce that planning is already underway for our fourth Cycle2Zero event, scheduled for 2020.

Midsummer Soirée

Another contributor to unrestricted income, which also helped increase our profile as outlined previously, was our Midsummer Soirée, held on 21 June 2018, a fundraising dinner held at One Belgravia in London. We were delighted to welcome our keynote speaker, m2m spokeswoman Liako Serobanyane, a Community Mentor Mother from Lesotho. The event was well attended and guests included m2m Patrons Annie Lennox and Samantha Bond, m2m founder Dr. Mitch Besser, and other familiar faces such as Samantha Cameron and Christian Brassington. The Faithettes, Paloma Faith's backing band, closed the evening with a lively performance and the event was featured in The London Evening Standard.

Other collaborations, partnerships and fundraising events

2018 saw the strengthening of our Cause Related Marketing strategy and partnerships.

We were delighted to be a beneficiary of support and donations from Molly Gunn, founder of Blogzine Selfish Mother, who continued to create clothing to specifically support m2m with her slogan sweatshirts and tees through her Fmly Store.

Long-term partner MAC Cosmetics continued their valued support through events and employee engagement. This included MAC employees volunteering at m2m's second 'Carols by Candlelight' event.

During 2018, we were also supported by many individuals and several corporate trusts and foundations, both through financial support and pro bono contributions.

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Community Fundraising

With a renewed focus on community fundraising this year we continued to develop and broaden the current portfolio of events. m2m was represented at various challenge events which ranged from a 5K run to a 100-mile cycle across London and Surrey. Events included Ride London, the Royal Parks Half and an exciting new event for m2m, Red Run - the UK's biggest community-led run for HIV/AIDS. Individual supporters also hosted their own m2m Wonder Women Tea, either at their home or a public space. We would like to extend our deepest gratitude to all those individuals who donated their time, efforts and energy to support m2m. Community fundraisers who are engaged on social media and through social media posts have helped expand our following on social channels. We hope to continue to develop our community fundraising portfolio, ensuring it is as diverse and engaging as possible.

Restricted income

Restricted income was received from a number of sources during the year, as detailed in note 15.

We continued to be supported in 2018 by existing grants from Comic Relief, The Denise Coates Foundation, and Cartier Philanthropy. We were also awarded several significant new grants in respect of our specific programmes, including a grant from Comic Relief through their global charity partnership with British Airways, "Flying Start." We continue to look to build our restricted income portfolio.

We would like to thank all of our supporters and funders during 2018 for their incredible support.

Charitable expenditure

The activities of m2mUK in 2018 resulted in total charitable expenditure of £1,378,917 (2017: £2,097,191). This expenditure helped both support m2m's programmes, as well as advocating for m2m's work and the role of Mentor Mothers in health system strengthening.

Support for the wider mothers2mothers organisation

In addition, m2mUK continues to provide invaluable support to m2mSA in helping it grow other trust, foundation, and institutional donors.

The Global Development & Strategic Engagement Director, along with other senior members of the management team of m2mUK, continued to spend considerable time in 2018 developing and stewarding other institutional relationships, such as with European bilateral funders, and Trusts and Foundations for which income earned as a result of these relationships is received directly into other entities within the m2m family. In addition, the m2mUK team provided support to the work that m2m undertakes globally as well as continuing to perform an advocacy role in raising awareness of the wider m2m organisation through attending conferences and meetings throughout Europe.

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Investment powers and policy

In line with m2mUK's purposes, the majority of unrestricted reserves is distributed via donations to m2mSA, leaving a relatively small amount in reserves at each year end. This is in accordance with m2mSA's needs and strategy, and in line with a risk-averse investment policy which determines that any remaining amounts of cash will be held in bank deposits for a relatively short length of time, and therefore negates the need or potential for investments to be held long-term in the UK.

Grant making policy

m2mUK makes sub awards and donations to m2mSA in furtherance of its charitable objectives. These are made in accordance with m2mUK's reserves policy and m2m's needs.

Risk management

m2mUK has a dual approach to considering risks. First and foremost, management and Trustees consider the specific risks and uncertainties facing the UK organisation. Secondly, management and Trustees of m2mUK input into wider discussions concerning risks facing the wider m2m 'family' which may also be considered to have an impact on m2mUK.

The Trustees consider that the principal risks and uncertainties facing the organisation are:

- An over reliance on specific key fundraising events
- The loss of key staff and therefore the loss of institutional knowledge
- The incorrect view that the issue of HIV/AIDS is 'solved' and the potential for donors to no longer be engaged
- The relatively unstable domestic and global economic and political climate which may cause our donors to want to change their level of giving because they are more cautious or which may result in strategic changes for certain institutional funders
- Reputational risk that may influence our donors' level of giving and our stakeholders' perception (local communities, institutions and local health personnel and authorities)
- The ability to continue to raise sufficient unrestricted income within the UK and European landscape, also taking into consideration the existing tax reliefs for donors
- Non-compliance with laws and regulations appropriate to the charity's activities
- The impact of GDPR legislation with regards to our relationship with donors on our database.

To mitigate these risks, the Trustees and management have put in place the following controls, systems, and procedures:

- More varied income streams and reliable sources of income are being developed strategically (and have been over the last five years) which are proving successful in generating consistent and reliable sources of income for the organisation
- Regular appraisal meetings with all employees take place to ensure that staff engagement remains high and succession planning with regards to key staff is being undertaken. Opportunities for further development and promotion are available to employees as the team expands. We also ensure that all institutional knowledge is recorded in a customer relationship management (CRM) system
- Management ensure that significant time and effort is spent creating regular communications to be shared with our donors and monitoring their satisfaction thereof. We also organise regular events which donors can attend to stay engaged with the m2m story. This includes opportunities for us to bring our work to donors, as well as organising events that take our donors to the programmatic work of m2m. We continue to innovate to find ways to do this well and to engage new and varied audiences
- We have spent time building strong relationships with our donors by adopting an integrated, European approach to fundraising while taking a "wait and see" approach to understanding the impact on the

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organisation of the broader political and economic landscape. This now extends to a more global approach which started to bear fruit in 2018 and continues to do so in 2019

- We continue to monitor our engagement with local communities, local institutions and local health personnel and review quality controls and complaints procedures to consider beneficiaries' feedback and satisfaction levels
- Significant time and attention is being focused on expanding various committed unrestricted income streams including growing our regular giving and major gifts programme
- We review and agree monitoring and reporting procedures, in order to ensure compliance with relevant regulations
- Focused effort is being spent on engaging supporters and donors through new fundraising campaigns and events in order to further increase our reach, and on improved procedures with respect to all aspects of data management.

A formal risk register exists which includes documentation of the controls in place to mitigate all the risks identified as applicable to the organisation and this register is periodically reviewed and updated by management and the Trustees.

Fundraising policy

The Trustees confirm that they are aware of the revised fundraising guidance issued by the Charity Commission. Having considered this guidance, the Trustees confirm that no fundraising is carried out on behalf of the charity by third party organisations and it does not work with commercial participators. Fundraising is carried out according to professional best practice. This includes individual giving, corporate partnerships, giving in kind, and other targeted approaches to trusts, foundations, bilaterals, and multilateral donors.

Going concern

The Trustees and management have reviewed the budgets and forecasts in line with the strategic plans of the organisation and consider that it is therefore appropriate to prepare these financial statements on a going concern basis.

Results for the year

Income for the 12 months to 31 December 2018 totalled £1,914,291 (2017: £2,631,971) of which £1,001,620 relates to restricted income (2017: restricted income £1,190,524). The overall figure includes gifts and services in kind which are required to be valued and included within income for the year. In 2018, such gifts and services in kind amounted to £65,734 (2017: £154,746).

The decrease in total income from 2017 was mostly due to a decrease in the amount of unrestricted income earned in 2018 as compared to 2017, which was due to 2018 being a non-biennial fundraising event year for the organisation. While management had hoped that income earned from other sources would have compensated more for the decrease in event income, this decrease is broadly in line with management's expectations given the types of fundraising activities that took place in 2018, as compared to 2017. It is hoped that both unrestricted and restricted income will increase in 2019.

There were net outgoing resources for the year of £75,126 (2017: incoming resources of £9,675) of which £193,142 relates to unrestricted outgoing resources (2017: incoming resources of £418,584). This was in line with the anticipated decrease in free reserves as outlined in the previous year's Trustees Report to bring reserves in line with our reserves policy (see 'Financial reserves' below). As a result, unrestricted reserves carried forward at 31 December 2018 decreased to £640,908 from £818,610 at 31 December 2017. It is anticipated that the level of reserves will be maintained at a broadly similar level in 2019.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

Financial reserves

The board and management have determined that “free” reserves (i.e., unrestricted reserves) should normally be maintained to at least six months of the organisation’s operational costs. This amount was determined to be sufficient to provide adequate cash flow and unrestricted funding to meet a reasonable range of contingencies and risks. The Board and management recognise that exceptional circumstances may arise that warrant the temporary use of the organisation’s unrestricted funds reserves in excess of these amounts. Unrestricted reserves should, nonetheless, generally not be allowed to fall below the equivalent of three to six months of operational costs, unless approved by the Trustees in exceptional circumstances.

Total reserves at 31 December 2018 are £951,826, of which free reserves are £640,908 (2017: £818,610). None of the free reserves have been designated or committed for any specific purpose.

Summary of future plans

m2mUK’s future plans are broadly twofold. First, to continue to support the work of m2m throughout sub-Saharan Africa, including supporting the continued expansion of the model to target countries with high disease burden and prevalence. Second, to continue its long-term investment in the European office and grow its income, donor base and revenue in a sustained and consistent manner in line with its strategic plan (2018-2021), taking advantage of our global positioning. As part of this plan, the organisation invested in new fundraising staff in early 2018, creating posts that focus on specific fundraising streams which it is hoped will lead to sustainable growth in income over the longer term.

In line with m2mUK’s strategic plan, the Trustees hope that 2019 will achieve a higher level of unrestricted income due to the investment that is being made in growing its various income lines. In terms of restricted income, it is envisaged that the level of income from restricted sources will also increase when compared to 2018.

Future programmatic developments for m2m, based on its 2018-2021 Strategic Plan, include:

A clearer focus on three key client groups

Looking ahead, m2m plans to refine even further our client focus on three key client groups. These are:

- Women of Reproductive Age (15-49)
- Children (0-9)
- Adolescent girls and boys (10-19).

We will use our innovative integrated service platform to meet the health needs of these key client groups.

Digital Health

m2m continues to adapt its programmes to create intergenerational approaches for measurable and sustainable long-term impact on the health and well-being of individuals, families and communities (e.g., reduced viral loads, transmission of HIV, and HIV incidence), and to integrate innovative Digital Health infrastructure and systems to better achieve these key programme objectives. Providing quality family-centred integrated care creates the need for more robust client management and follow-up initiatives, and m2m’s Digital Health infrastructure and systems play a crucial role in facilitating better quality assurance and supportive supervision.

Digital Health remains one of m2m’s key strategic organisational priorities to enhance quality service delivery, offer sustainable solutions to improved client management and, subsequently, improve client outcomes, as well as improving routine Monitoring and Evaluation and Operations Research for improved programme management.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

With the introduction of digital health technology, the complexities and challenges presented by Option B+, Universal Treatment, UNAIDS 90-90-90 targets, and community-based, family-centred service provision become more manageable. Linking clients to and tracking uptake of services provided through differentiated care, as well as monitoring referral outcomes, become possible in ways that transcend the limitations of paper-based client and programme management.

Structure, governance, and management

The Trustees who served during the year are set out on page 2. The power of appointing new Trustees is vested in the existing Trustees of m2mUK. The following appointments and resignations occurred during the year:

- Claudio Descalzi (appointed 9 October 2018)

Our total number of Trustees at the end of the year was eight.

The organisation will continue to strategically recruit new Trustees to the Board on the basis of organisational needs and growth trajectory. Any new Trustee will be chosen by the existing Trustees for the skills and experience they can bring to m2mUK and any training needs will be assessed on an individual, case-by-case basis and in accordance with skills audits.

Trustees shall hold office for a term of three years. At the end of the term, a retiring Trustee who remains qualified may be reappointed, provided that no Trustee may serve for more than three consecutive terms of office.

The Trustees are in regular communication both between themselves and with the Global Development & Strategic Engagement Director and are responsible for approving the strategic direction and policies of m2mUK.

The material day-to-day decisions for m2mUK are made by a small team based in London, UK. This team is headed by the Global Development & Strategic Engagement Director, Emma France. The Global Development & Strategic Engagement Director also sits on m2m's global Senior Management Team and cross-operations executive team; strategic decisions made by m2mUK are consistent with the overall strategic plan of m2m.

Induction and training of Board members

Trustees' skills are reviewed regularly to ensure that they meet the requirements of the organisation. New Trustees are inducted into the charity by discussions between themselves and other Trustees, and members of staff, as opportunities arise. They are presented with background information regarding the organisation, its programmes and mission, and they have access both to m2m's and to the Charity Commission's websites. Trustees may also attend relevant training for trustees given by external providers, where it is considered necessary and appropriate, for example around best practice in relation to GDPR and trustees' responsibilities for fundraising best practice. All Trustees conduct site visits of m2m's African-based programmes for hands-on experiential learning and receive opportunities for regular technical updates from programmatic staff.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

Management personnel

The Trustees consider that the key management personnel in 2018 consisted of the Global Development & Strategic Engagement Director; the Head of Development, Europe; and the Head of Finance & Operations, Europe.

Remuneration of key management is based on experience and level of responsibility, and is benchmarked against industry standards (using a global employment survey) for similar roles. It is reviewed on an annual basis based on both the individual employee's and organisation's performance. It is overseen by the Chair of the Board of Trustees.

Together the management personnel received remuneration of £244,784 in 2018 (2017: £179,228).

Relationship with the charity and related parties including its subsidiaries

Related parties

The shares in mothers2mothers (UK) Limited are held upon trust for the Trustees through a Trust deed signed on 13 August 2013.

m2mSA and m2ml are considered to be related parties by virtue of shared missions. Related party transactions with these entities are included in the notes to these financial statements.

Each of the Trustees is also considered to be a related party to m2mUK.

Subsidiaries

mothers2mothers (UK) Limited owns the entire share capital of a trading company, m2m Europe Enterprises Limited, company number 10043425. Any profits of m2m Europe Enterprises Limited are donated, under Gift Aid, to mothers2mothers (UK) Limited. In 2018, profits of £11,556 were donated under Gift Aid to mothers2mothers (UK) Limited (2017: £nil). The financial statements of m2m Europe Enterprises Limited have not been consolidated with those of mothers2mothers (UK) Limited as they are not considered material to the overall group position.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

Statement of the Board's responsibilities

The Trustees (who are also directors of mothers2mothers (UK) Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

The members of the Board (the Trustees) who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the members of the Board have confirmed that they have taken all steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Report of the Trustees, which includes the Strategic Report on pages 3 to 16, was approved by the Board on 1 August 2019 and signed on their behalf by:



1 Aug 2019

Carl Stewart
Chair of Trustees

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Opinion

We have audited the financial statements of mothers2mothers (UK) Limited for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2018**

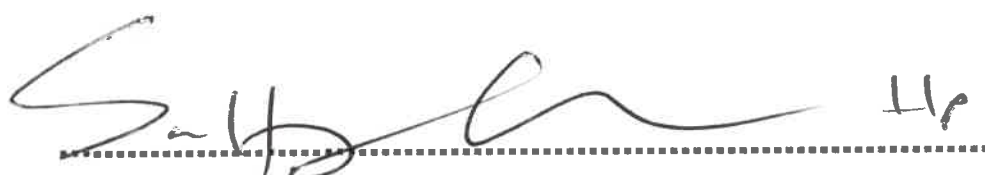
In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Nicholas Kelsey

For and on behalf of Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London EC4V 4BE

Date:

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

		Unrestricted	Restricted	Total 2018	Total 2017
	Notes	£'s	£'s	£'s	£'s
Income and endowments from:					
Donations & legacies:					
Donations	2	546,020	-	546,020	371,122
Grants	2	-	972,211	972,211	1,122,745
Charitable activities	3	-	29,409	29,409	67,779
Other trading activities:					
Events	4	366,651	-	366,651	1,070,325
Total		912,671	1,001,620	1,914,291	2,631,971
Expenditure on:					
<i>Charitable activities:</i>					
Policy, advocacy & outreach	6	141,359	-	141,359	114,868
Programmes (incl. grant funding & supporting m2mSA)	6	353,954	883,604	1,237,558	1,982,323
<i>Fundraising activities:</i>					
Raising funds, incl. other trading activities	5	610,500	-	610,500	525,105
Total	7	1,105,813	883,604	1,989,417	2,622,296
Net (resources expended)/ incoming resources		(193,142)	118,016	(75,126)	9,675
Transfers between funds		15,440	(15,440)	-	-
Net movement in funds		15,440	(15,440)	-	-
Reconciliation of funds:					
Total funds brought forward		818,610	208,342	1,026,952	1,017,277
Total funds carried forward	15/16	640,908	310,918	951,826	1,026,952

There were no other gains and losses during the year other than those included within the statement of financial activities. All activities relate to continuing operations. The profit for the purposes of the Companies Act 2006 is the net incoming resources before unrealised losses/gains.

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Notes	2018 £'s	2017 £'s
Fixed Asset			
Investments	10	1	1
Tangible assets	11	-	-
Total fixed assets		<u>1</u>	<u>1</u>
Current assets			
Debtors	12	462,511	256,190
Cash at bank and in hand		538,776	911,729
Total current assets		<u>1,001,287</u>	<u>1,167,919</u>
Liabilities			
Creditors:			
Amounts falling due within one year	13	(49,462)	(140,968)
Amounts falling due greater than one year	14	-	-
Net liabilities		<u>(49,462)</u>	<u>(140,968)</u>
Pension provision		-	-
Net current assets		<u>951,825</u>	<u>1,026,951</u>
Total net assets or liabilities		<u>951,826</u>	<u>1,026,952</u>
The funds of the charity			
Restricted income funds	15	310,918	208,342
Unrestricted funds	16	640,908	818,610
Total funds		<u>951,826</u>	<u>1,026,952</u>

These accounts were approved by the Board on 1 August 2019.

 1 Aug 2019

Carl Stewart
Chair of Trustees

The notes on pages 24 to 36 form part of these accounts
Company number 5981078

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'s	2018 £'s	2017 £'s	2017 £'s
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	17		(372,953)		201,533
Cash flows from investing activities		-		-	
Cash flows from financing activities		-		-	
Change in cash and cash equivalents in the reporting period			(372,953)		201,533
Cash and cash equivalents at the beginning of the reporting period			911,729		710,196
Cash and cash equivalents at the end of the reporting period	18		538,776		911,729

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1

Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of listed investments which are included at their market value. The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice - Accounting and Reporting by provisions of the Charities SORP (FRS 102) – Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (effective 1 January 2015).

The Trustees confirm that the Charity is a public benefit entity.

1.2 Incoming resources

Voluntary income is recognised where there is entitlement, certainty of receipt and where the amount can be measured with sufficient reliability.

Income generated from fundraising events and investment income is recognised when earned.

Grants are recognised in full in the statement of financial activities in the year in which they are receivable.

Donated goods or services received are included in the Statement of Financial Activities as both income and expenditure at a value estimated by the Trustees based on open market value.

1.3 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing mothers2mothers (UK) Limited to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to mothers2mothers SA in furtherance of the charitable objectives of mothers2mothers (UK) Limited. Grants are accounted for when either the recipient has a reasonable expectation that they will receive the grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and the condition attaching to the grant is outside the control of the Trustees.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.3.1 Expenditure on fundraising activities

These relate to those specific costs incurred in fundraising, including organising and staging fundraising events and seeking voluntary contributions, together with attributable support costs.

1.3.2 Expenditure on charitable activities

mothers2mothers (UK) Limited makes grants as noted above in 1.3 and these, along with the direct costs associated with supporting mothers2mothers SA, are allocated to the charitable activity as incurred.

Support costs are the indirect costs of carrying out an activity and are allocated on the basis of spend on the activity during the year.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Accounting policies (Continued)

1.3.3 Governance

This represents the costs involving public accountability of mothers2mothers (UK) Limited and its compliance with regulation and good practice. These costs include costs related to statutory audit and constitutional requirements together with attributable support costs and have been allocated into appropriate cost categories.

1.4 Funds

General (unrestricted) funds

General funds are donations and other incoming resources receivable or generated for the objects of mothers2mothers (UK) Limited without specified purpose.

Restricted funds

Restricted funds are specifically donated to the Charity where the donor has specified they be used for the benefit of a specific project or for a particular administrative cost.

1.5 Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rate applicable is:

Office equipment	33% straight line
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1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in surplus or deficit.

1.7 Pension scheme

The organisation operates a defined contribution pension scheme.

The contribution made by mothers2mothers (UK) Limited is restricted to the contributions disclosed in note 8. The costs of the defined contribution scheme are allocated to staff costs and represent the contributions payable by mothers2mothers (UK) Limited during the year. mothers2mothers (UK) Limited has no liability beyond making its contributions and paying across deductions for the employees' contribution.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Donations and legacies

	Unrestricted income £'s	Restricted income £'s	2018 £'s	2017 £'s
Donations	480,286	-	480,286	216,376
Grants	-	972,211	972,211	1,122,745
Gifts & services in kind*	65,734	-	65,734	154,746
	<u>546,020</u>	<u>972,211</u>	<u>1,518,231</u>	<u>1,493,867</u>

*Relates to donated goods and services

3 Income from charitable activities

	Unrestricted income £'s	Restricted income £'s	2018 £'s	2017 £'s
Grants and contracts*	-	29,409	29,409	67,779
	<u>-</u>	<u>29,409</u>	<u>29,409</u>	<u>67,779</u>

*Relates to income received from m2mSA in respect of m2mUK seconded employees

4 Income from other trading activities

	Unrestricted income £'s	Restricted income £'s	2018 £'s	2017 £'s
Fundraising events	366,651	-	366,651	1,070,325
	<u>366,651</u>	<u>-</u>	<u>366,651</u>	<u>1,070,325</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5 Expenditure on fundraising activities

	Unrestricted Expenditure £'s	Restricted Expenditure £'s	2018 £'s	2017 £'s
Fundraising costs	418,034	-	418,034	226,630
Events & marketing costs	126,732	-	126,732	143,729
Gifts & services in kind	65,734	-	65,734	154,746
	<u>610,500</u>	<u>-</u>	<u>610,500</u>	<u>525,105</u>

6 Expenditure on charitable activities

Expenditure on charitable activities includes costs associated with Policy, advocacy and outreach, and Programme costs, including grant funding and supporting m2mSA, as follows:

	Unrestricted Expenditure £'s	Restricted Expenditure £'s	2018 £'s	2017 £'s
Policy, advocacy & outreach	141,359	-	141,359	114,868
	<u>141,359</u>	<u>-</u>	<u>141,359</u>	<u>114,868</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Expenditure on charitable activities (continued)

Programme costs, including grant funding and costs associated with supporting m2mSA, are as follows:

	Unrestricted Expenditure £'s	Restricted Expenditure £'s	2018 £'s	2017 £'s
Be One PerCent	-	5,987	5,987	4,760
Cartier Philanthropy	-	379,386	379,386	390,316
Comic Relief	-	63,857	63,857	236,340
Denise Coates Foundation	-	11,427	11,427	459,552
ICAP	-	51,961	51,961	148,039
LGT	-	-	-	161,420
MAC AIDS Foundation	-	190,000	190,000	-
SNF	-	103,773	103,773	131,227
Swarovski Foundation	-	47,804	47,804	
mothers2mothers SA	353,954	29,409	383,363	450,669 *
	<u>353,954</u>	<u>883,604</u>	<u>1,237,558</u>	<u>1,982,323</u>

* Costs associated with 'mothers2mothers SA' includes donations made to m2mSA, costs associated with seconded staff and other costs associated with supporting m2mSA, including an allocation of support costs.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7 Total expenditure

	Raising funds £'s	Policy, advocacy & outreach £'s	Programmes (incl grant funding & supporting m2mSA) £'s	Support costs allocation £'s	Total 2018 £'s	Total 2017 £'s
Audit fees	-	-	-	7,200	7,200	7,000
Bank & similar charges	-	-	-	6,327	6,327	2,576
Consultancy	8,614	38,577	1,343	250	48,784	46,736
Equipment	-	-	-	7,408	7,408	-
Gifts in Kind	65,734	-	-	-	65,734	154,746
Legal & professional fees	4,374	-	-	12,684	17,058	46,604
Events & marketing	126,732	2,719	-	-	129,451	143,729
Memberships and subs	-	1,141	-	5,318	6,459	3,360
Office supplies & other	-	-	-	15,864	15,864	10,455
Other staff related costs	6,691	5,739	75	2,100	14,605	13,329
Grants & donations to m2mSA	-	-	944,461	-	944,461	1,671,655
Premises related costs	-	-	-	67,695	67,695	59,761
Staff costs (note 8)	316,786	54,233	133,702	102,903	607,624	430,845
Travel & related costs	4,171	21,029	1,081	24,466	50,747	31,500
Support costs allocation	77,398	17,921	156,896	(252,215)	-	-
	610,500	141,359	1,237,558	-	1,989,417	2,622,296

	2018 £'s	2017 £'s
Total resources expended are stated after charging:		
Auditors' remuneration	<u>7,200</u>	<u>7,000</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8 Staff costs

	2018	2017
	£'s	£'s
Salaries and wages	543,678	388,423
Social security costs	57,847	40,177
Other pension costs	6,099	2,245
	<u>607,624</u>	<u>430,845</u>

Employees

The average number of employees, analysed by function was:

Charitable activities	3	4
Raising funds	7	5
Support and administration	3	2
	<u>13</u>	<u>11</u>

Included within the wages and salaries costs above are seconded staff costs of £29,409 (2017: £66,945) which relate to supporting mothers2mothers SA.

Board's and employees' emoluments

Members of the Board did not receive any remuneration or benefits in kind during the period.

Costs incurred by the Board travelling on charity business and reimbursed to them amounted to £nil (2017: £nil).

Total donations received from 7 Members of the Board in 2018 were £163,261 (2017: 7 Members: £109,330).

One employee received emoluments of between £130,001 and £140,000 (2017: £110,001 and £120,000).

Total remuneration of key management personnel in the period was £244,784 (2017: £179,228).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9 Pension arrangements

In line with statutory government legislation pertaining to workplace pensions, mothers2mothers (UK) Limited makes contributions into a workplace pension scheme for qualifying employees. This is a defined contribution pension scheme. The scheme and its assets are held by independent managers. There were twelve employees to whom benefits were accruing under the pension scheme (2017: ten).

10 Investments

	Total £'s
Cost	
1 January 2018	1
Additions	-
Disposals	-
At 31 December 2018	<u>1</u>
Net book value	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>1</u>

The investment relates to a wholly owned trading company, m2m Europe Enterprises Limited, company number 10043425. Its one share is owned by mothers2mothers (UK) Limited.

In 2018, m2m Europe Enterprises Limited donated its profits, totalling £11,556, under Gift Aid, to mothers2mothers (UK) Limited (2017: £nil). The reserves of m2m Europe Enterprises Limited at 31 December 2018 are £1 (2017: £1).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11 Tangible assets

	Equipment £'s	Total £'s
Cost or donated value		
1 January 2018	3,186	3,186
Additions	-	-
Disposals	-	-
At 31 December 2018	<u>3,186</u>	<u>3,186</u>
Depreciation		
1 January 2018	3,186	3,186
Charge for the year	-	-
Disposals	-	-
At 31 December 2018	<u>3,186</u>	<u>3,186</u>
Net book value		
At 31 December 2018	<u>-</u>	<u>-</u>
At 31 December 2017	<u>-</u>	<u>-</u>

12 Debtors

	2018 £'s	2017 £'s
Amounts due from mothers2mothers SA	8,260	-
Amounts due from m2m Europe Enterprises Ltd	99	99
Other debtors	454,152	256,091
	<u>462,511</u>	<u>256,190</u>

Other debtors are made up of grants and pledges receivable, accrued income and other prepayments, and were collected in early 2019.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13 Creditors: Amounts falling due within one year

	2018	2017
	£'s	£'s
Amounts due to mothers2mothers SA	-	22,694
Accruals and deferred income	49,462	118,274
	<u>49,462</u>	<u>140,968</u>

Deferred income of £1,798 is included within 'accruals and deferred income' which relates to an event which took place in early 2019 (2017: £2,100).

14 Creditors: Amounts falling due greater than one year

There were no creditors falling due in greater than one year as at 31 December 2018 or 31 December 2017.

15 Restricted Income funds

These funds have been set aside for certain projects relating to the terms and conditions of specific grants or contracts. It is anticipated that these funds will be used over the coming months and years as the expenditure for which these funds was received is incurred.

	Balance 1			Reserve	Balance 31
	Jan 2018	Incomings	Outgoings	Transfers	Dec 2018
	£'s	£'s	£'s	£'s	£'s
Be One PerCent	5,988	7,265	(5,987)	-	7,266
Cartier Philanthropy	-	393,449	(379,386)	(14,063)	-
Comic Relief*	35,193	331,497	(63,857)	(1,377)	301,456
Denise Coates Foundation	11,427	-	(11,427)	-	-
ICAP	51,961	-	(51,961)	-	-
MAC AIDS Foundation	-	190,000	(190,000)	-	-
SNF	103,773	-	(103,773)	-	-
Swarovski Foundation	-	50,000	(47,804)	-	2,196
mothers2mothers SA**	-	29,409	(29,409)	-	-
	<u>208,342</u>	<u>1,001,620</u>	<u>(883,604)</u>	<u>(15,440)</u>	<u>310,918</u>

* Includes Comic Relief's global charity partnerships with British Airways—"Flying Start."

**The income and costs relating to mothers2mothers SA of £29,409 relates to costs associated with seconded staff.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16 Unrestricted funds

These funds represent all other funds that are not specifically restricted, as discussed in note 15.

	Balance 1 Jan 2018 £'s	Incomings £'s	Outgoings £'s	Reserve Transfers £'s	Balance 31 Dec 2018 £'s
General funds	818,610	912,671	(1,105,813)	15,440	640,908
Total unrestricted funds	<u>818,610</u>	<u>912,671</u>	<u>(1,105,813)</u>	<u>15,440</u>	<u>640,908</u>

17 Reconciliation of net income to net cash flow from operating activities

	2018 £'s	2017 £'s
Net income for the reporting period (as per the statement of financial activities)	(75,126)	9,675
Depreciation	-	-
Interest	-	-
(Increase)/decrease in debtors	(206,321)	83,633
(Decrease)/increase in creditors	(91,506)	108,225
Net cash (outflow)/inflow from operating activity	<u>(372,953)</u>	<u>201,533</u>

18 Analysis of cash and cash equivalents

	2018 £'s	2017 £'s
Cash in hand	1,220	205
Cash at bank	537,556	911,524
	<u>538,776</u>	<u>911,729</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19 Related parties

The shares in mothers2mothers (UK) Limited are held upon trust for the Trustees through a Trust deed signed on 13 August 2013.

Amounts due to other entities within the mothers2mothers family at the year-end are included in note 13 of these financial statements. Amounts due from m2mSA are included in note 12. The total amount awarded from m2mUK to m2mSA during the year in sub awards, grants and donations amounted to £944,461 (2017: £1,671,655). The total charitable expenditure relating to programme, grant and other costs associated with supporting m2mSA, including an allocation of governance costs, in 2018 is £1,237,558 (2017: £1,982,323) and is included in note 7 to these financial statements.

m2m Europe Enterprises Limited, company number 10043425, is a wholly owned trading company of mothers2mothers (UK) Limited. In 2018, m2m Europe Enterprises Limited donated its profits, totalling £11,556, under Gift Aid, to mothers2mothers (UK) Limited (2017: £nil). At 31 December 2018, an amount of £99 was due from m2m Europe Enterprises Limited to mothers2mothers (UK) Limited (2017: £99).

Total donations received from 7 Members of the Board in 2018 were £163,261 (2017: 7 Members: £109,330).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20 Comparative information – Statement of Financial Activities in 2017

	Unrestricted £'s	Restricted £'s	Total £'s
Income and endowments from:			
Donations & legacies:			
Donations	371,122	-	371,122
Grants		1,122,745	1,122,745
Charitable activities	-	67,779	67,779
Other trading activities:			
Events	1,070,325	-	1,070,325
Total	1,441,447	1,190,524	2,631,971
Expenditure on:			
<i>Charitable activities:</i>			
Policy, advocacy & outreach	114,868	-	114,868
Programmes (incl. grant funding & supporting m2mSA)	382,890	1,599,433	1,982,323
<i>Fundraising activities:</i>			
Raising funds, incl. other trading activities	525,105	-	525,105
Total	1,022,863	1,599,433	2,622,296
Net incoming resources (resources expended)	418,584	(408,909)	9,675
Transfers between funds	(75,101)	75,101	-
Net movement in funds	(75,101)	75,101	-
Reconciliation of funds:			
Total funds brought forward	475,127	542,150	1,017,277
Total funds carried forward	818,610	208,342	1,026,952

There were no other gains and losses during the year other than those included within the statement of financial activities. All activities relate to continuing operations. The profit for the purposes of the Companies Act 2006 is the net incoming resources before unrealised losses/gains.