

mothers2mothers South Africa NPC

(Registration number 2002/013453/08)

Annual Financial Statements
for the year ended 31 December 2020

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

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 MJ Besser FK Beadle G Mthandi L Cornelissen C Rathner H Milford B Semete-Makokotleta J Mokorosi M Makhunga S Dube P Gruninger
Registered office	PO Box 841 Cape Town 8000
Business address	5th Floor 33 Hammerschlag Way Foreshore Cape Town 8001
Postal address	PO Box 841 Cape Town 8000
Bankers	Standard Bank Limited
Auditor	BDO South Africa Inc Chartered Accountant (SA) Registered Auditors
Secretary	C Rathner
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 of South Africa.
Preparer	The annual financial statements were independently compiled by: KAS Drafting Proprietary Limited H. Abbas Chartered Accountant (SA)
Issued	28 June 2021

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

	Page
Independent Auditor's Report	3 - 5
Directors' Responsibilities and Approval	6
Directors' Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 16
Notes to the Annual Financial Statements	17 - 23
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	24 - 25

Independent Auditor's Report

To the directors of
mothers2mothers South Africa NPC

Opinion

We have audited the financial statements of mothers2mothers South Africa NPC (the company) set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of mothers2mothers South Africa NPC as at 31 December 2020, 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.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "mothers2mothers South Africa NPC Annual Financial Statements for the year ended 31 December 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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, 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with *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 determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

K Groenewald
Director
Registered Auditor

28 June 2021

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the 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 judgements 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 of directors 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.

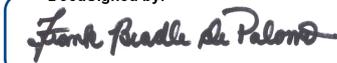
The directors have reviewed the company's cash flow forecast for the year to 31 December 2021 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 3 to 5.

The annual financial statements set out on pages 7 to 25, which have been prepared on the going concern basis, were approved by the board of directors on 28 June 2021 and were signed on its behalf by:

Approval of annual financial statements

DocuSigned by:



B89E8EDF77014E9...

Director
Cape Town

28 June 2021

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of mothers2mothers South Africa NPC for the year ended 31 December 2020.

1. Nature of business

mothers2mothers (m2m) is an African-based, global non-profit organisation that unlocks the potential of mothers to break that cycle of paediatric AIDS and create healthy families and communities. m2m trains, employs, and empowers local mothers living with HIV as Mentor Mothers, frontline healthcare workers based in understaffed health clinics and within communities.

While operating principally in South Africa, m2m also has main branches located in the following countries: Kenya, Malawi, Lesotho, Zambia, Eswatini, Ghana, Angola, Uganda, Mozambique and Tanzania.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

Total comprehensive income of the organisation was R 18 611 205 (2019: R 21 835 136).

3. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future, including specific consideration of risk associated with COVID-19. Accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Non-current assets

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

6. Secretary

The company secretary is C Rathner.

Postal address

PO Box 841
Cape Town
8000

Business address

5th Floor
33 Hammerslag Way
Foreshore
Cape Town
8001

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Directors' Report

7. Directors

The directors in office at the date of this report are as follows:

Directors	Changes
D Lubner	
MJ Besser	
FK Beadle	
G Mthandi	
C Ahrends	Resigned 31 March 2020
L Cornelissen	
C Rathner	
H Milford	
B Semete-Makokotleta	
J Mkorosi	Appointed 18 December 2020
M Makhunga	Appointed 01 November 2020
S Dube	Appointed 01 November 2020
P Gruningier	Appointed 17 September 2020

8. Branch entities

Name of entity	Country of incorporation if not the RSA
mothers2mothers Kenya	Kenya
mothers2mothers Lesotho	Lesotho
mothers2mothers Malawi	Malawi
mothers2mothers Eswatini	Eswatini
mothers2mothers Uganda	Uganda
mothers2mothers Angola	Angola
mothers2mothers Ghana	Ghana
mothers2mothers Zambia	Zambia
mothers2mothers Mozambique	Mozambique
mothers2mothers Tanzania	Tanzania

9. Auditors

BDO South Africa Inc continued in office as auditors for the company for 2020.

10. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Statement of Financial Position as at 31 December 2020

Figures in Rand	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	10,416,388	8,585,734
Other financial assets	4	14	14
		10,416,402	8,585,748
Current Assets			
Trade and other receivables	5	33,921,680	36,079,292
Cash and cash equivalents	6	60,242,504	27,067,098
		94,164,184	63,146,390
Total Assets		104,580,586	71,732,138
Equity and Liabilities			
Equity			
Reserves		3,574,170	1,046,909
Retained income		57,409,609	41,325,665
		60,983,779	42,372,574
Liabilities			
Current Liabilities			
Trade and other payables	7	9,260,463	9,538,067
Operating lease liability		414,112	462,352
Deferred income	8	26,332,026	15,956,485
Provisions	9	7,590,206	3,402,660
		43,596,807	29,359,564
Total Equity and Liabilities		104,580,586	71,732,138

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Statement of Comprehensive Income

Figures in Rand	Notes	2020	2019
Revenue	10	344,782,482	321,194,883
Other income		830,087	622,251
Operating expenses		(328,616,560)	(302,384,122)
Operating surplus	11	16,996,009	19,433,012
Investment revenue	12	132,970	490,863
Finance costs		(4,461)	(7,215)
Surplus for the year		17,124,518	19,916,660
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Exchange gains on translating foreign operations		1,486,687	1,918,476
Other comprehensive income for the year net of taxation		1,486,687	1,918,476
Total comprehensive income for the year		18,611,205	21,835,136

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Statement of Changes in Equity

	Foreign currency translation reserve "FCTR"	Retained income	Total equity
Figures in Rand			
Balance at 01 January 2019	(871,567)	21,409,005	20,537,438
Surplus for the year	-	19,916,660	19,916,660
Other comprehensive income	1,918,476	-	1,918,476
Total comprehensive income for the year	1,918,476	19,916,660	21,835,136
Balance at 01 January 2020	1,046,909	41,325,665	42,372,574
Surplus for the year	-	17,124,518	17,124,518
Other comprehensive income	1,486,687	-	1,486,687
Total comprehensive income for the year	1,486,687	17,124,518	18,611,205
Transfer between reserves	1,040,574	(1,040,574)	-
Total changes	1,040,574	(1,040,574)	-
Balance at 31 December 2020	3,574,170	57,409,609	60,983,779

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Statement of Cash Flows

Figures in Rand	Notes	2020	2019
Cash flows from operating activities			
Cash receipts from donors		355,267,404	321,077,551
Cash paid to suppliers and employees		(316,507,358)	(313,718,869)
Cash generated from operations	14	38,760,046	7,358,682
Interest income		132,970	490,863
Finance costs		(4,461)	(7,215)
Net cash from operating activities		38,888,555	7,842,330
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5,762,091)	(5,386,749)
Sale of property, plant and equipment	2	48,942	103,256
Net cash from investing activities		(5,713,149)	(5,283,493)
Total cash movement for the year		33,175,406	2,558,837
Cash at the beginning of the year		27,067,098	24,508,261
Total cash at end of the year	6	60,242,504	27,067,098

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. 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).

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is 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 judgments and estimates include:

Provisions

Provisions were raised based on management estimates. The provision for leave is based on the leave policy for the organisation and its branches.

Trade receivables

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

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

The cost of an item of property, plant and equipment is recognised as an asset when

- it is probable that future economic benefits associated with the item will flow to the company, and
- the cost of the item can be measured reliably.

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	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 to 6 years
IT equipment	Straight line	2 to 3 years
Containers	Straight line	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.

Property, plant and equipment with a cost price of \$5 000 and more will be capitalised as from 1 January 2012.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, masterheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

1.4 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 group 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.

Other financial assets

Investment in unlisted entity

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

1.5 Tax

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

1.6 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 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.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.7 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 leave pay 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.

Premiums paid to the defined contribution pension fund are recognised as an expense during the period.

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.

1.8 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- reliable estimate can be made of the obligation.

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.

1.9 Revenue

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 are recognised in profit and loss as "revenue".

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

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 financial position 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.

Contributions in kind

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

Contributed services

Contributed services are only recognised if contributed services create or enhance financial assets and if they require specialized 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.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.9 Revenue (continued)

Contributed goods/materials

Contributed goods/materials are recognised 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 and dividends are recognised, in profit or loss, using the effective interest rate method.

1.10 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.

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.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand

2020

2019

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,901	(8,901)	-	8,901	(8,901)	-
Motor vehicles	13,624,194	(6,546,538)	7,077,656	10,061,289	(4,529,191)	5,532,098
Office equipment	967,725	(609,317)	358,408	759,204	(402,229)	356,975
IT equipment	8,198,380	(5,218,056)	2,980,324	6,505,623	(3,808,962)	2,696,661
Containers	118,496	(118,496)	-	118,496	(118,496)	-
Total	22,917,696	(12,501,308)	10,416,388	17,453,513	(8,867,779)	8,585,734

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Motor vehicles	5,532,098	3,692,116	-	(2,146,558)	7,077,656
Office equipment	356,975	208,522	-	(207,089)	356,975
IT equipment	2,696,661	1,861,453	(108,981)	(1,468,809)	2,980,324
	8,585,734	5,762,091	(108,981)	(3,822,456)	10,416,388

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	940	-	-	(940)	-
Motor vehicles	4,337,146	3,084,648	(371,866)	(1,517,830)	5,532,098
Office equipment	386,025	156,711	-	(185,761)	356,975
IT equipment	1,703,361	2,145,390	(91,227)	(1,060,863)	2,696,661
	6,427,472	5,386,749	(463,093)	(2,765,394)	8,585,734

Pledge as security

Property, plant and equipment are not pledge as security.

Included in the additions above, are assets with a cost of R 2 615 623 (2019: R 3 799 728) 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.

3. Intangible assets

	2020			2019		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	382,490	(382,490)	-	382,490	(382,490)	-

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
4. Other financial assets		
Equity Instruments at cost		
Unlisted shares - Sakhikamva Investments Proprietary Limited	14	14
Non-current assets		
Equity Instruments measured at cost less impairment	14	14
Equity investments at cost		
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.		
5. Trade and other receivables		
Grants receivable	23,392,505	31,138,772
Advances	976,463	1,063,963
Prepayments	3,649,009	1,468,025
Deposits	2,164,951	778,534
VAT	1,425,193	1,226,373
Other receivables	2,313,559	403,625
	33,921,680	36,079,292
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	13,878	59,163
Bank balances	59,421,318	25,833,992
Short-term deposits	807,308	1,173,943
	60,242,504	27,067,098
7. Trade and other payables		
Trade payables	6,034,926	5,987,816
Accrued expenses	2,204,511	1,898,978
Accrued employee costs	1,021,026	1,651,273
	9,260,463	9,538,067
8. Deferred income		
Unearned revenue	26,332,026	15,956,485

At 31 December 2020, the deferred income of R 26 332 026 (2019: R 15 959 485) related to various grants and donation/contributions, of which R 5 656 593 (2019: R 7 369 756) related to income received from various governments. The recognition of the income is deferred as the organisation has yet to comply with all the conditions attached to the income, which relates primarily to the incurral of expenditure over the life of the relevant award.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand 2020 2019

9. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	3,402,660	14,949,932	(10,762,386)	7,590,206

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	3,744,713	7,688,100	(8,030,153)	3,402,660

10. Revenue

Grants and donations from affiliated organisations	86,259,151	74,403,750
Grants and donations received	258,033,760	246,781,042
Other cash donations	489,571	10,091
	344,782,482	321,194,883

Income from Grants and Donations were recognised as follows:

- South Africa	113,008,695	109,840,104
- Other operating countries	231,773,787	211,354,779
	344,782,482	321,194,883

11. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	7,192,760	7,029,141

Net loss on disposal of property, plant and equipment	(60,039)	(359,837)
(Loss)/profit on exchange differences	(694,605)	1,768,945
Depreciation on property, plant and equipment	3,822,456	2,765,394
Employee costs	200,181,416	175,221,730

12. Investment revenue

Interest revenue

Bank	132,970	490,863
------	---------	---------

13. Auditor's remuneration

Fees	2,855,166	2,259,061
------	-----------	-----------

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
14. Cash generated from operations		
Profit before taxation	17,124,518	19,916,660
Adjustments for:		
Depreciation and amortisation	3,822,456	2,765,394
Loss on sale of assets	60,039	359,837
Interest received	(132,970)	(490,863)
Finance costs	4,461	7,215
Movements in operating lease liability	(48,240)	(259,683)
Movements in provisions	4,187,546	(342,053)
Changes in foreign currency exchange rates	1,486,687	1,918,476
Changes in working capital:		
Trade and other receivables	2,157,612	(8,964,387)
Trade and other payables	(277,604)	(9,000,203)
Deferred income	10,375,541	1,448,289
	38,760,046	7,358,682
15. Commitments		
Minimum lease payment for the year		
Contractual amounts	7,192,760	7,029,141
At year end the outstanding commitments under operating lease falls due as follows:		
Within one year	2,382,311	1,980,535
Later than one year but within five years	8,661,543	1,050,831
	11,043,854	3,031,366

The company entered into an operating lease agreement with Ingenuity Property Investments Limited for the period from 1 October 2013 - 30 September 2020 (for 7 years). The rent escalates annually by 8%. The office is located on the 5th floor, 33 Martin Hammerschlag Way, Foreshore, Cape Town. There is an option to renew the lease for an additional 3 years. The organisation extended its floor space to include approximately half of the 3rd floor of the same building, effective 1 May 2017 - 30 September 2020, with the same terms and conditions as the initial agreement. The organisation extended the operating lease agreement for another 5 years to 30 September 2025.

The company entered into an operating lease agreement with Elhama Properties Limited for the period from 1 July 2019 - 30 June 2022 (for 3 years). The rent escalates annually by 6.5%. The office is located on a portion of the ground floor in the Building A of Lord Charles Office Park, 33 Brooklyn road, Brooklyn, Pretoria.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

16. Related parties

Relationships

Affiliated organisations	mothers2mothers United States ("m2m US") mothers2mothers UK ("m2m UK")
--------------------------	---

Related party balances and transactions

Grants and donations received from related parties

The organisation implemented program activities under sub-award agreements with related parties and consequently received the following income:

m2m US	41,556,518	34,739,424
m2m UK	44,702,633	27,379,283
	86,259,151	62,118,707

The revenue recognised from related parties are free from restrictions since the revenue is recognised when costs of related program activities are incurred.

Amount owed to the organisation (included in grants receivable - refer note 5)

m2m US	5,535,671	6,223,497
m2m UK	6,658,764	4,185,358
	12,194,435	10,408,855

No provision has been made for the amount receivable as it is considered fully recoverable.

Purchases from related parties

The organisation acquired the services of seconded employees of related parties which amounted to:

m2m US	22,155,420	17,900,831
	22,155,420	17,900,831

These purchases are executed in terms of the general terms and conditions of the affiliate entity and comprises purely of the reimbursement of relevant employee costs.

Amount owed by the organisation to related parties (included in trade and other payables - refer note 7)

m2m US	4,983,855	2,016,060
m2m UK	440,123	618,638
	5,423,978	2,634,698

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand 2020 2019

17. Directors' remuneration

Executive

2020

Directors' emoluments	Emoluments	Total
Services as director or prescribed officer		
FK Beadle	4,659,100	4,659,100
G Mthandi	1,887,125	1,887,125
C Rathner	3,204,485	3,204,485
	9,750,710	9,750,710

2019

Directors' emoluments	Emoluments	Total
Services as director or prescribed officer		
FK Beadle	3,184,719	3,184,719
G Mthandi	1,794,647	1,794,647
C Rathner	1,926,019	1,926,019
D White (resigned 05 December 2019)	2,860,386	2,860,386
	9,765,771	9,765,771

The directors at mothers2mothers South Africa NPC also form the key management personnel.

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

18. Categories of financial instruments

	Notes	Debt instruments at amortised cost	Equity instruments at cost less impairment	Financial liabilities at amortised cost	Leases	Total
Categories of financial instruments - 2020						
Assets						
Non-Current Assets						
Other financial assets	4	-	14	-	-	14
Current Assets						
Trade and other receivables	5	33,921,680	-	-	-	33,921,680
Cash and cash equivalents	6	60,242,504	-	-	-	60,242,504
		94,164,184	-	-	-	94,164,184
Total Assets		94,164,184	14	-	-	94,164,198
Liabilities						
Current Liabilities						
Operating lease liability		-	-	-	414,112	414,112
Trade and other payables	7	-	-	9,260,472	-	9,260,472
		-	-	9,260,472	414,112	9,674,584
Total Liabilities		-	-	9,260,472	414,112	9,674,584
Categories of financial instruments - 2019						
Assets						
Non-Current Assets						
Other financial assets	4	-	14	-	-	14
Current Assets						
Trade and other receivables	5	31,675,622	-	-	-	31,675,622
Cash and cash equivalents	6	27,067,098	-	-	-	27,067,098
		58,742,720	-	-	-	58,742,720
Total Assets		58,742,720	14	-	-	58,742,734
Liabilities						
Current Liabilities						
Operating lease liability		-	-	-	462,352	462,352
Trade and other payables	7	-	-	9,488,107	-	9,488,107
		-	-	9,488,107	462,352	9,950,459
Total Liabilities		-	-	9,488,107	462,352	9,950,459

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Detailed Income Statement

Figures in Rand	Notes	2020	2019
Income from Grants and Donations			
Grants and donations from affiliated organisations		86,259,151	74,403,750
Grants and donations received		258,033,760	246,781,042
Individual, small businesses and gifts in kind		489,571	10,091
	10	344,782,482	321,194,883
Other income			
Other income		135,482	622,251
Gain on exchange differences		694,605	-
		830,087	622,251
Expenses (Refer to page 25)			
		(328,616,560)	(302,384,122)
Operating surplus	11	16,996,009	19,433,012
Investment income	12	132,970	490,863
Finance costs		(4,461)	(7,215)
		128,509	483,648
Surplus for the year		17,124,518	19,916,660

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Financial Statements for the year ended 31 December 2020

Detailed Income Statement

Figures in Rand	Notes	2020	2019
Operating expenses			
Auditors remuneration	13	(2,855,166)	(2,259,061)
Bad debts		-	(332,198)
Bank charges		(620,134)	(735,050)
Cleaning		(363,788)	(317,988)
Computer expenses		(4,612,071)	(4,336,459)
Conferences, conventions and meetings (training)		(9,277,844)	(18,237,826)
Consulting fees		(12,306,435)	(7,638,089)
Delivery expenses		(462,092)	(466,695)
Depreciation, amortisation and impairments		(3,822,456)	(2,765,394)
Employee costs		(200,181,416)	(175,221,730)
Gifts and flowers		(7,911)	(28,297)
Insurance		(973,075)	(1,108,962)
Lease rentals on operating lease		(7,192,760)	(7,029,141)
Legal expenses		(1,338,191)	(1,611,669)
Loss on disposal of assets		(60,039)	(359,837)
Loss on exchange differences		-	(1,768,945)
Motor vehicle expenses		(4,766,366)	(3,541,238)
Office supplies and equipment		(4,812,980)	(2,339,624)
Other expenses		(594,051)	(3,336,246)
Printing and stationery		(2,666,171)	(2,717,968)
Repairs and maintenance		(1,477,621)	(1,233,737)
Security		(1,253,066)	(1,122,137)
Service level agreements		(5,241,417)	-
Site supplies		(11,388,065)	(6,462,136)
Staff development and training		(1,016,729)	(1,263,532)
Staff welfare		(17,637)	(3,453)
Sub-awards and contracts		(8,097,596)	(8,239,594)
Subscriptions		(1,415,181)	(1,103,384)
Technical and Professional services		(22,560,038)	(17,900,831)
Telephone and fax		(8,727,088)	(5,651,892)
Travel - local		(7,596,226)	(13,096,188)
Travel - overseas		(1,915,432)	(9,040,504)
Utilities		(997,518)	(1,114,317)
		(328,616,560)	(302,384,122)