

**mothers2mothers South Africa NPC**

(Registration number 2002/013453/08)

Annual Audited Financial Statements  
for the year ended 31 December 2021

**mothers2mothers South Africa NPC**

(Registration number: 2002/013453/08)

Annual Audited Financial Statements for the year ended 31 December 2021

**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	The provision of education and support to HIV infected pregnant women and women who recently delivered HIV infected babies.
<b>Directors</b>	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 LA Denny T Tucker
<b>Registered office</b>	PO Box 841 Cape Town 8000
<b>Business address</b>	5th Floor 33 Hammerschlag Way Foreshore Cape Town 8001
<b>Postal address</b>	PO Box 841 Cape Town 8000
<b>Bankers</b>	Standard Bank Limited
<b>Auditor</b>	Ernst and Young Inc. Chartered Accountant (SA) Registered Auditors
<b>Secretary</b>	C Rathner
<b>Company registration number</b>	2002/013453/08
<b>Level of assurance</b>	These annual audited financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Preparer</b>	The annual audited financial statements were independently compiled by: KAS Drafting Proprietary Limited H. Abbas Chartered Accountant (SA)
<b>Issued</b>	30 June 2022

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### Directors' Responsibilities and Approval

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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 audited financial statements and related financial information included in this report. It is their responsibility to ensure that the annual audited 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 audited financial statements.

The annual audited 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 audited 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 2022 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual audited financial statements. The annual audited financial statements have been examined by the company's external auditor and their report is presented on page 6 to 8.

The annual audited financial statements set out on pages 9 to 22, which have been prepared on the going concern basis, were approved by the board of directors on 30 June 2022 and were signed on its behalf by:

#### Approval of annual audited financial statements

DocuSigned by:  
  
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**Director**

Cape Town

30 June 2022

# mothers2mothers South Africa NPC

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## Directors' Report

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The directors have pleasure in submitting their report on the annual audited financial statements of mothers2mothers South Africa NPC for the year ended 31 December 2021.

### 1. Nature of business

mothers2mothers (m2m) is an African-based, global non-profit organisation that unlocks the potential of mothers to break the 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 audited 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 audited financial statements.

Total comprehensive income of the organisation was R 4 228 603 (2020: R 18 611 205).

### 3. Directors

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

Directors	Changes
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	
LA Denny	Appointed 02 June 2021
T Tucker	Appointed 28 February 2022

### 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. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual audited 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 not aware of any new material changes that may adversely impact the company. 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.

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## Directors' Report

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### 6. Auditors

Ernst and Young Inc. were appointed as the new auditors for the company for 2021.

### 7. Secretary

The company secretary is C Rathner.

Postal address	PO Box 841 Cape Town 8000
Business address	5th Floor 33 Hammerschlag Way Foreshore Cape Town 8001

### 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. Liquidity and solvency

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

## Independent Auditor's Report

*To the Board of Directors of mothers2mothers South Africa NPC*

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of mothers2mothers South Africa NPC ('the company') set out on pages 9 to 22, which comprise the statement of financial position as at 31 December 2021, and the statement of 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 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-Sized Entities and the requirements of the Companies Act of South Africa.

#### *Basis for 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 of the company and 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 of the company and 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 24-page document titled "mothers2mothers South Africa NPC Annual Audited Financial Statements for the year ended 31 December 2021", which includes the Directors' Report as required by the Companies Act of South Africa and a detailed income statement. 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 Financial Statements*

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

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.

*Other matter*

The financial statements of mothers2mothers South Africa NPC for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 June 2021.

DocuSigned by:

*Ernst & Young Inc.*

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Ernst and Young Inc.

Partner: Kavinesh Manicum

Registered Auditor

30 June 2022

102 Rivonia Road, Sandton, Gauteng, 2196

## mothers2mothers South Africa NPC

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### Statement of Financial Position as at 31 December 2021

Figures in Rand	Notes	2021	2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	13 827 207	10 416 388
Other financial assets	4	14	14
		<b>13 827 221</b>	<b>10 416 402</b>
<b>Current Assets</b>			
Trade and other receivables	5	39 211 851	33 921 680
Cash and cash equivalents	6	48 436 879	60 242 504
		<b>87 648 730</b>	<b>94 164 184</b>
<b>Total Assets</b>		<b>101 475 951</b>	<b>104 580 586</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves		(2 662 419)	3 574 170
Retained income		67 874 801	57 409 609
		<b>65 212 382</b>	<b>60 983 779</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	13 285 535	9 260 463
Operating lease liability		238 964	414 112
Deferred income	7	12 664 120	26 332 026
Provisions	8	10 074 950	7 590 206
		<b>36 263 569</b>	<b>43 596 807</b>
<b>Total Equity and Liabilities</b>		<b>101 475 951</b>	<b>104 580 586</b>

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### Statement of Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	10	406 842 777	344 782 482
Other income		282 777	830 087
Operating expenses	11	(396 842 849)	(328 616 560)
<b>Operating surplus</b>		<b>10 282 705</b>	<b>16 996 009</b>
Interest income	13	186 137	132 970
Finance costs		(3 650)	(4 461)
<b>Surplus for the year</b>		<b>10 465 192</b>	<b>17 124 518</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Exchange (losses) gains on translating foreign operations		(6 236 589)	1 486 687
<b>Other comprehensive (loss)/income for the year</b>		<b>(6 236 589)</b>	<b>1 486 687</b>
<b>Total comprehensive income for the year</b>		<b>4 228 603</b>	<b>18 611 205</b>

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### Statement of Changes in Equity

	Foreign currency translation reserve "FCTR"	Retained income	Total equity
Figures in Rand			
<b>Balance at 01 January 2020</b>	<b>1 046 909</b>	<b>41 325 665</b>	<b>42 372 574</b>
Surplus for the year	-	17 124 518	17 124 518
Other comprehensive income	1 486 687	-	1 486 687
<b>Total comprehensive income for the year</b>	<b>1 486 687</b>	<b>17 124 518</b>	<b>18 611 205</b>
Transfer between reserves	1 040 574	(1 040 574)	-
<b>Total changes</b>	<b>1 040 574</b>	<b>(1 040 574)</b>	<b>-</b>
<b>Balance at 01 January 2021</b>	<b>3 574 170</b>	<b>57 409 609</b>	<b>60 983 779</b>
Surplus for the year	-	10 465 192	10 465 192
Other comprehensive loss	(6 236 589)	-	(6 236 589)
<b>Total comprehensive income for the year</b>	<b>(6 236 589)</b>	<b>10 465 192</b>	<b>4 228 603</b>
<b>Balance at 31 December 2021</b>	<b>(2 662 419)</b>	<b>67 874 801</b>	<b>65 212 382</b>

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### Statement of Cash Flows

Figures in Rand	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Cash receipts from customers		393 389 999	355 267 404
Cash paid to suppliers and employees		(397 146 898)	(316 507 358)
Cash (used in) generated from operations	14	(3 756 899)	38 760 046
Interest income		186 137	132 970
Finance costs		(3 650)	(4 461)
<b>Net cash from operating activities</b>		<b>(3 574 412)</b>	<b>38 888 555</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(8 388 539)	(5 762 091)
Sale of property, plant and equipment	2	157 326	48 942
<b>Net cash from investing activities</b>		<b>(8 231 213)</b>	<b>(5 713 149)</b>
<b>Total cash movement for the year</b>		<b>(11 805 625)</b>	<b>33 175 406</b>
Cash at the beginning of the year		60 242 504	27 067 098
<b>Total cash at end of the year</b>	6	<b>48 436 879</b>	<b>60 242 504</b>

# mothers2mothers South Africa NPC

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Annual Audited Financial Statements for the year ended 31 December 2021

## Accounting Policies

### 1. Basis of preparation and summary of significant accounting policies

The annual audited 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 audited 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 measurable 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.

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.

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Annual Audited Financial Statements for the year ended 31 December 2021

### Accounting Policies

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#### 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.

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## Accounting Policies

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### 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.

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### **Accounting Policies**

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#### **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.

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### Notes to the Annual Audited Financial Statements

Figures in Rand	2021	2020
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#### 2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8 901	(8 901)	-	8 901	(8 901)	-
Motor vehicles	16 843 476	(7 828 416)	9 015 060	13 624 194	(6 546 538)	7 077 656
Office equipment	911 986	(754 420)	157 566	967 725	(609 317)	358 408
IT equipment	7 377 633	(2 723 052)	4 654 581	8 198 380	(5 218 056)	2 980 324
Containers	-	-	-	118 496	(118 496)	-
<b>Total</b>	<b>25 141 996</b>	<b>(11 314 789)</b>	<b>13 827 207</b>	<b>22 917 696</b>	<b>(12 501 308)</b>	<b>10 416 388</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Motor vehicles	7 077 656	4 770 189	(42 299)	(2 790 486)	9 015 060
Office equipment	358 408	-	-	(200 842)	157 566
IT equipment	2 980 324	3 618 350	(47 378)	(1 896 715)	4 654 581
	<b>10 416 388</b>	<b>8 388 539</b>	<b>(89 677)</b>	<b>(4 888 043)</b>	<b>13 827 207</b>

#### 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)	358 408
IT equipment	2 696 661	1 861 453	(108 981)	(1 468 809)	2 980 324
	<b>8 585 734</b>	<b>5 762 091</b>	<b>(108 981)</b>	<b>(3 822 456)</b>	<b>10 416 388</b>

#### Property, plant and equipment pledged as security

Property, plant and equipment are not pledge as security.

Included in the additions above, are assets with a cost of R 7 170 289 (2020: R 5 376 742) 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

	2021			2020		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software	-	-	-	382 490	(382 490)	-

#### 4. Other financial assets

##### Equity Instruments at cost

Unlisted shares - Sakhikamva Investments Proprietary Limited	14	14
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## mothers2mothers South Africa NPC

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### Notes to the Annual Audited Financial Statements

Figures in Rand	2021	2020
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#### 4. Other financial assets (continued)

##### Non-current assets

Equity Instruments at cost	14	14
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##### 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	30 741 006	23 392 505
Advances	840 093	976 463
Prepayments	4 406 567	3 649 009
Deposits	1 092 564	2 164 951
VAT	2 131 621	1 425 193
Other receivables	-	2 313 559
	<b>39 211 851</b>	<b>33 921 680</b>

#### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17 140	13 878
Bank balances	47 585 986	59 421 318
Short-term deposits	833 753	807 308
	<b>48 436 879</b>	<b>60 242 504</b>

#### 7. Deferred income

Unearned revenue	12 664 120	26 332 026
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At 31 December 2021, the deferred income of R 12 664 120 (2020: R 26 332 026) related to various grants and donation/contributions, of which R 5 723 053 (2020: R 5 656 593) 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.

#### 8. Provisions

##### Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Closing balance
Leave pay provision	7 590 206	9 066 021	(6 581 277)	10 074 950

##### Reconciliation of provisions - 2020

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

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**Notes to the Annual Audited Financial Statements**

Figures in Rand	2021	2020
<b>9. Trade and other payables</b>		
Trade payables	7 021 384	6 034 926
Accrued expenses	4 980 071	2 204 511
Accrued employee costs	1 006 490	1 021 026
Other payables	277 590	-
	<b>13 285 535</b>	<b>9 260 463</b>
<b>10. Revenue</b>		
Grants and donations from affiliated organisations	89 080 928	86 259 151
Other cash donations	4 276	489 571
Grants and donations received	317 757 573	258 033 760
	<b>406 842 777</b>	<b>344 782 482</b>
<b>Income from Grants and Donations were recognised as follows:</b>		
South Africa	134 084 813	113 008 695
Other operating countries	272 757 964	231 773 787
	<b>406 842 777</b>	<b>344 782 482</b>
<b>11. Operating expenses</b>		
Operating expenses for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	7 612 584	7 192 760
Net profit /(loss) on disposal of property, plant and equipment	67 649	(60 039)
Loss on exchange differences	341 157	(694 605)
Depreciation on property, plant and equipment	4 888 043	3 822 456
Employee costs	241 613 238	200 181 416
<b>12. Auditor's remuneration</b>		
Fees	2 221 237	2 855 166
<b>13. Interest income</b>		
<b>Interest revenue</b>		
Bank	186 137	132 970

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**Notes to the Annual Audited Financial Statements**

Figures in Rand	2021	2020
<b>14. Cash (used in) generated from operations</b>		
Surplus before taxation	10 465 192	17 124 518
<b>Adjustments for:</b>		
Depreciation and amortisation	4 888 043	3 822 456
(Profit) loss on sale of assets	(67 649)	60 039
Interest received	(186 137)	(132 970)
Finance costs	3 650	4 461
Movements in operating lease assets and accruals	(175 148)	(48 240)
Movements in provisions	2 484 744	4 187 546
Changes in foreign currency exchange rates	(6 236 589)	1 486 687
<b>Changes in working capital:</b>		
Trade and other receivables	(5 290 171)	2 157 612
Trade and other payables	4 025 072	(277 594)
Deferred income	(13 667 906)	10 375 541
	<b>(3 756 899)</b>	<b>38 760 056</b>
<b>15. Commitments</b>		
<b>Minimum lease payment for the year</b>		
Contractual amounts	7 612 584	7 192 760
<b>At year end the outstanding commitments under operating lease falls due as follows:</b>		
Within one year	2 253 832	2 382 311
Later than one year but within five years	7 520 546	8 661 543
	<b>9 774 378</b>	<b>11 043 854</b>

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.

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Annual Audited Financial Statements for the year ended 31 December 2021

## Notes to the Annual Audited Financial Statements

Figures in Rand	2021	2020
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### 16. Related parties

#### Relationships

Affiliated organisations	mothers2mothers United States ("m2m US") mothers2mothers UK ("m2m UK")
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#### 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	32 333 415	41 556 518
m2m UK	50 336 286	44 702 633
	<b>82 669 701</b>	<b>86 259 151</b>

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	615 503	5 535 671
m2m UK	3 689 187	6 658 764
	<b>4 304 690</b>	<b>12 194 435</b>

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	21 053 043	22 155 420
	<b>21 053 043</b>	<b>22 155 420</b>

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	776 718	4 983 855
m2m UK	891 107	440 123
	<b>1 667 825</b>	<b>5 423 978</b>

## mothers2mothers South Africa NPC

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### Notes to the Annual Audited Financial Statements

Figures in Rand	2021	2020
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#### 17. Directors' remuneration

##### Executive

##### 2021

Directors' emoluments	Emoluments	Total
<b>Services as director or prescribed officer</b>		
FK Beadle	3 792 348	3 792 348
G Mthandi	2 301 638	2 301 638
C Rathner	2 399 176	2 399 176
	<b>8 493 162</b>	<b>8 493 162</b>

No emoluments were paid to other directors other than indicated above.

##### 2020

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

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

#### 18. Categories of financial instruments

##### Debt instruments at amortised cost

Cash and cash equivalents	48 436 879	60 242 504
Trade and other receivables	31 833 570	27 871 015
	<b>80 270 449</b>	<b>88 113 519</b>

##### Equity instruments at cost less impairment

Equity instruments at cost less impairment	14	14
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##### Financial liabilities at amortised cost

Trade and other payables	13 285 536	9 260 472
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#### 19. 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.

## mothers2mothers South Africa NPC

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Annual Audited Financial Statements for the year ended 31 December 2021

### Detailed Income Statement

Figures in Rand	Notes	2021	2020
<b>Income from Grants and Donations</b>			
Grants and donations from affiliated organisations		89 080 928	86 259 151
Individual, small businesses and gifts in kind		4 276	489 571
Grants and donations received		317 757 573	258 033 760
	10	<b>406 842 777</b>	<b>344 782 482</b>
<b>Other income</b>			
Other income		215 128	135 482
Gains on disposal of assets		67 649	-
Gain on exchange differences		-	694 605
		<b>282 777</b>	<b>830 087</b>
<b>Expenses (Refer to page 24)</b>		<b>(396 842 849)</b>	<b>(328 616 560)</b>
<b>Operating surplus</b>		<b>10 282 705</b>	<b>16 996 009</b>
Interest income	13	186 137	132 970
Finance costs		(3 650)	(4 461)
		<b>182 487</b>	<b>128 509</b>
<b>Surplus for the year</b>		<b>10 465 192</b>	<b>17 124 518</b>

## mothers2mothers South Africa NPC

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Annual Audited Financial Statements for the year ended 31 December 2021

### Detailed Income Statement

Figures in Rand	Notes	2021	2020
<b>Operating expenses</b>			
Auditors remuneration	12	(2 221 237)	(2 855 166)
Bank charges		(859 558)	(620 134)
Cleaning		(485 807)	(363 788)
Computer expenses		(4 484 542)	(4 612 071)
Conferences, conventions and meetings (training)		(16 197 292)	(9 277 844)
Consulting fees		(9 739 029)	(12 306 435)
Delivery expenses		(488 658)	(462 092)
Depreciation, amortisation and impairments		(4 888 043)	(3 822 456)
Employee costs		(241 613 238)	(200 181 416)
Gifts and flowers		(564 484)	(7 911)
Insurance		(1 234 625)	(973 075)
Lease rentals on operating lease		(7 612 584)	(7 192 760)
Legal expenses		(3 070 451)	(1 338 191)
Loss on disposal of assets		-	(60 039)
Loss on exchange differences		(341 157)	-
Motor vehicle expenses		(6 002 872)	(4 766 366)
Office supplied and equipment		(6 109 405)	(4 812 980)
Other expenses		(2 203 784)	(594 051)
Printing and stationery		(3 527 767)	(2 666 171)
Repairs and maintenance		(2 215 040)	(1 477 621)
Security		(1 491 825)	(1 253 066)
Service level agreements		(2 871 027)	(5 241 417)
Site supplies		(12 281 795)	(11 388 065)
Staff development and training		(1 270 273)	(1 016 729)
Staff welfare		(9 540)	(17 637)
Sub-awards and contracts		(12 702 519)	(8 097 596)
Subscriptions		(1 729 544)	(1 415 181)
Technical and Professional services		(21 104 793)	(22 560 038)
Telephone and fax		(9 695 350)	(8 727 088)
Travel - local		(15 877 785)	(7 596 226)
Travel - overseas		(2 176 772)	(1 915 432)
Utilities		(1 772 053)	(997 518)
		<b>(396 842 849)</b>	<b>(328 616 560)</b>