

mothers2mothers South Africa NPC

(Registration number 2002/013453/08)

Annual Audited Financial Statements
for the year ended 31 December 2023

mothers2mothers South Africa NPC

(Registration number: 2002/013453/08)

Annual Audited Financial Statements for the year ended 31 December 2023

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 C Rathner B Semete-Makokotleta J Mkorosi M Makhunga S Dube T Tucker
Registered office	PO Box 841 Cape Town 8000
Business address	5th Floor 33 Martin Hammerschlag Way Foreshore Cape Town 8001
Postal address	PO Box 841 Cape Town 8000
Bankers	Standard Bank Limited
Auditor	Ernst and Young Inc. Chartered Accountant (SA) Registered Auditors
Secretary	C Rathner
Company registration number	2002/013453/08
Level of assurance	These annual audited financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual audited financial statements were independently compiled by: KAS Drafting Proprietary Limited H. Abbas Chartered Accountant (SA)
Issued	27 June 2024

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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 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 2024 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 pages 6 to 8.

The annual audited financial statements set out on pages 9 to 26, which have been prepared on the going concern basis, were approved by the board of directors on 27 June 2024 and were signed on its behalf by:

Approval of annual audited financial statements

DocuSigned by:



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Director

Cape Town

Thursday, 27 June 2024

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Directors' Report

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 2023.

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, Nigeria, Tanzania and Democratic Republic of Congo.

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 deficit of the organisation was R 42 626 234 (2022: surplus R 82 952 047).

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	Resigned 31 May 2023
L Cornelissen	Resigned 31 March 2023
C Rathner	
H Milford	Resigned 31 March 2023
B Semete-Makokotleta	
J Mkorosi	
M Makhunga	
S Dube	
P Gruninger	Resigned 31 March 2023
LA Denny	Deceased 10 June 2024
T Tucker	

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

6. Auditors

Ernst and Young Inc. were appointed as the new auditors for the company for 2023.

7. Secretary

The company secretary is C Rathner.

Postal address

PO Box 841
Cape Town
8000

Business address

5th Floor
33 Martin Hammerschlag Way
Foreshore
Cape Town
8001

8. Branch entities

Name of entity

mothers2mothers Kenya
mothers2mothers Lesotho
mothers2mothers Malawi
mothers2mothers Eswatini
mothers2mothers Uganda
mothers2mothers Angola
mothers2mothers Ghana
mothers2mothers Zambia
mothers2mothers Mozambique
mothers2mothers Tanzania
mothers2mothers Nigeria
mothers2mothers Democratic Republic of Congo

**Country of incorporation
if not the RSA**

Kenya
Lesotho
Malawi
Eswatini
Uganda
Angola
Ghana
Zambia
Mozambique
Tanzania
Nigeria
Democratic Republic of Congo

9. Liquidity and solvency

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



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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 24, which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of mothers2mothers South Africa NPC as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with 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 26-page document titled "mothers2mothers South Africa NPC Annual Audited Financial Statements for the year ended 31 December 2023", 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 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.

DocuSigned by:
Ernst & Young Inc.
46675839E4324E1...

Ernst and Young Inc.

Director: Kavinesh Manicum

Registered Auditor

27 June 2024

102 Rivonia Road, Sandton, Gauteng, 2196

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Statement of Financial Position as at 31 December 2023

Figures in Rand	Notes	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	10 388 125	12 091 070
Other financial assets	3	14	14
		10 388 139	12 091 084
Current Assets			
Trade and other receivables	4	62 973 438	56 679 836
Operating lease asset		170 978	107 174
Cash and cash equivalents	5	74 075 710	118 779 888
		137 220 126	175 566 898
Total Assets		147 608 265	187 657 982
Equity and Liabilities			
Equity			
Reserves		3 956 964	1 681 204
Retained income		101 581 231	146 483 225
		105 538 195	148 164 429
Current Liabilities			
Trade and other payables	8	14 362 126	15 746 658
Deferred income	6	17 891 050	11 851 412
Provisions	7	9 816 894	11 895 483
		42 070 070	39 493 553
Total Equity and Liabilities		147 608 265	187 657 982

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Statement of Comprehensive Income

Figures in Rand	Notes	2023	2022
Revenue	9	344 865 731	513 399 090
Other income		182 463	484 846
Operating expenses	10	(395 856 639)	(437 864 550)
Operating (deficit) surplus		(50 808 445)	76 019 386
Investment income	12	5 912 155	2 593 215
Finance costs	13	(5 704)	(4 177)
(Deficit) surplus for the year		(44 901 994)	78 608 424
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Exchange gains on translating foreign operations		2 275 760	4 343 623
Other comprehensive income for the year net of taxation		2 275 760	4 343 623
Total comprehensive (deficit) surplus for the year		(42 626 234)	82 952 047

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Statement of Changes in Equity

	Foreign currency translation reserve "FCTR"	Retained income	Total equity
Figures in Rand			
Balance at 01 January 2022	(2 662 419)	67 874 801	65 212 382
Surplus for the year	-	78 608 424	78 608 424
Other comprehensive income	4 343 623	-	4 343 623
Total comprehensive surplus for the year	4 343 623	78 608 424	82 952 047
Balance at 01 January 2023	1 681 204	146 483 225	148 164 429
Deficit for the year	-	(44 901 994)	(44 901 994)
Other comprehensive income	2 275 760	-	2 275 760
Total comprehensive deficit for the year	2 275 760	(44 901 994)	(42 626 234)
Balance at 31 December 2023	3 956 964	101 581 231	105 538 195

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Statement of Cash Flows

Figures in Rand	Notes	2023	2022
Cash flows from operating activities			
Cash receipts from customers		351 087 832	513 071 227
Cash paid to suppliers and employees		(397 294 382)	(441 565 481)
Cash (used in) generated from operations	14	(46 206 550)	71 505 746
Interest income		5 912 155	2 593 215
Finance costs		(5 704)	(4 177)
Net cash from operating activities		(40 300 099)	74 094 784
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(4 404 079)	(3 751 777)
Sale of property, plant and equipment	2	-	2
Net cash from investing activities		(4 404 079)	(3 751 775)
Total cash movement for the year		(44 704 178)	70 343 009
Cash and cash equivalents at the beginning of the year		118 779 888	48 436 879
Total cash at end of the year	5	74 075 710	118 779 888

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Annual Audited Financial Statements for the year ended 31 December 2023

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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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.

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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Accounting Policies

1.4 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment and intangible may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 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.

1.9 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.

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Accounting Policies

1.9 Provisions and contingencies (continued)

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.

1.10 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.

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.

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Accounting Policies

1.11 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 2023 2022

2. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	365 905	(78 649)	287 256	8 901	(8 901)	-
Motor vehicles	19 597 611	(13 022 292)	6 575 319	18 842 172	(10 680 897)	8 161 275
Office equipment	911 987	(911 983)	4	911 986	(854 254)	57 732
IT equipment	8 004 278	(4 885 428)	3 118 850	8 365 976	(4 493 913)	3 872 063
Containers	436 005	(29 309)	406 696	-	-	-
Total	29 315 786	(18 927 661)	10 388 125	28 129 035	(16 037 965)	12 091 070

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	-	357 004	-	(69 748)	287 256
Motor vehicles	8 161 275	1 954 260	(673 421)	(2 866 795)	6 575 319
Office equipment	57 732	2	-	(57 730)	4
IT equipment	3 872 063	1 656 808	(36 660)	(2 373 361)	3 118 850
Containers	-	436 005	-	(29 309)	406 696
	12 091 070	4 404 079	(710 081)	(5 396 943)	10 388 125

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Motor vehicles	9 015 060	1 998 697	-	(2 852 482)	8 161 275
Office equipment	157 566	-	-	(99 834)	57 732
IT equipment	4 654 581	1 753 080	(67 722)	(2 467 876)	3 872 063
	13 827 207	3 751 777	(67 722)	(5 420 192)	12 091 070

Property, plant and equipment pledged as security

Property, plant and equipment are not pledged as security.

Included in the additions above, are assets with a cost of R 3 242 246 (2022: R 2 169 039) 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. Other financial assets

Equity Instruments at cost

Unlisted shares - Sakhikamva Investments Proprietary Limited	14	14
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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.

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Notes to the Annual Audited Financial Statements

Figures in Rand	2023	2022		
4. Trade and other receivables				
Grants receivable	53 633 909	46 488 937		
Advances	632 639	1 444 868		
Prepayments	5 014 023	4 981 421		
Deposits	957 759	1 102 061		
VAT	2 735 108	2 662 549		
	62 973 438	56 679 836		
5. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	19 151	12 127		
Bank balances	25 130 392	32 257 009		
Short-term deposits	48 926 167	86 510 752		
	74 075 710	118 779 888		
6. Deferred income				
Unearned revenue	17 891 050	11 851 412		
At 31 December 2023, the deferred income of R 17 891 050 (2022: R 11 851 412) related to various grants. 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.				
7. Provisions				
Reconciliation of provisions - 2023				
	Opening balance	Additions	Utilised during the year	Closing balance
Leave pay provision	11 895 483	12 721 340	(14 799 929)	9 816 894
Reconciliation of provisions - 2022				
	Opening balance	Additions	Utilised during the year	Closing balance
Leave pay provision	10 074 950	14 576 866	(12 756 333)	11 895 483
8. Trade and other payables				
Trade payables	11 321 768			11 608 664
Accrued expense	3 381 887			4 436 919
Accrued employee costs		(341 529)		(298 925)
	14 362 126			15 746 658
9. Revenue				
Grants and donations from affiliated organisations	81 359 442			99 873 561
Other individual donations	3 234 376			10 975
Grants and donations received	260 271 913			413 514 554
	344 865 731			513 399 090

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Figures in Rand	2023	2022
9. Revenue (continued)		
Income from Grants and Donations were recognised as follows:		
South Africa	136 393 261	243 258 391
Other operating countries	208 472 470	270 140 669
	344 865 731	513 399 060
10. Operating expenses		
Operating expenses include the following expenses:		
Operating lease charges		
Premises		
• Contractual amounts	9 409 211	9 037 455
Loss/(profit) on disposal of assets	710 081	67 720
Loss on exchange differences	1 819 892	4 317 550
Depreciation on property, plant and equipment	5 396 943	5 420 192
Employee costs	239 458 372	264 581 931
11. Auditor's remuneration		
Fees	2 825 465	3 803 937
12. Interest income		
Interest revenue		
Bank	5 912 155	2 593 215
13. Finance costs		
Other interest paid	5 704	4 177
14. Cash (used in) generated from operations		
Surplus before taxation	(44 901 994)	78 608 424
Adjustments for:		
Depreciation	5 396 943	5 420 192
Loss (profit) on disposal of assets	710 081	67 720
Interest received	(5 912 155)	(2 593 215)
Finance costs	5 704	4 177
Movements in operating lease assets and accruals	(63 804)	(346 138)
Movements in provisions	(2 078 589)	1 820 533
Changes in foreign currency exchange rates	2 275 760	4 343 623
Changes in working capital:		
Trade and other receivables	(6 293 602)	(17 467 985)
Trade and other payables	(1 384 532)	2 461 122
Deferred income	6 039 638	(812 708)
	(46 206 550)	71 505 745

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Notes to the Annual Audited Financial Statements

Figures in Rand	2023	2022
15. Commitments		
Minimum lease payment for the year		
Contractual amounts	9 409 211	9 037 455
At year end the outstanding commitments under operating lease falls due as follows:		
Within one year	2 761 579	2 881 577
Later than one year but within five years	2 178 052	4 939 631
	4 939 631	7 821 208

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 7%. 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.

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Annual Audited Financial Statements for the year ended 31 December 2023

Notes to the Annual Audited Financial Statements

Figures in Rand	2023	2022
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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	31 168 134	49 736 965
m2m UK	50 191 238	50 136 594
	<u>81 359 372</u>	<u>99 873 559</u>

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 4)

m2m US	30 670 963	31 928 012
m2m UK	11 663 857	2 386 375
	<u>42 334 820</u>	<u>34 314 387</u>

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	23 792 518	20 872 935
	<u>23 792 518</u>	<u>20 872 935</u>

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 8)

m2m US	3 256 117	1 955 413
m2m UK	9 324 065	5 119 472
	<u>12 580 182</u>	<u>7 074 885</u>

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Notes to the Annual Audited Financial Statements

Figures in Rand

2023

2022

17. Directors' remuneration

Executive

2023

Directors' emoluments

Emoluments

Total

Services as director or prescribed officer

D Lubner	-	-
MJ Besser	-	-
FK Beadle	5 381 521	5 381 521
G Mthandi	-	-
L Cornelissen	-	-
C Rathner	3 290 714	3 290 714
H Milford	-	-
B Semete-Makokotleta	-	-
J Mkorosi	-	-
M Makhunga	-	-
S Dube	-	-
P Gruninger	-	-
LA Denny	-	-
T Tucker	-	-
	8 672 235	8 672 235

2022

Directors' emoluments

Emoluments

Total

Services as director or prescribed officer

D Lubner	-	-
MJ Besser	-	-
FK Beadle	4 588 716	4 588 716
G Mthandi	2 488 187	2 488 187
L Cornelissen	-	-
C Rathner	2 537 238	2 537 238
H Milford	-	-
B Semete-Makokotleta	-	-
J Mkorosi	-	-
M Makhunga	-	-
S Dube	-	-
P Gruninger	-	-
LA Denny	-	-
T Tucker	-	-
	9 614 141	9 614 141

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

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Notes to the Annual Audited Financial Statements

Figures in Rand	2023	2022
18. Categories of financial instruments		
Debt instruments at amortised cost		
Cash and cash equivalents	74 075 710	118 779 888
Trade and other receivables	54 591 668	47 590 998
	<u>128 667 378</u>	<u>166 370 886</u>
Equity instruments at cost less impairment		
Equity instruments at cost less impairment	<u>14</u>	<u>14</u>
Financial liabilities at amortised cost		
Trade and other payables	<u>14 362 127</u>	<u>15 746 658</u>

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.

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Detailed Income Statement

Figures in Rand	Notes	2023	2022
Income from Grants and Donations			
Grants and donations from affiliated organisations		81 359 442	99 873 561
Individual, small businesses and gifts in kind		3 234 376	10 975
Grants and donations received		260 271 913	413 514 554
	9	344 865 731	513 399 090
Other income			
Other income		182 463	484 846
Expenses (Refer to page 26)			
		(395 856 639)	(437 864 550)
Operating (deficit) surplus			
		(50 808 445)	76 019 386
Interest income	12	5 912 155	2 593 215
Finance costs	13	(5 704)	(4 177)
		5 906 451	2 589 038
(Deficit) surplus for the year			
		(44 901 994)	78 608 424

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Annual Audited Financial Statements for the year ended 31 December 2023

Detailed Income Statement

Figures in Rand	Notes	2023	2022
Operating expenses			
Auditors remuneration	11	(2 825 465)	(3 803 937)
Bank charges		(800 676)	(896 858)
Cleaning		(675 072)	(674 063)
Computer expenses		(5 047 463)	(6 812 241)
Conference, conventions and meetings (training)		(16 552 195)	(19 781 241)
Consulting fees		(11 210 861)	(7 283 482)
Delivery expenses		(499 878)	(487 217)
Depreciation		(5 396 943)	(5 420 192)
Employee costs		(239 458 372)	(264 581 931)
Fixed Fee Account (HO only)		(18 594)	-
Gifts and flowers		(46 403)	(31 141)
Insurance		(1 381 097)	(1 860 683)
Lease rentals on operating lease		(9 409 211)	(9 037 455)
Legal expenses		(822 286)	(1 442 546)
Loss on disposal of assets		(710 081)	(67 720)
Loss on exchange differences		(1 819 892)	(4 317 550)
Motor vehicle expenses		(5 828 260)	(7 534 345)
Office supplies and equipment		(3 864 382)	(3 633 389)
Other expenses		(2 678 636)	(6 668 201)
Printing and stationery		(2 553 142)	(3 261 739)
Repairs and maintenance		(2 277 609)	(2 433 637)
Security		(3 516 212)	(2 447 987)
Service level agreements		(2 572 834)	(4 348 610)
Site supplies		(5 562 235)	(7 667 101)
Staff development and training		(1 362 855)	(1 941 897)
Staff welfare		(23 638)	(17 843)
Sub-awards and contracts		(6 615 020)	(10 825 526)
Subscriptions		(3 318 318)	(1 832 670)
Technical and Professional services		(26 361 401)	(24 790 336)
Telephone and fax		(7 230 760)	(8 572 573)
Travel - local		(13 554 600)	(16 356 015)
Travel - overseas		(10 646 262)	(8 011 534)
Utilities		(1 215 986)	(1 022 890)
		(395 856 639)	(437 864 550)