mothers2mothers (UK) Limited

TRUSTEES' REPORT FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Charity registration number 1119721
Company registration number 5981078
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MOTHERS2MOTHERS (UK) LIMITED

TRUSTEES’ REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Full name and registered address of the charity
mothers2mothers (UK) Ltd
3 Cromwell Place
London
SW7 2JE

Solicitors:
Farrer & Co LLP
66 Lincoln’s Inn Fields,
London
WC2A 3LH
United Kingdom

Charity Registration Number: 1119721
Company Registration Number 5981078

Bankers:
CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4JQ

Trustees:
Derek Lubner
Carl Wesley Stewart
Kathryn Torres

Auditors:
Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

Senior member(s) of staff
Emma France  European Director
STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

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

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

Trustees

The Trustees who served during the year are set out on page 1. The power of appointing new trustees is vested in the existing Trustees of the Charity with notice being given to mothers2mothers international.

Any new Trustee will be chosen by the existing trustees for the skills and experience they can bring to the Charity and any training needs will be assessed on an individual, case by case basis.

Organisational Structure

Trustees are in regular communication and are responsible for approving strategic direction and policy of the charity.

The material day to day decisions for mothers2mothers (UK) Limited are managed by a small team based in London, UK. This team is headed by the European Director, Emma France. The other members of UK office staff comprise of Simon Barson and Annabel Grieve, both Development Officers, who were appointed during 2012.

The charity is a subsidiary of mothers2mothers International (M2M I). A governance review is being undertaken and the structure of the group is being reviewed.

Risk Management

The Trustees have considered the major risks on a group basis and confirm the systems and procedures are being established to mitigate those risks. As part of the governance review noted above, risks attributable to the charity as a standalone entity will be considered.

OBJECTIVES

mothers2mothers (UK) Limited

The charity’s main aim is to support the prevention of mother-to-child transmission of HIV and works towards this by associating with and promoting the work of mothers2mothers South Africa (“the Organisation”), an international non-governmental organisation with operations and affiliated operating entities in 9 countries in Sub-Saharan Africa (South Africa, Kenya, Lesotho, Malawi, Swaziland, Uganda, Tanzania, Rwanda and Zambia). It should be noted that mothers2mothers in Rwanda and Zambia ceased operations in June 2011 and at the end of 2011 (respectively) upon successful completion of the terms of a US Government USAID grant. Through peer education and psycho-social support, mothers2mothers works to support the prevention of mother-to-child transmission (PMTCT) of HIV. mothers2mothers SA is not part of a group with mothers2mothers UK and the relationship between the entities is purely operational.
mothers2mothers SA

mothers2mothers' vision is a world in which babies are not infected with HIV and where mothers with HIV/AIDS live long and healthy lives. Their mission is to improve the health of mothers living with HIV, putting them at the heart of the efforts to eliminate paediatric HIV/AIDS.

The Organisation seeks to achieve its goals by targeting the unacceptable gap between the increasing availability of PMTCT clinical services and the lack of uptake of these services by women who need them most. Evidence and experience prove the access to clinical PMTCT intervention alone does not sufficiently address this gap, and that a more holistic program of education and psycho-social support also needs to be in place for pregnant women, their partners, families and communities, through pregnancy, labour, delivery and breastfeeding. Only through twinning access to basic clinical services with these essential support initiatives will the number of infants born with HIV be reduced in the quickest, most efficient and cost effective way possible.

The Organisation’s objectives for the year were to continue their work in order to further their goals:

Goal 1 - PMTCT: To prevent babies from contracting HIV through mother-to-child (MTC) transmission. The organisation will work with mothers during and after pregnancy, in places where PMTCT medical interventions are available, but where stigma, lack of education, and critical barriers to the PMTCT uptake and adherence.

Goal 2 – Healthy Mothers and Infants: To keep HIV positive mothers and their infants alive and healthy by increasing their ability to access health and sustaining medical care. The Organisation will continue to educate and support our clients through the antenatal and post-natal delivery period, and connect them with appropriate medical and social services to ensure their and their infants lifelong health.

Goal 3 – Empowerment: To empower and enable the mothers to live positively with HIV. The Organisation will continue to recruit, train, pay and actively support HIV positive mothers as knowledgeable, positive role models, to mentor and educate other HIV positive pregnant women about PMTCT.

Through the successful achievement of its main goals, the Organisation’s work directly addresses 4 of the 8 United Nations Millennium Development Goals: Promoting Gender equality and empowering women (MDG no. 3); Reducing child mortality (MDG no. 4); Improving Maternal Health (MDG no.5) and Combating HIV/AIDS, Malaria and other diseases (MDG no. 6).

mothers2mothers (UK) Limited will therefore continue to raise funds in order to further promote the expansion of the mother2mothers programme work in Sub-Saharan Africa and, by extension, the advancement of education and relief of poverty. The Charity is confident that it will continue to achieve its goals by supporting the work of the Organisation.

Public Benefit

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

The Trustees confirm that in setting the Charity’s objectives and planning its activities, they have given careful consideration to the Charity Commission’s guidance on public benefit and consider each year how it meets the public benefit objectives outlined in the Charities Act 2011.

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

Grant Making Policy

The charity makes grants to the Organisation in furtherance of its charitable objectives. The grants are made in accordance with both the reserve policy of the charity and the Organisation’s needs.
Volunteers

The Charity would like to take the opportunity presented in the Trustee Annual Report to recognise the volunteers who helped in making 2011 a success. In particular, a dedicated group of UK based mothers; “mothers4mothers2mothers”. Their tireless efforts in 2011 and numerous fundraising events held, such as walking the length of the Thames to raise money for the Charity, should not be underestimated.

Many volunteers also contributed to the success of our European launch event, a benefit performance from Annie Lennox.

ACHIEVEMENTS AND PERFORMANCE

2011 marked a significant turning point for mothers2mothers (UK) Limited with the appointment of a European Director in May 2011. mothers2mothers UK had previously been run by volunteers. The Trustees made a strategic decision to invest in a full time post in the UK in order to pursue UK and European funding opportunities, in order to develop and enhance support for mothers2mothers programmes in Sub-Saharan Africa.

Faced with the challenging funding environment pervading European markets in 2011, mothers2mothers (UK) Limited’s first 6 months of operation can be deemed as a huge success. Over the course of the 2011 financial year mothers2mothers UK Limited raised £608,391. This is an increase of 187% on the previous financial year. These funds were deployed to support various programmes supported by the Organisation.

The success of the 2011 financial year cannot solely be embodied in a figure. The impact of having a staff presence in the UK is far reaching, and relationships developed in the course of the year will be nurtured in order to develop income generation and further support of mothers2mothers programs in 2012 and beyond.

2011 was also a memorable year for the Organisation, not only celebrating its tenth Anniversary but also with mothers2mothers officially having reached more than 1 million women since its foundation in 2001. Although an impressive achievement, the true impact of progress is best illustrated through the words of the stakeholders the Organisation works with. The Organisation received the following letter from the nurses working at the Ndzevane Clinic, Swaziland:

A Word of Thanks to m2m

This is to appreciate the good work and performance observed ever since mothers2mothers was effected at Ndzevane Clinic. We as a clinic, especially the nurses had a little faith in task shifting. Most mothers and exposed babies used to miss opportunities due to the workload experienced by nurses and contact was lost with most of the mothers and babies on follow up.

Missed opportunities and lost follow up are now history at Ndzevane Clinic, we are no longer experiencing this due to the great success of mothers2mothers. As we work hand in hand with m2m, the great challenge we face, which is also beyond our scope is working in such a community faced with so much poverty, so talking about a balanced diet is big insult to the people we serve. We really appreciate the great effort put by m2m and wholeheartedly vow to work hard.

Most women now talk freely about their HIV statuses. Since m2m has helped through the support groups where they are mentors and they get to share ideas and face challenges. Life will never be the same again for our beloved clients. Well done m2m and please keep up the good work!!!

Nurses from Ndzevane Clinic

Globally 2011 was also a pivotal year for combating the HIV epidemic, with the launch by the Joint Nations Programme on HIV/AIDS (UNAIDS) of the, “Global Plan towards the Elimination of New HIV infections among Children by 2015 and Keeping their Mothers Alive” (The Global Plan), an initiative that has identified the 22 countries most affected by the AIDS epidemic and responsible for 90% of the world’s HIV infected children. As titled, the plan calls for elimination of paediatric HIV and a 50% reduction in maternal HIV-related mortality by 2015. The Global Plan identified the Organisation’s Mentor Mother model as a key factor to achieving the goals by 2015 and specifically included “women living with HIV at the center of the response” as one of four key principles for success. The Plan also called for the increased use of Mentor Mothers, defined as: a
‘mother living with HIV who is trained and employed as part of a medical team to support, educate, and empower pregnant women and new mothers about their health and their babies’ health.’

In line with this ambitious plan, and to progress its organisational goals and improve the overall experience for its clients and Mentor Mothers, mothers2mothers began to roll out the following programme developments in 2011:

**Expanding the Mentor Mother Model:** In order to reach a greater number of women and children and expand the scope of our services, the Organisation decided to expand its program model to include care for HIV-negative women and provide more comprehensive guidance for reproductive, maternal, new born and child health.

**Capacity Development and Health Systems Strengthening:** The Organisation has also adapted its model to deliver mothers2mothers services in the most effective, scalable and sustainable way possible within each country’s unique framework. While it will continue to deliver program services in countries, the Organisation will also engage in capacity development with local implementing partners and health systems strengthening for governments and ministries of health. In 2011 the Organisation continued its work with the Government of Kenya where, with the support from UNAIDS, it has drafted guidelines for a Kenya Mentor Mother Program (KMMMP). This offers mothers2mothers the opportunity to explore its potential to support the development of a program with national coverage.

**Active Client Follow-Up (ACFU):** In 2011, m2m’s active client follow-up (ACFU) initiative helped mothers2mothers site staff improve client retention by following-up with clients after missed appointments using phone calls, SMS and home visits. Clients and site staff involved in the ACFU pilot in Lesotho, Malawi, Swaziland, and Zambia deemed ACFU both feasible and effective in reaching clients and bringing them back to the health care facility. ACFU is currently being scaled up for implementation in all mothers2mothers sites.

**Let’s SOAR (Strengthening Outcomes by Analysing Results):** Reliable data collection for program monitoring has traditionally been challenging for most NGOs in the field. Let’s SOAR is a quality assessment and improvement initiative that mothers2mothers designed to help site staff understand and own the client and program data they are collecting. This initiative has shown that individual site performance and client health outcomes can be improved. Program learning is facilitated as lessons learned in one health facility can inform program improvements elsewhere. Let’s SOAR has demonstrated that when Mentor Mothers have the opportunity to own, analyse, and use data they are collecting, they can influence program quality. As a result, monitoring and evaluation are embraced and better integrated into daily activities. Let’s SOAR is currently being rolled out across all mothers2mothers sites.

**Looking Back, Moving Forward (LBMF):** During an organisational assessment of Mentor Mother training, a need was identified to create a safe space and a supportive process that allows Mentor Mothers to process their own personal journey with HIV and PMTCT. In order that they were in a better position to educate, support, and inspire others on their journey a new training module entitled “Looking Back and Moving Forward” (LBMF) was created and field-tested. The content of LBMF allows Mentor Mothers to reflect on their personal experience living with HIV, assess and promote self-care needs and identify how to use their experiences in a transformational way with clients. Participants gave rave reviews, strongly indicating that they benefited both professionally and personally from the training and that the topics should be integrated into mothers2mother’s Mentor Mother training. mothers2mothers is now planning to pilot LBMF in each country to inform integration of the module into mothers2mothers standard Mentor Mother training.

**FINANCIAL REVIEW**

**Results for the year**

Income for the 12 months to 31 December 2011 totalled £608,931 (2010: £212,058). The increase in the year is due to the very successful European launch event for the charity which raised a total of £207,382 together with a grant received during the year from Comic Relief totalling £133,333. As a result charitable
expenditure has increased to £338,408 (2010: £166,666), £309,839 of this being direct grant payments made to mothers2mothers South Africa. Net funds at the year end totalled £192,138 (2011: £51,192).

Investments

In order to achieve the Charity’s purposes it distributes the majority of unrestricted reserves in the way of grants to mothers2mothers South Africa. This is in accordance with mothers2mothers South Africa’s needs, and therefore negates the need or potential for investments in the UK.

Plans for Future Periods

The Charity plans to continue to support the work of mothers2mothers throughout Sub-Saharan Africa supporting further expansion of the model to countries with a high disease burden and prevalence including Zimbabwe and Nigeria.

In 2012 the Charity will look to diversify its fundraising portfolio further by pursuing and developing additional European fundraising streams. One planned stream will be to establish a major donor giving programme. This will create a consistent, unrestricted revenue stream, allowing both organisations to plan with an increased degree of certainty.

Reserves Policy

The board and management consider that “free” reserves should normally be maintained to cover nine to twelve months of the organization’s operational costs. In accordance with this in 2011 the reserve level was set between £51,255 and £68,300. The board and management recognize that exceptional circumstances may arise that warrant the temporary use of the organisation’s unrestricted funds reserves. Under no circumstances, however, should the unrestricted reserves funds be allowed to fall below the equivalent of six months of operational costs. In accordance with this in 2011 the minimum level of reserves was set at £34,150.

Excess reserves were held at the end of the financial year. This excess was subsequently transferred to mothers2mothers SA in 2012.

Trustees Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charity’s auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Saffery Champness were appointed during the year and have expressed their willingness to remain in office.

By order of the Trustees

[Signature]

TRUSTEE NAME: Carl Wesley Stewart
DATE: 26 Nov 2012
MOTHERS2MOTHERS (UK) LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements on pages 9 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the charity's state of affairs as at 31 December 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Nick Kelsey
For and on behalf of
Saffery Champness
Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GB

26/11/12
**MOTHERS2MOTHERS (UK) LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES**
FOR THE YEAR ENDED 31 DECEMBER 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>2011</th>
<th>2010</th>
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<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Incoming resources</strong></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Incoming resources from</strong></td>
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</tr>
<tr>
<td>Generated funds</td>
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<tr>
<td>Voluntary income</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Donations and legacies</td>
<td>2</td>
<td>267,658</td>
<td>133,333</td>
<td>400,991</td>
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<tr>
<td>Activities for generating funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from events</td>
<td></td>
<td></td>
<td>207,382</td>
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</tr>
<tr>
<td>Investment income</td>
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<td>Bank interest</td>
<td>18</td>
<td>-</td>
<td>18</td>
<td>10</td>
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<tr>
<td><strong>Total incoming resources</strong></td>
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<td>133,333</td>
<td>608,391</td>
<td>212,058</td>
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<tr>
<td><strong>Resources expended</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Cost of generating funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>3</td>
<td>125,287</td>
<td>-</td>
<td>125,287</td>
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<tr>
<td>Charitable activities</td>
<td></td>
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<td></td>
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<tr>
<td>Supporting mothers2mother SA</td>
<td>3</td>
<td>205,075</td>
<td>133,333</td>
<td>338,408</td>
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<td>Governance costs</td>
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<td>3,750</td>
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<td><strong>Total resources expended</strong></td>
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<td>133,333</td>
<td>467,445</td>
<td>172,337</td>
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<td>Net incoming/(outgoing) resources before transfers</td>
<td>140,946</td>
<td>-</td>
<td>140,946</td>
<td>39,721</td>
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<tr>
<td>Transfers between funds</td>
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<tr>
<td><strong>Net incoming resources for the year</strong></td>
<td>140,946</td>
<td>-</td>
<td>140,946</td>
<td>39,721</td>
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<tr>
<td>Reserves brought forward</td>
<td>51,192</td>
<td>-</td>
<td>51,192</td>
<td>11,471</td>
</tr>
<tr>
<td>Reserves carried forward</td>
<td>10</td>
<td>192,138</td>
<td>-</td>
<td>192,138</td>
</tr>
</tbody>
</table>

All amounts relate to continuing activities.

There were no gains or losses other than the net movement on funds stated above.

The notes on pages 11 to 16 form part of these financial statements.
<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
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<td>£1,072</td>
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<tr>
<td><strong>Current assets</strong></td>
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<tr>
<td>Debtors</td>
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<td>£93,919</td>
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<tr>
<td>Cash at bank and in hand</td>
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<td>£240,964</td>
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<td></td>
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<td><strong>£334,883</strong></td>
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<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td>9</td>
<td>(£143,817)</td>
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<tr>
<td><strong>Net current assets</strong></td>
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<td><strong>£191,066</strong></td>
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<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td><strong>£192,138</strong></td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>10</td>
<td>£192,138</td>
</tr>
<tr>
<td>Restricted funds</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>£192,138</strong></td>
</tr>
</tbody>
</table>

Approved by the Board of Trustees on 26 November 2012 and signed on its behalf by:

![Signature]

TRUSTEE NAME
Carl Wesley Stewart

The notes on pages 11 to 16 form part of these financial statements.

Company registration no: 5981078
Accounting policies

1.1 Accounting convention
The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 2006.

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

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

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

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

Grants payable are payments made to m2m South Africa in furtherance of the charitable objectives of the charity. Grants are accounted for when either the recipient has a reasonable expectation that they will receive the grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and the condition attaching to the grant is outside the control of the Trustees.

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

1.3.1 Cost of generating funds
These relate to those specific costs incurred in organising and staging fundraising events and seeking voluntary contributions together with attributable support costs.

1.3.2 Charitable activities
The charity makes grants as noted above in 1.3 and these, along with the direct costs, are allocated to the charitable activity as incurred. Support costs are the indirect costs of carrying out this activity and are allocated on the basis of total spend on the activity in the year.

1.3.3 Governance
This represents all costs involving public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related with statutory audit and constitutional requirements together with attributable support costs.
1 Accounting policies (Continued)

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

Office equipment 33% straight line

1.5 Funds
General funds
General funds are donations and other incoming resources receivable or generated for the objects of the Charity without specified purpose.

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

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Year ended 31.12.11</th>
<th>Year ended 31.12.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>267,658</td>
<td>133,333</td>
<td>400,991</td>
<td>212,048</td>
</tr>
<tr>
<td></td>
<td>267,658</td>
<td>133,333</td>
<td>400,991</td>
<td>212,048</td>
</tr>
</tbody>
</table>

3 Resources expended

<table>
<thead>
<tr>
<th></th>
<th>Direct costs</th>
<th>Support costs</th>
<th>Year ended 31.12.11</th>
<th>Year ended 31.12.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>50,716</td>
<td>74,571</td>
<td>125,287</td>
<td>5,118</td>
</tr>
<tr>
<td>Supporting m2m SA</td>
<td>309,839</td>
<td>28,569</td>
<td>338,408</td>
<td>166,666</td>
</tr>
<tr>
<td>Governance</td>
<td>-</td>
<td>3,750</td>
<td>3,750</td>
<td>553</td>
</tr>
<tr>
<td></td>
<td>360,555</td>
<td>108,890</td>
<td>467,445</td>
<td>172,337</td>
</tr>
</tbody>
</table>

Fundraising direct costs relate to the European launch event for the charity which was held in late November 2011. Support costs related to the Fundraising, includes support costs associated with running the event but also other general fundraising activities, such as Corporate Fundraising, applications for Trusts & Foundations, Major Donor cultivation, and Community Fundraising.

Direct costs for supporting m2m SA represent grants paid during the year.

4 Allocation of support costs

The breakdown of support costs and how they were allocated between event fundraising costs, charitable activities and governance is shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Fundraising £</th>
<th>Supporting m2m SA £</th>
<th>Governance £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related costs - time basis (Note 6)</td>
<td>51,752</td>
<td>5,750</td>
<td>-</td>
<td>57,502</td>
</tr>
<tr>
<td>Office overhead – usage</td>
<td>22,818</td>
<td>22,818</td>
<td>3,750</td>
<td>49,388</td>
</tr>
<tr>
<td></td>
<td>74,570</td>
<td>28,568</td>
<td></td>
<td>106,890</td>
</tr>
</tbody>
</table>

5 Governance

<table>
<thead>
<tr>
<th></th>
<th>General funds</th>
<th>Restricted funds</th>
<th>Year ended 31.12.11</th>
<th>Year ended 31.12.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors fees – audit</td>
<td>3,750</td>
<td>-</td>
<td>3,750</td>
<td>553</td>
</tr>
</tbody>
</table>
MOTHERS2MOTHERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

6 Staff costs

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31.12.11</th>
<th>Year ended 31.12.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>52,416</td>
<td>-</td>
</tr>
<tr>
<td>Social security costs</td>
<td>5,086</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>57,502</td>
<td>-</td>
</tr>
</tbody>
</table>

No employee earned more than £60,000 per annum in the financial year.

None of the Trustees of the Charity were remunerated for their time or reimbursed for expenses incurred in carrying out their duties (2010: none).

7 Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Office equipment and computers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost:</strong></td>
<td><strong>£</strong></td>
</tr>
<tr>
<td>At 1 January 2011</td>
<td>-</td>
</tr>
<tr>
<td>Additions in the year</td>
<td>1,288</td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>1,288</td>
</tr>
<tr>
<td><strong>Depreciation:</strong></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2011</td>
<td>-</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>216</td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>216</td>
</tr>
<tr>
<td><strong>Net book value:</strong></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>1,072</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>-</td>
</tr>
</tbody>
</table>

All fixed assets are used for charitable purposes.
### Debtors

<table>
<thead>
<tr>
<th></th>
<th>31.12.11</th>
<th>31.12.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift aid receivable</td>
<td>60,919</td>
<td>-</td>
</tr>
<tr>
<td>Other debtors and prepayments</td>
<td>33,000</td>
<td>705</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>93,919</td>
<td>705</td>
</tr>
</tbody>
</table>

### Creditors: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>31.12.11</th>
<th>31.12.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to mothers2mothers SA</td>
<td>129,634</td>
<td>-</td>
</tr>
<tr>
<td>Accruals and other creditors</td>
<td>14,183</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>143,817</td>
<td>500</td>
</tr>
</tbody>
</table>

### Unrestricted funds

<table>
<thead>
<tr>
<th></th>
<th>1 January 2011</th>
<th>Incoming funds</th>
<th>Outgoing funds</th>
<th>Gains/losses &amp; transfers within funds</th>
<th>Total 31.12.11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>51,192</td>
<td>475,058</td>
<td>334,112</td>
<td>-</td>
<td>192,138</td>
</tr>
<tr>
<td></td>
<td>51,192</td>
<td>475,058</td>
<td>334,112</td>
<td>-</td>
<td>192,138</td>
</tr>
</tbody>
</table>

Due to exceptional circumstances £192,138 was held in reserves at the end of the financial year, for details please refer to our reserves policy on page 6.
11  Restricted funds

<table>
<thead>
<tr>
<th></th>
<th>1 January 2011 £</th>
<th>Incoming funds £</th>
<th>Outgoing funds £</th>
<th>Gains/ (losses) &amp; transfers within funds £</th>
<th>Total 31.12.11 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comic Relief</td>
<td>-</td>
<td>133,333</td>
<td>133,333</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>133,333</td>
<td>133,333</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Monies received from Comic Relief were which were restricted to be spent on core operating systems at the m2m South Africa head office.

12  Related party transactions

The charity has taken the exemption conferred within FRS 8 not to disclose transactions with other members of the group of which it is a wholly owned subsidiary. The financial statements of m2m International can be obtained upon request by writing to:

Robin Smalley, mothers2mothers international Inc, 7441 W.Sunset Blvd. #205 Los Angeles, California 90046, USA.