Save The Children South Africa NPC
(Registration number 2012/019616/08)
Financial statements
for the year ended 31 December 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Charity organisation
Directors	Mr. N Hendricks Mr. S Sharpe Ms. B Lue Marais Ms. S Motara Mr. U Rickardsson Ms. E Knox Mr. S Mashwama Ms. V H Rehfeld Mr. S Gounden Ms. M Phiri
Registered office	3rd Floor Festival Office Park 353 Festival Street Hatfield Pretoria 0028
Business address	3rd Floor Festival Office Park 353 Festival Street Hatfield Pretoria 0028
Bankers	ABSA Bank
Auditors	PricewaterhouseCoopers Inc.
Company registration number	2012/019616/08
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: P Heslinga CA (SA)

Index

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

	Page
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Reserves	11
Statement of Cash Flows	12
Accounting Policies	13 - 17
Notes to the Financial Statements	18 - 26

The following supplementary information does not form part of the financial statements and is unaudited:

Detailed Income Statement	27

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 auditors are engaged to express an independent opinion on the financial statements.

The 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 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 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 2020 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 auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 8.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of members, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The financial statements set out on pages 9 to 27, which have been prepared on the going concern basis, were approved and authorised for issue by the directors on 04/09/2020 and were signed on its behalf by:

Director

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Save The Children South Africa NPC for the year ended 31 December 2019.

1. Review of financial results and activities

The financial statements have been prepared in compliance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have not been applied consistently compared to the prior year, refer to note 1 for details of the adoption of new or revised accounting standards.

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

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Directors

The directors in office during the year and up to the date of this report are as follows:

Directors	Office	Nationality	Changes
Mr. N Hendricks	Chairperson	South African	
Mr. S Sharpe		British	
Ms. M Maisela		South African	Resigned 25 August 2020
Mr. G Thaver		South African	Resigned 28 March 2019
Ms. B Lue Marais		South African	
Ms. S Motara		South African	
Mr. U Rickardsson		Swedish	
Ms. E Knox		British	Appointed 18 March 2019
Mr. S Mashwama		South African	Appointed 18 March 2019
Mr. D Storom		South African	Appointed 18 March 2019, Resigned 25 November 2019
Ms. C Sanqela		South African	Appointed 18 March 2019, Resigned 25 August 2020
Ms. P Nyamukachi		Zimbabwean	Appointed 18 March 2019, Resigned 12 August 2020
Ms. V H Rehfeld		Danish	Appointed 22 June 2020
Mr. S Gounden		South African	Appointed 22 June 2020
Ms. M Phiri		South African	Appointed 22 June 2020

4. Events after the reporting period

On 15 March 2020 President Ramaphosa declared a National State of Disaster in terms of the Disaster Management Act. A nationwide lockdown was announced on 23 March, effective from 26 March 2020

We allowed our staff to work from home as from 16 March 2020 and a business continuity plan was put in place with immediate effect.

Remote working adopted

Adequate arrangements were implemented with immediate effect without compromising the control environment. Management controls were strengthened to mitigate any risks associated with remote working.

Financial system

The financial system enabled staff to continue working seamlessly as the system is accessible via the cloud.

Programmes delays

We developed a COVID strategy and a response plan which addressed the key risks related to our current programming portfolio. Our strategy also responded positively to the emergencies that unfolded as part of the National State of Disaster.

Project interventions came to a halt but mitigating plans were implemented to adapt programs and donor authorisation were secured to continue charging salaries to projects and to adapt intervention to COVID-19.

Directors' Report

Finances and cashflow

Donors continued to disburse funds as planned, as interventions delayed less cash being spent on implementation. A loan was received from Save the Children International. The loan is interest free, repayable on the third anniversary date of the agreement, the agreement is dated 4 August 2020. This loan is guarenteed by other Save the Children members in the event that Save the Children South Africa is unable to repay. This provides assurance that Save the Children South Africa can meet its obligations to other creditors until the assets of the company, fairly valued, exceed its liabilities.

A number of proposals were submitted to fund an emergency project formulated to respond to COVID-19 through disbursing messages and food parcels to beneficiaries for example. Funding was secured from a Global Central Fund for $100 000 and $25 000 from Discovery channel.

A number of Gifts in kind were secured and disbursed to beneficiaries. The biggest donation in kind to date was soap from Colgate Palmolive for R13 million. These activities do not provide us cash but has elevated our much needed exposure in South Africa.

Effect on fundraising

Our main funders funding our unrestricted expenses comes from individual donors which is raised through recruitment drives usually set up in malls around the country. These activities have been curtailed since the hard lockdown was declared. However the team soon diverted the human resources and to online fundraising strategies which resulted in considerable cost savings. We have also been able to increase the post cost yield of the annual grant we receive from Member Growth of Save the Children International.

Funding of salaries

We have been proactive in engaging with donors to request realignment and extension of programme dates, and where necessary request approval to continue charging salaries to projects. Donors have been accommodating under the current conditions.

Other Subsequent events

After taking the above into consideration the impact of COVID-19 is generally a non adjusting event in our view for the period ended on 31 December 2019. Consequently there will be no impact in recognition and measurement of assets and liabilities in the financial statements.

We acknowledge that our operations were materially affected in the post balance sheet period and will continue to be impacted as South Africa deals with COVID-19 but there was no concomitant adverse impact on our revenue since all our donors remain committed to fulfilling their obligations in terms of existing contracts and disbursing funds as originally agreed while new innovative ways of delivering projects are being adopted.

A number of projects to the value of R3.85m have been secured in the first half of the year. One project worth R11m is being finalised and a project worth R211m is at a peer review stage. Proposals totalling R18.1m were submitted to donors and we are awaiting feedback. The period between now and December presents an opportunity to secure a few more projects, related to COVID-19 which we will continue to pursue.

The Board has considered the cash flows and assumptions that have been prepared by management and has no reason to believe that Save the Children South Africa will not continue as a going concern.

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

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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 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.

6. Auditors

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 90 of the Companies Act of South Africa.

7. Secretary

The company had no secretary during the year.

Independent auditor's report

To the Members of Save the Children South Africa NPC

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Save the Children South Africa NPC (the Company) as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

What we have audited

Save the Children South Africa NPC's financial statements set out on pages 9 to 26 comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report (as required by the Companies Act of South Africa. The other information does not

- 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.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: R Dhanlall
Registered Auditor

Waterfall, Johannesburg
9 September 2020

Statement of Financial Position as at 31 December 2019

Figures in Rand	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	3,844,313	4,985,547
Current Assets			
Trade and other receivables	4	1,973,442	8,545,829
Cash and cash equivalents	5	15,142,951	10,325,307
		17,116,393	**18,871,136**
Total Assets		**20,960,706**	**23,856,683**
Reserves and Liabilities			
Reserves			
Accumulated deficit		(4,388,819)	(7,731,277)
Liabilities			
Current Liabilities			
Trade and other payables	6	4,814,773	11,946,463
Deferred income	7	20,534,752	19,641,497
		25,349,525	**31,587,960**
Total Reserves and Liabilities		**20,960,706**	**23,856,683**

Statement of Comprehensive Income

Figures in Rand	Notes	2019	2018
Grant income			
Restricted project grant	8	65,618,805	54,650,105
Fundraising grant	8	6,875,000	8,583,070
Other grants	8	2,180,770	3,412,043
Total revenue		**74,674,575**	**66,645,218**
Fundraising income		17,895,232	18,374,239
Other income	9	1,693,724	8,544,249
Total revenue and income		**94,263,531**	**93,563,706**
Expenditure			
Project expenses		(65,618,805)	(54,650,105)
Fundraising expenses		(10,543,292)	(18,407,503)
Other operating expenses		(15,426,891)	(23,543,527)
Operating surplus (deficit)	10	**2,674,543**	**(3,037,429)**
Investment revenue	11	667,915	434,593
Total surplus (deficit) for the year		**3,342,458**	**(2,602,836)**

Statement of Changes in Reserves

Figures in Rand	Accumulated deficit
Balance at 01 January 2018	**(5,128,441)**
Deficit for the year	(2,602,836)
Balance at 01 January 2019	**(7,731,277)**
Surplus for the year	3,342,458
Balance at 31 December 2019	**(4,388,819)**

Statement of Cash Flows

Figures in Rand	Notes	2019	2018
Cash flows from operating activities			
Cash generated from operations	12	3,258,851	3,309,528
Interest received	11	667,915	434,593
Net cash from operating activities		**3,926,766**	**3,744,121**
Cash flows from investing activities			
Purchase of vehicles	3	-	(2,381,258)
Sale of vehicles and equipment	3	890,878	27,368
Net cash from investing activities		**890,878**	**(2,353,890)**
Total cash movement for the year		**4,817,644**	**1,390,231**
Cash at the beginning of the year		10,325,307	8,935,076
Total cash at end of the year	5	**15,142,951**	**10,325,307**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The 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 71 of 2008. The 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.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

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.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Project equipment	Straight line	10 years

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

Land is not depreciated.

Accounting Policies

1.2 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

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.

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.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Finacial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

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 evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as a current liability on the statement of financial position.

Cash and cash equivalents are initially and subsequently measured at amortised cost.

1.3 Financial instruments (continued)

Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 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.

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.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.5 Employee benefits (continued)

Termination benefits

Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

1.6 Grants

Grant income is recognised at fair value when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A grant that becomes receivable as compensation for expenses or deficits already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants received where the company has not entered the related costs are recognised as a liability and included in deferred revenue within current liabilities.

Grants received and utilised for the purchase of assets are initially recognised as a liability and included in deferred revenue. These grants are transferred to revenue over the estimated useful lives of the assets.

1.7 Interest

Interest is recognised, in profit or loss, using the effective interest rate method.

1.8 Foreign exchange

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.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Accounting Policies

1.9 Tax

The company is exempt from Income Tax because it is registered as a Public Benefit Organisation(PBO) in terms of section 30(3) of the Income Tax Act.

2. First-time adoption of the International Financial Reporting Standards for Small and Medium-sized Entities.

The company has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2019 year end. On principle this standard has been applied retrospectively, however the 2018 comparative figures and accounting policies contained in these financial statements do not differ from those published in the financial statements published for the year ended 31 December 2018. No adjustments were made to the opening comparative statement of financial position.

The date of transition was 01 January 2019.

3. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	830,000	-	830,000	830,000	-	830,000
Motor vehicles	4,224,384	(1,213,374)	3,011,010	5,682,248	(1,532,402)	4,149,846
Office equipment	736,908	(733,606)	3,302	736,908	(731,208)	5,700
Computer equipment	756,270	(756,269)	1	756,270	(756,269)	1
Project equipment	19,470	(19,470)	-	19,470	(19,470)	-
Total	**6,567,032**	**(2,722,719)**	**3,844,313**	**8,024,896**	**(3,039,349)**	**4,985,547**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Disposals	Depreciation	Closing balance
Land	830,000	-	-	830,000
Motor vehicles	4,149,846	(860,883)	(277,953)	3,011,010
Office equipment	5,700	-	(2,398)	3,302
Computer equipment	1	-	-	1
	4,985,547	**(860,883)**	**(280,351)**	**3,844,313**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land	830,000	-	-	-	830,000
Motor vehicles	2,506,091	2,381,258	-	(737,503)	4,149,846
Office equipment	12,896	-	-	(7,196)	5,700
Computer equipment	6,119	-	-	(6,118)	1
Project equipment	27,368	-	(27,368)	-	-
	3,382,474	**2,381,258**	**(27,368)**	**(750,817)**	**4,985,547**

Details of properties

Land has been restated as held-for-sale as the land is currently in the process of being disposed. The sale of Erf 1560 Albertville Township was finalised on 6 July 2020.

Notes to the Financial Statements

Figures in Rand	2019	2018

4. Trade and other receivables

Financial instruments:		
Grant receivables	1,032,801	2,309,680
Other receivables	1,011,868	6,915,291
Impairment	(408,689)	(1,228,055)
Trade receivables at amortised cost	1,635,980	7,996,916
Non-financial instruments:		
VAT	187,462	548,913
Prepayments	150,000	-
Total trade and other receivables	**1,973,442**	**8,545,829**

A bad debt written off in prior year was partially recovered, with repayments totaling R819 366.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	55,460	54,063
Bank balances	15,087,491	10,271,244
	15,142,951	**10,325,307**

6. Trade and other payables

Trade payables	161,312	1,625,817
Terminal grant accrual	-	6,316,645
Accrued leave pay	793,735	1,672,389
Other accruals	3,220,551	1,416,926
Other payables	639,175	914,686
	4,814,773	**11,946,463**

The terminal grant accrual of R 6 316 645 was cleared, because the terminal grant fund was converted to a provident retirement fund, invested with Momentum Metropolitan Holdings as from March 2019. The assets corresponding to the terminal grant accrual, amounting to R 5 485 382, were disclosed as other receivables in 2018. Employees who resigned during the year were paid out the amount of R 831 263.

7. Deferred income

Deferred revenue-utilised for asset purchases	2,982,120	3,581,406
Deferred revenue-external projects grants payable	17,552,632	16,060,091
	20,534,752	**19,641,497**

Notes to the Financial Statements

Figures in Rand	2019	2018

8. Revenue

Grant income		
Restricted project grant	65,618,805	54,650,105
Fundraising grant	6,875,000	8,583,070
Other grants	2,180,770	3,412,043
	74,674,575	**66,645,218**
Grants from related parties		
Save the Children Sweden	20,726,210	20,602,803
Save the Children Italy	16,407,789	14,117,195
Save the Children International Member Growth	6,875,000	8,583,069
Total grants from Related Parties	**44,008,999**	**43,303,067**
Other grants		
The ELMA Foundation	1,963,863	2,410,743
USAID	10,488,661	6,908,458
UNICEF	249,646	58,142
Sundry	2,554,420	1,432,649
GSK	6,050,946	5,346,983
Swedish Embassy	1,206,272	2,322,977
Dutch Embassy	2,366,557	2,802,518
JET Education Service - AESA Project	638,629	934,767
Enigma Investment Holdings Limited	1,679,889	1,124,914
Department of Social Development	3,590,571	-
Total Other grants	**30,789,454**	**23,342,151**
Grants from related parties	44,008,999	43,303,067
Other grants	30,789,454	23,342,151
	74,798,453	**66,645,218**

9. Other income

Donations	115,220	234,968
Sundry income	729,143	1,227,797
Surplus on sale of property, plant and equipment	29,995	-
Reimbursement from fraud perpetrator	819,366	1,596,102
Other donations from related parties	-	5,485,382
	1,693,724	**8,544,249**

Notes to the Financial Statements

Figures in Rand	2019	2018

10. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

The total cost of programming activities, fundraising & marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2019	2018
Annual audit	376,508	293,710
Accounting fees	22,000	14,250
Bad debts	-	1,228,055
Consulting and professional fees	2,812,116	1,479,638
Depreciation	280,351	750,817
Employee costs - Admin, Support and Technical	13,352,001	16,292,953
Employee costs - Fundraising	5,236,345	8,548,826
Employee costs - Restricted for project grants	27,993,655	24,188.419
Forensic audit fees	-	962,144
Internal audit fees	365,172	-
Lease rentals on operating lease	961,302	1,206,331
Programmatic expenses	26,068,197	23,997,077
Other administrative expenses	2,932,555	2,722,046
Other fundraising expenses	4,218,593	8,960,781
Project audit fees	387,348	65,231
Repairs and maintenance	1,675,275	320,597
Travel and accommodation	4,907,570	5,570,260
Total cost of programming activities, fundraising & marketing expenses, general and administrative expenses	**91,588,988**	**96,601,135**

11. Investment revenue

	2019	2018
Interest revenue		
Bank	667,915	434,593

12. Cash generated from operations

	2019	2018
Surplus (deficit) before taxation	3,342,458	(2,602,836)
Adjustments for:		
Depreciation	280,351	750,817
Surplus on sale of assets	(29,995)	-
Interest received	(667,915)	(434,593)
Changes in working capital:		
Trade and other receivables	6,572,387	(3,890,914)
Trade and other payables	(7,131,690)	600,872
Deferred income	893,255	8,886,182
	3,258,851	**3,309,528**

Notes to the Financial Statements

Figures in Rand	2019	2018

13. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	1,088,986	1,038,036
- in second to third year inclusive	2,130,917	1,038,036
	3,219,903	**2,076,072**

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years after which inflation linked rental escalations are applied. The company has the option to renew the leases upon expiry and will probably exercise this option. No contingent rent is payable. No purchase options, subleases or lease restrictions are applicable.

14. Related parties

Save the Children Sweden (Save the Children International member organisation)
Save the Children UK (Save the Children International member organisation)
Save the Children Norway (Save the Children International member organisation)
Save the Children Italy (Save the Children International member organisation)
Save the Children International South Africa Regional Office (Save the Children International member organisation)
Save the Children International Member Growth (Save the Children International member organisation)
U Rickardsson - Save the Children Sweden Employee
S Sharpe - Save the Children UK Employee

Key management personnel -	G Xaba	- Director of Programmes
	M Matlala	- Human Resources and Support Services Director
	S Mangwanda	- Chief Financial Officer
	G Ndebele	- Former Chief Executive Officer
	M McTernan	- Fundraising and Communications Director
	S Miller	- Chief Executive Officer

Key management personnel comprises of the senior management team.

A related party contract was entered into between Save the Children South Africa NPC and Berenice Lue Marais for the period 1 March 2019 to 30 September 2019 whereby she served as an advisor to the acting CEO.

Related party balances

Amounts included in Trade receivable regarding related parties		
Save the Children Sweden	181,231	157,927
Save the Children Italy	-	5,194
Amounts included in Deferred income regarding related parties		
Save the Children Sweden	2,620,882	1,552,163
Save the Children Italy	7,163,191	7,276,676

Related party transactions

Grants received from related parties		
Save the Children Sweden	20,645,210	20,602,803
Save the Children Italy	16,407,789	14,117,195
Save the Children International Member Growth	6,875,000	8,583,069
Save the Children Sweden & Save the Children UK	-	5,485,382
	43,927,999	**48,788,449**

15. Key Management and Directors' remuneration

2019

	Emoluments	Other benefits*	Total
Gugu Xaba - Director of Programmes	1,164,753	118,564	1,283,317
Masechaba Matlala - Human Resources and Support Services Director	1,209,273	126,537	1,335,810
Sarurai Mangwanda - Chief Financial Officer	1,353,403	115,068	1,468,471
Gugulethu Ndebele - Former Chief Executive Officer	259,452	688,221	947,673
Michael McTernan - Fundraising and Communications Director	954,940	278,815	1,233,755
Steve Miller - Chief Executive Officer	438,336	11,643	449,979
Berenice Lue Marais - Director	968,000	-	968,000
	6,348,157	**1,338,848**	**7,687,005**

Berenice Lue Marais took special leave from the board following her secondment to a CEO supporting role between the period 1 March 2019 and 30 September 2019.

All other directors did not earn any remuneration for the reporting period.

* Other benefits comprise provident fund contributions, cellphone allowances and group risk benefit contributions.

2018

	Emoluments	Other benefits*	Total
Gugu Xaba - Director of Programmes	1,154,226	17,650	1,171,876
Masechaba Matlala - Human Resources and Support Services Director	1,176,131	13,800	1,189,931
Sarurai Mangwanda - Chief Financial Officer	1,138,250	13,800	1,152,050
Gugulethu Ndebele - Chief Executive Officer	2,060,086	18,000	2,078,086
Michael McTernan - Fundraising and Communications Director	1,221,600	243,229	1,464,829
	6,750,293	**306,479**	**7,056,772**

All other directors did not earn any remuneration for the reporting period.

* Other benefits comprise provident fund contributions, cellphone allowances and group risk benefit contributions.

Notes to the Financial Statements

16. Categories of financial instruments

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Total
Categories of financial instruments - 2019				
Assets				
Current Assets				
Trade and other receivables	4	1,635,980	-	1,635,980
Cash and cash equivalents	5	15,142,951	-	15,142,951
		16,778,931	**-**	**16,778,931**
Total Assets		**16,778,931**	**-**	**16,778,931**
Reserves and Liabilities				
Liabilities				
Current Liabilities				
Trade and other payables	6	-	4,690,579	4,690,579
Total Liabilities		**-**	**4,690,579**	**4,690,579**
Total Reserves and Liabilities		**-**	**4,690,579**	**4,690,579**
Categories of financial instruments - 2018				
Assets				
Current Assets				
Trade and other receivables	4	7,996,916	-	7,996,916
Cash and cash equivalents	5	10,325,307	-	10,325,307
		18,322,223	**-**	**18,322,223**
Total Assets		**18,322,223**	**-**	**18,322,223**
Reserves and Liabilities				
Liabilities				
Current Liabilities				
Trade and other payables	6	-	11,946,461	11,946,461
Total Liabilities		**-**	**11,946,461**	**11,946,461**
Total Reserves and Liabilities		**-**	**11,946,461**	**11,946,461**

17. Going concern

We draw attention to the fact that at 31 December 2019, the company had accumulated losses of R 4,388,819 and that the company's total liabilities exceed its assets by R 4,388,819.

The 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.

Save The Children International has granted a loan of $300 000 to Save The Children South Africa. The loan is interest free, repayable on the third anniversary date of the agreement, the agreement is dated 4 August 2020. This loan is guarenteed by other Save the Children members in the event that Save the Children South Africa is unable to repay. This provides assurance that Save the Children South Africa can meet its obligations to other creditors until the assets of the company, fairly valued, exceed its liabilities.

18. Events after the reporting period

On 15 March 2020 President Ramaphosa declared a National State of Disaster in terms of the Disaster Management Act. A nationwide lockdown was announced on 23 March, effective from 26 March 2020

We allowed our staff to work from home as from 16 March 2020 and a business continuity plan was put in place with immediate effect.

Remote working adopted

Adequate arrangements were implemented with immediate effect without compromising the control environment. Management controls were strengthened to mitigate any risks associated with remote working.

Financial system

The financial system enabled staff to continue working seamlessly as the system is accessible via the cloud.

Programmes delays

We developed a COVID strategy and a response plan which addressed the key risks related to our current programming portfolio. Our strategy also responded positively to the emergencies that unfolded as part of the National State of Disaster.

Project interventions came to a halt but mitigating plans were implemented to adapt programs and donor authorisation were secured to continue charging salaries to projects and to adapt intervention to COVID-19.

Finances and cashflow

Donors continued to disburse funds as planned, as interventions delayed less cash being spent on implementation. A loan was received from Save the Children International. The loan is interest free, repayable on the third anniversary date of the agreement, the agreement is dated 4 August 2020. This loan is guarenteed by other Save the Children members in the event that Save the Children South Africa is unable to repay. This provides assurance that Save the Children South Africa can meet its obligations to other creditors until the assets of the company, fairly valued, exceed its liabilities.

A number of proposals were submitted to fund an emergency project formulated to respond to COVID-19 through disbursing messages and food parcels to beneficiaries for example. Funding was secured from a Global Central Fund for $100 000 and $25 000 from Discovery channel.

A number of Gifts in kind were secured and disbursed to beneficiaries. The biggest donation in kind to date was soap from Colgate Palmolive for R13 million. These activities do not provide us cash but has elevated our much needed exposure in South Africa.

Effect on fundraising

Our main funders funding our unrestricted expenses comes from individual donors which is raised through recruitment drives usually set up in malls around the country. These activities have been curtailed since the hard lockdown was declared. However the team soon diverted the human resources and to online fundraising strategies which resulted in considerable cost savings. We have also been able to increase the post cost yield of the annual grant we receive from Member Growth of Save the Children International.

Funding of salaries

We have been proactive in engaging with donors to request realignment and extension of programme dates, and where necessary request approval to continue charging salaries to projects. Donors have been accommodating under the current conditions.

Other Subsequent events

After taking the above into consideration the impact of COVID-19 is generally a non adjusting event in our view for the period ended on 31 December 2019. Consequently there will be no impact in recognition and measurement of assets and liabilities in the financial statements.

18. Events after the reporting period (continued)

We acknowledge that our operations were materially affected in the post balance sheet period and will continue to be impacted as South Africa deals with COVID-19 but there was no concomitant adverse impact on our revenue since all our donors remain committed to fulfilling their obligations in terms of existing contracts and disbursing funds as originally agreed while new innovative ways of delivering projects are being adopted.

A number of projects to the value of R3.85m have been secured in the first half of the year. One project worth R11m is being finalised and a project worth R211m is at a peer review stage. Proposals totalling R18.1m were submitted to donors and we are awaiting feedback. The period between now and December presents an opportunity to secure a few more projects, related to COVID-19 which we will continue to pursue.

The Board has considered the cash flows and assumptions that have been prepared by management and has no reason to believe that Save the Children South Africa will not continue as a going concern.

Detailed Income Statement

Figures in Rand	Notes	2019	2018
Grant income			
Restricted project grant		65,618,805	54,650,105
Fundraising grant		6,875,000	8,583,070
Other grants		2,180,770	3,412,043
	8	**74,674,575**	**66,645,218**
Other income			
Donations		115,220	234,968
Fundraising income		17,895,232	18,374,239
Sundry income		729,143	1,227,797
Profit on sale of property, plant and equipment		29,995	-
Reimbursement from fraud perpetrator		819,366	1,596,102
Donations from related parties		-	5,485,382
		19,588,956	**26,918,488**
Other operating expenses			
Accounting fees		22,000	14,250
Auditors remuneration	10	516,478	1,321,085
Bad debts		-	1,228,055
Bank charges		228,593	253,502
Cleaning materials		22,403	4,526
Computer expenses		81,221	49,638
Consulting and professional fees		1,115,136	1,479,638
Project audit fees		387,348	-
Depreciation		280,351	750,817
Employee costs		46,582,001	49,030,197
Fundraising expenses		4,218,593	8,960,781
Insurance		496,831	386,169
Lease rentals on operating lease		961,302	1,206,331
Loss on sale of assets		-	25,469
Municipal expenses		157,256	217,803
Other office expenses		1,847,995	488,358
Postage		25,619	62,950
Printing and stationery		1,384,083	540,891
Programmatic costs		26,068,197	23,997,077
Repairs and maintenance		1,675,275	320,597
Security		27,001	17,489
Subscriptions		18,792	14,009
Telephone and fax		564,941	661,243
Travel and accommodation		4,907,570	5,570,260
		91,588,988	**96,601,135**
Operating (deficit) surplus	10	**2,674,543**	**(3,037,429)**
Investment income	11	667,915	434,593
Surplus (deficit) for the year		**3,342,458**	**(2,602,836)**

The supplementary information presented does not form part of the financial statements and is unaudited