

**THE SOLIDARIDAD NETWORK SA TRUST**

**TRUST NUMBER 1419/2012  
NPO REGISTRATION NO. 148-926 NPO**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020**

**THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012**

Annual Financial Statements for the year ended 31 December 2020

**General Information**

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	The Trust is engaged in promoting production with respect for people and planet, and reliable trade relations that give producers a fair deal in developing countries within the Southern African region.
<b>Trustees</b>	The following trustees held office for the year under review:-  <b>Name</b>  M Nkomo J. Douglas W. Matthews
<b>Legal form</b>	Non Profit Trust
<b>Registration numbers</b>	Trust registration 1419/2012 NPO registration no. 148-926 NPO
<b>Registered office and business address</b>	25 Sturdee Avenue Rosebank Johannesburg 2196
<b>Website address</b>	<a href="http://solidaridadnetwork.org">solidaridadnetwork.org</a>
<b>Principal Bankers</b>	Standard Bank of South Africa Limited.
<b>Preparer</b>	The annual financial statements were internally prepared by W Matthews.
<b>Level of assurance</b>	These annual financial statements have been audited independently in compliance with the Trust Deed and the Trust Property Control Act, 1988.

**THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012**

**TRUSTEES' RESPONSIBILITIES AND APPROVAL**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The trustees are required by the Trust Property Control Act, 1988, and the trust deed, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with its accounting policies. The external auditors are engaged to express an independent opinion on the annual financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards 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 trustees acknowledge that they are ultimately responsible for the system of internal financial controls established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets out 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 trust and employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

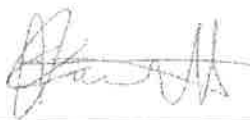
The trustees are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the presentation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year to 31<sup>st</sup> December 2021 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the board of trustees is primarily responsible for the financial affairs of the trust, it is supported by the trust's external auditors.

The external auditors are responsible for independently auditing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditors and their report is presented on pages 2 to 4.

The annual financial statements set out on pages 5 to 22, were approved by the board of trustees on the 28<sup>th</sup> April 2021 and were signed on its behalf by:



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P O BOX 32707  
BRAAMFONTEIN  
2017  
SOUTH AFRICA

TEL (011) 403 3835  
FAX (011) 339 7762

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE TRUSTEES**

#### **THE SOLIDARIDAD NETWORK SA TRUST TRUST NUMBER 1419/2012**

##### **Unqualified Opinion**

We have audited the financial statements of The Solidaridad Network SA Trust, set out on pages 6 to 22, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of The Solidaridad Network SA Trust, as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with its accounting policies, International Financial Reporting Standards for Small and Medium - sized Entities and the Trust Deed.

##### **Basis for Unqualified 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 Association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of financial statements in South Africa. We have fulfilled our other ethical requirements in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other Information**

The Board of Trustees is responsible for the other information. The other information comprises the Report of the Trustees set out on page 5.

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 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 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 Management and Those Charged With Governance for the Financial Statements**

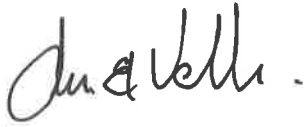
Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies and the requirements of the Trust Deed, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Trust'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 management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

## **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 judgment 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 Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- conclude on the appropriateness of management's 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 Trust'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 Trust 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
- obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the trust audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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. We have communicated with those charged with governance on all relationships and other matters, which may reasonably be thought to bear on our independence and, where applicable, related safeguards.



**DC Douglas RA  
Douglas & Velcich  
Chartered Accountants (S.A.)**

**Johannesburg  
28 April 2021**

**THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012**

**REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2020**

The trustees present their report, together with the annual financial statements of the trust for the financial year ended 31 December 2020.

**GENERAL**

The Trust commenced its activities on the 1<sup>st</sup> January 2012, but was formally registered on the 9<sup>th</sup> May 2012.

The Trust is engaged in promoting production with respect for people and planet, and reliable trade relations that give producers a fair deal in developing countries within the Southern African region.

The operating results and state of affairs of the Trust are fully set out in the attached financial statements.

**EQUIPMENT**

During the year under review, the Trust purchased equipment with a total cost of R157,886 (2019:R235,344).

**SUBSEQUENT EVENTS**

There were no material facts or circumstances which have occurred in the Trust's operations between the financial position date and the date of this report.

**TRUSTEES**

The trustees of the trust are :

M Nkomo  
J. Douglas  
W. Matthews

**AUDITORS**

Douglas & Velcich were retained as auditors for the year under review.



THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	2020 R	2019 R
<b>ASSETS</b>		<b>15 004 917</b>	<b>11 743 528</b>
<b>Non current assets</b>		<b>360 486</b>	<b>413 566</b>
Equipment	3	360 486	413 566
<b>Current assets</b>		<b>14 644 431</b>	<b>11 329 962</b>
Accounts receivable	4	1 025 379	1 312 453
Accrued income	5	810 870	502 338
Amounts due from Solidaridad entities	6	88 663	-
Cash and cash equivalents	7	12 702 056	9 497 708
Taxation receivable		17 463	17 463
<b>Total assets</b>		<b>15 004 917</b>	<b>11 743 528</b>
<b>RESERVES AND LIABILITIES</b>		<b>15 004 917</b>	<b>11 743 528</b>
<b>Reserves</b>		<b>8 024 686</b>	<b>1 298 186</b>
Trust capital		100	100
General fund		7 664 100	884 521
Equipment fund		360 486	413 566
<b>Current liabilities</b>		<b>6 980 231</b>	<b>10 445 342</b>
Accounts payable	8	2 137 558	4 123 270
Amounts due to Solidaridad entities	9	1 724 455	213 468
Deferred income	10	3 118 218	6 108 604
<b>Total reserves and liabilities</b>		<b>15 004 917</b>	<b>11 743 528</b>

THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 R	2019 R
<b>INCOME</b>		<b>34 976 221</b>	<b>27 013 654</b>
Transfers from related Solidaridad Organisations	11	43 530 754	38 379 316
Net Transfers (to) related Solidaridad Organisations	12	(19 396 452)	(17 280 477)
Grants received	13	9 329 179	4 290 458
Foreign exchange gain		1 147 899	1 434 149
Other income		30 999	32 139
Profit on disposal of assets		15 031	-
Interest received	14	318 811	158 069
<b>EXPENDITURE</b>		<b>28 058 226</b>	<b>28 960 647</b>
Advertising and marketing		56 059	-
Assets expensed directly		15 054	33 533
Auditors' remuneration		194 643	402 718
Bank charges		92 761	107 703
Communication costs		202 414	213 327
Conference attendance		67 681	128 930
Consulting fees		-	163 600
Insurance		142 353	78 145
Interest paid	14	5	-
IT support		307 141	244 284
Legal fees		11 424	1 339
Loss on disposal of assets		-	11 385
Office expenses		165 710	215 653
Printing, postage and stationery		34 312	54 155
Programme costs		8 358 953	8 228 796
Rent, water and electricity		824 791	906 655
Repairs and maintenance		34 402	41 511
Salaries and contributions		17 323 221	16 735 210
Staff development and training		51 159	145 894
Strategic planning and capacity building		26 706	-
Travel and accommodation		149 437	1 247 810
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>6 917 995</b>	<b>(1 946 993)</b>
<b>TAXATION</b>	15	-	-
<b>SURPLUS/(DEFICIT) AFTER TAXATION</b>		<b>6 917 995</b>	<b>(1 946 993)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(138 415)</b>	<b>(209 333)</b>
Transfer to the equipment fund - funded assets		(138 415)	(209 333)
<b>COMPREHENSIVE INCOME/(LOSS)</b>		<b>6 779 580</b>	<b>(2 156 327)</b>

**THE SOLIDARIDAD NETWORK SA TRUST**  
**TRUST NUMBER 1419/2012**

**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Trust capital R	General fund R	Equipment fund R	Total R
<b>Balance at 31 December 2018</b>	<b>100</b>	<b>3 040 847</b>	<b>369 611</b>	<b>3 410 558</b>
Comprehensive (loss)/income	-	(2 156 327)	209 333	(1 946 993)
Net (deficit) for the year	-	(1 946 993)	-	(1 946 993)
Transfer to equipment fund - funded assets	-	(209 333)	209 333	-
Depreciation for the year	-	-	(165 379)	(165 379)
<b>Balance at 31 December 2019</b>	<b>100</b>	<b>884 521</b>	<b>413 566</b>	<b>1 298 186</b>
Comprehensive income	-	6 779 580	138 415	6 917 995
Net surplus for the year	-	6 917 995	-	6 917 995
Transfer to equipment fund - funded assets	-	(138 415)	138 415	-
Depreciation for the year	-	-	(191 495)	(191 495)
<b>Balance at 31 December 2020</b>	<b>100</b>	<b>7 664 100</b>	<b>360 486</b>	<b>8 024 686</b>

THE SOLIDARIDAD NETWORK SA TRUST  
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STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2020

	Note	2020 R	2019 R
Cash received from related Solidaridad Organisations		44 129 146	34 731 854
Cash paid to Solidaridad - Mozambique office		(7 412 067)	(5 852 103)
Cash paid to Solidaridad - Network office		(66 029)	(187 431)
Cash paid to Solidaridad - Zambia office		(11 837 110)	(11 240 943)
Cash received from Grantors		5 350 624	5 277 256
Cash received from Other project income		30 999	32 139
Cash expended on programmes, suppliers and employees		(28 608 959)	(31 634 900)
<b>Cash generated from/(utilised in) operations</b>	<b>17</b>	<b>1 586 603</b>	<b>(8 874 128)</b>
Interest received	14	318 811	158 069
Interest paid	14	(5)	-
Taxation paid		-	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1 905 409</b>	<b>(8 716 059)</b>
<b>Cash flows (utilised in) investing activities</b>		<b>(123 385)</b>	<b>(220 718)</b>
Acquisition of equipment	3	(157 887)	(235 344)
Proceeds from disposal of assets		25 196	-
Assets transferred to Mozambique/Zambia offices		9 307	14 626
<b>Cash flows generated from financing activities</b>		<b>1 422 324</b>	<b>122 139</b>
Net amounts advanced from Solidaridad entities		1 422 324	122 139
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3 204 348</b>	<b>(8 814 638)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>9 497 708</b>	<b>18 312 346</b>
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>12 702 056</b>	<b>9 497 708</b>

**THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012**

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in South African Rands. The measurement basis used is the historical costs basis, except where otherwise stated in the accounting policies below.

**1.1 Accounting convention**

The trust is registered with the Master of the High Court under the Trust Property Control Act, 1988, and, as such no part of its income or property shall be transferred to its trustees directly or indirectly. All reserves of the trust are consequently non-distributable.

**1.2 Equipment**

The cost of an item of tangible assets is recognised as an asset when:

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

Costs include costs incurred initially to acquire or construct an item of tangible assets 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 tangible assets, the carrying amount of the replaced part is derecognised.

Tangible assets are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all tangible assets other than freehold land, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

<b>Item</b>	<b>Useful life</b>
Computer equipment	3 years
Computer software	2 years
Motor vehicle	5 years
Office equipment	5 years
Office furniture	6 years

The depreciation charge for each period is recognised through the equipment fund, unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognising of an item of equipment is included in the equipment fund when the item is derecognised. The gain or loss arising from the derecognising of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2020 (Continued)

**1. ACCOUNTING POLICIES (Continued)**

**1.2 Equipment (Continued)**

It is the policy of the trust to write off all asset purchases against the operating fund in the year that the assets are acquired as most income is from funders who request that the assets be expensed in the year of purchase.

This is a deviation from IAS 16, which requires that all asset purchases are capitalised and depreciated. This deviation has been resolved by raising an equipment fund as discussed below. (refer to note 1.5)

**1.3 Financial instruments**

**Measurement**

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

**Accounts receivable**

Accounts receivables and accrued income are stated at cost less provision for impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**Accounts payable**

Accounts payable which are short - term obligations, are stated at their nominal value.

**1.4 Impairment**

The carrying amount of assets are reviewed at financial position date to determine whether there is any indication of impairment. If there is such indication, the assets are written down to the estimated recoverable amounts. The recoverable amount is the higher of the net selling price and the value in use.

**1.5 Equipment fund**

In order that operating reserves reflect assets available to the operations of the trust, an equipment fund is maintained to separate out the funding of such assets.

THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2020 (Continued)

**1. ACCOUNTING POLICIES (Continued)**

**1.5 Equipment fund (Continued)**

The mechanism whereby this fund is maintained at a value equal to the carrying value of such assets in the statement of financial position is that an amount equal to the cost of equipment acquired be charged against operating income each year and credited to the equipment fund.

Depreciation, and profits or losses on disposal are adjusted annually against the fund.

**1.6 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**1.7 Income recognition**

Income from grants is generally brought to account in the period to which it relates.

All other income is brought to account as and when received.

**1.8 Interest income**

Interest is brought to account as and when received.

**1.9 Expenditure recognition**

Expenditure is accounted for on the accrual basis.

**1.10 Project accounting and expense allocation**

In terms of its contractual obligations to donors, the trust's policy is to allocate project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are apportioned on the basis of management estimates.

Accrued and deferred grant income is based on the balance of each project or donor fund after taking into account the direct, indirect and shared costs as described above. The unexpended surplus of the project fund is deferred to the following year or the deficit is accrued in the year under review.

**THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**1.11 Translation of foreign currencies**

The functional currency of Solidaridad Network SA Trust is South African Rands. Translations in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement are recognised in profit or loss.

Transfers from Regional Network Offices are converted at the spot rate on the date the transfers are received.

**1.12 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 paid vacation leave 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 employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.



THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2020 (Continued)

**2. FINANCIAL RISK MANAGEMENT**

**2.1 Financial risk factors**

The trust's activities could expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the trust's financial performance.

Risk management is carried out by the trustees, who evaluate financial risks.

*(a) Market risk*

The trust is exposed to currency risk to the extent that all transfers are received by the trust in foreign currency and the Trust also maintains two foreign currency bank accounts, one designated in Euros and the other in US Dollars.

*(b) Credit risk*

The trust's credit risk is attributable to accounts receivable and liquid funds. The credit risk on liquid funds is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The trust has no significant concentration of credit risk.

*(c) Liquidity risk*

Using cash flow forecasting, management maintains adequate levels of cash to fund ongoing obligations.

*(d) Cash flow and fair value interest rate risk*

The trust has minimal exposure to interest rate risk as surplus funds are invested in local interest-bearing accounts.

THE SOLIDARIDAD NETWORK SA TRUST  
TRUST NUMBER 1419/2012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2020 (Continued)

3. EQUIPMENT

	Computer equipment R	Computer software R	Office equipment R	Office furniture R	Total R
<b>31 December 2020</b>					
<b>Net book value at 1/1/2020</b>	<b>210 707</b>	<b>9</b>	<b>102 428</b>	<b>100 421</b>	<b>413 566</b>
Cost	551 449	37 514	189 832	185 391	964 187
Accumulated depreciation	(340 741)	(37 505)	(87 404)	(84 971)	(550 621)
Additions for the year	112 404	-	27 776	17 707	157 887
Transfer to Mozambique/Zambia Offices	(4 369)	-	(4 938)	-	(9 307)
Cost	(14 416)	-	(8 230)	-	(22 646)
Accumulated depreciation	10 048	-	3 292	-	13 340
Disposals for the year	(10 165)	-	-	-	(10 165)
Cost	(22 703)	-	-	-	(22 703)
Accumulated depreciation	12 538	-	-	-	12 538
Depreciation for the year	(126 873)	-	(34 331)	(30 291)	(191 495)
<b>Net book value at 31/12/2020</b>	<b>181 704</b>	<b>9</b>	<b>90 936</b>	<b>87 837</b>	<b>360 486</b>
Cost	626 733	37 514	209 379	203 098	1 076 724
Accumulated depreciation	(445 029)	(37 505)	(118 443)	(115 261)	(716 238)
<b>31 December 2019</b>					
<b>Net book value at 1/1/2019</b>	<b>175 678</b>	<b>9</b>	<b>103 673</b>	<b>90 251</b>	<b>369 611</b>
Cost	437 209	37 514	159 105	148 345	782 173
Accumulated depreciation	(261 531)	(37 505)	(55 432)	(58 094)	(412 562)
Additions for the year	163 821	-	34 477	37 046	235 344
Transfer to Mozambique/Zambia Offices	(11 938)	-	(2 688)	-	(14 626)
Cost	(26 172)	-	(3 750)	-	(29 922)
Accumulated depreciation	14 234	-	1 063	-	15 296
Disposals for the year	(11 385)	-	-	-	(11 385)
Cost	(23 409)	-	-	-	(23 409)
Accumulated depreciation	12 024	-	-	-	12 024
Depreciation for the year	(105 468)	-	(33 035)	(26 876)	(165 379)
<b>Net book value at 31/12/2019</b>	<b>210 707</b>	<b>9</b>	<b>102 428</b>	<b>100 421</b>	<b>413 566</b>
Cost	551 449	37 514	189 832	185 391	964 187
Accumulated depreciation	(340 741)	(37 505)	(87 404)	(84 971)	(550 621)

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	2020 R	2019 R
<b>4. ACCOUNTS RECEIVABLE</b>		
Rental deposit	37 626	88 326
Travel advances	15 294	3 649
Staff loans	870 152	1 088 865
Sundry receivables	3 100	69 239
VAT receivable	82 273	62 374
Prepaid expenses	16 934	-
	<b>1 025 379</b>	<b>1 312 453</b>
<b>5. ACCRUED INCOME</b>		
European Union - DCI-ENV/2017/391377	810 870	-
Solidaridad - Eastern and Central Africa - DSO Continental	-	81 245
Solidaridad - Netherlands	-	421 093
PfC Projects	-	202 598
RTRS Certification	-	218 494
	<b>810 870</b>	<b>502 338</b>
<b>6. AMOUNTS DUE FROM SOLIDARIDAD ENTITIES</b>		
Solidaridad - Network	<b>88 663</b>	-
<b>7. CASH AND CASH EQUIVALENTS</b>		
Standard Bank - Foreign Currency (Euros)	8 668 024	4 805 939
Standard Bank - Foreign Currency (US Dollars)	-	33 234
Standard Bank - Call account	3 431 447	4 300 225
Standard Bank - Call deposit account	224 895	216 238
Standard Bank - Current account	248 751	38 848
Standard Bank - Credit card accounts	36 246	31 235
Standard Bank - Project bank accounts	87 801	69 937
Petty cash - Local	3 527	1 021
Petty cash - Foreign	1 364	1 031
	<b>12 702 056</b>	<b>9 497 708</b>
<b>8. ACCOUNTS PAYABLE</b>		
Accruals	1 678 676	3 697 506
Payroll liabilities	458 882	412 859
Travel advances	-	12 904
	<b>2 137 558</b>	<b>4 123 270</b>
<b>9. AMOUNTS DUE TO SOLIDARIDAD ENTITIES</b>		
Solidaridad - Mozambique office	32 732	213 468
Solidaridad - Zambia office	1 691 723	-
	<b>1 724 455</b>	<b>213 468</b>

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THE YEAR ENDED 31 DECEMBER 2020 (Continued)

	2020 R	2019 R
<b>10. DEFERRED INCOME</b>		
European Union - DCI-ENV/2017/391377	-	3 978 555
Solidaridad - Latin America/Netherlands	3 118 218	2 130 049
Advocacy for Change	-	752 967
Agrigrow PLUSPLUS	989 540	-
Climate Dashboard	167 123	126 471
Farmer Support Programme (FSP)	365 446	321 110
Gender Learning Agenda	220 620	-
RTRS Soy	21 209	-
Soilcares/KVUNO	-	504 257
Solidarity After Idai	19 075	391 381
Sustainable cattle production - Namibia	38 538	33 863
Testing Digital Access	1 296 667	-
	<b>3 118 218</b>	<b>6 108 604</b>

The deferred funds for the Farmer's Support Programme (FSP) from Solidaridad - Latin America are committed to be paid out to the project partners once the final audits on the programme are concluded.

**11. TRANSFERS FROM RELATED SOLIDARIDAD ORGANISATIONS**

<b>Advocacy for Change programme</b>	<b>13 224 555</b>	<b>12 409 520</b>
Received	11 780 222	12 410 241
Foreign exchange gain/(loss)	691 367	(272 734)
Add: Deferred from 2018	-	1 024 980
Less: Deferred to 2019	752 967	(752 967)
<b>Farmer Support Programme</b>	<b>-</b>	<b>-</b>
Foreign exchange gain/(loss)	44 336	(13 561)
Add: Deferred from 2019	-	334 671
Less: Deferred to 2020	321 110	(321 110)
Less: Deferred to 2021	(365 446)	-
<b>Practice for Change programme</b>	<b>24 293 556</b>	<b>21 735 139</b>
Received	23 987 186	19 196 197
Foreign exchange gain/(loss)	508 968	(274 057)
Add: Deferred from 2018	-	2 610 400
Less: Accrued in 2019	(202 598)	202 598
<b>Balance carried forward</b>	<b>37 518 111</b>	<b>34 144 659</b>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
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	2020 R	2019 R
<b>11. TRANSFERS FROM RELATED SOLIDARIDAD ORGANISATIONS (Continued)</b>		
<b>Balance brought forward</b>	<b>37 518 111</b>	<b>34 144 659</b>
<b>RTRS Certification</b>	<b>482 521</b>	<b>438 887</b>
Received	738 052	221 432
Foreign exchange gain/(loss)	(15 828)	(1 039)
Less: Accrued in 2019	(218 494)	218 494
Deferred to 2021	(21 209)	-
<b>Solidaridad Europe - Project Income and cost recoveries</b>	<b>2 831 378</b>	<b>918 546</b>
Received	4 483 034	1 311 439
Soilcares	533 364	784 639
Solidarity after Idai	701 729	400 329
Climate Dashboard	377 824	126 471
Agrigrow PLUSPLUS	1 046 140	-
Gender Learning Agenda	314 854	-
Testing Digital Access	1 509 122	-
Cost recoveries	70 167	632 357
Foreign exchange gain/(loss)	(54 049)	-
Add: Deferred to 2020	1 025 250	(1 025 250)
Soilcares	498 450	(498 450)
Solidarity after Idai	400 329	(400 329)
Climate Dashboard	126 471	(126 471)
Less: Deferred to 2021	(2 693 025)	-
Agrigrow PLUSPLUS	(989 540)	-
Climate Dashboard	(167 123)	-
Gender Learning Agenda	(220 620)	-
Solidarity after Idai	(19 075)	-
Testing Digital Access	(1 296 667)	-
<b>Solidaridad Network - budget support</b>	<b>2 698 745</b>	<b>2 877 225</b>
Received	2 698 745	1 582 064
Foreign exchange gain/(loss)	-	(55 915)
Add: Deferred from 2019	-	1 351 075
<b>Balance carried forward</b>	<b>43 530 754</b>	<b>38 379 316</b>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2020 (Continued)

	2020 R	2019 R
<b>11. TRANSFERS FROM RELATED SOLIDARIDAD ORGANISATIONS (Continued)</b>		
<b>Balance brought forward</b>	<b>43 530 754</b>	<b>38 379 316</b>
<b>Sustainable cattle production - Namibia</b>	-	-
Foreign exchange gain/(loss)	4 675	(1 430)
Add: Deferred from 2019	-	35 293
Less: Deferred to 2020	33 863	(33 863)
Less: Deferred to 2021	(38 538)	-
	<b>43 530 754</b>	<b>38 379 316</b>
<b>12. NET TRANSFERS (TO) RELATED SOLIDARIDAD ORGANISATIONS</b>		
<b>Mozambique office</b>	<b>(7 412 067)</b>	<b>(5 852 103)</b>
Net Transfer of funds	(8 448 629)	(5 401 715)
Less: Transfer related to 2019 transferred in 2020	213 468	(395 385)
Add: Transfer related to 2020 transferred in 2021	(32 732)	-
Expenses paid on behalf of office	(108 967)	(20 336)
Accounts payable balances transferred	969 730	-
Assets purchased for the office and transferred	(4 938)	(34 667)
<b>Zambia office</b>	<b>(11 837 110)</b>	<b>(11 240 943)</b>
Net Transfer of funds	(10 006 821)	(10 468 030)
Less: Transfer related to 2019	-	(684 004)
Add: Transfer related to 2020 transferred in 2021	(1 691 723)	-
Expenses paid on behalf of the office	(134 197)	(74 283)
Assets purchased for the office and transferred	(4 369)	(14 626)
<b>Solidaridad - Eastern and Central Africa - DSO Continental</b>	<b>(81 245)</b>	-
Write off balance due from ECA from 2018 through additional budget allocation to SAF in 2020	(81 245)	-
<b>Network</b>	<b>(66 029)</b>	<b>(187 431)</b>
Transfers of funds - 2% Contribution	(66 029)	(187 431)
<b>Total transfers</b>	<b>(19 396 452)</b>	<b>(17 280 477)</b>

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	2020 R	2019 R
<b>13. GRANTS RECEIVED</b>		
<b>European Union - DCI-ENV/2017/391377</b>	<b>4 789 425</b>	<b>3 918 906</b>
Received	-	5 277 256
Foreign exchange loss	1 420	-
Add: Deferred from 2018	-	2 620 205
Less: Deferred to 2020	3 978 555	(3 978 555)
Add : Accrued in 2020	809 450	-
<b>Netherlands Enterprise Agency - RVO (NL) - FDW project</b>	<b>4 539 754</b>	<b>371 553</b>
Funds received	4 659 947	-
Foreign exchange gain/(loss)	(120 193)	-
Add: Deferred from 2018	-	371 553
	<b>9 329 179</b>	<b>4 290 458</b>
<b>14. NET INTEREST RECEIVED</b>		
Interest received - current account	308 952	158 069
Interest received - staff loan	9 859	-
Interest paid - credit card	(5)	-
	<b>318 806</b>	<b>158 069</b>
<b>15. TAXATION</b>		
<b>South African Normal Taxation</b>		
S A normal tax @ 45%	-	-
No provision has been made for taxation as the Trust has an estimated taxable (loss) of R62,268 (2019 : R213,145). The Trust is still in the process of applying for tax exemption from South African Normal tax in terms of section 10(1)(cN) as read with Section 30 of the Income Tax Act, but to date has been unsuccessful.		
<b>Taxation computation</b>		
Net surplus/(deficit) per statement of comprehensive income	6 917 995	(1 946 993)
<b>Net taxable income/(loss)</b>	<b>6 917 995</b>	<b>(1 946 993)</b>
Less: depreciation	(191 495)	(165 379)
Less: adjustment for apportionment of expenditure against income of a capital nature	(6 575 624)	2 147 992
<b>Estimated taxable income</b>	<b>150 876</b>	<b>35 620</b>
<b>Taxable (loss) brought forward</b>	<b>(213 145)</b>	<b>(248 765)</b>
<b>Total taxable (loss)</b>	<b>(62 268)</b>	<b>(213 145)</b>

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	2020 R	2019 R
<b>16. COMMITMENTS</b>		
The trust has the following commitment in respect of rental agreement covering office premises as follows :		
Operating lease - premises		
Payable within one year	419 026	758 977
Payable thereafter	-	419 026
	<u>419 026</u>	<u>1 178 004</u>
<b>17. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
Surplus/(deficit) for the year	6 917 995	(1 946 993)
Adjusted for :		
Interest received	(318 811)	(158 069)
Interest paid	5	-
Loss on disposal of assets	-	11 385
Gain on disposal of asset	(15 031)	-
(Increase) in accrued income	(308 532)	(421 093)
(Decrease) in deferred income	(2 990 386)	(2 239 572)
<b>Operating surplus/(deficit) before working capital changes</b>	<u>3 285 241</u>	<u>(4 754 342)</u>
<b>Working capital changes</b>	<b>(1 698 638)</b>	<b>(4 119 786)</b>
Decrease/(increase) in accounts receivable	287 074	(271 386)
(Decrease) in accounts payable	(1 985 711)	(3 848 400)
	<u>1 586 603</u>	<u>(8 874 128)</u>
<b>18. RELATED PARTIES</b>		
<b>Transfers from network and other regional offices</b>		
Transfers from Solidaridad Network - Netherlands (refer note 11)	2 698 745	1 582 064
Transfers from Solidaridad - Latin America/Netherlands (refer Note 11)	41 058 661	33 771 666
	<u>43 757 405</u>	<u>35 353 730</u>
<b>Transfers to other regional offices</b>		
Transfers to Solidaridad - Regional office - Mozambique (refer note 12)	(7 412 067)	(5 852 103)
Transfers to Solidaridad - Regional office - Zambia (refer note 12)	(11 837 110)	(11 240 943)
	<u>(19 249 177)</u>	<u>(17 093 046)</u>
<b>Accounts receivable</b>		
Staff loan - M. Nkomo (included in staff loans under note 4)	<u>840 152</u>	<u>1 088 865</u>
The loan bears interest at 1% p.m, but a fringe benefit is raised through the payroll.		



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	2020 R	2019 R
<b>18. RELATED PARTIES (Continued)</b>		
<b>Accrued income</b>		
Transfers from Solidaridad - Eastern and Central Africa (refer note 5)	-	81 245
Transfers from Solidaridad - Latin America/Netherlands (refer note 5)	-	421 093
	<u>-</u>	<u>502 338</u>
<b>Amounts due to Solidaridad entities</b>		
Solidaridad - Mozambique office (refer to Note 9)	32 732	213 468
Solidaridad - Zambia office (refer to Note 9)	1 691 723	-
	<u>1 724 455</u>	<u>213 468</u>
<b>Deferred income</b>		
Transfers from Solidaridad - Latin America/Netherlands (refer Note 10)	<u>3 118 218</u>	<u>2 130 049</u>

**19. GOING CONCERN**

The existence of the trust is dependent on the continued support of its donors, by way of grants. Should the grants be withdrawn it is highly unlikely that the trust will be able to continue as a going concern. Donors have agreed to continue supporting the trust in 2021.