

SOLIDARIDAD NETWORK WEST AFRICA

***ANNUAL REPORTS AND FINANCIAL STATEMENTS
31ST DECEMBER 2015***

(EURO ACCOUNT)

**SOLIDARIDAD NETWORK WEST AFRICA
ANNUAL REPORTS AND FINANCIAL STATEMENTS**

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SOLIDARIDAD NETWORK WEST AFRICA
EXECUTIVE COUNCIL MEMBERS, OFFICIALS AND REGISTERED OFFICE

EXECUTIVE COUNCIL MEMBERS

Audrey Sitsofe Gadzekpo	<i>Chairman</i>
Ebenezer Andy Adjei	<i>Secretary</i>
Henry Kamau Kuria	<i>Member</i>
Isaac Kwadwo Gyamfi	<i>Member</i>

REGISTERED OFFICE

House No 18, Okine Street
East Legon,
P.M.B KD 11
Kanda, Accra

SECRETARY

Andy Ebenezer Adjei

AUDITORS

Baker Tilly Andah + Andah
Chartered Accountants
C645/3, 4th Crescent
Asylum Down
P. O. Box CT 5443
Cantonments, Accra

BANKERS

Ecobank Ghana Limited
Bank of Africa Ghana Limited

SOLIDARIDAD NETWORK WEST AFRICA STATEMENT OF EXECUTIVE COUNCIL'S RESPONSIBILITIES

The members of the executive council are responsible for preparing the report of the Executive Council and the financial statements in accordance with applicable law and regulations.

The Companies Act, 1963 (Act 179) requires the members to prepare financial statements for each financial period. Under the law, the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and its interpretations adopted by the International Accounting Standards Board (IASB). The members of executive council must not approve the financial statements unless they are satisfied that they give true and fair view of the state of the financial position of the company and of its income statement for that period. In preparing those financial statements, the members are required to:

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

The members are responsible for keeping proper accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organization and to enable them to ensure that the financial statements comply with the Companies Act, 1963 (Act 179). The members of executive council are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above statements, which should be read in conjunction with the statement of the Auditor's responsibility set out on pages 5 - 6, is made with a view to distinguish for donors the respective responsibilities of the members and the auditor in relation to the Financial Statements.

REPORT OF THE EXECUTIVE COUNCIL MEMBERS TO THE DONORS OF SOLIDARIDAD NETWORK WEST AFRICA

The Executive Council Members present the report and audited financial statements of Solidaridad Network West Africa for the year ended 31st December 2015.

Principal Activities

The Organization is engaged in:

- Certification and Training of Farmers

Executive Council Members Interest

The members of executive council have no material interest in contracts entered into by the Organization.

Auditors

Messrs Baker Tilly Andah + Andah have indicated their willingness to continue in office as auditors of the Organisation and in accordance with section 134(5) of the Companies Act, 1963 (Act 179) they so continue.

Results for the Year

The results are summarized as follows:

	2015 €	2014 €
Excess of Income over Expenditure for the year amounted to	181,225	8,102
To which is added the balance brought forward on Accumulated Fund of	185,811	177,709
Leaving a balance to be carried forward on the Accumulated Fund Account of	367,036	185,811
	=====	=====

The members of executive council consider the state of the organization affairs to be satisfactory.

Nature of Business

The object of the Solidaridad Network West Africa is to promote socially and environmentally responsible production and trade in West Africa.

.....)
.....)
.....)
.....)

MEMBERS OF EXECUTIVE COUNCIL

ACCRA,

29 - 4 - 2016

INDEPENDENT AUDITOR'S REPORT TO THE DONORS OF SOLIDARIDAD NETWORK WEST AFRICA

We have audited the financial statements of Solidaridad Network West Africa for the year ended 31st December 2015 which comprise the income and expenditure account and accumulated fund, statement of financial position, statement of cash flow and the related notes on pages 10 to 18. The financial reporting framework that has been applied in their preparation is the International Financial Reporting Standards for Small and Medium sized Entities.

Respective responsibilities of members of executive council and auditor

As explained more fully in the Executive Council's Responsibilities Statement set out on page 3, the executive council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Organization's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members of executive council; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements:

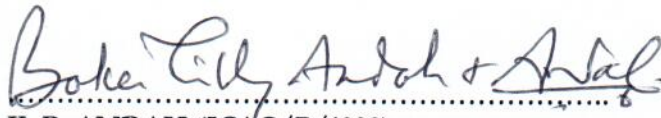
- give a true and fair view of the state of the Organization's financial position as at 31st December 2015 and of its income & expenditure statement and cash flow for the year ended;
- have been properly prepared in accordance with International Financial Reporting Standards for Small and Medium - sized Entities; and
- have been prepared in accordance with the requirements of Companies Act, 1963 Act 179.

Report on other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

- we have received all the information and explanations we require for our audit;
- in our opinion proper books of account have been kept by the organisation so far as appears from the examination of those books;
- the financial statements are in agreement with the accounting records and returns;



K. B. ANDAH (ICAG/P/1098)

For and on behalf of Baker Tilly Andah + Andah (ICAG/F/2016/122)

C645/3, 4th Crescent

Asylum Down

Chartered Accountants

Accra

25th April 2016

**SOLIDARIDAD NETWORK WEST AFRICA
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2015**

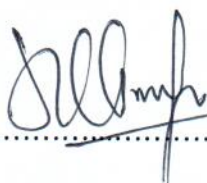
	Notes	2015 €	2014 €
INCOME			
Project Grants	4	8,952,147	12,251,407
Other Income	5	541,985	28,887
		<u>9,494,132</u>	<u>12,280,294</u>
Direct Project Expenses	16	8,979,138	11,967,480
General & Administrative Expenses	17	333,769	304,712
		<u>(9,312,907)</u>	<u>(12,272,192)</u>
EXCESS OF INCOME OVER EXPENDITURE	6	181,225	8,102
Transferred to Accumulated Fund		=====	=====

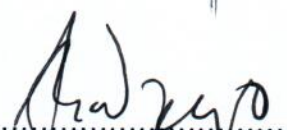
**ACCUMULATED FUND
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	2015 €	2014 €
Balance at 1 st January	185,811	177,709
Excess of Income over Expenditure for the Year	181,225	8,102
Balance at 31 st December	<u>367,036</u> =====	<u>185,811</u> =====

SOLIDARIDAD NETWORK WEST AFRICA
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2015

	Notes	2015 €	2014 €
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	7	491,506	381,768
TOTAL NON CURRENT ASSETS		491,506	381,768
CURRENT ASSETS			
Accounts Receivable	8	4,368,903	2,561,783
Prepayments	9	506,836	52,170
Short Term Investments	10	757,136	1,800,967
Cash & Bank Balances	11	2,158,924	2,219,023
TOTAL CURRENT ASSETS		7,791,799	6,633,943
TOTAL ASSETS		8,283,305	7,015,711
RESERVES AND LIABILITIES			
RESERVES			
Accumulated Fund		367,036	185,811
Designated Fund	14	3,739,249	3,300,810
TOTAL RESERVES		4,106,285	3,486,621
CURRENT LIABILITIES			
Accounts Payable	12	760,347	1,084,664
Deferred Grants	4	3,416,673	2,444,426
TOTAL CURRENT LIABILITIES		4,177,020	3,529,090
TOTAL RESERVES AND LIABILITIES			
		8,283,305	7,015,711





29-14-2016

MEMBERS OF EXECUTIVE COUNCIL

SOLIDARIDAD NETWORK WEST AFRICA
STATEMENT OF CASH FLOW AS AT 31ST DECEMBER 2015

	2015 €	2014 €
Cash Flow from Operating Activities		
Excess Income over Expenditure	181,225	8,102
Adjustments for:		
Depreciation	26,787	29,436
Gain on disposal	-	(3,212)
	-----	-----
	208,012	34,326
 Increase in Accounts Receivable	(1,807,120)	(1,991,588)
Decrease in Prepayments	(454,666)	29,642
Increase in Accounts Payable	(324,317)	468,103
Increase/(Decrease) in Deferred Grant	972,247	(221,232)
	-----	-----
Net Cash Flows from Operating Activities	(1,405,844)	(1,680,749)
	-----	-----
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment	(136,525)	(350,966)
Proceeds from Disposal of Assets	-	4,993
Redemption/(Purchase) of Treasury Bill	1,043,831	(920,123)
	-----	-----
Net Cash Flows from Investing Activities	907,306	(1,266,096)
	-----	-----
Cash Flow from Financing Activities		
Increase in designated fund	438,439	2,112,020
	-----	-----
Net Cash Flows from Financing Activities	438,439	2,112,020
	-----	-----
Net Decrease in Cash and Cash Equivalents	(60,099)	(834,825)
Cash and Cash Equivalents as at 1 st January	2,219,023	3,053,848
	-----	-----
Cash and Cash Equivalent as at 31 st December	2,158,924	2,219,023
	=====	=====

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS FOR THE YEAR

	Balance as at 31/12/2015 €	Changes During the Year €	Balance as at 31/12/2014 €
Cash in Hand	4,472	(2,830)	7,302
Cash at Bank	2,154,452	(57,269)	2,211,721
	-----	-----	-----
	2,158,924	(60,099)	2,219,023
	=====	=====	=====

**SOLIDARIDAD NETWORK WEST AFRICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

1. REPORTING ENTITY

Solidaridad Network West Africa is a non-governmental organization registered under the Companies Act, 1963 (Act 179) and the liability of its members is limited by guarantee. Solidaridad Network West Africa is engaged in the certification and training of farmers and its principal object is to promote socially and environmentally responsible production and trade in West Africa. The address and registered office can be found on page 2 of this report.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and its interpretations adopted by the International Accounting Standards Board (IASB).

b) Basis of measurement

These financial statements have been prepared using the historical cost basis and in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

c) Functional and Presentational currency

The financial statements are presented in Euro (€) which is the organization's presentation currency. The functional currency of the organization is Ghana Cedis.

d) Use of estimates and judgment

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

e) Reclassification and changes in presentation

When there are changes in the presentation or classification of items in the financial statements, the foundation shall reclassify comparative amounts unless reclassification is impracticable. When the entity reclassifies comparative amounts, the entity shall disclose:

- a. the nature of the reclassification;
- b. the amount of each item or class of items that is reclassified; and
- c. the reason for the reclassification.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company.

a. Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment (PPE) are measured at acquisition or construction cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, and any other costs directly attributable to bringing the asset to a working condition for its intended use. The cost may also include the initial estimated costs of dismantling and removing the item (i.e. PPE) and restoring the site on which it is located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day maintenance, repair and servicing expenditures incurred on property, plant and equipment are recognized in the income and expenditure account.

iii) Depreciation

Depreciation is recognized in the income and expenditure account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated rates of depreciation over the useful lives of major classes of depreciable property, plant and equipment are:

Motor vehicles	20.0%
Furniture and Fittings	25.0%
Computers and software	33.3%
Freehold Land	Nil

Depreciation methods, useful lives and carrying amount are reassessed at each reporting date. The carrying amounts of property plant and equipment are assessed whether they are recoverable in the form of future economic benefits. If the recoverable amount of an item of property, plant and equipment has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present values.

Gains and losses on disposal of property, plant and equipment are determined by company proceeds from disposal with the carrying amounts of property, plant and equipment and are recognized in the income and expenditure account as other income.

b. Project Grants

Project grants received from the Solidaridad NL, Dutch Embassy, IDH, Touton SA, Foundation Solidaridad Latino America and other donors to support various projects in furtherance of the principal activities of Solidaridad Network West Africa as well as for administrative purposes are accounted for as Revenue Grants in the income and Expenditure Account based on utilization. Any unused portions of grants for the financial year are accounted for in the statement of financial position as deferred grant and designated funds.

c. Accounts Receivable and Other Receivables

Accounts receivable are stated at amortised costs, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful, general allowances for doubtful debts are recorded for the remaining receivables taking into account past experiences.

Other receivables are stated at their cost less impairment losses.

d. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances.

e. Accounts Payable

These are stated at their nominal value. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amounts.

f. Foreign Exchange

The organization's foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income and expenditure account.

g. Taxation

The company is not subject to corporate income tax being a non-profit organization.

h. Interest Income

Interest income comprises interest on funds invested or held in bank accounts. Interest income is recognized in the income and expenditure account using the effective interest method

i. Interest Expense

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income and expenditure account using the effective interest method.

j. Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

4. FUNDS & DISBURSEMENT SCHEDULE

	Opening Balance at 1/1/2015 €	Receipts €	Total Receipts €	Disbursement €	Deferred Grants €
Solidaridad	249,651	4,433,732	4,683,383	2,266,510	2,417,855
IDH	57,982	366,600	424,582	450,190	
Dutch Embassy	1,972,500	3,814,282	5,786,781	4,789,647	997,134
Touton	-	160,371	160,371	431,422	-
ECOM Ghana	-	-	-	223,634	-
Cargill Ghana	-	85,692	85,692	149,593	-
Noble Resources	73,354	148,409	221,763	221,763	-
Mondelez	-	-	-	168,086	-
Agency NL	-	93,092	93,092	93,092	-
RSPO	-	75,155	75,155	73,471	1,684
Minor Projects	90,939	18,370	109,309	84,739	-
Total	2,444,426	9,195,703	11,640,128	8,952,147	3,416,673

The Deferred Grants relate to actual cash received but not committed to any project during the period under review.

5. OTHER INCOME

	2015 €	2014 €
Exchange Gain	58,091	329
Interest Income	236,765	25,346
Other Income	247,129	-
Profit on Disposal	-	3,212
	-----	-----
	541,985	28,887
	=====	=====

	2015 €	2014 €
6. SURPLUS OF INCOME OVER EXPENDITURE		
This is stated after charging:		
Audit Fees	8,813	10,575
Depreciation	26,787	29,436

7(a). PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles €	Computers & Software €	Furniture & Equipment €	Land €	Total €
Cost					
At 1/1/15	51,634	37,390	33,994	337,695	460,713
Addition (s)	-	18,647	14,281	103,597	136,525
	-----	-----	-----	-----	-----
At 31/12/2015	51,634	56,037	48,275	441,292	597,238
	=====	=====	=====	=====	=====
Depreciation					
At 1/1/15	25,848	32,868	20,229	-	78,945
Charges for the Year	10,327	7,784	8,676	-	26,787
	-----	-----	-----	-----	-----
At 31/12/2015	36,175	40,652	28,905	-	105,732
	=====	=====	=====	=====	=====
Net Value Book					
As at 31/12/2015	15,459	15,385	19,370	441,292	491,506
	=====	=====	=====	=====	=====
As at 31/12/2014	25,786	4,522	13,765	337,695	381,768
	=====	=====	=====	=====	=====

	2015 €	2014 €
7(b). FIXED ASSETS DISPOSALS		
Cost of Assets	-	21,370
Accumulated Depreciation	-	(19,589)
	-----	-----
Net Book Value	-	1,781
Cash Received	-	4,993
	-----	-----
Loss/Profit on Disposal	-	3,212
	=====	=====

	2015 €	2014 €
8. ACCOUNTS RECEIVABLE		
Grants Receivable	919,445	576,984
Working Advances	15,142	22,130
Other Receivables	170,320	81,987
Advance to SWAPP Incubator		
Beneficiaries (via Financial Intermediary)	3,263,996	1,880,682
	-----	-----
	4,368,903	2,561,783
	=====	=====

9. PREPAYMENT		
Rent Prepaid	89,601	37,467
Other Prepayments	417,235	14,703
	-----	-----
	506,836	52,170
	=====	=====

10. SHORT TERM INVESTMENTS

These represent portions of Project Funds invested in Certificate of Deposits with the institution's bankers for the year ended 31st December 2015.

	2015 €	2014 €
11. CASH AND BANK BALANCES		
Cash in Hand	4,472	7,302
Cash at Bank	2,154,452	2,211,721
	-----	-----
	2,158,924	2,219,023
	=====	=====

12. ACCOUNTS PAYABLE

Accruals	75,270	79,688
Sundry Creditors	685,077	980,266
Directors Current Account	-	24,710
	-----	-----
	760,347	1,084,664
	=====	=====

13. CONTINGENT LIABILITIES

a. Guarantees Issued

The organisation does not provide guarantees in support of loan or overdraft facilities granted to groups and individuals on its scheme. (2014: Nil)

b. Pending Legal Suits

There are no pending legal suits as at the end of the year and there exist no contingent liability at the balance sheet date. (2014: Nil)

14. CAPITAL COMMITMENTS

The designated fund under reserves represents the amount relating to projects of capital nature to which Solidaridad Network West Africa is committed.

Movements in Designated Funds

	Incubator €	Rural Service Centres €	Office Building €	Total €
Opening balance 2015	2,256,180	605,843	438,790	3,300,812
Addition	637,202	(198,765)	-	438,437
	-----	-----	-----	-----
Closing balance 2015	2,893,382	407,078	438,790	3,739,249
	=====	=====	=====	=====

15. STAFF COST

Included in the direct project expenses and general and administrative expenses is the staff cost. The breakdown is as follows:

	2015 €	2014 €
Administrative Staff Salary	60,541	91,912
Project Staff Cost	1,406,184	1,135,993
Employer SSF Contribution	28,507	14,335
Mutual Fund Contribution	4,704	5,358
	-----	-----
	1,499,936	1,247,598
	=====	=====

	2015 €	2014 €
16. DIRECT PROJECT EXPENSES		
Advocacy and Communication	238,803	178,678
Associate Consultants' Fees	168,148	158,645
Bank Charges	9,006	7,006
Certification Expenses	-	486,825
Equipment	96,449	267,324
Clearing Charges	-	7,843
Feasibility Studies	86,172	147,166
Field Preparation Expense	50,205	5,936
Field Support Staff Expense	10,571	52,432
Foreign Travel Expense	41,054	141,304
Local Travel Expense	162,895	238,864
Materials and Inputs	117,985	162,775
Office Rent and Utilities	79,143	18,388
Other Project Cost and Services	106,058	-
Producer Support Project	4,970,882	7,260,453
Project Staff Cost	1,406,184	1,135,993
Relocation Expense	2,295	12,491
Site Office Costs	67,803	186,738
Stationery and Printing Expense	48,488	30,276
Studies and Research Expense	523,324	573,162
Training Expense	498,051	420,425
Trial Costs & Other Services	-	169,505
Vehicle Running Expense	158,825	85,735
Workshops, Conference and Meeting Expense	233,286	219,516
	-----	-----
	8,979,138	11,967,480
	=====	=====

	2015 €	2014 €
17. GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising & Promotion	-	1,034
Audit Fees	8,813	10,575
Bank Charges	14,991	1,641
Communication Expenses	12,001	3,638
Consultancy Fees	-	44,961
Consumables - Office Supplies	1,669	2,314
Depreciation	4,172	5,887
Duties and Taxes	-	1,274
Electricity & Water	5,356	2,535
Exchange Loss	-	3,613
Foreign Travels	1,234	966
Fuel & Lubricants	14,520	1,761
General Office Expense	5,464	6,870
Insurance	13,151	8,010
IT Expenses	22,475	11,933
Local Travels	2,522	2,486
Newspapers/Journals	416	287
Other Staff Cost-5% Provident fund	6,256	-
Other Staff Cost-Mutual Fund 5%	4,704	5,358
Other Staff Cost-SSF 13%	28,507	14,335
Postage & Courier Services	80	1,142
QMS/PME Expenses	12,058	3,917
Registration and Legal Fees	1,324	1,917
Relocation Expenses	-	763
Rent -Office	37,467	37,467
Repairs & Renewals	15,735	10,514
Security Expenses	4,668	5,836
Staff Salary	60,541	91,912
Staff Training	8,275	5,233
Stationery, Printing & Inventory	14,313	4,545
Studies and Research	282	-
Transport Expenses	11,567	9,277
Workshop, Conference & Meeting Expenses	19,473	1,620
Audit Expenses	1,735	1,091
	-----	-----
	333,769	304,712
	=====	=====