

Solidaridad



THE SOLIDARIDAD NETWORK SA TRUST

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

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

THE SOLIDARIDAD NETWORK SA TRUST
TRUST NUMBER 1419/2012

Annual Financial Statements for the year ended 31 December 2021

General Information**Country of
incorporation and
domicile**

South Africa

**Nature of business
and principal
activities**

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.

Trustees

The following trustees held office during the year under review:

Name

M Nkomo
J. Douglas
W. Matthews

Legal form

Non Profit Trust

Registration numbers

Trust registration

1419/2012

NPO registration no.

148-926 NPO

**Registered office and
business address**

25 Sturdee Avenue
Rosebank
Johannesburg
2196

Website addresssolidaridadnetwork.org**Principal Bankers**

Standard Bank of South Africa Limited.

Preparer

The annual financial statements were internally prepared by W Matthews.

Level of assurance

These annual financial statements have been audited independently in compliance with the Trust Deed and the Trust Property Control Act, 1988.

**Reporting and
operating currency**

South African Rands.

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

**INDEX TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Contents	Page
Trustees' responsibilities and approval	1
Independent auditor's report	2 - 4
Report of the trustees	5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in reserves	8
Statement of cash flows	9
Notes to the annual financial statements	10 - 19

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

TRUSTEES' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 31st 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 20, were approved by the board of trustees on the 7 June 2022 and were signed on its behalf by:

DocuSigned by:

Rachel Wanyoike

09FCD1EC66AB418...



Forum 2, BraamPark, 33 Hoofd St
Braamfontein, Johannesburg 2001
PO Box 32707, Braamfontein 2017
Tel: (X27)(0)11-403-3835
info@d-v.co.za

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 20, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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

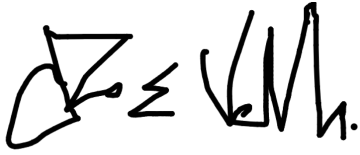
Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies and the requirements of the Trust Deed, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

A handwritten signature in black ink, appearing to read 'D & V' followed by a stylized flourish.

DC Douglas RA (IRBA 605581)
Douglas & Velcich
Chartered Accountants (S.A.)

Johannesburg
7 June 2022

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

**REPORT OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2021**

The trustees present their report, together with the annual financial statements of the Trust for the financial year ended 31 December 2021.

GENERAL

The Trust was formally registered on the 9th 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

EQUIPMENT

During the year under review, the Trust purchased equipment with a total cost of R674,750 (2020:R157,887).

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 following trustees held office during the year under review:

M Nkomo (Resigned 30 June 2021.)
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 2021

	Note	2021 R	2020 R
ASSETS		7 141 279	6 336 893
Non current assets		755 334	360 486
Equipment	3	755 334	360 486
Current assets		6 385 945	5 976 407
Accounts receivable	4	683 261	1 025 379
Accrued grant income	5	896 044	810 870
Amounts due from other Solidaridad entities	6	2 382 008	88 663
Cash and cash equivalents	7	2 407 169	4 034 032
Taxation receivable		17 463	17 463
Total assets		7 141 279	6 336 893
RESERVES AND LIABILITIES		7 141 279	6 336 893
Reserves		3 720 909	2 474 880
Trust capital		100	100
General fund		2 965 475	2 114 293
Equipment fund		755 334	360 486
Current liabilities		3 420 370	3 862 013
Accounts payable	8	1 514 767	2 137 558
Amounts due to other Solidaridad entities	9	361 487	1 724 455
Deferred income	10	1 544 116	-
Total reserves and liabilities		7 141 279	6 336 893

THE SOLIDARIDAD NETWORK SA TRUST
TRUST NUMBER 1419/2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 R	2020 R
INCOME		29 759 307	29 445 885
Transfers from related Solidaridad Organisations	11	29 116 274	29 434 719
Transfers (to) related Solidaridad Organisations	12	(226 035)	(399 746)
Grants received	13	416 609	-
Foreign exchange gain		300 200	26 600
Other project income		5 145	-
Other income		17 830	30 999
Proceeds on disposal of assets		18 219	34 502
Interest received	14	111 066	318 811
EXPENDITURE		28 506 013	28 249 721
Advertising and marketing		15 091	56 059
Assets expensed directly		16 254	15 054
Auditors' remuneration		193 313	194 643
Bank charges		120 289	92 761
Communication costs		228 253	202 414
Conference attendance		2 189	67 681
Depreciation		272 638	191 495
Insurance		143 750	142 353
Interest paid	14	-	5
IT support		251 467	307 141
Legal fees		-	11 424
Office expenses		147 756	165 710
Printing, postage and stationery		8 561	34 312
Programme costs		6 879 058	8 358 953
Rent, water and electricity		847 998	824 791
Repairs and maintenance		20 279	34 402
Salaries and contributions		18 674 650	17 323 221
Staff development and training		477 648	51 159
Strategic planning and capacity building		-	26 706
Travel and accommodation		206 822	149 437
NET INCOME FOR THE YEAR		1 253 293	1 196 164
TAXATION	15	-	-
NET INCOME AFTER TAXATION		1 253 293	1 196 164
Items that will not be reclassified as profit or loss		(402 112)	33 608
Depreciation charge transferred to equipment fund		272 638	191 495
Cost of assets purchased - transferred to equipment fund		(674 750)	(157 887)
COMPREHENSIVE INCOME FOR THE YEAR		851 181	1 229 772

THE SOLIDARIDAD NETWORK SA TRUST
TRUST NUMBER 1419/2012

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2021

	Trust capital R	General fund R	Equipment fund R	Total R
Balances at 31 December 2018	100	3 040 848	369 611	3 410 559
<u>2019</u>				
Comprehensive income	-	(2 156 327)	209 333	(1 946 993)
Net surplus 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)
Balances at 31 December 2019	<u>100</u>	<u>884 521</u>	<u>413 566</u>	<u>1 298 187</u>
<u>2020</u>				
Comprehensive income for the year	-	1 229 772	(33 608)	1 196 164
Net surplus for the year	-	1 196 164	-	1 196 164
Transfer to equipment fund - cost of assets purchased	-	(157 887)	157 887	-
Depreciation charge transferred to equipment fund	-	191 495	(191 495)	-
Assets disposed of	-	-	(19 472)	(19 472)
Net book value of assets transferred to Zambian office	-	-	(9 307)	(9 307)
Net book value of assets disposed of	-	-	(10 165)	(10 165)
Balance at 31 December 2020	<u>100</u>	<u>2 114 293</u>	<u>360 486</u>	<u>2 474 880</u>
<u>2021</u>				
Comprehensive income/(deficit) for the year	-	851 182	402 112	1 253 293
Net surplus/(deficit) for the year	-	1 253 293	-	1 253 293
Depreciation for the year	-	272 638	(272 638)	-
Transfer to equipment fund - purchase of assets	-	(674 750)	674 750	-
Net book value of assets disposed of	-	-	(7 264)	(7 264)
Balance at 31 December 2021	<u>100</u>	<u>2 965 475</u>	<u>755 334</u>	<u>3 720 909</u>

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

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2021**

	2021 R	2020 R
Comprehensive income for the year	851 181	1 229 772
Adjusted by:	545 465	(195 421)
Proceeds from the disposal of equipment	(18 219)	(34 502)
Interest received	(111 066)	(318 811)
Interest paid	-	5
Cost of assets purchased	674 750	157 887
Cash generated from operational activities	1 396 647	1 034 351
Cash flow related to the purchase and sale of equipment	(656 531)	(123 385)
Proceeds on the disposal of equipment	18 219	34 502
Cost of equipment purchased	(674 750)	(157 887)
Cash flow related to interest	111 066	318 806
Interest received	111 066	318 811
Interest paid	-	(5)
Cash flow made available to working capital	851 181	1 229 772
Cash flow related to changes in working capital	(2 478 045)	(6 693 449)
Increase in non-cash current assets	(2 036 402)	(110 121)
Decrease in Current Liabilities	(441 643)	(6 583 328)
Net increase/(decrease) in cash and cash equivalents	(1 626 863)	(5 463 677)
Cash and cash equivalents at beginning of year	4 034 032	9 497 709
Cash and cash equivalents at end of year	2 407 169	4 034 032

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

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 - tangible assets

The cost of a tangible asset is recognised as an asset of the Trust 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 (thus equalling net book value) less provision for any impairment losses.

An impairment loss is the amount by which the net book value of an asset exceeds the present value of the probable future economic benefits associated with that asset.

As most Trust income is from funders who require that assets be expensed in the year of purchase it is Trust policy to write off the cost of all asset purchased as an allocation of income in the year that the assets are acquired. In order to remain compliant with IFRS for SMEs, while accounts for the assets, reflecting their respective costs, accumulated depreciation and provision for any amortisation, are created in the General Ledger, corresponding entries are made to an Equipment Fund reserve account. The balance of the Equipment Fund and the net book value of the Trust's assets, per its General Ledger and financial statements are therefore equal.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

1. ACCOUNTING POLICIES (Continued)

1.2 Equipment (Continued)

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

Item	Estimated useful life
Computer equipment	3 years
Computer software	2 years
Motor vehicle	5 years
Office equipment	5 years
Office furniture	6 years

As the cost of assets purchased are charged against the Trust's income, as an allocation of the cost to the Equipment Fund (see above) it would be incorrect to show the ongoing depreciation of these assets as an additional annual cost. The depreciation charge for each period is therefore initially shown in the income statement and subsequently reversed as an allocation of the cost to the Equipment Fund.

When an asset is sold or otherwise derecognised, its carrying value, as represented by its net book value plus any provision for amortisation, is removed by corresponding entries in the relevant accounts.

As the cost of assets purchased are allocated to an Equipment Fund and charged against the Trust's income, all the proceeds on disposal of assets are shown as Trust income and the concept of profit or loss on the disposal of assets does not form part of the financial statements.

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 any impairment losses.

Cash and cash equivalents

Cash and cash equivalents are measured at cost as the Trust's banks are reputable and it is reasonably expected that the accounts will retain their fair value.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

1. ACCOUNTING POLICIES (Continued)

1.3 Financial instruments (continued)

Measurement (continued)

Accounts payable

Accounts payable which are short-term obligations, are stated at their nominal value, as no change to their settlement values is expected.

1.4 Impairment

The carrying amount of all assets are reviewed at financial year-end to determine whether there is an indication of possible impairment. Should such indication appear probable, the asset is written down to its estimated recoverable value via an amortisation provision. The recoverable amount of an asset is the higher of its estimated net selling price and its value in use.

1.5 Equipment fund

An Equipment Fund is created so that that the cost of assets purchased by the Trust is reflected as a charge against its income in the year of their acquisition. Corresponding entries between the Equipment Fund account and relevant Equipment, Accumulated Depreciation and Provision for Amortisation accounts ensure that the net totals of these accounts remain equal.

1.6 Provisions

Provisions are recognised when, as a result of past events, the Trust has a current legal or constructive obligation that will probably result in an outflow of economic resources, the value of which may be reasonably estimated, in order to achieve settlement.

1.7 Income recognition

Income from grants are brought to account in the period to which they contractually apply. 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.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

1. ACCOUNTING POLICIES (Continued)

1.11 Accrued or Deferred Grant Income

Accrued and deferred grant income are based on the difference between each projects' income and its direct, indirect and shared costs. Any surplus of the project's fund is regarded as deferred income and any recoverable deficit is regarded as accrued income.

1.11 Translation of foreign currencies

The operating currency of the Trust is the South African Rand. Transactions involving foreign currencies are recorded in the operational currency using the spot rate at the date of the transaction. Balances receivable or payable in foreign currencies at a reporting date are translated the spot rate at that date. All exchange differences arising on settlement are recognised as profit or loss in the income statement.

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 2021 (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 2021 (Continued)

3. EQUIPMENT

	Computer equipment R	Computer software R	Motor vehicle R	Office equipment R	Office furniture R	Total R
2021						
Net book value at 1/1/2021	181 704	9	-	90 936	87 837	360 486
Cost	626 733	37 514	-	209 379	203 098	1 076 724
Accumulated depreciation	(445 029)	(37 505)	-	(118 443)	(115 261)	(716 238)
Additions for the year	26 520	112 561	522 920	12 749	-	674 750
Disposals at net book value	-	-	-	(7 264)	-	(7 264)
Cost	(114 438)			(18 299)	-	(132 737)
Accumulated depreciation	114 438			11 035	-	125 473
Depreciation for the year	(112 360)	(51 590)	(46 185)	(32 444)	(30 058)	(272 638)
Net book value at 31/12/2021	95 864	60 979	476 735	63 976	57 779	755 334
Cost	538 815	150 075	522 920	203 828	203 098	1 618 737
Accumulated depreciation	(442 951)	(89 095)	(46 185)	(139 852)	(145 319)	(863 403)
2020						
Net book value at 1/1/2020	210 707	9	-	102 428	100 421	413 566
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 Zambia Office	(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)
Net book value at 31/12/2020	181 704	9	-	90 936	87 837	360 486
Cost	626 733	37 514	-	209 379	203 098	1 076 724
Accumulated depreciation	(445 029)	(37 505)	-	(118 443)	(115 261)	(716 238)

THE SOLIDARIDAD NETWORK SA TRUST
TRUST NUMBER 1419/2012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)

	2021	2020
	R	R
4. ACCOUNTS RECEIVABLE		
Rental deposit	64 262	37 626
Travel advances	28 870	15 294
Staff debtors	488 036	870 152
Sundry receivables	-	3 100
VAT receivable	101 429	82 273
Prepaid Expenses	664	16 934
	683 261	1 025 379
5. ACCRUED INCOME		
European Union - DCI-ENV/2017/391377	555 440	810 870
Climate Focus B.V	281 439	-
The Alliance for a Green Revolution in Africa (AGRA)	28 995	-
Gauteng Provincial Government Department of Agriculture and Rural Development (GDARD)	30 170	-
	896 044	810 870
6. AMOUNTS DUE FROM SOLIDARIDAD ENTITIES		
Solidaridad - Mozambique office (transfer related to 2021)	-	-
Solidaridad - Network	-	88 663
Solidaridad - Central and East Africa	541 229	-
Solidaridad - Euro Trust	1 840 779	-
	2 382 008	88 663
7. CASH AND CASH EQUIVALENTS		
Standard Bank - Call account	1 830 550	3 431 447
Standard Bank - Call deposit account	232 265	224 895
Standard Bank - Current account	98 500	248 751
Standard Bank - Credit card accounts	127 637	36 246
Standard Bank - Project bank account	66 797	47 085
Standard Bank - Project bank account	40 952	40 716
Petty cash - Local	2 245	3 527
Petty cash - Foreign	8 223	1 364
	2 407 169	4 034 032
8. ACCOUNTS PAYABLE		
Accruals	1 010 452	1 678 677
Payroll liabilities	422 657	458 882
Travel advances	81 657	-
	1 514 767	2 137 559
9. AMOUNTS DUE TO SOLIDARIDAD ENTITIES		
Solidaridad Network	361 487	-
Solidaridad Mozambique	-	32 732
Solidaridad Zambia	-	1 691 723
	361 487	1 724 455

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

	2021 R	2020 R
10. DEFERRED INCOME		
Programme:		
SA Reclaim Sustainability!	1 544 116	-
	<u>1 544 116</u>	<u>-</u>
11. TRANSFERS FROM RELATED SOLIDARIDAD ORGANISATIONS		
Transfers from Euro Account	23 231 231	24 040 142
Deferred income	(1 544 116)	-
SA Expenditure paid through Euro Account	5 151 584	4 325 283
Net payables transferred to Solidaridad Mozambique	32 732	1 069 293
Net payables transferred to Solidaridad Zambia	1 691 723	
Recovery from Solidaridad East and Central Africa	532 292	-
Solidaridad Network recovery of costs	20 827	-
	<u>29 116 274</u>	<u>29 434 719</u>

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

	2021 R	2020 R
12. TRANSFERS FROM/(TO) RELATED SOLIDARIDAD ORGANISATIONS		
Mozambique office	-	(113 905)
Funds due from Euro account	921 379	-
Expenses paid on behalf of the office	(921 379)	(108 967)
Assets purchased for the office and transferred	-	(4 938)
Malawi office	-	-
Funds due from Euro account	42 331	-
Expenses paid on behalf of the office	(42 331)	-
Zimbabwe office	-	-
Funds due from Euro account	211	-
Expenses paid on behalf of the office	(211)	-
Zambia office	-	(138 566)
Funds due from Euro account	553 965	-
Expenses paid on behalf of the office	(553 965)	(134 197)
Assets purchased for the office and transferred	-	(4 369)
Solidaridad - Eastern and Central Africa - DSO Continental		
budget allocation to SAF in 2021	-	(81 245)
Solidaridad Network	(226 035)	(66 029)
Transfers of funds - 2 % Contribution	(226 035)	(66 029)
Total transfers	(226 035)	(399 746)
13. GRANTS RECEIVED		
CLIMATE FOCUS B.V	281 439	-
Funds received	-	-
Foreign exchange gain/(loss)	-	-
Add : Accrued in 2021	281 439	-
Gauteng Provincial Government Department of Agriculture and Rural Development (GDARD)	135 170	-
Funds received	105 000	-
Foreign exchange gain/(loss)	-	-
Add : Deferred to 2021	30 170	-
	416 609	-

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

	2021 R	2020 R
14. NET INTEREST RECEIVED		
Interest received - current account	104 424	308 952
Interest received - staff loan	6 642	9 859
Interest paid - credit card	-	(5)
	<u>111 066</u>	<u>318 806</u>

15. TAXATION

The Trust submits tax returns annually. No provision has been made for tax payable as the Trust has an assessed taxable (loss) of R 62 271.

The Trust is 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 South African Income Tax Act.

16. COMMITMENTS

The trust has the following commitment in respect of rental agreement covering office premises as follows :

Operating lease - premises

Payable within one year	<u>299 549</u>	<u>419 026</u>
-------------------------	----------------	----------------

17. RELATED PARTIES

The Trust is part of the Solidaridad Southern African Region, which, in turn, is part an international network of Solidaridad organisations. The Southern African Region comprises Solidaridad non-profit companies and institutions that operate in Malawi, Mozambique, South Africa, Zambia and Zimbabwe.

The members of the Southern African Region cooperate in determining common standards of good governance, operations and reporting, planning, fund raising, budgetting and the implementation of programmes.

The international Solidaridad Network provides strategic, programmatic, internal quality control and communications support through a structure that incorporates an International Supervisory Board, an Executive Board of Directors and five Continental Supervisory Boards, facilitated by the services of the Solidaridad Network Secretariat.

The international Solidaridad Network is paid a 2% subscription on funds generated at a regional basis.

Funds received and paid from/to the different Solidaridad entities are fully disclosed in the financial statements.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

**18. CHANGE IN THE CONTENT OF THESE ANNUAL FINANCIAL STATEMENTS FROM THOSE OF
PREVIOUS YEARS**

In previous years, the annual financial statements of the Solidaridad Network SA Trust included the transactions and balances of the Trust's Euro bank account.

Given that the account:

- i. operates only as a clearing account that transfers funds in Euros from donors to projects and regional Solidaridad institutions;
- ii. is subject to the instructions of the Solidaridad Network and the Solidaridad Southern African Region;
- iii. cannot be defined as an asset of the Solidaridad Network SA Trust;
- iv. contains only transactions that are conducted and recorded in the Euro currency;
- v. records and settles all its commitments or liabilities in the Euro currency;

it was decided that the transactions and year-end balances of the Euro bank account would be more accurately disclosed if its audited annual financial statements were:

- a. separately disclosed from the annual financial statements of the Solidaridad Network SA Trust;
- b. reported in Euros.

If the transactions and balances of the Euro bank account had not been removed from these annual financial statements, they would have included the following:

	2021	2020
	R	R
In the Statement of Financial Position:		
Euro bank account balance at 31 December	<u>9 917 533</u>	<u>8 668 024</u>
Additional Deferred Income liability	<u>9 917 533</u>	<u>3 117 461</u>
In the Statement of Comprehensive Income:		
Additional Transfers from related Solidaridad Organisations	<u>24 911 832</u>	<u>22 022 498</u>
Additional Transfers (to) related Solidaridad Organisations	<u>(23 736 563)</u>	<u>(18 668 171)</u>

The rates of exchange used in the above summary, for one Euro to SA Rand are:

31 December 2021: 18,04
31 December 2020: 17,96
Average for 2021: 17,486
Average for 2020: 18,7908