

# **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 2022**

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

Annual Financial Statements for the year ended 31 December 2022

**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 during 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.
<b>Reporting and operating currency</b>	South African Rands.

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

**INDEX TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

<b>Contents</b>	<b>Page</b>
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 2022**

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 2023 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 19, were approved by the board of trustees on 28 June 2023. The trustees have delegated their authority to the Managing Director of the Trust, Mr Shungu Kanyemba to sign on their behalf:



---

Shungu Kanyemba MD



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](mailto: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 2022, 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 2022, 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**

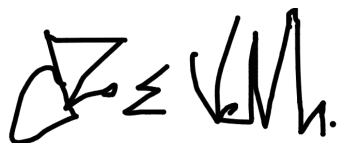
Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies and the requirements of the Trust Deed, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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**  
**28 June 2023**

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

**REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2022**

The trustees present their report, together with the annual financial statements of the Trust for the financial year ended 31 December 2022.

**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 R490,139 (2021 : R674,750).

**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  
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 2022**

	Note	2022 R	2021 R
<b>ASSETS</b>		<b>8 975 768</b>	<b>7 141 279</b>
<b>Non current assets</b>		<b>894 998</b>	<b>755 334</b>
Equipment	3	894 998	755 334
<b>Current assets</b>		<b>8 080 770</b>	<b>6 385 945</b>
Accounts receivable	4	925 355	683 261
Accrued grant income	5	-	896 044
Amounts due from other Solidaridad entities	6	3 991 425	2 382 008
Cash and cash equivalents	7	3 156 996	2 407 169
Taxation receivable		6 995	17 463
<b>Total assets</b>		<b>8 975 768</b>	<b>7 141 279</b>
<b>RESERVES AND LIABILITIES</b>		<b>8 975 768</b>	<b>7 141 279</b>
<b>Reserves</b>		<b>5 825 936</b>	<b>3 720 909</b>
Trust capital		100	100
General fund		4 881 664	2 965 475
Equipment fund		894 998	755 334
Motor vehicle fund		49 174	-
<b>Current liabilities</b>		<b>3 149 832</b>	<b>3 420 370</b>
Accounts payable	8	2 717 548	1 514 767
Amounts due to other Solidaridad entities	9	91 300	361 487
Deferred income	10	340 984	1 544 116
<b>Total reserves and liabilities</b>		<b>8 975 768</b>	<b>7 141 279</b>

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 R	2021 R
<b>INCOME</b>		<b>37 056 514</b>	<b>29 759 307</b>
Transfers from related Solidaridad Organisations	11	35 096 379	29 116 274
Transfers (to) related Solidaridad Organisations	12	(672 264)	(226 035)
Grants received	13	2 487 045	416 609
Foreign exchange gain		-	300 200
Other project income		-	5 145
Other income		46 783	17 830
Proceeds on disposal of assets		6 402	18 219
Interest received	14	92 170	111 066
<b>EXPENDITURE</b>		<b>34 932 820</b>	<b>28 506 013</b>
Advertising and marketing		-	15 091
Assets expensed directly		17 752	16 254
Auditors' remuneration		293 644	193 313
Bank charges		171 105	120 289
Communication costs		195 429	228 253
Conference attendance		-	2 189
Depreciation		342 275	272 638
Foreign exchange loss		690 221	-
Insurance		162 504	143 750
Interest paid	14	-	-
IT support		546 151	251 467
Legal fees		336 594	-
Office expenses		31 220	147 756
Printing, postage and stationery		11 355	8 561
Programme costs		10 918 627	6 879 058
Rent, water and electricity		771 071	847 998
Repairs and maintenance		122 529	20 279
Salaries and contributions		19 755 172	18 674 650
Staff development and training		66 576	477 648
Travel and accommodation		500 595	206 822
<b>NET INCOME FOR THE YEAR</b>		<b>2 123 695</b>	<b>1 253 293</b>
<b>TAXATION</b>	15	<b>(10 468)</b>	-
<b>NET INCOME AFTER TAXATION</b>		<b>2 113 227</b>	<b>1 253 293</b>
<b>Items that will not be reclassified as profit or loss</b>		<b>(197 037)</b>	<b>(402 112)</b>
Depreciation charge transferred to equipment fund		342 275	272 638
Cost of assets purchased - transferred to equipment fund		(490 139)	(674 750)
Transfer to motor vehicle fund		(49 174)	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1 916 190</b>	<b>851 181</b>

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

**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Trust capital R	General fund R	Equipment fund R	Motor vehicle fund R	Total R
<b>Balances at 31 December 2020</b>	<b>100</b>	<b>2 114 293</b>	<b>360 486</b>	-	<b>2 474 880</b>
<b><u>2021</u></b>					
Comprehensive income for the year	-	851 181	402 112	-	1 253 293
Net surplus 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)
<b>Balance at 31 December 2021</b>	<b>100</b>	<b>2 965 475</b>	<b>755 334</b>	-	<b>3 720 909</b>
<b><u>2022</u></b>					
Comprehensive income/(deficit) for the year	-	1 916 190	147 864	49 174	2 113 227
Net surplus/(deficit) for the year	-	2 113 227	-	-	2 113 227
Depreciation for the year	-	342 275	(342 275)	-	-
Transfer to equipment fund - purchase of assets	-	(490 139)	490 139	-	-
Transfer to motor vehicle fund	-	(49 174)	-	49 174	-
Net book value of assets disposed of	-	-	(8 200)	-	(8 200)
<b>Balance at 31 December 2022</b>	<b>100</b>	<b>4 881 664</b>	<b>894 998</b>	<b>49 174</b>	<b>5 825 936</b>

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

**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
<b>Comprehensive income for the year</b>	<b>1 916 190</b>	<b>851 181</b>
<b>Adjusted by:</b>	<b>439 091</b>	<b>545 465</b>
Proceeds from the disposal of equipment	(8 051)	(18 219)
Interest received	(92 170)	(111 066)
Interest paid	-	-
Cost of assets purchased	490 139	674 750
Funds transferred to motor vehicle fund	49 174	-
<b>Cash generated from operational activities</b>	<b>2 355 281</b>	<b>1 396 647</b>
<b>Cash flow related to the purchase and sale of equipment</b>	<b>(482 088)</b>	<b>(656 531)</b>
Proceeds on the disposal of equipment	8 051	18 219
Cost of equipment purchased	(490 139)	(674 750)
<b>Cash flow related to interest</b>	<b>92 170</b>	<b>111 066</b>
Interest received	92 170	111 066
Interest paid	-	-
<b>Cash flow made available to working capital</b>	<b>1 965 363</b>	<b>851 181</b>
<b>Cash flow related to changes in working capital</b>	<b>(1 215 537)</b>	<b>(2 478 045)</b>
(Increase) in non-cash current assets	(944 999)	(2 036 402)
Decrease/(increase) in Current Liabilities	(270 538)	(441 643)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>749 827</b>	<b>(1 626 863)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2 407 169</b>	<b>4 034 032</b>
<b>Cash and cash equivalents at end of year</b>	<b>3 156 996</b>	<b>2 407 169</b>

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

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 2022 (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:

<b>Item</b>	<b>Estimated useful life</b>
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 2022 (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 2022 (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 2022 (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 2022 (Continued)

3. EQUIPMENT

	Computer equipment R	Computer software R	Motor vehicle R	Office equipment R	Office furniture R	Total R
<b>31 December 2022</b>						
<b>Net book value at 1/1/2022</b>	<b>95 864</b>	<b>60 979</b>	<b>476 735</b>	<b>63 976</b>	<b>57 779</b>	<b>755 334</b>
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)
Additions for the year	150 292	-	-	231 970	107 876	490 139
Disposals at net book value	(6 087)	-	-	(2 112)	-	(8 200)
Cost	(79 562)	-	-	(2 204)	-	(81 766)
Accumulated depreciation	73 475	-	-	92	-	73 566
Depreciation for the year	(96 305)	(56 280)	(98 552)	(56 685)	(34 453)	(342 275)
<b>Net book value at 31/12/2022</b>	<b>143 764</b>	<b>4 699</b>	<b>378 184</b>	<b>237 149</b>	<b>131 202</b>	<b>894 998</b>
Cost	609 545	150 075	522 920	433 594	310 975	2 027 110
Accumulated depreciation	(465 781)	(145 376)	(144 737)	(196 445)	(179 772)	(1 132 111)
<b>31 December 2021</b>						
<b>Net book value at 1/1/2021</b>	<b>181 704</b>	<b>9</b>	<b>-</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)
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)
<b>Net book value at 31/12/2021</b>	<b>95 864</b>	<b>60 979</b>	<b>476 735</b>	<b>63 976</b>	<b>57 779</b>	<b>755 334</b>
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)

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR**  
**THE YEAR ENDED 31 DECEMBER 2022 (Continued)**

	2022 R	2021 R
<b>4. ACCOUNTS RECEIVABLE</b>		
Rental deposit	58 742	64 262
Travel advances	6 924	28 870
Staff debtors	209 363	488 036
Sundry receivables	543 210	-
VAT receivable	106 451	101 429
Prepaid Expenses	663	664
	<b>925 355</b>	<b>683 261</b>
<b>5. ACCRUED INCOME</b>		
The Alliance for a Green Revolution in Africa (AGRA)	-	28 995
Climate Focus B.V	-	281 439
European Union - DCI-ENV/2017/391377	-	555 440
Gauteng Provincial Government Department of Agriculture and Rural Development (GDARD)	-	30 170
	<b>-</b>	<b>896 044</b>
<b>6. AMOUNTS DUE FROM SOLIDARIDAD ENTITIES</b>		
Solidaridad - Central America	1 424 281	-
Solidaridad - Central and East Africa	920 766	541 229
Solidaridad - Egypt	-	-
Solidaridad - Euro Trust	1 162 056	1 840 779
Solidaridad - Europe	3 208	-
Solidaridad - North America	481 113	-
	<b>3 991 425</b>	<b>2 382 008</b>
<b>7. CASH AND CASH EQUIVALENTS</b>		
Standard Bank - Call account	951 960	1 830 550
Standard Bank - Call deposit account	243 641	232 265
Standard Bank - Current account	783 215	98 500
Standard Bank - Credit card accounts	32 565	127 637
Standard Bank - Project bank account	49 104	66 797
Standard Bank - Project bank account	1 093 866	40 952
Petty cash - Local	190	2 245
Petty cash - Foreign	2 454	8 223
	<b>3 156 996</b>	<b>2 407 169</b>
<b>8. ACCOUNTS PAYABLE</b>		
Accruals	2 200 574	1 010 452
Payroll liabilities	384 091	422 657
Travel advances	132 883	81 657
	<b>2 717 548</b>	<b>1 514 767</b>

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2022 (Continued)**

	2022 R	2021 R
<b>9. AMOUNTS DUE TO SOLIDARIDAD ENTITIES</b>		
Solidaridad - Asia	91 300	-
Solidaridad - Network	-	361 487
	<b>91 300</b>	<b>361 487</b>
<b>10. DEFERRED INCOME</b>		
Industrial Development Corporation (IDC) SEF Project SA Reclaim Sustainability!	340 984	-
	-	1 544 116
	<b>340 984</b>	<b>1 544 116</b>
<b>11. TRANSFERS FROM RELATED SOLIDARIDAD ORGANISATIONS</b>		
Transfers from Euro Account	20 087 830	23 231 231
Deferred income	1 544 116	(1 544 116)
SA Expenditure paid through Euro Account	9 776 834	5 151 584
Foreign exchange differences	20 566	-
Net payables transferred to Solidaridad Mozambique	-	32 732
Net payables transferred to Solidaridad Zambia	-	1 691 723
Recovery from Solidaridad East and Central Africa	592 835	532 292
Recovery from Solidaridad North and Central America	1 897 374	-
Solidaridad Network recovery of costs	1 176 825	20 827
	<b>35 096 379</b>	<b>29 116 274</b>
<b>12. TRANSFERS (TO) RELATED SOLIDARIDAD ORGANISATIONS</b>		
<b>Mozambique office</b>	-	-
Funds due from Euro account	1 010 012	921 379
Expenses paid on behalf of the office	(1 010 012)	(921 379)
<b>Malawi office</b>	-	-
Funds due from Euro account	137 681	42 331
Expenses paid on behalf of the office	(137 681)	(42 331)
<b>Zimbabwe office</b>	-	-
Funds due from Euro account	-	211
Expenses paid on behalf of the office	-	(211)
<b>Zambia office</b>	-	-
Funds due from Euro account	379 443	553 965
Expenses paid on behalf of the office	(379 443)	(553 965)
<b>Solidaridad - Eastern and Central Africa</b>	<b>(302 142)</b>	-
Expenses incurred on behalf of Solidaridad ECA	(302 142)	-
<b>Solidaridad Network</b>	<b>(370 122)</b>	<b>(226 035)</b>
Transfers of funds - 2 % Contribution	(370 122)	(226 035)
<b>Total transfers</b>	<b>(672 264)</b>	<b>(226 035)</b>

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR**  
**THE YEAR ENDED 31 DECEMBER 2022 (Continued)**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
<b>13. GRANTS RECEIVED</b>		
<b>CLIMATE FOCUS B.V</b>	<b>158 349</b>	<b>281 439</b>
Funds received	439 788	-
Less : Accrued in 2021	(281 439)	281 439
<b>Gauteng Provincial Government Department of Agriculture and Rural Development (GDARD)</b>	<b>214 830</b>	<b>135 170</b>
Funds received	245 000	105 000
Less : Accrued in 2021	(30 170)	30 170
<b>Industrial Development Corporation (IDC) SEF Project</b>	<b>2 113 866</b>	<b>-</b>
Funds received	8 765 801	-
Funds paid directly for participant wages	(6 310 951)	-
Less : Deferred to 2023	(340 984)	-
	<b>2 487 045</b>	<b>416 609</b>
<b>14. NET INTEREST RECEIVED</b>		
Interest received - current account	88 800	104 424
Interest received - staff loan	3 370	6 642
	<b>92 170</b>	<b>111 066</b>
<b>15. TAXATION</b>		
<b>South African Normal Taxation</b>		
S A normal tax @ 45%	<b>10 468</b>	<b>-</b>
<b>Taxation computation</b>		
Net surplus per statement of comprehensive income	2 123 695	1 253 293
<b>Net taxable income</b>	<b>2 123 695</b>	<b>1 253 293</b>
Less: adjustment for apportionment of expenditure against income of a capital nature	(2 074 789)	(1 216 664)
<b>Estimated taxable income</b>	<b>48 906</b>	<b>36 629</b>
<b>Assessed accumulated taxable (loss) brought forward</b>	<b>(25 644)</b>	<b>(62 273)</b>
<b>Estimated taxable income for the year</b>	<b>23 262</b>	<b>(25 644)</b>

The Trust submits tax returns annually. No tax provision was made for tax payable in the 2021 year as the Trust had an assessed taxable (loss) brought forward of R62,273.

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.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2022 (Continued)**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
<b>16. COMMITMENTS</b>		
The trust has the following commitment in respect of rental agreement covering office premises as follows :		
<b>Operating lease - premises</b>		
Payable within one year (2021: six months' commitment)	<u>486 556</u>	<u>299 549</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, trusts and operations in Egypt, 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, budgeting 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.