SOLIDARITY RESPONSE FUND NPC

Registration Number: 2020/179561/08

("the Fund")

FINANCIAL STATEMENTS

FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

SOLIDARITY RESPONSE FUND NPC

(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

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(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

DIRECTORS' RESPONSIBILITIES AND APPROVAL

In accordance with South African Companies Act requirements, the directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements of the Fund as well as the related other information included in this report. It is their responsibility to ensure that the financial statements for the financial period fairly reflect the state of affairs of the Fund at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa.

The accounting policies, supported by judgements which comply with IFRS, have been applied on a consistent basis. Preparation of the financial statements on the going concern basis was also considered appropriate.

It is the responsibility of the directors to report on the fair presentation of the financial statements. Their report appears on pages 13 to 15.

The directors are ultimately responsible for the internal controls of the Fund. To enable the directors to meet these responsibilities, management design and implement standards and systems of internal control to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements in accordance with IFRS, and to adequately safeguard, verify and maintain accountability for the Fund's assets. Systems and controls that have been implemented include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

Based on the information and explanations given by management, the directors are of the opinion that the system of internal controls provides reasonable assurances that the financial records may be relied on for the preparation of the financial statements in accordance with IFRS. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of the internal controls, resulting in a material loss to the Fund, has occurred during the period and up to the date of this report.

It is noted that there are no controls that could be implemented to ensure completeness of donations received through the Fund's crowd funding or network-based fundraising partners ("Third Party Platforms"); these account for less than 1% of revenue. These partners mostly receive amounts from a large number of disparate individuals who cannot be verified or validated, nor can it be verified that all

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DIRECTORS' RESPONSIBILITIES AND APPROVAL (Continued)

the potential amounts that there was a firm intention to donate on the part of such potential donors were in fact deposited into such a platform. The Fund relies on the systems and controls, as reflected by the reputations of these Third-Party Platforms to get some assurance that the donations actually made to the Fund were actually received by the Fund. A large number of these platforms would cease to exist if their reputations of being trustworthy channels of donations was damaged.

The directors have a reasonable expectation that the Fund has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements, which appear on pages 28 to 63, have been prepared in accordance with IFRS and the Companies Act of South Africa, and were approved by the board of directors on 16 September 2021 and are signed on its behalf by:

Ms. Gloria Serobe - Chairman	**Ms. Tandi Nzimande – Chief Executive Officer**

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies Act, that for the period ended 28 February 2021, the Fund has lodged with the Registrar of Companies all such returns as are required by the Fund in terms of the Companies Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Ms. Michelle Bell

CorpStat

16 September 2021

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AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("the AR Committee") has the pleasure in submitting its report for the period ended 28 February 2021.

The Fund has appointed a formal AR Committee comprising three non-executive directors. The AR Committee has met at least monthly since the formation of the Fund in March 2020. The Chief Executive Officer, Chief Financial Officer, representatives from the external and internal auditors, as well as other assurance providers attended these meetings. The AR Committee operated in accordance with its adopted terms of reference to cover all relevant matters. Items discussed at these meetings were formally minuted and, where needed, appropriate action plans have been documented.

The mandate and responsibilities of the AR Committee encompass, amongst others, actions required to:

- oversee financial reporting, including the preparation of the financial statements;
- ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- oversee the internal audit function performed by SkX Protiviti;
- oversee the risk management process;
- oversee the external audit function; and
- receive and deal with complaints from stakeholders.

During the period under review the AR Committee assisted the Board of Directors by performing an objective and independent review of the performance of the audit and risk functions. This was achieved through close cooperation and communication with management and the internal and external auditors, who have unrestricted access to the members and Chairman of the AR Committee.

COMPOSITION

The AR Committee comprises three non-executive directors and three co-opted members. The AR Committee meetings are held at least monthly with additional meetings called when necessary. The AR Committee discharged its statutory and Board responsibilities during the period under review to consider, *inter alia*, the results of the Fund, as well as to consider the regulatory and IFRS compliance by the Group. The Chief Executive Officer, external auditors, internal auditors and financial executives attend AR Committee meetings by invitation.

The directors and co-opted members of the AR Committee, and their respective dates of appointment or co-option, are as follows:

AUDIT AND RISK COMMITTEE REPORT (Continued)

Non-executive directors
Ms. Tryphosa Ramano – Chairman – appointed on 23/03/2020
Professor Michael Katz – appointed on 09/04/2020
Ms. Kgomotso Makhupola – appointed on 09/04/2020

Co-opted members
Ms. Lulama Booi – co-opted on 28/05/2020
Ms. Antoinette Davis – co-opted on 28/05/2020
Ms. Tumi Lavhengwa – co-opted on 28/05/2020

The directors and co-opted members of the AR Committee had the following meeting attendance:

Audit and Risk Committee Members	**Number of Audit and Risk Committee meetings attended (22 meetings held since date of incorporation until 28 February 2021)**
Ms. Tryphosa Ramano	22/22
Prof Michael Katz	22/22
Ms. Kgomotso Makhupola	18/22
Co-opted Members	**(Members only appointed on 28 May 2020 by the Board)**
Ms. Antoinette Davis	12/18
Ms. Lulama Booi	15/18
Ms. Tumi Lavhengwa	13/18

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The AR Committee has appointed PriceWaterhouseCoopers Inc. (PwC) to perform an independent and objective audit of the Fund in terms of the provisions of section 90 of the Companies Act. The AR Committee is satisfied that PwC is independent of the Fund, as contemplated in section 94(8) of the Companies Act.

In making this determination, the AR Committee has considered PwC against criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

Requisite assurance was sought and provided by PwC that internal governance processes in the audit firm support its claim of being independent in relation to the Fund.

AUDIT AND RISK COMMITTEE REPORT (Continued)

The AR Committee, in consultation with executive management, agreed to the content of the engagement letter terms and audit plan for the period ended 28 February 2021. PwC have agreed to provide their independent external audit services on a pro-bono basis. PwC is considered for non-Audit services according to a formal procedure, and the nature and extent of non-audit services that PwC may provide is agreed in terms of a pre-approval policy. In the current year PwC provided non-audit services through the Business for South Africa volunteer programme and in this capacity the PwC volunteers were involved in checking vendor documentation and providing information to a decision making panel. No PwC staff were involved in any procurement decisions. The PwC volunteer programme ended in May 2020. PwC also provided non-audit services comprising a cybersecurity review, a readiness review on sustainability reporting, stock count of loudhailers and S18A testing.

The AR Committee has met with the designated auditor to consider matters of importance and relevant to the finalisation of the Fund's financial statements and to the affairs of the Fund generally.

INTERNAL, FINANCIAL AND ACCOUNTING CONTROLS

Financial and internal controls focus on critical risk areas. The controls are designed to provide reasonable assurance that assets are safeguarded from loss and unauthorised use and financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities. The identification of risks and implementation and monitoring of adequate systems of internal, financial and operating controls to manage such risks is delegated to senior executive management.

Financial risk management policies are communicated directly to executive management and the appropriate levels of management in the various operations. The Board, via the AR Committee, acknowledges its responsibility for ensuring that management implements and monitors the effectiveness of systems of internal, financial and operating controls. The Board, via the AR Committee, monitors the effectiveness of established controls and procedures to ensure the accuracy and integrity of accounting records, and monitors the Fund's businesses, financial risks and performance.

Based on internal audit's review of the design, implementation and effectiveness of the Fund's system of internal financial controls for the period ended 28 February 2021, and considering information and explanations given by management and discussions with PwC on the results of its audit, one insurmountable, yet common deficiency in the system of internal financial controls in organisations that are funded through donations from disparate sources, was identified relating to the inability of the Fund to determine the completeness of donations received through Third Party Platforms.

To date, the majority of donations that were received were identifiable from Business, Foundations and Government partners with money paid into the Fund's bank account by Third Party Platforms representing less than 1% of total donations received for the year under review.

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AUDIT AND RISK COMMITTEE REPORT (Continued)

INTERNAL AUDIT

Internal audit operates under terms of reference recommended by the AR Committee and approved by the Board. The Fund's internal audit function was performed by SkX Protiviti, on a pro-bono basis, and is staffed by qualified and experienced individuals. The head of internal audit has direct access to the AR Committee.

The internal audit function reports independently on whether risk management, control and governance processes are adequate and functioning within the Fund. Internal audit performs periodic independent

evaluations of the adequacy and effectiveness of controls, financial reporting structures and the integrity of information systems and records. The AR Committee approves the annual risk-based internal audit work plan.

The head of internal audit has a standing invitation to attend executive committee meetings and reports to the Chairperson of the AR Committee. The AR Committee annually reviews and assesses the internal audit team's performance, objectivity and independence and performs an independent quality review of the internal audit function on behalf of the Board. The members of the AR Committee engage directly with internal audit and are best placed to perform an effective and independent review of the internal audit function.

ANNUAL FINANCIAL STATEMENTS

Having considered the financial statements for the period ended 28 February 2021, the AR Committee recommends the financial statements for approval to the Board.

COMPLAINTS

No complaints relating either to the accounting practices and internal audit of the Fund or to the contents or auditing of its financial statements, or to any related matter were received by the AR Committee during the period under review up to the approval date of the financial statements.

_____

Ms. Tryphosa Ramano
Chairman: Audit and Risk Committee
16 September 2021

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FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES OF CORPORATE GOVERNANCE

The board of directors of the Fund ("the Board") are committed to the principles of openness, integrity and accountability and to providing timely, relevant and meaningful reporting to all stakeholders. The Board ensures that the Fund's business is conducted to high standards of corporate governance, and in line with best practice. These standards are entrenched in the Fund's established systems of internal control, by its procedures and policies governing corporate conduct, with emphasis on the importance of the qualitative aspects of corporate governance.

The Fund is committed to an open governance process such that all stakeholders may derive assurance that its directors and managers are managing the Fund responsibly. It is the policy of the Board and management to actively review and enhance the Fund's systems of control and governance to ensure the Fund's business is managed ethically and within prudently determined risk parameters that conform to best practice.

BOARD COMPOSITION, APPOINTMENT AND RESPONSIBILITIES

Directors are appointed based on personal characteristics of honesty and integrity, skill, experience and their level of contribution to, and their impact on, the activities of the Fund. The board currently consists of ten non-executive directors and one executive director. All of the non-executive directors are independent. All Board members are kept abreast of current developments. The Board is responsible for setting the direction of the Fund through the establishment of strategic objectives and key policies. Board meetings are held at least monthly with additional meetings called when necessary. No meeting of the Board shall be quorate unless 50% plus 1 member are present. Other senior executives are invited to attend meetings as required to ensure comprehensive reporting to the board.

The responsibilities of the Board include issues of strategic direction, business plans and annual budgets, changes to the Board and other matters having a material effect on the Fund or required by statute.

Board members and prescribed officers are required to declare regularly any interest they might have in transactions with the Fund. All directors are given access to the information needed to carry out their duties and responsibilities fully and effectively. Furthermore, all directors are entitled to seek independent professional advice about the affairs of the Fund, at the expense of the Fund.

BOARD COMMITTEES AND GOVERNANCE STRUCTURES

The Board has established a number of sub-committees, which operate within defined terms of reference laid down by the Board in writing. Members of these committees are suitably qualified and experienced to contribute meaningfully to the workings of the committees on which they serve.

The Report of the Audit and Risk Committee is provided on pages 5 to 8.

CORPORATE GOVERNANCE STATEMENT (Continued)

DISBURSEMENTS COMMITTEE

The Disbursement Committee was appointed on 09/04/2020. The objective of the Disbursement Committee is to assist the Board in discharging its responsibilities relating to the disbursement and deployment of funds in the pursuit of the mandate of the Fund.

The directors and co-opted members of the Disbursement Committee are:

NAME	POSITION
Dr Ayanda Ntsaluba	Non-Executive Director (Chairman)
Mr. Adrian Enthoven	Non-Executive Director
Mr. Sizwe Nxasana	Non-Executive Director

FUNDRAISING COMMITTEE

The Fundraising Committee was appointed on 09/04/2020. The objective of the Fundraising Committee is to assist the Board in discharging its responsibilities relating to the fundraising activities of the Fund.

The directors and co-opted members of the Fundraising Committee are:

NAME	POSITION
Mr. Sizwe Nxasana	Non-Executive Director (Chairman)
Mr. Thulani Tshefuta	Non-Executive Director
Mr. Adrian Enthoven	Non-Executive Director
Mr. Richard Menell	Co-opted Committee Member
Ms. Leila Davids	Co-opted Committee Member

COMPANY SECRETARY

The company secretary responsibilities were outsourced to CorpStat Governance Services (Pty) Ltd (CorpStat), who were appointed on 9 April 2020.

All directors have access to the advice and services of the company secretary, who ensures compliance with applicable procedures and regulation.

ACCOUNTABILITY AND AUDIT

The requirements of Chapter 3 of the Companies Act of 2008 relating to enhanced accountability and transparency are applicable to, and adopted by, the Fund. Furthermore, the Fund of its own accord, maintains the highest standard of accountability. Certain of the mechanisms through which this is done are fully discussed below.

CORPORATE GOVERNANCE STATEMENT (Continued)

GOING CONCERN

The Fund's AR Committee considers the Fund as a going concern at the financial year-end (refer to Note 16 of the financial statements.

INTERNAL FINANCIAL CONTROLS

The Board acknowledges that it is responsible for instituting internal control systems that provide reasonable assurance on safeguarding assets and prevention of the unauthorised use or disposal of these assets. Further, the Board is also responsible for the maintenance of proper accounting records that give reasonable assurance on the reliability of financial information produced.
The improvement of processes and controls continues to receive the on-going attention of the AR Committee and of the Board and will continue to improve in accordance with established plans. The Board is satisfied that there has been no material breakdown of the internal controls. The Board acknowledges that it is currently unable to determine the completeness of donations received through 3rd Party Platforms which account for less than 1% of the total revenue.

INTERNAL AUDIT

Internal audit operates under terms of reference recommended by the AR Committee and approved by the Board. The Fund's internal audit function was outsourced to SkX Protiviti, which is staffed by qualified and experienced individuals. The head of internal audit has direct access to the AR Committee. Internal audit is an independent, objective assurance activity established to add value and improve operations of the Fund. It helps the Fund accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the adequacy and effectiveness of risk management, control and governance processes.

The internal audit function noted some deficiencies in internal controls that were remedied and had no financial impact or loss to the Fund, during the financial period under review.

SkX Protiviti will continue to provide Internal Audit services to the Fund on a pro-bono basis.

RISK MANAGEMENT

The Fund continues to strengthen its risk management competencies. The Board has reaffirmed its stance that risk management is imperative for efficient funding and business management.

Oversight of risk has been delegated to the AR Committee. The AR committee considers the risk management policy and plan, the efficiency of management in their risk management responsibilities as well as the assurances provided by the external and internal auditors.

COMPLIANCE

The AR Committee is responsible for the monitoring of regulatory and reputational risk and the setting of related policies. The Fund's governance strategy, objectives and structures have been designed to ensure that the Fund complies with legislation and all relevant industry codes.

CORPORATE GOVERNANCE STATEMENT (Continued)

Compliance risk is the risk to accumulated funds and reputation arising from violations of, or non-compliance with, laws, rules, regulations, supervisory requirements, prescribed practices or ethical standards.

The Fund is committed to the highest standards of integrity, professionalism and ethical behaviour and requires all its employees to comply with all relevant laws, rules, standards and policies when conducting the business of the Fund.

PRINCIPLES OF CONDUCT

The Fund is staffed entirely with volunteers and secondees. All Fund volunteers and secondees operate within a framework that requires compliance with all applicable laws and maintenance of the highest integrity in the conduct of the business of the Fund.

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FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

DIRECTORS REPORT

The directors have pleasure in presenting their report for the year ended 28 February 2021.

COUNTRY OF INCORPORATION AND DOMICILE

The Fund is incorporated as a Non-Profit Company ("NPC") in terms of the Companies Act and is domiciled in South Africa.

NATURE OF BUSINESS

On 16th March 2020, as the COVID-19 pandemic reached South Africa, leaders representing business, community, government and labour held a special NEDLAC meeting. There they agreed that an independent, coordinated effort was needed to face this storm heading our way. Following this meeting, and with the first lockdown imminent, senior staff from Rothschild & Co, Ernst and Young, ENSAfrica, Old Mutual, EOH, and Standard Bank mobilised to conceptualise and establish the Solidarity Fund with input from the health sector and government.

In the week leading up to 23 March 2020 Presidential announcement of the Fund, the basic structure, focus areas and governance principles of the Fund were defined, registration as a PBO began, a brand design and website created, a bank account opened, and the Board Chair and Deputy Chair identified. As soon as the Fund was announced, contributions began flying in.

On 24 March 2020 the Fund's leadership held their first daily war room meeting, a tradition that continues to this day. From there things moved rapidly. The first board meeting took place on 9 April 2020, by which time around R2bn had already been pledged to the Fund. Throughout the rest of April and early May 2020 the structure was finalised, and sub-committees, document processes, governance, controls, etc, established. The speed at which the Fund was established is unprecedented, a trend that has continued throughout the first year of the Fund, as it raised and disbursed enormous resources to support those most in need.

The Fund is a rapid response vehicle designed to fund impactful initiatives that will augment the national health response, contribute to a national humanitarian effort and mobilise South Africans to act to stop the virus and support their compatriots.

The Fund has created a platform for all South Africans, from the public and private sectors, civil society, as well as the general public, to contribute to one consolidated effort. It is a fund for all of South Africa.

The Fund accepts numerous methods of payment, including online credit card payments, direct EFTs with all the major banks having the Fund set up as an approved or predefined beneficiary, and through Third Party Platforms. To date, over 99% of donations received have been received directly from Business, Foundations and Government with money paid into the Fund's bank account by Third Party Platforms representing less than 1% of total donations received.

DIRECTORS REPORT (Continued)

The Fund is the custodian of money donated by many organisations and individuals across society and it is accountable to them. The Fund is independently administered and transparently governed. It aims to ensure that all contributions are responsibly administered and disbursed to have the greatest possible impact in combating the COVID-19 pandemic and ameliorating its effects.

DIRECTORS

The directors of the Fund during the year and to the date of this report are as follows:

Ms. Gloria Serobe – appointed on 25/03/2020
Mr. Adrian Enthoven – appointed on 25/03/2020
Prof. Michael Katz – appointed on 25/03/2020
Dr. Ayanda Ntsaluba – appointed on 09/04/2020
Mr. Thulani Tshefuta – appointed on 09/04/2020
Ms. Tryphosa Ramano – appointed on 09/04/2020
Mr. Sizwe Nxasana – appointed on 09/04/2020
Ms. Kgomotso Makhupola – appointed on 09/04/2020
Minister Ebrahim Patel – appointed on 09/04/2020
Minister Tito Mboweni – appointed on 09/04/2020
Ms. Tandi Nzimande – appointed on 22/10/2020
Ms. Nomkhita Nqweni – appointed on 09/04/2020 and resigned on 31/10/2020

The directors of the Fund had the following meeting attendance:

Board Members	**Number of Board meetings attended (28 meetings held since incorporation of the Fund until 28 February 2021)**
Ms. Gloria Serobe	28/28
Mr. Adrian Enthoven	28/28
Prof Michael Katz	27/28
Ms. Tryphosa Ramano	26/28
Ms. Tandi Nzimande (Appointed on 22 October 2020)	12/12
Ms. Kgomotso Makhupola	27/28

Mr. Thulani Tshefuta	25/28
Mr. Sizwe Nxasana	26/28
Dr Ayanda Ntsaluba	26/28
Minister Ebrahim Patel	22/28
Minister Tito Mboweni	12/28
Ms. Nomkhita Nqweni (Resigned on 31 October 2020)	17/17

GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and commitments will occur in the ordinary course of business. Refer to the Financial Statements Note 16 for further details.

COMPANY SECRETARY

The company secretarial function is performed by CorpStat Governance Services (Pty) Ltd (CorpStat), an independent service provider of Governance and Company Secretarial Services.

REGISTERED OFFICE AND POSTAL ADDRESS

ENSAFRICA The Marc – Tower 1
129 Rivonia Road Sandton
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Gauteng
2196

EXTERNAL AUDITORS

PricewaterhouseCoopers Inc.

PREPARER OF FINANCIAL STATEMENTS

The financial statements were completed under the supervision of Zanele Ngwepe CA(SA).

Independent auditor's report

To the Directors of Solidarity Response Fund NPC

Report on the audit of the financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Solidarity Response Fund NPC (the Company) as at 28 February 2021, and its financial performance and its cash flows for the period from date of incorporation on 25 March 2020 to 28 February 2021 in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Solidarity Response Fund NPC's financial statements set out on pages 28 to 63 comprise:

- the statement of financial position as at 28 February 2021;
- the statement of profit or loss and other comprehensive income for the period from date of incorporation on 25 March 2020 to 28 February 2021;
- the statement of changes in equity for the period from date of incorporation on 25 March 2020 to 28 February 2021;
- the statement of cash flows for the period from date of incorporation on 25 March 2020 to 28 February 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

The Company derives a portion of its revenues from third party collection agent donations amounting to R27 million. In common with many not-for-profit organizations, the completeness of these revenues is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts that have been recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to donations received, other receivables and cash flows from operating activities for the period from date of incorporation on 25 March 2020 to 28 February 2021, current assets as at 28 February 2021 and net assets as 28 February 2021.

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We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

Material uncertainty relating to going concern

We draw your attention to Note 16 of the financial statements which indicates that the Company does not have a specific period of existence and its termination will be determined by the directors, taking into consideration the necessity to maintain the Company's existence to enable the ongoing fulfilment of its objectives. This fact along with the matters in Note 16 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

	Overall materiality • Overall materiality: R17.2 million, which represents 0.9% of operating expenditure
	Key audit matters • Revenue recognition • Operating expenditure

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	**R17.2 million**
How we determined it	0.9% of operating expenditure
Rationale for the materiality benchmark applied	We applied operating expenditure as the materiality benchmark based on our assessment of the common information needs of users of these financial statements. We believe that operating expenditure is indicative of the financial performance of the Company and represents the financial consequences of fulfilling the objectives for which it was established, as donors would be focused on ascertaining how their contributions were used to meet the Company's objectives. We applied 0.9% to operating expenditure, which is lower than the quantitative thresholds normally used for this type of entity. This was to account for the nature of the Company and it being in its start-up phase of operations.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition *This key audit matter does not include the audit considerations relating to the completeness of donations received from third party collection agents, which is described in the 'Basis for qualified opinion' section of this audit report.* The Company was created as a means for donors to contribute to one consolidated effort to address the COVID-19 pandemic in South Africa and accepts monetary donations through direct deposits into the Company's bank accounts and through third party collection agents. Donations are also received through contributions in-kind which include either goods or services for which the Company does not transfer any consideration to the donor in exchange for the goods or services received. IFRS does not contain specific guidance for non-profit and non-governmental organisations on the accounting treatment for the receipt of cash, services or goods as part of non-exchange transactions (donations). Management have exercised their judgement to develop and apply an accounting policy that is both relevant to and reliable for the users of the financial statements.	Our procedures relating to revenue recognition included the following: • We obtained external bank confirmations to corroborate the bank accounts that were registered in the Company's name and to confirm the respective bank balances at the period end. No differences were noted; • We made additional enquiries with the respective banks to whom we sent confirmations to ascertain the completeness of the list of bank accounts provided to us by management. No differences were noted; • We obtained the bank statements from management for the period under review and reconciled all deposits included on the obtained bank statements to donation revenue recorded. We traced material reconciling items to supporting evidence and noted matters for follow up, none of which impacted revenue recognition; • We inspected the donation revenue contracts to determine whether any conditional clauses could result in deferred revenue recognition. In this regard, where applicable, all conditions precedent to such donations had been met by period end; • We evaluated the revenue accounting policy as included in the financial statements.

Key audit matters	How our audit addressed the key audit matter
The requirements of the IFRS Conceptual framework for financial reporting (2018) ("Conceptual Framework"), IAS 20 *Government Grants* ("IAS 20") and IAS 16 *Property and Plant and Equipment* ("IAS 16") were considered in developing an accounting policy for non-exchange transactions. In addition, management considered the most recent pronouncements by other standard setters that use a similar conceptual framework as that set out in the IFRS Conceptual framework Conceptual Framework that do not conflict with the International Accounting Standards Board's standards, interpretations and the Framework, which included IPSAS 23 *Revenue from Non-Exchange Transactions* ("IPSAS 23"), the principles of which are similar to that of the Conceptual Framework. We have determined that the recognition of revenue is a matter of most significance to the audit of the financial statements due to the judgement applied in determining the accounting policy for revenue recognition, and the audit effort applied in determining whether the recognition criteria have been met. Refer to notes 2.3, 2.4 and 8 to the financial statements for disclosure relating to this key audit matter.	• Our assessment included a comparison between the accounting policy applied and the principles of IFRS and those of other standard-setting bodies that use a similar conceptual framework to develop accounting standards that have specific guidance dealing with non-exchange transactions (i.e., donations) recognised as revenue. We concluded that the revenue recognition policy was appropriate taking into account the business model of the Company.
Operating expenditure Pursuant to its objective of aiding in the COVID-19 pandemic relief, the Company incurred operating expenditure classified under three pillars, namely: health response, humanitarian and solidarity campaigns.	Our procedures relating to the point at which operating expenditure is recognised included the following: • We obtained an understanding of management's processes and controls in relation to the recognition of operating expenditure;

Key audit matters	How our audit addressed the key audit matter
Within each of these pillars, expenditure was incurred based on the relevant activities as governed by the contractual arrangements with suppliers, implementers, service providers and/or subcontractors engaged by the Company (third parties). Management has considered the underlying contractual arrangements in order to determine the point at which operating expenditure should be recognised within the financial statements, as the Company is dependent on these third parties for the final delivery and/or provision of goods and services. We considered the recognition of operating expenditure to be a matter of most significance to the audit of the financial statements due to the audit effort required in assessing the appropriateness of the point of recognition with reference to the underlying contractual arrangements. Refer to notes 2.3, 2.5 and 9 for disclosure with respect to this key audit matter.	• We obtained a detailed list of operating expenditure for each of the three pillars from management, and compared the aggregate amount of the expenditure to the trial balance (which is recorded net of VAT where a valid tax invoice exists) and noted no material differences; • We aggregated all credits (i.e., expenses paid) reflected on the bank statements and reconciled this to the aggregate amount of the expenditure in the trial balance. We traced material reconciling items to supporting documentation. We noted no further matters for consideration; • We disaggregated the operating expenditure within each pillar based on the nature of the expenses and selected samples to test the point of recognition as follows: *1. Health - Donation of Personal Protective Equipment (PPE):* We reconciled the signed delivery records from the external logistics contractor to the requisitions received from the designated recipient government department to verify that the delivery of PPE had occurred. In this regard, we noted that one subcontractor was unable to provide a breakdown of the delivery details to enable the reconciliation to be performed.

Key audit matters	How our audit addressed the key audit matter
	For these items, we obtained positive confirmations from the recipient regarding the descriptions and quantities of goods delivered to them and agreed these to the corresponding requisitions and inventory movements noted in the inventory distribution report obtained from the external logistics contractor. No material differences were noted. 2. *Health - Donation of critical care equipment and manufactured ventilators:* We agreed the details of the items delivered to signed delivery records provided by the external logistics contractor to verify the recognition of the operating expense. No material exceptions were noted. 3. *Health - COVID test kits, testing and research:* We obtained the project completion reports received by the Company from its service provider in respect of COVID test kits and testing. We reconciled the information in the project completion reports to supporting invoices and delivery documents to verify that the operating expenditure had been recognised appropriately. We noted no material exceptions.

Key audit matters	How our audit addressed the key audit matter
	We obtained the project progress reports relating to COVID research as received by the Company from its service provider. We compared the milestones achieved per the progress reports to those contracted for and to the expenditure incurred by the Company. We noted no material exceptions. We obtained written representation from the executive chairing the committee responsible for oversight of this project. The representation included an acknowledgment of the committee's responsibility to ensure that the expenditure met the relevant recognition criteria, and that the project was executed as contracted. 4. *Health - Logistics:* We agreed the operating expenditure to invoices, freight documentation and signed waybills which included details of the delivery charges of logistics service providers, with no material exceptions noted. 5. *Humanitarian and solidarity campaign:* We obtained the completion reports received by the Company from its third-party campaign implementers and compared the details of the projects denoted on these reports to the operating expenditure recognised.

Key audit matters	How our audit addressed the key audit matter
	We obtained written representation from the executive chairing the committee responsible for oversight of this project. The representation included an acknowledgment of the committee's responsibility to ensure that the expenditure met the relevant recognition criteria, and that the project was executed as contracted. For items sampled within the various pillars, we inspected the payments or delivery approvals to ensure that the appropriate levels of approval were obtained in-line with the Company's approved delegation of authority. Where exceptions were noted, these were further investigated by us and found to be acceptable in terms of our understanding of the nature of the expense and operating structure of the Company. We selected a sample of payments made subsequent to the period-end from the Company's bank statements. For each sampled item, we inspected the supporting evidence to ensure that the expenditure was recorded in the correct period. No material exceptions were noted.

Key audit matters	How our audit addressed the key audit matter
	We attended the period end inventory count to verify quantities of inventory on hand at that date. In addition, we reconciled the PPE inventory quantities purchased and delivered during the period to the closing inventory quantities and noted no material differences.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Solidarity Response Fund NPC Financial Statements for the period from date of incorporation on 25 March 2020 to 28 February 2021", which includes the Directors' Report, the Audit and Risk Committee's Report and the Certification by Company Secretary as required by the Companies Act of South Africa which we obtained prior to the date of this auditor's report, and the document titled "Solidarity Fund Integrated Annual Report 2021", which is expected to be made available to us after that date. 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 and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 have performed on the other information that we obtained prior to the date of this auditor's report, 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 the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 judgement 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Solidarity Response Fund NPC for one period.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Raj Dhanlall
Registered Auditor
Johannesburg, South Africa
16 September 2021

SOLIDARITY RESPONSE FUND NPC
(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021

	Notes	Rand R'000
ASSETS		
Non-Current Assets		
Intellectual Property	3	-
Current Assets		
- Inventories	4	108 687
- Other receivables	5	89 028
- Cash and cash equivalents	6	1 246 732
TOTAL ASSETS		**1 444 447**
FUNDS AND LIABILITIES		
Funds		
- Accumulated funds		1 373 964
Current Liabilities		
- Trade and Other Payables	7	70 483
TOTAL FUNDS AND LIABILITIES		**1 444 447**

SOLIDARITY RESPONSE FUND NPC
(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Rand R'000
Revenue		
- Donations	8	3 233 187
Operating expenditure	9	(1 905 780)
Operating surplus		**1 327 407**
Interest income	10	54 660
Bank charges		(4)
Foreign exchange loss on cash and cash equivalents	11	(8 099)
Profit and total comprehensive income for the period		**1 373 964**

SOLIDARITY RESPONSE FUND NPC
(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

STATEMENT OF CHANGES IN EQUITY

	Rand R'000
Funds	
Accumulated Funds	
Balance at 25 March 2020 – Opening balance	-
Comprehensive income for the period	1 373 964
Balance at 28 February 2021 – Closing balance	**1 381 174**

SOLIDARITY RESPONSE FUND NPC
(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

STATEMENT OF CASH FLOWS

	Notes	Rand R'000
Cash flows from operating activities		
Cash receipts from donors	8	3 233 187
Cash paid to suppliers	12	(2 029 575)
Cash generated from operating activities		**1 203 613**
Bank interest received	10	51 222
Bank charges		(4)
		1 254 831
Net cash from operating activities		**1 246 732**
Cash and cash equivalents at beginning of the period		-
Foreign exchange loss on cash and cash equivalents		(8 099)
Cash and cash equivalents at end of the period	6	**1 246 732**

SOLIDARITY RESPONSE FUND NPC
(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Solidarity Response Fund NPC (the 'Fund') is a non-profit company incorporated in the Republic of South Africa. Registered office and postal address - ENSAFRICA The Marc – Tower 1, 129 Rivonia Road Sandton, Johannesburg, Gauteng, 2196.

The Fund is a Section 18A approved Public Benefit Organisation in terms of the South African Income Tax Act, (the Act) with a mandate to support the national health response, contribute to humanitarian relief efforts and mobilise South Africans in the fight against COVID-19.

The Fund is a platform for the general public, civil society, and the public and private sector to contribute to the consolidated effort to fund various initiatives. The Fund works closely with both government and business.

The Fund is responsible for, and controls, the funds donated to it, and is accountable to its donors.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The Fund has adopted all new accounting standards and interpretations that became effective in the current reporting period.

The financial statements have been prepared on a historical cost basis, and incorporate the accounting policies set out below. The financial statements are presented in South African Rands.

The financial statements of the fund were approved and authorized for issue by the board of directors on 16 September 2021.

2.2 Comparative information

The financial statements are the maiden set of financial statements for the Fund and cover the period from date of incorporation on 25 March 2020 to 28 February 2021. Due to being the first year of operations for the Fund, no comparative figures are presented.

2.3 Use of judgements

In preparing these financial statements, management has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Revenue recognition

The most significant judgement that management had to apply in the preparation of these financial statements relates to the accounting for non-exchange transactions. Non-exchange transactions are transactions where goods and services are not exchanged in return for consideration - a characteristic of almost all of the Fund's activities. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. The accounting for non-exchange transactions involve judgement as IFRS does not include specific guidance on accounting for such non-exchange transactions.

In the absence of an IFRS that specifically applies to a transaction, management therefore had to use its judgement in developing and applying an appropriate accounting policy - particularly as it relates to revenue and inventory, both of which are considered to involve non-exchange transactions.

IFRS does not contain specific guidance for non-profit and non-governmental organisations on the accounting treatment for revenue involving non-exchange transactions. Where IFRS is silent or does not provide guidance on how to treat transactions specific to the not-for-profit sector (or in general), an accounting policy can be derived using the principles of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). Management have exercised their judgement to develop and apply an accounting policy that is both relevant to and reliable for the users of the financial statements. In making this judgement, management have considered:

- the requirements in other IFRS standards;
- the definitions, recognition criteria and measurement bases of assets, liabilities, income and expenses; and
- the pronouncements of other standard-setting bodies that use a conceptual framework similar to IFRS to develop accounting standards.

The requirements of the Conceptual Framework, IAS 20 *Government Grants* ("IAS 20") and IAS 16 *Property and Plant and Equipment* ("IAS 16") were considered in developing an accounting policy for non-exchange transactions.

IAS 8 also suggests, but does not require, that management consider the most recent pronouncements by other standard-setters that use a similar conceptual framework as that set out in the IFRS Conceptual framework for financial reporting (2018) ("*Conceptual Framework*"), other accounting literature and

2.3 Use of judgements (Continued)

accepted industry practices. However, these sources should not conflict with the International Accounting Standards Board's standards, interpretation and the Framework. In this regard, the principles of International Public Sector Accounting Standards ("IPSAS") have also been considered, particularly IPSAS 23 *Revenue from Non-Exchange Transactions* ("IPSAS 23") and IPSAS 12 *Inventory* ("IPSAS 12"), which are fit for purpose for a non-profit entity such as the Fund. The principles underpinning IPSAS are similar to that of the Conceptual Framework.

Revenue - donations of cash
As indicated above, there is no specific guidance in IFRS that applies to donations from individuals or companies. For example, the IFRS 15 Transition Resources Group indicated that in determining whether a transaction is in the scope of the revenue model under IFRS 15, *Revenue from Contracts with Customers ('IFRS 15')*, it might be helpful for entities to evaluate whether the 5-step model practically could be applied to the transaction. For example, if an entity cannot identify promised goods or services to the customer in step 2 of the model, or cannot determine if (or when) control of those promised goods or services transfers in step 5 of the model, then those facts might be indications that the transaction is not an exchange transaction with a customer (i.e. non-exchange transactions). As almost all of the Fund's contributions and donations do not involve the exchange of goods and services for consideration received or receivable, management has determined that IFRS 15 does not apply to such transactions. Management has consequently developed an accounting policy for contributions and donations of cash.

In terms of the IFRS Conceptual Framework, income results in increases in assets, or decreases in liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims. This accounting is further supported by IPSAS 23, which describes gifts and donations as voluntary transfers of cash or other monetary assets, normally free from stipulations. The past event giving rise to the control of resources embodying future economic benefits is normally the receipt of the donation.

The IPSAS 23 guidance for non-exchange transactions is similar to the principles of the Conceptual Framework applied above, such that the inflow of resources from a non-exchange transaction recognised as an asset (in this case, the cash donation) shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow (IPSAS 23, para 44). The IPSAS principle therefore also guides that the revenue is recognised at the same time that the asset is recognised.

Contributions, donations or grants received in cash from individuals or companies are therefore recognised as revenue upon receipt thereof and are measured at the amount of the increase in the net assets of the Fund.

2.3 Use of judgements (Continued)

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions received without any conditions attached are recognised as revenue upon receipt. Contributions received with conditions attached, which are not currently prevalent in the Fund's activities, are recognised as revenue when the relevant conditions have been met.

Revenue – Third Party Platforms
The Fund has entered into arrangements with a number of third parties which collect donations from the public on the Fund's behalf, which are then paid over to the Fund at regular intervals. For these arrangements, the past event giving rise to the control of resources embodying future economic benefits is the contractual right to receive cash that is established when the collection agent collects donations on the Fund's behalf. This is due to these third parties acting as agents on behalf of the Fund and the Fund therefore recognises a financial asset and related revenue when the donations are received by these third parties. The Fund has determined that third parties for which there are such formal arrangements in place act as the Fund's agents as they have an obligation to remit such donations to the Fund, and retain only a fixed commission.

Revenue - Pledges
The Fund also receives pledges for donations of cash. Pledges are unenforceable undertakings to transfer assets to the recipient entity. Pledges do not meet the definition of an asset in accordance with the Conceptual framework for financial reporting as the recipient entity is unable to control the access of the transferor to the future economic benefits or service potential embodied in the item pledged. The Fund therefore does not recognise pledges as revenue until received in cash.

Revenue - contributions in-kind
The Fund receives certain services and goods in-kind. There is no specific IFRS that deals with the receipt of services and goods in-kind as part of a non-exchange transaction. Management has consequently developed an accounting policy for contributions of goods and services in-kind, informed by the business model of the Fund.

Contributions in-kind include either goods (e.g. equipment or inventory) or services (e.g. administrative, transport, audit or legal services). In return, the Fund does not transfer any consideration (in the form of cash or otherwise), to the donor in exchange for the goods or services received.

The Fund has been set up to operate entirely through volunteerism. As a result, the underlying business model of the Fund relies on appropriately qualified individuals who have either been seconded or have volunteered their time to the Fund and have performed their responsibilities on a pro bono basis.

2.3 Use of judgements (Continued)

In total, during the course of the financial period, numerous volunteers from various companies have provided their professional services to the Fund. The professional services provided by these individuals cover a very broad range of specialist competencies, including those associated with performing the function of a director, executive management, business operations and support services, a number of whom had sub-specialisations necessary for the Fund to design and implement its health, humanitarian and behaviour change campaign strategic pillars.

Business operation functions typically include the likes of procurement, payments, quality assurance and fundraising, whilst support services include marketing, human resources, technology and finance functions, with the finance function being inclusive of accounting, tax, legal, compliance, secretarial and other administration.

In addition, independent professional services firms provided external audit, internal audit and forensic investigation services (as and when required), also on a pro bono basis.

In accordance with the Conceptual Framework, an asset is defined as a present economic resource controlled by the entity as a result of past events. An asset is recognised in the financial statements when the definition of an asset is met. Recognition of revenue occurs at the same time as the initial recognition of an asset or when an increase in assets occurs.

IAS 20, para 23 states that a government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances it is usual to assess the fair value of the non-monetary asset and to account for both the grant and asset at that fair value. An alternative is to record both the assets and the grants at a nominal amount.

IAS 16, para 15 states that items of property, plant and equipment that qualify for recognition should be measured at cost. The IAS 16 principles determine that the cost of such an item of property, plant and equipment is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

IPSAS 23 defines services in-kind as services provided by individuals to entities and the right to use assets in a non-exchange transaction. The guidance from IPSAS 23 further states that an entity may, but is not required to, recognize services in-kind as revenue and as an asset.

Due to the many uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the services, IPSAS 23 does not require the recognition of services in kind.

2.3 Use of judgements (Continued)

Taking into consideration the guidance above from IFRS and IPSAS, the Fund does not recognise the contributions which are received in-kind (or recognises them at the nominal value of R nil). This is in accordance with the guidance in terms of IAS 16, IAS 20 and IPSAS 23 outlined above.

The Fund's rationale for developing this policy to not recognise the in-kind donation at fair value is based on the significant estimation uncertainty and ability to reliably measure the fair value of these in-kind donations. The nominal value (IAS 20) or cost (IAS 16) of these in-kind donations from an accounting perspective are also Rnil, as no consideration is paid by the Fund.

Operating expenditure

The Fund incurs expenditure under three strategic pillars, namely health, humanitarian and solidarity campaigns. The timing of the expense recognition is driven by the nature of the underlying obligations of the Fund. A significant part of the expenditure is subject to contracts where the Fund makes available, by way of donation, specific goods and/or services through various service providers to beneficiaries. The activities of the Fund give rise to executory obligations and contractual obligations, depending on the strategic pillar and the specific initiative, each of which has unique spending characteristics. For executory obligations, the expense is recognised when the executory obligation is discharged to or by the respective parties or through the delivery of the related goods or services. Contractual obligations are recognised when the Fund becomes party to the contractual provisions of the contract and has an unconditional obligation to deliver cash to the implementer. For additional information in relation to the timing of the recognition of expenses, refer to note 9.

Inventory

Inventories comprise medical supplies including personal protective equipment (PPE) and critical care equipment purchased by the Fund for cash. Inventory is procured and distributed on behalf of the Fund by a logistics company, who acts as an agent of the Fund at all times. An agency agreement has been entered into with the logistics company as the Fund has a wholesaler license from the South African Health Products Regulatory Authority in terms of the Medicines and Related Substances Act 101 of 1965. Possession of the license and conclusion of the agency agreement forms the basis for ownership and the transfer of risks and rewards of medical supplies to the Fund.

The Fund enters into agreements with Outside Service Providers (OSPs) to manage the procurement of personal protective equipment and ventilators for distribution to the National Department of Health in response to the demands brought about by the COVID-19 pandemic.

2.3 Use of judgements (Continued)

The Fund is the principal in terms of all agreements and all procurement decisions are made by the management of the Fund. At no point shall the OSPs act as principals as regards to the ownership of the inventory.

The Fund's inventories as described above are therefore held for distribution at no charge, and as such also represent non-exchange transactions. Similarly, there is no specific guidance in IFRS that applies to inventories that are not held for sale in the ordinary course of business.

The IFRS Conceptual Framework (2018) defines an asset as a present economic resource controlled by the entity as a result of past events. An economic resource is a right that has the potential to produce economic benefits. Inventory may however be acquired with the sole purpose of distributing it through a non-exchange transaction which does not result in economic benefits for the entity (in other words by giving value to another company, organisation or individual without directly receiving approximately equal value in exchange).

The accounting policy for inventory is informed by IPSAS 12 *Inventory*, which allows for the initial recognition of inventory at cost if it is earmarked for distribution at no charge. Subsequent to initial

recognition, inventories earmarked for distribution at no charge are measured at the lower of cost or replacement value (as opposed to net realisable value, as the Fund does not expect to realise any future economic benefits from the distribution of the inventory).

2.4 Revenue recognition

Contributions, donations or grants – cash

Contributions, donations or grants received in cash are recognised as revenue upon receipt thereof and are measured at the amount of the increase in the net assets of the Fund. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions received without any conditions attached are recognised as revenue upon receipt. Contributions received with conditions attached, which are not currently prevalent in the Fund's activities, are recognised as revenue when the relevant conditions are met (refer note 2.3). The amount of conditional donations received throughout the financial year were immaterial.

Contributions, donations or grants – in-kind

Contributed services

The Fund receives certain services in kind from various parties and volunteers. The Fund does not recognise these amounts as revenue and expenses (refer note 2.3).

2.5 Expenditure

Contributed goods and materials

The Fund receives certain goods and materials in kind from various parties. The Fund does not recognise these amounts as revenue and assets (refer note 2.3).

In accordance with the Conceptual Framework, expenses are decreases in assets, or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holders of equity claims. The recognition of expenses occurs at the same time as the initial recognition of a liability, or an increase in the carrying amount of a liability or the derecognition of an asset, or a decrease in the carrying amount of an asset.

The Fund is responsible for facilitating the disbursement of donation funds received to the relevant and approved parties that, on their part, either have the responsibility to utilise the funds received from the Fund to achieve the objectives of the Fund; or to utilise the donation funds received to acquire goods to

be distributed; or to fund expenses incurred by service providers in rolling out campaigns under the mandate and control of the Fund. The projects that the Fund engages in, are aligned with its objectives and purpose, being to aid in the COVID-19 pandemic relief.

The Fund incurs expenditure under three strategic pillars, namely:

- Health response, which mainly includes the procurement and subsequent distribution of medical equipment including personal protective equipment ("PPE");
- Humanitarian, which mainly includes making use of relevant and approved implementing parties in rolling out humanitarian efforts; and
- Solidarity Campaigns, which mainly include the disbursement of funds to service providers that assist the Fund in rolling out its various campaigns.

The expenses incurred by the Fund in relation to each of these strategic pillars are recognised in profit or loss when incurred by the Fund, which is when the Fund becomes a party to the contractual provisions of the underlying supply arrangement with the relevant and approved parties and when acquired goods are donated and transferred to beneficiaries (as applicable).

The timing of the expense recognition is driven by the nature of the underlying obligations of the Fund. The activities of the Fund give rise to executory obligations and contractual obligations, depending on the strategic pillar and the specific initiative, each of which has unique spending characteristics.

2.5 Expenditure (Continued)

Executory contracts are contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent. Executory contracts are contracts under which the Fund has an obligation to procure and make available goods or services to the various implementers that are being assisted by the Fund or directly to the ultimate beneficiary/ donating site.

Health response:
Personal protective equipment (PPE) and medical equipment are acquired by the Fund. An expense is recognised when the goods are donated by the Fund and transferred to the beneficiaries.

The Fund also incurs expenditure on COVID vaccinations and research under the health strategic pillar. The expenditure for vaccinations is recognised when the substantive conditions as contractually agreed have been met indicating that the expense has been incurred in relation to the vaccination efforts mandated by the Fund. The expenditure for research is recognised and considered to have been incurred when the completion reports are received from the supplier. Logistics costs incurred by the Fund to deliver the goods to beneficiaries are recognised when the service is delivered.

Humanitarian:
Expenditure for food parcels and vouchers is incurred and recognised when the appointed service provider(s) provides the Fund with contractually required evidence of delivery.

Expenditure for gender-based violence related projects is incurred and recognised by the Fund when the service provider has used the Funds in accordance with the contractual arrangements and the related support has been provided to the Fund.

Solidarity Campaigns:
Expenses incurred in relation to the Solidarity Campaigns are recognised as the service provider performs in accordance with the contract evidenced through completion/ status reporting indicating that the costs have been incurred and the service has been rendered.

The Fund incurs no material administrative or payroll expenditure as these services are provided through volunteering activities

2.6 Inventory

Measurement at recognition

Inventories that are purchased, and qualify for recognition as assets are initially measured at cost.

2.6 Inventory (Continued)

Measurement after recognition

Inventories are measured at the lower of cost or replacement value, where they are held for distribution through a non-exchange transaction (refer note 2.3). Inventories comprise medical supplies including personal protective equipment (PPE) and critical care equipment.

The cost of inventories is based on the first-in first-out method cost basis, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Any write downs of inventory or reversals of previous write downs or losses, are recognised in profit or loss in the period when the write down or reversal occurs.

Inventory that is distributed at no charge is recognised as an expense and presented within the Expenditure line in the Statement of Profit or Loss and Other Comprehensive Income

2.7 Foreign currency translation

Functional and presentation currency

The financial statements are presented in South African Rands (ZAR), which is also the functional currency of the Fund.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency at year-end exchange rates are recognised in profit or loss within foreign exchange gains/losses.

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

2.8 Financial Instruments

Financial instruments consist of bank deposits, other receivables and accounts payable. Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current.

2.8 Financial Instruments (Continued)

Financial liabilities are classified as non-current if the Fund has an unconditional right to defer payment for more than 12 months from the reporting date; if not, they are classified as current.

Classification and initial measurement of financial assets and liabilities

Financial instruments held by the Fund are classified in accordance with the provisions of IFRS 9 *Financial Instruments*. The Fund classifies its financial assets as debt instruments measured at amortised cost. Financial liabilities are measured at amortised cost.

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Fund are presented below:

2.8.1 Other receivables

The Fund classifies its other receivables into the following categories:

- Agricultural & food vouchers receivable
- Research & Covid testing receivable
- PPE Sales – funds due from Imperial
- Bank administrative errors

Other receivables that meet the definition of financial assets are initially recognised and measured at fair value and are subsequently measured at amortised cost less a provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. These other receivables have been classified in this manner as their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on other receivables. The expected credit losses for all categories of other receivables balances were insignificant at the reporting date.

Impairment of other receivables and cash and cash equivalents

The Fund applies the simplified parameter-based approach to calculate expected credit loss on other receivables and cash and cash equivalents – ECL is calculated using a formula incorporating the following parameters: Exposure at Default (EAD), Probability of Default (PD), Loss Given Default (LGD) discounted using the Effective Interest Rate (EIR) (i.e. PD x LGD x EAD = ECL). A qualitative assessment of the impact of forward-looking information has been performed and found to be immaterial. Given the nature of the Fund's activities and parties to the receivables, the probability of default of the counterparties has been assessed to be low.

2.8.1 Other receivables (Continued)

The loss allowance for other receivables classified as financial assets is measured at an amount equal to lifetime expected credit losses, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including that which is forward looking.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments.

Other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Fund, and a failure to make contractual payments for a period of greater than 120 days past due.

The agricultural and food vouchers and research and COVID testing receivables relate to amounts made available by the Fund to suppliers for agricultural or food vouchers, COVID research and testing. The Fund has a contractual right to receive these amounts back from the parties to the extent that these funds are not used for the purposes intended.

The overpayment receivable from suppliers is mainly due to the Fund's treasury support team incorrectly effecting a duplicate payment to a supplier and due to an incorrect supplier being paid, both of which were corrected subsequent to year-end and refunded to the Fund.

The PPE sales receivable from Imperial relates to the following:

The National Treasury introduced a procurement practice note (Practice Note 3) which it subsequently rescinded. The practice note envisaged a scenario where the Fund, through the Business for South Africa ('B4SA') platform would procure PPE for both the private and the public sector. It would then sell the PPE so acquired. Subsequently, it was however decided that the Fund will not be selling the PPE per the new practice note (Practice Note 5). However, at this point, there were already PPE items sold. These sales of PPE already made in terms of Practice note 3 were reversed as a result and the amounts received up to that point were refunded to the PPE recipients in terms of Practice Note 5. At the reporting date, the transfer of certain of these refunds to the PPE recipients were still pending and are included as part of trade and other payables.

In addition, at the reporting date, there were also certain funds that still needed to be transferred to the Fund for PPE sales made in accordance with Practice Note 3 which were collected on the Fund's behalf, in order to process the refunds to the PPE recipients. These balances were included as part of trade and other receivables at the reporting date.

2.8.1 Other receivables (Continued)

The funds due were received in March 2021.

Impairment losses on receivables are presented within the expected credit losses line item on the income statement to the extent material (and applicable). Subsequent recoveries of amounts previously written off are credited against the same line item (if applicable).

The receivables at reporting date are not overdue, and the Fund anticipates no expected loss based on the evidence available at the year end.

While cash and cash equivalents (refer note 5) are also subject to the impairment requirements of IFRS 9, considering the sound credit standing of the financial institutions at which the cash balances are held (refer note 5), the identified impairment loss was concluded to be immaterial.

2.8.2 Cash and cash equivalents

Cash and cash equivalents include cash held in bank accounts in local and foreign currency that are initially measured at fair value and are subsequently measured at amortised cost.

Impairment on cash and cash equivalents is measured using the general model on a 12-month expected credit loss basis and reflects the short maturities of the exposures.

The Fund considers that its cash and cash equivalents have insignificant credit risk based on the sound external credit ratings of the counterparties with whom balances are held (refer note 5).

2.8.3 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as measured at amortised cost. Accounts payable are initially measured at fair value, including transaction costs and subsequently at amortised cost using the effective interest method

2.8.4 Derecognition

Financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Derecognition gains and losses on financial assets are recorded in profit or loss.

2.8.4 Derecognition (Continued)

Financial liabilities

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

2.9 Intangible Assets

In terms of IAS 38 Intangible Assets (IAS 38), an intangible asset is defined as an identifiable non-monetary asset without physical substance.

The Fund acquired intellectual property to manufacture ventilators which were requested by the National Department of Health. The intellectual property meets the definition of an intangible asset in terms of IAS 38 as a separately acquired intangible asset. The probability recognition criteria for separately acquired intangible assets is always considered to be satisfied. The intellectual property is initially recognised at cost and is subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation shall commence when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised.

The amortisation method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The amortisation charge for each period shall be recognised in profit or loss unless IAS 38 permits or requires it to be included in the carrying amount of another asset.

Taking into account the purpose for which the intellectual property was acquired (i.e., in relation to the manufacturing of a specific number of ventilators as requested by the National Department of Health) the cost of the intellectual property is amortised on the unit of production method which was selected as the method that best represents the expected consumption of the intellectual property. Accordingly, the amortisation charge constitutes part of the cost of manufacturing the ventilators and is therefore included in the carrying amount of inventories manufactured.

2.10 Interest Income

Interest income is included in profit or loss using the effective interest rate method.

2.11 Taxation

In terms of section 10(1)(cN) of the Income Tax Act the receipts and accruals of the Fund are exempt from income tax as the Fund is registered with the South African Revenue Service as a Public Benefit Organisation (PBO).

Consequently, the Fund also does not account for income tax or deferred tax in accordance with IAS 12 Income Taxes.

2.12 Related party transactions

The Fund's related parties include its Board members and key management, inclusive of their close family members and related entities. Key management and Board members are engaged by the Fund on a pro bono, volunteer or secondee basis.

2.13 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the fund's financial performance. Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management. Please refer to the accounting policy note 2.8 for details on the recognition, subsequent measurement and derecognition of the Fund's financial instruments.

The following table sets out the Fund's financial assets and financial liabilities:

	2021
Financial instruments per category (R'000)	**Amortised Cost**
Assets	
Cash and Cash Equivalents	1 246 732
Other receivables*	67 050
Liabilities	
Trade and other payables	70 483

2.13 Financial risk management (Continued)

*Other receivables represent contractual rights to receive cash from the counterparty. This balance excludes the VAT Receivable which is not considered to be a financial asset as defined.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of donor funding. Liquidity risk arises when there are insufficient funds available to cover future commitments. The company manages liquidity risk through ongoing review of future commitments and making commitments on the basis of existing cash balances. Cash flow budgets and forecasts are prepared on an annual basis and monitored monthly.

The table below analyses the Fund's liabilities into the relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The maturity analysis table below outlines amounts due on demand, in less than 1 year and beyond 1 year.

	R'000		
Trade and other payables:	**Due on demand**	**Due within 1 year**	**Due beyond 1 year**
Trade Payables	26 450	-	-
Accruals - Delivered not yet invoiced	28 183	-	-
PPE Sales Refunds	15 850	-	-
	70 483	-	-

2.13 Financial risk management (Continued)

Interest rate risk

The Fund has interest-bearing assets in the form of cash and cash equivalents held at banks, from which the Funds earns interest income and is therefore exposed to interest rate risk. The Fund has no interest-bearing financial liabilities.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed by the Fund. Credit risk arises from cash and cash equivalents as well as credit exposures to outstanding receivables (excluding VAT).

For banks and financial institutions, only independently rated parties are accepted. The Fund has no significant concentration of credit risk, due to the nature of its activities. The Fund has policies in place in the form of credit checks to ensure that it's counterparties have appropriate credit histories. Cash transactions are limited to high credit quality financial institutions. The Fund has limited credit exposure to any one financial institution. The Fund has no significant concentration of credit risk, due to its wide spread of counterparties. Please refer to the notes 4 and 5 for the spread of financial institutions and counterparties.

Receivables mainly consist of amounts receivable in relation to unutilised food vouchers and COVID testing amounts. Due to the nature of these receivables, there is no risk of default.

The 'simplified approach' was adopted to calculate the expected credit loss in terms of IFRS 9, which uses a lifetime expected loss allowance for receivables. The following factors were considered in calculating the expected credit loss:

- The Fund was established in March 2020, and therefore has no historical experience.
- The credit ratings of all financial institutions indicate credit worthiness as set out in note 5.
- All other receivables in note 5 have a short-term maturity.
- As detailed in note 5, all other receivables were settled within six months of the year ended 28 February 2021.
- The industries in which the counterparties to the other receivables operate are not subject to high credit risks.

From the above, the Fund has determined the expected credit loss to be immaterial for all financial assets.

2.13 Financial risk management (Continued)

The balance of other receivables and cash and cash equivalents to which the simplified parameter-based approach has been applied is as follows:

	Other receivables R'000	Cash and cash equivalents R'000	Total R'000
Gross carrying amount	**67 050**	1 246 732	1 313 782
Expected credit losses	*	*	*

* - The expected credit losses in relation to the gross carrying amounts of these financial assets were concluded to be immaterial at the reporting date.

Currency risk
The Fund is exposed to currency/ foreign exchange risk arising in respect of cash balances held in international currencies, primarily denominated in US Dollars. Foreign exchange risk arises when transactions are denominated in a currency that is not the entity's functional currency.

Capital risk management

The Fund's principal objective when managing capital is to safeguard the Fund's accumulated funds and related ability to continue as a going concern in order to provide benefits to the Fund's target beneficiaries and other stakeholders.

The business operating model of the Fund is not to preserve funds, but rather to channel funds based on the donation income received to fulfil its mandate.

2.14 Adoption of accounting pronouncements that became effective during the current financial reporting period

The Fund adopted all the new and revised pronouncements issued by the International Accounting Standards Board (IASB) and the IFRIC relevant to its operations that are effective for reporting periods beginning on or after 1 January 2020. The adoption of these revised pronouncements did not have any material effect on the Fund's financial performance or position. The pronouncements that became effective during the current financial period include:

2.14 Adoption of accounting pronouncements that became effective during the current financial reporting period (Continued)

Amendments to IFRS 3 – Definition of a business
This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The effective date of this amendment is for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 on the definition of material
These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
ii) clarify the explanation of the definition of material; and
iii) incorporate some of the guidance in IAS 1 about immaterial information.
The effective date of this amendment is for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The effective date of this amendment is for annual periods beginning on or after 1 January 2020.

2.15 Accounting pronouncements that are not yet effective

Certain accounting pronouncements issued by the International Accounting Standards Board (IASB) and the IFRIC were issued that will only become effective in subsequent reporting periods, as highlighted below. None of these were early adopted by the Fund. These include the following:

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient

2.15 Accounting pronouncements that are not yet effective (Continued)

from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications.

In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The effective date of this amendment is for annual periods beginning on or after 1 April 2021.
The adoption is not expected to have any material impact on the financial statements as the Fund has no leases.

IFRS 17 Insurance contracts
This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The effective date of this amendment is for annual periods beginning on or after 1 January 2021.
The adoption is not expected to have any material impact on the financial statements as the Fund is not party to any insurance contracts.

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The effective date of this amendment is for annual periods beginning on or after 1 January 2021.
The adoption is not expected to have any material impact on the financial statements as the Fund is not involved in any transactions affected by IBOR.

Narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

2.15 Accounting pronouncements that are not yet effective (Continued)

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

The effective date of these amendments is for annual periods beginning on or after 1 January 2022.

The adoption is not expected to have a material impact as the Fund has no property, plant and equipment. The Fund is a not-for-profit company, and therefore is not party to business combinations. There Fund's transactions are non-exchange in nature, and therefore there are no profit-making transactions. All other amendments are not expected to have a material impact.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The effective date of this amendment is for annual periods beginning on or after 1 January 2023.

The amendment is not expected to have a material impact as the Fund has no non-current liabilities.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The effective date of these amendments is for annual periods beginning on or after 1 January 2023.

The amendment is not expected to have a material impact as the Fund is expected not to have changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
This amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
The effective date of these amendments is for annual periods beginning on or after 1 January 2023.
The amendment is not expected to have a material impact as the Fund has no deferred taxes.

2.15 Accounting pronouncements that are not yet effective (Continued)
Amendments to IAS 37 on Onerous Contracts—Cost of Fulfilling a Contract
This amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

The effective date of this amendment is for annual periods beginning on or after 1 January 2022.
The adoption is not expected to have a material impact as the Fund transactions are non-exchange in nature, and therefore there are no profit-making transactions.

3.INTELLECTUAL PROPERTY

	Rand R'000
Cost	19 000
Amortisation	(19 000)
Total	**-**

The Fund acquired intellectual property in the form of design prototypes to be used for the manufacturing of ventilators in respect of a specific contract with the National Department of Health. The intellectual property was amortised based on the unit of production method taking into account the number of ventilators manufactured. The intellectual property is fully amortised at the year-end as all ventilators in relation to this intellectual property have been manufactured.

The amortisation relating to the intellectual property used in the manufacturing process has been capitalised to the inventory manufactured, as it forms part of the cost of the manufactured ventilators. Refer to Note 4. Subsequent to year end, the Fund has donated the intellectual property to the Council for Scientific and Industrial Research.

4. INVENTORIES

Inventories comprise the following finished goods:

	Rand R'000
Personal protective equipment (PPE)	691
Ventilators	107 996
	108 687

4. INVENTORIES (Continued)

Ventilators on hand at year end include amortisation of intellectual property capitalised to the amount of R8,7million (refer note 3).

5. OTHER RECEIVABLES

Other Receivables comprise the following:

	Rand R'000
Agricultural & food vouchers receivable	16 384
Research & Covid testing receivable	29 512
PPE Sales – funds due from Imperial	15 849
VAT receivable	21 978
Overpayment receivable from supplier	1 867
Sub-total	85 590
Bank interest accrued	3 438
	89 028

The VAT receivable represents the total submitted claims to the South African Revenue Service (SARS) that had not yet been refunded.

The Overpayment receivable from supplier relates to the bank incorrectly making a duplicate payment to a supplier which was corrected subsequent to year-end, and refunded to the Fund.

The PPE sales receivable from Imperial was received by the Fund in March 2021. Please refer to note 2.8.1 for the details of the PPE sales receivable.

The agricultural and food voucher receivable has been fully utilised by the beneficiaries during the period March – May 2021.

The research and COVID testing receivable relates to payments made to suppliers for COVID research and testing. The projects were still ongoing at the end of the financial year. The Fund has a contractual right to receive its money back should these projects not be completed or the funds provided not utilised.

5. OTHER RECEIVABLES (Continued)

All other receivables, apart from the VAT receivable, represent a contractual right for the remaining money to be refunded to the Fund, if not utilised.

The simplified approach was used when calculating the expected credit loss on the above receivables. The expected credit loss is considered immaterial.

6. CASH AND CASH EQUIVALENTS

	Rand R'000
Standard Bank – main bank account	1 184 653
First National Bank	4 488
ABSA	566
Standard Bank - Foreign Account ($3 792 948 @ R15.0341)	57 024
	1 246 732

Cash at Bank comprises current accounts at local and foreign banks. The Standard Bank main bank account has a trading facility of R40,000,000 for the express purpose of funding foreign exchange-related transactions emanating from cross-border purchases. The facility is not a general borrowing facility but serves to fund any differences in the spot rates upon settlement of foreign purchases. Amounts paid out of this facility are automatically charged against the main bank account of the Fund. There are no covenants or security for this facility.

The National long-term ratings of all these banks are Ba1. Due to the sound credit ratings of the financial institutions used by the Fund, the expected credit loss has been determined to be immaterial. The sensitivity of the year end Standard Bank Foreign Account balance to a 10% foreign exchange rate movement is a R5.7 million improvement in profit or loss and equity should the Rand to Dollar exchange rate weaken by 10%, and a corresponding R5.7 million decline if the Rand to Dollar exchange rate were to strengthen by 10%, with all other variables remaining constant.

The sensitivity of the year end bank account balances to a 10% movement in interest rates is R4.17 million improvement in profit and loss and equity should the interest rates increase by 10%, and a corresponding R4.17 million decline if interest rates decrease by 10%, with all other variables remaining constant.

7. TRADE AND OTHER PAYABLES

Trade and Other Payables comprise the following:

	Rand R'000
Trade Payables	26 450
Accruals - Delivered not yet invoiced	28 183
PPE Sales Refunds	15 850
	70 483

Trade and other payables are payable on demand and the amounts disclosed are undiscounted. The discounting of the trade and other payables is deemed immaterial due to the short amount of time between recognition and settlement date.

The National Treasury introduced a procurement practice note (Practice Note 3) which it subsequently rescinded. The practice note envisaged the scenario where the Solidarity Fund, through the B4SA platform would procure PPE for both the private and the public sector. It would then sell to the private sector at full cost and at full cost less 90% to the public sector. The remaining 90% would then be recycled back to the SF on an ongoing basis in order to stretch the funding available for PPE procurement to the public sector. Subsequently, it was however decided that the Fund will not be selling the PPE per the new practice note (Practice Note 5). At that stage, there were already PPE items sold. These sales of PPE already made in terms of Practice note 3 were reversed and the amounts received were refunded to the recipients of the PPE in terms of Practice Note 5. At the reporting date, certain of these refunds were still pending and are included as part of trade and other payables.

SOLIDARITY RESPONSE FUND NPC

(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

NOTES TO THE FINANCIAL STATEMENTS

8. REVENUE

Revenue comprises cash contributions/ donations received from donors.

		Rand R'000
Contributions/ Donations received		
Corporates/Trusts		3 146 966
- Domestic	3 071 383	
- Foreign	75 584	
Individuals		66 756
- Domestic	66 454	
- Foreign	302	
Anonymous donations		19 465
Total Revenue		**3 233 187**

Included in the Revenue of R3,2 billion is an amount of R27m that was received through third party collection agents.

SOLIDARITY RESPONSE FUND NPC

(Registration number 2020/179561/08)

FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON 25 MARCH 2020 TO 28 FEBRUARY 2021

NOTES TO THE FINANCIAL STATEMENTS

9. OPERATING EXPENDITURE

Expenditure has been arrived at after taking into account the following:

Nature of Expenditure	Pillar	Rand R'000	Rand R'000
			1 528 157
Donation of PPE	Health	620 807	
Losses incurred on PPE	Health	4 273	
Donation of Critical Care Equipment	Health	107 868	
Donation of Manufactured Ventilators	Health	127 464	
COVID Test kits	Health	259 340	
COVID Testing	Health	27 740	
COVID Research	Health	11 760	
Vaccinations (COVAX)	Health	283 327	
Logistics	Health	85 578	
			257 993
Gender Based Violence	Humanitarian	21 359	
Food Parcels	Humanitarian	106 575	
Losses on food parcels	Humanitarian	9 026	
Food and Farming Vouchers	Humanitarian	121 033	
Behaviour Change Campaign	Campaigning		119 630
			R1 905 780

There are no costs in relation to external audit, internal audit, secretarial, legal, tax and other advisory services performed on behalf of the Fund, as these were provided on a pro bono basis. All directors and key management have either been seconded or volunteered their time and have performed their governance and management responsibilities on a pro bono basis. Accordingly, the Fund has not incurred any administration costs.

In distributing PPE and food parcels, procured as part of the respective health and humanitarian strategic pillars, losses incurred as a result of obsolescence or damage amounted to R4.2m and R9m respectively.

9. OPERATING EXPENDITURE (Continued)

which were not in excess of the Fund's normal course of business expectations and/or limit thresholds. These losses have been included as part of donation of PPE and food parcels in the expenditure analysis included as part of this note.

10. INTEREST INCOME

	Rand **R'000**
Bank interest	51 222
Accrued bank interest	3 437
	54 660

11. FOREIGN EXCHANGE LOSS

	Rand **R'000**
Foreign exchange loss	**8 099**

The foreign exchange loss arose from the revaluation of the foreign currency bank account per note 6.

12. CASH PAID TO SUPPLIERS

	Rand **R'000**
Expenditure	1 905 780
Other Receivables	85 590
Accounts Payable	(70 483)
Inventory	108 687
	2 029 574

13. RELATED PARTY TRANSACTIONS

All Board members and key management (including their closely related family members and dependents) of the Fund who, during the course of the financial period ended 28 February 2021, had authority and responsibility for planning, directing and controlling the activities of the Fund, either directly or indirectly, are considered to be related parties.

No remuneration has been paid to the directors during the period under review as their services have been provided on a pro bono basis (refer note 13). Taking into account the requirements of section 24 (5) of the Companies Act and IAS 24 *Related Party Disclosure* requirements, no other related party transactions have been entered into during the period ended 28 February 2021.

The following individuals are considered key management of the Fund during the course of the financial period ended 28 February 2021:

Ms. Tandiwe Nzimande

Ms. Ms. Nomkhita Nqweni (resigned on 31/10/2020)

Ms. Zanele Ngwepe

Mr. Andrew Mashifane (resigned on 30/11/2020)

Mr. Michael Easter (resigned on 31/07/2020)

14. COMMITMENTS

Operating and Project expenditure

The directors from time to time consider proposals in line with the Fund's mandate. These proposals, once approved, require finalisation of contractual arrangements and subsequent placing of orders with vetted suppliers, before execution.

At period end the following projects were approved and contracted for:

	Rand R'000
Health	391 672
Humanitarian	139 209
Behavioral Change Campaign	54 696
	585 577

Commitments will be funded from available cash received from fulfilled donor pledges in line with the mandate of the Fund.

15. DIRECTORS REMUNERATION

All directors and key management have either been seconded or volunteered their time and have performed their governance and management responsibilities on a pro bono basis (note 13).

16. GOING CONCERN

The Fund's financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The Memorandum of Incorporation ("MOI") of the Fund states that the Fund does not have a specified period of existence and the Fund's termination will be determined by the directors having regard to whether it still is a necessity to maintain the Fund in existence so as to enable the ongoing fulfilment of its objectives.

This MOI statement introduces an inherent and material uncertainty with respect to whether or not the Fund should be regarded as a going concern.

In fulfilling the Fund's rapid response mandate, towards the end of February 2021, the Board turned its attention to supporting the national vaccine programme. The rollout of this programme is inherently complex, and this complexity has been exacerbated by the emergence of a third infection wave, with further waves expected later in 2021 /early 2022, and the emergence of other variants.

Furthermore, in July 2021 this year, the Board responded to the KZN and Gauteng riots by agreeing to set up a humanitarian crisis fund which will provide food relief and medical support, which in turn has required the amendment of the Fund's MOI and related application to the CIPC.

The board is of the opinion that these two initiatives in themselves necessitate the existence of the Fund to at least the 28 February 2022 financial year end and up to 30 September 2022.

During the financial period ended 28 February 2021, the Fund received donations of R3.2 billion and paid R1,9 billion across to suppliers, beneficiaries and implementing agents resulting in a remaining balance of R1.25 billion of cash on hand at year end.

The Fund has committed and approved operational expenses of R1.196 billion for the 19-month period ending 30 September 2022, consisting of:

- R578 million committed to approved projects at 28 February 2021 period end;
- R325 million approved by the Fund's Disbursement Committee for the vaccine roll-out;

16. GOING CONCERN (Continued)

- R124 million approved by the Fund's Disbursement Committee for the humanitarian crisis fund; and
- R169 million committed to a cross-section of other approved projects in the health response, humanitarian and communication strategic pillars.

From a funding perspective, the Fund will continue to rely on the support of donors, of volunteers and on pro bono support, and the board has a reasonable expectation that the Fund will receive sufficient such support, which, together with the R1.25bn cash on hand at 28 February 2021 referred to above, should enable the ongoing operations of the Fund for the next 12 months.

Based on the circumstances described above, the board is of the opinion that in all probability the Fund will still be in existence in a year's time and, accordingly, have agreed that the financial statements should be, and are, prepared on the assumption that the entity is a going concern although a material uncertainty exists for the reasons as mentioned above.

17. EVENTS AFTER REPORTING DATE

Post the financial year-end but prior to the financial statements being authorised for issue, the Fund communicated in March 2021 its strategic intent to raise R250 million in support of the national vaccination rollout programme. Also, on 17 July 2021 the President Cyril Ramaphosa announced that the Fund had established a Humanitarian Crisis Fund as detailed in the Going Concern note above. The MOI of the fund was amended to accommodate the Humanitarian Crisis Fund establishment. Management of the Fund considered this communication to be a non-adjusting event as the vaccine rollout programme was not a condition that existed at year-end. Therefore, the financial statements were not adjusted for this matter.

Other than these material events, the directors are not aware of any other material events after the balance sheet date and before the date of authorisation of the financial statements that require adjustment or disclosure in the financial statements.

18. CONTINGENT LIABILITIES

Where the Fund (in its capacity as a conduit PBO, approved for the purposes of section 18A(1)(b) of the Income Tax Act) on-distributes donations, in respect of which section 18A receipts were issued, and the recipient organisation has not been approved by SARS for the purposes of section 18A(1)(a) or 18A(1)(c), the Fund is non-compliant with the provisions of section 18A(2A) (b)(ii) of the Income Tax Act.

18. CONTINGENT LIABILITIES (Continued)

The estimated value of the contingent liability is determined at R158 million. In accordance with legal advice obtained by the Fund, an outflow of economic benefits in relation to this matter is not considered to be probable.