

SOLIDARIDAD NETWORK FOUNDATION LIMITED

COMPANY REGISTRATION NO. 120150131541

NPO REGISTRATION NO. RNGO 101/0325/14

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

Annual Financial Statements for the year ended 31 December 2018

General Information

Country of incorporation and domicile	Zambia	
Nature of business and principal activities	The Company is engaged in promoting production with respect for people and planet, and reliable trade relations that give producers a fair deal in developing countries within the Southern African region.	
Directors	The following directors held office for the year under review:- Name A Mulenga W P Matthews	
Company secretary	A Mulenga	
Legal form	Non Profit Company	
Registration numbers	Company registration NPO registration no.	120150131541 RNGO 101/0325/14
Registered office and business address	32a Leopards Hill Road Kabulonga Lusaka	
Website address	solidaridadnetwork.org	
Principal Bankers	Stanbic Bank	
Preparer	The annual financial statements were internally prepared by W Matthews.	
Level of assurance	These annual financial statements have been audited independently in compliance with the applicable requirements of the Articles of Association of the Company.	

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are required, by the Companies Act (Chapter 388 of the Laws of Zambia), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as 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 for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets out standards for internal control aimed at reducing the risk of error or loss in a cost - effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

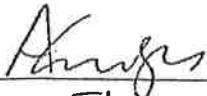
The directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the presentation of the financial statements. However, any system of internal financial control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

The directors have reviewed the company's cash flow forecast for the year to 31st December 2019 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 5 to 17, which have been prepared on the going concern basis, were approved by the board of directors on the 18th April 2019 and signed on its behalf by:



ANGELA MULEWAGA





P O BOX 32707
BRAAMFONTEIN
2017
SOUTH AFRICA

TEL (011) 403 3835
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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

Unqualified Opinion

We have audited the financial statements of Solidaridad Network Foundation Limited, set out on pages 6 to 17, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of Solidaridad Network Foundation Limited, as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with its accounting policies and International Financial Reporting Standards for Small and Medium - sized Entities.

Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of financial statements in South Africa. We have fulfilled our other ethical requirements in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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
- obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also communicate with those charged with governance regarding all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink, appearing to read "DC Douglas".

DC Douglas
Douglas & Velcich
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
10 May 2019

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541**

**REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2018**

The directors present their report, together with the annual financial statements of the company for the financial year ended 31 December 2018.

GENERAL

The Company was operating as a regional office which was consolidated into the accounting records of the Solidaridad Network SA Trust registered in South Africa.

At the beginning of 2018, it was decided by the Network to reflect the Company separately from the South African Trust.

The Company formally registered on on the the 1st April 2015.

The Company is engaged in facilitation and promotion of socio-economic development in agri-business and related services.

The operating results and state of affairs of the Company are fully set out in the attached

EQUIPMENT

During the year under review, the Company purchased equipment with a total cost of ZMW840,105 (2017:ZMW180,839).

SUBSEQUENT EVENTS

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

DIRECTORS

The directors of the company are :

A Mulenga
W P Matthews

AUDITORS

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Note	2018 ZMW	2017 ZMW
ASSETS		2 032 965	315 121
Non current assets		862 314	157 877
Equipment	3	862 314	157 877
Current assets		1 170 651	157 244
Accounts receivable	4	153 849	44 448
Cash and cash equivalents	5	1 016 802	112 796
Total assets		2 032 965	315 121
RESERVES AND LIABILITIES		2 032 965	315 121
Reserves		854 500	248 158
General fund		(21 448)	90 281
Equipment fund		862 314	157 877
Motor vehicle replacement fund		13 634	-
Current liabilities		1 178 465	66 963
Accounts payable	6	892 720	66 963
Deferred income	7	285 745	-
Total reserves and liabilities		2 032 965	315 121

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 ZMW	2017 ZMW
INCOME		6 080 167	2 249 381
Transfers from Solidaridad South Africa		5 484 935	1 503 941
Expenses paid on behalf by Solidaridad South Africa		530 733	734 401
Other income		64 500	11 039
EXPENDITURE		5 219 843	1 978 261
Assets expensed directly		3 186	2 481
Bank charges		11 916	7 665
Communication costs		47 346	39 538
Conference attendance		3 300	-
Consulting fees		15 677	-
Foreign exchange loss/(gain)		(79)	-
Insurance		2 569	-
IT support		2 510	3 981
Legal fees		8 700	20 321
Office expenses		48 231	16 272
Printing, postage and stationery		39 510	28 683
Programme costs		2 432 304	540 187
Rent, water and electricity		264 590	148 204
Repairs and maintenance		43 837	32 367
Salaries and contributions		2 267 266	1 099 103
Travel and accommodation		28 980	39 459
		860 324	271 120
OTHER COMPREHENSIVE INCOME		(972 053)	(180 839)
Transfer to the equipment fund - fund assets		(840 105)	(180 839)
Transfer to the motor vehicle replacement fund		(131 948)	-
COMPREHENSIVE (LOSS)/INCOME		(111 729)	90 281

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF CHANGES IN RESERVES
 FOR THE YEAR ENDED 31 DECEMBER 2018

	General fund ZMW	Programme funds ZMW	Equipment fund ZMW	Motor Vehicle Replacement fund ZMW	Total ZMW
Balance at 31 December 2016	-	-	-	-	-
Allocation of funds during the year	90 281	-	180 839	-	271 120
Results for the year	271 120	-	-	-	271 120
Transfer to equipment fund - funded assets	(180 839)	-	180 839	-	-
Depreciation for the year	-	-	(22 962)	-	(22 962)
Balance at 31 December 2017	90 281	-	157 877	-	248 158
Allocation of funds during the year	(111 729)	-	840 105	131 948	860 324
Results for the year	728 588	131 736	-	-	860 324
Transfer to equipment fund - funded assets	(840 105)	-	840 105	-	-
Transfer (to) Motor Vehicle Replacement fund	(212)	(131 736)	-	131 948	-
Depreciation for the year	-	-	(135 668)	-	(135 668)
Expenditure directly to the fund	-	-	-	(118 314)	(118 314)
Balance at 31 December 2018	(21 448)	-	862 314	13 634	854 500

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
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**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2018**

	Note	2018 ZMW	2017 ZMW
Cash received from Solidaridad South Africa		5 484 935	1 481 464
Cash received from Grantors		285 745	-
Cash received from Other project income		64 500	11 039
Cash expended on programmes, suppliers and employees		(4 091 068)	(1 221 346)
		<hr/>	<hr/>
Cash generated from operations	10	1 744 112	271 157
Interest received		-	-
Interest paid		-	-
		<hr/>	<hr/>
Net cash inflow from operating activities		1 744 112	271 157
Cash flows (utilised in) investing activities		(840 105)	(158 361)
Acquisition of equipment	3	(840 105)	(158 361)
Cash flows generated from financing activities		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		904 006	112 796
Cash and cash equivalents at beginning of year		112 796	-
		<hr/>	<hr/>
Cash and cash equivalents at end of year	5	1 016 802	112 796
		<hr/> <hr/>	<hr/> <hr/>

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541**

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES

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

1.1 Accounting convention

The company is registered under the Companies Act of Zambia, as a company limited by guarantee and as such no part of its income or property shall be transferred to members, directly or indirectly. All reserves of the company are consequently non-distributable.

1.2 Equipment

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

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

Costs include costs incurred initially to acquire or construct an item of tangible assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of tangible assets, the carrying amount of the replaced part is derecognised.

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

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

Item	Useful life
Computer equipment	3 years
Motor vehicles	5 years
Office equipment	5 years
Office furniture	6 years

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

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.2 Equipment (Continued)

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

1.3 Financial instruments

Measurement

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

Accounts receivable

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

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Accounts payable

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

1.4 Impairment

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

1.5 Equipment fund

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

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

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.6 Provisions

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

1.7 Income recognition

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

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

1.8 Interest income

Interest is brought to account as and when received.

1.9 Expenditure recognition

Expenditure is accounted for on the accrual basis.

1.10 Project accounting and expense allocation

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

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

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

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

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

(a) Market risk

The company is exposed to currency risk to the extent that all transfers are received by the company in foreign currency and the company also maintain a foreign currency bank account designated in in Euros.

(b) Credit risk

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

(c) Liquidity risk

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

3. EQUIPMENT

31 December 2018

	Computer equipment ZMW	Motor vehicle ZMW	Office equipment ZMW	Office furniture ZMW	Total ZMW
Net book value at 1/1/2018	56 584	-	9 360	91 933	157 877
Cost	70 146	-	10 400	100 292	180 839
Accumulated depreciation	(13 563)	-	(1 040)	(8 359)	(22 962)
Additions for the year	38 411	722 344	20 450	58 900	840 105
Depreciation for the year	(26 775)	(83 102)	(4 034)	(21 757)	(135 668)
Net book value at 31/12/2018	68 220	639 243	25 776	129 076	862 314
Cost	108 557	722 344	30 850	159 192	1 020 944
Accumulated depreciation	(40 337)	(83 102)	(5 074)	(30 116)	(158 629)

31 December 2017

	Computer equipment ZMW	Motor vehicle ZMW	Office equipment ZMW	Office furniture ZMW	Total ZMW
Net book value at 1/1/2017	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Additions for the year	70 146	-	10 400	100 292	180 839
Depreciation for the year	(13 563)	-	(1 040)	(8 359)	(22 962)
Net book value at 31/12/2017	56 584	-	9 360	91 933	157 877
Cost	70 146	-	10 400	100 292	180 839
Accumulated depreciation	(13 563)	-	(1 040)	(8 359)	(22 962)

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

	2018 ZMW	2017 ZMW
4. ACCOUNTS RECEIVABLE		
Advances to employees	96 479	9 448
Prepaid expenditure	47 300	-
Solidaridad - South Africa receivable	10 070	-
Sundry receivables	-	35 000
	153 849	44 448
5. CASH AND CASH EQUIVALENTS		
Standard Bank - Zambia (Euros)	634 248	33 282
Standard Bank - Zambia (ZMK) - UNDP	124 537	79 514
Standard Bank - Zambia (ZMK)	251 230	-
Petty cash - Local	6 788	-
	1 016 802	112 796
6. ACCOUNTS PAYABLE		
Accruals	302 116	35 202
Advances from employees	18 641	-
Payroll liabilities	26	31 761
Transfers received in advance - Solidaridad South Africa	571 938	-
	892 720	66 963
7. DEFERRED INCOME		
UNDP	251 370	-
WWF Zambia	34 375	-
	285 745	-
8. GRANT RECEIVED		
UNDP	-	-
Received	251 370	-
Deferred to 2019	(251 370)	-
WWF Zambia	-	-
Received	34 375	-
Deferred to 2019	(34 375)	-
	-	-
9. TAXATION		

No provision has been made for taxation as the NGO is in the process of applying for tax exemption status as a Public Benefit Organisation with the Minister of Finance and National Planning and as the directors believe that they are involved in one or more Public benefit activities as set out in the Tenth Schedule of the Income Tax Act of Zambia.

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

	2018 ZMW	2017 ZMW
10. CASH GENERATED FROM OPERATIONS		
Results for the year	860 324	248 643
Adjusted for :		
Increase in deferred income	285 745	-
Expenditure directly incurred in motor vehicle replacement fund	(118 314)	-
Results before working capital changes	1 027 755	248 643
Working capital changes	716 357	22 514
(Increase) in accounts receivable	(109 400)	(44 448)
Increase in accounts payable	825 757	66 963
	1 744 112	271 157
11. COMMITMENTS		
The company has the following commitment in respect of rental agreement covering office premises as follows :		
Operating lease - premises		
Payable within one year	177 000	231 000
Payable thereafter	16 000	115 500
	193 000	346 500
12. RELATED PARTIES		
Transfers from other regional offices		
Solidaridad Network - South Africa	5 484 935	1 503 941
Expenses paid on behalf from other regional offices		
Solidaridad Network - South Africa	530 733	734 401
Receivable due from other regional offices		
Solidaridad Network - South Africa (Refer to note 4 on page 15)	10 070	-
Transfers received in advance		
Solidaridad Network - South Africa (refer to note 6 on page 15)	571 938	-

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

13. GOING CONCERN

The existence of the company is dependent on the continued support of Solidaridad Network, by way of transfers. Should the transfers be withdrawn it is highly unlikely that the company will be able to continue as a going concern. The Solidaridad Network has agreed to continue supporting the company in 2019.

14. COMPARATIVE FIGURES

The comparative figures have been extracted from the annual financial statements of the Solidaridad Network SA Trust registered in South Africa, so the users of the financial statements have a clear understanding of the operational levels of the Zambia regional office.