

SOLIDARIDAD NETWORK FOUNDATION LIMITED

COMPANY REGISTRATION NO. 131541

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 131541

Annual Financial Statements for the year ended 31 December 2019

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 M Nkomo W P Matthews S Garakara
Company secretary	S Garakara
Legal form	Non Profit Company
Registration numbers	Company registration 131541
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
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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 131541**

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2020 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 11th June 2020 and signed on its behalf by:





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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 131541

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 2019, 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 2019, 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

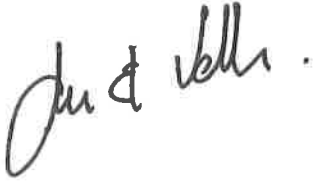
Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies and the International Financial Reporting Standards for Small and Medium - sized Entities, and for such internal control as management determines is necessary to 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.



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

**Johannesburg
22 June 2020**

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 131541**

**REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2019**

The directors present their report, together with the annual financial statements of the company for the financial year ended 31 December 2019.

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.

The Company formally registered on the 17th 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 ZMW246,028 (2018:ZMW840,105) and equipment with a net book value of ZMW12,262 was transferred from the South African network office.

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 :

M Nkomo
W P Matthews
S Garakara

AUDITORS

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
ASSETS		1 816 820	2 032 965
Non current assets		853 170	862 314
Equipment	3	853 170	862 314
Current assets		963 651	1 170 651
Accounts receivable	4	209 637	153 849
Accrued income	5	93 071	-
Cash and cash equivalents	6	660 943	1 016 802
Total assets		1 816 820	2 032 965
RESERVES AND LIABILITIES		1 816 820	2 032 965
Reserves		1 309 122	854 500
General fund		226 447	(21 448)
Equipment fund		853 170	862 314
Motor vehicle replacement fund		229 506	13 634
Current liabilities		507 698	1 178 465
Accounts payable	7	507 698	892 720
Deferred income	8	-	285 745
Total reserves and liabilities		1 816 820	2 032 965

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
INCOME		10 758 104	6 080 167
Net transfers from Solidaridad South Africa		9 946 035	5 484 935
Expenses paid on behalf by Solidaridad South Africa		57 282	530 733
Grants received - other NGO's	9	673 037	-
Other income		81 750	64 500
EXPENDITURE		9 752 368	5 219 843
Assets expensed directly		-	3 186
Bank charges		24 992	11 916
Communication costs		56 756	47 346
Conference attendance		26 572	3 300
Consulting fees		-	15 677
Foreign exchange loss/(gain)		135 989	(79)
Insurance		6 927	2 569
IT support		15 779	2 510
Legal fees		-	8 700
Office expenses		65 151	48 231
Printing, postage and stationery		39 360	39 510
Programme costs		4 271 643	2 432 304
Rent, water and electricity		277 702	264 590
Repairs and maintenance		5 641	43 837
Salaries and contributions		4 726 406	2 267 266
Travel and accommodation		99 449	28 980
		1 005 737	860 324
OTHER COMPREHENSIVE INCOME		(757 842)	(972 053)
Transfer to the equipment fund - fund assets		(258 290)	(840 105)
Transfer to the motor vehicle replacement fund		(499 552)	(131 948)
COMPREHENSIVE INCOME/(LOSS)		247 895	(111 729)

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund ZMW	Programme funds ZMW	Equipment fund ZMW	Motor Vehicle Replacement fund ZMW	Total ZMW
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
Allocation of funds during the year	247 895	-	258 290	499 552	1 005 737
Results for the year	1 005 737	-	-	-	1 005 737
Transfer to equipment fund - funded assets	(258 290)	-	258 290	-	-
Transfer (to) Motor Vehicle Replacement fund	(499 552)	-	-	499 552	-
Depreciation for the year	-	-	(267 435)	-	(267 435)
Expenditure directly to the fund	-	-	-	(283 680)	(283 680)
Balance at 31 December 2019	226 447	-	853 170	229 506	1 309 122

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
Cash received from Solidaridad South Africa		9 946 035	5 484 935
Cash received from Grantors		294 221	285 745
Cash received from Other project income		81 750	64 500
Cash expended on programmes, suppliers and employees		(10 419 575)	(4 091 068)
		<hr/>	<hr/>
Cash (utilised in)/generated from operations	11	(97 569)	1 744 112
Interest received		-	-
Interest paid		-	-
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		(97 569)	1 744 112
Cash flows (utilised in) investing activities		(258 290)	(840 105)
Acquisition of equipment	3	(258 290)	(840 105)
Cash flows generated from financing activities		-	-
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(355 859)	904 006
Cash and cash equivalents at beginning of year		1 016 802	112 796
		<hr/>	<hr/>
Cash and cash equivalents at end of year	6	660 943	1 016 802
		<hr/> <hr/>	<hr/> <hr/>

**SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 131541**

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (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 2019 (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
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (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
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (Continued)

3. EQUIPMENT

31 December 2019

	Computer equipment ZMW	Motor vehicle ZMW	Office equipment ZMW	Office furniture ZMW	Total ZMW
Net book value at 1/1/2019	68 220	639 243	25 776	129 076	862 314
Cost	108 557	722 344	30 850	159 192	1 020 944
Accumulated depreciation Transferred from South Africa	(40 337)	(83 102)	(5 074)	(30 116)	(158 629)
Additions for the year	9 936	-	2 326	-	12 262
Depreciation for the year	61 345	102 420	41 850	40 413	246 028
	(68 502)	(161 539)	(8 794)	(28 600)	(267 435)
Net book value at 31/12/2019	71 000	580 124	61 158	140 889	853 170
Cost	179 839	824 764	75 026	199 605	1 279 234
Accumulated depreciation	(108 839)	(244 640)	(13 868)	(58 717)	(426 064)

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 Additions for the year	(13 563)	-	(1 040)	(8 359)	(22 962)
Depreciation for the year	38 411	722 344	20 450	58 900	840 105
	(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)

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (Continued)

	2019 ZMW	2018 ZMW
4. ACCOUNTS RECEIVABLE		
Advances to employees	188 262	96 479
Prepaid expenditure	-	47 300
Solidaridad - South Africa receivable	-	10 070
Sundry receivables	21 375	-
	209 637	153 849
5. ACCRUED INCOME		
UNDP	32 708	-
WWF Zambia	60 363	-
	93 071	-
6. CASH AND CASH EQUIVALENTS		
Standard Bank - Zambia (Euros)	138 424	634 248
Standard Bank - Zambia (ZMW)	296 577	124 537
Standard Bank - Zambia (ZMW) - UNDP	225 942	251 230
Petty cash - Local	-	6 788
	660 943	1 016 802
7. ACCOUNTS PAYABLE		
Accruals	420 773	302 116
Advances from employees	-	18 641
Payroll liabilities	86 925	26
Transfers received in advance - Solidaridad South Africa	-	571 938
	507 698	892 720
8. DEFERRED INCOME		
UNDP	-	251 370
WWF Zambia	-	34 375
	-	285 745
9. GRANTS RECEIVED - OTHER NGOs		
UNDP	509 549	-
Received	225 471	251 370
Accrued in 2019	32 708	-
Deferred to 2019	251 370	(251 370)
WWF Zambia	163 488	-
Received	68 750	34 375
Accrued in 2019	60 363	-
Deferred to 2019	34 375	(34 375)
	673 037	-

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (Continued)

	2019 ZMW	2018 ZMW
10. 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.		
11. CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Results for the year	1 005 737	860 324
Adjusted for :		
(Increase)/decrease in accrued income	(93 071)	-
(Decrease)/increase in deferred income	(285 745)	285 745
Expenditure directly incurred in motor vehicle replacement fund	(283 680)	(118 314)
Results before working capital changes	343 241	1 027 755
Working capital changes	(440 810)	716 357
(Increase) in accounts receivable	(55 788)	(109 400)
(Decrease)/increase in accounts payable	(385 022)	825 757
	(97 569)	1 744 112
12. COMMITMENTS		
The company has the following commitment in respect of rental agreement covering office premises as follows :		
Operating lease - premises		
Payable within one year	243 775	177 000
Payable thereafter	-	16 000
	243 775	193 000
13. RELATED PARTIES		
Transfers from other regional offices		
Solidaridad Network - South Africa	9 946 035	5 484 935
Expenses paid on behalf from other regional offices		
Solidaridad Network - South Africa	57 282	530 733

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (Continued)

2019
ZMW

2018
ZMW

13. RELATED PARTIES

Receivable due from other regional offices

Solidaridad Network - South Africa
(Refer to note 4 on page 15)

	2019 ZMW	2018 ZMW
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 7 on page 15)	-	571 938

Transfers received in advance

Solidaridad Network - South Africa
(refer to note 7 on page 15)

14. 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 2020.