

SOLIDARIDAD SOUTHERN AFRICA NGO

MOZAMBIQUE OFFICE

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

**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

Annual Financial Statements for the year ended 31 December 2019

General Information

Country of incorporation and domicile	Mozambique
Nature of business and principal activities	The Organisation 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 Mandlenkosi Nkomo - Regional Director Francisco Nhanele - Country Manager - appointed 30 June 2019 Paulo Sousa - Country Manager - resigned 30 June 2019
Company secretary	W Matthews
Legal form	Non Governmental Organisation
Registered office and business address	1st Floor, Okapi Plaza Cnr 25 September and Albert Lithuli Maputo
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 on the request of the Solidaridad Network.

**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are required, by the Solidaridad Network, 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 organisation 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 organisation 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 organisation and employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation 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 organisation'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 organisation 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 organisation, it is supported by the organisation's external auditors.

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

The annual financial statements set out on pages 5 to 16, 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 SOUTHERN AFRICA NGO MOZAMBIQUE OFFICE

Unqualified Opinion

We have audited the financial statements of The Solidaridad Network Southern Africa NGO - Mozambique, Office, set out on pages 6 to 16, 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 The Solidaridad Network Southern Africa NGO - Mozambique Office, 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 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 Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organisation'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 Organisation'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 Organisation'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 Organisation 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 organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation audit. We remain solely responsible for our audit opinion.

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

A handwritten signature in black ink, appearing to read "Douglas & Velcich". The signature is written in a cursive, flowing style.

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

**Johannesburg
22 June 2020**

**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE****REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2019**

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

GENERAL

The Organisation 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 Organisation separately from the South African Trust.

The operating results and state of affairs of the Organisation are fully set out in the attached annual financial statements.

EQUIPMENT

During the year under review, the Organisation purchased equipment with a total cost of MZN1,874,495 (2018:MZN140,536) and equipment with a net book value of MZN153,385 (2018:MZN353,725) was transferred from the South African network office.

SUBSEQUENT EVENTS

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

DIRECTORS

The directors of the Organisation are :

Mandlenkosi Nkomo	- Regional Director	
Francisco Nhanele	- Country manager	- appointed 30 June 2019
Paulo Sousa	- Country manager	- resigned 30 June 2019

AUDITORS

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

SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Note	2019 MZN	2018 MZN
ASSETS		3 476 617	3 588 536
Non current assets		2 026 779	348 485
Equipment	2	2 026 779	348 485
Current assets		1 449 838	3 240 050
Accounts receivable	3	452 627	7 843
Cash and cash equivalents	4	130 965	2 365 962
Amount due from Solidaridad entity	5	866 246	866 246
Total assets		3 476 617	3 588 536
RESERVES AND LIABILITIES		3 476 617	3 588 536
Reserves		2 864 296	1 764 520
General fund		(228 150)	(470 762)
Equipment fund		2 026 779	348 485
Motor vehicle replacement fund		1 065 666	1 886 796
Current liabilities		612 322	1 824 016
Accounts payable	6	147 765	1 824 016
Deferred income	7	464 557	-
Total reserves and liabilities		3 476 617	3 588 536

**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 MZN	2018 MZN
INCOME		27 929 831	19 781 618
Net Transfers from Solidaridad South Africa		25 075 924	15 753 256
Expenses paid on behalf by Solidaridad South Africa		87 228	-
Grants received - other NGOs	8	2 729 979	4 028 362
Other income		36 700	-
EXPENDITURE		26 555 901	22 303 359
Assets expensed directly		-	19 702
Bank charges		39 375	23 309
Cleaning		27 000	27 000
Communication costs		169 414	113 230
Consulting fees		87 992	-
Foreign exchange loss		198 358	183 225
Insurance		234 889	183 953
IT support		10 488	15 000
Legal fees		356 560	2 000
Office expenses		21 869	66 298
Printing, postage and stationery		198 919	67 533
Programme costs		13 745 819	9 884 393
Rent, water and electricity		549 868	525 178
Salaries and contributions		9 841 834	10 919 671
Staff recruitment, training and development		70 593	84 756
Staff team building and annual retreat		-	41 680
Subscriptions		7 184	-
Travel and accommodation		995 738	146 431
		1 373 929	(2 521 742)
OTHER COMPREHENSIVE INCOME		(1 131 318)	(140 536)
Transfer to the equipment fund - fund assets		(1 206 749)	(140 536)
Transfer from the equipment fund - insurance proceeds		75 432	-
COMPREHENSIVE INCOME/(LOSS)		242 612	(2 662 277)

SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund MZN	Programme funds MZN	Equipment fund MZN	Motor Vehicle Replacement fund MZN	Total MZN
Balance at 31 December 2017	2 191 516	-	172 987	(287 430)	2 077 074
Motor vehicle replacement fund transferred from Solidaridad South Africa	-	-	-	2 345 731	2 345 731
Assets at Net Book Value from Solidaridad South Africa	-	-	353 725	-	353 725
Allocation of funds during the year	(2 662 277)	-	140 536	-	(2 521 742)
Results for the year	(2 521 742)	-	-	-	(2 521 742)
Transfer to equipment fund - funded assets	(140 536)	-	140 536	-	-
Depreciation for the year	-	-	(318 764)	-	(318 764)
Expenditure directly to the fund	-	-	-	(171 505)	(171 505)
Balance at 31 December 2018	(470 762)	-	348 485	1 886 796	1 764 520
Allocation of funds during the year	167 180	-	2 027 879	(821 130)	1 373 929
Results for the year	1 373 929	-	-	-	1 373 929
Transfer to equipment fund - funded assets	(1 206 749)	-	2 027 879	(821 130)	-
Assets damaged during the year	75 432	-	(7 687)	-	67 745
Profit from disposed/stolen assets	-	-	67 745	-	67 745
Proceeds from disposed/stolen assets	75 432	-	(75 432)	-	-
Depreciation for the year	-	-	(341 898)	-	(341 898)
Balance at 31 December 2019	(228 150)	-	2 026 779	1 065 666	2 864 296

**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2019**

	Note	2019 MZN	2018 MZN
Cash received from Solidaridad - South Africa		25 163 151	18 098 987
Cash received from Grantors		3 231 236	3 981 440
Cash expended on programmes, suppliers and employees		(28 676 936)	(20 697 698)
Cash (utilised in)/generated from operations	10	(282 549)	1 382 729
Interest received		-	-
Interest paid		-	-
Net cash (outflow)/inflow from operating activities		(282 549)	1 382 729
Cash flows (utilised in) investing activities		(1 952 448)	(140 536)
Acquisition of equipment	2	(2 027 879)	(140 536)
Proceeds from insurance claims on damaged assets		75 432	-
Cash flows generated from/(utilised in) financing activities		-	(866 246)
Net decrease/(increase) in amounts from Solidaridad entities		-	(866 246)
Net (decrease)/increase in cash and cash equivalents		(2 234 996)	375 947
Cash and cash equivalents at beginning of year		2 365 962	1 990 015
Cash and cash equivalents at end of year	4	130 965	2 365 962

**SOLIDARIDAD SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

**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 Mozambican Meticals. The measurement basis used is the historical costs basis, except where otherwise stated in the accounting policies below.

1.1 Accounting convention

The entity is registered as a Non-Governmental Organisation (NGO) with the Republic of Mozambique.

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 organisation; 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 vehicle	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 organisation 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 SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

**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 organisation, 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 SOUTHERN AFRICA NGO
MOZAMBIQUE OFFICE**

**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 organisation 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 organisation'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 SOUTHERN AFRICA NGO
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019 (Continued)

2. EQUIPMENT

31 December 2019

	Computer equipment MZN	Motor vehicle MZN	Office furniture MZN	Office Equipment MZN	Total MZN
Net book value at 1/1/2019	209 380	1	139 104	-	348 485
Cost	427 635	1 150 000	203 256	-	1 780 890
Accumulated depreciation Transferred from South Africa	(218 255)	(1 149 999)	(64 151)	-	(1 432 405)
Additions for the year	153 385	-	-	-	153 385
Disposals for the year	82 970	821 130	205 380	765 015	1 874 495
	(7 687)	-	-	-	(7 687)
Cost	(68 940)	-	-	-	(68 940)
Accumulated depreciation Depreciation for the year	61 254	-	-	-	61 254
	(160 332)	(103 687)	(51 787)	(26 093)	(341 898)
Net book value at 31/12/2019	277 716	717 445	292 697	738 922	2 026 779
Cost	595 049	1 971 130	408 636	765 015	3 739 829
Accumulated depreciation	(317 333)	(1 253 686)	(115 938)	(26 093)	(1 713 050)

31 December 2018

Net book value at 1/1/2018	-	-	172 987	-	172 987
Cost	-	-	203 256	-	203 256
Accumulated depreciation Transferred from South Africa	-	-	(30 268)	-	(30 268)
Cost	181 224	172 501	-	-	353 725
Accumulated depreciation Additions for the year	287 099	1 150 000	-	-	1 437 099
Depreciation for the year	(105 874)	(977 499)	-	-	(1 083 373)
	140 536	-	-	-	140 536
Depreciation for the year	(112 380)	(172 500)	(33 883)	-	(318 764)
Net book value at 31/12/2018	209 380	1	139 104	-	348 485
Cost	427 635	1 150 000	203 256	-	1 780 890
Accumulated depreciation	(218 255)	(1 149 999)	(64 151)	-	(1 432 405)

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

	2019 MZN	2018 MZN
3. ACCOUNTS RECEIVABLE		
Travel advances	<u>452 627</u>	<u>7 843</u>
4. CASH AND CASH EQUIVALENTS		
Standard Bank - Mozambique (MTN)	99 686	1 712 783
Standard Bank - Mozambique (US Dollars)	30 170	30 170
Standard Bank - Mozambique Project bank account	1 064	620 257
Petty cash - local	46	2 752
	<u>130 965</u>	<u>2 365 962</u>
5. AMOUNT DUE FROM SOLIDARIDAD ENTITY		
Solidaridad - Netherlands	-	866 246
Solidaridad - South Africa	866 246	-
	<u>866 246</u>	<u>866 246</u>
<p>This is a refund due from the South Africa/Network Head office due to a Solidaridad conference that was held in Mozambique for the entire Network.</p>		
6. ACCOUNTS PAYABLE		
Accruals	122 271	7 815
Payroll liabilities	-	134 389
Travel advances	25 493	23 935
Transfers received in advance - Solidaridad South Africa	-	1 657 877
	<u>147 765</u>	<u>1 824 016</u>
7. DEFERRED INCOME		
Food and Agriculture Organisation of the United Nations	<u>464 557</u>	<u>-</u>
8. GRANTS RECEIVED - OTHER NGOs		
ETG Logistics	-	4 028 362
Received	-	3 981 440
Deferred to 2018	-	46 922
Food and Agriculture Organisation of the United Nations	2 466 193	-
Food and Agriculture Organisation of the United Nations	263 786	-
Received	728 343	-
Deferred to 2020	(464 557)	-
	<u>2 729 979</u>	<u>4 028 362</u>

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

9. TAXATION

No provision has been made for taxation as there is correspondence from the Mozambique Government declaring that the NGO is registered in the Republic of Mozambique as the Solidaridad Network Southern Africa NGO with its origins in South Africa.

The entity has been constantly reapplying for status in Mozambique, as certification is only valid for 3 months at a time. On the 22nd February the entity approached KPMG in Mozambique to complete the process of official registration of the entity and ensure full tax compliance.

	2019	2018
	MZN	MZN
10. CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Results for the year	1 373 929	(2 521 742)
Adjusted for :		
Increase/(decrease) in deferred income	464 557	(46 922)
Motor vehicle replacement fund transferred from South Africa	-	2 345 731
Expenditure directly incurred in motor vehicle replacement fund	-	(171 505)
Results before working capital changes	1 838 486	(394 438)
Working capital changes	(2 121 035)	1 777 167
(Increase)/decrease in accounts receivable	(444 784)	7 178
(Decrease)/increase in accounts payable	(1 676 251)	1 769 989
	(282 549)	1 382 729

11. RELATED PARTIES

Transfers from other regional offices

Solidaridad Network - South Africa	25 075 924	15 753 256
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Expenses paid on behalf from other regional offices

Solidaridad Network - South Africa	87 228	-
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Amount due from Solidaridad entity

Solidaridad Network - Netherlands	-	866 246
Solidaridad Network - South Africa	866 246	-
	866 246	866 246

Transfers received in advance

Solidaridad Network - South Africa	-	1 657 877
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(refer to note 6 on page 14)

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

12. GOING CONCERN

The existence of the organisation is dependent on the continued support of Solidaridad Network, by way of transfers. Should the transfers be withdrawn it is highly unlikely that the organisation will be able to continue as a going concern. The Solidaridad Network has agreed to continue supporting the organisation in 2020.