

Solidaridad



SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA

COMPANY REGISTRATION NO. 120150131541

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

Annual Financial Statements for the year ended 31 December 2022

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

R Wanyoike
W P Matthews
S Garakara

Company secretary S Garakara

Legal form Non Profit Company

Registration Company registration 120150131541

**Registered office
and business
address** 163 Kudu 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.

**Reporting and
operating currency** The Zambian Kwacha.

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

Contents	Page
Directors' responsibilities and approval	1
Independent auditor's report	2 - 4
Report of the directors	5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in reserves	8
Statement of cash flows	9
Notes to the annual financial statements	10 - 17

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2023 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 28th July 2022 and signed on its behalf by:



INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA 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 2021, 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 2021, 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

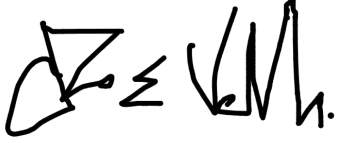
Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies and the International Financial Reporting Standards for Small and Medium - sized Entities, and for such internal control as management determines is necessary to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

DC Douglas RA (IRBA 605581)
Douglas & Velcich (IRBA 926930)
Chartered Accountants (S.A.)

Johannesburg
27 June 2022

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2022

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

GENERAL

Prior to 2018, 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 Solidaridad Network SA Trust to reflect the Zambian Company separately from the South African Trust.

The Company was 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 annual financial statements.

EQUIPMENT

During the year under review, the Company purchased equipment with a total cost of ZMW 136,702 (2021:ZMW 529,673) .

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 :

R Wanyoike
W P Matthews
S Garakara

AUDITORS

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

	Note	2022 ZMW	2021 ZMW
ASSETS		3 773 826	4 468 674
Non current assets		597 645	893 506
Equipment	3	597 645	893 506
Current assets		3 176 182	3 575 168
Accounts receivable	4	2 120 539	1 350 464
Accrued income	5	288 365	288 365
Cash and cash equivalents	6	767 277	1 936 339
Total assets		3 773 826	4 468 674
RESERVES AND LIABILITIES		3 773 826	4 468 674
Reserves		2 263 470	2 247 518
General fund		179 685	65 948
Equipment fund		597 645	893 506
Motor vehicle replacement fund		1 368 120	1 288 064
Forex Revaluation Reserve		118 020	-
Current liabilities		1 510 356	2 221 156
Accounts payable	7	1 510 356	2 073 130
Deferred income	8	-	148 027
Total reserves and liabilities		3 773 826	4 468 674

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ZMW	2021 ZMW
INCOME		16 816 566	14 734 522
Transfers from Solidaridad South Africa		15 490 624,74	12 085 741
Expenses paid by Solidaridad South Africa		494 465,44	1 482 937
Grants received - other NGO's	9	461 077	732 166
Income from companies and other organisations		320 399	433 678
Proceeds on disposal of equipment		50 000	-
EXPENDITURE		16 745 906	14 203 612
Audit Fees		56 064	78 529
Bank charges		52 019	45 050
Communication costs		33 992	37 870
Conference attendance		4 200	19 643
Consulting fees		91 247	3 100
Depreciation of fixed assets		377 856	320 239
Foreign exchange loss/(gain)		(375 540)	312 062
Insurance		38 979	571
IT support		13 720	11 972
Legal fees		31 945	132 468
Motor vehicle expenses		280 424	374 551
Office expenses		185 708	141 919
Printing, postage and stationery		8 579	2 169
Programme costs		8 078 718	4 584 438
Rent, water and electricity		445 522	457 943
Repairs and maintenance		38 495	32 068
Salaries and contributions		6 723 875	7 546 305
Unallocated expenses		424 295	-
Travel and accommodation		235 808	102 715
NET(LOSS)/INCOME		70 660	530 910
OTHER COMPREHENSIVE INCOME/(LOSSES)		43 077	(719 441)
Items that will not be reclassified as Profit or Loss		43 077	(719 441)
Transfer to Equipment fund - assets purchased		(136 702)	(529 673)
Transfer to Equipment Fund - depreciation		377 856	320 239
Transfer to Forex Revaluation Reserve		(118 020)	-
Transfer of motor vehicle expenses to MVR Fund		280 424	374 551
Transfer to the Motor Vehicle Replacement Fund		(360 481)	(884 557)
COMPREHENSIVE INCOME/(LOSS)		113 737	(188 530)

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

	General fund ZMW	Equipment fund ZMW	Motor Vehicle Replacement fund ZMW	Forex Revaluation reserve fund ZMW	Total ZMW
Balance at 31 December 2020	254 478	684 072	778 058	-	1 716 608
Allocation of funds during the year	(188 530)	209 434	510 006	-	530 910
Results for the year	530 910	-	-	-	530 910
Transfer to equipment fund - funded assets	(529 673)	529 673	-	-	-
Transfer to equipment fund - depreciation	320 239	(320 239)	-	-	-
Transfer of costs to MVR Fund	374 551	-	(374 551)	-	-
Transfer to Motor Vehicle Replacement fund	(884 557)	-	884 557	-	-
Balance at 31 December 2021	65 948	893 506	1 288 064		2 247 518
Funds earned and allocated during 2022	113 737	(295 862)	80 056	118 020	15 952
Results for the year	70 660	-	-	-	70 660
Book value of equipment disposed of	-	(54 708)	-	-	(54 708)
Transfer to Forex Revaluation Reserve	(118 020)	-	-	118 020	-
Transfer to equipment fund - funded assets	(136 702)	136 702	-	-	-
Transfer to equipment fund - depreciation	377 856	(377 856)	-	-	-
Transfer of costs to MVR Fund	280 424	-	(280 424)	-	-
Transfer to Motor Vehicle Replacement fund	(360 481)	-	360 481	-	-
Balance at 31 December 2022	179 685	597 645	1 368 120	118 020	2 263 470

THE SOLIDARIDAD NETWORK SA TRUST
TRUST NUMBER 1419/2012

STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2021

	2022	2021
	R	R
Comprehensive income/(loss) for the year	113 737	(188 530)
Adjusted by:	565 202	1 414 231
Transfer to Motor Vehicle Replacement Fund	360 481	884 557
Transfer to Forex Revaluation Reserve	118 020	-
Proceeds from disposal of assets	-50 000	-
Cost of assets purchased	136 702	529 673
Cash generated from operational activities	678 940	1 225 700
Cash flow related to acquisition of assets	-86 702	(529 673)
Cost of equipment purchased	-136 702	(529 673)
Proceeds from disposal of assets	50 000	-
Cash flow related to Motor Vehicle Costs	-280 424	(374 551)
Motor vehicle costs incurred and transferred to fund	-280 424	(374 551)
Cash flow made available to working capital	311 814	321 476
Cash flow related to changes in working capital	-1 480 876	869 328
Decrease/(Increase) in non-cash current assets	-770 075	1 108 669
(Decrease)/Increase in Current Liabilities	-710 800	(239 341)
Net increase/(decrease) in cash and cash equivalents	-1 169 062	1 190 804
Cash and cash equivalents at beginning of year	1 936 339	745 535
Cash and cash equivalents at end of year	767 277	1 936 339

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

1. ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in 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 - tangible assets

The cost of a tangible asset is recognised as an asset of the company 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 (thus equalling net book value) less any provision for possible impairment losses.

An impairment loss is the amount by which the net book value of an asset exceeds the present value of the probable future economic benefits associated with that asset.

As most income is from funders who require that assets be expensed in the year of purchase, it is policy to write off the cost of all asset purchased as an allocation of income in the year that the assets are acquired. In order to remain compliant with IFRS for SMEs, while accounts for the assets, reflecting their respective costs, accumulated depreciation and provision for any amortisation, are created in the General Ledger, corresponding entries are made to an Equipment Fund reserve account. The balance of the Equipment Fund and the net book value of the assets, per the General Ledger and financial statements are therefore equal.

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

1. ACCOUNTING POLICIES (Continued)

1.2 Equipment (Continued)

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

Item	Estimated useful life
Computer equipment	3 years
Computer software	2 years
Motor vehicles	5 years
Office equipment	5 years
Office furniture	6 years

As the cost of assets purchased are charged against the company's income, as an allocation of the cost to the Equipment Fund (see above) it would be incorrect to show the ongoing depreciation of these assets as an additional annual cost. The depreciation charge for each period is therefore initially shown in the income statement and subsequently reversed as an allocation to the the Equipment Fund.

When an asset is sold or otherwise derecognised, its carrying value, as represented by its net book value plus any provision for amortisation, is removed by corresponding entries in the general ledger to the accounts for the asset's cost, relevant provisions and the Equipment Fund.

As the cost of assets purchased are allocated to an Equipment Fund and charged against the company's income, any proceeds on disposal of assets are shown as Trust income and the concept of profit or loss on the disposal of assets does not form part of the financial statements.

1.3 Financial instruments

Measurement

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

Accounts receivable

Accounts receivable 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.

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

1. ACCOUNTING POLICIES (Continued)

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

As noted in 1.2 above, the cost of assets acquired are charged to income when acquired. 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 any Provision for Impairment are adjusted annually against the fund.

1.6 Motor vehicle replacement reserve fund

A motor vehicle replacement reserve fund has been created to recover the vehicle costs incurred on projects over the useful life of the motor vehicle. The vehicle usage is allocated to projects, based on the kilometres travelled at a recovery rate of Euro 50 cents per kilometre. The kilometre charge rate is determined as a cost to the projects to recover all running and fixed costs of the vehicle, calculated over a five year period. The recovery amount is allocated to the vehicle replacement reserve fund to fund the replacement of the vehicle at the end of five years,

1.7 Forex Revaluation Reserve

A Revaluation Reserve has been created to account for year-end fluctuations in accounts transacted in foreign currencies but shown in Zambian Kwacha in the Statement of Financial Position, using the spot rate of exchange ruling at the year-end date. The balance in the Forex Revaluation Reserve comprises the balancing amount necessary to correct reflect the balances of the Euro bank account, and the motor vehicle replacement reserve fund, in Kwacha at year-end.

1.8 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.

1.9 Income recognition

Income from grants is brought to account in the programme period to which it relates. All other income is brought to account as and when received.

1.9 Expenditure recognition

Expenditure is accounted for on the accrual basis.

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

1. ACCOUNTING POLICIES (Continued)

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.

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 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 - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

3. EQUIPMENT

	Computer equipment ZMW	Motor vehicles ZMW	Office equipment ZMW	Office furniture ZMW	Total ZMW
31 December 2022					
Net book value at 1/1/2022	194 400	423 056	186 325	89 726	893 507
Cost	395 426	1 035 947	251 721	216 525	1 899 625
Accumulated depreciation	(201 027)	(612 890)	(65 397)	(126 799)	(1 006 111)
Additions for the year	48 622	-	80 800	7 280	136 702
Disposal of assets	-	(54 708)	-	-	(54 708)
Cost	-	(252 500)	-	-	(252 500)
Accumulated depreciation	-	197 792	-	-	197 792
Depreciation for the year	(91 049)	(190 356)	(60 418)	(36 033)	(377 855)
Net book value at 31/12/2022	151 972	177 992	206 707	60 973	597 644
Cost	444 048	783 447	332 521	223 805	1 783 821
Accumulated depreciation	(292 076)	(605 455)	(125 815)	(162 832)	(1 186 173)
31 December 2021					
Net book value at 1/1/2021	33 532	490 494	51 966	108 081	684 073
Cost	184 010	912 999	81 126	199 605	1 377 740
Accumulated depreciation	(150 478)	(422 505)	(29 160)	(91 524)	(693 666)
Additions for the year	219 210	122 947	170 596	16 920	529 673
Disposal of assets	-	-	-	-	-
Cost	(7 793)	-	-	-	(7 793)
Accumulated depreciation	7 793	-	-	-	7 793
Depreciation for the year	(58 342)	(190 385)	(36 237)	(35 275)	(320 240)
Net book value at 31/12/2021	194 400	423 056	186 325	89 726	893 507
Cost	395 426	1 035 947	251 721	216 525	1 899 625
Accumulated depreciation	(201 027)	(612 890)	(65 397)	(126 799)	(1 006 111)

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

	2022 ZMW	2021 ZMW
4. ACCOUNTS RECEIVABLE		
Accounts Receivable	36 970	123 802
Advances to employees	42 619	45 643
Solidaridad - South Africa receivable	1 704 843	1 150 000
Sundry receivables	336 108	31 018
	2 120 539	1 350 464
5. ACCRUED INCOME		
UNDP	185 350	185 350
WWF Zambia	103 015	103 015
	288 365	288 365
6. CASH AND CASH EQUIVALENTS		
Standard Bank - Zambia (Euros)	146 739	401 325
Standard Bank - Zambia (ZMW)	576 351	888 847
Standard Bank - Zambia (ZMW) - UNDP	44 187	646 167
	767 277	1 936 339
7. ACCOUNTS PAYABLE		
Accruals	1 531 997	1 175 186
Payroll liabilities	(21 641)	897 943
	1 510 356	2 073 130
8. DEFERRED INCOME		
WWF Zambia	-	148 027
	-	148 027
9. GRANTS RECEIVED - Other NGO's		
UNDP	-	556 347
Accrued in 2021	(185 350,00)	185 350
Accrued in 2022	185 350	-
Deferred to 2021	-	370 997
WWF Zambia	-	-
Accrued in 2020	-	(103 015)
Accrued in 2021	(103 015)	103 015,28
Accrued in 2022	103 015	-
WWF Zambia	461 077	175 819
Received	313 051	323 845
Deferred to 2022	148 027	(148 027)
	461 077	732 166

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

2022
ZMW

2021
ZMW

10. TAXATION

No provision has been made for taxation as the company 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. COMMITMENTS

The company has the following commitment in respect of rental agreement covering office premises as follows :

Operating lease - premises

Payable within one year

477 000

225 335

12. RELATED PARTIES

The Company is part of the Solidaridad Southern African Region, which, in turn, is part an international network of Solidaridad organisations. The Southern African Region comprises Solidaridad non-profit companies and institutions that operate in Malawi, Mozambique, South Africa, Zambia and Zimbabwe.

The members of the Southern African Region cooperate in determining common standards of good governance, operations and reporting, planning, fund raising, budgeting and the implementation of programmes.

The international Solidaridad Network provides strategic, programmatic, internal quality control and communications support through a structure that incorporates an International Supervisory Board, an Executive Board of Directors and five Continental Supervisory Boards, facilitated by the services of the Solidaridad Network Secretariat.

The international Solidaridad Network is paid a 2% subscription on funds generated at a regional basis.

Funds received and paid from/to the different Solidaridad entities are fully disclosed in the financial statements.

SOLIDARIDAD NETWORK FOUNDATION LIMITED - ZAMBIA
COMPANY REGISTRATION NO. 120150131541

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

	2022 ZMW	2021 ZMW
12. RELATED PARTIES (Continued)		
Transfers received from other regional offices		
Solidaridad Network - South Africa	<u>13 785 782</u>	<u>10 935 741</u>
Expenses paid on behalf from other regional offices		
Solidaridad Network - South Africa	<u>494 465</u>	<u>1 482 937</u>
Receivable/ due from other regional offices		
Solidaridad Network - South Africa	<u>1 704 843</u>	<u>1 150 000</u>
(Refer to note 4)		

13. GOING CONCERN

The existence of the Company is dependent on the continued support of Solidaridad Network, by way of transfers and other grant income. Should these 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 2024.