

Solidaridad



SOLIDARIDAD NETWORK FOUNDATION LIMITED

COMPANY REGISTRATION NO. 120150131541

ZAMBIA OFFICE

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

Annual Financial Statements for the year ended 31 December 2024

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 S Kanyemba 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 Lusaka Kabulonga
Website address	solidaridadnetwork.org
Principal Bankers	Stanbic Bank
Preparer	The annual financial statements were internally prepared by S Manda.
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 and Euros

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

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FOR THE YEAR ENDED 31 DECEMBER 2024**

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SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 years to 31st December 2025 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 20, which have been prepared on the going concern basis, were approved by the board of directors on the 16th October 2025 and signed on its behalf by:

DocuSigned by:

Wendy Matthews

W. Matthews (Head of Finance/Finance Controller)



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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

ZAMBIA OFFICE

Unqualified Opinion

We have audited the financial statements of Solidaridad Network Foundation Limited, set out on pages 6 to 20, which comprise the statement of financial position as at 31 December 2024, 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 2024, 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 Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of financial statements in South Africa. We have fulfilled our other ethical requirements in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

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

A handwritten signature in black ink, appearing to read 'Vincent Bhengu'. The signature is written in a cursive style with a large, circular initial 'V'.

**Rev Vincent Bhengu CA (SA), RA (IRBA 507361)
Douglas & Velcich (IRBA 926930)
Chartered Accountants (S.A.)**

**Johannesburg
16 October 2025**

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

**REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2024**

The directors present their report, together with the annual financial statements of the company for the financial year ended 31 December 2024.

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 3,035,923 (2023 : ZMW 88,350) .

Events after the reporting period

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.

Litigation

The Company is not currently involved in any claims or lawsuits, which individually or in aggregate, are expected to have a material adverse effect on the Company or its assets.

Going concern

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Company is in a sound financial position and that it has capacity to raise additional funding to meet its foreseeable cash requirements. The directors are not aware of any new material developments that may adversely impact the Company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

Directors

The directors of the company are :

S Kanyemba
W P Matthews
S Garakara

Auditors

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	Note	2024 ZMW	2023 ZMW
ASSETS		22 607 729	23 755 629
Non current assets		2 987 472	419 968
Property, plant and equipment	3	2 987 472	419 968
Current assets		19 620 257	23 335 661
Accounts receivable	4	190 352	162 167
Accrued income	5	5 171 569	288 365
Cash and cash equivalents	6	14 258 337	22 885 129
Total assets		22 607 729	23 755 629
RESERVES AND LIABILITIES		22 607 729	23 755 629
Reserves		7 539 844	10 802 894
General fund		3 822 302	4 110 668
Equipment fund		2 987 472	419 968
Motor vehicle replacement fund		1 529 690	1 608 302
Forex Revaluation Reserve		(799 620)	4 663 957
Current liabilities		15 067 885	12 952 735
Accounts payable	7	1 124 018	2 586 285
Deferred income	8	13 943 867	10 366 450
Managed funds - Kvuno Services Limited	9	-	-
Total reserves and liabilities		22 607 729	23 755 629

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 ZMW	2023 ZMW
INCOME		29 807 538	22 528 954
Transfers from Solidaridad Network - South Africa		12 350 221	15 948 969
Grant income from related Solidaridad Organisations	10	1 257 812	320 819
Expenses/assets paid from/(for) Other Solidaridad Entities		1 472 149	(482 405)
Grants received	11	14 359 208	5 858 335
Foreign exchange gains		-	801 475
Income from companies and other organisations		106 860	81 761
Profit on disposal of motor vehicle		261 287	-
EXPENDITURE		27 607 011	18 959 761
Audit fees		103 451	72 561
Bank charges		92 662	74 693
Communication costs		34 768	26 383
Conference attendance		6 668	14 267
Consulting fees		-	4 000
Depreciation of fixed assets		468 419	266 027
Foreign exchange loss		511 332	-
Insurance		70 413	42 795
IT support		58 061	12 931
Legal fees		7 214	36 394
Motor vehicle expenses		311 549	239 989
Office expenses		169 924	69 132
Printing, postage and stationery		28 624	33 210
Programme costs	12	14 758 220	9 796 738
Rent, water and electricity		610 650	490 675
Repairs and maintenance		149 847	30 123
Salaries and contributions		10 164 396	7 590 520
Travel and accommodation		60 814	159 326
NET SURPLUS FOR THE YEAR		2 200 527	3 569 193
OTHER COMPREHENSIVE (LOSSES)		(2 488 892)	(62 505)
Items that will not be reclassified as surplus or (deficit)		(2 488 892)	(62 505)
Transfer to Equipment fund - assets purchased		(3 035 923)	(88 350)
Transfer to Equipment Fund - depreciation		468 419	266 027
Transfer of motor vehicle expenses to MVR Fund		311 549	239 989
Transfer from Motor Vehicle Replacement Fund		746 075	-
Transfer to the Motor Vehicle Replacement Fund		(979 012)	(480 171)
COMPREHENSIVE (LOSSES)/INCOME		(288 365)	3 506 688

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2024

	General fund ZMW	Equipment fund ZMW	Motor Vehicle Replacement fund ZMW	Forex Revaluation reserve fund ZMW	Total ZMW
Balance at 31 December 2022	603 980	597 645	1 368 120	118 020	2 687 765
Funds earned and allocated during 2023	3 506 688	(177 677)	240 182	-	3 569 193
Surplus for the year	3 569 193	-	-	-	3 569 193
Transfer to equipment fund - funded assets	(88 350)	88 350	-	-	-
Transfer to equipment fund - depreciation	266 027	(266 027)	-	-	-
Transfer of costs to MVR Fund	239 989	-	(239 989)	-	-
Transfer to Motor Vehicle Replacement fund	(480 171)	-	480 171	-	-
Unrealised currency fluctuation	-	-	-	4 545 937	4 545 937
Balance at 31 December 2023	4 110 668	419 968	1 608 302	4 663 957	10 802 894
Funds earned and allocated during 2024	(288 365)	2 567 504	(78 612)	-	2 200 527
Surplus for the year	2 200 527	-	-	-	2 200 527
Transfer to equipment fund - funded assets	(3 035 923)	3 035 923	-	-	-
Transfer to equipment fund - depreciation	468 419	(468 419)	-	-	-
Transfer of costs to MVR Fund	311 549	-	(311 549)	-	-
Transfer from Motor Vehicle Replacement fund	746 075	-	(746 075)	-	-
Transfer to Motor Vehicle Replacement fund	(979 012)	-	979 012	-	-
Translation of the Foreign currency Balances	-	-	-	(5 463 577)	(5 463 577)
Deferred income	-	-	-	(5 500 354)	(5 500 354)
Euro denominated bank account	-	-	-	36 777	36 777
Balance at 31 December 2024	3 822 302	2 987 472	1 529 690	(799 620)	7 539 844

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2024

	Note	2024 ZMW	2023 ZMW
Cash received from Solidaridad related entities		9 080 517	19 738 537
Cash received from funders and other sources		12 187 444	15 768 409
Cash expended on programmes, suppliers and employees		<u>(27 156 895)</u>	<u>(17 846 681)</u>
Cash (utilised in)/generated from operations	15	(5 888 934)	17 660 265
Net cash (outflow)/inflow from operating activities		<u>(5 888 934)</u>	<u>17 660 265</u>
Cash flows (utilised in) investing activities		(2 774 635)	(88 350)
Acquisition of property, plant and equipment	3	<u>(3 035 923)</u>	<u>(88 350)</u>
Proceeds from disposal of assets		<u>261 287</u>	<u>-</u>
Cash flows (utilised in) financing activities		-	-
Effect of exchange rate changes on foreign bank account		36 777	4 545 937
Net (decrease)/increase in cash and cash equivalents		<u>(8 626 792)</u>	<u>22 117 852</u>
Cash and cash equivalents at beginning of year		22 885 129	767 277
Cash and cash equivalents at end of year	6	<u><u>14 258 337</u></u>	<u><u>22 885 129</u></u>

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

NOTES TO ANNUAL THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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 Property, plant and 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.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)**

1. ACCOUNTING POLICIES (Continued)

1.2 Property, plant and equipment (continued)

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.

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 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.

1.4 Impairment

The carrying amount of assets are reviewed at reporting 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 impairment losses are adjusted annually against the fund.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)**

1. ACCOUNTING POLICIES (Continued)

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 and transfers is generally brought to account in the period to which it relates.

Amounts received from donors and transfers from the Solidaridad Network - South Africa as compensation for expenditure on specified activities, goods or services are classified as deferred income when the amounts are received prior to the related expenditure being incurred. Deferred income is recognised over the periods of the related grants and are matched to the expenditure that they are intended to compensate, provided there is reasonable assurance that the company will comply with the conditions attached to the grants.

Amounts that become payable by donors as compensation for expenditure or losses already incurred are accrued provided there is reasonable assurance that the company has complied with the conditions attached to the grant.

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

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)**

1. ACCOUNTING POLICIES (Continued)

1.10 Expenditure recognition

Expenditure is accounted for on the accrual basis.

1.11 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.

1.12 Employee benefits

Short-term employee benefits

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

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

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

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (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 Euros.

(b) Credit risk

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

(c) Liquidity risk

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

SOLIDARIDAD NETWORK FOUNDATION LIMITED
COMPANY REGISTRATION NO. 120150131541

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)

3. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment ZMW	Motor vehicles ZMW	Office equipment ZMW	Office furniture ZMW	Total ZMW
31 December 2024					
Net book value at 1/1/2024	146 254	91 780	149 444	32 491	419 968
Cost	527 598	783 447	337 321	223 805	1 872 172
Accumulated depreciation	(381 345)	(691 667)	(187 878)	(191 314)	(1 452 204)
Additions for the year	223 170	2 663 744	65 714	83 295	3 035 923
Depreciation for the year	(128 890)	(248 086)	(67 368)	(24 075)	(468 419)
Disposals during the year	-	-	-	-	-
Cost	-	(469 844)	-	-	(469 844)
Accumulated depreciation	-	469 844	-	-	469 844
Net book value at 31/12/2024	240 533	2 507 438	147 790	91 711	2 987 472
Cost	750 768	2 977 347	403 035	307 100	4 438 251
Accumulated depreciation	(510 235)	(469 909)	(255 245)	(215 389)	(1 450 779)
31 December 2023					
Net book value at 1/1/2023	151 972	177 992	206 707	60 973	597 645
Cost	444 048	783 447	332 521	223 805	1 783 822
Accumulated depreciation	(292 076)	(605 455)	(125 815)	(162 832)	(1 186 177)
Additions for the year	83 550	-	4 800	-	88 350
Depreciation for the year	(89 268)	(86 213)	(62 063)	(28 482)	(266 027)
Net book value at 31/12/2023	146 254	91 780	149 444	32 491	419 968
Cost	527 598	783 447	337 321	223 805	1 872 172
Accumulated depreciation	(381 345)	(691 667)	(187 878)	(191 314)	(1 452 204)

SOLIDARIDAD NETWORK FOUNDATION LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	2024	2023
	ZMW	ZMW
4. ACCOUNTS RECEIVABLE		
Accounts Receivable	2 090	2 090
Advances to employees	116 568	124 223
Sundry receivables	71 694	35 854
	190 352	162 167
5. ACCRUED INCOME		
Solidaridad Network - South Africa (Transfer due)	5 171 569	-
UNDP	-	185 350
WWF Zambia	-	103 015
	5 171 569	288 365
6. CASH AND CASH EQUIVALENTS		
Standard Bank - Zambia (Euros)	13 915 470	19 662 513
Standard Bank - Zambia (ZMW)	342 868	3 180 630
Standard Bank - Zambia (ZMW) - UNDP	-	41 987
	14 258 337	22 885 129
7. ACCOUNTS PAYABLE		
Accruals	569 048	2 117 824
Payroll liabilities	554 970	468 461
	1 124 018	2 586 285
8. DEFERRED INCOME		
ABSA Livestock for Sustainable Leather	220 635	220 635
Deutsche Postcode Lotterie	1 182 188	-
Deferral raised in the reporting currency	1 194 941	-
Translation of the foreign deferral balance	(12 753)	-
Future Water (Zambia)	63 624	63 624
Hooves for Sustainability (H4S) - Helmsley	12 477 420	9 544 055
Deferral raised in the reporting currency	6 964 313	9 544 055
Translation of the foreign deferral balance	5 513 107	-
Schmitz Stiftungen Sustainable Poultry Zambia	-	538 136
	13 943 867	10 366 450

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	2024	2023
	ZMW	ZMW
9. FUNDS MANAGED - KVUNO SERVICES LIMITED		
Funds recognised during the year	5 315 199	2 519 110
Transfers from Solidaridad South Africa	5 315 199	2 519 110
Funds spent during the year	(5 315 199)	(2 519 110)
Business registration fees	(28 650)	-
Equipment rental	(66 419)	(2 000)
Office costs (allocated to projects)	(168 052)	(99 866)
Office supplies	(40 104)	(42 750)
Other employee expenses	(1 275 050)	(64 290)
Partners and consultants - other	-	(260 763)
Program materials and inputs	(2 763 741)	(1 294 317)
Publication expenses	(89 586)	(47 992)
Telephone expenses	(55 540)	(23 127)
Travel and accommodation	(799 905)	(627 761)
Workshops, conferences and training	(28 151)	(56 242)
Net funds spent	-	-

Solidaridad - Network established Kvuno Services Limited (Private Company Limited by Shares) as a separate trading entity within Zambia that would be used to facilitate trading and support for the various Zambian farmers that had been previously supported through funded programmes under Solidaridad Network Foundation Limited, so that future sustainability of the farmers could be secured.

10. GRANT INCOME FROM RELATED SOLIDARIDAD ORGANISATIONS

Solidaridad - Germany

Deutsche Postcode Lotterie	263 928	-
Received	1 458 869	-
Deferred to 2025	(1 194 941)	-
Schmitz Stiftungen Sustainable Poultry Zambia	993 884	320 819
Received	455 748	858 955
Deferred to 2024	538 136	(538 136)
	1 257 812	320 819

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	2024	2023
	ZMW	ZMW
11. GRANTS RECEIVED		
ABSA Livestock for Sustainable Leather	-	-
Received	-	220 635
Deferred to 2024	220 635	(220 635)
Deferred to 2025	(220 635)	-
Future Water (Zambia)	-	-
Received	-	63 624
Deferred to 2024	63 624	(63 624)
Deferred to 2025	(63 624)	-
Hooves for Sustainability (H4S) - Helmsley	14 647 573	5 858 335
Received	12 067 831	15 402 390
Deferred to 2024	9 544 055	(9 544 055)
Deferred to 2025	(6 964 313)	-
UNDP	(185 350)	-
Accrued in 2022	-	(185 350)
Accrued in 2023	(185 350)	185 350
WWF Zambia	(103 015)	-
Accrued in 2022	-	(103 015)
Accrued in 2023	(103 015)	103 015
	14 359 208	5 858 335

12. PROGRAMME COSTS

Baselines and evaluations	49 925	76 589
Business registration fees	5 297	-
Equipment and other rentals	89 505	-
Internship/volunteers/national service	10 000	-
Office costs (allocated to projects)	185 920	109 108
Office supplies	117 101	48 367
Other employee expenses	20 000	93 975
Partners and consultants - other	2 531 706	2 855 641
Program materials and inputs	4 837 307	1 785 733
Publication expenses	256 518	414 117
Telephone expenses	37 061	33 579
Travel and accommodation	6 078 271	3 942 918
Workshops, conferences and training	539 609	436 710
	14 758 220	9 796 738

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	2024	2023
	ZMW	ZMW
13. TAXATION		
<p>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.</p>		
14. COMMITMENTS		
<p>The company has the following commitment in respect of rental agreement covering office premises as follows :</p>		
Operating lease - premises		
Payable within one year	142 500	427 500
Payable thereafter	-	142 500
	<u>142 500</u>	<u>570 000</u>
15. CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Surplus for the year	2 200 527	3 569 193
Adjustments for :		
Depreciation	468 419	266 027
Profit on disposal of motor vehicle	(261 287)	-
Accrued income	(4 883 203)	-
Deferred income	3 577 417	10 366 450
Translation of the foreign deferred income balances	(5 500 354)	-
Changes in working capital		
Accounts receivable	(28 185)	2 382 667
Accounts payable	(1 462 267)	1 075 929
	<u>(5 888 934)</u>	<u>17 660 265</u>

16. 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	2024	2023
	ZMW	ZMW
16. RELATED PARTIES (Continued)		
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.		
Transfers received from other regional offices		
Solidaridad Network - South Africa	12 493 852	20 597 218
Solidaridad Network - South Africa (Accrued in 2022)	-	(2 129 138)
Add : Accrued Transfer due (refer to note 5)	5 171 569	-
Less : Transfers attributable to Kvuno Services Limited	<u>(5 315 199)</u>	<u>(2 519 110)</u>
	<u>12 350 221</u>	<u>15 948 969</u>
Grant income from related Solidaridad Organisations		
Solidaridad - Germany (further details refer to note 10.)	<u>1 257 812</u>	<u>320 819</u>
Expenses/assets paid on behalf from/(for) other regional offices		
Solidaridad Network - South Africa	1 473 099	(434 455)
Solidaridad Network - Malawi	(949)	(14 950)
Solidaridad Network - Mozambique	-	(33 000)
	<u>1 472 149</u>	<u>(482 405)</u>
Funds managed - Kvuno Services Limited		
Fund recognised during the year	5 315 199	2 519 110
Funds spent during the year	<u>(5 315 199)</u>	<u>(2 519 110)</u>
	<u>-</u>	<u>-</u>
For further details on the funds managed refer to note 9.		

17. 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 2025.

18. COMPARATIVE FIGURES

The comparative figures have been restated to facilitate improved disclosure.