

Solidaridad



**SOLIDARIDAD NETWORK FOUNDATION LIMITED
(REGISTRATION NUMBER : TMBRS 1012222)
A MALAWIAN NOT FOR PROFIT COMPANY, LIMITED BY GUARANTEE**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023**

SOLIDARIDAD NETWORK FOUNDATION LIMITED
REGISTRATION NUMBER : TMBRS 1012222

Financial Statements for the year ended 31 December 2023

General Information

Country of incorporation and nature of operation The company is a non profit company, limited by guarantee, incorporated in Malawi.

Functional and reporting currency The Malawian Kwacha (MWK)

Nature of business and principal activities The objects of the company are summarised as:

a.) To bring supply chain actors together and to work with them to find new ways to improve productivity and enable the transition to a sustainable and inclusive economy that will maximise the benefit to all stakeholders.

b.) To transform production practices to provide fair and profitable business opportunities, guarantee decent working conditions and a living wage, and to preserve the land, so that people may thrive.

Directors The following directors held office for the year under review:-

Name

S Chimatiro (Malawian)
S Garakara (Zambian)
P Khembo (Malawian)
W Matthews (South African)
M Nkomo (Zimbabwean)

Company secretary S Garakara

Legal form Company Limited by Guarantee (NPO)

Registered office and business address PO Box 380 Plot Belele/55
Zomba Kasungu
Malawi Malawi

Website address solidaridadnetwork.org

Principal Bankers Standard Bank, Malawi Ltd. Lilongwe.

Preparer The annual financial statements were internally prepared by S. Manda.

Level of assurance These annual financial statements have been independently audited at the request of the International Solidaridad Network.

SOLIDARIDAD NETWORK FOUNDATION LIMITED
REGISTRATION NUMBER : TMBRS 1012222

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FOR THE YEAR ENDED 31 DECEMBER 2023

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SOLIDARIDAD NETWORK FOUNDATION LIMITED
REGISTRATION NUMBER : TMBRS 1012222

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 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 instituted, 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.

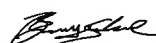
The directors have reviewed the company's cash flow forecast for the years to 31 December 2025 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

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 17, which have been prepared on the going concern basis, were approved by the board of directors on 12th December 2024 and signed on its behalf by:

Shungu Kanyemba





Forum 2, BraamPark, 33 Hoofd St
Braamfontein, Johannesburg 2001
PO Box 32707 Braamfontein 2017
Tel: 011-403-3835
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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS

SOLIDARIDAD NETWORK FOUNDATION LIMITED
REGISTRATION NUMBER : TMBRS 1012222

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 2023, 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 2023, and of its financial performance and its cash flows for the period 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 and 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.

DC Douglas BCom CA(SA) RA (IRBA: 605581). Consultant: MFV Bhengu IIA ACFE CA(SA) RA (IRBA: 507361).

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', written over a circular stamp or seal.

Rev Vincent Bhengu CA (SA), RA (IRBA 507361)

Douglas & Velcich

Chartered Accountants (S.A.)

Johannesburg

18 December 2024

**REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2023**

The directors present their report, together with the annual financial statements of the company for the financial year ended 31 December 2023.

General

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

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.

Equipment

During the year under review, the company purchased equipment with a cost of MWK 26,081,000 (2022: MWK Nil).

Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which might have a material impact on the reported results.

Directors

The directors appointed at the date of incorporation of the company are :

M.Nkomo (Zimbabwean)

S Chimatiro (Malawian)

W.Matthews (South African)

P Khembo (Malawian)

S.Garakara (Zambian)

Auditors

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

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Note	2023 MWK	2022 MWK
ASSETS		46 434 223	52 927 932
Non current assets		27 072 500	2 306 655
Equipment	3	27 072 500	2 306 655
Current assets		19 361 723	50 621 277
Accounts receivable	4	3 248 523	2 529 970
Cash and cash equivalents	5	16 113 200	48 091 307
Total assets		46 434 223	52 927 932
RESERVES AND LIABILITIES		46 434 223	52 927 932
Reserves		38 310 608	3 260 896
General fund		10 189 141	-
Revaluation reserve	1.6	1 048 967	954 241
Equipment fund	3	27 072 500	2 306 655
Current liabilities		8 123 615	49 667 035
Accounts payable	6	8 123 615	10 944 786
Deferred income	7	-	38 722 250
Managed funds - Kvuno Enterprise	8	-	-
Total reserves and liabilities		46 434 223	52 927 932

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 MWK	2022 MWK
INCOME		289 501 506	323 902 558
Transfers from Solidaridad Network - South Africa	15	241 123 803	280 955 654
Expenses paid by other Solidaridad Regional Offices	15	7 182 188	12 542 317
Foreign exchange gain		38 772 515	15 956 087
Other income		2 423 000	14 448 500
EXPENDITURE		254 546 520	286 068 797
Audit fees		2 416 842	2 440 601
Bank charges		644 610	527 810
Depreciation	3	1 315 156	888 488
IT support		392 386	637 678
Office costs		564 610	-
Programme costs	11	192 248 225	242 936 354
Rent, water and electricity		-	1 274 160
Salaries and contributions		51 955 075	36 659 311
Travel and accommodation		5 009 616	704 395
SURPLUS FOR THE YEAR		34 954 985	37 833 762
OTHER COMPREHENSIVE INCOME/(ALLOCATIONS)		(24 765 844)	(37 833 762)
Items that will not be reclassified as profit or loss:		(24 765 844)	888 488
Transfer to the Equipment Fund - cost of assets purchased	3	(26 081 000)	-
Transfer from the Equipment Fund - depreciation of assets	3	1 315 156	888 488
Items that may be classified subsequently as profit or loss:		-	(38 722 250)
Transfer to Deferred Income		-	(38 722 250)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10 189 141	-

STATEMENT OF CHANGES IN RESERVES
 FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	General fund MWK	Foreign Currency Revaluation reserve MWK	Equipment fund MWK	Total MWK
Balance at 31 December 2021		-	-	3 195 144	3 195 144
Allocation of funds during the year		38 722 250	-	(888 488)	37 833 762
Surplus for the year		37 833 762	-	-	37 833 762
Transfer to equipment fund - depreciation of assets		888 488	-	(888 488)	-
Revaluation of the Euro Bank account at year end	1.6	-	954 241	-	954 241
Transferred to Deferred Income (Current Liability)		(38 722 250)	-	-	(38 722 250)
Balance at 31 December 2022		-	954 241	2 306 656	3 260 897
Allocation of funds during the year		10 189 141	-	24 765 844	34 954 985
Surplus for the year		34 954 985	-	-	34 954 985
Transfer to equipment fund - assets purchased		(26 081 000)	-	26 081 000	-
Transfer to equipment fund - depreciation of assets		1 315 156	-	(1 315 156)	-
Revaluation of the Euro Bank account at year end	1.6	-	94 725	-	94 725
Balance at 31 December 2023		10 189 141	1 048 967	27 072 500	38 310 608

STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2023

	Note	2023 MWK	2022 MWK
Cash received from Solidaridad Network		248 356 256	300 052 798
Cash received from seed sales		2 423 000	14 448 500
Cash expended on programmes, suppliers and employees		(256 676 363)	(279 104 293)
Cash (utilised in)/generated from operations	12	(5 897 107)	35 397 005
Net cash (outflow)/inflow from operating activities		(5 897 107)	35 397 005
Cash flows (utilised in) investing activities		(26 081 000)	-
Acquisition of equipment	3	(26 081 000)	-
Cash flows (utilised in) financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(31 978 107)	35 397 005
Cash and cash equivalents at beginning of year		48 091 307	12 694 302
Cash and cash equivalents at end of year	5	16 113 200	48 091 307

NOTES TO ANNUAL THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

1.2 Equipment

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

- it is probable that future economic benefits associated with the item will flow to the 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 vehicles	5 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.2 Equipment (Continued)

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

1.3 Financial instruments

Measurement

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

Accounts receivable

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

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Accounts payable

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

1.4 Impairment

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

1.5 Equipment fund

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.6 Foreign currency revaluation reserve

This reserve is utilised for the revaluation of the Euro denominated bank account into the local Malawian Kwacha currency at the year end.

1.7 Provisions

Provisions are recognised when the company has a present legal or constructive obligations 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.

1.8 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.

1.9 Interest income

Interest is brought to account as and when received.

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.

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.

1.12 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (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 and liquidity 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 Board of Directors, who evaluate financial risks.

(a) *Market risk*

The company is exposed to currency risk to the extent that it operates a foreign currency Euro Trust bank account, from which Grant transfers are made to the company from other entities within the Solidaridad Network.

(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 credit risk arising from its receivables in the current year.

(c) *Liquidity risk*

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

3. EQUIPMENT

	Computer equipment MWK	Motor vehicles MWK	Total MWK
31 December 2023			
Net book value at 01/01/2023	784 988	1 521 667	2 306 655
Cost	1 345 598	2 200 000	3 545 598
Accumulated depreciation	(560 610)	(678 333)	(1 238 943)
Additions for the year	13 281 000	12 800 000	26 081 000
Depreciation for the year	(448 488)	(866 667)	(1 315 155)
Net book value at 31/12/2023	13 617 500	13 455 000	27 072 500
Cost	14 626 598	15 000 000	29 626 598
Accumulated depreciation	(1 009 098)	(1 545 000)	(2 554 098)
31 December 2022			
Net book value at 01/01/2022	1 233 476	1 961 667	3 195 143
Cost	1 345 598	2 200 000	3 545 598
Accumulated depreciation	(112 122)	(238 333)	(350 455)
Depreciation for the year	(448 488)	(440 000)	(888 488)
Net book value at 31/12/2022	784 988	1 521 667	2 306 655
Cost	1 345 598	2 200 000	3 545 598
Accumulated depreciation	(560 610)	(678 333)	(1 238 943)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

	2023 MWK	2022 MWK
4. ACCOUNTS RECEIVABLE		
Advances for project costs	2 563 517	2 529 970
Prepaid expenses	685 006	-
	3 248 523	2 529 970
5. CASH AND CASH EQUIVALENTS		
Standard Bank - (Euros) Foreign currency account	2 567 055	3 852 540
Standard Bank - Current account	13 546 146	44 238 767
	16 113 200	48 091 307
6. ACCOUNTS PAYABLE		
Accrued expenses	3 056 073	2 625 748
Payroll taxes due	4 013 518	-
Pension contributions	1 054 024	8 080 778
Project advances	-	238 260
	8 123 615	10 944 786
7. DEFERRED INCOME		
Receipts from Solidaridad Network - South Africa	-	38 722 250
8. FUNDS MANAGED - KVUNO ENTERPRISE		
Funds recognised during the year	143 017 777	-
Transfers from Solidaridad Network - South Africa	143 017 777	-
Funds spent during the year	(143 017 777)	-
Equipment rental	(152 500)	-
Office costs (allocated to projects)	(1 499 185)	-
Office supplies	(6 037 644)	-
Partners and consultants - other	(9 405 000)	-
Program materials and inputs	(104 065 238)	-
Publication expenses	(230 900)	-
Telephone expenses	(865 000)	-
Travel and accommodation	(19 269 810)	-
Workshops, conferences and training	(1 302 500)	-
Prepaid rental (January and February 2024)	(190 000)	-
Net funds spent	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

	2023	2022
	MWK	MWK

8. FUNDS MANAGED - KVUNO ENTERPRISE (Continued)

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

9. TAXATION

The company is registered as a non-profit making entity and expects to be exempt from Income Tax, following its application to the Malawian Revenue Authority. As such, no provision for the payment of income tax has been made.

With the completion of these financial statements, the company will seek to finalise its application for tax exemption.

10. COMMITMENTS

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

Operating lease - premises

Payable within one year	11 208 960	-
Payable thereafter	-	-
	11 208 960	-
	11 208 960	-

11. PROJECT COSTS

Baselines and evaluations	1 070 000	11 732 300
Business registration fees	-	250 000
Equipment rental	860 000	168 400.00
Internship/volunteers/national service	-	8 157 000
Office costs (allocated to projects)	836 265	110 000
Office supplies	653 100	2 494 648
Other employee expenses	-	205 000
Partners and consultants - other	52 867 608	4 603 696
Program materials and inputs	30 466 900	56 557 724
Publication expenses	441 100	1 826 650
Telephone expenses	2 110 400	1 019 591
Travel and accommodation	77 117 692	109 174 680
Workshops, conferences and training	25 825 160	46 636 665
	192 248 225	242 936 354
	192 248 225	242 936 354

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

	2023 MWK	2022 MWK
12. CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Surplus for the year	34 954 985	37 833 762
Adjustments for :		
Depreciation	1 315 156	888 488
Foreign Currency Revaluation reserve	94 725	954 241
Deferred income in the previous period	(38 722 250)	(9 401 261)
Changes in working capital		
Accounts receivable	(718 553)	2 254 091
Accounts payable	(2 821 171)	2 867 683
	<u>(5 897 107)</u>	<u>35 397 005</u>

13. GOING CONCERN

The existence of the company is dependent on the continued support of Solidaridad Network, by way of transfers. Should the transfers be withdrawn it is highly unlikely that the company will be able to continue as a going concern. The Solidaridad Network has agreed to continue supporting the company in 2024.

14. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of the report which might have a material impact on the reported results.

15. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

	2023 MWK	2022 MWK
15. RELATED PARTIES (Continued)		
Transfers received from other regional offices		
Solidaridad Network - South Africa	384 141 580	280 955 654
Less : Transfers attributable to Kvuono Enterprise	(143 017 777)	-
	<u>241 123 803</u>	<u>280 955 654</u>
Expenses paid on behalf from other regional offices		
Solidaridad Network - South Africa	6 404 418	8 211 777
Solidaridad Network - Zambia	777 770	4 330 541
	<u>7 182 188</u>	<u>12 542 317</u>
Deferred income from other regional offices		
Solidaridad Network - South Africa	-	<u>38 722 250</u>
Funds managed - Kvuono Enterprise		
Fund recognised during the year	143 017 777	-
Funds spent during the year	(143 017 777)	-
	<u>-</u>	<u>-</u>

For further details on the funds managed refer to note 8.